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**Guidance
for
Ministers**

Privy Council Office

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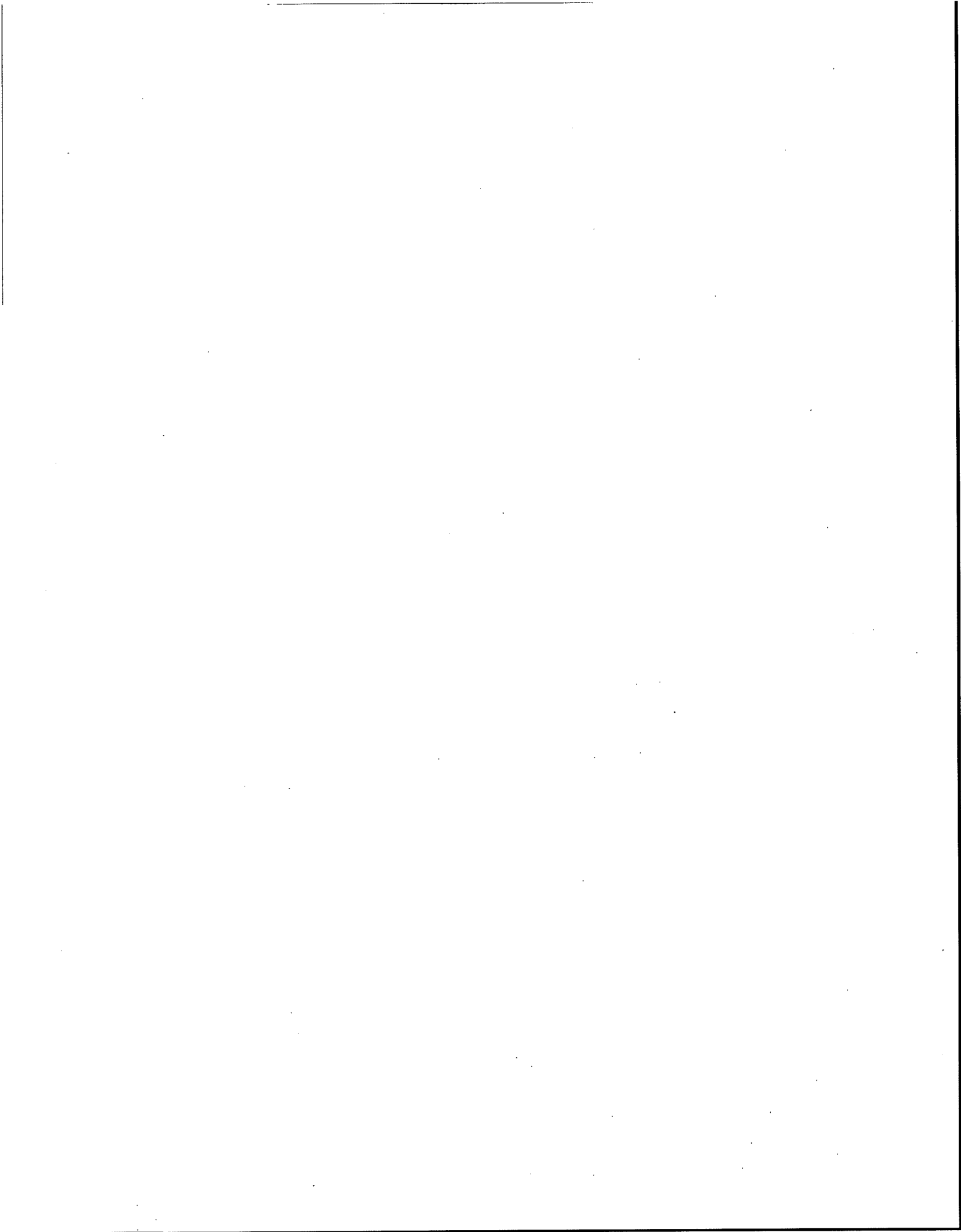


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I. INTRODUCTION

This document is circulated to Ministers by the Prime Minister in order to provide them with guidance and information on their ministerial responsibilities. It is therefore treated as a confidence of the Queen's Privy Council.

The document deals with key aspects of a Minister's work, from the constitutional and parliamentary dimensions, through the role and responsibilities of Ministers individually and as members of the Cabinet collectively, to personal considerations and considerations affecting their personal staff. "Guidance for Ministers" reflects current Government policy, although building on policies and practices that in many cases have evolved over a number of years and Governments. At the same time it is not exhaustive in its discussion and for greater certainty on any question Ministers should consult with their Deputy Ministers or the sources indicated in Appendix 1 p.64. The Secretary to the Cabinet is also available to discuss particular questions.

This volume contains the following:

- A summary of the constitutional framework of Cabinet Government (pp 3 to 6) and a discussion of Ministers' parliamentary roles (pp 7 to 10).
- An outline of ministerial roles and responsibilities in relation to their departments and non-departmental bodies (pp 11 to 19).
- Background information on the Cabinet and Cabinet committee system (pp 20 to 31), including matters relating to Governor in Council recommendations (pp 32 to 34).
- The handling of and access to Cabinet, departmental and personal papers (pp 35 to 42).

- Personal matters, including guidelines on conflict of interest, post-employment and relations with the judiciary; ministerial salaries and allowances; security and matters relating to Ministers' offices, exempt staff appointments, and staff budgets (pp 43 to 54).
- An outline of the function and role of the Prime Minister's Office (pp 55 to 56); the Privy Council Office (p. 57) and the Federal-Provincial Relations Office (p. 58).
- Considerations relating to external affairs, including official and private travel by Ministers, composition of governmental delegations and foreign orders and decorations (pp 59 to 61).
- The Appendices include a list of all reference documents referred to in the text, a summary of ministerial non-departmental responsibilities, and additional information on salaries, office budgets and the Policy and Expenditure Management System.

II. CONSTITUTIONAL SETTING

1. Swearing In Ceremony

Ministers usually are sworn to office as a group at the beginning of the life of a new Government. It is the prerogative of the Prime Minister to recommend to the Governor General for her approval the appointment of Ministers. If they have not already done so, Ministers must take the Oath of Allegiance and be sworn to the Privy Council before taking the oath of office for their particular portfolio. With the exception of the Prime Minister, all Ministers are appointed by Commissions of Office issued by the Governor General under the Great Seal of Canada. If Ministers transfer from one portfolio to another, they are issued a new Commission and take the appropriate oath of office.

2. The Governor General

Ministers are appointed to office by Her Excellency the Governor General as The Queen's representative in Canada. The Governor General acts on the advice of her Ministers. As discussed later in this section, the Prime Minister has certain prerogatives with regard to offering advice to the Governor General, and only he may offer individual advice to Her Excellency. Other "advice" (as for the passage of Orders in Council) comes to the Governor General from the Ministry as a whole. (The only partial exceptions are: a very few communications from the Secretary of State for External Affairs to the Governor General regarding agreement for the appointments of High Commissioners and Ambassadors following Cabinet discussion and approval of the Prime Minister; and advice from the Minister of National Defence to the Governor General with respect to military commissions).

3. The Privy Council

The Privy Council is an advisory body of the Sovereign. Membership is conferred for life, and Privy Councillors are entitled to style themselves "Honourable" and use the letters "P.C." after their names. Members of the Privy Council take precedence according to the date and time of their being sworn to the Privy Council. It is exceedingly rare for the Privy Council to meet as a body, and such meetings generally would be for purely ceremonial

purposes. Privy Councillors may only attend meetings of the Council on the invitation of the Sovereign, the Governor General, or the Prime Minister.

The formal Order of Precedence, based on the order in which Ministers are sworn to the Privy Council, may be used to determine the seating at the Cabinet table, and has a bearing on the seating of the Ministry in the House. Acting Prime Ministers are often designated in accordance with the Order of Precedence. However, these uses are purely customary.

4. The Ministry

The Ministry advises the Crown with respect to the conduct of the Government of Canada. Constitutionally speaking, the Ministry is that part of the Privy Council which commands the support of the House of Commons and which advises the Sovereign and Her representative the Governor General on matters relating to the Government of Canada (i.e., the Governor in Council). It consists of those members of the Queen's Privy Council for Canada currently holding ministerial office.

Ministers of the Crown are charged with two distinct responsibilities. First, they must discharge their portfolio responsibilities in accordance with powers provided them by statute. For this they may be held individually responsible before Parliament. Second, they must participate with their colleagues in overseeing the orderly conduct of national affairs. Cabinet Government relies upon the principle of collective responsibility before Parliament for the actions of the executive. This requires that the members of a Ministry observe the conventions of collective decision-making, the confidentiality of Cabinet proceedings, and the concept that each Minister is responsible for the decisions of the Ministry as a whole.

5. The Cabinet

Unlike the Ministry, the Cabinet has no formal standing in constitutional terms. In theory it is an unofficial committee of the Privy Council, drawn by the Prime Minister from amongst his Ministry to be the effective locus of collective decision-making in the Government (it is in that sense the consultative mechanism used by the Prime Minister to forge the collective responsibility and direction of his Ministry). Currently all members of the Ministry also are members of Cabinet.

6. The Prime Minister

The selection of Ministers is the prerogative of the Prime Minister and he allocates functions among them. It is the Prime Minister's prerogative to recommend to the Governor General:

- (a) the appointment of Ministers and the allocation of portfolios and responsibilities among them;
- (b) the dismissal or the acceptance of the resignation of Ministers;
- (c) the relaxation of the rules of confidentiality to permit a resigning Minister to explain his or her resignation;
- (d) the summoning and dissolution of Parliament.

It is also his prerogative to recommend numerous senior appointments including all Deputy Ministers and most heads of agencies, High Commissioners and Ambassadors, Lieutenant-Governors and Provincial Administrators, Chief Justices of all courts, Senators and the Speaker of the Senate. In practice, the appointments of High Commissioners and Ambassadors usually have been recommended to Cabinet by the Secretary of State for External Affairs, and the appointments of Provincial Administrators by the Secretary of State.

The Prime Minister is principally responsible for providing the cohesion and direction necessary to the unity of the Ministry, which is essential if the Government is to retain the confidence of Parliament. This is done through the exercise of the prerogatives described above and through the Cabinet which he chairs and for whose organization and procedures the Prime Minister is responsible. The Prime Minister decides:

- (a) when and where the Cabinet shall meet;
- (b) the establishment and membership of Cabinet committees;
- (c) the organization and functions of the Privy Council Office and the Federal-Provincial Relations Office, which are his public service departments.

In addition, the Prime Minister provides the cohesion necessary to the Ministry by deciding the organization of the structure of government. He exercises this responsibility subject to action by Parliament or by Order in Council if legal changes are involved. Ministers should be alert to ensure that proposals for organizational change which may affect the mandates of other Ministers or organizations are referred to the Prime Minister.

III. PARLIAMENT

1. Attendance in the House of Commons

Ministers who are members of the House of Commons are expected to be in the House each day for the whole of Question Period, except that a limited number of Ministers may be permitted to be absent on certain specified days. Proposed absences must be cleared with the office of the Prime Minister's Legislative Assistant before Ministers make firm commitments. Ministers will arrange to be replaced for Question Period by an Acting Minister set out in the roster established by Order in Council (explained in more detail on p. 12) and/or by their Parliamentary Secretary. Ministers also attend the House at specified times assigned on a mandatory basis. This House duty for Ministers takes precedence over all other Cabinet and Government business. Ministers are personally responsible for arranging for another Minister to replace them when forced to miss a duty day and for informing the Chief Government Whip of the change. The schedule for House duty is prepared after taking into account the membership of Cabinet's committees and their meeting times. Ministers should appreciate, therefore, that it is very difficult to change the schedule for House attendance once it has been approved.

Ministers must attend the House to pilot through their own legislation, and they will give priority to appearances before House and Senate committees considering such legislation and to House committees examining their department's Estimates. Ministers must be available to participate in all votes unless they can arrange a guaranteed pair with a member of the official opposition. The House Leader assigns prime responsibility to a particular Minister to co-ordinate the Government's reply to Opposition Day motions. In addition, Ministers will arrange for their Parliamentary Secretary to respond to "Late Show" questions, and for their department to prepare the appropriate response to Written Questions.

2. The Legislative Program

The content of the legislative program is ultimately the responsibility of the Prime Minister. Its main thrusts are determined by the Cabinet, and every Bill is examined by the Cabinet Committee on Legislation and House Planning. Cabinet gives the program final approval.

The handling of the program in Parliament is the direct responsibility of the Leader of the Government in the House. Although the House Leader has a great deal of flexibility in establishing priorities for consideration of Bills by the House and in deciding on strategy and tactics, "Business of the House" is a standing item on the agenda of the Cabinet.

The legislative program is made up of (a) URGENT measures which have statutory time constraints; (b) ESSENTIAL items reflecting the Government's priorities or which must be dealt with by a particular date (e.g., Acts that might otherwise expire if not extended), or other administrative requirements, and; (c) OTHER non-priority measures which may be introduced as parliamentary time becomes available.

Following Cabinet approval of the policy memorandum setting forth the intent of a proposed item of legislation, Bills are drafted by the Legislation Section of the Department of Justice upon instructions from the sponsoring Department or Agency, and according to priorities established by the Legislation and House Planning Committee. The resulting Bill is then scrutinized by Legislation and House Planning to ensure that it satisfactorily conveys the policy agreed to by Cabinet. No Bill goes to Cabinet unless it has been approved by the sponsoring Minister and the Legislation and House Planning Committee, and no Bill is introduced in Parliament unless it has been approved by Cabinet. The Prime Minister, or in his absence the Acting Prime Minister or other Minister, signs the copy of the Bill that is deposited with the Clerk of the House or the Clerk of the Senate. For more detailed information on the preparation of legislation, Ministers should refer to a booklet prepared by the Privy Council Office, 'The Preparation of Legislation'. (For a complete listing of documents and circulars referred to in Guidance for Ministers, see Appendix 1, p. 64).

3. Parliamentary Secretaries

Parliamentary Secretaries are Private Members of Parliament. They are not members of the Ministry and may not speak on its behalf, although they may speak for their Minister when instructed to do so. They are not, therefore, bound by the conventions of collective responsibility.

Because they are not members of the Ministry, Parliamentary Secretaries do not attend meetings of Cabinet. Neither do they attend Cabinet Committee

meetings. Although Parliamentary Secretaries are not bound by the principles of collective responsibility, it is not considered appropriate for them to criticize the Minister or Department they serve. This restriction does not apply to other policies of the Government, although in practice it might be difficult for Parliamentary Secretaries to criticize the Government and continue to serve their Ministers.

a) Appointment

Parliamentary Secretaries are appointed and assigned to particular Ministers by the Governor in Council on the recommendation of the Prime Minister. At the present time, the effective total number of Parliamentary Secretaries provided for by statute is 31. A Minister may have more than one Parliamentary Secretary, and a Parliamentary Secretary may serve under more than one Minister at the same time. By statute, their appointments are for fixed terms of twelve months, but they are automatically terminated when Parliament is dissolved. Their appointments may be renewed and they may be removed from office at any time by Order in Council. It has become the practice for them to take an oath of office, swearing not to disclose without the authority of their Ministers matters that have come to their knowledge by reason of their office.

b) Functions

Parliamentary Secretaries assist Ministers as the latter see fit. As a general rule Parliamentary Secretaries should, when their Minister is absent from the House of Commons, be present and may at the discretion of the Minister answer routine questions on his or her behalf. However, questions relating to matters affecting government policy are normally handled by the Acting Minister.

In the House Parliamentary Secretaries generally assist in carrying out the more routine responsibilities of their Ministers. They may arrange responses to questions on the Order Paper, and speak for their Ministers during Private Members' Hour and in the adjournment debate. They may organize the Government's response to Private Members' Bills and Motions. In recent years Parliamentary Secretaries have begun to pilot

through all stages Bills that do not raise major policy questions, although Ministers must move and second each motion involved in securing passage. Parliamentary Secretaries also organize the Government's participation in Opposition Day debates.

Parliamentary Secretaries can play a large role in the Committees of the House, and may explain the Government's policy on behalf of their Ministers. They may also be called upon to maintain liaison between their Ministers and other Members and Senators; to represent their Ministers in dealing with members of the public; and, in appropriate portfolios, to perform certain specific functions of their Ministers. At their Ministers' discretion, Parliamentary Secretaries may be actively involved in assisting Ministers in departmental activities, including policy matters. Although Parliamentary Secretaries may assist in these departmental activities, they may never have a Minister's legal responsibilities delegated to them. It is nonetheless important to ensure that Parliamentary Secretaries are thoroughly briefed on departmental matters about which they will be expected to be knowledgeable when they speak for their Ministers. For more information on the duties of Parliamentary Secretaries, Ministers should consult 'Briefing Notes for Parliamentary Secretaries' circulated by the President of the Privy Council.

c) Conflict of Interest

The Senate and House of Commons Act applies to Parliamentary Secretaries, and in addition the Prime Minister indicates in writing to each new appointee the general responsibilities and standards expected of them with respect to conflict of interest. Since there is no detailed and comprehensive formal conflict of interest régime for Parliamentary Secretaries as a group, it is all the more important that they examine their particular responsibilities on a continuing basis and ensure that there is no possibility that a real or apparent conflict of interest or any undue benefit may arise. Ministers should be consulted where problems emerge.

Parliamentary Secretaries must observe the Post-Employment Guidelines issued in 1980 for Parliamentary Secretaries. They may obtain the guidelines from the Office of the Assistant Deputy Registrar General. These guidelines apply both to current and past holders of the office of Parliamentary Secretary.

IV. PORTFOLIO CONSIDERATIONS

1. Individual Ministerial Responsibility

In addition to the convention of collective responsibility, Ministers are individually responsible to Parliament (and to the Prime Minister) both for their own actions and for the actions of all officials under their management and direction. The departmental Acts which create the offices to which Ministers are appointed, and any other Act for which they may be responsible, also provide a basic framework of authorities and responsibilities for which they are accountable.

Powers are vested in the Minister himself, who delegates authority to his officials. The individual responsibility of Ministers requires that they answer directly to the House of Commons for their own and their officials' actions, as officials may not speak in their own defence. If shortcomings are revealed in departmental procedures and these have led to an error, the Deputy Minister may take remedial measures including the suspension of the official or officials involved if circumstances warrant. The responsibility for such discipline rests with the Deputy Minister, who is responsible to the Minister for the operation of the department. Apart from flagrant cases where an official has indulged in illegal activity, it is not constitutionally proper for Ministers to distinguish between their actions as Ministers and those of their officials.

As established in Beauchesne, a parliamentary question, oral or written, must not seek from an ex-Minister (including one who has remained in the Cabinet in another portfolio) information with reference to transactions during his term of office in a previous portfolio.

2. Ministers of State

Ministers are ordinarily appointed under a departmental Act. However, Ministers of State to assist are appointed under the provisions of the Ministries and Ministers of State Act to assist departmental Ministers in carrying out their portfolio responsibilities. These Ministers are full members of the Ministry, but their duties depend on the Order in Council assigning them to a

particular portfolio and on delegations of authority from the senior Minister, approved by the Prime Minister. These Ministers of State do not have their own department, but rely on the departmental resources of the senior Minister they are obliged to assist.

Ministers of State also may be appointed under the Act without assigned portfolio responsibilities, although since the passage of this Act, Ministers without portfolio have been appointed only rarely.

A third category of Ministers of State may be appointed under the Ministries and Ministers of State Act to be responsible for Ministries of State -- which are separate departments of government -- established following procedures laid down in the Act. These Ministries of State generally are assigned policy coordination responsibility within the Cabinet system.

3. Acting Ministers

Acting Ministers are appointed to exercise the powers, duties, and functions of Ministers when the latter are absent from Ottawa, are unable for other reasons to fulfill their responsibilities, or if they resign from the Ministry. The Prime Minister also may appoint Acting Ministers in cases in which he does not wish to name a Minister to a vacant portfolio. Acting Ministers exercise all the powers, duties, and functions conferred on the Minister by statute. They are required to be Privy Councillors and members of the Cabinet but are not entitled to additional indemnities for carrying out their duties as Acting Ministers.

It is usual to appoint Ministers to cover for each other's temporary absences by designating Ministers to be Acting Ministers for one or more of their colleagues on a continuing basis. The Prime Minister establishes a roster of Acting Ministers which is formalized by an Order in Council. The roster is circulated to all Ministers and tabled in Parliament. The Order in Council specifies an Acting Minister and, to provide for his or her possible absence, an alternative Acting Minister for each member of the Cabinet responsible for a department or Ministry of State. The Prime Minister also can act for every Minister, but normally he does so only when neither the designated Acting Minister nor his alternate is available.

Ministers' offices should provide the Prime Minister's Legislative Assistant and the Deputy Secretary to the Cabinet (Operations) with their Ministers' itineraries. This is necessary to monitor the availability of Ministers and to ensure they can be reached at short notice or alternatively to determine that recourse to an Acting Minister is necessary.

Ministers should ensure that in their absences Acting Ministers will be provided with every assistance to make decisions based on a full explanation of the nature and importance of specific issues. Acting Ministers should refrain from making major decisions in the temporary absence of the Minister, unless a matter is of real urgency, in which case they should consult if possible with the Minister, with the Prime Minister or, failing that, with appropriate members of Cabinet.

4. Acting Prime Minister

The Order in Council setting out the roster of Acting Ministers also establishes the basis for a Minister to exercise the powers, duties and functions of the Prime Minister on an Acting basis when he is absent from Ottawa. The list customarily is compiled on the basis of precedence and the order embodied in this roster is strictly adhered to in connection with House business and the chairing of Cabinet meetings. Ministers are notified by the Deputy Secretary to the Cabinet (Operations) on the occasions where they must assume the duties of Acting Prime Minister, and are provided with any appropriate briefings.

5. Deputy Ministers

Deputy Ministers are appointed by the Governor in Council on the recommendation of the Prime Minister, and usually in consultation with the Minister. They hold office "during pleasure" and may be moved from one department to another on the basis of the Prime Minister's decision as to the needs of various departments from time to time and of the Government generally. Deputy Ministers have a responsibility both to support the fulfillment of their Minister's individual responsibilities and to contribute to the overall achievement of the Government's program.

Deputy Ministers are responsible for the management of their department and play a significant role in formulating advice for their Ministers on policy

matters and on alternative means of implementing effectively the Government's policies and programs. The Deputy Minister also is in a position to provide continuity at a time of change of Minister or of Government, and has certain ongoing statutory responsibilities.

Deputy Ministers are answerable to their respective Ministers, who have the final responsibility for the policies and actions of their departments. Deputy Ministers advise Ministers and respond as directed by Ministers in developing new proposals. The working relationship between the two is most important, their mutual trust and confidence being the cornerstone of a successfully operating department. (Any serious differences should be discussed by the Minister or Deputy Minister with the Prime Minister or the Secretary to the Cabinet.)

Deputy Ministers have a particular responsibility to exercise on the Minister's behalf his or her "management and direction" of the department. In so doing Deputies are required to observe standards and practices established across the Government. In establishing Government-wide management standards the Treasury Board acts on behalf of the Ministry as a whole.

Deputy Ministers may, therefore, be said to support both the individual and collective responsibilities of their Ministers. They are responsible to their Ministers for development of advice regarding policies and programs, for the administration of programs, and for the management of their departments. They are required to carry out these responsibilities with due regard for the overall objectives established by the Prime Minister and the Ministry as a whole. In short, the Deputy Minister must endeavour to administer the Minister's department in such a way that policy and program development will be best served; that the overall objectives of the Ministry are promoted; that adequate financial and other management practices are followed; and that there be compatibility between the Deputy's obligations to the Prime Minister to contribute to the overall achievements of the Government and his obligation to support the fulfillment of his Minister's individual responsibilities. Additional information on the role of the Deputy Minister is provided in a paper prepared by the Privy Council Office, 'The Office of the Deputy Minister'.

6. Non-Departmental Bodies

In addition to the departments and ministries of state of the federal government, there are a large number of 'non-departmental bodies' including both Crown corporations and independent agencies, tribunals, boards and commissions. Most Ministers have several of these bodies within their realm of responsibility*, and, as will be apparent from this and the following sections on Crown corporations and independent agencies and tribunals, references to a "responsible" Minister cover a wide range of relationships. (This section provides information on non-departmental bodies generally, while the next two sections comment on the two major sub-groupings.)

Non-departmental bodies often have been established to achieve a degree of independence and to separate the administration of a function from the personnel and budgetary constraints and procedures that apply to departments.

It follows therefore that Ministers' relationships to these bodies and their powers of direction and control over them are usually significantly different from relationships with and powers with regard to their department. In the case of a department, the responsibility for its management and direction has been vested with the Minister by the departmental Act, and the Minister is accountable to Parliament for the conduct of his or her department and of its officials. However, with respect to the many different types of non-departmental bodies, Ministers exercise varying degrees of control and responsibility in accordance with the body's constituent Act -- and, in the case of some Crown corporations, their articles of incorporation or letters patent. In addition, the Financial Administration Act sets out the financial framework for the relationship between many of the non-departmental bodies, their appropriate Minister and the Government.

In order to determine the exact nature of their relationship with both the non-departmental bodies and the individual or group of individuals who lead each of them, Ministers should familiarize themselves thoroughly with the Acts and other legal documents pertaining to non-departmental bodies under their responsibility. Because of the number of combinations and permutations of non-departmental bodies, Ministers should consult with

* A list is provided in Appendix 2, p. 67

their Deputy Minister, their departmental legal advisor and, if necessary, the Secretary to the Cabinet if they have questions concerning their exact responsibilities for the bodies under their jurisdiction.

a) Independent Agencies and Tribunals

A large number of bodies have been constituted by Parliament to make certain sorts of decisions outside the ordinary Cabinet and government decision-making process. Some hear cases concerning parole, labour relations or restriction of trade matters; others review disputes between individuals and the Government concerning such matters as pensions, tariffs or immigration; there are bodies which award grants for research, study, and the arts, while others adjudicate among competing interests for licenses to operate broadcasting or transportation undertakings, or set rates in monopolistic situations.

In undertaking these functions many of these bodies act very much like courts of law and are provided with many of the powers and duties of courts. Parliament has usually gone to great lengths to protect this adjudicative process from intervention by either the government of the day or by government officials, although in the case of some regulatory bodies there is authority for Governor in Council review or approval of their decisions and for broad policy direction to the agency. Any such intervention is visible to Parliament and the public, and the intervenors therefore clearly can be held to account.

Ministers, in their relationships with these bodies and in answering parliamentary questions relating to them, should be very careful not to violate or appear to violate the independent nature of the adjudicative process (i.e., by intervening or appearing to intervene in a case under consideration). Guidelines issued in 1976 prohibit Ministers from communicating with officials of judicial and quasi-judicial tribunals on a case which is before them. (For a more detailed discussion, see p. 46).

b) Crown Corporations

In terms of size, as well as policy and financial impact, Crown corporations are probably the most important single group of non-departmental bodies. The demands of ministerial responsibility for some of the larger Crown corporations are formidable tasks in themselves and will usually occupy a considerable amount

of ministerial time and energy. Problems regarding the control, direction and accountability of Crown corporations have from time to time given rise to a great deal of public and parliamentary criticism about Ministers' activities in this area.

The relationship between Ministers and the Crown corporations under their jurisdiction requires a careful balance. On the one hand, the Government must ensure that corporations can be directed, held accountable and perform in a manner consistent with their role as instruments of public policy. On the other, there is an essential need for a flexible relationship that allows corporations to operate effectively in a corporate form, manner and milieu and in accordance with sound business behaviour and practices.

Ministers, in their role as trustee owner for the Crown, are responsible for communicating Government policy to Crown corporations, and are also responsible for the policy framework within which Crown corporations operate, for ensuring that policy is implemented, and also for ensuring that any management errors and omissions that come to their attention are corrected effectively and expeditiously. It is important therefore that Ministers establish effective communication links with the Crown corporations under their jurisdiction. These links should be used to ensure that the chairman and board of directors of the corporation are kept informed of Government objectives, that the board's accountability to the Government is maintained, and that in return Ministers are aware of problems and issues requiring their attention.

The powers which a Minister has over a given Crown corporation will be defined by a combination of the corporation's special act of incorporation, or if incorporated under company law, its articles, letters patent and related documents; Part VIII of the Financial Administration Act; the Government Companies Operation Act; and other Acts. If a corporation has been established under the Canada Business Corporations Act (CBCA), the Minister is the "trustee shareholder" and his or her powers of direction and control will be defined as well by the CBCA.

An important tool that Ministers have available to them in controlling, directing and correcting errors of Crown corporations is through the corporations' annual budgetary and corporate submissions. Each corporate plan must be approved by the appropriate Minister before it is considered by the Treasury Board, the Minister of Finance and the relevant Cabinet policy committee.

In general the major powers of a Minister vis-à-vis Crown corporations are:

- i) The approval of capital budgets, operating budgets, corporate plans, by-laws, borrowings, and the acquisition or disposal of subsidiaries (in some cases as a prelude to approval by Governor in Council).
- ii) As prescribed by statute, the appointment of directors in those cases where the Minister is the appointing authority, or where he has responsibility for recommending such appointments to the Governor in Council.
- iii) To request minutes of boards of directors meetings and Crown corporation audit committees' reports. In some cases, Ministers may wish to ask for reports where there are variances between projected and actual performance.
- iv) The power, in many cases, to direct a Crown corporation pursuant to the constituent act or to enter into a "unanimous shareholders agreement" under the Canada Business Corporations Act.

Ministers should refer to the Prime Minister's 1982 letter of administrative direction on Crown corporation reform for more detailed information.

c. Parliamentary Questions Concerning Non-Departmental Bodies

Questions frequently are posed in Parliament relating to the affairs of Crown corporations and other non-departmental bodies. Ministers, in responding to these questions, should be as clear and informative as possible but with the following considerations in mind:

- In view of the many different types of non-departmental bodies and the varying degrees of control which Ministers have over them, a Minister should not, in responding to a question, take or appear to take responsibility for a matter over which he or she has no statutory authority. Ministers are generally responsible for the policy framework within which Crown corporations and certain other non-departmental bodies operate, the expeditious and

effective correction of errors and any other duty or responsibility vested with the Minister pursuant to an act of Parliament. In response to questions involving these areas a Minister must take direct responsibility in answering questions. On the other hand, the managements of non-departmental bodies are usually accountable through the responsible Minister to Parliament for internal management and operation. In responding to questions relating to these areas the Minister should take no direct responsibility and answer instead on behalf of the body, using the "I am informed..." formula.

- Ministers should not intervene, and should not appear to take responsibility for or have the intention of intervening in any matter which is sub judice before a regulatory commission, administrative tribunal or appeal tribunal.

- Ministers should not, in responding to questions, provide information regarding Crown corporations which could reasonably be expected to harm a corporation's competitive position or detract from its ability to perform commercial undertakings.

7. Security

Ministers have the personal responsibility of ensuring that adequate security is maintained with respect to their office (p. 54), staff appointments (p. 54), Governor in Council appointments (p. 33), and their personal physical security (p. 49). Ministers also are personally responsible for the safe handling of Cabinet documents (p. 35).

Departmental security is the responsibility of each Deputy Minister or agency head, who in turn designates a responsible officer as Security Officer. This individual is available to provide information, briefings, or other services required and should be consulted about any security problem. The Security Officer is responsible within the department or agency for the application of government security policies. These policies are available through the Security Officer and should be referred to in order that breaches of security or potentially embarrassing situations do not occur.

At all times, the Assistant Secretary to the Cabinet (Security and Intelligence) is available to Ministers should special assistance or interpretation be required on physical security or security policy matters.

V. CABINET AND THE CABINET'S COMMITTEES

1. Collective Ministerial Responsibility

From its origins the proceedings of Cabinet have been governed by the rules of confidentiality whereby all items of business and discussion are considered internal to the Cabinet. The formal manifestation of this convention is the Privy Councillor's Oath. These rules are essential for the maintenance of Cabinet solidarity and of collective responsibility -- the constitutional principle that allows and requires the forging of the individual responsibilities and actions of Ministers into a coherent government program and direction.

The convention of the collective responsibility of Ministers is central to the operation of the Cabinet and of our system of government. Based on the need to achieve consensus in the Cabinet's activities, the convention holds that each member of the Ministry is equally responsible for the advice proffered to the Governor General and the decisions made as a result. Ministers are collectively responsible for the actions of each, and if in the extreme and despite all efforts at compromise a Minister cannot acquiesce in a particular decision of the Cabinet he or she must resign. (Ministers also are considered to have tendered their resignations automatically when the Prime Minister resigns, but in that circumstance they continue to be responsible for their departments until a replacement has been appointed.) Cabinet government works through a process of compromise and consensus. It is quite unusual for Cabinet to vote on questions before it.

It is a fundamental prerogative of a Minister to bring any item in his area of responsibility to the attention of the Cabinet for its information, advice, or agreement. It is, however, difficult to describe with any precision matters that should or should not be taken to Cabinet. The line is very hard to define between overburdening the Cabinet with non-essential business, or business that should be concluded elsewhere, and neglecting to inform Cabinet of potentially troublesome matters for which Ministers will be held collectively responsible, and of which they should be aware. At times Ministers will have difficult judgments to make about whether to bring particular issues to Cabinet, and

Ministers must exercise their best judgment, consulting their colleagues, and, if necessary, the Prime Minister about doubtful matters.

There are discretionary matters that Ministers individually, or in consultation with those colleagues most obviously concerned, may decide without submission to the Cabinet. These may include matters of policy that relate clearly to one department only, provided that they do not have implications of a broader character.

There are also matters that, although they do not directly or obviously involve "policy", can have implications of political significance, either generally or regionally, in Parliament or with the general public. Because such matters involve or affect either the Cabinet as a whole or certain Ministers in particular, they may be brought to the Cabinet for consideration.

2. Meetings of the Cabinet

Meetings of the Cabinet are convened on the instructions of the Prime Minister. Ministers are expected to attend all Cabinet meetings. Cabinet's agenda is made up of matters referred to it by Cabinet committees, items of special urgency, Parliamentary business, political communications issues, the discussion of senior appointments, and any other issues of concern to Ministers. Cabinet's agenda normally is circulated to Ministers, together with documentation for the agenda items (where it has not already been circulated), at least 48 hours before a Cabinet meeting. Cabinet meets each Thursday morning at 9:30 a.m. throughout the year, except for approximately three weeks in the summer and one or two weeks at Christmas and Easter during the Parliamentary recess. If Cabinet does not meet during these periods, a Special Operating Committee of Cabinet may deal with any urgent matters that may arise.

Most Cabinet committees also meet at regular times -- usually weekly or bi-weekly -- in order to assist Ministers in determining their personal schedules and provide a degree of certainty to planning for and timing of submissions to Cabinet.

3. Cabinet Procedure

Most Cabinet decision-making is based on consideration of written Memoranda to Cabinet (MCs) submitted by Ministers. These Memoranda state the issue,

its background, and alternative courses of action, concluding with recommendations that provide the focus for Ministerial discussion. Usually MC's will be covered by a three page executive summary. MCs signed by the sponsoring Minister are circulated to Ministers by the Privy Council Office, and are discussed initially in a committee of Cabinet, which is intended to give the issue a thorough airing and resolve it to the extent possible. In order to allow Ministers sufficient time for consideration of proposals, a minimum interval of 48 hours must normally elapse between circulation of a Memorandum to Cabinet and consideration of the item in committee. The Minister chairing the committee must approve any exception to this rule.

The decisions of committees, issued in the form of Committee Reports (CRs), ordinarily are placed on the annex to the agenda of the next meeting of either full Cabinet or the Priorities and Planning Committee, depending on their content and timing. It is expected that most CRs would receive routine ratification by Cabinet or the Priorities and Planning Committee. In cases where Ministers wish to reopen a particular matter, they must raise their concerns first with the Minister chairing the committee. If the issue cannot be resolved, the Minister may, through the committee chair, ask for reconsideration in Cabinet or the Priorities and Planning Committee. In such cases, the Deputy Secretary to the Cabinet (Operations) must be notified 24 hours before the meeting so the Prime Minister may be consulted. In the rare cases where no decision is reached in committee, or if a matter is such as to require the consideration of all Ministers, the committee report takes the form of a recommendation or a referral to the Cabinet.

A minimum interval of 48 hours must normally elapse between committee and Cabinet consideration of an item, unless the Prime Minister approves an exception to the rule.

Once a committee report has been ratified by Cabinet or the Priorities and Planning Committee, with or without discussion or modification, the decision is recorded in a Record of Decision (RD), which is circulated to all Ministers and Deputy Ministers and serves as the basis for appropriate follow-up. (For additional information on the handling of Cabinet papers see pp 35 to 37 below.)

4. Cabinet Committees

The Prime Minister may establish standing and ad hoc (temporary special-purpose) committees of the Cabinet as he sees fit. The Cabinet committee system has been in continuous use since the Second World War and was developed as a result of the rapidly increasing complexity and number of issues which needed Cabinet attention. A basic goal of this system is to settle as many questions as possible at the committee stage in order to lessen the workload of the Priorities and Planning Committee and full Cabinet and thereby allow them to concentrate on priority issues.

Six of the Cabinet's standing committees form the basis of the Policy and Expenditure Management System (PEMS - see below at page 25):

Priorities and Planning;
Treasury Board;

and four policy committees which deal with policy and expenditure decisions in specific areas of Government activity:

Economic and Regional Development;
Social Development;
Government Operations;
Foreign and Defence Policy.

In addition, the Cabinet Committee on Legislation and House Planning coordinates the Government's legislative program and the process of translating policy decisions into Bills. Responsibility for considering the communications aspects of proposals to Cabinet rests with the relevant policy committee of Cabinet, which must also consider any new expenditures on communications initiatives.

The following specialized committees of Cabinet meet as required:

Labour Relations;
Public Service;
Security and Intelligence;
Special Committee of Council.

From time to time other committees of Ministers are established on a temporary basis to examine particular issues.

The Special Committee of Council was formed for the specific purpose of approving routine Orders in Council. There are certain actions of the Ministry that require formal measures by the Governor in Council supported by appropriate instruments for their execution. These actions may be taken by the full Cabinet acting as the "Committee of the Council" for the purpose of recommending approval to the Governor General of Orders and Minutes of Council. However, in the majority of cases where the Orders in Council are routine in character or where they raise no new policy issues, the work is handled by a sub-committee known as the Special Committee of Council. Meetings of the Special Committee are held on a regular basis each week, usually immediately before the weekly Cabinet meeting.

All Ministers can attend any Cabinet Committee meeting except Priorities and Planning Committee, Treasury Board, and the Security and Intelligence Committee. However, the Prime Minister has designated Ministers as ongoing members of certain Committees which they are required to attend regularly.

5. Operation of Cabinet Committees

a) Membership of Cabinet Committees

The Ministers sitting in each standing committee are chosen by the Prime Minister to provide a balanced representation of departmental interests and responsibilities, personal interests and capacities, and regional and other factors. However, membership does not limit participation: as mentioned above, any Minister may attend meetings of any committee except the Priorities and Planning, Treasury Board and Security and Intelligence committees. In the case of these three, the Chairman's invitation is required. Membership lists of Cabinet committees are tabled in Parliament.

b) Ministers Chairing Cabinet Committees

The Prime Minister chairs Cabinet, the Committee on Priorities and Planning and the committees on the Public Service and Security and Intelligence. The selection of chairmen for other standing and ad hoc committees of Cabinet is made by the Prime Minister.

c) Meetings of Cabinet Committees

Most Cabinet committees maintain a schedule throughout the year similar to Cabinet's, meeting at regular times. They usually recess for some time in the summer. Documents and agendas are submitted and circulated and minutes are kept in the same way as for full Cabinet.

The agendas for committee meetings consist primarily of the various memoranda that Ministers have submitted to Cabinet, although Cabinet may from time to time refer items to committee. The allocation of particular memoranda to Cabinet committees is made by the Deputy Secretary to the Cabinet (Operations), subject to direction from the Prime Minister and the Secretary to the Cabinet.

6. Priority Setting and Resource Allocation

a) Policy and Expenditure Management System

The Policy and Expenditure Management System is intimately related to the Cabinet Committee system. It organizes collective ministerial decision-making in a way that brings together policy discussion and resource allocation. This allows Ministers to establish objectives and priorities consistent with available resources.

Under the system, total government expenditures are divided into ten resource envelopes, with each envelope defining a particular policy sector. The Priorities and Planning Committee and the four policy committees of Cabinet each are assigned two envelopes in accordance with their committee's policy area. The level of each envelope is set annually by the Priorities and Planning Committee as part of a larger exercise which includes the setting of the Government's fiscal framework and fiscal plan. Once the envelope levels are set they may only be amended by Priorities and Planning Committee. Cabinet policy committees are free, however, to reallocate resources within their envelopes in accordance with their changing policy priorities and subject to ratification of committee decisions by Priorities and Planning. Several times each year "auctions" or "banking days" are designated by each Policy Committee at which time a portion of the envelope reserve is allocated among competing proposals. This allows the committee to compare and rank proposals as a group at one time.

Additional information on the PEMS is provided in Appendix 5 (p.76) and in a booklet prepared by the Privy Council Office, "The Policy and Expenditure Management System."

b) Cabinet Committee on Priorities and Planning

The Cabinet Committee on Priorities and Planning is chaired by the Prime Minister. It is comprised of the Minister of Finance, the President of the Treasury Board, the Ministers who chair policy committees and other senior Ministers. Attendance of Ministers at meetings of the Priorities and Planning Committee normally is restricted to the members of the Committee. Exceptions must be approved by the Prime Minister.

The Committee considers the essential strategic issues facing the Government. It operates as a forum for discussion of the Government's central priorities and directions and for reconciling its policy objectives with available resources. The Committee's procedures are similar to those of Cabinet. It has the authority to ratify decisions of other committees and usually considers policy committee decisions with resource implications. It plays a pivotal role in the Policy and Expenditure Management System through its responsibilities in the annual process of setting the levels of the resource envelopes into which government expenditures are divided. Cross-envelope issues and important and contentious policy issues also are dealt with by the Committee, which meets weekly on Tuesday morning at 10:00 a.m.

c) Minister of Finance

The Minister of Finance is responsible for the management of the Consolidated Revenue Fund, the revenue budget, the national debt, the Government's fiscal, tax and macroeconomic policy generally and the regulation of financial institutions. The Minister also plays a central role in the PEMS which includes preparing the fiscal framework, recommending envelope levels (and adjustments to those levels in the course of the year), and speaking in policy committees and the Priorities and Planning Committee to the macro-economic implications of ministerial policy proposals, including suggestions made relating to tax expenditures. The Department of Finance supports the Minister in these roles.

d) The Treasury Board

The Treasury Board is a statutory Committee of the Privy Council and receives direction from the Governor in Council. It consists of the President of the Treasury Board, the Minister of Finance, and four other Ministers appointed by Order in Council. A number of other Ministers are appointed as alternates.

The role of the President of the Treasury Board in the PEMS is to maintain an overview of the Government's expenditure plan. He is the "accountant" of the envelope system and advises policy committees on both the resource implications and the efficiency aspects of existing Government programs and of policy proposals from Ministers for new programs. In addition to supporting the President in that role, the Treasury Board Secretariat (TBS) also advises the Board on specific proposals from departments for access to funds to cover workload or cost increases (as opposed to policy changes which are handled by policy committees) and for personnel resources (person years), to carry out programs previously given policy approval by Cabinet (and by Parliament as appropriate). The Treasury Board approves contracts entered into by departments and sets rules of administrative procedure. It is responsible for classification and compensation questions, serving as the employer in collective bargaining with the public service, and is also concerned with the internal organization of Government departments and with official languages policy. In the personnel management field the Treasury Board Secretariat shares responsibility with the Public Service Commission, which oversees the application of the merit principle to hiring, promotions and dismissals in the public service.

The Treasury Board also is supported by the Comptroller General, a public servant who heads the Office of the Comptroller General (OCG). He is responsible for overseeing the Government's financial management practices, including the form in which the Estimates are presented to Parliament and internal audit procedures. The OCG also has been active in developing techniques for program effectiveness evaluation and in assisting departments in developing their internal management practices and program evaluation capabilities.

7. Official Support to Cabinet Committees

a) Central Agency Support

Public service support to Cabinet is built on the distinction between "line" departments, which under the direction of their Ministers are responsible for developing and carrying out operational programs; and central agencies, which generally have no operational responsibilities but support collective decision-making by Ministers.

Each Cabinet Committee (with the exception of the Treasury Board, whose secretariat is a separate department of government) is supported by a permanent secretariat in the Privy Council Office. The Privy Council Office serves under the Prime Minister's direction as Cabinet's secretariat. It is organized into two main divisions (Operations and Plans), each headed by a Deputy Secretary to the Cabinet. They service Cabinet and its Committees by preparing agendas, organizing meetings, and recording decisions and minutes. Individual secretariats within the two divisions parallel the present structure of Cabinet's committees. Each secretariat is headed by an Assistant Secretary to the Cabinet who serves as secretary to the Cabinet committee.

The Secretary to the Cabinet also is responsible for the secretariat which services the Cabinet Committee on Security and Intelligence (chaired by the Prime Minister) and related interdepartmental committees. This secretariat assists the Prime Minister in his general responsibility for security and intelligence matters.

The Economic and Regional Development and the Social Development Committees each are supported by their respective PCO secretariats and by a Ministry of State reporting to the Minister chairing the Committee. These Ministries of State provide advice to the Committees on substantive sectoral strategy and priorities, cross-departmental coordination, resource allocation and management, and the analysis of program effectiveness. For the Cabinet Committee on Government Operations this support is provided by a PCO secretariat with the assistance of other interdepartmental mechanisms and central agencies. In the case of the Committee on Foreign and Defence Policy, a unit within the Department of

External Affairs provides much of the Ministry of State-type support, and the secretariat services again are provided by the PCO.

b) Interdepartmental Coordination

The other major institutional support to each Cabinet policy committee is its committee of Deputy Ministers, chaired by the public service head of the Ministry of State. (Because membership parallels that of the Cabinet committee, these Deputies' committees are sometimes referred to as 'mirror committees'.) The mirror committees often discuss draft Memoranda to Cabinet before they have been signed by the sponsoring Minister. The mirror committees do not have any formal decision-making authority with respect to these drafts, and their discussion is intended to ensure that there has been adequate consultation on policy proposals. The Deputies' committees also improve the awareness of Deputies of overall and sectoral priorities and concerns of the Government, and provide additional information to them which is useful in briefing their Ministers for Cabinet discussions.

c) Officials at Cabinet and Cabinet Committee Meetings

The Secretary to the Cabinet attends meetings of full Cabinet but does not sit at the Cabinet table. The Secretary to the Cabinet does not participate in the discussion, but may contribute if asked to do so. The Deputy Secretary to the Cabinet (Operations) and the Deputy Secretary (Plans) also attend, as does an Assistant Secretary, who takes the minutes. Other officials do not ordinarily attend but can be summoned to Cabinet meetings to give information on particular matters. This procedure is seldom used, and when it has been, officials usually have been asked to withdraw as soon as they have provided the required information. The rules governing the attendance of officials at meetings of the Committee on Priorities and Planning closely resemble those adopted by Cabinet, except that the Secretary to the Cabinet for Federal-Provincial Relations and the Deputy Minister of Finance attend meetings of Priorities and Planning.

With respect to other Cabinet committees, the Assistant Secretaries to the Cabinet, who head the sections of the Cabinet Secretariat that service the

respective committees of the Cabinet, attend meetings of their particular Cabinet committee and are assisted by a member of their Secretariat, who takes the minutes. Generally, the Assistant Secretary to the Cabinet is expected to remain in the room even when other officials are asked by the chairman to withdraw.

The attendance of other officials at Cabinet committee meetings is limited to the minimum number necessary to address the items on the agenda. Accordingly, attendance by officials is:

- (i) on the invitation of their Minister and in his or her company, in which case a Minister is expected to ensure that not more than one official attends; or,
- (ii) by a Deputy Minister or Assistant Deputy Minister (and no other official) in the absence of his or her Minister, with the approval of the committee chairman, if the Minister thinks that there is a matter of prime concern to his or her department on the agenda of the meeting in the discussion of which the Minister's Deputy Minister might be required to intervene on the Minister's behalf; or,
- (iii) when the committee or its chairman request the attendance of an official to provide information necessary for the committee's discussion.

Officials are present only for the items on an agenda in which they and their departments have a direct concern. Attendance of officials is, at all times, subject to the discretion of the chairman, who determines whether attendance is, in fact, required for a particular item, or whether, in his or her judgment, having regard for all circumstances, it is desirable that any or all departmental officials be asked to withdraw from the meeting. The Assistant Secretary to the Cabinet will act to implement the chairman's decisions in this regard.

Because of the large number of items in the four policy committees in the Policy and Expenditure Management System which may involve expenditures or have financial implications, the Minister of Finance and the President of

the Treasury Board are ex officio members of these committees and are regularly represented at committee meetings by their Deputies or by another senior official. On occasion a similar arrangement may be made for the attendance of the Deputy Minister of Justice, or if required, another Justice officer, in cases in which legal advice is required or contemplated. The attendance of any of these officials, as in the case of all other officials, is subject to the general discretion of the chairman.

Ministers are urged to keep the number of accompanying officials to a minimum. All Ministers should be mindful that the presence of numerous officials tends to inhibit free discussion among Ministers. Ministers' exempt staff may not attend meetings of Cabinet or its committees.

8. Use of English and French in Cabinet Operations

Ministers are urged to submit all memoranda to the Cabinet in both official languages. Agendas indicate both the English and French title of the document. Cabinet and Cabinet Committee minutes and Committee reports are produced in the official language in which they were written by the recording secretary. The Cabinet Record of Decision is, however, issued in both official languages. Ministers are encouraged to use either English or French in Cabinet and Cabinet committee discussions. Simultaneous translation services are available for meetings of Cabinet committees when needed.

VI. GOVERNOR IN COUNCIL RECOMMENDATIONS

All recommendations to the Governor in Council must be made over the signature of the responsible Minister. Submissions that do not raise policy issues that should be addressed in Cabinet ordinarily are considered by the Special Committee of Council. The Assistant Clerk of the Privy Council (Orders in Council) and the departmental legal officer are responsible for processing draft Orders in Council and can provide advice on procedures for making submissions. It is important to bear in mind that public announcements regarding Orders in Council should not be made until after the Orders have been approved by the Governor General and have been returned to the Privy Council Office. This normally requires thirty-six hours following the adoption of the submission by Council. Ministers should consult the reference manual 'Directives on Submissions to the Governor in Council and Statutory Instruments' prepared by the Privy Council Office for more detailed information on the procedures to follow.

1. Appointments

a) General

There are approximately four hundred and fifty full-time Governor in Council appointments, for which individual members of the Ministry are required by statute to recommend candidates. Most full-time appointments are made either on the Prime Minister's recommendation or on that of one of his colleagues in consultation with him. Ministers also are responsible for recommending candidates for the numerous part-time appointments to the Boards of Crown corporations and agencies.

Both the Prime Minister's Office and the Privy Council Office participate in gathering information and advising with respect to full-time and part-time appointments. Vacancies in both full and part-time positions are identified on a regular basis by the Senior Personnel Secretariat in PCO under the direction of the Senior Advisor on Personnel Management and circulated to all Ministers. Recommendations from Ministers for appointments are vetted through the Prime Minister's Office to ensure that necessary political consultations have occurred. The Senior Personnel Secretariat in PCO also ensures that procedural and statutory requirements have been satisfied and provides advice on issues of

classification and remuneration. Ministers are invited to draw upon these facilities in making recommendations for the senior appointments for which they are responsible.

It is particularly important in the case of appointments to ensure that submissions to the Governor in Council are in both official languages, and that they state the full name and place of residence of the appointee. Bearing in mind that Governor in Council appointees in full-time positions are subject to conflict of interest guidelines for Governor in Council appointments, care should be taken to ensure that candidates do not harbour potential conflicts of interest. Ministers also should ensure that candidates for full-time positions understand the full-time nature of their responsibilities. Ministers should always agree with potential appointees on the date they will report for duty and insert in the draft Order in Council that date as the effective date. Ministers should remember that if no date is inserted, then the effective date of appointment is the date the Order in Council is passed.

b) Remuneration

Ministers also should remember that salaries of Governor in Council positions are set or approved by the Governor in Council on the recommendation of the Prime Minister, and Ministers (and the corporations for which they are responsible) therefore should avoid quoting salary figures to proposed appointees without the approval of the Prime Minister. The Senior Advisor on Personnel Management in the Privy Council Office can provide additional information to Ministers in this regard. Ministers also should take care to ensure that Boards of Directors of corporations for which they are responsible do not implement compensation packages (bonuses, loans at reduced rates, etc.) beyond those approved by the Governor in Council. In this regard, Ministers might request assistance from the Crown Corporation units in their departments.

c) Security

When it is the responsibility of a Minister to recommend a person for appointment by the Governor in Council, all such appointees will be subject to a pre-appointment records check by the RCMP. The Minister should request such a check through his departmental Security Officer. The Minister is responsible for ensuring that such checks are requested prior to the

appointment. If the position is one which involves security considerations, the necessary security clearance must be obtained before the appointment is recommended. The departmental Deputy Minister or the Privy Council Office can normally advise whether security considerations apply to any particular position.

d) Official Languages

Ministers should ensure that appointments and appointment recommendations take into account the requirements of the official languages policy. The main element of this policy is that candidates considered for senior full-time classified position (technically those at the DM or GIC-8 level) in an organization which is covered by the Official Languages Act, must be minimally bilingual (at the "B" level). This prerequisite for appointment may mean that certain new appointees will have to be tested to confirm the candidate's level of proficiency in his or her second language. In those situations, or for additional information on this requirement, Ministers should contact the Senior Advisor on Personnel Management in the PCO who will make the necessary arrangements. (Candidates who do not meet the language requirements of the positions could be exempted by the Prime Minister.)

2. Regulations

Ministers from time to time will seek Orders in Council enacting or amending regulations pursuant to particular sections of statutes for which they are responsible. It should be noted that the Governor in Council cannot authorize action on regulations to be taken retroactively unless there is statutory authority to do so. Accordingly, Ministers should ensure that their Departments arrange matters in such a way that proposed regulations reach the Privy Council Office well before the desired date of implementation so they may be verified in accordance with prescribed standards.

VII. HANDLING OF AND ACCESS TO CABINET,
DEPARTMENTAL AND PERSONAL PAPERS

1. Introduction

Ministers usually will have in their own offices papers falling into three general categories: Cabinet papers; departmental and other official papers; and personal and political papers. Each of these groups of documents is subject to its own set of considerations under the provisions of the Access to Information Act, the Privacy Act, and the Canada Evidence Act. In addition to these statutory requirements, certain Parliamentary and conventional practices affect the way in which documents are handled.

2. Cabinet Papers

The efficient operation of the Cabinet is enhanced by its system of records. In order to protect the convention of the collective responsibility of Ministers to Parliament and allow for the fullest and frankest possible discussion among Ministers in the Cabinet and Cabinet committee decision-making process, it is important that Ministers safeguard the confidentiality of all Cabinet papers under all circumstances. They should only be seen by authorized individuals. They should always be in the custody of either the Minister or a member of the Minister's personal staff who has received the necessary security clearance and who is specifically charged with the security and custody of the Minister's Cabinet papers.

Ministers are personally responsible for the safe handling of classified material, including Cabinet documents. Cabinet papers and documents may be circulated outside the National Capital Region unless an exception (and additional measures for the handling of those documents) is approved by the Secretary to the Cabinet. Cabinet papers are never to be taken out of the country unless adequate security measures are taken and have been approved by the Privy Council Office. Cabinet papers and documents must not be retained by Ministers when they leave office; they are on loan from the Privy Council Office and must be returned.

a) Cabinet Memoranda

The provisions of the Access to Information Act do not apply to memoranda to Cabinet which have been in

existence for less than 20 years, but discussion papers -- the purpose of which is to present background explanations and analyses of problems -- become subject to the Act after a decision is announced, or after four years if no decision has been made public. Discussion papers may nevertheless be exempt from the provisions of the Act if their subject matter falls within one or more of the Act's exemption clauses. Ministers should ensure that material otherwise subject to disclosure under Access is not restricted solely because it has been incorporated in a Cabinet memorandum. To this end, departments often are able to prepare separate discussion papers for Cabinet proposals whose subject matter normally would be subject to disclosure under the Access to Information Act. A "Guidance Manual for the Preparation and Handling of Cabinet Papers", published by the Privy Council Office, provides comprehensive instructions on the preparation of Cabinet memoranda and discussion papers.

When an item has been disposed of and the papers are no longer needed, Ministers should ensure that the memorandum is returned to the Privy Council Office. Memoranda, and the other classes of papers to be returned that are mentioned below, are provided to recipients on an accountable basis as a means of protecting their confidentiality. No copies may be made. Ministers are urged to ensure that their offices observe the rules governing the circulation and prompt return of Cabinet papers.

b) Cabinet and Cabinet Committee Minutes

Minutes of the Cabinet and of Cabinet committees are for "Ministers' Eyes Only". While all Cabinet papers are governed by the rules of confidentiality pertaining to the advice offered by Privy Councillors, a special degree of confidentiality attaches to the minutes of Cabinet and its committees. The minutes reflect the discussion, although they do not usually make attributions unless so directed by the Minister or Ministers concerned. Ministers are urged to ensure that minutes are quite literally seen by "Ministers' Eyes Only". The minutes are not distributed but they may be examined in the Privy Council Office on request by any Minister who was a member of the Ministry at the time of the meeting. No copies may be made.

c) Agendas and Committee Reports

Agendas of the Cabinet and Cabinet Committees and reports of all Cabinet committees, with the exception of the Security and Intelligence Committee, are circulated to all Ministers and Deputy Ministers. These documents also may be circulated by Ministers to officials who need them in order to brief their Minister. Agendas should be returned immediately following the meeting for which they were issued, and committee reports should be returned as soon as they have been superseded by a Cabinet decision. Copies should not be made.

d) Records of Decision

Records of Decision by Cabinet are circulated to all Ministers and Deputy Ministers. These may be retained on special files, although Ministers must return their copies to the Privy Council Office when they leave the Ministry.

3. Departmental Papers

Departmental papers are those records relating to the continuing operations or business of a department or agency which the Minister has under his or her jurisdiction. These include records created by departments, and records pertaining to administrative activities. Such official papers should be deposited in departmental registries. When leaving office Ministers should not remove departmental files or parts thereof pertaining to the business of the department.

4. Personal Papers

Personal papers are those records pertaining to personal subjects relating to the Minister's constituency and political matters as opposed to departmental official matters. The personal and political papers kept by Ministers are excluded from the application of the Access to Information Act if they are kept separate from departmental files. Letters and papers that are personal, or which are primarily political as distinct from official in nature, should be kept on separate ministerial files. These may be retained by Ministers.

On leaving office with any papers, Ministers may and should avail themselves of the secure storage facilities and archival services offered by the Public

Archives to all members and former members of the Government. Ministers naturally will be particularly careful to ensure the security of papers touching on sensitive issues or subjects.

Ministers should consider from the outset maintaining separate Personal and Departmental files. For further suggestions on their office filing system, they should refer to the "Records Management Guide of Ministers' Offices", issued by Public Archives Canada. Ministers also should refer to "Ministerial Records and the Access to Information Legislation" (September 1983) and "Interim Policy Guide: Access to Information Act and the Privacy Act", both of which are issued by the Treasury Board and are available from departmental Information and Access Co-ordinators.

5. Access to Information

a) Introduction

The Access to Information Act provides a right of access to information in records under the control of Government institutions. It is based on the twin principles that Government information should be available to the public and that necessary exceptions should be limited and specified by law. The Act is an expression of the policy of openness in government. Ministers are expected to operate in accordance with the intent of the Act when dealing with requests from the public for information, and should be kept fully informed by their departments of requests for access which are being granted.

The Privacy Act and the amendments to the Canada Evidence Act (Public Interest Immunity rules) are complementary to the Access to Information Act. The Privacy Act sets out the principles governing the use, disclosure, collection, retention, and disposal of personal information and expands previously existing statutory protection for personal information held by a government institution. The Public Interest Immunity rules apply to instances where a court of law seeks information from the Government that is relevant to a case before it.

It is important that Ministers and their staffs become familiar with the provisions of the Access to Information Act and the Privacy Act. In particular, Ministers should be aware of the role which the Acts

assign to them in making decisions about requests. They also should be familiar with the implications of the Access to Information Act in relation to advice provided to themselves and to Cabinet (see the section on Cabinet Records for more detail). Each department has established internal machinery for responding to requests for access to records and personal information, and Ministers should ensure that they are briefed in more detail on these matters by their Deputy Minister.

b) Request for Access Procedures

Those records which fall under the category of confidences of the Privy Council are excluded from the application of the Act for a period of 20 years in the case of confidences in general and for up to four years in the case of discussion papers. Ministers should take care, however, to ensure that this protection afforded the Cabinet decision making process is not abused, and that material is not included in Cabinet papers in a manner that violates the intent of the Access to Information and Privacy Acts. All access requests involving Cabinet confidences should be answered in consultation with the Privy Council Office. The Deputy Minister and/or Access Coordinator in each department can assist in arranging such consultation.

6. Special Cases of Access to Papers

a) Access to Papers of Former Ministries

The principle of the confidentiality of Cabinet discussions is fundamental to the maintenance of the collective responsibility of Ministers to Parliament. It seeks both to preserve the confidentiality of relations between the Crown and its Ministers and to allow for the fullest and frankest possible discussion between Ministers, both orally and on paper. In order to preserve this confidentiality and thus the usefulness of Cabinet papers and records, it has become a well established convention that a new Ministry may not have access to the Cabinet, Cabinet Committee, and Ministerial records of preceding Governments.

The convention was first formally articulated in 1957 by Mr. Diefenbaker and his Cabinet. Since then the Secretary to the Cabinet has played the role of an intermediary, confirming arrangements with both outgoing and incoming Prime Ministers. The convention was described in 1963 in an exchange of letters between Mr. Diefenbaker, the Secretary to the Cabinet and

Mr. Pearson. This procedure was followed in 1979 and again in 1980 in confirming arrangements between Mr. Trudeau and Mr. Clark.

Since 1957, all Cabinet records of outgoing governments have been left in the custody of a senior public servant in whom the outgoing Prime Minister places his confidence, traditionally the Clerk of the Privy Council and Secretary to the Cabinet, on condition that they are to be seen only by persons who were Ministers at the time to which the records related and, in order to ensure continuity of government, by that senior official or the very few Privy Council Office staff whom he authorizes to see them. The convention thus applies to new Ministers in a continuing administration as well as to Ministers of an incoming administration. In working with material on departmental files originating with a previous government, departmental officials also adhere to those principles. Officials may, however, brief Ministers on the substance of decisions and actions taken by previous governments and on the necessary background. When there is doubt as to the propriety of such briefings, the Secretary to the Cabinet should be consulted.

In addition to the full range of Cabinet papers and minutes, this arrangement applies to correspondence between Ministers containing the expression of their views and opinions as well as other documents reflecting any such views and opinions even though contained in departmental files. It also applies to all documents and information concerning the private interests of the members of a Ministry, which Ministers are obliged to file with the Office of the Assistant Deputy Registrar General under the Conflict of Interest Guidelines.

The convention has been fully respected by succeeding Governments from its inception, and the arrangements afford the protection desired for the confidences of the outgoing Government while involving the minimum disruption to the continuity of Government business.

b) The Production of Papers in Parliament

Ministers are asked frequently by Members of Parliament to make information public. The production of papers in response to an M.P.'s Notice of Motion is an important means of assisting Members to fulfill their role

as Parliamentarians by making information available to the public. Ministers should endeavour to meet these requests as far as is possible without jeopardizing effective administration, individual rights to privacy, or the security of the state. They should also be guided by the provisions of the Access to Information Act, the Privacy Act, and the Canada Evidence Act (Public Interest Immunity rules) and should ensure that their approaches to production of papers in the House and to requests under the various facets of the Access régime are consistent. Ministers accepting Motions to Produce should state that acceptance is "subject to the usual reservations". Ministerial correspondence of a personal nature, or which deals with constituency or general political matters, is regarded as private and is not subject to production in the House, nor of course are Cabinet Papers and other Privy Council confidences.

c) Studies by Consultants

In considering whether studies conducted by consultants should be released, Ministers should take into account the provisions contained in the Access to Information Act and the Privacy Act. The terms of reference and consulting contracts should stipulate that the report be produced in two or more volumes -- one volume incorporating recommendations and the other presenting supporting evidence and analysis. As much of the completed study should be released to the public as possible, and consultants should be encouraged to prepare the study so that those parts of the study which may not be released under the Access régime are easily severable from those that may be released. If Ministers are in doubt over the status of a study, or parts of a study under the Access to Information and Privacy Acts, they should seek advice from their Deputy Minister and departmental legal counsel.

d) Memoirs and Access by Former Ministers

It is a convention that former Ministers may have access to departmental and Cabinet records and files dating from the period of time when they held office, but only from this period. Former Ministers may have access to the departmental files only of the department of which, and for the periods when, they were Minister or Acting Minister. Usually former Ministers will avail themselves of this privilege for the purpose of preparing memoirs or

other accounts of the issues with which they dealt when Ministers. When contemplating publication, former Ministers remain, of course, responsible for ensuring that there is no contravention of their oath as a Privy Councillor. In all cases former Ministers intending to write about their tenure as members of the Cabinet must seek the guidance of the Secretary to the Cabinet, who can provide them with advice in particular circumstances on the requirements and conditions related to their Privy Council Oath. Access by former Ministers to Cabinet papers covering their period in office will be provided only within PCO office space.

The former Minister of a particular department may not publish memoirs or other material relating to that department if he or she continues to hold ministerial office in another portfolio.

VIII. PERSONAL MATTERS

1. Ethical Conduct and Conflict of Interest

It has been said that the elementary qualification demanded of a Minister is honesty and incorruptibility. But it is not enough to have those qualities. The attitudes and conduct of Ministers must be such as to reflect them. Moreover, it is by no means sufficient for a Minister, or indeed for anyone in a position of responsibility in the Government, to act within the law. That goes without saying. Much more is required. There is an obligation not simply to observe the law but to act in a manner so scrupulous that it will bear the closest public scrutiny. The conduct of public business must be beyond question in terms of moral standards, objectivity and equality of treatment. It is in this context of fundamental principle that the conflict of interest guidelines have been developed.

The purpose of the Conflict of Interest Guidelines is to assist Ministers in observing these principles and in maintaining the high standard of conduct expected of them throughout their activities. As the Guidelines are general in nature, conforming to the letter of them may not afford complete protection for individual Ministers in all cases. Each Minister therefore is responsible for taking whatever action may be necessary to ensure that conflicts of interest may be avoided.

In accordance with these principles, Ministers may not hold directorships in business corporations or engage in the practice of a profession or in the management or operation of any business or commercial enterprise, union or professional association. Offers of directorships or offices in organizations of a philanthropic or charitable character should be carefully examined and must be refused where these organizations are in receipt of federal public funds.

At the time of their appointment to the Cabinet, Ministers must make a full report to the Prime Minister, through the Assistant Deputy Registrar General (ADRG), of all their assets and liabilities and the partnerships, directorships and corporate executive positions held by them in the two years preceding their appointment. These reports must be updated annually. The Conflict of Interest guidelines may be obtained from the office of the ADRG.

The assets of Ministers are divided into three basic categories:

(a) exempt assets - The first category consists of property which is for the personal use of Ministers and their families and is not of a commercial character. There are no requirements of public disclosure or restrictions applied to this category. Examples are: residence(s) actually used by Ministers or their families, household goods, automobiles, boats and aircraft for personal use, cash, bank balances, the securities of any government in Canada, registered retirement savings plan, and investments in mutual funds for the purpose of providing retirement income.

(b) disclosable assets - the second category consists of assets that cannot easily be affected by decisions of Government policy and therefore are unlikely to give rise to a conflict of interest. These include: real property (other than property under the first category) which is unlikely to create a conflict of interest; ownership of assets of trusts of which the administration is carried out at arm's length; and ownership interests in family businesses and real property and holdings in companies the shares of which are not traded on public exchanges, do not contract with the government, are of a local character and do not own or control shares of public companies.

Ministers may retain and deal with such holdings if they file a declaration of ownership with the ADRG within 60 days of their appointment to the Ministry and file information on any subsequent sales, purchases or acquisitions of the assets with the ADRG within 30 days after the transaction has been completed. These declarations are open to public inspection. If no declarations are filed, the assets must be treated as "controlled assets" (see below).

(c) controlled assets - Ministers may not retain assets in the third category, which consists of property the value of which may be affected by decisions of Government policy. Divestment of

each such asset must take one of two forms: (i) sale; or (ii) the establishment of a blind trust. Under a blind trust, the trustee must be empowered to make all decisions on his own and without informing the Minister. The trust is to extend for the duration of a Minister's tenure of office. The costs of establishing and discharging blind trust arrangements shall be reimbursed by the Minister's department. Actual and reasonable costs for maintaining and administering such arrangements will be reimbursed up to a prescribed limit. (Information in this regard can be obtained from the ADRG.)

Ministers are required to file a copy of the trust agreement(s) with the ADRG for retention in a confidential file. Ministers also file with the ADRG a statement of compliance with the conflict of interest guidelines which is open for public inspection. This statement indicates only the kinds of arrangements made and in no way details a Minister's present or former holdings. Ministers must complete all arrangements necessary to achieve full compliance within 120 days of appointment, and they will be considered complete when approved by the Prime Minister. If questions related to compliance with these Guidelines cannot be resolved between a Minister and the ADRG, the matter will be referred to an advisory committee to the Prime Minister composed of the Clerk of the Privy Council and the Prime Minister's Principal Secretary.

The Conflict of Interest Guidelines do not directly apply to Ministers' spouses or dependent children. Ministers must not, however, transfer their assets to their spouses or dependent children with a view to avoiding the requirements of the Guidelines. Ministers should also bear in mind their individual responsibility to prevent conflicts of interest, including those that might conceivably arise or appear to arise out of dealings in property or investments which are owned or managed in whole or in part by their spouses or dependent children.

In the event that an item arises in Cabinet or its committees that affects personal interests Ministers may have, Ministers should declare the nature of their interests. The minutes of the meeting will indicate the action taken by the Minister in this regard.

2. Post-Employment Guidelines

Current Post-Employment Guidelines apply, amongst others, to Ministers and to exempt staff at the EX-1 equivalent levels and above. (The EX-1 salary level is \$51,410 to \$60,420, subject to change on July 1, 1984.) The post-employment guidelines may be obtained from the office of the Assistant Deputy Registrar General.

The Post-Employment Guidelines state that, while holding ministerial office, Ministers should not be influenced in their official duties by their plans for or pursuit of outside employment and that in any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment. The Guidelines also place limitations on the employment and commercial activities of former Ministers. These limitations apply for one or two years, depending on the nature of the activity involved.

3. Relations with the Judiciary and Quasi-Judicial Tribunals

No member of the Cabinet may communicate with members of the judiciary concerning any matter which they have before them in their judicial capacities, except through the Minister of Justice, or through duly authorized officials of, or counsel acting for, that Minister. Neither may any member of the Cabinet communicate with members of quasi-judicial bodies which are constituted as courts of record concerning any matter which they have before them in their juridical capacities except through the Minister responsible, or through duly authorized officials of, or counsel acting for, that Minister.

4. Salaries and Allowances

Ministers receive an annual salary pursuant to the Salaries Act in addition to their House or Senate emoluments, and a tax-free motor vehicle allowance pursuant to the Senate and House of Commons Act. As a member of Parliament, a Minister receives a sessional indemnity and a tax-free sessional allowance. Ministers may participate in a special contributory pension scheme in addition to the scheme available to them as Members of

Parliament. Ministerial salaries and allowances are summarized in Appendix 3, p. 77. For more information, Ministers should consult the Administrator of the House of Commons or the Senate Finance Officer as appropriate.

Ministers receive no expense allowances as such, although in accordance with the Treasury Board Hospitality Policy they may be reimbursed by their departments for official entertainment and also may claim for travel expenses. Ministers should fill out the special claim forms provided by their departments when claiming expenses. In doing so, Ministers should be aware of the high standards expected of them as Ministers and consequently the necessity of avoiding the slightest suggestion of the use of public funds or facilities for anything other than purely official purposes. Further information regarding expenses can be obtained from the department's Deputy Minister or the Administrative Policy Branch in the Treasury Board Secretariat.

5. Cars

Ministers are provided by their departments with a Government car for their use on official business. If Ministers wish the official car to be made available for their personal use they must pay a monthly charge which is based on the capital costs of the vehicle and which varies according to whether the car is used on weekends. The total taxable benefit under the Income Tax Act will be calculated at the end of the year, and the net benefit, i.e.: the total benefit less the amount paid throughout the year, will be added to the Minister's T-4 slip. Travel between Ministers' residences and their office is considered personal use of the car. The policy is stated in detail in the Treasury Board Circular on Policy Respecting Provision of Motor Vehicles to Ministers for Use on Official Business.

6. Telephones

Ministers and either their Executive Assistant or their Private Secretary are entitled to the provision of a private telephone paid by public funds. Ministers may elect to exercise this privilege in any one of the following locations: their constituency residence, country residence, or Ottawa/Hull residence. Their Executive Assistant or Private Secretary may have a telephone installed in either their Ottawa/Hull or their

country residence. Ministers also receive codes enabling them to have access from anywhere in Canada to the government's cross-country telephone facilities.

7. Travel Facilities

Courtesy of Air Canada and CP Air, Ministers receive complimentary passes for First Class travel both within Canada and overseas. They also may avail themselves of the free railway travel provisions afforded all Members of Parliament and their families.

Ministers may travel on scheduled Department of National Defence flights without charge, and they may make use of executive aircraft provided by the Department of Transport and the Department of National Defence under certain circumstances. Such executive aircraft should be used only in cases where commercial air service is not available or suitable. They may never be used for party or constituency purposes or for purposes related to an election campaign. They may only be used when the purpose of the trip is to carry out ministerial or departmental business.

Ministers' departments are charged for the use of executive aircraft, with the rate they are charged depending upon the category to which the particular flight belongs. For more details on executive flights, Ministers should consult Guidelines for Use of Executive Flights, issued by the Prime Minister.

The Department of Transport also provides railway cars for the use of Ministers. These may not be used for party or constituency purposes or for purposes related to an election campaign. Users of government railway cars must bear any expenses that would not otherwise be incurred by the railways for their maintenance. This is to say that food, and any charges from Via Rail or other railway companies for special switching or unusual requirements, must be paid for by the Minister. Any accompanying individuals who are not entitled to passes should be in the possession of a coach fare ticket. Ministers will be charged for any special hauling arrangements they request. Ministers should consult Guidelines for the Use of Government Rail Cars, issued by the Department of Transport, for more details.

Ministers may be accompanied by their spouses on government planes and railway cars without charge. They may not, however, charge any out of pocket expenses to the government.

8. Gifts

Ministers must disclose to the Assistant Deputy Registrar General within thirty days of their receipt any personal gift or other benefit of a value exceeding two hundred dollars from any person not connected with them by blood relationship, marriage or adoption, together with the name and address of the donor. The ADRG will place disclosures in a registry he maintains which is open to public inspection.

Official gifts and hospitality received from other governments and hospitality received from personal friends are not subject to this rule. Ministers should consult with the Protocol Division of the Department of External Affairs concerning official gifts.

9. Security

A number of measures are taken to ensure the personal security of Ministers, including the provision of alarm systems for their homes, radio-telephones for their cars, and, in special circumstances, physical surveillance. For additional details Ministers should consult their departmental Security Officer. In addition, the Assistant Secretary to the Cabinet (Security and Intelligence) is available to Ministers at all times should special assistance or interpretation be required on physical security.

IX. MINISTERS' OFFICES

Each Minister receives a budget for a personal office with which he or she is entitled, under section 37 of the Public Service Employment Act (PSEA), to appoint a private or "exempt" staff. The purpose of this provision is to permit Ministers a limited number of personal appointments so that they may have at hand individuals personally selected by them. It is designed to ensure that the public service is not used for politically partisan purposes. Exempt staff must be paid wholly from within the exempt staff budget levels approved by the Treasury Board, which are set out in the circular "Information on Budgets and Guidelines on Terms and Conditions of Employment for Ministerial Staff" issued by the Treasury Board Secretariat.

Ministers also may be provided with public service departmental assistants by the Deputy Minister. Under no circumstances, however, may Ministers make use of public servants occupying public service positions to undertake work of a partisan nature in their personal offices. Specifically, Ministers may not seek departmental secretarial or clerical assistance for politically partisan matters normally dealt with by members or supporting members of the exempt staff, nor may they assign work of a constituency or personal nature to departmental officers assigned to them by the Deputy Minister.

Ministers may use their exempt staff in a variety of ways according to their individual needs. It is important that Ministers' exempt staff be chosen carefully so as to ensure the efficient and effective operation of their offices. In making appointments to their exempt staff, Ministers should ensure that an adequate bilingual capability is maintained.

Ministers and their exempt staff members, of necessity, must develop close working relationships. It is therefore of the greatest importance that exempt staff members know, in the clearest terms, the limits on the scope of their responsibilities and authority and that they are cautioned not to create the impression of speaking or acting on the Minister's behalf unless they clearly are directed to do so.

1. Staff Appointments and Facilities

Ministers may have as many aides and exempt support staff, within the salary levels established by the Treasury Board, as can be accommodated from within the Minister's overall staff budget (see also Appendix 4 and section on salaries, pp 52 and 53). A Minister may be provided with office space in federally-owned or rented buildings outside the National Capital Region as well as office furnishings and stationery. Ministers who are members of the House of Commons also may avail themselves of constituency office and other support provided by the House of Commons.* The House of Commons' funds may not be used to pay a member of the exempt staff working in the constituency, nor may the salaries of constituency staff engaged by the Minister as a Member of Parliament be charged to the exempt staff budget.

2. Ethical Conduct of Exempt Staff

Ministers should be aware of their responsibility for the actions of those who work for them. This is true of the Minister's public service staff in the department, but it holds even more strongly in the case of a Minister's exempt staff. These individuals are selected personally by the Minister and are exempt from the Public Service Commission's employment procedures. Therefore their conduct is linked clearly and directly to the Minister, who must ensure that they behave in a manner that does not give rise to the slightest appearance of impropriety.

Exempt staff members must not, directly or indirectly, use official information (whether classified or not) for their own interest or advantage, or for that of any friend or associate. They also must observe rigorously their obligation to maintain the confidentiality of classified information or of information about members of the public that comes to them in the discharge of their official duties.

* Details should be checked with the House of Commons. The amounts vary according to other options affecting the total budgets for the Parliamentary offices of Members of the House of Commons. See the Members' Allowances and Services Manual issued by the House of Commons.

The same high standards of ethical conduct as apply to Ministers also apply to their staff members and to all public servants in places of authority. More is required than simply acting honestly and within the law. The attitudes and conduct of Ministers' staffs must be so scrupulously ethical that they too may bear the closest public scrutiny. Like Ministers, staff members must not have a pecuniary interest that could even remotely conflict with the discharge of their public duty. Conflict of interest guidelines have been formulated to reflect these values (see below).

Ministers are held directly responsible by the Prime Minister and by Parliament for the conduct of their exempt staff. Ministers therefore must be prepared to take public responsibility for their actions. It should be remembered in this context that exempt staff are subject to certain Treasury Board personnel policies, in particular those respecting travel, relocation, and hospitality.

3. Conflict of Interest and Post-Employment Guidelines

All members of exempt staff, whether hired on salary or on contract or as temporary summer employees, are subject to the Public Servants' Conflict Of Interest Guidelines and in some cases, Ministerial Guidelines. Exempt staff at the EX-1 level and above also are subject to the Post-Employment Guidelines. Each Minister is responsible for designating those exempt staff members to whom the Ministerial Guidelines apply. At a minimum, they normally should apply to Executive Assistants and Special Assistant-Policy Advisors, although this is a matter of ministerial judgment. Ministers also may apply the Ministerial Guidelines to other members of their staff if they may have access to Cabinet documents or other sensitive classified information. To ensure compliance, Ministers are asked to make known their decisions in this regard to the Assistant Deputy Registrar General, with whom exempt staff subject to Ministerial Guidelines are required to make the necessary arrangements. For more detailed information, consult the Conflict of Interest Guidelines. They can be obtained through the Assistant Deputy Registrar General's Office.

4. Salaries

The Treasury Board sets the personnel budget for a Minister's office as well as the salary scales for exempt staff. Under the Treasury Board guidelines, each

Minister is entitled to an Executive Assistant, Special Assistants, and a Private Secretary, each of whom can be paid up to a specified minimum salary (see Appendix 4). An aide's salary may be above the permissible salary maximum only with the approval of the Treasury Board following formal submission to the Board. In addition, with the approval of the Treasury Board, a Special Assistant-Policy Advisor may be appointed and his or her salary level set. Treasury Board approval also should be sought in cases where Ministers wish to second a public service officer to their office whose salary is greater than the level set out in the guidelines. Supporting members of the exempt staff are paid at rates equivalent to comparable positions in the public service.

In the event that a member of a Minister's exempt staff ceases to be so employed they are entitled to a severance benefit. Depending on the circumstances of their departure, this benefit would take the form of (a) an entitlement to severance pay applied generally speaking as if he or she were a member of the Public Service, or (b) at the discretion of the Minister a payment of up to two months salary if the Minister terminates his or her employment without notice.

In the event a Minister ceases to be a Minister or in the event of a change of Government, the Minister or Ministers may grant separation payments to all members of their exempt staff before the Minister's or the Government's resignation takes effect. Where there is a change of Prime Minister in a continuing Government, Ministers who do not become members of the new Ministry may grant separation payments to all members of their exempt staff up to thirty days after the swearing in of the new Ministry.

Executive and Special Assistants and Private Secretaries who have held one or more of these appointments for three or more years have priority access without competition to positions in the Public Service for which they are qualified. Further information and details on staff budgets, salaries and conditions of employment are provided in the Treasury Board circular "Information on the Budgets and Guidelines on Terms and Conditions of Employment for Ministerial Staff".

5. Security

Ministers should be particularly sensitive to the importance of ensuring that all members of their personal staff are fully trustworthy. All prospective employees must be cleared for security purposes before their appointments take effect. Any commitment or promise to employ must be made subject to security clearance. Such clearances can be arranged by the Departmental Security Officer. Where a Minister does not head a department, clearances can be arranged by the Senior Security Advisor in the Privy Council Office. Security of offices and staffs is the personal responsibility of Ministers, for which the Prime Minister will hold them accountable.

X. THE PRIME MINISTER'S OFFICE

The Prime Minister's staff are personal to the Prime Minister in the same way that ministerial exempt staff are to their Minister. Headed by a Principal Secretary, who is the Prime Minister's senior political advisor, the Prime Minister's Office is comprised of: the Correspondence Division, which controls all correspondence to and from the Prime Minister and acts as an archival repository for the Prime Minister's papers; the Press Office, which handles press relations, organizes press conferences, maintains transcripts of the Prime Minister's speeches and interviews, and advises the Prime Minister on matters relating to the media; the Nominations Secretary, who coordinates the Government's political involvement in all Order in Council appointments and in particular those which fall under the Prime Minister's personal jurisdiction (see also the section on Governor in Council appointments, pp.32 to 34); the Legislative Assistant, who coordinates ministerial travel plans, attendance in the House, and other matters relating to House business; and a number of other staff functions such as political policy development, party liaison, or communications as required by the Prime Minister.

Ministers will want to ensure that they and their personal staff consult with the Prime Minister's Office on matters touching these and other areas of a political nature.

1. Public Statements and Announcements

Timing of major public statements by Ministers must normally be cleared with the Office of the Prime Minister. Ministers should pay close attention to the timing and content of announcements of government actions, grants, agreements or initiatives. All memoranda to Cabinet are required to include a communications plan which deals, among other things, with the means for announcing policy initiatives.

Ministers should appoint a member of their personal staff to be responsible for informing the designated persons in the Prime Minister's Office of impending announcements. The Prime Minister's Office should be given a minimum of 72 hours notice of any announcement a Minister intends to make and should at the same time be given a copy of the press release, even if only in draft form.

Once the Prime Minister's Office has indicated that the proposed time and location does not conflict with any other planned announcements, Ministers also should ensure that notice is given immediately to the regional Minister for the area that the announcement affects or in which it is to be made. Ministers also are responsible for contacting other Members of Parliament and local groups where appropriate.

2. Ministerial Travel

All proposed ministerial domestic travel outside of the National Capital Region must be cleared by the Prime Minister through the office of the Prime Minister's Legislative Assistant in consultation with the Government House Leader and the Chief Government Whip. When considering making arrangements for travel abroad, Ministers must consult the Secretary of State for External Affairs, the Government House Leader and the Chief Government Whip, and then receive personal clearance from the Prime Minister through the office of his Legislative Assistant. It is very important that Ministers go through the approval process well in advance, and before commitments are made, when planning domestic or foreign trips. In addition, the Deputy Secretary to the Cabinet (Operations) should be notified once approval has been given. For more information on foreign travel, see the section on External Affairs (pp. 59-61).

XI. THE PRIVY COUNCIL OFFICE

While the Privy Council Office performs the Cabinet secretariat functions (discussed earlier in this document at p.28), it also contains a number of directorates with no committee responsibilities whose prime function is to serve the Prime Minister. In particular, they provide advice on the organization and senior personnel of the Government, in support of the Prime Minister's responsibilities to apportion duties among Ministers and agencies, to protect the integrity and conduct of Cabinet government, and to recommend senior appointments. The PCO also includes several other administrative sections, including those which supervise the Cabinet paper system and process Orders in Council.

XII. FEDERAL-PROVINCIAL RELATIONS AND THE
FEDERAL-PROVINCIAL RELATIONS OFFICE

In general, each Minister is responsible for the federal-provincial aspects of policies and programs within his or her portfolio. However, it is important to ensure that arrangements or programs that may appear to be desirable in a particular area do not have implications that would be inconsistent with the Government's general approach to intergovernmental relations.

The Prime Minister has direct responsibility for the overall management of federal-provincial relations. This reflects the fact that relations with the provinces are an aspect of virtually all areas of federal government activity.

The Federal-Provincial Relations Office advises and assists the Prime Minister in his responsibility to oversee the federal-provincial relationship. The Office provides Cabinet with assistance in examining federal-provincial issues of current and long term concern. The Office also plays a lead role in coordinating preparations for the Prime Minister's bilateral and multilateral meetings with his provincial counterparts. In addition, it provides administrative support and coordinates the development of strategies and policy proposals for the federal delegation in preparation for and during First Ministers' Conferences. It maintains contact with provincial governments, collects and analyses information on developments in the provinces and provides advice and assistance to federal Ministers, departments and agencies in the conduct of their relations with provincial governments.

In order to be sure that the Office can play this role Ministers and departments should keep the FPRO informed of developments in their areas of responsibility that could affect the federal-provincial relationship. Consultation with FPRO also will assist Ministers and their departments to keep abreast of general developments in federal-provincial relations and in the Government's overall approach to the conduct of intergovernmental affairs.

XIII. EXTERNAL AFFAIRS

1. Official Travel by Ministers

From time to time, Ministers may be required to undertake visits outside Canada on behalf of the Government. As the Secretary of State for External Affairs is responsible for the overall development and conduct of Canada's external relations, all ministerial and departmental initiatives abroad should be undertaken in cooperation with the Department of External Affairs. This applies equally to ministerial travel abroad. The timing and substance of official ministerial visits abroad, and Cabinet level visits from other countries to Canada, must be carefully orchestrated in order to take into account the full range of Canadian interests both domestically and in the country or countries in question. This is especially true for the United States with whom bilateral relations are so close and interests so extensive. The Secretary of State for External Affairs is in the best position to advise Ministers on all aspects of foreign travel. In this respect, special attention is also given to coordinating the timing of visits in order to avoid conflicts with other visits and travels by Ministers.

Clearance for any foreign travel envisaged by Ministers, including that to communist and other "scheduled" countries, is obtained by addressing a letter of request to the Prime Minister with copies to the Secretary of State for External Affairs and the Government House Leader. No trip should be planned or in any way confirmed until these three offices have responded affirmatively to the proposal for foreign travel. Consultation in writing with the Secretary of State for External Affairs also should be undertaken before issuing invitations to Cabinet level counterparts in foreign governments to come to Canada. Once a ministerial visit abroad or an official invitation to Canada has been approved, the responsibility for coordination of these visits rests with the Secretary of State for External Affairs and his Department as the principal channel through which the procedural and substantive arrangements for such visits are made, including contact with host governments and program development.

2. Private Travel

Ministers planning to undertake travel on a private basis should, well before departure, inform the Secretary of State for External Affairs in writing. This will permit the Department of External Affairs to advise Ministers of any issues which could complicate their visit, even if undertaken on a personal basis. This practice especially applies to travel by Ministers (or their immediate dependents) to communist and other "scheduled" countries or those countries where the political situation appears unstable.

3. Composition of Governmental Delegations

All proposals involving the participation of the Government of Canada in international meetings or conferences, together with a list of proposed delegates should be reviewed by the Department of External Affairs. Normally the Secretary of State for External Affairs and the Minister or Ministers concerned will decide whether the nature of the conference or the proposed participation raises issues that should be considered by the Cabinet, in accordance with the provisions of Cabinet Directive No. 47 (March 28, 1976) which deal with the representation of the Government of Canada at international conferences.*

4. (Foreign) Orders and Decorations

Canadians may accept the Queen's personal decorations and those conferred by the Governor General without seeking permission. Orders and decorations recommended by foreign governments may be accepted by Canadians subject to the donor government obtaining the prior approval of the Government of Canada, and provided that they do not carry with them a title of honour or any implication of precedence or privilege. This restriction does not apply to the acceptance of academic degrees and the use of professional and academic titles conferred by institutions in other countries.

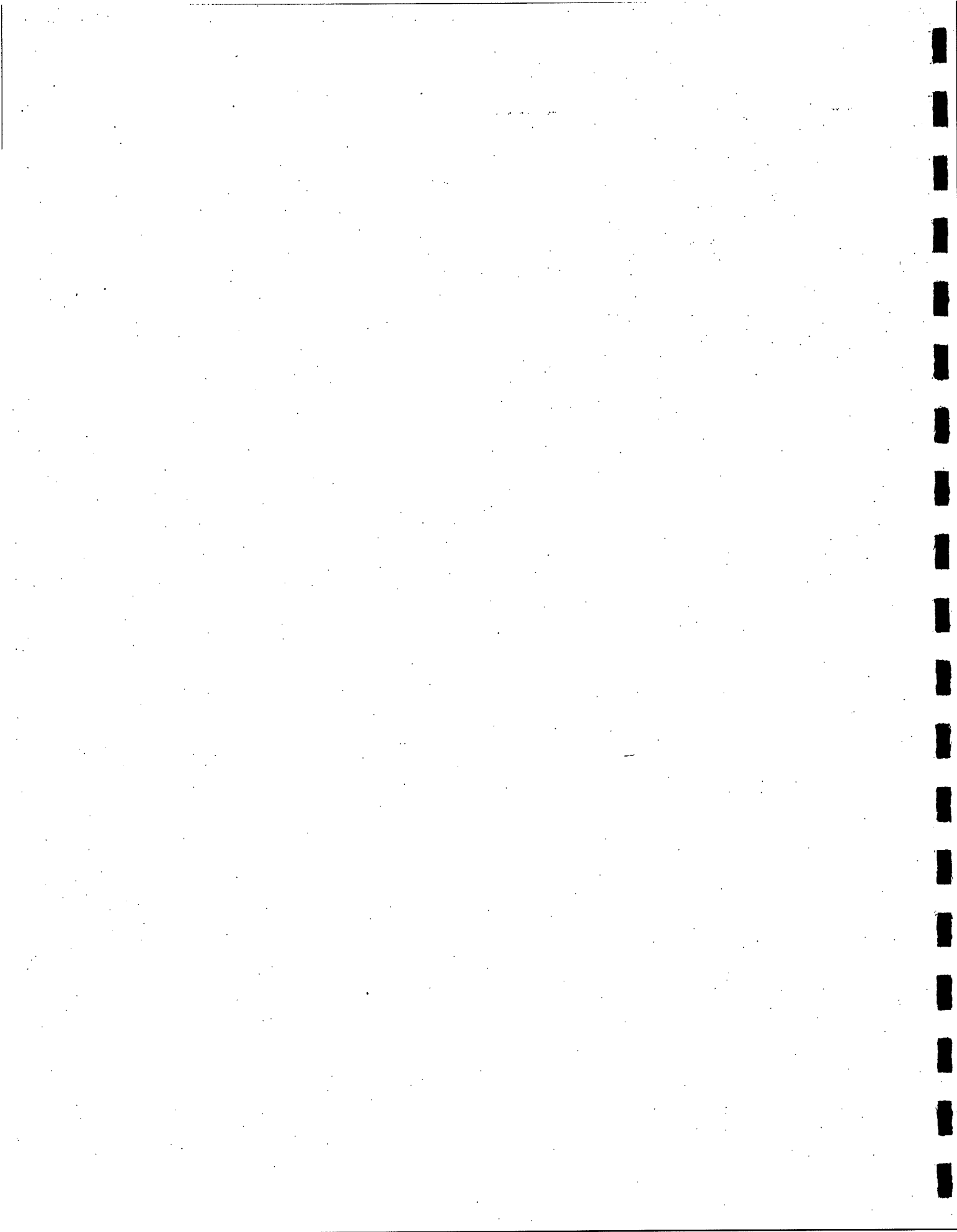
* Cabinet Directives are issued from time to time. They are used most often to establish normal operating procedures, and in practice have remained in force from Ministry to Ministry unless amended or rescinded. Ministers may secure copies of Cabinet Directives from their Deputy Ministers or from the Supervisor of Cabinet Documents in the Privy Council Office.

The conferral of foreign orders and decorations should be a relatively rare occurrence reserved only for achievements of the most outstanding character including extraordinary service to mankind, conspicuous bravery in saving or attempting to save life, important and personal service to the reigning Sovereign or to other members of the Royal Family, for services rendered while in the salaried appointment of the donor country, or in recognition of an exceptional achievement or service. Such foreign orders and decorations may only be accepted if conferred by a state recognized by Canada, and permission will be withheld if the decoration relates to events more than five years past or is considered to be at variance with considerations of general policy or the public interest.

So far as Ministers themselves are concerned, in no case should they seek the offer of, or accept, a foreign order or decoration either personally or on behalf of a colleague, without prior discussion with, and the approval of, the Prime Minister.

XIV. FURTHER INFORMATION AND GUIDANCE

Ministers who wish to have further information on our system of government and their role as Ministers or who would like guidance concerning other matters affecting their role, such as the organization of their offices, are invited to make known their needs to the Secretary to the Cabinet.



APPENDICES

1. Documents and Circulars Referred to in Guidance for Ministers
2. List of Ministers with their Principle Responsibilities
3. Ministerial Salaries and Allowances
4. Office Budget and Salaries for Exempt Staff
5. Further Information on the Policy and Expenditure Management System

APPENDIX 1

DOCUMENTS AND CIRCULARS REFERRED TO IN
GUIDANCE FOR MINISTERS

(N.B.: The reference documents are listed in the order in which they appear in Guidance for Ministers. Page numbers refer to the place in the text where the document is first mentioned.)

Subject

Preparation of Legislation	The Preparation of Legislation; issued by the Privy Council Office. (p.8)
Parliamentary Secretaries	Briefing Notes for Parliamentary Secretaries; circulated by the President of the Privy Council. (p.10)
Deputy Minister	The Office of the Deputy Minister, issued by the Privy Council Office. (p.14)
Crown corporations	Prime Minister's July 19, 1982 letter of administrative direction on Crown corporation reform, available from the Privy Council Office. (p.18)
PEMS	The Policy and Expenditure Management System; issued by the Privy Council Office and the Guide to the Policy and Expenditure Management System; issued by the Treasury Board Secretariat. (p.26)
Preparation of Governor in Council recommendations	Directives on Submissions to the Governor in Council and Statutory Instruments, issued by the Privy Council Office. (p.32)
Preparation and Handling of Cabinet Papers	Guidance Manual on the Preparation and Handling of Cabinet Papers; issued by the Privy Council Office. (p.36)

Access to
Information

Records Management Guide for
Ministers' Offices; issued by Public
Archives Canada.

(p.38)

Ministerial Records and the Access to
Information Legislation; Treasury
Board Circular, September 1983.

(p.38)

Interim Policy Guide: Access to
Information Act and Privacy Act,
issued by the Treasury Board
Secretariat.

(p.38)

Communications
with members of
the Judiciary
and Quasi-
Judicial
Tribunals

Statement by Prime Minister in the
House of Commons. See the Hansard,
March 12, 1976.

(p.46)

Hospitality

Treasury Board Hospitality Policy,
Chapter 260, Administrative Policy
Manual; issued by Treasury Board.

(p.47)

Cars

Policy Respecting Provision of Motor
Vehicles to Ministers for Use on
Official Business, April 1978 (as
amended); issued by the Treasury
Board.

(p.47)

Flights

Guidelines for Use of Executive
Aircraft; issued by the Prime
Minister.

(p.48)

Railways

Guidelines for Use of Government Rail
Cars; issued by the Department of
Transport.

(p.48)

Ministerial
Offices and
Exempt Staff

Information on Budgets and Guidelines
on Terms and Conditions of Employment
for Ministerial Staff; issued by the
Treasury Board.

(p.50)

Ministerial
Offices and
Exempt Staff
(cont'd)

Members' Allowances and Services
Manual - issued by the House of
Commons.

(p.51)

Conflict of
Interest and
Post-Employment
Guidelines

Conflict of Interest Guidelines for
Ministers of the Crown,
Post-Employment Guidelines for
Parliamentary Secretaries and
Post-Employment Guidelines for
Ministers, May 1980; available from
the Office of the Assistant Deputy
Registrar General.

(p.52)

International
Conferences

Cabinet Directive on the
Representation of the Government of
Canada at International Conferences;
available from the Supervisor of
Cabinet Documents in the Privy Council
Office.

(p.60)

Foreign
Orders and
Decorations

Regulations Respecting the Acceptance
and Wearing by Canadians of
Commonwealth and Foreign Orders,
Decorations and Medals; issued by the
Secretary of State.

(p.61)

APPENDIX 2

LIST OF MINISTERS WITH THEIR PRINCIPAL
RESPONSIBILITIES INCLUDING BOARDS, COMMISSIONS,
COMMITTEES, CROWN CORPORATIONS AND OTHER
AGENCIES FOR WHICH THEY REPORT TO PARLIAMENT*

o Minister of Agriculture

Department of Agriculture
Agricultural Products Board
Agricultural Stabilization Board
Canadian Dairy Commission
Canadian Grain Commission
Canadian Livestock Feed Board
Canagrex
Farm Credit Corporation
National Farm Products Marketing Council

o Minister of Communications

Department of Communications
Canada Council
Canada Museums Construction Corporation
Canadian Broadcasting Corporation
Canadian Cultural Property Export Review Board
Canadian Film Development Corporation
Canadian Radio-television and Telecommunications
Commission
National Arts Centre Corporation
National Film Board
National Library
National Museums of Canada
Public Archives of Canada
Telesat Canada Limited

*While this list is not intended to be exhaustive, it does attempt to provide a comprehensive list of departments and administrative, regulatory and quasi-judicial organizations established by statute and/or largely operating outside the framework of a department. It does not include all non-departmental bodies for which Ministers are responsible. Ministers should consult their Deputies for additional information agencies within their portfolio.

o Minister of Consumer and Corporate Affairs

Department of Consumer and Corporate Affairs
Advisory Council on the Status of Women**
Canadian Consumer Council
Copyright Appeal Board
Hazardous Products Review Board
Metric Commission
Office of the Coordinator, Status of Women** (by
delegation from the Secretary of State)
Patent Appeal Board
Restrictive Trade Practices Commission
Standards Council of Canada

o Minister of Employment and Immigration

Department of Employment and Immigration
Canada Employment and Immigration Advisory Council
Canada Employment and Immigration Commission
Immigration Appeal Board
Office of the Umpire
Refugee Status Advisory Committee

o Minister of Energy, Mines and Resources

Department of Energy, Mines and Resources
Atomic Energy of Canada Limited
Atomic Energy Control Board
Board of Examiners for Canada Land Surveyors
Canadian Permanent Committee on Geographical Names
Columbia River Treaty Permanent Engineering Board
Energy Supplies Allocation Board
National Energy Board
Petro-Canada
Petro-Canada International Assistance Corporation
Petroleum Compensation Board
Petroleum Monitoring Agency
Uranium Canada Limited

o Minister of the Environment

Department of the Environment
Canadian Environmental Advisory Council
Federal Environmental Assessment Review Panel
Historic Sites and Monuments Board of Canada
National Battlefields Commission

**Responsibility of the Minister by name rather than by
portfolio.

o Secretary of State for External Affairs

Department of External Affairs
Canadian Commercial Corporation
Canadian International Development Agency
Export Development Corporation
International Boundary Commission (Canadian Section)
International Development Research Centre
International Joint Commission (Canadian Section)
Roosevelt Campobello International Park Commission

o Minister for External Relations

o Minister of Finance

Department of Finance
Anti-Dumping Tribunal
Auditor General of Canada
Bank of Canada
Canada Deposit Insurance Corporation
Department of Insurance
Inspector General of Banks
Tariff Board

o Minister of Fisheries and Oceans

Department of Fisheries and Oceans
Canadian Saltfish Corporation
Fisheries Prices Support Board
Fisheries and Oceans Research Advisory Council
Freshwater Fish Marketing Corporation
St. Anthony Fisheries Limited

o Minister of Indian Affairs and Northern Development

Department of Indian Affairs and Northern Development
Government of the Northwest Territories
Government of the Yukon Territory
Northern Canada Power Commission
Northwest Territories Water Board
Yukon Territory Water Board

o Minister for International Trade

o Minister of Justice and Attorney General of Canada

Department of Justice
Canadian Human Rights Commission
Canadian Judicial Council

Minister of Justice and
Attorney General of Canada (cont'd)

Canadian Unity Information Office
Criminal Code Revision Commission
Federal Court of Canada
Information Commissioner
Law Reform Commission
Office of the Commissioner for Federal Judicial Affairs
Privacy Commissioner
Statute Revision Commission
Supreme Court of Canada
Tax Court of Canada

o Minister of Labour

Department of Labour
Canada Labour Relations Board
Canada Post Corporation**
Canadian Centre for Occupational Health and Safety
Merchant Seamen Compensation Board

o Minister of National Defence

Department of National Defence
Communications Security Establishment
Defence Construction (1951) Limited

o Minister of National Health and Welfare

Department of National Health and Welfare
Canada Pension Plan Advisory Committee
Medical Research Council
National Advisory Council on Fitness and Amateur Sport
National Council of Welfare
Pensions Appeals Board
Queen Elizabeth II Canadian Research Fund

o Minister of National Revenue

Department of National Revenue (Customs and Excise)
Department of National Revenue (Taxation)

o Prime Minister

Prime Minister's Office
Privy Council Office
Federal-Provincial Relations Office

**Responsibility of the Minister by name rather than by
portfolio.

Prime Minister (cont'd)

Canadian Intergovernmental Conference Secretariat
Commissioner of Official Languages
Economic Council of Canada
Office of the Secretary to the Governor General

o President of the Privy Council

Office of the President of the Privy Council
Chief Electoral Officer
Emergency Planning Canada (by delegation from the
Minister of National Defence)
Public Service Staff Relations Board

o Minister of Public Works

Department of Public Works
Canada Lands Company Limited
Canada Lands Co. (Mirabel) Ltd.
Canada Lands Co. (Le Vieux-Port-de-Montréal) Ltd.
Canada Lands Co. (Le Vieux-Port-de-Québec) Ltd.
Canada Mortgage and Housing Corporation
Harbourfront Corporation
National Capital Commission

o Minister of Regional Industrial Expansion

Department of Regional Industrial Expansion
Canadian Industrial Renewal Board
Canadian Patents and Development Limited
Cape Breton Development Corporation
Federal Business Development Bank
Foreign Investment Review Agency
Machinery and Equipment Advisory Board
National Design Council
Regional Development Incentives Board
Textile and Clothing Board

o Minister of State (Canadian Wheat Board)

o Minister of State (Finance)

o Minister of State (Fitness and Amateur Sport)

Canadian Sports Pool Corporation
Loto Canada Incorporated

o Minister of State (Mines)

- o Minister of State (Multiculturalism)
- o Minister of State (Small Businesses and Tourism)
- o Minister of State (Youth)
- o Minister of State for Economic and Regional Development

Ministry of State for Economic and Regional Development

- o Minister of State for Science and Technology

Ministry of State for Science and Technology
National Research Council
Natural Sciences and Engineering Research Council
Science Council of Canada

- o Minister of State for Social Development

Ministry of State for Social Development
Canada Development Corporation**
Canada Development Investment Corporation**
 Canadair Ltd.
 de Havilland Aircraft of Canada Ltd.
 Eldorado Nuclear Ltd.
 Eldorado Aviation Ltd.
Canada Harbour Place Corporation** (under
shareholders' agreement with the Minister
of Public Works)
Teleglobe Canada

- o Secretary of State of Canada

Department of the Secretary of State
Bilingual Districts Advisory Board
Public Service Commission
Social Sciences and Humanities Research Council

- o Leader of the Government in the Senate

Office of the Leader of the Government in the Senate
Northern Pipeline Agency**

- o Solicitor General

Department of the Solicitor General
Correctional Service of Canada

**Responsibility of the Minister by name rather than by portfolio.

APPENDIX 4

OFFICE BUDGET AND SALARY LEVELS FOR EXEMPT STAFF

Office budget \$260,400

(for Ministers with a
single portfolio)

Office budget** \$317,100

(for Ministers with
multiple portfolios
or special regional
responsibilities)

Exempt Staff salary maxima*

Special Assistant - Policy Adviser	individual salaries must be determined via a submission to the Treasury Board
Executive Assistant	up to \$42,850
Special Assistant	up to \$36,729
Private Secretary	up to \$28,161

* Ministers may, with the approval of the Treasury Board, pay an aide a salary above the permissible salary maximum. Treasury Board approval is required for the fixing of the salary in such instances and should be requested through a formal submission to the Board. For more detailed information, consult the Treasury Board Circular "Information on Budgets and Guidelines on terms and conditions of Employment for Ministerial Staff". These rates are subject to annual revision by the Board.

** Treasury Board approval is required for the establishment of the budget at this higher level and should be requested through a formal submission to the Board.

APPENDIX 5

THE ANNUAL PLANNING CYCLE AND
ALLOCATIONS DURING THE YEAR

The PEMS includes a five year planning cycle with expenditure projections at any given time that include:

- the current fiscal year;
- the limits for the coming fiscal year;
- planning projections for the three subsequent fiscal years.

Each year, and at other times as circumstances might dictate, the planning projections are adjusted: the current year is dropped; the third year projections, with whatever adjustment may be required, become the fixed limit for the coming fiscal year; and a projection for an additional year ahead is added.

Several processes are brought together in the planning cycle, which is summarized in the attached chart:

° Strategic Overviews

The Strategic Overviews are the basic planning documents submitted by departmental Ministers. They are solicited by the chairman of each Cabinet policy committee at the beginning of each calendar year and are prepared on the basis of planning guidelines issued by the committee and by Priorities and Planning Committee in the previous Fall. The departmental strategic overviews are submitted to the policy committees in March or April and considered by them in May and June. The overviews present each Minister's proposals for policy changes affecting his department for the planning period.

Based on the departmental overviews, a Sectoral Overview (or Overview of Overviews), is prepared which is the committee's statement of priorities and new policy

directions for its sector. The committee overviews are considered in July/August and are submitted to P&P in the form of a Memorandum to Cabinet signed by the committee chairman. The departmental overviews are not submitted as such to P&P.

° Operational Plans

At the same time as they are drafting their strategic overviews, departments also prepare their Multi-Year Operational Plans (MYOPs) for submission to Treasury Board. The MYOPs present to the Treasury Board a detailed description of the department's current programs and resource requirements to carry out those programs (taking into account changes in costs and workload, but assuming no change in policy) for the next fiscal year and two planning years after that. The MYOPs then are used by Treasury Board to set the reference level (i.e., the level of resources needed to continue existing programs) which it recommends to P&P for consideration in the Fall envelope-setting exercise.

° Envelope Setting

The exercise takes place in two stages in late Summer/early Fall, with the meetings held at meeting centres outside Ottawa -- because of their location the meetings are sometimes referred to as "Lakes and Lodges". In its first phase, the Priorities and Planning Committee is presented with the products of the various cycles that feed it: from the Prime Minister's Principal Secretary a report on the political situation; from the Minister of Finance the economic outlook and an assessment of the degree of fiscal room open to the Government; from the policy committee chairmen their sectoral strategic plans. An expenditure framework based on the MYOPs is also available from the President of the Treasury Board. The subsequent discussion, which usually lasts two days, is at this stage directed largely at digesting the material and in particular at considering the sectoral policy proposals and establishing

priorities among them. Often the same material is shortly thereafter presented to a meeting of the full Cabinet for its comments.

Following this stage, and in light of the overall and sectoral priorities adopted at the first meeting, the Minister of Finance -- after extensive consultation with the Prime Minister -- then brings to P&P concrete proposals for the total fiscal framework and for the individual envelope levels. These are considered at a follow-up two-day meeting of P&P that agrees on the fiscal framework, which is a major basis for the next Budget, and on the policy direction it wishes to give each committee for both the coming fiscal year and the subsequent planning cycle. In that light it agrees on the envelope levels, inter alia providing a key basis for the expenditure Estimates. These decisions then are ratified by full Cabinet. They also provide the basis for the Government's program in Parliament and, if a new Parliamentary session is to open in the course of the Fall, for a Speech from the Throne.

° Reserves and the Allocation of Funds During the Year

Ordinarily, when P&P sets envelope levels for a given fiscal year the allocation to each envelope has two elements:

- The forward projection in current year dollars of the cost of continuing programs, assuming no change in policy. (This is known as the reference level, although the term A-base is also used).
- A policy reserve, for use by the policy committee in funding new proposals, based on broad policy direction given by P&P. P&P also can decide to allocate no policy reserve, meaning that any new expenditures in that particular envelope would be funded by cuts in existing programs (see discussion of X-budget below).

The policy reserve provides the focus for a Cabinet policy committee's envelope management. All new proposals to the committee are costed on a multi-year basis, and the downstream funding requirements are charged against the appropriate policy reserve for up to three years, after which if the program is to continue it is included in the reference level.

A committee can allocate funds from its envelope policy reserve at any time, but since demand for policy reserve funds invariably outstrips supply, the committees have increasingly resorted to periodic "auctions" or "banking days" when a portion of the reserve is allocated among competing proposals in order to allow the committee to compare proposals and establish its priorities among them. A committee can replenish its reserve by reducing, deferring or eliminating existing programs (sometimes referred to as an X-budget exercise) and transferring the resulting savings to the policy reserve. Ordinarily departments do not retain savings from cuts in their programs that have been made by the Cabinet policy committee (although they normally do retain savings from reallocations that are made within the department on the Minister's own authority and initiative). Once the envelopes are set, it is rare that P&P will give a committee additional funds from outside the envelope.

Either as part of the annual cycle or in the course of the year P&P also can require X-budgets, either across the board or within particular envelopes, should major reallocation within the fiscal framework be required to meet major new priorities or emergencies.

While the Treasury Board does not have any policy envelopes, it does have under its control an operating reserve provided by P&P. The Board has discretion to allocate funds from this reserve to cover cost increases that are not related to policy changes but instead have to do with changes

in cost or workload. There is also a central reserve, administered by P&P on advice from the Minister of Finance, to cover major unforeseen contingencies, particularly in the major statutory programs. It is rarely resorted to and committees are actively discouraged from seeking access to it.