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Trudeau cleared, but Morneau broke rules in WE affair, ethics probe finds

Watchdog's report cites limitations of law governing conflicts of interest

Stephanie Levitz and Alex Ballingall Toronto Star

OTTAWA - Prime Minister Justin Trudeau didn't break the law in his dealings with WE Charity, but Bill Morneau did, the federal ethics commissioner concluded Thursday in twin reports on one of the biggest fumbles of the Liberal government's pandemic response.

But the commissioner's conclusions are likely not the last word on the Liberals' decision to award a major grant to WE Charity to support students whose summer job prospects last year were derailed by the COVID-19 pandemic.

The opposition parties quickly seized on elements of ethics commissioner Mario Dion's decisions to showcase how they intend to keep the issue alive, especially on the eventual campaign trail.

Dion gave them two openings in his findings: he said he was constrained by the existing conflict of interest law, and also decided to interpret elements of it more broadly - especially the question of what constitutes a "friend" - when the lines between political and private life are blurred.

He concluded that Trudeau didn't break conflict of interest law because he didn't have a true personal relationship with WE Charity co-founders Marc and Craig Kielburger, and that the links Trudeau's family members had with their organization were not sufficient to suggest that if WE Charity got a government contract, the Trudeau family would benefit.

"Although the connection between Mr. Trudeau's relatives and WE created the appearance of a conflict of interest, the appearance of conflict is insufficient to cause a contravention of the act's substantive rules," Dion said in a statement released with his reports.

"The duty to recuse is only required when the public office holder would be in a potential conflict of interest."

On the other hand, Dion said, former finance minister Bill Morneau's dealings with Craig Kielburger in particular deserved scrutiny, given that the two could be considered "friends."

A "friend" used to be narrowly defined to exclude colleagues, associates or

members of a broad social circle, Dion wrote.

"I believe it is necessary to broaden the scope of the term to capture relationships where personal and professional interactions become intertwined to such an extent that it becomes difficult to draw the line between the two," he wrote in the Morneau report.

And so it was with Morneau and the Kielburgers, Dion found. Dinners, brunches, baby gifts and emails all pointed to the two families being friendly enough before the pandemic that Morneau should have walked away once WE Charity surfaced in the discussion about a student grant program.

The nature of the relationship was such that "any decision made by Mr. Morneau that provided an opportunity to further WE's private interests was made improperly," Dion wrote.

Taken together, that led Morneau to break two sections of the law: he was in a conflict of interest, and as such ought to have recused himself.

The relationship between Morneau and WE Charity also "included an unusually high degree of involvement between their representatives and afforded WE unfettered access to the office of the minister of finance," Dion concluded.

That amounted to preferential treatment, a third violation for Morneau.

Trudeau at one point put the brakes on cabinet approval of the deal with WE Charity, and has acknowledged that given his family connections, he ought to have withdrawn from the selection process entirely.

He said signed off on the deal only after he was reassured that the public service was convinced that only WE Charity had the ability to administer the student grants program.

In statements on Thursday, both Morneau and Trudeau focused on that point: their repeated assertions, now backed by Dion, that the original recommendation to work with WE Charity was made by the public service.

"At the heart of this initiative was getting support for youth during this pandemic as fast as possible," Trudeau's statement said.

Morneau resigned from government last August after weeks of political controversy over the student grant program.

"As I have already stated, in retrospect, I should have recused myself from the discussion," he said on Twitter.

Morneau faces no fines or other penalties for breaking the law.

Dion has previously said the consequences for ethics violations should be more serious than simply "naming and

shaming."

The NDP seized on Thursday's ruling as fodder for its long-standing allegation that the Liberals are the friends of the rich.

"No matter the guilty verdict or not, the important point is, the Liberals decided to help their friends and it hurt people," said NDP ethics critic Charlie Angus in a statement.

"The prime minister continues to promote a culture that looks after friends and cronies."

That Trudeau escaped a finding of wrongdoing gave the Conservatives a chance to reiterate a previous pledge to tighten accountability legislation if they come to power, although they didn't get into specifics Thursday.

"We need to close the loopholes and we need to send a signal that the prime minister should lead by example with ethical and moral clarity, not constantly be under investigation, be misrepresenting facts to Canadians," Conservative Leader Erin O'Toole said.

"I think Canadians deserve better."

In a written statement, WE Charity co-founder Craig Kielburger said politics had trumped the needs of Canada's young people.

"Politics is not the issue - 100,000 Canadian students losing their summer jobs during a pandemic is the issue," Kielburger said.

"After all the efforts to advance partisan agendas, I hope we can focus on Canadian youth who a year later still do not have summer service opportunities and who have lost so much."

University of Ottawa law professor Duff Conacher, co-founder of the group Democracy Watch and a consistent critic of parliamentary ethics laws, denounced Dion's ruling.

Dion was wrong to conclude Trudeau did not break the law because of the mere appearance of a conflict of interest, Conacher said, noting that the law leaves the definition of such a conflict open.

"It doesn't say 'real' or 'potential' conflict of interest. It says 'a conflict of interest,'" Conacher said.

On that basis, Conacher argued, Trudeau acted unethically and violated the law.

The WE Charity controversy had its roots in a desire by the Liberal government to provide support to students whose summer job prospects were eradicated by the pandemic.

Existing programs and structures were explored, with the upshot a decision by the Liberals to outsource a \$544-million grant program for student volunteers to WE Charity as it had the platform, and the connections, to potentially make it viable. But questions were raised immediately about links between the Trudeau family and the Toronto-based group.

Trudeau's wife, Sophie Grégoire Trudeau, was a WE Charity ambassador and hosted a WE Charity-branded podcast. WE Charity paid the prime minister's mother, Margaret Trudeau, about \$250,000 for 28 speaking appearances between 2016 and 2020. Trudeau's brother Alexandre was paid \$32,000 for eight events, and Grégoire Trudeau received \$1,400 for an appearance in 2012.

Morneau faced similar conflict of interest allegations because his daughter worked for WE Charity. Morneau and his family also accepted international trips from the organization in 2017, for which he reimbursed the charity \$41,000 just last summer.

Last fall, Dion cleared Morneau of wrongdoing for accepting those trips, concluding Morneau "genuinely believed" he had already paid for them.

Dion investigated both men after formal requests from opposition MPs, who alleged Trudeau and Morneau had each violated three sections of the conflict of interest act.