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PROTECTED - PERSONAL INFORMATION

February 2, 2016

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
90 Elgin Street, 17th Floor
Ottawa, Ontario K1A 0G5

Dear Minister:

This is further to the receipt of your *Confidential Report and Disclosure Statement For Members and their Family Members* following your appointment in office as well as our meeting of December 15, 2015 regarding your compliance arrangements under the *Conflict of Interest Act* (Act) and the *Conflict of Interest Code for Members of the House of Commons* (the Code).

This letter aims at providing you with general guidance on the main compliance measures of the Act and the Code and how they relate to your personal situation. I have also included a few informative documents prepared by our office to guide you throughout your mandate, but others are available on our website at <http://ciec-ccie.gc.ca/>.

Assets

During our meeting, we discussed the matter of assets, the various categories described in the Act and the measures required for each type of assets. These categories were exempt, controlled and those which are neither exempt nor controlled, declarable assets. **Exempt assets** do not require any compliance measures aside from disclosure to our office; they include assets for your private and personal use such as, your principal residence, your household goods, personal effects, cash, whole-life insurance and limited types of securities (open-ended mutual funds, GICs, Canada savings bonds). **Declarable assets** are those which are of a commercial or business nature or which could generate revenue; an example would be a rental building, a farm, an incorporate business. These must be publicly declared. **Controlled assets** are those securities which are publicly traded on any kind of market: shares, ETFs, closed-end mutual funds, warrants.

While the Code states that investments in publicly traded securities, valued at more than \$10,000 must be disclosed, the Act states that any such assets, irrespective of their value, must be divested by either the establishment of a blind trust or by way of sale at arm's length.

You do not personally hold any assets that are considered controlled under the Act; your RRSP is composed of open-ended mutual funds. However, because you are prohibited from holding controlled assets, should you acquire controlled assets through a gift or testamentary disposition, I would ask you to

please contact our office so that we may advise you as to the compliance measures that would then be required under the Act.

In addition, I strongly recommend that you share your investment restrictions under the Act with your financial advisor in regards to your personal accounts. If you or your financial advisors are ever unsure as to whether an investment asset is considered “exempt” or “controlled” under the Act, please do not hesitate to contact me for assistance. Also as promised, enclosed in my email is a link to our Guideline on Controlled Assets which you may share with your financial advisors.

Your sole ownership of 2070689 Ontario Ltd. a holding company that holds 2/3 interest of 1193536 Alberta Ltd. an investment holding company of which you hold the other 1/3 interest, as well as your interests in 2254165 Ontario Inc., 1446977 Ontario Inc., 21335041 Ontario Inc. and 2135042 Ontario Inc. which are all real estate holding companies and the promissory note from the Morneau McCain Family Trust are considered declarable assets. As such, I have prepared a *Public Declaration of Assets* for your approval.

Conflict of Interest situation and Agreed compliance measure (section 4, 7, 21, 29)

Considering that you do not hold controlled assets as contemplated under section 17 of the Act a blind trust agreement is therefore not required under section 27 of the Act. However, because you have controlling interests in 2070689 Ontario limited which has controlling interest in 1193536 Alberta Ltd. which holds a significant interest in Morneau Shepell Inc., which has dealings with the Government of Canada, the Commissioner is of the opinion that the best measure of compliance would be to establish a conflict of interest screen which would be made public.

The conflict of interest screen is required in order to prevent any appearance of giving preferential treatment or a conflict of interest situation from arising in regards to your indirect interests in Morneau Shepell Inc. It will also ensure the integrity and impartiality of Cabinet decisions and maintain the public's confidence, trust and integrity of the government.

We suggest the screen be administered by your Chief of Staff to ensure that you abstain from any participation in any discussion and/or decision processes and any communication with government officials that would involve the interests of Morneau Shepell Inc. or its subsidiaries, affiliates and associates whether it be in your capacity as Minister of Finance or as a Member of any Cabinet Committee. We would ask you to provide us a copy of the email or memorandum sent to the Prime Minister, Clerk of the Privy Council Office, your ministerial staff members and Parliamentary Secretary advising them of this conflict of interest screen.

I have prepared a *Public Declaration of Agreed Measure* for your review and approval.

As discussed, if an official function provides you the opportunity to further your private interests, those of your relatives or friends, or to improperly further another person's private interests you are considered to be in a conflict of interest situation. In making this consideration one must keep in mind that a “private interest” does not include an interest in a decision or matter that is of general application; that affects a public office holder as one of a broad class of persons; or that concerns the remuneration or benefits received by virtue of being a public office holder. If you are ever in a conflict of interest situation that is not caught by the conflict of interest screen you must recuse yourself from the matter before you and

communicate with our office since a public disclosure would then be required within 60 days of the recusal occurring.

Activities (section 15)

With respect to outside activities, as you are aware the Act has many prohibitions such as practicing a profession, managing or operating a business or commercial activity, being a director or officer of an organization, serving as a paid consultant or being an active partner in a partnership.

I have received confirmation of your resignation as Director of 2070689 Ontario Ltd and 1193536 Alberta Ltd. As you are aware, you are also prohibited from being involved in the operations or management of the Corporations.

Should you be interested in a position as director in an organization of philanthropic, charitable or non-commercial character, the Commissioner may permit your involvement if she is of the opinion that it is not incompatible with your official duties. You must contact us prior to accepting any such positions to ensure your continued compliance. These types of positions also require a public disclosure.

If you are called upon to engage in any new activities, board duties or consider any new memberships, please contact us before accepting to ensure you receive proper advice.

Liabilities

Subsection 25(3) of the Act states that as a Minister, your liabilities which are greater than \$10,000 must be publicly declared. You do not have any liabilities, at this time; however, I would ask you to contact us if this should change.

Gifts (section 11)

The Act prohibits reporting public office holders from accepting any gifts, regardless of their value, if that gift could reasonably be seen to have been given with the intention of influencing the office holder in the exercise of his duties. Gifts offered as a normal expression of courtesy or protocol, or those within customary standards that accompany your position, may be acceptable. You are required to advise our office when a series of gifts received from a single donor in a 12-month period have a cumulative value of \$200 or more.

As noted during our discussion, acceptable gifts valued over \$200 must be reported to this office within 30 days of accepting the gift so that a public declaration can be made. If you are offered a gift or other advantage and are unsure of its acceptability under the Act, please contact the Office for further guidance. I also encourage you to share the enclosed guideline on gifts with all of your staff.

Changes to your Confidential Report

The Act states that material changes must be declared to our office within 30 days from its occurrence. Failure to do so may result in an administrative monetary penalty. I strongly recommend you to inform us of any changes to the information originally disclosed.

The Code

The Code states that the Member of Parliament's Disclosure Summary shall set out the source and nature, of the income, assets and liabilities of a Member and of the Member's family, which has a value greater than \$10,000, as well as activities and trusts. I have prepared a *Disclosure Summary* which is available in our declaration portal for your approval and lists the following:

Assets: the promissory note from the Morneau McCain Family Trust

Trust: the fact that you are a beneficiary of the Nancy McCain 2013 Family Trust.

Investment in private corporations: your sole ownership of 2070689 Ontario Ltd. a holding company that holds 2/3 interest of 1193536 Alberta Ltd. an investment holding company of which you hold the other 1/3 interest, as well as your interests in 2254165 Ontario Inc., 1446977 Ontario Inc., 21335041 Ontario Inc. and 2135042 Ontario Inc. which are all real estate holding companies

Other sources of income: (received in the last and next 12 months) you employment income from Morneau Shepell Inc. and AGF Management as well as the dividend, interest and capital gains income.

Your spouse's investment in private corporations: your spouse's sole ownership of ownership of NCM Holdings Inc., an investment holding company which holds an interest in White Marsh Holdings Company Inc.

Your spouse's sources of income: (received in the last and next 12 months) her employment income from 1193536 Alberta Ltd and dividend, interest and capital gains income from investments.

Your spouse's activities: her position as President and Director of NCM Holdings Inc., 2070689 Ontario Ltd. and 1193536 Alberta Ltd., Member of the Board of Directors of Acadia University, Soul Pepper Theatre and Arts Access Fund.

The Code requires that a paper copy of the Disclosure Summary be made available at the Office for public inspection during normal business hours and on request, by fax or by mail as well as online.

Your *Summary Statement*, *Public Declaration of Assets* and *Public Declaration of Agreed Compliance Measures* in accordance with the Act and the *Disclosure Summary* in accordance with the Code are available for your approval in our declaration portal at the web link shown in my email. As stated earlier, the deadline set out under the Act for you to complete your initial compliance process is **March 3, 2016**; therefore, these documents must be approved on or before that date.

I am available to answer any questions you may have concerning the above and may be reached at 613-943-3760.

Sincerely,



Nathalie H. Trépanier
Advisor