

Office of the Conflict of Interest and Ethics Commissioner Commissariat aux conflits d'intérêts et à l'éthique

### **Scott Report**

Referral from the Public Sector Integrity Commissioner



### **Mario Dion**

Conflict of Interest and Ethics Commissioner Scott Report made under the CONFLICT OF INTEREST ACT

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## PREFACE

The Conflict of Interest Act (Act), S.C. 2006, c. 9, s. 2, came into force on July 9, 2007.

Pursuant to section 68 of the Act, if a matter is referred to the Conflict of Interest and Ethics Commissioner by the Public Sector Integrity Commissioner under subsection 24(2.1) of the *Public Servants Disclosure Protection Act*, the Conflict of Interest and Ethics Commissioner must provide a report to the Prime Minister setting out the facts in question as well as the Commissioner's analysis and conclusions in relation to the referral. A copy is provided to the public office holder or former public office holder who is the subject of the report and to the Public Sector Integrity Commissioner. The report is also made public.

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# **EXECUTIVE SUMMARY**

This report concludes my review of a matter referred to me by the Public Sector Integrity Commissioner under subsection 24(2.1) of the *Public Servants Disclosure Protection Act*. The referral was an allegation of conflict of interest against Mr. Ian Scott, Chairperson and Chief Executive Officer of the Canadian Radio-television and Telecommunications Commission (CRTC).

It was alleged that Mr. Scott had several meetings with large telecommunication providers while they had open and active files before the CRTC, thereby failing to avoid apparent conflicts of interest in breach of the *Values and Ethics Code for the Public Sector* and CRTC practices. As explained in the <u>Trudeau III Report</u>, apparent conflicts of interest are not captured by the prohibitions in the *Conflict of Interest Act* (Act).

One of the meetings cited in the referral took place in an Ottawa pub on December 19, 2019 with Mr. Mirko Bibic, who was then Chief Operating Officer of BCE Inc. and Bell Canada and became President and Chief Executive Officer (CEO) in January 2020. The week before, Bell Canada had filed an application with the CRTC to review and vary an August 2019 Telecom Order. Mr. Scott was on the CRTC panel that issued a May 2021 Telecom Decision varying the August 2019 Telecom Order.

Mr. Bibic was characterized in a February 2020 media article as a friend of Mr. Scott's. I was concerned that, by participating in the May 2021 Telecom Decision, Mr. Scott may have had an opportunity to further the private interests of a friend or to improperly further those of a corporation, whose CEO was a friend, in contravention of subsection 6(1) of the Act. Subsection 6(1) prohibits a public office holder from making any decision or participating in the making of a decision that furthers their private interests or those of their relatives or friends, or that improperly furthers the private interests of another person.

Taking into account the interpretation of "friend" set out in the <u>Watson Report</u> and broadened in the <u>Morneau II Report</u>, the relationship between Mr. Scott and Mr. Bibic was not one of friendship within the meaning of the Act since it remained exclusively professional despite both having worked in the same industry for over two decades. Therefore, I no longer had any concerns that Mr. Scott may have contravened subsection 6(1) of the Act when he participated in the May 2021 Telecom Decision.

In light of the above, I had no reason to believe that Mr. Scott may have contravened the Act. Therefore, I did not initiate an examination under section 45 of the Act and consider this matter closed.

## REFERRAL

[1] Pursuant to the *Public Servants Disclosure Protection Act*, the Public Sector Integrity Commissioner receives and investigates disclosures of wrongdoing in, or relating to, the federal public sector from public servants and members of the public. However, where the subject matter of any disclosure received is within my jurisdiction as Conflict of Interest and Ethics Commissioner, the Public Sector Integrity Commissioner must, under subsection 24(2.1) of the *Public Servants Disclosure Protection Act*, refer the matter to this Office.

[2] If, having received a referral in this manner, I have reason to believe that the public office holder who is the subject of the referral has contravened the *Conflict of Interest Act* (Act), I may commence an examination under section 45 of the Act. Even if I do not launch an examination under such circumstances, section 68 of the Act nevertheless requires that I issue a public report setting out the facts in question and my analysis and conclusions.

[3] In this case, in a letter dated April 20, 2022, which I received on April 28, 2022, the Public Sector Integrity Commissioner referred to me, under subsection 24(2.1) of the *Public Servants Disclosure Protection Act*, a disclosure from a member of the public alleging a wrongdoing by a reporting public office holder, Mr. Ian Scott. Mr. Scott was appointed as a full-time member of the Canadian Radio-television and Telecommunications Commission (CRTC) and designated as Chairperson and Chief Executive Officer (Chairperson) for a term of five years on September 5, 2017.

[4] The discloser's allegation of wrongdoing was that Mr. Scott held several *ex parte*<sup>1</sup> meetings alone with large telecommunication providers while they had open and active files before the CRTC, and in so doing Mr. Scott breached the *Values and Ethics Code for the Public Sector* and CRTC practices by failing to avoid apparent conflicts of interest.

[5] To support their allegation, the discloser submitted several documents which included communications recorded in the Registry of Lobbyists showing Mr. Scott had met alone with the large telecommunication providers.

[6] Several of the documents included with the referral, such as media articles and documents received through an Access to Information and Privacy request, related to a December 19, 2019 meeting Mr. Scott had with then Chief Operating Officer of BCE Inc. and Bell Canada, Mr. Mirko Bibic, which took place in an Ottawa pub. In January 2020, Mr. Bibic became President and Chief Executive Officer of BCE Inc. and Bell Canada. An unredacted copy of Mr. Scott's Outlook calendar, which was later released in the public domain, listed the December 19, 2019, meeting as "social."

<sup>&</sup>lt;sup>1</sup> Done with respect to or in the interests of one side only or of an interested outside party.

[7] According to the discloser, Bell Canada had, one week prior to the December 19, 2019 meeting, filed an application with the CRTC to review and vary an August 2019 Telecom Order pursuant to which the CRTC had approved aggregated wholesale high-speed access service rates on a final basis.<sup>2</sup>

[8] A February 1, 2022 media article included in the referral related to an interview the news outlet had with Mr. Scott, which identified him as one of the nine votes on the CRTC panel that issued a May 2021 Telecom Decision<sup>3</sup> varying the August 2019 Telecom Order. Furthermore, the media article described Mr. Scott and Mr. Bibic's December 19, 2019 meeting in an Ottawa pub as one between friends.

<sup>&</sup>lt;sup>2</sup> As set out in media articles included with the referral, these rates are what large telecommunication companies like Bell Canada can charge smaller internet service provider companies to access their networks. Higher rates are seen as more favourable for the larger companies, while lower rates as less favourable.

<sup>&</sup>lt;sup>3</sup> The May 2021 Telecom Decision granted the applications of Bell Canada and other large telecommunication companies to review, vary or rescind the August 2019 Telecom Order. In so doing, the May 2021 decision mainly operated to approve on a final basis the rates for aggregated wholesale high-speed access services that were in effect prior to the issuance of the August 2019 Telecom Order, effectively returning to higher rates.

# PROCESS

[9] On May 16, 2022, I wrote to Mr. Scott informing him that I had received a referral alleging that he held *ex parte* meetings with large telecommunications providers. I invited Mr. Scott to comment on the allegations.

[10] Additionally, I asked Mr. Scott to address a concern of my own that arose from the media's description of his relationship with Mr. Bibic as one of friendship. I was concerned that by participating in the May 2021 Telecom Decision varying the August 2019 Telecom Order concerning aggregated wholesale high-speed access service rates, Mr. Scott may have had an opportunity to further the private interests of a friend or to improperly further those of a corporation, whose Chief Executive Officer was a friend, in contravention of subsection 6(1) of the *Conflict of Interest Act* (Act).

[11] Subsection 6(1) of the Act prohibits a public office holder from making any decision or participating in the making of a decision that furthers their private interests, those of their relatives or friends, or that improperly furthers the private interests of another person.

[12] As a result, I asked Mr. Scott to provide a detailed description of his relationship with Mr. Bibic including his views on whether he considered Mr. Bibic a friend. I asked that he provide detailed information relating to the December 19, 2019 meeting, including how it was initiated, why it was arranged, all topics discussed, and who paid for any beverages or meals. I also asked whether it was common practice for him to meet with CRTC stakeholders in public venues and requested examples of other such meetings.

[13] I informed Mr. Scott that I would consider his response to determine whether to proceed with the publication of a report under section 68 of the Act without the need to gather additional information or whether to commence an examination under section 45 of the Act.

[14] In a letter dated June 10, 2022, Mr. Scott provided a response to the allegation made by the discloser and the concern I had raised.

[15] After having considered Mr. Scott's response, information in the referral and in the public domain, I determined that I did not have any reason to believe that Mr. Scott may have contravened the Act. Therefore, I did not commence an examination under the Act and proceeded to prepare this report.

## FACTS

[16] The following sets out the information gathered by this Office in relation to both the allegation made in the disclosure and the concern I raised.

#### Mr. Scott's relationship with Mr. Bibic

[17] In response to my concern of a conflict of interest arising from the media's description of Mr. Scott's relationship with Mr. Bibic as one of friendship when it was also stated that he had participated in the May 2021 Telecom Decision varying the August 2019 Telecom Order engaging Bell Canada's private interests, Mr. Scott wrote that his quoted statement in the article was that Mr. Bibic was someone he had known for many years. According to Mr. Scott, it was the author of the article who described them as friends.

[18] In describing his relationship with Mr. Bibic, Mr. Scott referred to the interpretation of "friend" provided by former Commissioner Mary Dawson in the *Watson Report*. Mr. Scott wrote that he holds no particular affection for, or bond or kinship with, Mr. Bibic. According to Mr. Scott, they have no familial connections and their personal social circles do not intersect. He further wrote that they are not close on a personal level.

[19] Mr. Scott wrote that he and Mr. Bibic have worked in the same fields for over 20 years, largely revolving around competition policy matters and communications regulations. Though they have never worked together, Mr. Scott stated that, over the years, they have had some association in relation to their professional roles.

[20] Prior to his appointment as Chairperson, Mr. Scott described his interactions with Mr. Bibic as limited to occasions at industry events or conferences with no personal relationship component. Mr. Scott wrote that he and Mr. Bibic will exchange pleasantries and exhibit basic courtesies when their professional paths cross.

[21] While Chairperson, Mr. Scott described his interactions with Mr. Bibic as extremely limited. Apart from instances where Mr. Bibic appeared on behalf of Bell Canada at public CRTC hearings that he has chaired, Mr. Scott wrote that he had met with him twice during his term. The first was following his appointment in September 2017, when Mr. Bibic accompanied the then Chief Executive Officer (CEO) of BCE Inc. and the second was the December 2019 meeting in the Ottawa pub.

[22] According to Mr. Scott, the December 2019 meeting was arranged approximately two weeks before it occurred as a courtesy to congratulate Mr. Bibic on being named CEO of BCE Inc. as announced in June 2019. Mr. Bibic had planned to be in Ottawa for a BCE Inc. event that Mr. Scott did not attend.

[23] Mr. Scott wrote that the "social" aspect of the meeting as used in his calendar entry was intended to reflect the characterization of the meeting as one without any plan to discuss substantive matters relating to broadcasting or telecommunications.

[24] Mr. Scott described the conversation as relating to the announcement of Mr. Bibic's promotion to CEO of BCE Inc., the general challenges associated with being the CEO of an organization, and the relative infrequency of individuals from legal or regulatory backgrounds becoming CEOs.

[25] Mr. Scott also wrote that during the meeting Mr. Bibic wished to discuss the use of official languages and the emphasis he intended to place on the French language and to increase Bell's French-language media in Quebec. According to Mr. Scott, this aspect of their discussion led to the meeting needing to be reported under the *Lobbying Act*. Mr. Scott informed his office and they sent out an email advising of the requirements to report such meetings under the lobbying legislation.

[26] Mr. Scott wrote that at no time did they discuss telecommunications or the regulation thereof or any open file before the CRTC. Mr. Scott wrote that neither he nor Mr. Bibic discussed the application that Bell Canada had filed on December 13, 2019, seeking a review and variance of the CRTC's August 2019 Telecom Order concerning aggregated wholesale high-speed access service rates.

[27] Mr. Scott wrote that he paid for his own drink and Mr. Bibic paid for his. He wrote that no manner of gifts, advantages, or hospitality was exchanged.

[28] Mr. Scott described that it is common for stakeholder meetings to take place in CRTC offices or at the business offices of stakeholders. One or more members of CRTC staff may be present during these meetings, though it is not always the case. Meetings may take place in public places, such as in a restaurant over lunch or dinner. This may happen, he wrote, during events or conferences that bring stakeholders from outside the area to the National Capital Region. According to Mr. Scott, no hospitality is ever accepted by the CRTC staff or himself. Mr. Scott could recall only one meeting that took place in a pub, bar or similar place, when he met with representatives of the Unifor labour union in a hotel lounge in Toronto in 2018.

#### Allegations relating to meetings with stakeholders

[29] The discloser alleged that a wrongdoing occurred when Mr. Scott held meetings alone with large telecommunication providers while they had open and active files before the CRTC, including applications to review and vary the CRTC's August 2019 Telecom Order concerning aggregated wholesale high-speed access service rates. The discloser referred to the *Values and Ethics Code for the Public Sector* and the CRTC's practices, particularly the value on integrity and the expected behaviours to avoid apparent conflicts of interest.

[30] In response to the allegation, Mr. Scott stated that he did not breach any applicable rules. He explained that it is common for CRTC members, including the Chairperson, to meet with representatives of entities that appear regularly before the CRTC and pointed to the records maintained by the Commissioner of Lobbying in support of his statement.

[31] Mr. Scott wrote that given the nature of the CRTC's work, larger stakeholders have a multitude of open files before the CRTC, on a range of topics, at any given time, and pointed to the CRTC's website to show the degree of participation by stakeholders. Mr. Scott explained that the purpose of these meetings is not to discuss specific questions or files being considered by the CRTC at a given time but rather to allow stakeholders to identify topics of general importance to the industry or to a particular segment of the Canadian public and to better understand the CRTC's processes.

# ANALYSIS

#### Mr. Scott's relationship with Mr. Bibic

[32] The media's description of Mr. Scott's relationship with Mr. Bibic as one of friendship left me with a concern that Mr. Scott was in a conflict of interest when it was also stated that he had participated in the May 2021 Telecom Decision varying the August 2019 Telecom Order engaging Bell Canada's private interests.

[33] Subsection 6(1) of the *Conflict of Interest Act* (Act) prohibits a public office holder from making or participating in a decision that would place them in a conflict of interest. It reads as follows:

**6. (1)** No public office holder shall make a decision or participate in making a decision related to the exercise of an official power, duty or function if the public office holder knows or reasonably should know that, in the making of the decision, he or she would be in a conflict of interest.

[34] Section 4 of the Act sets out that a public office holder is in a conflict of interest for the purposes of the Act when they exercise an official power, duty or function that provides an opportunity to further their own private interests, those of friends or relatives or to improperly further those of another person.

[35] In the *Watson Report* my predecessor, Commissioner Mary Dawson, interpreted the term "friend" for the purposes of the Act to mean "a person with whom one has some history of mutual personal regard beyond simple association." In the *Morneau II* report,<sup>4</sup> I broadened the scope of the term "friend" in the Act 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.

[36] Based on Mr. Scott's description of his relationship with Mr. Bibic as one which has remained exclusively professional despite having worked in the same industry for over two decades, I found that the relationship could not be considered as one that falls within the definition of friends within the meaning of the Act. Therefore, I no longer had any concerns that Mr. Scott may have furthered the private interests of a friend, or improperly furthered those of Bell Canada, whose Chief Executive Officer was a friend, when he participated in the May 2021 Telecom Decision.

<sup>&</sup>lt;sup>4</sup> Morneau II Report, paragraphs 248–251.

#### Allegations relating to meetings with stakeholders

[37] According to the discloser, by holding *ex parte* meetings alone with large telecommunication providers while they had open and active files before the CRTC, Mr. Scott breached the *Values and Ethics Code for the Public Sector* and CRTC practices and failed to avoid an apparent conflict of interest. While the Public Sector Integrity Commissioner is required by subsection 24(2.1) of the *Public Servants Disclosure Protection Act* to refer to this Office any referral where the subject matter of any disclosure received is within my jurisdiction as Conflict of Interest and Ethics Commissioner<sup>5</sup>, apparent conflicts of interests are not captured by the prohibitions in the *Conflict of Interest Act*. This was described in detail in the *Trudeau III Report*.<sup>6</sup>

<sup>&</sup>lt;sup>5</sup> I note that the issue of whether Mr. Scott's *ex parte* meeting with Mr. Bibic at a pub raises a reasonable apprehension of bias is before the Federal Court of Appeal (A-299-21).

<sup>&</sup>lt;sup>6</sup> <u>*Trudeau III Report</u>*, paragraphs 252–261.</u>

# CONCLUSION

[38] In light of the above, I have no reason to believe Mr. Scott has contravened the Act, which is the required threshold to initiate an examination of the matter. Therefore, I will not initiate an examination under section 45 of the Act and consider this matter closed.

men

Mario Dion Conflict of Interest and Ethics Commissioner

August 24, 2022