

SNC-Lavalin announced confidential 'integrity regime' deal with newly elected Trudeau Liberal Party government in 2015

[By Carl Meyer, The National Observer, Mar 11, 2019](#) (one-year subscription to the online publication is CAN\$140)

[The 'integrity regime' deal reached with SNC Lavalin by the newly elected Liberal Party government in 2015 was based on the preceding Harper Conservative Party government's 'integrity regime' accommodation of SNC-Lavalin. Today, Conservative Party leader Andrew Scheer is parading as an anti-corruption hero. The current chairman of the board of SNC-Lavalin is Kevin Lynch. He was the first clerk of the Privy Council of the government of Canada (top civil servant) appointed by a newly elected prime minister Stephen Harper in 2006, serving until 2009. Prior to that, he was a deputy minister under several Liberal Party governments. In December 2017, he was appointed chairman of the board of SNC-Lavalin.]

Four days after Prime Minister Justin Trudeau's Liberals opened their first session of Parliament with a throne speech in 2015, the federal government entered into a new confidential deal with SNC-Lavalin. The Quebec construction and engineering giant [touted the deal](#) in December of that year, noting that it would allow it to continue scoring lucrative public contracts with the federal government. But to this day, the details and content of this deal remain a secret.

The agreement is different from the deferred prosecution agreement (DPA) that former attorney general Jody Wilson-Raybould has [testified](#) she was improperly pressured into pursuing by the prime minister, his senior officials and the country's top public servant. Both agreements are meant to address the fraud and corruption charges hanging over the Montreal-based engineering firm. But while Wilson-Raybould's replacement, David Lametti, is still [considering](#) offering a DPA, the administrative agreement was long ago successfully enacted. It remains on the books, more than three years later.

Public Services and Procurement Canada reached the deal with SNC-Lavalin that took effect on [Dec. 8, 2015](#), which was the Tuesday following the government's first and only [throne speech](#). SNC-Lavalin's [deal](#) was the first under what the government described as its new "integrity regime," and no other company has reached any similar arrangement, according to the department's list of agreements on its website.

Suppliers with administrative agreements under the Integrity Regime

This list contains the names of suppliers that have entered into an administrative agreement with Public Services and Procurement Canada. These suppliers are allowed to continue doing business with the government pursuant to the regime.

Supplier name	Address	Effective date of the administrative agreement
SNC-Lavalin Group Inc.	455 René-Lévesque Blvd W Montreal QC	December 8, 2015

A screenshot of the government's list of suppliers that have entered into administrative agreements with Public Services and Procurement Canada. The list contains a single supplier name: SNC-Lavalin

'The specific terms are confidential'

The former Harper government created Canada's "integrity regime," an accountability measure introduced on [July 3, 2015](#), to ensure the government does business solely with ethical partners. They allow firms to keep doing business while demonstrating they're addressing misconduct — in SNC-Lavalin's case, corruption and fraud charges, including allegations that it paid nearly \$48 million in bribes to Libyan government officials between 2001 to 2011.

Public Services Minister Carla Qualtrough has said the government is now in the process of updating that integrity regime, in part to respond to industry concerns about the inflexibility of the decade-long debarment that firms like SNC-Lavalin face if criminally convicted.

Yet despite the heightened scrutiny of the government's relationship with SNC-Lavalin that has followed the major political interference scandal consuming Ottawa, the administrative agreement contents are being kept under lock and key.

"Under its administrative agreement, SNC has retained the services of a qualified independent third party, recognized by Public Services and Procurement, to monitor compliance with the terms of the agreement, at their own cost," said departmental spokesman Jean-François Létourneau, in response to a request Monday for a copy of the deal.

"While the specific terms are confidential, such agreements would typically include requirements associated with remedial measures, compliance programs, and regular reporting on progress and compliance."

The government has so far heavily censored the document in response to requests for copies under Canada's access to information legislation. An analyst in the department's ATIP office told *National Observer* on March 11 that most is being withheld under provisions that relate to confidential information supplied by third parties.

A request to SNC-Lavalin for a copy of the document was not returned before publication. The minister responsible for public services at the time the agreement was signed, Judy Foote, who is now the lieutenant governor of Newfoundland and Labrador, did not respond to a request for comment.

OECD 'concerned' with SNC-Lavalin affair

The scandal reared its head again Monday as the Organisation for Economic Co-operation and Development (OECD)'s working group on bribery issued a [statement](#) saying it was "concerned by recent allegations of interference in the prosecution of SNC-Lavalin that are subject to proceedings in the House of Commons Standing Committee on Justice and Human Rights."

"As a party to the anti-bribery convention, Canada is fully committed to complying with the convention, which requires prosecutorial independence in foreign bribery cases," the working group stated. "In addition, political factors such as a country's national economic interest and the identity of the alleged perpetrators must not influence foreign bribery investigations and prosecutions."

The group added it was “encouraged” by the launch of the federal ethics commissioner’s investigation into the matter, as well as hearings at the House of Commons justice committee, and expected to be briefed by Canadian officials at its next meeting in June.

Foreign Affairs Minister Chrystia Freeland acknowledged the OCED concerns and committed to working with the group and keeping it up to date. “Canada firmly supports the rules-based international order and the multilateral institutions that underpin it,” her office told *National Observer* in a statement.

Agreement seen as 'milestone' in 2015

The deferred prosecution agreement that Trudeau and other officials admit they asked Wilson-Raybould to consider pursuing in the fall of 2018 would allow the firm to avoid a criminal trial, and instead carry out a series of actions such as paying a penalty or reparations, publicly acknowledging wrongdoing and co-operating in investigations.

In contrast, an administrative agreement states the terms and conditions a company must meet to maintain its status to contract with the government. SNC-Lavalin said its deal allows it to keep bidding on federal government contracts, both in Canada and abroad, “until the final conclusion” of the corruption and fraud charges laid by the RCMP against SNC-Lavalin and two subsidiaries in February 2015.

“This agreement is a milestone that allows us to continue to be an important contributor to the Canadian economy,” said SNC-Lavalin’s president and CEO Neil Bruce in December 2015, in a company [press release](#). “It protects the public, and is good for our employees, clients, investors and all of Canada.”

Bruce said at the time that the company had “fully cooperated with authorities” and already made sweeping changes to its operations and workforce, ridding themselves of the individuals involved in the bribery allegations and establishing “zero tolerance for ethics violations.”

The president continues to [emphasize](#) that the company has “done nothing wrong,” declaring in a Feb. 22 video posted to the firm’s YouTube page that “this is more of a political inquiry.” SNC-Lavalin has “never asked for charges to be dropped, and we have never asked for anything to be circumvented outside the judicial system,” he said.

SNC-Lavalin continues to land contracts

SNC-Lavalin has scored dozens of contracts in the last few years with federal government departments like Public Services, Fisheries and Oceans and National Defence to build things like highways, bridges, roads, railways and dams, and provide engineering and environmental services.

As a major firm, SNC-Lavalin lands showcase contracts; an SNC-Lavalin led-consortium was picked in 2015 to build a new Champlain Bridge in Montreal, a multi-billion dollar federal project. A group containing the firm was also picked by Ottawa to manage and operate Canadian Nuclear Laboratories.

Contracts continue to be awarded; the government's federal contracts [database](#), for example, lists a contract with Fisheries and Oceans Canada awarded on Feb. 20 to the company for its engineering services, worth \$700,000. Analysts told *The Canadian Press* that up to \$1.55 billion in revenue in 2017 came from federal contracts — representing up to half of Canadian revenues, which are one-third of the company's \$9.3 billion worldwide haul.

SNC-Lavalin also netted a new \$660-million light-rail [contract](#) from the City of Ottawa, one that would include fresh government funding. And it has found itself at the centre of controversy in B.C., where it is [bidding](#) to build a \$1.4 billion bridge.

However, *Canadian Press* has [reported](#) that such provincial or municipal contracts, even if they come bundled with federal cash, wouldn't be affected by a federal debarment over a criminal conviction.

SNC-Lavalin also entered into a voluntary compliance [agreement](#) with the Commissioner of Canada Elections in 2016, in relation to a political contributions scheme that broke federal election financing laws. The company agreed that "certain former senior executives" helped funnel \$83,534 to the Liberal Party, another \$13,552 to Liberal riding associations and \$12,529 to 2006 party leadership hopefuls, along with \$3,137 to the Conservative Party of Canada and \$5,050 to Tory candidates and ridings.

Liberals updating integrity regime

The same day that Wilson-Raybould gave her testimony, Qualtrough told the government operations committee that Liberals had budgeted \$2.8 million in new funds to address "increased workload and operational costs associated with administering the new (integrity) regime."

She said the proposed the new regime would allow for a "more robust approach to improper, unethical and illegal business practices" and will come into effect "soon" after the government wraps up public consultations. "What we were hearing from industry was that having a fixed 10-year period didn't allow us to take into account any kind of mitigating circumstances that might be present," she said.

"I.e., that this behaviour had been done a number of times, the corporate structure had changed or the board had turned over, things that might lead to maybe an admission of guilt; who knows the type of crime that we're talking about."

Wilson-Raybould [resigned](#) from cabinet Feb. 12, about a month after she had been [shuffled](#) out of her role Jan. 14 as attorney general and placed into veterans affairs. She said in her testimony that she believed she was shuffled "because of the SNC matter." Following Wilson-Raybould's testimony, Jane [Philpott](#) also resigned as Treasury Board president on March 4. She said she had "lost confidence" in how the government had dealt with the issue.

Trudeau maintains there was no undue influence placed on Wilson-Raybould. The prime minister's top aide Gerald Butts, [who resigned](#) on Feb. 18, also testified March 6 that he [believed](#) no one did anything wrong.

Trudeau held a press conference the day after, refusing to apologize and stating that “in regards to standing up for jobs and defending the integrity of our rule of law, I [continue to say](#) that there was no inappropriate pressure.”