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Chair: Mr. John Williamson



Standing Committee on Public Accounts

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• (1535)

[*Translation*]

The Chair (Mr. John Williamson (New Brunswick Southwest, CPC)): Good afternoon, everybody. I call this meeting to order.

Welcome to meeting number 133 of the House of Commons Standing Committee on Public Accounts.

[*English*]

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and possibly remotely using the Zoom application.

I would like to ask all members and other in-person participants to consult the cards on the table for guidelines to prevent any audio feedback incidents.

[*Translation*]

Please take note of the following preventative measures in place to protect the health and safety of all participants, including the interpreters.

[*English*]

Please use only the approved, black earpieces that are in front of you. Keep your earpiece away from all microphones at all times, and when not using your earpiece, please place it face down on the sticker on the table for this purpose. It could be just to the right of you or just to the left, in Mr. Green's case. Welcome, Mr. Green.

I remind you that all comments should be addressed through the chair.

[*Translation*]

Pursuant to Standing Order 108(3)(g), the committee is resuming its study of report 6, “Sustainable Development Technology Canada”, from the 2024 reports 5 to 7 of the Auditor General of Canada, referred to the committee on Tuesday, June 4, 2024.

[*English*]

I'd now like to welcome our witnesses. From the Office of the Auditor General, we have Karen Hogan, Auditor General of Canada—nice to see you and your team here today—along with Mathieu Lequain, principal, and Ewa Jarzyna, director.

From Sustainable Development Technology Canada, we have Paul Boothe, chair of the board of directors; and Sheryl Urie, vice-president of finance. Thank you for joining us today.

You'll each be given five minutes to make your opening statements. We're going to start, as we normally do, with the Auditor General, who I understand will make a brief statement, relatively speaking.

We go over to you, Ms. Hogan.

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Thank you very much, Mr. Chair.

As the committee members know, I appeared last week on this report. At that time, I read an opening statement into the record. It was comprehensive. It included our findings about not only Innovation, Science and Economic Development Canada, but also the Canada Foundation for Sustainable Development Technology.

I really have nothing more to add in my opening remarks, and in order to better support the committee, I give you back the rest of my five minutes.

The Chair: Thank you. I'm sure we'll take full advantage of that.

Mr. Boothe, you have the floor for five minutes, please.

Mr. Paul Boothe (Chair, Board of Directors, Sustainable Development Technology Canada): Thank you, Mr. Chair.

Honourable members, ladies and gentlemen, my name is Paul Boothe. I'm a retired deputy minister and public finance professor living in Dundas, Ontario. I'm joined here by Sheryl Urie, as you heard, the vice-president of finance at SDTC. I thank you for allowing her to participate in place of our acting CEO, Mr. Ziyad Rahme, who has an important family commitment this afternoon.

Mr. Chair, on June 4, the Governor in Council appointed me as the chairman of the board of directors of the Canada Foundation for Sustainable Development Technology—it's quite a mouthful—for a term of one year. I was appointed to the board along with two other retired deputy ministers, Cassie Doyle and Marta Morgan.

On the same day, the Auditor General released her “Report 6: Sustainable Development Technology Canada”, and the Minister of Industry also released a report, by the law firm McCarthy Tétrault, on HR practices at the foundation. In addition, on June 4—it was a busy day—the Minister of Industry announced a new direction for governance of the foundation, with the foundation's programming and staff to be transferred to the National Research Council. Further, the minister announced that the foundation's funding to clean technology start-ups would recommence forthwith.

I hope that, today, in answer to your questions, I can share with you what we intend to do as the new board of the foundation—to restart funding and to plan and execute the transfer of the programming and staff to the NRC. Before I do, however, I want you to know that the new board of directors accepts the recommendations of the Auditor General. In recommending our funding of clean technology start-ups, we will be guided by her report as we update our practices related to record-keeping and the management of conflicts of interest. Further, we will work with the Department of Innovation, Science and Economic Development to ensure that the contribution agreement fully reflects the government's intended purpose for the funding we disburse, and we will ensure that all future funding decisions are fully compliant with the terms of the contribution agreement.

Although we are only on day 13 of our new mandate as the board of directors, we are working hard to understand the foundation's work and its operations and the recommendations of the Auditor General's report. Foundation staff are working diligently to develop a concrete plan to address the concerns expressed by the Auditor General. I'm confident that we'll be able to successfully accomplish the objectives of restarting the funding in a manner consistent with the recommendations of the Auditor General and planning and implementing the transfer of the foundation's programming and staff to the National Research Council.

• (1540)

The Chair: Thank you very much for that opening statement.

We now begin our first round. Each of the next four members will have six minutes.

Mr. Perkins, we begin with you for six minutes.

Mr. Rick Perkins (South Shore—St. Margarets, CPC): Thank you, Mr. Chair.

Thank you, witnesses.

I will begin my questioning with Ms. Urie.

I'll start with a quick summary. In 2019, the Prime Minister's hand-picked chair for the SDTC—which the public knows as the green slush fund—came in after SDTC had a clean governance audit in 2017 from, I believe, both Treasury Board and the Auditor General. It seems to me like the culture of the organization changed quite a bit, and we had testimony here that it changed too—the concept that Minister Bains and his office referred to, “to manage conflict”. There were a number of directors doing transactions that ended up.... According to the Auditor General's report, almost half of all transactions, out of the 420 from 2017 to 2023, were conflicted transactions. It is quite an amazing thing, because I don't believe

those directors represented half of the green technology sector, yet somehow they managed to get almost half the funding, when you combine the 90 that were undeclared conflicts, the 96 that were declared conflicts, and the \$58 million spent outside the terms of the contribution agreement.

You were, I believe, the finance person all this time. We had the deputy minister here last week, and he agreed that, in a lot of cases, or in some of these cases, the money should be paid back because it went to an inordinate number of these directors and outside, in many cases, of the limit set out by Parliament as to where it should be spent.

Has the Liberal Minister of Industry today directed you, both the current acting chair and you as finance director, to seek any of this money back?

Ms. Sheryl Urie (Vice-President, Finance, Sustainable Development Technology Canada): Thank you for the question.

As you know, we responded to the recommendations of the Auditor General and we accept the findings of the report, and—

Mr. Rick Perkins: I heard that in the statement.

I have limited time. Please answer the question directly. Have you been asked by the government to look at getting any of this money back or to start the process for that, yes or no?

Ms. Sheryl Urie: Consistent with what the deputy minister said last week, we are looking at the projects within the portfolio to assess whether or not they met the eligibility criteria. Should we find any instances in which projects were ineligible—

Mr. Rick Perkins: Well, that's a no—

Ms. Sheryl Urie: —we would work forward to seek recovery.

Mr. Rick Perkins: The government hasn't asked you to seek the money back.

Ms. Sheryl Urie: I believe it was sought within the response to the Auditor General's report.

Mr. Rick Perkins: I'm looking for you as the finance person to tell me whether the government has said that, not what the deputy said in his testimony.

Has the government, since then, asked you to get the money back?

Ms. Sheryl Urie: I believe the deputy minister, in giving our response to the Auditor General's report, said we would recover any funds that needed to be recovered.

Mr. Rick Perkins: I was here at the meeting. I wish you would answer the question. You are an officer of an organization that received a billion dollars of taxpayer money.

I will go on to my next question.

One of the things the Auditor General raised was the issue of the funds that are outside of the legal limits of these contribution agreements. While you were CFO, the seed fund, as it's called, was set up. Who directed you to open up a fund that was outside of the contribution agreements?

Ms. Sheryl Urie: Thank you for your question.

I would direct you again to the response to the Auditor General's report.

• (1545)

Mr. Rick Perkins: I've read the Auditor General's report and the response and it gives no clarity. It doesn't say who ordered you and the management team to set up funds that were outside of the contribution agreement.

Ms. Sheryl Urie: I would say that, to my knowledge, there was no direction from within the department or from the minister's office regarding setting up a seed fund.

Mr. Rick Perkins: So did they mythically appear from the board? Was it the board that did it, the hand-picked Liberal appointees?

I ask because you could not apply directly to the seed fund if you were a green technology fund. Is that correct? You couldn't apply to SDTC; you had to go through another body. What did SDTC call those other bodies that you had to apply through to get money from the seed fund? What were they called?

Ms. Sheryl Urie: To understand our funding process, there's a requirement to always have a partner to be able to participate in your project.

Mr. Rick Perkins: I'm not looking for an explanation of funding partners.

Ms. Sheryl Urie: The partners within our seed funding stream would be called accelerators, and they were distributed across the country.

Mr. Rick Perkins: The accelerators vetted the applications; you couldn't direct them.

The accelerators included the Verschuren Centre. Is that correct?

Ms. Sheryl Urie: That's correct.

Mr. Rick Perkins: The Verschuren Centre was set up by the board chair Annette Verschuren as a vanity project for her family. They were one of the vetters. MaRS, which is a den of stuff in Toronto that ISED funds—

Mr. Matthew Green (Hamilton Centre, NDP): I have a point of order.

I apologize, but I just want to let you know that the French interpretation is coming through on the English channel.

The Chair: We will look into that.

It's okay now. Thank you, Mr. Green.

Mr. Perkins, you have just over 40 seconds left.

Mr. Rick Perkins: The board chair's centre had to vet the money, and it recommended companies that she had a financial interest in. Annette Verschuren chaired MaRS. That was one of the accelerators that approved stuff. Is that correct?

Ms. Sheryl Urie: I would say, yes—

Mr. Rick Perkins: You would say yes. Okay.

Ms. Sheryl Urie: —all the accelerators across the country, and the seed funding program began—

Mr. Rick Perkins: FounderFuel was another accelerator, in Quebec, and it was owned by another board member, Andrée-Lise Méthot. Is that correct?

Ms. Sheryl Urie: I'm not confident that that's an accelerator. I don't know—

Mr. Rick Perkins: It's on the accelerator list.

Ms. Sheryl Urie: There are over 80, and I don't know the names of all of them.

Mr. Rick Perkins: Well, it's here.

I can assure you that in terms of this fund, almost all the funds appear to have gone to conflicted businesses outside of the government's terms for the use of this money. The money was filtered through these accelerators and controlled by these two board members—

The Chair: Thank you, Mr. Perkins.

We'll come back to you, I'm sure.

Ms. Khalid, you have the floor for six minutes.

Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.): Thank you very much, Mr. Chair.

Thank you to the witnesses for being here today.

Ms. Urie, I know the Conservative member Mr. Perkins asked a whole bunch of questions and didn't exactly give you any opportunity to answer many of them.

I'm wondering if you want to add something in response to the previous questioner.

Ms. Sheryl Urie: Sure.

The previous questions focused largely on our seed funding stream. The seed funding stream was a stream that was envisioned to be able to provide funding across the country to smaller communities and to entrepreneurs who weren't usually able to access different pools of funding within the government. The seed funding stream sought out partners from across the country. We'd never received applications from Newfoundland and P.E.I. or some of these regions, and that was really the purpose of the seed funding stream. It was envisioned prior to the previous chair's joining the board.

This program has enabled SDTC to increase the number of women entrepreneurs who have been funded through SDTC funds. We've also enabled them to graduate to a larger fund and to perhaps access larger pools of government funding that's available to many entrepreneurs across the country but that these smaller entrepreneurs haven't had the opportunity to access.

Ms. Iqra Khalid: Thank you for that.

Do you think the program is successful? Is it reaching its objectives?

Ms. Sheryl Urie: Unequivocally, I believe that across government the seed funding program has been deemed successful in accelerating some of these small businesses that generally haven't had the opportunity to have the support, because it's not just funding support that you receive. You also receive greater connection to the ecosystem to have other supports, such as mentors within your own sector. Yes, it's been seen as a great success.

Ms. Iqra Khalid: When we see Conservative messaging about such programs, which are being referred to as a "green slush fund", how do you think that impacts the credibility of an organization like that?

• (1550)

Ms. Sheryl Urie: It's difficult, I think, for SDTC and its employees to hear that type of messaging delivered when we see some of the companies that have come through our portfolio and have been able to provide an incredible number of jobs and have contributed to environmental benefits across the country, and all Canadians are benefiting from this.

For us, it's a bit of a challenge, for sure.

Ms. Iqra Khalid: Thank you.

Mr. Boothe, I'll turn to you.

What is your role now in this transitional board, and how do you see the organization going forward?

Mr. Paul Boothe: My role is chair of the board, but this is a board of three equals, all former deputy ministers.

We have three priorities. When I was a deputy minister, we told our ministers that they should have only three priorities, so I think we have the right number. My priorities are to implement the Auditor General's report, to restart the funding, and to plan and implement the transfer to the National Research Council.

We have divided the work among ourselves. One of my colleagues will focus mostly on planning the transition. Another will focus mostly on restarting the funding—

Ms. Iqra Khalid: I'm sorry, but I'm just going to stop you right there for a second.

Chair, I can literally hear my Conservative colleagues whispering so loudly that I can't hear the witness.

If you could, please, gentlemen.... Thank you.

The Chair: Thank you, Ms. Khalid.

You have two minutes left.

Mr. Paul Boothe: My main focus will be implementing the Auditor General's report. That's how we're dividing the work.

Ms. Iqra Khalid: Thank you for that.

Ms. Hogan, what do you think of the new transitional infrastructure, and what challenges do you think the organization will face?

Ms. Karen Hogan: It's difficult for me to comment on how the transition has been set up and the appointment of the board members, since I don't know any of the details around those things.

When I think about where it will ultimately end up, which is in a federal department, I believe that will increase accountability and transparency around the use of funds, and it will help eliminate some of the potential conflicts of interest that currently exist, given that board members need to be experts in the field.

I guess one of the concerns I will have then will be with how the National Research Council will ensure that they have the expertise to do what was happening at the board. How will they make sure that the projects are really innovative and have new technology? How will they make sure that the projects will actually contribute to better water, cleaner air and a reduction in climate change?

I think that, while it will help in some respects, there's another risk that's present, and I hope the National Research Council will make sure they have that expertise as they evaluate, based on merit, what every project should receive.

Ms. Iqra Khalid: I really appreciate your talking about the ethics of it all, because I do think that's really important. Can you perhaps explain the nature of potential ethics violations or conflicts of interest that could arise in an organization like this? I know we saw through the pandemic how companies were paid out. How does that translate into the reality and the perception of accountability and transparency in government institutions like this?

Ms. Karen Hogan: I think you should start with a foundational sort of element that a person should not be seen to benefit from public funds. There's a requirement in the Sustainable Development Technology Act that says that no one should personally benefit from government money. However, when the act also then requires that board members have expertise in the field, that requirement, by its very nature, invites conflict of interest. The clean-tech industry is a small one, so if you want some expertise, it's likely that the people with that expertise are also trying to develop and innovate.

That's why there's a need for a really rigorous process to say that if you've declared a conflict of interest, you should do the right thing and recuse yourself from the votes and the discussions.

The Chair: Thank you very much.

• (1555)

That is the time.

[*Translation*]

Ms. Sinclair-Desgagné, you have the floor for six minutes.

Ms. Nathalie Sinclair-Desgagné (Terrebonne, BQ): Thank you, Mr. Chair.

I have a direct question for you, Auditor General.

How did you determine the audit period? I believe it starts on April 1, 2017. Why that date in particular?

Ms. Karen Hogan: We chose the audit period based on the previous audit. The commissioner of the environment and sustainable development performed an audit in 2017. We focused on what had happened since that time. I just want to make sure that—

Ms. Nathalie Sinclair-Desgagné: Okay.

In his audit, did the commissioner examine conflicts of interest? I don't believe that was part of his audit.

Ms. Karen Hogan: No. In 2017, he had to determine whether the projects would actually—

Ms. Nathalie Sinclair-Desgagné: He wanted to know whether the environment was being protected, and so on.

Ms. Karen Hogan: Yes. A lot has happened since 2017.

Ms. Nathalie Sinclair-Desgagné: Indeed it has.

If we go back before 2017, it seems that there were some fairly flagrant conflicts of interest, including with the Enerkem project. Ms. Méthot sat on both the Enerkem board of directors and the Sustainable Development Technology Canada review committee. Enerkem was the company that received the most funding from SDTC. I think it got \$56 million for its project. That's the figure I have. Obviously, the project does not appear in your report, because it was completed on March 31, 2017. Unfortunately, it wasn't examined in your audit, but I think it's a case worth noting.

Actually, the SDTC's contribution was \$63.6 million, while Ms. Méthot sat on both Enerkem's board of directors and SDTC's review committee.

I have a question for you, Ms. Urie.

You told my fellow member that you were going to reassess the projects to determine whether the funds should be recovered. Will you reassess every project? That's a question we asked Mr. Kennedy repeatedly last week.

I would like to know whether you, as the vice-president of finance at SDTC, or the team that will be transferred to the National Research Council, will reassess every project, first to determine whether they were eligible. We know that the Auditor General was unable to do that.

Will you hire a firm? How will you proceed?

[English]

Ms. Sheryl Urie: As it stands right now, consistent with the recommendations in the Auditor General's report, we've committed to reassess the eligibility of the portfolio of projects that we have. That would be done prior to any transition to the National Research Council. There will be a third party that would be engaged to conduct this work. The criteria for eligibility will be laid out very clearly. There will be commentary on how each project approved by the SDTC board would have met the eligibility criteria. If the eligibility criteria have not been met, recovery would be considered.

[Translation]

Ms. Nathalie Sinclair-Desgagné: You say “each project”, but are you talking about current projects or so-called completed ones?

[English]

Ms. Sheryl Urie: Currently we're starting with all projects that are under way, the active portfolio of projects. It's a significant number of projects, so in order to manage the workload, those are the projects that we're starting with. There are over 100 projects.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Are you also going to reassess the so-called completed projects? Once again, I'm thinking of the Enerkem project, which ended up receiving only public funds from the City of Edmonton and SDTC, but provided absolutely no service. That is the type of project that harms the reputation of SDTC and any other government funding, since it didn't meet a single objective. It was a public money pit.

On behalf of Quebecers and Canadians, I would like your assurance that you will reassess the funding that went to so-called completed projects, to see whether you can recover the money.

[English]

Ms. Sheryl Urie: Unfortunately, I can't speak about a specific project without having more details.

[Translation]

Ms. Nathalie Sinclair-Desgagné: I'm talking about past projects.

[English]

Ms. Sheryl Urie: For past projects, those projects are still under consideration as well. We don't have a full road map to the end of the transition at this point in time. As we said, Dr. Boothe has just joined the organization.

● (1600)

[Translation]

Ms. Nathalie Sinclair-Desgagné: Okay.

Mr. Kennedy told us last week that funding for current projects would resume during the transition. In my opinion, there is one major factor. If these projects are being reviewed to determine whether they are truly eligible and whether they meet the criteria, how can Mr. Kennedy tell us that funding will resume shortly? Are you going to withhold the funds until the project is proven to be eligible, or are you going to start the process over and fund existing projects as they come up? How are you going to proceed?

[English]

Ms. Sheryl Urie: Again, as it relates to eligibility, we need to go through the process of reassessing eligibility for the active projects prior to disbursing funds. I think we're fortunate that we have a little step-up. From the Auditor General's report, they would have sampled a pool of projects, and they've already considered them eligible, but going forward, there remains the rest of the portfolio.

[Translation]

Ms. Nathalie Sinclair-Desagné: When do you think you'll be able to resume funding projects that are deemed eligible? Are you going to do it as you go along, or are you waiting until the whole thing is done?

I'm asking on behalf of eligible businesses that need this working capital to stay afloat. Some of them are great companies, but unfortunately, they are hurting right now because of the scandal surrounding SDTC. They deserve to receive their funding.

[English]

Ms. Sheryl Urie: I appreciate the comment. We feel that every day in dealing with our portfolio companies and trying to ensure that they're getting the funding they need to continue operating. We are moving as quickly as we can to reassess the projects, but that needs to be done in advance of disbursing funds.

[Translation]

The Chair: Thank you.

[English]

Mr. Green, you have the floor for six minutes, please.

Mr. Matthew Green: Thank you very much.

I want to begin with an overall framing.

Ms. Hogan, I believe I heard you state that benefiting from public dollars is a conflict of interest. Is that correct?

Ms. Karen Hogan: I think it's a fundamental rule that if you're involved in a public organization, you should not be seen to be personally benefiting from public funds.

Mr. Matthew Green: Would that include your family?

Ms. Karen Hogan: I think it depends how you're going to frame it. Every case needs to be evaluated on its own merit.

Mr. Matthew Green: I have a case for you. In your overall findings, you found that "[t]he foundation poorly managed conflicts of interest", where the foundation's records show the conflict of interest policies were not followed in 90 cases.

Specifically, you identified this:

The spouse of one of the foundation's senior managers was a partner at the human resources recruiting firm that the foundation used to support its process to appoint directors.... The senior manager declared the perceived conflict of interest to the then-CEO. The board was only made aware of the perceived conflict over a year later, despite this situation relating to board appointments.

To be clear, and on the record, does that framing, to you, capture the current acting CEO Ziyad Rahme's hiring of his own wife to recruit board members who subsequently gave Mr. Rahme his bonuses and also selected him as the acting CEO after the previous CEO resigned? Is that accurate?

Ms. Karen Hogan: If I may, Mr. Chair, there's just one point of clarity I'd like to provide. The 90 cases were not linked to this.

The example the member is talking about is cases that we highlighted where there are other instances—

Mr. Matthew Green: [Inaudible—Editor] specific to the hiring of his wife, who would then be responsible for appointing the directors, who would then be responsible for his oversight.

Ms. Karen Hogan: I'm getting to that. Those were other instances that we felt the conflict of interest policy for the foundation just did not address. In our view, this is a risk. While it wasn't directly linked to funding, it was definitely a conflict of interest that should have been declared, and the board should have been made aware of it sooner, yes.

Mr. Matthew Green: In all the projects that you reviewed, did you find any funding applications that were approved without having the appropriate supporting documentation, such as project details, milestones or completed budgets?

Ms. Karen Hogan: When we concluded that there were 10 projects that were ineligible, two were clearly the seed funding, because we felt it did not comply at all with the contribution agreement, but the remaining eight were cases where the file just didn't support why these projects were eligible. Without that evidence there, it's difficult for us to conclude that they were eligible.

Mr. Matthew Green: Were you able to cross-reference those files with the files that were identified as having potential conflicts of interest?

• (1605)

Ms. Karen Hogan: We were. With two, there was a crossover. It's actually quite complicated. There is the conflict of interest crossover "double-up" in instances, but there were definitely at least two projects that we deemed ineligible that were cases in which a conflict of interest had been declared and the person continued to vote.

Mr. Matthew Green: Thank you.

Did you come across instances where the board bulk-approved a set of project applications without proper documentation being received or reviewed by the board?

Ms. Karen Hogan: I would describe two instances that, we believe, did not follow the contribution agreement.

The contribution agreement is clear that funding should always be given based on merit, project by project. For the seed stream of projects and then the COVID payments, there was batch approval, which we believe should not have been done that way. That violated the contribution agreement between the government and—

Mr. Matthew Green: Ms. Urie would recall that I sat on the cross-examination that ultimately discovered that the chair of the board was receiving copayments and hadn't recused herself. She has since stepped down.

Is it safe to say that in the instances that were bulk-approved without proper documentation there was also an overlap with the conflict of interest that you identified in the cases?

Ms. Karen Hogan: Absolutely. Sixty-three cases of COVID payments were in conflict of interest. Later on, the way the COVID payments were approved did not follow the contribution agreement. There are two things at play with those payments.

Mr. Matthew Green: The contribution agreement would also trigger things like financial compliance. Is that correct?

Ms. Karen Hogan: The contribution agreement between the federal government and the foundation really sets out how they should determine eligibility.

Mr. Matthew Green: There would have to be a need. Is that correct?

Ms. Karen Hogan: They would have to demonstrate that it's a new technology, that it's innovative, and that there would be tangible environmental benefits for the Canadian population.

Mr. Matthew Green: Did you come across any cases where executives brought forward board-related projects that had been rejected by reviewers on multiple occasions and yet still moved forward for a second or third time with a new reviewer?

Ms. Karen Hogan: If you permit me, Mr. Chair, I'm just going to ask Mathieu to answer that.

Mr. Matthew Green: Perhaps he could give a yes-or-no answer to that.

Mr. Mathieu Lequain (Principal, Office of the Auditor General): Yes.

Mr. Matthew Green: Knowing all the conflicts, knowing all the ways in which bulk approvals happened at the board level and conflicted with board members, are you confident that all applications were treated fairly and that evaluations and approval processes were consistent across all applications?

Ms. Karen Hogan: It comes back to how we did our sampling. We did a statistical sample, because we couldn't sample all projects that were available. We looked at those in the allegations, and those were separate, but in our statistical sample, we felt that there were enough errors that at least one in 10 projects in the streams that remained was also likely ineligible, which is why we made the recommendation that it wasn't just the 10 we found and that they needed to do more work to determine whether there were others.

Mr. Matthew Green: Thank you very much.

The Chair: Thank you very much.

Beginning our second round, Mr. Cooper, you have the floor for five minutes.

Mr. Michael Cooper (St. Albert—Edmonton, CPC): Thank you, Mr. Chair.

Ms. Urie, can you confirm that SDTC is abiding by the order of the House of Commons and turning over all of its records to the RCMP?

Ms. Sheryl Urie: My understanding is that SDTC did receive an order from the House of Commons, and we're in the process of collecting the documents that have been required.

Mr. Michael Cooper: The documents will be turned over within 30 days of that order. Is that correct?

Ms. Sheryl Urie: The plan is to turn over all the documents to the law clerk, as has been requested.

Mr. Michael Cooper: Thank you.

Ms. Hogan, you found, in your damning report, that \$76 million had gone out the door. Board members at SDTC sat on, deliberated on and voted on the funnelling out the door of those monies to companies that they had an interest in, in blatant conflicts of interest, blatant corruption.

You provided this committee with a list of the board members and the companies that received those monies. The companies of one board member, Andrée-Lise Méthot, who is a former colleague and long-standing friend of the Minister of Environment and Climate Change, Mr. Guilbeault, received over \$50 million in funding from SDTC, which she voted on while she sat on the board. I have identified a number of other companies that Ms. Méthot has an interest in and that received monies from SDTC while Ms. Méthot served on the board.

Did you look into the funding received by MineSense Technologies Ltd., which received \$4 million from SDTC, in which Ms. Méthot is an investor?

• (1610)

Ms. Karen Hogan: Mr. Chair, I'm not sure I can respond at that granular level. I'll see if the team can do some research.

I think it's important to know that we didn't target board members or their companies. We looked at the process the foundation had in place. At times there were conflicts of interest that were well managed, and we highlighted the 90 that were not.

Mr. Michael Cooper: Well, Ms. Hogan, I would note that it is a blatant conflict of interest, as you determined, to sit in a meeting and approve funding to a company that you have an interest in, and there was more than \$50 million, at least, that went out the door and that you've identified with respect to Ms. Méthot.

Not only that, but it is a violation of the law for a board member to receive funding to a company that they have an interest in from SDTC, by virtue of the SDTC act. We're not talking only about conflicts of interest. We're also talking about non-compliance with the SDTC act.

For the record, I would ask you to come back to this committee and determine whether you factored in or considered, with respect to conflicts of interest and non-compliance with the law by Ms. Méthot, not only the \$4 million that went to MineSense Technologies, but the \$7.1 million.... In fact, maybe what I'll do is just get back to you with a list. Would you undertake to do that? When you calculated it, there were millions and millions of dollars more that went out the door.

Ms. Karen Hogan: Mr. Chair, the team will have to go back through lots of details in our file in order to be able to answer that question. We'll see what we can provide to the committee.

Mr. Michael Cooper: I'll turn it over to Mr. Perkins.

The Chair: You have about 50 seconds.

Mr. Rick Perkins: Thank you, Mr. Chair.

I just want to go back and ask Mr. Boothe a question on the issue of whether or not the companies that the Auditor General has determined were under a conflict of interest.... Well, actually, I'll start with the first group. There was \$58 million that went to companies that, according to the Auditor General, were ineligible. They were outside the parameters of the contribution agreements. Will you commit that, going forward in this new structure, no company that is part of that group or any other group that received money outside of the existing contribution agreements—as has happened under Annette Verschuren's chairmanship and these other Liberal appointees—will get further funding?

Mr. Paul Boothe: Mr. Chair, I have to admit, on the 13th day on the job, I'm not familiar with the details of the companies or the—

Mr. Rick Perkins: I'm sorry, Mr. Boothe, but I wasn't asking about the particular companies. It's a general statement.

Mr. Paul Boothe: I guess what I would say is that my commitment, consistent with the Auditor General's report, is to go back and review all the companies that have received funding to make sure that it was appropriate, and in the cases where it was not appropriate, as identified by the Auditor General, to see what the appropriate steps are.

My commitment to you is that we will review all of the companies that received funding. As my colleague said, we'll start with the companies that have projects in process, so for the ones that have no problems, we can get that funding restarted. My plan is, with my fellow board members, to review all the projects that have been funded.

• (1615)

The Chair: Thank you very much.

Mrs. Shanahan, you're next for five minutes, please.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Chair.

I'd like to thank the witnesses for being here today.

Ms. Hogan, thank you again for an excellent report. I know that it's an unusual report in some respects, but in other respects it addresses some of the overriding themes that your office often looks at: lack of documentation, whether deliberate or not deliberate, or governance structures that are not properly put in place.

I understand this is unusual, because this is an arm's-length organization. Typically, your office would be auditing government departments and Crown corporations. Can you just talk to us about the nature of the structure of this organization? What were the challenges for your office, if any, in doing the audit? In particular, it's tied to a federal department, but what did those ties look like?

I'm also curious about what the oversight function was. What did you observe about that? Was there some kind of regular check-in?

I'm trying to get a good understanding as to how SDTC operated in its early years.

Ms. Karen Hogan: There were many questions in there. I'll try to answer them all.

A foundation is another arm's length away from the federal government than a Crown corporation is. That, in and of itself, usually would make it ineligible for my office to audit. We are not the auditors of the foundation. The reason we could go to a foundation is that it is funded solely by federal money. It's the contribution agreement that existed between the Government of Canada and the foundation that gave me the conduit to go in and see whether public funds were spent in a prudent way.

The tie to the department was that Innovation, Science and Economic Development Canada had responsibility for monitoring compliance with that contribution agreement. That compliance structure was actually set out in the contribution agreement. It wasn't just about receiving corporate plans, which they did receive, or minutes, which they did receive, but also about how they should have been auditing compliance with the contribution agreement to make sure that public funds were being used in a prudent way.

You asked about things that were unusual. That relationship was an unusual one. It's quite unusual for a department to be so involved with an organization that is at an even further arm's length from the government than a Crown corporation is.

The corporate structure set up in the Sustainable Development Technology Act is an unusual one. There is not only a board of directors, but also a group of members that is meant to be self-sustaining and to appoint the members. That is an unusual corporate structure. We found that there were challenges in the act's being respected. In fact, one of our findings was that the board of directors of the foundation didn't ensure that the foundation continued to comply with aspects of its enabling legislation.

I hope I've covered all of the elements in your question.

Mrs. Brenda Shanahan: I appreciate that. One of the outcomes of the work you do is learning.

I'd like to hear from Ms. Urie.

Mr. Boothe, maybe we'll hear from you later.

Ms. Urie, in your experience, what were the internal checks and balances in the review process of the projects? What did it look like to you? Did you have eyes on that?

Ms. Sheryl Urie: The approval process starts at application for any company that's looking for funding. There's a screening process that essentially happens the full way through until it actually reaches the board for approval. The board approvals and the committee approvals are very much the last step. There are a whole bunch of steps that happen in between, prior to a project's even getting to that point.

Projects are screened for high-level eligibility as to whether they actually meet the goals and objectives of the fund. Companies, if they pass that, go into a video pitch session, and further eligibility criteria are applied. The companies essentially do a pitch session for their project: who their partners are, how they plan to fund it, and what the environmental benefits associated with their project are. At that point in time, a company may also be off-ramped. If they make it through that step, the company can then move to a diligence process. As we go through the diligence process, there are significant interviews with the management team, a deep-dive review of the technology, discussions with their funding partners, and discussions with their project partners, as well as expert or external reviewers who are engaged and who provide an independent view on the criteria associated with eligibility for that project.

• (1620)

Mrs. Brenda Shanahan: Who provides the independent view?

Ms. Sheryl Urie: It's external parties. Academics are some of the individuals we engage. External consultants review the project. One reviewer opines on the technical aspects of the project, and we have another reviewer who opines on the business aspects of the project. Every project goes through that review.

As well, there are probably about 20 different folks within the SDTC organization at different points in time who are involved in that review and who touch the file prior to that project ever being presented to the project review committee.

The Chair: Thank you very much.

[Translation]

Ms. Sinclair-Desgagné, it's over to you for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: Ms. Urie, you mentioned a kind of external audit of all projects in terms of their technical and financial eligibility.

Can you tell us which organization will be hired to do that?

[English]

Ms. Sheryl Urie: What we would like to do is RFP the process but move a little more quickly, to be able to address the pressing issue of getting funding going for some of the projects that have had their funding paused for a little while.

We have been working with Deloitte as a partner to help us with our process and process enhancements. The plan is to trial that and ensure they have the experts we need in order to be able to conduct the review. It's a matter of finding the correct resources.

[Translation]

Ms. Nathalie Sinclair-Desgagné: I see you did not issue a call for tenders. You awarded the contract to review the projects directly to Deloitte.

[English]

Ms. Sheryl Urie: Well, the engagement with Deloitte was conducted through an RFP. That RFP process actually happened in the fall, and they've been assisting us. There was a competitive process.

[Translation]

Ms. Nathalie Sinclair-Desgagné: I'm talking specifically about what you're describing. You are reviewing all the projects to see whether they are eligible. You mentioned that there was another party.

Is Deloitte going to review the 100 or so projects in your portfolio, yes or no?

[English]

Ms. Sheryl Urie: Currently, what we're trying to understand is whether Deloitte—with which we have an engagement currently to help us through the MRAP process, and that engagement was competitively bid on—has the resources to help us move quickly to be able to assess eligibility.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Will you verify that Deloitte's staff do not have a conflict of interest with the hundreds of companies in your portfolio? Again, it's a yes or no question.

There is a conflict of interest vetting process, because Deloitte employees may also have conflicts of interest with companies that are in the portfolio. How will you ensure that the company that reviews the eligibility of projects doesn't have a conflict of interest?

[English]

Ms. Sheryl Urie: I understand your question regarding the conflicts that Deloitte may have with the individual portfolio companies.

That is a process that Deloitte engages in for every company that it reviews as part of our process. They have a risk management process that requires client acceptance review and ensuring that they have no conflicts—that is, no other consulting work, taxation work and things of that nature—prior to being able to do the review that we'd be asking for.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Deloitte's conflict of interest process is related not to the companies in your portfolio, but to its client, Sustainable Development Technology Canada.

[English]

Ms. Sheryl Urie: No—

[Translation]

Ms. Nathalie Sinclair-Desgagné: Yes, it is. I worked at Deloitte. I spent a good part of my career there. It's done with the client.

[English]

It is the client acceptance engagement process.

[Translation]

It's done with the client, not with the third party, in this case the companies connected to the hundreds of projects. Otherwise, it's true, you would not get many people.

I'm asking you once again what your practices will be to ensure that there is no conflict of interest between the employees who review project eligibility and Deloitte. It's a pretty straightforward question.

If you can't give me an answer now, please send one to the committee in writing.

[English]

Ms. Sheryl Urie: I, too, understand the conflict of interest process that Deloitte goes through with the client they engage. However, due to the number of companies that we have Deloitte reviewing, Deloitte has been going through the process of reviewing their conflict of interest for each individual company in our portfolio, and they cannot opine on the eligibility for those companies.

The Chair: Thank you very much.

Up next is Mr. Green.

You have the floor for two and a half minutes.

Mr. Matthew Green: Thank you very much.

I'm going to put two questions to you, Ms. Urie, that are going to be yes-or-no questions.

The first question is, does the contribution agreement require SDTC to transparently provide the public with its application criteria and funding streams so that anyone in the public can apply for funding?

• (1625)

Ms. Sheryl Urie: Yes, that is an element of the contribution—

Mr. Matthew Green: Did SDTC provide the public with any information or opportunity to apply for the funding through the ecosystem fund?

Ms. Sheryl Urie: Not that I'm aware of.

Mr. Matthew Green: Then how was board chair Verschuren's centre selected for funding review in a fair manner if the public never had information about the fund's existence?

Ms. Sheryl Urie: My understanding is that the ecosystem stream was a pilot. It was a stream to be able to understand if there was an appetite or whether—

Mr. Matthew Green: Who created the pilot?

Ms. Sheryl Urie: I believe it was an initiative of the former CEO.

Mr. Matthew Green: The CEO created a pilot that fast-tracked its own project?

Ms. Sheryl Urie: No, the ecosystem stream was to look for projects, and that was an initiative of our former CEO.

Mr. Matthew Green: Similarly, then, how was the CEO's ALICE project selected for funding review in a fair manner if the public never had any information that these funds existed?

Ms. Sheryl Urie: My understanding is that the ALICE project was referred to SDTC by Emissions Reduction Alberta, so it was from another funding agency.

Mr. Matthew Green: Another funding agency presented it to SDTC for selection.

Ms. Sheryl Urie: That is correct.

Mr. Matthew Green: Who selected it?

Ms. Sheryl Urie: I don't know that.

Mr. Matthew Green: You don't know?

Ms. Sheryl Urie: I don't know the answer to that question.

The ecosystem stream was very much a pilot. It was an attempt to see if there were projects that could fit what SDTC was delivering in providing greater environmental benefits to the—

Mr. Matthew Green: But that's not the question.

I asked whether the public had an opportunity for a fair procurement process or a fair application process for public funds, or whether these were hand-selected despite clear conflicts of interest for board members and people associated in senior management.

Ms. Sheryl Urie: I can only tell you it was a pilot—

Mr. Matthew Green: Ms. Hogan, based on what you've just heard as a characterization, is it fair to say that SDTC executives were giving preferential treatment in hand-selecting companies that were not eligible and that they broke the conflict of interest rules because they were connected to management and the board while simultaneously none of these opportunities were presented to the general public?

Ms. Karen Hogan: Mr. Chair, what I can tell you about the ecosystem is what we wrote in paragraph 6.63 in our report, which was that we found that Innovation, Science and Economic Development had raised concerns with management that the ecosystem's projects did not meet the terms of the contribution agreement. We saw no evidence that management at the foundation had talked to the board about this. I think there was a breakdown in communication here about things that really were not eligible to be funded under the contribution agreement.

Mr. Matthew Green: To be clear, the board chair's name was literally on the centre that was receiving funding. Is that correct?

Ms. Karen Hogan: I don't believe that organization received funding. There were two organizations that received ecosystem funding.

Mr. Matthew Green: That's right. I apologize. They tried to find them other funding somewhere else.

The Chair: Thank you, Mr. Green. We will certainly come back to you.

Mr. Duncan, you have the floor for five minutes.

Mr. Eric Duncan (Stormont—Dundas—South Glengarry, CPC): Thank you, Mr. Chair.

Ms. Urie, I want to follow up.

Earlier, in response to some of the questions lobbed from the Liberal side, you said that you deemed this seed funding program to be very successful, “a great success”, and you said that one of the frustrations about the program was the criticism it's been receiving. I find that a little tone-deaf, frankly. We're here because of the Auditor General's report about the massive amount of corruption and conflict of interest involving Liberal insiders being appointed and approving for themselves tens of millions of dollars. With respect to the criticism you've heard around this table or through the Auditor General's report, I'm going to suggest that this might be a very strong feature as to why the program is, rightfully, getting a lot of criticism.

I want to follow up on what Mr. Perkins said earlier about getting taxpayers' money returned from the projects that were deemed ineligible. You said that you hadn't done that yet and that the government hadn't reached out and you hadn't reached out to anybody to get any money back yet because you were evaluating it. There are 10 projects, for example, that the Auditor General said are worth \$59 million that were ineligible. They were not eligible for this money.

What more do you need to study before asking them for the money back?

Ms. Sheryl Urie: I think we need to develop a process to enable us to determine how to recover those funds and what the most appropriate mechanism is. That's where we're looking at a path forward and assessing the eligibility of all the portfolio and moving with a consistent path forward so all of the companies are treated fairly.

Mr. Eric Duncan: Mr. Boothe, I want to ask you about this, because not only were 10 projects worth \$59 million deemed ineligible, but in 90 cases or more than that—for \$76 million—there were conflicts of interest that the Auditor General highlighted in the selected area of review.

In your opinion, given that your job was to come in and clean up this corruption, if there was a conflict of interest and money was approved, do you agree that this automatically makes them ineligible and that the money should be returned to taxpayers?

• (1630)

Mr. Paul Boothe: Mr. Chair, as I said before, I'm going to review all the projects with my two fellow board members. In any cases where money should be recovered—

Mr. Eric Duncan: My question specifically, Mr. Boothe, is whether, if there is a conflict of interest on a project for which money was granted, that project should be ineligible and the money should come back to taxpayers. On conflict of interest, the Auditor General has selected a number of them. Should the money come back, yes or no?

Mr. Paul Boothe: I will assess the projects and, when I believe money should be recovered and if it can be recovered, I will recover it.

Mr. Eric Duncan: The cleanup that's going to be required here might be a bit more of a light dusting if you can't commit. The Auditor General said that conflict of interest rules were not followed and that it was not appropriate.... I'm just going to read right from

the act. I know you're new on the job, in the last couple of weeks, but it's the seriousness and, frankly, the simplicity of it.

The act states, under “Conflict of interest”:

For the purposes of this Act, a public office holder is in a conflict of interest when he or she exercises an official power, duty or function that provides an opportunity to further his or her private interests or those of his or her relatives or friends or to improperly further another person's private interests.

Under “Decision-making”, the act states the following:

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.

That is in an act of the Parliament of Canada.

I'm not giving a name or a number, but if somebody was found to have violated the act and violated the conflict of interest rules—the Auditor General says there are at least 90 cases with \$76 million—do you not think Canadians might be frustrated? In the work you've been asked to do to clean up, you can't even tell me that if someone is in a conflict of interest, knew the rules, broke the rules and got the money, the money needs to come back to taxpayers.

I'll ask you again: If they're in a conflict of interest and they broke the rules of the act, will that money be forced to come back to taxpayers?

Mr. Paul Boothe: As a deputy minister, one of the things I learned was not to give blanket assurances without a complete understanding of the facts, and I'm going to have to.... I completely accept the report of the Auditor General, and my main responsibility will be to implement her report. However, to give any assurances about any companies before I understand the facts would be ill-advised, and I will not do it.

The Chair: Thank you, Mr. Duncan. That is your time. We'll come back to you, I'm sure.

Mr. Weiler, it's good to see you today. You're joining us online, and you have the floor for five minutes, please.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you very much, Mr. Chair.

I also want to thank our witnesses for being here today.

I want to start with Ms. Urie.

Given some of the blatant conflicts of interest that have been revealed here through the Auditor General's report and that we've been able to dive into a little bit more today, I was hoping you could walk me through the process of how ISED was reviewing the minutes to ensure that there was an oversight mechanism. I'm just curious as to why some of these cases were not identified up until the Auditor General's report.

Ms. Sheryl Urie: I can tell you that, for every board meeting, the department has provided all of the documents related to that board meeting. They have access to the documents for any of the committee meetings as well. ISED has provided these in advance of the meeting so that they would have the ability to review the materials provided, as well as the minutes of the previous meeting, because those would be contained in those materials.

I don't work within the department, so I'd be unable to respond as to how they review them within the department, other than knowing that SDTC's board meetings regularly had a departmental representative observing at the meetings—not necessarily participating but generally there as an observer.

Mr. Patrick Weiler: Thank you.

Next, I want to ask Mr. Boothe a question.

Given the response from the Auditor General before, there was actually a concern raised about the transition from the arm's-length set-up that SDTC has had: that under the NRC there will be a challenge, potentially, in accessing some of the expertise in the clean-tech sector.

I'm hoping that you might be able to provide some information about how the NRC is going to be able to approach this challenge that's been identified to ensure that, as this transition takes place, you're not going to be losing that type of important expertise for being able to deliver these types of funding.

• (1635)

Mr. Paul Boothe: I listened carefully when the Auditor General made her remarks, and one part—given that I accept all the findings of her report—I found myself nodding my head to. That was when she talked about the legislation, which I find to be very complex. It bakes in the problem of conflicts of interest, because this is such a small sector, yet you require all these experts to opine, and then the board members, all with expertise in the sector, to decide. It strikes me that, going right back to the beginning of the legislation in 2001, this problem has been baked in. I certainly would not recommend that this kind of legislation be passed, but that's all down the river.

The other thing that caught my interest was her concern, or at least identifying a risk, that you would not, in a government department, be able to have the expertise, or at least, given the more stringent conflict of interest rules that we, as public servants, dealt with.... The reason I was maybe not as concerned about that risk is that, when I think back to my time as deputy minister for Environment Canada, I supervised the Canadian meteorological service, and I'm not a meteorologist, as well as the Canadian wildlife service, and I'm not a wildlife biologist.

The thing is that good deputy ministers are experts at managing experts. The NRC will still have to ensure that the expert opinions they access are free from conflicts, or that conflicts are managed properly, so it doesn't completely make the problem go away. However, it strikes me that the benefit will be that you're going to have a deputy minister who is very circumscribed in their own financial affairs and conflict of interest declarations, and you're going to have to rely on them to access the expertise they need to make the decisions.

It is a risk, but it's a risk, certainly, that I think deputy ministers face all the time.

The Chair: Thank you very much.

Beginning our third round, Mr. Perkins has the floor again for five minutes.

Mr. Rick Perkins: Thank you, Mr. Chair.

I'll pick up with you there, Mr. Boothe. You were a deputy minister of finance. You have had a distinguished career in the public service. SDTC had an ADM at every single board meeting that happened. Half of the transactions that the board passed were conflicted. Do you believe that the ADM reporting to you would never tell you, as the deputy minister, that half of an \$800-million fund of taxpayers' money was being voted to the directors themselves? Do you believe he would never tell the deputy about that?

Mr. Paul Boothe: Mr. Chair, it's very difficult for me to say what the assistant deputy minister knew and what he reported to the deputy minister. I honestly don't know.

Mr. Rick Perkins: He's appeared here—

Mr. Paul Boothe: One thing I will say is that this goes back to what I just said about the legislation. This is an arm's-length body—

Mr. Rick Perkins: I'm sorry, Mr. Boothe. I didn't ask you about the legislation, because there was not a single chair of this board since its establishment in 2001 who had a conflict—not one—until Annette Verschuren, and she was appointed over the objections of the senior management team, which told the ADM, the deputy minister and the minister's office that they shouldn't appoint a board member who was conflicted, yet they did.

It boggles my mind that we've had ministers here like Navdeep Bains, who, in doing his Sergeant Schultz routine, claimed that he knew nothing and he doesn't remember anything. All he was responsible for was appointing corrupt Liberals to the board. He wasn't responsible for overseeing the corrupt Liberals on the board. It's appalling to me that everyone has said, "It's not my fault. We just let it go on."

I would think that you, as a former deputy minister, would be appalled by the fact, regardless of who it was, that a deputy minister would sit here and say, "I didn't know anything. I spent absolutely no time overseeing, when I had an ADM in every meeting, and I spent absolutely no time figuring out how they're doing it." It's beyond belief that an ADM sitting in on every single one of these board meetings...unless it's because he was asking one of the previous chairs for a job outside of government. Maybe he was conflicted.

It's incredible to think that we're going to get the same old stuff, the same old management, the same old approach, the same old "whatever, okay, they were legitimate companies and everyone's conflicted and everyone in this industry is conflicted". Half of all the transactions in the audit period had a problem, and there's absolutely no way that the four directors who did this are in control of half of all the companies in the entire green technology industry. It just happened that the half they had an interest in managed to get through the system.

Come on. It's a conspiracy of corruption and defrauding the taxpayer, and nobody in the government seems to care—no current minister, no current deputy minister—and you, as a former deputy minister of finance, don't seem to care, yet they've put you in charge.

• (1640)

Mr. Paul Boothe: I'm sorry, Mr. Chair. Is there a question?

Mr. Rick Perkins: Why are you not appalled by this? Surely in two weeks you've had the opportunity to look at some of this stuff in preparation for appearing today.

Mr. Paul Boothe: In preparation for my appearance today.... I mean, I did quite a lot of things in the past two weeks and I prepared a list. I don't think the honourable member is asking that. I spent most of my time becoming familiar with the Auditor General's report.

I haven't looked at any individual files yet, and I'm not ready to do that, but the one assurance I will give you is that I will implement the Auditor General's report to the best of my ability and make sure that no funding goes forward that isn't compliant.

Mr. Rick Perkins: Okay. I appreciate that.

This is for the Auditor General. There's a fellow named Chris Wormald. He was the business review analyst for this outside consultant, and he put forward reports—we have copies of them—that said a number of these projects should not be approved and shouldn't be qualified under the fund. Then, within only a couple of months, he put forward a report saying, "Oh, sorry, I changed my mind; these should be approved." It so happens that the ones he changed his mind on were all financially owned by one of the directors.

Did you, as the Auditor General, as part of the governance analysis, understand and look in depth at this fellow, Chris Wormald, and all of those things that were off the table and rejected and then mysteriously back on the table and that happened to be ones the directors owned?

Ms. Karen Hogan: As I mentioned before, we don't look at the individual actions of a person. We went to the organization, but I believe the honourable member is talking about a reference in paragraph 6.42, where we did highlight that there was an external expert who had a conflict and wasn't removed. Again, this is an instance where the conflict of interest policy didn't cover things or wasn't followed, so I believe that we highlighted a couple of those situations in paragraph 6.42.

I can ask Mathieu to add to that, if you would like more details.

The Chair: Go ahead.

Mr. Mathieu Lequain: The companies that had been reviewed by this individual were in our sample. We reviewed them, but we did not expand the work with this person in mind. We looked at what was in the sample. The two companies you're talking about were in the sample, so this is how we picked up on the situation.

• (1645)

The Chair: Thank you.

Ms. Yip, you have the floor for five minutes, please.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Thank you, Mr. Chair.

I think I'll give Ms. Hogan a bit of a break and I'll turn to Mr. Boothe.

Are you involved in employee transfers from SDTC to the NRC?

Mr. Paul Boothe: I'm not sure what you mean. Am I involved? As chair of the board, I will be involved, although I'm not leading the planning for the transfer of programming and staff to the NRC. That's one of my board colleagues.

Ms. Jean Yip: Can you talk about how these transfers are happening and the number of employees who are being transferred over?

Mr. Paul Boothe: First of all, SDTC is a pretty small organization in terms of staff. I think it's in the neighbourhood of 75, so it's relatively small compared to the National Research Council.

The minister has already said that all the staff from SDTC will be offered employment at the NRC, but of course, it remains to be seen how many of them decide they want to take that up. This is one of the things that I've been thinking about. There's a lot of expertise there, and the folks at the NRC in our preliminary meeting recognized that. We'll have to try to make sure we don't have a big loss of expertise as the programming moves over to the council.

Ms. Jean Yip: To your knowledge, why was it decided that, as an important part of this new governance structure, we transfer the existing employees to the NRC?

Mr. Paul Boothe: I'm sorry. I didn't quite hear the question.

Ms. Jean Yip: To your knowledge, why was it decided that the transferring of employees to the NRC was an important part of this new governance structure?

Mr. Paul Boothe: I can't say for sure what was in the minister's mind when he made this decision. Certainly, ministers get advice from their departments, but they also have other considerations.

A move to the NRC—and the Auditor General has alluded to this—does help deal with some of the conflict of interest issues because the public service has very clear and strict rules about this. I was a public office holder for many years, and I've experienced it myself. In terms of reporting and accounting, those things will be simplified a great deal with the transfer to the NRC.

There are some synergies. IRAP has a lot in common with SDTC's programming. The people who work in it are in the field. Most of them are in the private sector or from the private sector. They deal with private sector companies, sometimes the same companies. There are some synergies, and in our preliminary meeting, the NRC recognized that. However, it's going to be a complex process to move private sector folks into a public sector organization. There's a lot of work to do.

• (1650)

Ms. Jean Yip: Thank you.

Ms. Hogan, one observation that's been raised is the challenge that organizations like small clean-tech companies in Canada are part of a small and closely linked ecosystem. What is your insight into how organizations operating in this type of ecosystem should conduct themselves to make sure that all guidelines are being followed, regardless of ethics and so forth?

Ms. Karen Hogan: I'm not sure I have thoughts on what to tell all the small organizations in the clean-tech industry. What I was looking at was how the foundation was managing those conflicts of interest.

I truly believe that in the SDTC act was an inherent conflict. Ensuring that the board members have the expertise in such a small niche market was bringing in inherent conflicts. That's why I would have expected a much more rigorous process around managing conflicts of interest.

It was difficult at best to go through many series of minutes to see when a conflict was declared and then trace whether someone had voted or participated in a conversation about a company that caused them to be conflicted. It was clear that not having a system to manage that is what caused many of the conflict of interest issues.

I think it's about making sure that there's rigour, especially when public funds are involved.

The Chair: Thank you very much.

Mr. Matthew Green: On a point of order, Mr. Chair, having sat on this committee before, it was often the case that the auditor would come independent of the witnesses in separate hours. When that occurred, it allowed for a reset of the rounds to give opposition parties the opportunity to have a full round of questioning at the top of the hour.

I'm just going to test the will of the room and see if I can get unanimous consent to allow me and the Bloc to have full five-minute interventions.

The Chair: I'll speak to that. I'm not aware of it. I've been chairing for more than two years. That's never even been brought up before now.

I have been giving members extra time. Certainly, you've had good questions. We will see if there is agreement. We're in the middle of a round right now, so I'm more inclined to—

Mr. Matthew Green: It's at the start of the hour.

The Chair: Mr. Green, you're proposing something that's never even been brought up in the subcommittee. This is the first I've ever heard of this. My experience is that the Auditor General appears with the witnesses, never separately.

I'll put that aside. I hear your request. It is basically to truncate the last round to four minutes.

Mr. Matthew Green: It's to give us back our five minutes.

The Chair: Mr. Green, you haven't lost anything. You say it's giving time back, but as I said, what you're asking has never been done under my chairmanship and no party has ever raised it, not even yours.

Ms. Iqra Khalid: Chair, you have consent from me to allow the extra time.

The Chair: Give me a second.

Is there unanimous consent to allow the NDP and the Bloc to go from two and a half minutes to five minutes for this turn?

Some hon. members: Agreed.

The Chair: All right.

Mr. Green, so you know, this is a collaborative committee and we often give the two third parties more time, but I'm pointing out that what you're recommending is something I've never heard of here. In fact, my understanding is that the Auditor General always appears with witnesses and is never alone.

Is that your experience too, Ms. Hogan?

Ms. Karen Hogan: I can talk about my experience over four years. Typically, we very much prefer to be here with the parties involved in our audit, yes.

Mr. Matthew Green: I appreciate the indulgence.

The Chair: Thank you.

[*Translation*]

Ms. Sinclair-Desgagné, you have the floor for five minutes.

Ms. Nathalie Sinclair-Desgagné: I would like to thank Mr. Green for his comments, and I obviously support what he said.

Ms. Hogan, at the request of one of my colleagues, your office sent us a supplementary document. This document listed the amounts associated with ineligible projects and the 90 cases where conflict-of-interest policies had been breached. It also referred to the awarding of \$58 million to projects without ensuring that they complied with the terms and conditions of the contribution agreements.

Can you tell us more about these projects?

• (1655)

Ms. Karen Hogan: Absolutely.

In some cases, there has been funding overlap. You have to take that into account.

In this case, it was projects from the Seed component, which did not follow the contribution agreement. In addition, there were also cases related to the additional funding resulting from COVID-19. All this funding was voted on as a whole rather than on a case-by-case basis, which is required by the contribution agreement with the government.

Ms. Nathalie Sinclair-Desgagné: Can you give us an example where the contribution agreements had not been respected, either in the Seed component or with regard to the benefits related to COVID-19?

Ms. Karen Hogan: I'll ask Mr. Lequain to give you an example.

Mr. Mathieu Lequain: In the case of payments related to COVID-19, there were two payments, the first in 2020, and the second in 2021. For the one in 2020, 118 projects were approved in a single vote, and in 2021, 102 projects were approved.

Ms. Nathalie Sinclair-Desgagné: You're saying that these projects were approved as a whole, without any consideration of project specifics.

What happened with the Seed component? It seems to me that the pandemic was over. How do you explain this?

Mr. Mathieu Lequain: For the Seed component, the projects were grouped together. So there was a vote on a large number of projects in the Seed component, not a vote for each of these projects.

Ms. Nathalie Sinclair-Desgagné: Why was it decided to group different projects together and approve them at the same time?

Mr. Mathieu Lequain: As explained in the report, the process for the Seed component was different from the others. It was a decision made by the foundation.

In our opinion, this decision meant that the approval process no longer complied with the obligations of the contribution agreement.

Ms. Nathalie Sinclair-Desgagné: How many projects were there in the Seed program?

Mr. Mathieu Lequain: There were 194.

Ms. Nathalie Sinclair-Desgagné: A decision was made to approve 194 projects—

Mr. Mathieu Lequain: The 194 projects were not approved all at once.

Ms. Nathalie Sinclair-Desgagné: Do you have any idea of the number of components?

Mr. Mathieu Lequain: I can't tell you, but, from memory, I'd say there were about fifteen.

Ms. Nathalie Sinclair-Desgagné: All right.

Mr. Mathieu Lequain: Maybe the foundation has this information, but, from memory, I'd say there were about 15.

Ms. Nathalie Sinclair-Desgagné: All right.

Can you provide us with an answer later? Is this information in your files? It would be interesting to know that number. Can you pass this information on to the committee?

Mr. Mathieu Lequain: There were 12 components; it's written in the report.

Ms. Nathalie Sinclair-Desgagné: All right.

There were 12 components and about 20 projects per component.

You said the process was different. Did anyone explain why the projects were approved as a whole? It's possible that you were given a satisfactory explanation, but it's also possible that you weren't.

Mr. Mathieu Lequain: We put the question to the foundation's director and management team. The amount was \$100,000. This is a relative assessment of the amount of money that is disbursed and the time required to approve the process. That's what the directors and management team told us.

Ms. Nathalie Sinclair-Desgagné: The \$100,000 amount had therefore been deemed too modest to be able to carry out the necessary verifications or to ensure that the terms and conditions of the contribution agreements were respected.

Is this correct?

Mr. Mathieu Lequain: Risk assessment is lower when disbursing \$100,000 than when disbursing a few million dollars. It was therefore decided that the board should devote its time to the larger projects, where the risks were potentially greater.

Ms. Nathalie Sinclair-Desgagné: The fact remains that \$19.5 million has been disbursed. That's a lot of money for taxpayers, especially in a time of crisis.

• (1700)

Ms. Nathalie Sinclair-Desgagné: Mr. Lequain, I'm sorry, but I'm going to give you more work. The question of overlap is very interesting. I'm not talking about the 96 cases where conflict of interest policies were followed. Would it be possible to provide us with a follow-up on this?

I'm interested precisely in the conflict of interest cases for which policies were not followed, the projects that were deemed eligible even though they didn't comply with the contribution agreements, and the 10 ineligible projects.

Can you provide me with this information on these three categories, the overlap and the total amount?

Mr. Mathieu Lequain: Yes, Ms. Sinclair-Desgagné.

Ms. Nathalie Sinclair-Desgagné: Thank you very much.

The Chair: Thank you very much.

[English]

Mr. Green, you have five minutes.

Mr. Matthew Green: Thank you very much.

I'm going to ask you two yes-or-no questions, Ms. Urie. I'd like you to answer them before I move on.

Does the contribution agreement require SDTC to review financial compliance and fully complete a project budget for an approval?

Ms. Sheryl Urie: Yes, it does.

Mr. Matthew Green: Would SDTC executives recommend a project to the board if there were concerns of financial non-compliance and incomplete budgets?

Ms. Sheryl Urie: I don't believe so.

Mr. Matthew Green: Why, then, were the financial concerns of non-compliance relating to the ALUS ecosystem ignored?

Ms. Sheryl Urie: I don't believe there were concerns about financial non-compliance with the ALUS ecosystem project. ALUS had proposed a project to help remediate the soil—

Mr. Matthew Green: What about more broadly with ecosystems? Did you ever have any concerns about financial non-compliance with the ecosystem projects?

Ms. Sheryl Urie: Anytime there is a concern about financial compliance, it's about ensuring that we're funding an appropriate project budget—

Mr. Matthew Green: Ms. Urie, I'm going to reference to you an email that you sent to Christine Charbonneau dated February 24, 2022. The subject line was "DD number 4, February 22nd question". You said that attached was a summary of the expenses that were planned for the ecosystem project that is being proposed for potentially 2022-B. You may recall this. You also said that it was a challenge to ensure compliance, as there was no clear project identified.

Do you recall that email?

Ms. Sheryl Urie: I was about to respond.

The concern with all projects is ensuring that we have a project that's clearly defined. I had expressed my concerns with the ALUS project and said that we needed to ensure we had an appropriate budget for the project and understood the costs that would be—

Mr. Matthew Green: At any time, did you have SDTC staff working to ensure there were appropriate budgets and compliance for companies that applied and didn't meet that standard?

Ms. Sheryl Urie: Every budget that comes to the organization is reviewed.

Mr. Matthew Green: Is it common to have staff within SDTC working proactively for an organization to help create budgets and compliance?

Ms. Sheryl Urie: I don't believe SDTC creates budgets for projects.

Mr. Matthew Green: It's never happened. You've never had staff work on a project to help bring somebody into compliance. Is that your testimony today?

Ms. Sheryl Urie: No. What happens with budgets that come to the organization is they are received from the companies and reviewed. Part of that review is to ensure that the companies understand the eligibility requirements of the fund. We don't want budgets coming in that have ineligible costs—

Mr. Matthew Green: Is it common practice to have staff work on compliance retroactively, after the case and after the approval? It's a simple yes-or-no question. Is it common to have them work on projects?

Ms. Sheryl Urie: If reporting comes back from companies that is not within our eligible cost buckets and is not clearly within the

scope of the project, then yes, as part of our review process, we would inform the company that it needs to—

Mr. Matthew Green: You would then have your staff work on it.

Ms. Sheryl Urie: There would be, within our finance organization, folks who address those issues.

Mr. Matthew Green: Ms. Urie, why did the SDTC board and executive team approve the ALUS ecosystem and give it \$5 million in taxpayers' money when the CEO had a conflict, it was ineligible and it had no budget or compliance, especially when other companies never get this type of preferential treatment?

Ms. Sheryl Urie: My understanding of the ALUS project was that any conflicts associated with the project were declared and adjudicated, and a decision was made on who could participate in those votes.

Mr. Matthew Green: We've already established that this is a special fund that had no public advertising and for which no opportunity was given to people outside of those who were insiders and connected to board members.

Have you ever, as an executive, knowingly ignored financial non-compliance for companies that successfully received money?

Ms. Sheryl Urie: No, I've never ignored financial non-compliance. All projects require a budget and an eligible expense review, and that's prior to any funds being disbursed.

Mr. Matthew Green: Section 6.71 of the auditor's report identifies that COVID-19 dollars were paid out "without ensuring that its process to award such payments complied with contribution agreements."

What would be the risk for the recipient companies if they were in breach of their contribution agreements?

• (1705)

Ms. Sheryl Urie: Prior to providing any type of COVID support, there was a review of all the companies—

Mr. Matthew Green: Did you ever knowingly provide COVID support to companies that would automatically be in breach of financial compliance by being overfunded? Did you ever do that?

Ms. Sheryl Urie: I can tell you that for the assessment process I was involved in, there was a review of the funding ratios of the companies—

Mr. Matthew Green: Is 75% the appropriate ratio?

Ms. Sheryl Urie: It's 50% for the SDTC funding ratio and 75% for the companies—

Mr. Matthew Green: Were there companies that ever came in at 78%?

Ms. Sheryl Urie: If there was any company.... What happens with our funding is there's always a holdback. With each disbursement that's provided, 10% is paid out.

Mr. Matthew Green: Did companies know that by receiving COVID funding, they were in breach of their agreements?

The Chair: Mr. Green, that is your time. I will allow a quick response from Ms. Urie.

Ms. Sheryl Urie: As far as I was aware, we wouldn't have been providing funding to companies that put them in breach of their funding ratios.

The Chair: Thank you.

We're turning now to Mr. Cooper. You have the floor for five minutes.

Mr. Michael Cooper: Thank you very much, Mr. Chair.

Ms. Hogan, are you satisfied with the responses from SDTC and the department about how they are dealing with ineligible projects?

Ms. Karen Hogan: The organizations agreed with my recommendation. I think I've been clear in the past that if any funding has been given to an individual or organization that is ineligible, I would expect the government to take action to recover it. If they do not plan to do so, I would expect them to be clear and transparent with Canadians about why.

Mr. Michael Cooper: You're not fully satisfied.

Ms. Karen Hogan: Well, I haven't seen them take any action yet. They have agreed with my recommendation. Time will tell how they implement the recommendation.

Mr. Michael Cooper: Thank you for that.

Ms. Urie, in the last fiscal year, how much did SDTC board members and the chair receive in bonuses?

Ms. Sheryl Urie: In the last fiscal year, board members don't receive bonuses.

Mr. Michael Cooper: How much did the CEO receive? How much did executive members receive in the way of bonuses?

Ms. Sheryl Urie: This past fiscal year, no bonuses were paid to the executive team.

Mr. Michael Cooper: There were no bonuses. Okay.

In 2021, it was confirmed that the CEO received bonuses in the amount of \$96,000 and VPs received bonuses of \$48,000. I'm talking about for each VP. You said board members don't receive bonuses, but each and every board member received \$11,000 in bonuses.

We're talking about hundreds of thousands of dollars in bonuses. Can you confirm that bonuses were awarded on the basis of meeting funding goals—in other words, getting money out the door?

Ms. Sheryl Urie: The pay-for-performance framework that we follow at SDTC is linked to corporate performance, which starts with the corporate plan. Objectives are set for the year within the corporate plan. That's the year—

Mr. Michael Cooper: That would include getting money out the door. Is that correct?

Ms. Sheryl Urie: There are a number of initiatives, including supporting the ecosystem, but yes—

Mr. Michael Cooper: I simply asked if that was one of the criteria, yes or no. You know the answer to that. The answer is yes. I'm going to put it to you, to put that on the record.

Ms. Sheryl Urie: Yes, disbursements to companies that have been approved are one of the targets for the year.

Mr. Michael Cooper: That's right. What we have is \$319 million funnelled by board members to companies that they had an interest in, which violated the law. There were blatant conflicts of interest and outright corruption so they could in turn meet bonus eligibility criteria and—guess what—pad their pockets with even more money.

I would characterize that as an absolute racket. It is corruption on a scale that.... I don't know what it's comparable to. It makes the sponsorship scandal look small by comparison.

Ms. Urie, you signed off on the cheques. Is that right? You were vice-president of finance at the time. You are now.

• (1710)

Ms. Sheryl Urie: I wasn't vice-president of finance at the time. I've been vice-president of finance for about 18 months.

Mr. Michael Cooper: Were you the CFO?

Ms. Sheryl Urie: No. I was an employee of the organization.

Mr. Michael Cooper: Was that in finance?

Ms. Sheryl Urie: Some of the time I was in finance, yes.

Mr. Michael Cooper: I want to ask you about Cycle Capital. SDTC funded Cycle Capital. Somewhere in the neighbourhood of \$200 million went to Cycle Capital. This is a company that Minister Guilbeault is a major shareholder in. He had also worked as a lobbyist for Cycle Capital. The managing partner happens to be none other than Andrée-Lise Méthot.

The Chair: I'll need a question, Mr. Cooper, please.

Mr. Michael Cooper: Some \$17 million went out the door to Cycle Capital while Minister Guilbeault served in cabinet. Did anyone at SDTC think maybe it wasn't a good idea or maybe it was problematic that a company the Minister of Environment had an interest in was receiving \$17 million in funding from SDTC?

Ms. Sheryl Urie: All I can tell you regarding that is that SDTC has never provided funding to Cycle Capital. It's not a company that SDTC provides funding to.

Mr. Michael Cooper: To its companies....

The Chair: That is the time. Thank you for that response. We'll come back to that, I'm sure.

Ms. Bradford, you have the floor for five minutes, please.

Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.): Thank you, Mr. Chair.

I'm going to direct my questions to the new witnesses regarding the transitional process.

Mr. Boothe, as a transitional board member, what does your role look like? Are you intending or expecting to be part of the leadership or executive once the transition of SDTC to the NRC has been completed?

Mr. Paul Boothe: I don't know if it's appropriate to reveal this, but I'm 70 years old. My term is for one year. I'm hoping that we can complete this task in less than a year, and that will end my involvement with this process. I have no intention of, nor interest in, being in an ongoing role with SDTC or the NRC. In fact, if I understand correctly the process that we will have to follow, the last thing I will do is apply to dissolve the foundation.

Ms. Valerie Bradford: That leads me to my next question.

Could you outline the timeline and key milestones for the transition of SDTC operations to the NRC? What role will the transitional board play in overseeing the process? How exactly will SDTC employees be integrated into the NRC structure?

Mr. Paul Boothe: The answers to those questions are at the end of the planning process, not the beginning. For the planning process that we're just embarking on, I've told you that we have divided the work among the three directors. The two who aren't here visiting with the committee are in Ottawa trying to advance that work. The planning of the transition on the SDTC side, the internal planning, is starting today in SDTC offices. The plan is to start the preliminary meetings with the National Research Council next week.

As for concrete timelines on when employees will transfer, all I can say is that my plan is for that to be in a year or less. From my point of view, the sooner the better.

Ms. Valerie Bradford: Ms. Urie, as the vice-president of finance, how will your role as a board member change throughout this transition?

• (1715)

Ms. Sheryl Urie: My role in the transition is very much to help support the work we need to do to prepare the organization to have a seamless transition into the National Research Council. I'm here to essentially provide guidance to staff to help them through the process, ensure that we're following an appropriate transition budget and make the move as smooth as possible. More important during this time is to try to get our disbursements to our active portfolio of companies back up and running. That includes the work on assessing the eligibility of projects and ensuring that we're still supporting companies within the portfolio.

Ms. Valerie Bradford: Thank you.

I'll come back to you, Mr. Boothe.

How will the transition contribute to enhancing the accountability and transparency in funding and support for clean technology initiatives?

Mr. Paul Boothe: It will do so in two ways.

First of all, even though we're working to transition programming and funding to the NRC, we're still implementing the Auditor General's report. Strengthened record-keeping, strengthened conflict of interest processes and all of those things will travel with the programming to the NRC. They'll have to be modified because they'll land in a government department, which is a different struc-

ture, but a lot of them can be used because we'll still have to access expert advice. Conflict of interest has to be managed there.

The other thing is that future NRC staff who work on SDTC funding or clean-tech funding will still have to be mindful and careful in managing the potential perceived or real conflicts they have. Going to a government department will help with accountability, and I've already talked about that. Also, the work we're doing to implement the Auditor General's report will help the NRC do a good job of clean-tech funding in the future.

Ms. Valerie Bradford: Given the emphasis on rebuilding public trust and enhancing accountability, which have been damaged, what measures are being put in place to communicate these improvements effectively to stakeholders and the general public?

Mr. Paul Boothe: I don't have an answer for that yet. Right now we're focusing on communications with staff because this is a big change for them, but the next step is to talk with stakeholders. Stakeholders are very anxious, obviously. I'll be honest. I haven't turned my mind to communication with the public. As a deputy minister, my thought was always that it was the job of ministers to do that and not public servants. However, this is a new role I'm in, and I'll certainly add that to my list of things to ponder.

The Chair: Thank you very much. That is the time.

To begin our last round, Mr. Perkins, you have the floor for five minutes.

Mr. Rick Perkins: Thank you, Mr. Chair.

Ms. Urie, I'll ask a follow-up to the question on bonuses. You said none were paid this year. Were any bonuses paid the year before last year? That would be 2022.

Ms. Sheryl Urie: In the previous fiscal year, yes, bonuses were—

Mr. Rick Perkins: How much were they?

Ms. Sheryl Urie: I believe that's publicly available in the annual report that's on our website. It varies depending on the level of the employee.

Mr. Rick Perkins: Can you table with this committee the bonuses paid to each individual executive during the period of the audit, 2017 to 2023, as well as any other additional compensation they may have been given besides performance pay in that period of time?

Ms. Sheryl Urie: We should be able to table that without a problem.

Mr. Rick Perkins: Thank you.

Auditor General, I know your audit only went back to 2017. I would have been happy if it had gone back further, but I want to outline to you why.... There was mention earlier of Cycle Capital. I get that SDTC didn't pay Cycle Capital, but Cycle Capital is a venture capital firm that has ownership in a lot of companies. If we go back to the establishment of Cycle Capital in 2009 up to and including your report, the companies they are listed to have ownership in got \$213 million, a considerable amount of the billion-dollar green slush fund.

After receiving the first \$100 million, their founder-owner was appointed to the board, in 2016, so the companies she had invested in already had \$100 million. The appointments process seems to be very flawed when somebody whose investments had already received \$100 million was seen as a reasonable director for this board. Wouldn't you agree?

• (1720)

Ms. Karen Hogan: I can't comment on how board members were appointed. I didn't look at that during our audit.

Mr. Rick Perkins: Don't you think it's a problem that somebody who gets appointed to a board has companies that have received \$100 million from the very board they're being appointed to?

Ms. Karen Hogan: As I mentioned, the sustainable development technology act has an inherent conflict of interest baked into it. I would have expected that to be factored into an appointment process and that if conflicts of interest existed, whether real or perceived, they would have been better managed than what we found.

Mr. Rick Perkins: It's very clear in the acts, both the SDTC act and the Conflict of Interest Act for public office holders, that you're not to benefit directly—you or your family—from the work of the organization you've been appointed to as a public office holder.

This is only what I've been able to find, but given the list that you gave us after the last meeting, combined with the work I had done, \$105 million went to Cycle Capital's companies alone during the time that she was on the board, from 2016 to 2023. Your audit was from 2017 to 2023, and it seems to have missed quite a number of the conflicted companies that she got money to.

Ms. Karen Hogan: It's my understanding that the individual in question left the board earlier, in 2020 or 2021. I'm not a hundred per cent sure.

Mr. Rick Perkins: It was in 2021.

Ms. Karen Hogan: When we approached this, we weren't looking at targeting individuals. We went in to see the process that the foundation had in place, and we found significant lapses in how they managed conflicts of interest.

Mr. Rick Perkins: I know. I wasn't asking about an individual, but one would assume that if an auditor saw that over \$200 million—or at least \$100 million while she was on the board—went to companies that a director was...it would raise a flag and somebody would have said something.

With that in mind, Mr. Chair, I would like to move a motion, if I could.

Mr. Matthew Green: Do you want to give all your time to the NDP?

Mr. Rick Perkins: I already did that earlier.

The Chair: Just wait one second, Mr. Perkins, before you begin. You do have the floor, but have you sent the motion to the clerk?

Mr. Rick Perkins: It has been sent.

The Chair: Thank you very much.

Go ahead, please.

Mr. Rick Perkins: I forwarded the motion to the clerk to distribute to members:

That, given the Auditor General's audit of Sustainable Development and Technology Canada and given government-appointed board members approved:

a. \$59 million towards ten ineligible projects;

b. \$76 million towards ninety projects in which board members had conflicts of interest that violated internal conflict of interest policies and violated the Canada Foundation for Sustainable Development Technology Act;

c. \$259 million towards ninety-six projects in which board members held conflicts of interest; and

d. \$58 million towards projects without ensuring contribution agreement terms were met;

the committee express extreme concern with the blatant disregard of taxpayer funds, call on the Minister of Innovation, Science, and Industry to recoup these funds for Canadian taxpayers within 100 days following the adoption of this motion and report this matter to the House.

The Chair: Mr. Perkins, wait one second. You'll be able to speak to the motion, but when you were reading it out, you said you added the SDTC act; you added a few words. Were those words in the motion you sent to the clerk?

Mr. Rick Perkins: We can—

The Chair: Once it's sent, the motion is out there.

Mr. Rick Perkins: Do it however you want to do it. I would—

The Chair: I would like you to tell me right now if you added a few words verbally that you would like added to the motion that was sent to the clerk.

Mr. Rick Perkins: Paragraph b reads, “violated internal conflict of interest policies”, and I would add “and violated the SDTC act”.

• (1725)

The Chair: Thank you.

Go ahead, Ms. Khalid.

Ms. Iqra Khalid: Perhaps we should suspend so we can all have clear language—

The Chair: I'm going to do that. My next step was to get the motion to you before we spoke to it. I wanted to clarify it because he said one thing and I believe he sent something else in. Just give me a second and we'll get this sorted out.

I will suspend for a minute.

- (1725) _____ (Pause) _____
- (1735)

The Chair: I call the meeting back to order.

Before I turn the floor over to Mr. Perkins, I want to first thank our witnesses for coming in today. You're excused. I'll let you get on with your evening. We'll continue with committee business. We don't need you here for this.

The motion has been circulated.

Mr. Perkins, you have the floor.

Ms. Iqra Khalid: Chair, I'd like to be put on the speaking list.

The Chair: Very good.

Mr. Rick Perkins: I don't want to prolong the evening. The motion is self-evident, and we've had a lot of discussion over a number of meetings. The Auditor General's report is very clear that almost half the transactions in the five-year period were conflicted. There's no way that four directors represented half the entire industry, given the odds of that statistically, and that it was just a fluke that half of what went out of the billion-dollar slush fund just happened to go to their companies.

It's very clear from the evidence trail that there was massive influence by these Liberal directors right down through the system, even in having their rejected projects resubmitted so they could be funded, through funds set up by the board, completely outside of the terms that Parliament set out for the money in the fund. We want the money paid back. It was given to companies that had an undue insider track and were given favouritism by the Liberal-appointed directors of the Prime Minister. They used it to feather their own bank accounts and profit from the taxpayer.

They broke two acts of Parliament. They broke the Conflict of Interest Act for public office holders, which says you cannot take a public office position and benefit from it personally, other than the small stipends of a couple of hundred dollars a month you may get for serving on a board. You cannot profit from it—neither you nor your family. The SDTC act also says you and your family cannot profit from the decisions of the board and the organization when you're on the board. It doesn't say that if you recuse yourself from the room, it's okay to profit from the decisions of the board, as if you vote for mine, I vote for yours and he votes for his, and it's all one happy family giving each other money. That's clearly a conspiracy to commit fraud on the taxpayer for the personal benefit of board members, which is why it's being turned over to the RCMP.

The 168 conflicted projects and the 10 that were clearly outside the Auditor General.... To me, that money needs to be repaid. It's an abuse of the taxpayer for the personal benefit of Liberal insiders. That's why we've moved this motion.

We think this is not difficult. The list is there. The Auditor General has it. The amount of money is there. It's not as complicated as people say it is. They got the money under circumstances that weren't warranted and it should be repaid.

The Chair: Thank you very much.

Ms. Khalid, you have the floor.

Ms. Iqra Khalid: Thank you very much, Chair.

I find it quite telling that we are receiving this surprise motion after the House has risen for the summer and after there has been a consistent and blatant attempt to malign and disregard our public service and corrode the value of our democratic institutions. I say this because of the text of the motion and the language the Conservatives continue to use, day in and day out, in saying the Liberals did this, the Liberal government did that. The reality of the matter is that the majority of these folks were appointed by their government 10 years ago.

- (1740)

Mr. Rick Perkins: No, they weren't.

Ms. Iqra Khalid: Please don't talk over me. I didn't talk over you, buddy.

The Chair: Order.

Mr. Perkins, Ms. Khalid has the floor. You have the right to add yourself to the list again for speaking.

Ms. Iqra Khalid: Thank you so much, Chair, for your intervention.

The Chair: We have interpreters to concern ourselves with.

Ms. Khalid, you have the floor. We'll keep this meeting orderly. It's over to you.

Ms. Iqra Khalid: Thank you very much.

I take issue with the amount of misinformation and disinformation the Conservatives are plugging across Parliament through committees, not just this one, and the House of Commons and across social media—everywhere. They're trying to profit off the politics of agitation. I see that they're smirking and laughing at each other. It's great. I am here all night, and I'm more than willing to talk this out and understand the objective of why we are here doing what we're doing.

When I look at the text of this motion, what concerns me is how desperate the Conservatives are right now to link any type of scandal with the government and to call on the minister to recoup funds. Absolutely taxpayer dollars need to be accounted for. That's the purpose of this committee. I agree a hundred per cent. However, to do it in the manner the Conservatives are doing right now is quite questionable or, as my friend Michael Cooper would say, highly suspicious.

Voices: Oh, oh!

Ms. Iqra Khalid: What I'm trying to get at is that we need to understand whether the minister has the ability to recoup these funds, as the motion states, and whether our committee has the ability to call on the minister to recoup these funds. We have a list of funds outlined in the motion. I would personally like to see where those numbers came from. We should be able to have that discussion to see what comes next.

The role of our committee is not to be punitive to individuals, not to go on witch-hunt exercises and not to be the judiciary. The role of our committee is to review the Auditor General's reports and to find better ways for Parliament and the government to be accountable to the public in the spending of taxpayer dollars.

With what has happened here, from my reading of the recommendations of the Auditor General, there needs to be better due diligence. There needs to be better accountability within organizations. There needs to be a big differentiation between people and organizations. We cannot and should not be maligning our government and our public service for the faults of a few bad apples.

What we should be doing is focusing on how we can improve the process. That is what the role of our committee is. We should be focusing on how to make sure we are doing our best to improve the processes and make sure the recommendations of the Auditor General are being implemented by the various agencies she has audited. SDTC is one of them.

I'm just reading report reference number 6.26. The recommendation of the Auditor General is:

Building on a recommendation made in 2017 by the Commissioner of the Environment and Sustainable Development, Sustainable Development Technology Canada should [develop] its challenge function over projected sustainable development and environmental benefits.

SDTC partially agreed, as it said in its response:

● (1745)

Sustainable Development Technology Canada (SDTC) employs a robust process to quantify projected potential environmental benefits across 12 impact areas, at three different points during a project lifecycle. The process follows recognized standards. A 2018 Innovation, Science and Economic Development Canada evaluation found that SDTC had a substantial review and challenge process for assessing proposed environmental benefits in project proposals.

During due diligence, the best information available is used to quantify environmental impacts and is thoroughly reviewed and challenged by SDTC staff trained in environmental benefits quantification. After approval, SDTC uses external experts to quantify benefits and refine estimates two additional times as the project progresses.

Inherent uncertainties exist in projecting the environmental benefits of novel pre-commercial technologies. Information is often limited and involves estimating impacts 10-15 years into the future. Substantial increases or decreases in estimated benefits are expected as the technology gets closer to commercialization.

The milestones that have been described in this report, I find, are something we need to explore more as a committee. As to those milestones, SDTC says that it will further strengthen its due diligence documentation to clearly outline the environmental benefits challenge function process. If this motion had not been moved, I would have loved to talk to the SDTC folks about what they specifically mean by that. Then they gave themselves a deadline of September 2024 to achieve this milestone. SDTC continues to say that in December 2024, it will implement the enhanced processes,

including any enhanced environmental benefit challenge function process.

Having gone through this report, I think what really matters in this committee, which is really the function of this committee, is not to be a judiciary, and not to dictate nor demand. It is to make recommendations based on the testimony we hear from the Auditor General and the relevant departments about how we improve the processes of our public service and how taxpayer dollars should be spent, and how we continue to work together in a better way among ourselves to make sure we are holding the government to account.

The biggest challenge I have is that when we bring partisan politics and shenanigans into the public accounts committee, we derail the important work of the Auditor General and the important work of each and every one of us individually and us collectively as a committee. If we take the politics out of the work we're doing, we will be more successful. We will continue to build better trust in our democratic institutions. At this point in time, though, with this motion, I know exactly what the objectives are. Those are not in—

Mr. Rick Perkins: It's accountability.

Ms. Iqra Khalid: I love that you're heckling me, Mr. Perkins. It's quite unfortunate.

As I was saying—and you proved my point, Mr. Perkins—we need to take the partisan politics out of this. We need to ensure that the work of the committee continues in a proper function and manner to make sure we are achieving the objectives of it.

I know exactly what the Conservatives are trying to do. They have looked under every rock, every stone and—

Mr. Rick Perkins: I have a point of order.

● (1750)

The Chair: There's a point of order, Ms. Khalid.

Mr. Perkins, go ahead.

Mr. Rick Perkins: I don't think the Liberal member is psychic and understands all the intricacies of the internal operations of the Conservative Party.

The Chair: Mr. Perkins, that is not a point of order.

Mr. Rick Perkins: If she would like to, she should join it. Then she would understand why.

The Chair: Ms. Khalid, you have the floor again.

Ms. Iqra Khalid: Thank you, Chair.

As much as I've been disrespected by members of his party, I will continue to talk about what matters to Canadians.

What we are doing here this evening is using our parliamentary House of Commons resources to push forward a narrative by the Conservatives that says, "Look, it's a scandal; something is wrong here." The member across the way, who is continuing to chirp at me, has said there is a conspiracy and the conspiracy continues.

We need to be better for Canadians. This is the public accounts committee. We need to find better ways of building consensus and need to find ways to review the work of the government. When I said “government”, as you will have noticed, I did not say “Liberal government”. I am referring to governments that preceded ours and governments in the future—holding all of them to account. If we are not able to do that, and if we start, as I have seen over the past number of months and years, using committees to push forward conspiracies, we're in trouble. I think our country is in trouble with that kind of narrative. The politics of agitation is the biggest cor-der of our democracy.

Mr. Eric Duncan: I have a point of order.

The Chair: Mr. Duncan, go ahead on a point of order.

Mr. Eric Duncan: I'm sorry. I didn't mean to interrupt, but the Auditor General was just here. We're talking about her report, and Ms. Khalid just referred to conspiracies. Is she suggesting that the Auditor General or a witness we had here is into conspiracy theories?

The Chair: Mr. Duncan, that is a comment, not a point of order.

Mr. Eric Duncan: It's about decorum. It's completely disrespectful to the Auditor General.

The Chair: You'll be able to point that out—

Mr. Eric Duncan: She says her report is a conspiracy theory.

The Chair: —if you'd like me to add you to the list.

Mr. Eric Duncan: It's disrespect for the Auditor General.

The Chair: Ms. Khalid, you have the floor.

Ms. Iqra Khalid: Thank you very much, Mr. Chair.

I will correct Mr. Duncan. When I was referring to conspiracy theories, the words I noted were said by Mr. Perkins, who was pushing that narrative, not the Auditor General. I have a lot of love and respect for her and the work she does.

Some hon. members: Oh, oh!

Ms. Iqra Khalid: Chair, I'm not sure why the Conservatives are chirping at me right now. It's quite unfortunate. We're trying to get work done here.

Mr. Rick Perkins: No, you're not. You're filibustering.

Ms. Iqra Khalid: I will be here all night to make sure we push forward whatever objective we're trying to push forward.

Mr. Rick Perkins: You're filibustering.

Ms. Iqra Khalid: I am not. I am trying to get my point across.

The Chair: Order.

Mr. Rick Perkins: Let it go to a vote, then, and we'll see how it goes.

The Chair: Order, Mr. Perkins.

Ms. Khalid, you have the floor.

Ms. Iqra Khalid: Thank you very much, Mr. Chair.

As much as Mr. Perkins would like to bully me into submission right now, I will not listen. I will continue—

Mr. Rick Perkins: You're a Liberal; of course you don't listen.

Ms. Iqra Khalid: Mr. Chair...

The Chair: Mr. Perkins, I have a list to get through and you're on it. The less you talk, the sooner we'll get to you.

Mr. Rick Perkins: I don't think so.

The Chair: Ms. Khalid, go ahead.

Ms. Iqra Khalid: Chair, I would like your confirmation that Mr. Perkins will not interrupt me again as I continue to speak.

The Chair: I don't have the ability to give that confirmation. I'm just trying to maintain the meeting.

Ms. Khalid, you have the floor.

Ms. Iqra Khalid: Well, Mr. Chair, as you said, there is a speaking list. If Mr. Perkins has contributions to make—

Mr. Rick Perkins: I have a point of order.

Ms. Iqra Khalid: —I would appreciate it if he got on that list rather than—

The Chair: One second, Ms. Khalid.

Mr. Perkins, go ahead.

Mr. Rick Perkins: I didn't realize MP Khalid was the chair and determined the speaking order.

The Chair: Mr. Perkins, as I said, Ms. Khalid has the floor.

Ms. Iqra Khalid: Thank you very much, Mr. Chair.

As I was saying, the objective of this motion seems very clear. We have been having meetings on this issue in a respectable way to try to understand what happened and what went wrong, and have been working through the Auditor General's reports to find solid ways to ensure that organizations like this are accountable, are steady in the work they do and are achieving the objectives for which they were created.

The objective of this motion is quite clear.

Mr. Rick Perkins: [*Inaudible—Editor*]

Ms. Iqra Khalid: Do it again. Please, chirp at me. Go ahead.

• (1755)

The Chair: Mr. Perkins, if you just cool your jets, you'll get a chance to speak.

Mr. Rick Perkins: I am cool.

Mr. Matthew Green: Come on, man.

The Chair: Ms. Khalid, I'm not hearing any talking. Are you done commenting?

Ms. Iqra Khalid: I am contemplating, Chair, how much longer somebody can chirp at me while I'm trying to get my point across. I usually, but not always, give respect to all of my colleagues, regardless of what side of the aisle they sit on. I try my very best to listen to and understand their points of view. It is quite disrespectful for members to be yelling across the way to throw me off the points I'm trying to make in discussing a motion that was put forward while we had witnesses here. I had questions for them on this exact issue to help me understand how the recommendations I was talking about were being implemented by this organization and to help me understand what processes they had gone through to make sure that what happened did not impact the trust that Canadians have in our democratic institutions, including this one.

We know how important climate change is. We know how important it is to ensure that Canadian clean-tech companies have the advantage they need to be world leaders in combatting what is the biggest challenge of our lifetime. What I don't understand is why members opposite are trying to muzzle me, trying to chirp at me, trying to bully me into submission, or whatever it is they're trying to do. I often don't like what they have to say either, but that doesn't mean I stare them down, as members are doing right now, or talk over them, or yell and scream, or find ways to end what is a healthy conversation and debate.

I will get back to my point, and I'm hoping that members opposite will listen, because what I propose is an alternative viewpoint. I think it is possible for us to disagree on viewpoints, to have conversations and to then come together in a consensus or collaborative way without being disagreeable, without having to chirp at each other, without having to put each other down. It is very possible that Mr. Perkins is a very respectable and honourable member of Parliament who serves his community very well.

Mr. Matthew Green: On a point of order, she's misleading the committee.

Voices: Oh, oh!

Ms. Khalid Iqra: I would disagree with Mr. Green on that. Mr. Perkins is indeed a very honourable member, and he is quite passionate and does care.

I would hope that he appreciates that here on this committee, regardless of which party we belong to, we are trying our very best to do what is right for Canadians and to make sure there is accountability. The best way for us to do that is to take the partisanship out of it. What this motion is showing us is that partisanship is continuing to percolate here. We need to do better than that.

As the House rose yesterday—

Mr. Eric Duncan: I have a point of order.

Ms. Khalid has a lot to say to the motion that Mr. Perkins put forward. I respect that, but I'm just wondering if we can confirm until what period of time resources will be available, to make sure that Ms. Khalid can take the floor to express her thoughts and that others who have their hand up can also.

• (1800)

The Chair: I run the clock like a European soccer referee. Members are welcome to talk and talk until we collapse for a vote or we run out of time.

Ms. Khalid has the floor.

Ms. Iqra Khalid: I'm sorry, Chair, but members of our team are asking if you're going to be bringing in dinner.

The Chair: You know the answer to that.

Mr. Eric Duncan: On a point of order, can we just make sure that it doesn't cost \$220,000 over six days?

Voices: Oh, oh!

Ms. Iqra Khalid: Also, make sure it's not butter chicken, Chair.

The Chair: We're out of resources. This meeting is adjourned.

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