



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Industry and Technology

EVIDENCE

NUMBER 128

Wednesday, June 5, 2024

Chair: Mr. Joël Lightbound



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• (1830)

[Translation]

The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)): Good Wednesday evening, everyone.

Welcome to meeting number 128 of the House of Commons Standing Committee on Industry and Technology.

Today's meeting is being held in a hybrid format, in accordance with the Standing Orders. Pursuant to the motion adopted on Monday, April 8, 2024 and the committee order of Monday, May 27, 2024, we are resuming today our study of recent investigations and reports on Sustainable Development Technology Canada.

Before we begin, I just want to remind everyone to adhere to best practices regarding the use of earpieces, and especially, to be careful and keep earpieces away from microphones when we speak to avoid feedback that can cause injury, especially to our interpreters. I would therefore ask you to comply with the instructions written on the small card in front of you. I would also like to confirm with the clerk that the sound tests were carried out before the start of the meeting. That's confirmed.

I thank you all for your co-operation.

I'd like to welcome our witnesses today. By video conference, we have Mr. Navdeep Bains, Ms. Veena Bhullar, Mr. Gianluca Cairo, former chief of staff at the Department of Industry, and Mr. Andrew Noseworthy, former assistant deputy minister for clean technology.

In Ottawa, from the Canadian Cleantech Alliance, we welcome Ms. Isabelle Dubé-Côté, president and CEO at Écotech Québec, as well as Mr. Peter McArthur, chair of the board of the Ontario Clean Technology Industry Association. We also welcome, from Smarter Alloys Inc, Mr. Ibraheem Khan, general manager.

Thank you very much.

[English]

Thank you very much for being with us.

Without further ado, I'll turn it over to Mr. Bains for his opening remarks.

You have five minutes, Mr. Bains. The floor is yours.

Hon. Navdeep Bains (As an Individual): Thank you very much, Mr. Chair and members of the committee.

Thank you for having me here today.

My name is Navdeep Bains. From 2015 to January 12, 2021, I served as Canada's Minister of Innovation, Science and Industry.

I know there has been much conversation around the activity at Sustainable Development Technology Canada, or SDTC. However, I think it's important for us to first ground ourselves in the process and the roles.

SDTC is an arm's-length organization established by an act of Parliament in 2001. As minister, my role, as outlined by the act, was to make appointments to the SDTC board. These appointments were recommended through the fair, open and transparent process brought forward in 2016 to allow more opportunities for all Canadians to serve their country.

Under the new process, all positions are publicly listed on the GIC appointments website. Anyone can apply for the position on the website by submitting their CV and a cover letter.

After receiving applications for an appointment, a selection panel that included the Privy Council Office, with supports from across the government, was struck. These panels conducted interviews and presented ministers with a short list of candidates. As part of the process, ministers would speak with prospective applicants before formally recommending them for an appointment. Finally, the minister would make a recommendation and the GIC would pass it.

This open, transparent and merit-based process was used for over 100 of my recommendations for GIC appointments.

As has been testified numerous times, SDTC is an arm's-length organization that was created by an act of Parliament in 2001. Under the act, the minister is to recommend seven of the 15 board members, including the chair.

There is a funding agreement between ISED and SDTC; however, ISED is not responsible for the management and operations of the staff or board.

Finally, I believe in the clean-tech sector and the benefits it has brought to Canada. I am proud of the incredible people and companies that have made this sector in Canada a true global leader.

Once again, I'm happy to be here and to answer your questions.

Thank you very much.

• (1835)

[*Translation*]

The Chair: Thank you very much, Mr. Bains.

I now give the floor to Ms. Vina Bhullar.

Ms. Bhullar, you have the floor.

[*English*]

Ms. Veena Bhullar (As an Individual): Good evening, Mr. Chair and members of the committee.

Thank you for the opportunity to appear before you today.

My name is Veena Bhullar, and I'm here today to help provide my assistance with respect to the ongoing study on Sustainable Development Technology Canada.

I joined Sustainable Development Technology Canada, or SDTC, as manager for communications and partnerships in November 2018. I remained in that same position until my departure in April 2021.

As manager for communications and partnerships at Sustainable Development Technology Canada, my primary responsibilities were communications focused. As I began my role in early 2019, my main responsibilities revolved around the construction and roll-out of a team intranet, establishing new social media procedures for institutional SDTC accounts and liaising with Innovation, Science and Economic Development Canada, or ISED, on upcoming funding announcements. This focused on communications and logistics.

As with any new role, fully integrating into the team at SDTC took roughly one month. There was a comprehensive onboarding process that included organizational briefings, one-on-one meetings with various departments, sitting in on funding interviews as well as various administrative and HR processes. I started in mid-November and was not fully integrated into the job until approximately January 2019.

The process to appoint the new chair of SDTC to replace Mr. Jim Balsillie was under way when I joined the organization. Annette Verschuren was appointed chair in June 2019. I was not consulted and was not a decision-maker in Ms. Verschuren's appointment process, nor was I responsible for providing advice on policy matters, board appointments or decisions around SDTC program delivery.

During my tenure, SDTC leveraged a system of procedures and structures to manage appointments. Those responsibilities were primarily held by the CEO, Leah Lawrence, and the vice-president of partnerships, Zoë Kolbuc.

Throughout my time at SDTC, I kept my direct supervisors, the vice-president of partnerships and the director of communications as well as the CEO informed of any conversations I had with the minister's office or with any other official within government. In my role, I never attended SDTC board meetings and had no operational responsibility in managing or providing advice on the appointment of an SDTC board director or allocating funds. Such matters would typically be under the purview of the CEO. The nature of my job, once again, was largely focused on communications.

Any conversations I had with the minister's office were at the direction of my superiors. I always reported any communications with political staff back to superior SDTC officials. The nature of these conversations centred around information sharing, providing updates on upcoming funding announcements and planning events. At no point did I provide advice on policy matters, board appointments or decisions around program delivery.

As you all know, as members of this committee, following testimony at the House of Commons ethics committee, the CEO resigned her position at SDTC.

While my direct involvement in the matter at hand was limited, I look forward to answering any questions you may have.

Thank you.

• (1840)

[*Translation*]

The Chair: Thank you very much, Ms. Bhullar.

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

[*English*]

Mr. Gianluca Cairo (Former Chief of Staff, Department of Industry, As an Individual): Good evening, Mr. Chair and members of the committee.

My name is Gianluca Cairo, and I want to thank you for the opportunity to appear before you in relation to your study on Sustainable Development Technology Canada.

My role, as it relates to your study into SDTC, was as chief of staff to the Minister of Innovation, Science and Economic Development from the summer of 2017 to the summer of 2019. Former minister Bains was the minister of ISED at that time, and SDTC was part of that portfolio.

During my time in that position, there was an appointment process for the board chair of SDTC. It was run as part of a merits-based approach to appointments that was a joint effort between the Privy Council Office, the Prime Minister's Office and officials at ISED. As I understand it, this was a normal public process that was followed across all Governor in Council appointments at the time.

Ultimately, at the conclusion of that process, Annette Verschuren was appointed board chair of SDTC. Ms. Verschuren had previously been appointed to critical roles at the intersection of business and public policy by Prime Ministers Mulroney, Harper and Trudeau. As an officer of the Order of Canada and given her significant business experience generally, as well as in the clean-tech sector specifically, she was well suited for the position.

The appointment was made in June 2019, and I left my role as chief of staff a few weeks later, in August.

I respect the work of the committee and of parliamentarians. I know the work that is involved, and I appreciate what you do.

Before I turn to your questions, I want to address the fact that there was a motion passed to summons me to attend today. I was disappointed and surprised to learn that I had been summoned. I had corresponded with the clerk repeatedly, and the clerk was aware that I was in Australia on business when I was initially invited to attend. Upon my return, I reached out again, specifically to confirm my attendance, which is when the clerk informed me that I had already been the subject of a summons.

I am here voluntarily and co-operatively to help you complete your study. Although my role was limited in terms of the time and the scope of my involvement, I hope I can be of assistance to you and I look forward to your questions.

Merci.

[*Translation*]

The Chair: Thank you very much.

Mr. Noseworthy, you have the floor.

[*English*]

Mr. Andrew Noseworthy (Former Assistant Deputy Minister on Clean Technologies, As an Individual): Thank you, Chair.

Good evening, honourable members.

I'm appearing before you today as a private individual, having retired from ISED in January after 40 years of public service.

Within ISED, I worked on matters related to energy and clean technology. As part of my duties, I was the department's liaison with SDTC. I regularly attended board meetings and received board materials between 2017 and 2023.

SDTC board meeting notes refer to me as being there by invitation. My objective in attending those sessions was to assist the board in understanding federal policy and program developments that may have had relevance to its work. In doing so, I took my direction from the provisions of ISED's contribution agreement with SDTC, which states that federal officials must not be seen as exercising control or influencing the decisions of that organization.

In working with the board, I was also especially careful not to offer views or advice of any kind that could be seen to bias its operations, policies or decisions.

With respect to the appointment of Ms. Verschuren as chair, I had no direct role in this process. As former Minister Bains has indicated, it was handled through the normal process for order in council appointments between central agencies and the minister's office.

However, I had several conversations with Ms. Leah Lawrence, who was the CEO of SDTC at the time, including conversations seeking her assistance in encouraging applications and nominations for the position from within the clean-tech community. As she reported to you, I called her to advise her that an order in council had been issued, appointing Ms. Verschuren to the position of board chair.

We discussed Ms. Lawrence's concerns with respect to the appointment and the fact that the issue of Ms. Verschuren's potential conflict had been considered as part of the selection process. Indeed, we were both of the understanding that Ms. Verschuren had

met with the conflicts commissioner to discuss the matter. On this basis, I indicated that I believed it would take another compelling reason for the decision to be reconsidered, but Ms. Lawrence was not forthcoming in raising other issues or concerns.

Thank you.

I look forward to discussing these matters with the committee and will be pleased to take your questions.

[*Translation*]

The Chair: Thank you very much.

Ms. Dubé-Côté, you have five minutes.

[*English*]

Ms. Isabelle Dubé-Côté (President and Chief Executive Officer, Écotech Québec, Canada Cleantech Alliance): Thank you, Mr. Chair.

Thank you, committee members, for hearing us today.

My colleague Peter McArthur and I are here today....

● (1845)

[*Translation*]

We're here today as representatives of the Canada Cleantech Alliance to talk about the cleantech ecosystem. The Alliance is a Canadian coalition of 22 cleantech industry associations representing over 2,000 cleantech players across the country.

Clean technology companies are, in many cases, SMEs that design products, services or processes that improve not only the environmental footprint of organizations, but also the productivity of Canadian businesses. There is a growing demand for these solutions.

We would like to urgently address an issue of crucial importance, not only for Canada's cleantech sector, but also for the health of Canada's innovation economy and its global competitiveness, which are vital to our country's future.

The abrupt and lengthy halt to funding decisions for Sustainable Development Technology Canada, or SDTC, since October 2023, in the absence of an alternative, has considerably affected innovation in Canada and caused significant damage. The pause was originally scheduled to end no later than December 31, 2023. However, eight months have passed without a resolution, and the situation remained unresolved until recently. Yet questions remain.

Canada has consistently stood out in the cleantech sector relative to its size, contributing 13% of the world's cleantech companies, despite a GDP growth rate of just 1.2%. Three quarters of these 13 companies were funded by SDTC. Their success is therefore partly due to the crucial support provided by SDTC, which goes beyond initial funding to include technology risk mitigation, thanks to SDTC's technical expertise.

Today, however, our cleantech sector faces significant challenges. Over the past eight months, many of Canada's most promising cleantech companies, as well as their employees and investors, have been left in limbo. Their projects, poised to create high-value jobs, strengthen our innovation economy and improve our environment, are at a standstill.

The disruption has resulted in considerable setbacks, as we know from a survey conducted two months ago in which some companies in your respective constituencies took part. We've already shared this data with you, and we'd be happy to share more if required. These figures alone, gathered from around 200 respondents in just 48 hours, highlight the fact that investments of over \$400 million have been suspended or abandoned.

I'll now hand over to my colleague, Peter MacArthur, who will suggest some possible solutions to quickly remedy the situation. We remain available to work with you and answer any questions you may have.

Thank you.

[English]

Mr. Peter MacArthur (Chairman of the Board, Ontario Clean Technology Industry Association, Canada Cleantech Alliance): We are very pleased to learn that SDTC is going to resume its funding of eligible projects. However, to mitigate the adverse effects Isabelle noted, we urgently request that your committee support the following five measures.

Number one, promptly resume previously approved and committed funding decisions. Restart funding now for existing projects. Funding is currently greatly delayed. Every day of delay can reduce the likelihood of success. The transition to National Research Council cannot be yet another delay in access to funding.

Number two, promptly resume the intake application process for new projects. Don't have SDTC start from a dead stop on new intake while the transition to NRC takes place.

Number three, expedite implementation of the recommendations. Please urgently implement the recommendations from the Auditor General's report, ensuring swift resumption of funding decisions.

Four, streamline processes. While adjustments in processes may be necessary, it's crucial to avoid adding to the administrative burden for entrepreneurs under SDTC's existing rigorous structure. We must streamline procedures wherever possible. It's a key point.

Five, clearly communicate timelines. We can't leave people hanging. Provide affected companies now with clear timelines and estimated waiting periods to help them plan and move forward.

SDTC has been one of Canada's secret weapons in developing our clean-tech innovation economy. It has invested in over 500 companies, generating \$3.1 billion in annual revenue, creating 24,500 jobs and bringing 194 new technologies to market. Not only has it provided funding to bridge the gap from bench to commercialization of new technology, it structurally required consortium partnerships and provided invaluable technology vetting that has allowed corporations and investors to deploy their capital into the clean-tech innovation economy in Canada. We're at risk of losing

our clean-tech advantage. Mike Andrade from Morgan Solar in Toronto says, "the SDTC freeze...is terrible timing, particularly given the USA is increasing its support for companies like ours. We have had multiple calls from the DOE [Department of Energy] and state organizations about finding opportunities if we relocate portions of our business there."

In Canada, we've been struggling to realize the full potential of our innovation. However, in clean tech, Canada has been winning in the innovation competition, thanks in part to SDTC.

We thank you for your attention to this urgent matter and remain available for any helpful consultation and collaboration.

[Translation]

Thank you very much.

• (1850)

[English]

The Chair: Thank you very much.

I'll now turn it over to Mr. Khan.

Dr. Ibraheem Khan (Chief Executive Officer, Smarter Alloys Inc.): Good evening, Chair, and members of this committee. Thank you for the opportunity to speak today.

My name is Ibraheem Khan. I'm the CEO of Smarter Alloys, which is a company founded on a patented technology that came out of my doctoral work at the University of Waterloo.

We are an SDTC-funded company located in Cambridge, Ontario. One of our key innovations is applying our materials to capture waste heat and convert it into electricity. It's called a heat engine. We have been targeting a huge inefficiency that we have in the world, which is waste heat, with our materials and our technology.

In a few short years, we've progressed our technology from a laboratory-sized system the size of a blender to a proof of concept the size of a locomotive or even the size of this room, almost.

We're scheduled to deploy this latest heat engine in the oil sands later this year to help reduce the carbon footprint out in Alberta. This progress would not be possible without programs like NRC IRAP, ERA or SDTC.

Clean tech transcends any one program, government or country. Canada's support and funding drives progress that benefits not just Canadians, but all of humanity. However, clean tech entrepreneurs face unprecedented challenges today. Geopolitical tensions, labour shortages and the pandemic have all compounded a difficult task of advancing hardware technology.

Support for clean tech commercialization is not just helpful, but critical for survival. Funding Canadian clean tech unlocks innovation, enables global leadership and supports both our economic and environmental aspirations. Without adequate support, Canadian companies will face difficult decisions and our global progress will be impeded.

The high standard for technical due diligence conducted by Canadian funding agencies is universally recognized. Companies that receive funding undergo significant technical vetting, which reassures global investors and partners of their merit. I've experienced this first hand.

The work that this committee is doing is key in helping maintain this standard. However, time is of the essence. As the resilience of Canadian innovators is now being tested, any further delay will derail progress that companies like mine have made. For example, any delay in us receiving our funding that's due from SDTC will significantly damage our ability to progress our technology in Alberta. It will cause irreparable damage.

I'm encouraged by yesterday's announcement that funding will resume. This positive step is vital for the health of Canadian innovation and the economy, our global competitiveness and the sustainability of the clean tech ecosystem. I urge you to prioritize existing projects, resume due diligence on new projects and applications, expedite and implement the audit recommendations, streamline the process, and communicate the timelines.

Finally, I further recommend increasing funding to accelerate the progress and mitigate the damage that's been done related to these delays.

Thank you for your attention and consideration. I'm available for any consultation and collaboration to ensure swift resolutions.

The Chair: Thank you very much, Mr. Khan.

Before we start the discussion, I want to clarify one small thing.

Much has been said about the challenges of organizing and scheduling this meeting with some of the witnesses. Summonses were adopted by the committee, but I want to make it clear that, from my understanding, Ms. Veena Bhullar only received the invite last week, which makes the summons a little premature. I just want to set the record straight because in May the invitations were not sent to the proper email address.

That's just to clarify before we get started.

Mr. Perkins, I will yield the floor to you for six minutes.

• (1855)

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

Thank you, witnesses.

To briefly address some of the comments that the people from the industry made, the delay was caused by corrupt directors. That's just to make sure...why the freeze was put on.

My questions are for Mr. Bains.

As a cabinet minister—the industry minister, as you said—for six years in the Trudeau government, you were a public office holder and subject to the Conflict of Interest Act.

Is that correct?

Hon. Navdeep Bains: Thank you.

All designated public office holders are subject to the Conflict of Interest Act.

Mr. Rick Perkins: You're familiar, then, with section 4 and section 6, which say that public office holders cannot profit from the public office they've been appointed to.

Is that correct?

Hon. Navdeep Bains: Yes. The act is there and it's public knowledge.

Mr. Rick Perkins: The SDTC act, for which you, as minister, were responsible, also says that directors of SDTC—they or their family—cannot profit from decisions they make in that role.

Is that correct?

Hon. Navdeep Bains: My understanding is that the act was introduced, if I recall from my opening remarks, in 2001, and the act provides a very clear mandate for board members and management and how the programs are administered.

Mr. Rick Perkins: And not to profit....

Leah Lawrence, the former president of the Liberal green slush fund, testified here before committee that around May 2019, when you were a minister, you called her to tell her that you were going to replace the chair at that time, Jim Balsillie, with a new chair. You gave her two names that you wanted her to review. Is that correct?

Hon. Navdeep Bains: I don't recall a specific conversation, but I would say that it was not uncommon for me to reach out to CEOs to engage them in the board selection process.

Mr. Rick Perkins: You suggested to her two names, Annette Verschuren and another individual who declined to participate because they had a pending conflict. Are you aware that the two people whose names you provided both had a conflict?

Hon. Navdeep Bains: Again, just to highlight that during my tenure, there were over 100—

Mr. Rick Perkins: I didn't ask you about the 100, minister; I asked you about this one. In preparing for this committee, I assume you looked at your notes.

Hon. Navdeep Bains: I'm saying that I don't recall the specific conversation you're alluding to.

Mr. Rick Perkins: That's convenient.

Hon. Navdeep Bains: The point I'm making is that there are over 100 GIC appointments.

Mr. Rick Perkins: I know there are. That's convenient. I have limited time, as you know, so I'm not going to have a list of your 100 appointments.

On this one that has been in the news for a year, I would have thought that you looked at your notes from your time in office. I will take the testimony from the president as fact then, since you can't contradict that.

You then proceeded to appoint a number of other directors who were also conflicted, but both you and your chief of staff said that this process started in 2018. Is it normal, when you start the process to replace a chair, that you don't inform that chair that the process is ongoing?

Hon. Navdeep Bains: The process, as I've highlighted in my remarks, is an open, fair and transparent process that's publicly available to all individuals. Anyone who wants to apply can do so. As I also mentioned—

Mr. Rick Perkins: I'm asking about the application process, minister. Former minister, I wish you would answer the question instead of sticking to vague generalities.

The issue here is that you asked them to consider two people who are conflicted, against the Conflict of Interest Act and public officer holder requirements. That then proceeded to be checked out. The president reported back to former ADM Noseworthy that one of them dropped out and that the other was conflicted and shouldn't be appointed.

Now, I'm presuming that ADM Noseworthy put that up the food chain, and the word came back three weeks later, according to the president, that that's whom you wanted appointed, even though she had a conflict. Why did you think that it was appropriate to appoint somebody who had a conflict to this board?

Hon. Navdeep Bains: There are two aspects to your question. The first is that the process is very clear in terms of determining how individuals are selected. This is an open, public, fair, merit-based, transparent process.

• (1900)

Mr. Rick Perkins: With respect, that's not my question.

Hon. Navdeep Bains: As I mentioned, second, all designated public office holders are subject to the Conflict of Interest Act.

Mr. Rick Perkins: I've already stated that. Why aren't you answering the question? Why are you obfuscating about a conflicted director who ended up running a corrupt board that resulted in over \$76 million of taxpayer money being taken from the taxpayers and voted for their own companies?

Hon. Navdeep Bains: As I've said, there's a very clear process in selecting the individual. It was a very open, fair and transparent process.

Mr. Rick Perkins: It was fair if you were a Liberal. You recommended her to the Governor in Council. I would ask you, were you aware that Andrée-Lise Méthot, whom you also put on the board, voted for \$42 million to her companies? Were you aware that former Liberal staffer and Trudeau organizer Steve Kukucha, whom you put on the board in this fair and open process, voted his companies more than \$25 million of taxpayer money? Are you aware that you appointed Guy Ouimet from Quebec, who voted for \$4 million in this fair and open process for his own companies?

This is your legacy as minister of Industry. You set up a billion-dollar slush fund for the Liberal Party so that people could feathered their own investments and break the law by furthering the value of their investments in companies using taxpayer dollars. Is that what you intended to do?

Hon. Navdeep Bains: As I indicated in my opening remarks, I left cabinet on January 12, 2021, so I'm not sure which appointments were before or after that.

I would also indicate—

Mr. Rick Perkins: Boy, it's great to have amnesia.

The Chair: Mr. Perkins, your time is up. Please let the witness respond.

Mr. Bains, I'll let you respond.

Hon. Navdeep Bains: Again, I want to reiterate that all designated public office holders have an obligation to hold themselves to a certain standard.

With respect to Ms. Verschuren, her credentials were well known. She received the Order of Canada. She's an individual who was well respected in the clean-tech sector. If I understand correctly, she served under Mr. Flaherty as part of his Economic Advisory Council in 2008 and was also appointed to stick under Mr. Harper, as well.

Again, she's an individual who worked for previous governments and was well known within the business community, particularly in the clean-tech sector.

The Chair: Thank you, Mr. Bains.

I'll now turn it over to MP Arya.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Chair.

Ms. Bhullar, I understand this is a very busy time in your personal life. Where are you calling from?

Ms. Veena Bhullar: Yes, I received the summons the day before my wedding, but I'm here today. I've made every effort to make myself available today, although I'm on my honeymoon.

Mr. Chandra Arya: Congratulations on that. Which part of the world are you calling from?

Ms. Veena Bhullar: I'm in Vernon, British Columbia.

Mr. Chandra Arya: Okay. Congratulations, and thank you so much for making the effort to appear before the committee today. That shows the respect you have for the Canadian Parliament and our parliamentary process.

Mr. McArthur, you mentioned five things that need to be done, including prompt resumption, resuming intake of applications and expedited implementation of the Auditor General's report. Number five was clear communication. I want to focus on recommendation number four, where you said, "streamline processes". You said we have to make adjustments to the rigorous processing structure that SDTC currently has.

Can you elaborate on that?

Mr. Peter McArthur: I can tell you that, when clean-tech companies are applying to SDTC.... It is often with trepidation that they go forward with their applications, because they know how difficult and rigorous it will be. However, we want to make sure any enhancements to the process do not put additional burdens on companies. It prevents us from executing and having innovations come to market.

Mr. Chandra Arya: It's a fact that many companies have been successfully financed by SDTC through that rigorous process and have been successfully implementing, like Mr. Khan's company.

Anyway, there's always room for improvement.

I'll come back to you.

Mr. Khan, you said your project went from lab to proof of concept. Now, regarding the project you are implementing in the oil sands, has it reached the commercialization stage?

• (1905)

Dr. Ibraheem Khan: It's a pilot that we're hoping to ultimately sell to our partner. It's on the precipice of commercialization.

Mr. Chandra Arya: You have gone through the entire SDTC process. Based on your experience, you must have received funding from different agencies at the initial stage, in addition to SDTC.

Am I correct?

Dr. Ibraheem Khan: That's correct.

Mr. Chandra Arya: Through your experience dealing with SDTC, is there anything you would suggest when operations are resumed? Are there any changes you would suggest to the current...? Of course, we also want your funding to be released immediately. Once that is done, are you suggesting any changes to the processing techniques there?

Dr. Ibraheem Khan: It's a lengthy process. From start to finish, when we received our funding, it was almost a year, and a year is a lifetime in the start-up world. If there is a way to shrink that timeline, that would be wonderful. I think it was often related to a lack of resources. There are only so many files a manager can have.

If you can fix the lack of resources, you may be able to accelerate the funding.

Mr. Chandra Arya: When you look at the entire clean-tech funding ecosystem in Canada, are there any gaps that need to be addressed? If I'm not wrong, 30% to 50% of all clean-tech funding is in the form of grants. Personally, I would prefer a repayable loan— at 0%, even.

Do you see any gaps in the ecosystem of funding clean technologies in Canada today?

Dr. Ibraheem Khan: Clean-tech funding is often hardware in nature, and that takes a lot of time. It's not like a software, which may be commercial within months. We've been working with our materials technology for over 10 years now. We have commercialized it in the medical device space, but the clean-tech space is extra difficult.

Having that patience is necessary, so there may be...I don't know if it's a gap or if I would call it a gap, but the grant funding helps support that chasm that is treacherous for entrepreneurs. That would be good to back.

Mr. Chandra Arya: Going back to Mr. McArthur, you...in all honesty, aren't going to be part of IRAP. Are there any changes you'd suggest for the corporate structure when it relaunched, or should it be taken away into some other structure?

Mr. Peter McArthur: If the clean-tech expertise at SDTC is going to be preserved—and that's very key, because it helps the funders, the investors and the corporations it's working with—if the funding is going to recommence quickly, and if the administrative process, which I was talking about earlier, is not augmented for clean-tech entrepreneurs, we think it could be quite effective. However, we need to consult with our members and collaborate with them to see what their thoughts are.

Mr. Chandra Arya: Thank you.

I have just one last question for you. As a part of the Cleantech Alliance, you know the entire ecosystem very well. I think the numbers you guys mentioned are about 500 companies with a revenue of \$3.1 billion and 25,000 jobs, etc.

I'll ask you the same question that I asked Mr. Khan. Are there any gaps in the ecosystem that need to be filled?

Mr. Peter McArthur: I'm glad you asked that.

Seed-stage funding can be a challenge in Canada for early-stage companies. As my colleague Mr. Khan, mentioned it's a capital-intensive process and it's hard to track that capital in the early days, before there is any revenue. The seed stage is absolutely an issue.

I would also say that scaling for hardware companies is a real challenge. Again, it's very capital intensive. Project financing for first-of-a-kind projects is very difficult the whole world over. If you want to launch a new technology, like the ones Smarter Alloys or some of the other companies in your ridings have, it's very difficult to get funding when it's the first of its kind.

Mr. Chandra Arya: Thank you.

The Chair: Thank you very much.

[Translation]

Mr. Garon, you have the floor for six minutes.

Mr. Jean-Denis Garon (Mirabel, BQ): Thank you very much, Mr. Chair.

I thank the witnesses for being with us, today.

Mr. McArthur, in your testimony, you said that Sustainable Development Technology Canada, or SDTC, was a very effective organization. That's a free translation. In your recommendations, you ask that funding be reinstated as quickly as possible for projects that have already been funded.

I'm completely overwhelmed by the fact that the Liberals are defending this fund. There's nothing partisan about what we're doing today. We're talking about an organization whose possible malfeasance is manifold, which has violated at least three laws, and whose several dozen irregularities have been documented by the Auditor General, who, last time I checked, is not partisan.

I understand that you find this organization effective, because the industry needs funding and you need that funding.

The Auditor General's report states: "the foundation's staff rejected some projects because of specific risks, but that it put forward for approval other projects with the same risks." It also mentions that this selection of projects had gone against the experts' recommendations.

For the public, for the intelligent informed person looking at this situation, what you're asking for is possibly to restore funding for projects that may have been funded at the expense of other projects, which carried the same risks and had not been recommended by the experts.

If you're a taxpayer looking at the committee today, do you find your recommendation reasonable?

• (1910)

[English]

Mr. Peter McArthur: Yes, I am a taxpayer, so thank you for that question.

We're not here to suggest that any of the recommendations should not be followed. In fact, we suggest that the recommendations be thoroughly followed and that the rigorous process be applied. We're here to recommend that it be reimplemented as soon as possible on a judicious basis that respects those rules, regulations and processes.

[Translation]

Mr. Jean-Denis Garon: If you don't mind, I'd like to add that you asked for funding for projects to which funding had already been allocated. The Auditor General's report tells us that some projects with the same risks had not been funded, against expert recommendations. As a result, you are possibly asking that we put back on track the funding of companies for which the funding decision was irregular.

Have I understood you correctly? Could any reasonable person want us to start this funding process all over again?

[English]

Mr. Peter McArthur: Thank you again for that follow-up question.

We want the processes to be respected. We want the companies that qualify to get funding. We want that 13% of the world's clean technology companies that are in the top 100 to get funded, so they can grow and prosper throughout Canada and create all those amazing jobs for the future.

We don't want it to be not respected. We want those rules and regulations to be respected.

[Translation]

Mr. Jean-Denis Garon: I'm sorry to interrupt, but you'll understand that speaking time is scarce.

In light of your response, I would invite you to reconsider your recommendation, which is inconsistent with what you have just said.

On the other hand, we have dozens of pages of cases of mismanagement that the Auditor General has been working on for the past eight months. What's more, when Minister Champagne became aware of what was mentioned by the whistle-blowers, funding was cut off. Therefore, given the deficient management—at the very least—of the sustainable development technology fund and the consequences that followed, do you feel that this did, or did not, harm the environmental cause?

[English]

Mr. Peter McArthur: I'm not sure I completely understood the question, but....

[Translation]

Mr. Jean-Denis Garon: This funding was interrupted because of mismanagement of the fund and because of misconduct.

I conclude that there are environmental consequences to this misconduct; there are environmental consequences to the fact that the Department of Industry has let this go on for so long and that this organization has not followed any of the ethical rules that are prescribed by law.

Do you agree with me that these wrongdoings, which led to the funding being ended, have negative consequences for the fight against climate change, for example?

[English]

Mr. Peter McArthur: It is certain that in this period of eight months where there has not been funding, some of the beneficial impact that could have been achieved by those clean technologies has not been allowed to occur.

[Translation]

Mr. Jean-Denis Garon: Thank you very much.

I could ask Mr. Bains the question.

Mr. Bains, you were head of the Department of Industry. According to your testimony, you were responsible for nothing, you were above it all, on a cloud, and everyone but you was responsible for everything.

However, you had a responsible role. You were responsible for your department, which was entitled by law to carry out audits. These would have allowed you to ensure that funding agreements were respected, but also that Sustainable Development Technology Canada's, or SDTC's, ethics and conflict of interest policy was consistent with federal law.

When you were minister, how many SDTC audits did your department conduct? These audits would have enabled you, several years in advance, to identify the lapses listed today by the Auditor General.

How many audits had you commissioned?

• (1915)

Hon. Navdeep Bains: Thank you very much for your question.

[English]

I would say with respect to SDTC, as I've said before, is it's an arm's-length organization that has clear rules in place based on—

[Translation]

Mr. Jean-Denis Garon: Mr. Bains, how many audits have there been? According to the Auditor General, there have been none—

The Chair: Mr. Garon, just a moment. I'd like you to pay attention to the volume of your voice. I'm thinking of the interpreters.

Mr. Jean-Denis Garon: Thank you, Mr. Chair. I'm sorry.

I'm asking you for a number, Mr. Bains. How many audits did you order when you were minister? I don't want you to quote the law. The law is written. How many?

[English]

Hon. Navdeep Bains: What I'm trying to say, through you, Chair, to the parliamentarian, is that the legislation—

[Translation]

Mr. Jean-Denis Garon: There were none.

[English]

Hon. Navdeep Bains: —that the House passed in 2001 clearly provides a mandate for SDTC and how it should govern itself.

[Translation]

Mr. Jean-Denis Garon: There were zero audits, Mr. Bains.

[English]

Hon. Navdeep Bains: We should abide by those rules.

The Chair: Thank you very much.

[Translation]

Colleagues, it is important to let the witnesses respond. Thank you.

Mr. Masse, you have the floor.

[English]

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you to the witnesses for being here.

We wouldn't be here if it weren't for the SDTC employees who were whistle-blowers—who did this work. They had to live with

their families as they went through having their reputations dragged through the mud, being publicly maligned and humiliated by SDTC spokespeople, not being backed up by the minister with regard to the allegations, having to live through the Raymond Chabot Grant Thornton report that tried to dismiss them, then the release of the Osler report, which proved them to be correct. They had to live through not having a union. They had to live through losing salaries, pensions and benefits. They had to live through putting non-disclosure agreements together. They had to live through the corrupt board of directors that intimidated them individually.

We have two sets of witnesses here today. In my opinion, the first set wants to cover their asses, and the second set wants the public spigot to be turned on. Nobody has raised the issue of workers, in going forward on this. I am absolutely, utterly disgusted. This Auditor General's report would not even have been done but for those workers. I have emails from those workers, some of whom had to leave their positions during a pandemic, with no job, because of the culture of intimidation and fear that was set there. We're supposed to somehow set things up because we can magically find proper board members right now who don't get the benefit of being assigned to a type of accountability that hasn't been done. At the same time, nobody really cares about them. All the resources and time.... Tomorrow it will be in the House of Commons, as well, but nobody can talk about them and their families. Nobody can talk about how we go forward to protect them more.

That's one thing I've been asking for repeatedly. If any of the witnesses here have followed the testimony, they would know I have brought this up multiple times.

Mr. Ryan Turnbull (Whitby, Lib.): I have a point of order, Chair.

The Chair: I'm sorry, Mr. Masse. Wait one second.

Mr. Ryan Turnbull: I don't mean to interrupt. I know Mr. Masse is on a roll here, but I want to ask him to stop yelling, because I know the interpreters are sensitive to that. There are injuries that can happen. I know he's very passionate. I get that, but maybe he can either sit back from the microphone or stop yelling, in order to protect our interpreters.

The Chair: Thank you, Mr. Turnbull.

I was just about to tell the clerk that, if there are issues for the interpreters with the members' or witnesses' volume levels, she should make sure to let me know and I'll intervene. I note this.

You may continue, Mr. Masse.

Mr. Brian Masse: Thank you.

I'll let my record on supporting workers and labour stand versus the parliamentary secretary's any day of the week.

I could tell you that, on top of what's taking place....

What does he think is funny? He's been smirking the entire time I've talked here. Maybe that's why I raised my voice. It's because he sat there smirking through my raising the issue of workers.

That's an issue I want to raise now with Mr. McArthur.

What in particular have your organizations and companies done to help the workers who have come forward? You haven't mentioned, in your five recommendations, anything for them.

Have any of the companies that have been receiving SDTC funding, or any other groups and organizations, Mr. Khan, come together and said, "We should do something for the workers and their families"? I didn't hear any of that.

Has any of that been discussed? Have you heard of that, or are you just restarting everything and letting the actions that have taken place...? People have lost jobs and reputations, or are now clinging to employment as they have to go to another agency.

● (1920)

Mr. Peter McArthur: Thank you for your question.

I would say that we're here representing the Canadian clean-tech sector. We're trying to represent the workers who are in those companies in your riding and other people's ridings. They are being impacted by the lack of funding or funding that's been frozen, which has interrupted those companies.

Obviously, we're very empathetic regarding the situation the workers at SDTC went through. Some of them are friends.

Mr. Brian Masse: You know, you're not doing a good job of that, because the workers whom you say you're representing right now... The only reason they're not getting more projects or movement right now is that there was a corrupt environment while everybody stood by and watched. Nobody in this process has offered any solutions of importance related to this matter, publicly or elsewhere. I've checked for that. If you want the workers you represent... Maybe your organizations can show some support for the workers who actually came forward.

To Mr. Bains, it's good to see you. It's been a long time.

I want to go to this issue with you. Can you explain whether, during the process, you received any directive with regard to workers' rights, or with selecting board members that have experience dealing with issues like ethics and so forth? There seems to be a series of issues here. Was there any direction given to that process? Obviously, we cannot undo a lot of the things that have taken place now. However, do you have any recommendations or remorse with regard to the board selection that led to the abuse of employees?

Lastly, these employees, at least, will now be part of a group at NRC. However, they didn't have that protection. Do you have any recommendations about things you would have done differently to protect workers who are susceptible under political appointments?

Hon. Navdeep Bains: It's great to see you virtually. I think the last time I was in committee was in 2020. That was the last time we had an interaction at the committee here at INDU.

You raise a good point. I would say, with respect to the process, that it was open to everyone, Mr. Masse. It was listed on the website. Any individual who wanted to apply for this role could do so.

I'm hoping that people take this opportunity to recognize that these are public processes, and individuals are encouraged to apply.

It's open to everyone. We want people from different experiences, as you mentioned, from labour and all different aspects, to be included in this process.

I want to thank you for highlighting that.

Mr. Brian Masse: Do you remember if you had any labour appointees in that process?

Hon. Navdeep Bains: I don't recall who put up their hand and how many people applied. I do know that it was available and open to everyone and that it was a public process. All appointments are listed on the GIC website.

[*Translation*]

The Chair: Thank you very much, Mr. Masse.

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

[*English*]

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

This is for you, Mr. Bains. Yesterday, the Auditor General released a damning report that ripped SDTC, or the Liberal green slush fund, to shreds. There was \$120 million in taxpayers' dollars that went out the door improperly. There were 186 cases of conflicts of interest. There was \$76 million that was funnelled by board members that you appointed to companies they had interests in.

In the face of that damning report, do you stand by the appointments that you made to the SDTC board?

Hon. Navdeep Bains: I think the process, Mr. Chair—through you to the parliamentarian—was open, fair and transparent. It included the Privy Council Office as well.

Mr. Michael Cooper: I asked you, Mr. Bains, do you stand by those appointments, yes or no?

Hon. Navdeep Bains: I stand by the process by which the selections were made. It was an open, fair, transparent and merit-based process.

Mr. Michael Cooper: Mr. Bains, you appointed board members who then rigged the system to funnel money, \$76 million, to pad their own pockets instead of investing SDTC funds in legitimate investments.

In the face of the damning Auditor General's report, am I to take it you have no regrets, no remorse, and that you accept no responsibility?

Hon. Navdeep Bains: No, what I am saying is that the process that occurred in selecting the individuals for Sustainable Development Technology Canada was followed for all of the appointments that I made for Governor in Council appointments. That means it's an open process, it's a process—

• (1925)

Mr. Michael Cooper: In other words, no, you take no responsibility. That's what I take from your answer.

Now that you've made it clear that you have no regrets and that you don't take any responsibility, that speaks, frankly, to the rot and corruption of this government.

I want to ask you a little bit about the decisions around appointments to the SDTC board.

Did you make those decisions on your own? I understand that there's a process, but, at the end of the day, did you make the final call?

Hon. Navdeep Bains: You're correct, there is a process that included the Privy Council Office—

Mr. Michael Cooper: I asked if you made the final call, yes or no?

Hon. Navdeep Bains: As I was saying there is a process, and through that process—

Mr. Michael Cooper: I'm not interested in the process; I'm familiar with the process.

I asked: Did you make the final decision? Did you have the final say, yes or no? Are you passing responsibility to someone else, perhaps the Prime Minister's Office? Which is it, Mr. Bains?

Hon. Navdeep Bains: As I was saying, there's a process, and through that process, a recommendation is made. That process—

Mr. Michael Cooper: Mr. Bains, this is just ridiculous. You're deliberately obfuscating a very simple question that I asked that goes to your responsibility as minister for appointing all of these corrupt directors to the SDTC board.

Did you have the final say, or did someone else have the final say? Perhaps it was someone in the PMO?

Hon. Navdeep Bains: The way this unfolds is that the Privy Council Office is engaged in this selection process. They make a recommendation and, based on that recommendation, we take the appropriate steps.

Mr. Michael Cooper: Did you communicate with the PMO with respect to these appointments?

Hon. Navdeep Bains: The Privy Council Office is involved in this process along with a number of other government departments. They—

Mr. Michael Cooper: Why does the PMO have an appointment secretariat?

I presume you were communicating with someone in the PMO.

Who were you communicating with?

Hon. Navdeep Bains: Again, this a public process. People can apply and it's open to everyone.

Mr. Michael Cooper: I asked who you were communicating with.

Hon. Navdeep Bains: It's a committee or a panel that looks at the individuals who put their names forward. They go through an interview process. Their CVs are examined. They probably answer a bunch of questions.

Mr. Michael Cooper: Would you just answer one question?

Did the PMO have any say, yes or no?

Hon. Navdeep Bains: Again, I'm sorry. I'm trying my best to answer. I keep on getting interrupted.

What I was saying is—

Mr. Michael Cooper: You're being interrupted, Mr. Bains, because you're not answering basic questions. You're trying to avoid accountability.

The Chair: Mr. Cooper, that's all the time you have now.

I'll give a few seconds to Mr. Bains to answer the questions that were asked.

Hon. Navdeep Bains: Thank you very much, Mr. Chair.

I just want to say that it was a robust process in determining who is selected. I made over a hundred recommendations during my tenure—

Mr. Michael Cooper: What a joke. What a joke of an answer. It's ridiculous.

The Chair: I'm sorry to interrupt, Mr. Bains.

Please, at this committee, Mr. Cooper, we stay respectful. There are certain ways that we can present arguments and do it in a respectful way.

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

Mr. Ryan Turnbull: I have a point of order.

The Chair: I think it's Mr. Perkins first on a point of order.

Mr. Rick Perkins: I would ask that if the committee have respect, it starts with the witnesses answering the questions and not putting a recording on with one line for an hour.

The Chair: I'm not sure that's a point of order. I think that's a comment.

Mr. Turnbull, go ahead, please.

Mr. Ryan Turnbull: Mr. Cooper called the witness a joke. I think he should retract that comment. It is counter to parliamentary decorum and he knows that.

The Chair: Thank you.

Mr. Cooper—

Mr. Michael Cooper: The minister's answers were a joke. That's what I said.

The Chair: Mr. Cooper, I'll give the floor to you.

I agree with Mr. Turnbull. I'll let you correct the record.

Mr. Michael Cooper: What I said was that the minister's answers were a joke, and they were. He gave no answers.

The Chair: Okay.

I'll just ask MPs to tread carefully. I don't accept that in this committee we insult witnesses. Be very careful going forward—

Mr. Michael Cooper: The former minister is insulting taxpayers.

The Chair: Mr. Cooper, you don't have the floor. I'm the chair here. I would ask you to speak when I give you the floor.

On that note, I'll turn it over to MP Turnbull.

The floor is yours for five minutes.

• (1930)

Mr. Ryan Turnbull: Thank you.

I know that SDTC, in the past, has played an important role in the innovation ecosystem when it comes to clean tech. I also know that Canada has, or at least I think it has, a clean tech advantage in the sense that as we build a more sustainable economy and work towards scaling up the innovative solutions that we need to fight climate change and have a stronger, more resilient economy, SDTC seemed to play a pretty key role in that ecosystem.

I want to go to Mr. Khan.

Could you comment on what sort of role in that ecosystem SDTC was really playing, up until the point that we suspended funding?

Dr. Ibraheem Khan: SDTC evolved over the time that we received support. There was a seed stage fund, I believe, which provided seed stage funding. We were later on in the cycle because our technology was a little bit more progressed from a seed stage technology.

SDTC has been—along with other funding agencies, like ERA and NRC IRAP—bridging that gap between innovation that comes out of a university like ours and commercial application.

That is very important because SDTC's, as well as other government funding agencies', rigorous due diligence on the technical merits of our technology played an important part in us engaging partners abroad. They recognize the rigorous due diligence that is done from a technical standpoint, so we can reduce the hurdles of trying to get funding from partners as well as investors abroad.

Mr. Ryan Turnbull: Thank you for that.

Ms. Dubé-Côté, would you like to comment on the same question on the role that SDTC played within the innovation ecosystem? With that unique...do we need to preserve that, obviously notwithstanding the issues that committee members are rightfully concerned about in that there were some practices that did not uphold the highest governance standards?

I want to understand the comments that have been made about ensuring that SDTC can continue to function in the future under a better governance framework, and how important that is. Your testimony today—and maybe I'll go to you next, Mr. McArthur—was about the key role SDTC was playing.

Ms. Isabelle Dubé-Côté: Sure. Different actors in the ecosystem, from various exchanges through various forums, have shared

many ways in which SDTC has been helpful. We mentioned the expertise earlier, which is really something that helped with recognition on the company side, as it was just mentioned. Also, on the investor side, additional investors sometimes came in because SDTC was there to help and bring in expertise on the technical front. That's part of the advantages that were mentioned.

As I mentioned earlier, out of the hundred companies worldwide that are the most efficient clean-tech companies, 13 of them are from Canada, and three-quarters were financed by SDTC. There are a lot of companies. We surveyed a lot of companies over the last couple of months, and various reasons came up front in addition to the financing. The additional support and expertise that SDTC brought to those companies made us very competitive internationally.

Mr. Ryan Turnbull: That's great. Thank you for that.

Mr. McArthur, do you want to comment on that as well?

Mr. Peter McArthur: I think my colleagues have done a good job.

I'll just comment that the valley of death that often exists when a company comes out of a lab and then tries to commercialize is one that exists in many technologies. It's not just in clean tech.

The hardware is particularly difficult, as Mr. Khan indicated. There's a large capital expenditure. It takes a long time to sell into regulated industries. You need access to lab equipment and other technical equipment. Therefore, it has been crucial to have that funding there.

Likewise, Emissions Reduction Alberta also has access to many scientists who help vet that technology, like those at SDTC. That gives comfort to investors, venture capital firms and, in fact, customers who are looking at buying and investing in those technologies as part of the consortium process that exists at SDTC.

• (1935)

Mr. Ryan Turnbull: I know you've said multiple times already—and I think there are some other members who agree with you—that resuming the flow of funds to help continue to scale up and provide the financial support for companies within the ecosystem we're trying to help build.... I think that is a key role that the Government of Canada has played for 20 years through SDTC.

Your testimony today is helpful in understanding why we need to get things moving again, notwithstanding the gravity of some of the governance issues within the organization that have surfaced through the Auditor General's report. I really do appreciate your testimony.

How developed is Canada's current clean-tech market? Are we globally competitive right now? If SDTC didn't resume funding, do you think that would start to dwindle? What impact would it have?

Mr. Khan, I'll ask you, and then Mr. McArthur.

Dr. Ibraheem Khan: Sure. Like Peter has mentioned, we're more advanced than most international competitors out there. We have more than 10 top clean-tech companies in the world that are recognized. Also, we continue to have fantastic innovation that comes out of our own labs at universities, as well as other institutions. That can be very impactful.

I think Canada is wonderfully positioned with talent and innovation to really solve this clean tech problem in an economical way. Any cutting of support will slow that down.

I'll let Peter continue.

Mr. Peter McArthur: Some 24,500 employees at Canadian companies have received support from SDTC. That's helped them become competitive on the world stage and generated high-paying, future-based jobs all across the country. That has absolutely been beneficial.

However, you certainly have to respect the Auditor General's report and make sure that it's compliant and makes sense. Like you, we're taxpayers, and we want to make sure that this is done effectively and efficiently.

It's helping in a difficult part. Commercializing innovative technologies isn't easy. It's highly risky. It's hard to get risk capital to go there. It's important that we have risk capital going there through effective means.

[*Translation*]

The Chair: Thank you very much.

[*English*]

I'm sorry, Mr. Turnbull.

[*Translation*]

Mr. Garon, you have the floor for two and a half minutes.

Mr. Jean-Denis Garon: Mr.—

[*English*]

Mr. Tony Van Bynen (Newmarket—Aurora, Lib.): I have a point of order, Mr. Chair.

The Chair: Yes, go ahead, Mr. Van Bynen.

Mr. Tony Van Bynen: Did I hear comments from Mr. Vis that made accusations of corruption of these individuals?

An hon. member: No.

Mr. Tony Van Bynen: Who are you looking at when you—

[*Translation*]

Mr. Jean-Denis Garon: No. That's not what he said.

[*English*]

The Chair: In any event.... Please, members, this is not question period in the House of Commons. There is no heckling at this committee, and there is no interrupting other members when they have the floor and start to respond to witnesses.

I'll ask you to stay put and respectful while witnesses are speaking.

[*Translation*]

Mr. Garon, you have the floor for two and a half minutes.

Mr. Jean-Denis Garon: Thank you, Mr. Chair.

It's always intimidating to speak after my colleague Mr. Turnbull, who's part of a government that's going to invest \$85 billion in the oil industry by 2035, that just bought itself a pipeline, and is offering tax credits to the oil industry. In addition, Mr. Turnbull's party has invested, over a period of about eight years, \$1 billion in clean technologies versus \$85 billion in the oil industry. This money was allocated to a foundation, which is now being blamed for dozens and dozens of lapses. The Auditor General says so, not the Bloc Québécois. One third of approximately 420 projects may contain irregularities.

I'll put my colleague Mr. Turnbull's question to Ms. Dubé-Côté.

If there hadn't been all this misconduct and if the minister hadn't had to suspend funding, how many clean tech projects wouldn't be frozen, today?

Ms. Isabelle Dubé-Côté: I can't answer that question, because I don't have all the information—

Mr. Jean-Denis Garon: Would you be able to provide a written response to the committee clerk later? Would you be willing to verify this information for us?

Ms. Isabelle Dubé-Côté: I can do some research, because I don't have the information right now.

What I can tell you is that I'm not here necessarily to comment on the processes that have been put in place. I'm here to paint a picture of a very promising industry for Canada. I'm here to represent—

Mr. Jean-Denis Garon: Please allow me to interrupt you, because I only have two minutes left.

The situation is clear: There was misconduct, and Minister Champagne was obliged to suspend, to freeze the funding. You're all here today to tell us that funding for projects that will create 34,700 jobs for the future in Canada is linked to projects that may have been frozen because of misconduct. That's the picture. You don't have to paint it for us. We appreciate your industry.

What I'm saying is that it's absolutely disturbing to see a Liberal defending such inadequate management of a fund, implying that we in the opposition are putting environmental companies on trial. Yet the processes weren't followed, so in your enterprises for the industry of the future, you've lost your venture capital funding, when that's exactly what's needed for the industry of the future.

That's why I'm asking if it's possible to verify the number of job losses caused by the funding freeze and to forward this information in writing to the

clerk of the committee. I would find it extremely interesting to have this information, because it would allow us to eventually recommend that this money, that is, Quebec's share, be paid to Quebec City, to a real legislative authority, one that really fights climate change, so that Quebec's Ministère de l'Économie, de l'Innovation et de l'Énergie, which for the moment, at least, is not burdened by scandals like these, can create projects that meet the aspirations of Quebecers.

Thank you, Mr. Chair.

• (1940)

The Chair: Thank you very much, Mr. Garon.

Mr. Masse, you have the floor.

[English]

Mr. Brian Masse: Thank you.

One of the reasons the Auditor General noted that she would look into this is that sustainable development technology can be entirely funded through public money, and with that comes an expectation that it holds the highest standards for ethical practices. Meanwhile, when you talk to the workers who came forward, what we found out was that they often had to move provinces. They faced sexism and racism, and a bunch were fired at different times. There was special persecution in the eyes of them, a minority group in Quebec, who faced some of the worst of the practices.

Mr. McArthur, I go back to you. With regard to the culture and the workers right now, what due diligence is your sector going to do for those workers who have now moved to another department to ensure that the proper decisions are made? Some of those people fought for the people who got some of the funding that you're here asking more of, which is entirely public money, because they saw the corruption and the mismanagement, and they saw others who were doing improper practices get money that would have gone to more of your clients who were doing the right thing.

What do you say about that situation? How fast do we turn this on at the expense of the culture and, more importantly, the families who still live with this legacy?

Mr. Peter McArthur: Thank you, Mr. Masse.

We're here representing the clean-tech sector. We're not here representing SDTC.

We're empathetic to the situation that those employees suffered and we feel for them. All I can say is that we're here to say that the clean-tech sector needs funding if we want to see it continue to flourish as it has.

Mr. Brian Masse: There's nothing you can say to offer that....

I think this is rather unfortunate because I know that you've mentioned a number of times projects in our ridings, which is a code word up here for basically saying that it's always your interest as a member of Parliament in the district you have.

I can tell you that my district wants fair, ethical practices for the workers who actually make the decisions for the people that you're supposed to be representing right here. That would be the first thing for accountability.

This is why, quite frankly, Mr. Chair, as I conclude my remarks here, this is rather appalling. Until we fix the culture that was left over from SDTC, good decision-making will never take place.

[Translation]

The Chair: Thank you, Mr. Masse.

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

[English]

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

I'm going to try another route here.

Mr. Noseworthy, you are the former assistant deputy minister that attended, during your time, all of the board meetings as the observer from the industry department on behalf of the Minister of Industry.

The former CEO of the green slush fund, Leah Lawrence, testified to this committee that she expressed her concern about the appointment of the conflicted Annette Verschuren to you and asked you to convey that up the line before the appointment was made.

Did you convey that concern to anyone?

Mr. Andrew Noseworthy: My understanding, sir, is that the potential conflict with Ms. Verschuren was well known as part of the process. My understanding is she disclosed [*Inaudible—Editor*]—

Mr. Rick Perkins: Here we go again. You did this the last time you appeared before the committee: You had severe amnesia and you also obfuscated.

It's a simple question. Whom did you tell, up the line, that the CEO of the green slush fund had a concern? Did you tell anyone, yes or no?

• (1945)

Mr. Andrew Noseworthy: Mr. Chair, I had regular discussions with my deputy minister about the overall processes of SDTC—

Mr. Rick Perkins: Did you tell the deputy that the CEO of the green slush fund was objecting to the appointment of that chair?

Mr. Andrew Noseworthy: I am aware that the deputy minister was aware of the potential conflict with Ms. Verschuren.

Mr. Rick Perkins: You're aware that he's aware and he became aware through you.

What did the deputy do with that?

Mr. Andrew Noseworthy: I can't comment. I can tell you that—

Mr. Rick Perkins: Did you ever speak to the minister's office with regard to it?

Mr. Andrew Noseworthy: I did not have any discussion with former minister Bains or his staff about that.

Mr. Rick Perkins: Ms. Bhullar, the CEO of the green slush fund also testified that she asked you to convey to the staff in the minister's office the concerns about the conflict.

Who did you talk to in the minister's office?

Ms. Veena Bhullar: It would not have been my role or responsibility to comment or provide advice on appointments. The CEO did ask me—

Mr. Rick Perkins: You were the government relations person. The CEO reported in this committee that, as your boss, she asked you to speak to the minister's office.

Did you defy your boss and not do what she asked?

Ms. Veena Bhullar: To clarify, my role was communications, not government relations.

Yes, the CEO did ask me to convey the potential for a conflict, which I would have done at the time.

Mr. Rick Perkins: Whom did you do that to?

Ms. Veena Bhullar: It would have been a policy lead at ISED.

Mr. Rick Perkins: Who was it?

Ms. Veena Bhullar: I don't recall who—

Mr. Rick Perkins: You don't recall. In the minister's office, somebody who reported to Mr. Cairo is who you reported that to.

Ms. Veena Bhullar: That's correct.

Mr. Rick Perkins: Did you speak to anyone in the PMO?

You had formerly worked in the PMO only a few months earlier. You're telling me that you never spoke to anyone in PMO appointments who was responsible—not the PCO—for running this process.

Ms. Veena Bhullar: Once again, it would not have been my role or my place to provide any sort of guidance or advice on appointments [*Inaudible—Editor*]—

Mr. Rick Perkins: You're saying you didn't speak to anyone in the Prime Minister's Office about this at any time?

Ms. Veena Bhullar: Not that I recall. I did not speak to anyone in the Prime Minister's Office regarding Ms. Verschuren.

Mr. Rick Perkins: Will you go back in your notes and supply us with the person in the minister's office who you spoke to?

Mr. Cairo, did the policy person in your office ever report to you about the objection of the president about the chair?

Mr. Gianluca Cairo: Mr. Perkins, I left in August 2019.

Mr. Rick Perkins: She was appointed in June 2019, so you were still the chief of staff.

Mr. Gianluca Cairo: Absolutely. Ms. Verschuren was appointed through a process that involved—

Mr. Rick Perkins: I know what the process is. I don't need you to repeat Mr. Bains' talking points again.

Who in your office told you that the CEO objected to the appointment of this chair because there was conflict, and did you have that report?

Mr. Gianluca Cairo: Mr. Chair, I do not recall any conversation around—

Mr. Rick Perkins: Boy, there must be something in the water at that ISED office, because everybody has amnesia. Mr. Noseworthy has amnesia. Mr. Bains has amnesia. You have amnesia. Ms. Bhullar has amnesia about whom she talked to. I could swear you

all worked together in the Liberal Party and are covering up for something.

Now, Mr. Bains, are you telling me, after everything that has been testified before this committee, that nobody in your staff told you about the conflict, and you went ahead anyway?

Hon. Navdeep Bains: Thank you very much for that question—

Mr. Rick Perkins: Don't give me an appointments process lecture again.

The Chair: Mr. Perkins, just let the witness answer, and then that's all time you have.

Mr. Bains.

Hon. Navdeep Bains: Thank you very much for the question.

As I've indicated before, I believe this appointment was made approximately five years ago. This is one of a number of appointments that I made as a minister, and I had full confidence in the rules and procedures that—

Mr. Rick Perkins: You have no responsibility for anything that happened when you were minister—

The Chair: Thank you very much, Mr. Perkins.

I'll now turn it over to MP Van Bynen for five minutes.

Mr. Tony Van Bynen: Thank you, Mr. Chair

With 30 years' experience as a bank manager and being engaged with small businesses that have an idea and want to create jobs, I want to thank you for coming forward to let us know what this program is all about. I want to make sure that we don't throw the baby out with the bathwater.

Thank you very much for having the fortitude to withstand this type of interviewing, and thank you for at least contributing to the positive side of what this corporation can do.

Now, we have the process of incubators, accelerators, angel investors and venture capital, but I understand that the organizations you represent are on the incubator side, where there's high risk and low tolerance for risk for anyone other than people who have equity positions. Can you tell me what the industry does?

I'm getting a little frustrated. All we're talking about is money coming out of a corporate spigot. That's not what this is about. This is about investing in ideas. It's about investing in jobs. It's about investing in our international profile and advancing the industry.

Is there anyone who can tell me...? From your experience, how many jobs have you created, Mr. Khan?

• (1950)

Dr. Ibraheem Khan: It's difficult to come up with a number because we do a lot of contract work externally, and spend millions of dollars with contractors in Alberta, Ontario and elsewhere. If I had to estimate, we're probably in the triple digits now. We've probably created 90 to 100 jobs.

Of my staff, about 60% are Ph.D.'s, scientists and researchers. I'd say about 25% are production staff, and then we have all of the in-between, like accounting—

Mr. Tony Van Bynen: What would happen to those Canadian assets if you didn't have that corporation?

Dr. Ibraheem Khan: They would likely leave Canada. Our competitors, to retain.... Our human resources are mostly folks in the valley. The Apples and the Googles of the world would probably pick up our people.

Mr. Tony Van Bynen: They're educated here and they make money elsewhere.

Dr. Ibraheem Khan: Yes. Most of these guys and girls are educated here, and they often have a master's or Ph.D.

Mr. Tony Van Bynen: Mr. McArthur, can you add some of your own experience with what these investments are doing in the industry or in the community, or for your companies and the companies you represent?

Mr. Peter McArthur: Canada has competitive advantages in a number of areas. I will highlight three.

One is in water. There are more water patents filed in the province of Ontario than there are in any other jurisdiction in the world.

Carbon capture, utilization and storage is going to be key to decarbonizing the industrial sector all across Canada. The cement industry is located all over. There are steel industries and the oil and gas sector.

On energy storage, there is a phenomenal amount of strength in Canada in energy storage. There are batteries, water and variations on themes...recovering waste heat energy, as my esteemed colleague here has talked about.

Canada has some real, competitive advantages here. As you said, in fact, one of our contributors, Soula Chronopoulos from AquaAction in Montreal said Canada threw the baby out with the bathwater when freezing funding at SDTC. There's no good alternative to the SDTC funding for the water sector in Canada. That's an area where we punch above our weight.

Mr. Tony Van Bynen: Ms. Dubé-Côté, can you add to that?

Ms. Isabelle Dubé-Côté: We are very competitive right now on the international scene. Canada is perceived as an avant-garde player on many fronts. That edge is going to be closing very quickly, because some countries are investing massively in different subsectors of clean tech. If this sector is not supported at the right time—right now—we are going to lose the competitive edge we have internationally on various fronts.

Mr. Tony Van Bynen: In your presentation, regarding your letter dated April 24, you indicated that, drawn only from the survey of

191 respondents, over \$400 million in investment has been paused or abandoned.

Is that opportunity lost? Is that opportunity recoverable? If so, what's the shelf life of those opportunities? I'm trying to get some sense of urgency in terms of the timeline you're looking at.

Anyone can go ahead.

Ms. Isabelle Dubé-Côté: Well, out of that \$400 million, a combination of projects were abandoned or suspended. We believe that some of them could be recovered. Of those respondents, some have clearly already abandoned projects. I would say that half of the respondents said they had projects that were suspended or abandoned.

Out of that \$400 million we've accumulated through what was shared, some of them could be recuperated, but some of them can't, at this point.

• (1955)

Mr. Tony Van Bynen: Mr. McArthur, can you add to that?

Mr. Peter McArthur: I would reiterate that some of them have been lost. With some of them, there's opportunity to recuperate and build new.

Mr. Tony Van Bynen: There's talk about realignment of these resources within National Research Council.

Do you see that as a benefit? Do you see this making it a more robust process? Do you feel the bureaucracy might be a hindrance to the speed entrepreneurs need? What are your thoughts on this realignment?

The Chair: Give a brief response, please.

Ms. Isabelle Dubé-Côté: I think the expertise that has been developed over the years at SDTC.... It was mentioned earlier that it's an arm's-length organization that understands the challenges of commercializing a technology. If the expertise that has been gained over the years is transposed or brought over to the new structure, if the funding decisions under all the required guidelines resume very quickly, and if it's not heavier for entrepreneurs and businesses to file for these processes, I think we can say it could be a good solution.

We'll definitely make sure we consult with our ecosystem and members to make sure we make it a good solution and one as efficient as possible, but it has to be quick.

The Chair: Thank you.

Thank you, MP Van Bynen.

It will now be Mr. Cooper.

However, Mr. Cooper, before I yield the floor to you, I'm thinking back about what happened earlier with a witness. Looking at the record, it's clear to me that you used language that does not conform to the kind of decorum I try to set in this committee and that we try to set as a committee.

I'll just ask you to retract. Then we can move on.

Mr. Michael Cooper: I retract.

The Chair: Thank you, Mr. Cooper. You can continue.

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

Mr. Bains, I'll try again with respect to the question from Mr. Perkins that you didn't answer.

Were you aware of Ms. Verschuren's conflict, namely that her company was receiving money from the green slush fund when you appointed her as chair of the board, yes or no?

Hon. Navdeep Bains: Thank you very much for the question.

As I indicated before, and as I believe Mr. Noseworthy said, Ms. Verschuren's business experience in the clean-tech sector—

Mr. Michael Cooper: Seeing as you're not answering the question once again—it was a yes-or-no question—I'll move on to a different question. I think the answer is yes to that question, but you just won't admit it, because you don't take responsibility.

Mr. Ryan Turnbull: I have a point of order.

Mr. Chair, I don't know whether it's acceptable for Mr. Cooper to both talk over the witness and then answer for him—

Mr. Michael Cooper: It's my time.

Mr. Ryan Turnbull: —but I don't think that's what Mr. Bains said. Maybe Mr. Cooper could just allow the witness to respond to his questions. I know he's framing them as yes-or-no questions, but perhaps the witness doesn't see it as a yes-or-no question.

Mr. Michael Cooper: They are yes-or-no questions.

The Chair: Thank you, Mr. Turnbull.

I give a bit of leeway, especially given that we have an experienced politician as well, Mr. Bains. I give a bit of leeway, but the general rule is that we try to give witnesses as much time for their answers as for the questions.

Mr. Cooper, please keep that in mind. The floor is yours.

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

I will ask the former minister another yes-or-no question.

Mr. Bains, have you read the Auditor General's report, yes or no?

Hon. Navdeep Bains: Again, thank you very much for the question. I have not had the opportunity to read the report in its entirety.

Mr. Michael Cooper: Well, I find that incredible, seeing that you're here to answer questions about the corrupt mess that you oversaw as minister at SDTC, the Liberal green slush fund.

If you had read the damning Auditor General's report, you would have learned that when Ms. Verschuren was appointed chair, she changed the conflict of interest policy of the green slush fund with respect to the blackout period so that board members could buy shares in companies they approved monies for within three days.

Were you aware of that change in the conflict of interest policy by Ms. Verschuren?

• (2000)

Hon. Navdeep Bains: Thank you very much for the question.

I would say that all designated public office holders understand the rules they need to follow in the Conflict of Interest Act, and those rules pertain to people who sat on the SDTC board as well.

Mr. Michael Cooper: Well, clearly not, given that there were 188 cases of conflicts of interest involving members of the board

and others at the green slush fund, but I ask you the question again. Were you aware of that change in the conflict of interest policy so that board members at the green slush fund could approve funds to certain companies on Monday and buy shares by the end of the week?

Hon. Navdeep Bains: This is an arm's-length organization that has a mandate from the act of Parliament, I believe—as I recall in my opening remarks—which was established in 2001 for this organization, and it's very clear that the rules—

Mr. Michael Cooper: Mr. Bains, you're an executive at Rogers. Would that fly? Do you know what it sounds like to me? It doesn't just sound like it to me. I'll call it what it is: It's called insider trading. Does insider trading fly at Rogers?

Hon. Navdeep Bains: Thank you very much for the question.

I'm delighted to be here today before the committee to answer any questions with respect to Sustainable Development Technology Canada.

Mr. Michael Cooper: I asked you a simple question, and that is, do you think it's acceptable that a conflict of interest policy at the green slush fund that happened under your watch as minister was changed such that board members could vote to funnel taxpayers' money into companies and, before week's end, buy shares in those companies? Do you think that is acceptable? I will repeat it again; I call that—and it is—insider trading.

Hon. Navdeep Bains: I believe it's important that all designated public office holders hold themselves to the highest possible standard and follow the rules that are clearly outlined in the Conflict of Interest Act, and that is an expectation that all public office holders should abide by.

Mr. Michael Cooper: Well, Mr. Bains, do you believe that your only role as minister was to appoint members to the board? Is that the only role that you saw with respect to the SDTC and the green slush fund?

Hon. Navdeep Bains: Thank you for the question.

It is an arm's-length organization. The board and management have clear rules as to how they should conduct themselves—

Mr. Michael Cooper: Mr. Bains, had you bothered to read the Auditor General's report, you would have discovered that the Auditor General found that your department, on your watch, completely failed to see that contribution agreements were complied with, and completely failed with respect to overseeing conflicts of interest. Taken together, \$120 million went out the door from 188 cases.

Do you take issue with the Auditor General's damning findings about failings of your department under your watch as minister?

Hon. Navdeep Bains: Thank you very much for that very important question.

I would say that I respect the work of the Auditor General and I think it's very clear what she stated in that report.

The Chair: Thank you very much, Mr. Bains.

I'll now turn it over to MP Arya.

Mr. Chandra Arya: Thank you, Chair.

Mr. Khan and Mr. McArthur, I'm coming back to the discussions we previously had.

Clean tech is certainly not software. It involves hardware and quite a bit of it. Once upon a time in my lifetime, I had a small manufacturing company. I was involved in the development of new manufacturing sectors in several countries.

Even with commercially proven manufacturing technologies, with any capital-intensive project or any project with lots of plants and machinery, the gestation period is so long because of a lot of teething problems. To see it come to an industrially accepted capacity utilization rate takes time.

Mr. Khan, when it comes to new technology like yours, which you are now getting ready to implement with the oil sands project, if I'm not wrong, can you tell us how big it is in terms of the dollar amount, if that's not confidential?

What is the implementation period that it takes? When it comes to financing it, what amount or percentage of the project cost is getting financed through SDTC?

• (2005)

Dr. Ibraheem Khan: I'll do my best to answer the question. I don't have the exact numbers.

We have put in excess of \$10 million into developing the technology. It's not solely for the Alberta site. We've done smaller pilots leading to that larger site because our partners wouldn't be interested in something that's completely unproven.

We've received a small amount of funds from investors in the past, but being a materials technology, we also deploy our materials in medical devices and are fortunate to have revenue that comes from that medical device. This medical device is a dental device. All the revenue we generate from fixing people's teeth we funnel to our clean tech application.

I'd say that about 60% to 70% of it is funded through investors as well as revenue generated from other opportunities so that we can scale our technology.

Mr. Chandra Arya: Thank you.

Mr. McArthur, in relation to that, I just joined this committee last month, but I was a member of this committee way back in 2015 and 2016. The only other member who is still here in this committee is Mr. Brian Masse.

During that time, we once had the CEO of BDC—Business Development Canada—here and I asked a very simple question. They were talking about billion-dollar portfolios for various sectors of the economy, etc.

My question was very simple. I asked the BDC team then how many manufacturing start-ups it had financed during that last year. They didn't have the answer. They had to go back and search. Out of the billions of dollars of portfolio they had, they came with an answer. If I remember correctly, it was just about \$15 million in new manufacturing start-ups.

There is a gap here. I'm sure it's the same with clean tech.

You were mentioning the gaps in the ecosystem. I'll give you some more time to elaborate on that.

Where is the gap and what needs to be done? Is SDTC a vehicle through which that gap can be addressed?

Mr. Peter McArthur: Yes, SDTC does address some of that, for sure, as was talked about earlier. It's taking that first commercialization step, developing consortiums and proving out the technology.

There is an abundance of capital available for software solutions. They are low capital-intensive solutions. There is a shortage of capital for the hardware solutions and that's not going away.

There are some funds in the U.S. that do specialize in it and sometimes we're able to attract them up to Canada to invest here, but there's often a lack of it.

I'll go back again to those demonstration facilities and that first of a kind—FOAK is the acronym. It's tough to attract capital there. We're missing opportunities to deploy innovative solutions that are being developed by smart technology guys like Mr. Khan here and others across Canada and have them have the impact on our economy, on jobs and the planet.

Mr. Chandra Arya: Thank you.

I'm slightly changing the theme.

Are there any policy recommendations you can suggest for the policy-makers, whether at the federal or provincial level, that can help the clean-tech sector grow, including the financing of the clean-tech sector?

Mr. Peter McArthur: Again, I would say that if there was additional funding in the venture capital sector, it could benefit the clean-tech space. If there was additional funding available at the seed stage, in particular—that's often a challenge—and first of kind...

I don't mean to repeat myself.

Mr. Chandra Arya: Basically, what you're saying is that we need to have a specialized fund specifically for clean-tech seed capital.

Mr. Peter McArthur: Yes, we do, among others.

Mr. Chandra Arya: Can you kindly elaborate? I'm trying to understand.

• (2010)

Mr. Peter McArthur: It's for scaling seed funding—series C and series D—and also for project finance funding. Those are all gaps. Whether it's fair to expect the Government of Canada to solve all of those problems, I don't know. However, those are gaps our industry feels when it goes to get funding.

The Chair: Thank you, Mr. Arya. We're out of time.

[Translation]

Mr. Garon, you have the floor.

Mr. Jean-Denis Garon: Thank you, Mr. Chair.

Ms. Dubé-Côté, I'd like to go back to our previous exchange to clarify my point.

You represent the cleantech industry in Quebec, and I think it's a fine industry, an industry of the future that must have financing. Obviously, a large part of the return on investment for companies in this industry is collective and ecological in nature, which in itself justifies public investment. As I was saying earlier, my assessment of the situation is that your industry is the first victim of what is happening today. If the rules for managing this fund had been stricter, Minister Champagne wouldn't have had to freeze funding and we wouldn't be in this situation today. I wanted to make that very clear.

Of course, you don't know how many projects could have gone ahead or how many jobs have been lost since they froze funding, because you don't have those figures to hand. However, I'd like to give you the chance to give us some examples of promising projects that could be delayed because of the mess of public funds mismanagement we are witnessing today.

Ms. Isabelle Dubé-Côté: I don't have the exact data on the actual effects, but, according to the survey we conducted of around 200 companies, which responded promptly, 10% of them had to dismiss some employees. We don't know in what proportion each company had to dismiss people, but we do know that job losses have occurred at 10% of them. So we feel and understand the effect of job losses at Sustainable Development Technology Canada, or SDTC, because there have been some in our sector too.

Mr. Jean-Denis Garon: Of course, we've talked a lot about the carbon tax and the emissions trading system that exists in Quebec. We need to reduce our greenhouse gas emissions, but we also need innovation, and that innovation also needs venture capital.

If you had a sales pitch to present to me in the 30 seconds we have left, which projects would you describe as the most promising in Quebec, in your industry?

Ms. Isabelle Dubé-Côté: Locally, of course, we can think of the renewable energy sector and everything to do with energy, batteries and storage. This is a hot topic right now, and we're positioning ourselves very strongly in this area.

Next, we have a resource that is the subject of great interest abroad, and that is water. This is just my opinion, but I don't think we pay enough attention to everything to do with water treatment and preservation. When we go abroad and talk to colleagues from other cleantech alliances, we find that this topic is a priority for them.

Mr. Jean-Denis Garon: Thank you.

The Chair: Thank you very much, Mr. Garon.

Mr. Masse, you have the floor.

[English]

Mr. Brian Masse: Mr. Bains, I've been made aware that, perhaps, the original selection before Annette Verschuren was Karen Hamberg, who was selected by you. Maybe it was changed later on, perhaps by the PCO. I don't know.

Can you confirm or deny whether that was the case?

Hon. Navdeep Bains: Thanks for the question, Mr. Masse.

I don't recall, again, the specific names that were brought forward at that time.

Mr. Brian Masse: Okay. That's unfortunate.

I would like to move to Mr. Noseworthy.

The reason we're here is that the staff were not believed in two reports. You were in the boardroom. Did you not notice anything unusual with Annette Verschuren? Can you confirm or deny anything you saw, or did you report anything back to ISED?

Mr. Andrew Noseworthy: Sir, my experience was that Ms. Verschuren was a reasonable chair and that board meetings were conducted in a responsible way. The specific issues around conflict were presented, as I saw them—as this table heard before—by people recusing themselves. I saw no evidence of any of the specific concerns that were raised by the whistle-blower until such time as I saw the whistle-blower's report.

• (2015)

Mr. Brian Masse: That's hard to believe. You had a first-class ticket on the *Titanic*, but you didn't see any evidence in front of yourself.

Do you have, or did you have, a social relationship with Annette Verschuren or other board members? Have you attended any events outside the boardroom in a social manner—at a restaurant or at some occasion or special event?

Mr. Andrew Noseworthy: The only specific event I can recall, sir, was that, several years ago, Ms. Verschuren received an honorary degree from Memorial University of Newfoundland. I live in Newfoundland, and she invited me to the convocation with her.

Mr. Brian Masse: Okay. That happens, so I don't want to cast aspersions on that. However, at the same time....

I'll just confirm: You never noticed a single concern or discussion related to conflicts of interest, even in the reports that were done internally, when you were attending all those meetings.

Mr. Andrew Noseworthy: Sir, ISED did not undertake any independent assessments of conflict of interest. We relied on the organization, which had a specific responsibility to do that. I relied on what I saw in the board meetings. Individual members recused themselves when they had a perceived or possible conflict of interest.

Mr. Brian Masse: Thank you, Mr. Chair.

It's very frustrating. We had a person in the room, and we had all this abusive behaviour. We're here because nobody believed the workers. That's why they're delayed on their funding. We still don't have a cultural resolution for what took place.

[Translation]

The Chair: Thank you, Mr. Masse.

Mr. Perkins, you now have the floor for five minutes.

[English]

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

It's incredible. Mr. Noseworthy sat in the committee. The Auditor General pointed out that he was there 96 times when they declared a conflict of interest and five directors were feeding each other money.

My question is for Mr. Bains.

In 2016, you appointed Andrée Lise-Méthot to the board. That's perhaps the most corrupt of all of your corrupt appointments. Andrée Lise-Méthot has a company called Cycle Capital, a venture capital company. Companies she has ownership in had already received \$101 million from the green slush fund before you appointed her to the board, in breach of the Conflict of Interest Act. Once on the board, she voted \$42.5 million into those companies. Then, within the year—in the cooling-off period, when she was supposed to have no contact with them—she got another \$8.5 million. Therefore, \$150 million went to this one corrupt director you appointed.

Are you aware of any of that or, like everyone else, are you doing a *Hogan's Heroes*' Sergeant Schultz routine?

Hon. Navdeep Bains: Again, thank you very much for the question.

During my tenure, I recall making over 100 GIC appointments. There were a number of people appointed. I've talked about the process—

Mr. Rick Perkins: In your opening, you said you were responsible for the appointments, yet you take no responsibility for any of them.

Were you aware that Steven Guilbeault was the lobbyist for Cycle Capital? In his time as the lobbyist, Cycle Capital received \$111 million in grants from SDTC. In fact, in 2018 and 2019, he met 25 times with Industry—your office—and the PMO.

Did you ever meet with Steven Guilbeault on these projects before he was elected?

Let me guess: You don't recall.

Hon. Navdeep Bains: Well, if anyone met with me, there were clear rules and obligations around reporting—

Mr. Rick Perkins: Did you meet with him, yes or no?

I would think that if the current environment minister and a nominated candidate in the Liberal Party was in your office 25 times, you would recall those meetings.

Hon. Navdeep Bains: To the best of my recollection, I don't recall any such meetings. I would say that, again, this is an arm's-length organization that has a clear mandate of how it conducts itself—

Mr. Rick Perkins: Isn't it convenient that, in an arm's-length organization, it's Liberals who get appointed to the board through your neutral process?

By the way, I'm not sure what PMO appointments does with the many, many people who work in Trudeau's PMO appointments office who clear all these things and say to you that they are appointing these Liberals, even though they're corrupt and got \$100 million.

Your current minister of Environment and this Liberal government lobby 25 times for the most corrupt of them all, and you say, "I don't remember". How many times has it been? Since you've been before this committee, you've said 42 times that you don't remember.

Why would Rogers hire you if you can't remember anything about what you did here? You seem like the most ineffective person if you can't remember your time as a minister and these meetings.

It's not about the 100 appointments. When Liberal candidates are in your office lobbying on behalf of Liberal appointments, which you made, to get \$150 million of taxpayer money funnelled into their companies to personally benefit from it, this type of Liberal corruption is, I guess, accepted in the Liberal Party.

Heck, why would I expect any different from you? You were the guy in charge of reducing cell phone rates and then left office and went to work for the biggest, most expensive cellphone company in the world. You are featherbedding your own corrupt approach to your career, so why would we expect that you would appoint anyone else who was any different?

• (2020)

Hon. Navdeep Bains: As I've said before, Ms. Verschuren and her credentials are well known. She served under Jim Flaherty as an adviser during the financial crisis. She was also appointed, I believe, to the Science, Technology and Innovation Council by Mr. Harper.

Mr. Rick Perkins: I know her resumé. We know it well. You can look it up on LinkedIn. I don't need your recitation in defence of her resumé.

I want your explanation of why you put Andrée-Lise Méthot, who had \$100 million already from this fund of taxpayer money, on the board so she could steal another \$50 million of taxpayer money. Why did you do it?

The Chair: Mr. Perkins, that's all the time you had. Please let the witness answer.

Mr. Bains, the floor is yours.

Hon. Navdeep Bains: Thank you very much, Mr. Chair.

Individuals who are identified and selected are done so in a very public way. They have to go to the website. They have to download their CV. There is a panel that's established that includes the PCO. These individuals go through that process. Recommendations are made to me, and this was the process that was followed for all the GIC appointments that I made.

The Chair: Thank you, Mr. Bains.

Mr. Turnbull, the floor is yours for five minutes.

Mr. Ryan Turnbull: Thank you to all of the witnesses for being here today.

I want to ask Mr. Noseworthy a question.

Maybe I'll start by saying that SDTC is an arm's-length organization that was around for 20 years or so. I understand that this means that the federal minister, his office at the time and the department wouldn't have been intimately involved in the day-to-day operations of the organization. Because it's arm's-length, it was running under a contribution agreement, but I understand that there's some involvement in terms of reporting requirements, etc.

Mr. Noseworthy, I note that, in the report—I think it's page 18 of the Auditor General's report—there's mention in paragraph 6.52 that the foundation did not report to the department on about 91 conflicts of interest. That's documented in the report quite well.

When I'm thinking about this, I'm thinking, okay, how do we make sure that some of these governance issues never come up again as we move forward with a new governance model for SDTC? The minister has already announced that we intend to fold it into the NRC.

I wondered if you could just comment on how we ensure that we put more onus on the organization in the future and the people who will be involved in making future decisions so that this breakdown of communications doesn't happen again.

Mr. Andrew Noseworthy: Sir, my personal view is that the solution to that challenge would be to bring the funding more directly within the ambit of government, where the checks and balances and administrative responsibilities of government can fully come into play in the oversight of funds.

In my perspective, foundations like SDTC are strange animals from a governance perspective. From one side, you want them to be independent. From the other side, there's an expectation of accountability back to government on the funds that they spend. There is always a balance between those two issues, and things will get confused.

On that basis, my personal view, sir, would be that the cleaner, clearer way to participate in funding by government in future decisions on issues like this is more directly.

• (2025)

Mr. Ryan Turnbull: Thank you for that. I think that might be informative for us moving forward coming out of this committee proceeding.

I want to go back to Ms. Dubé-Côté and ask how big the potential market for clean tech is in Canada. Do we know how much potential there is for growth? As we've heard before, I think you were clear that SDTC plays a pretty important role. Mr. McArthur was pretty clear on the need for that high-risk capital and seed funding as well, but I think there are a few different categories.

Ms. Dubé-Côté, could you speak to market size in the different areas?

Ms. Isabelle Dubé-Côté: The potential market size is probably humongous. Clean technologies are there to replace more traditional technologies that are less efficient and have a negative impact on the environment. Any technology that is currently used in the country that could be replaced by clean technology represents the market.

Mr. Ryan Turnbull: The market sounds like it's very, very large.

Mr. McArthur, do you have any answer to that, given your position?

Mr. Peter McArthur: I have a couple numbers for you. It's been estimated that, for Canada to get to net zero, which is one of our objectives if we want to have a livable planet, it's going to take Canada \$2 trillion. For the globe, it's \$197 trillion. Now, we can sell to that \$197-trillion market as well as to the \$2-trillion market in Canada. As Isabelle was saying, the market potential is huge.

Mr. Ryan Turnbull: Is that the global market size that you're referring to?

Mr. Peter McArthur: It's estimated it will take \$197 trillion of investment for this planet to operate.

Mr. Ryan Turnbull: Right, and that's to get to net zero by 2050. Is that a total number by then?

Mr. Peter McArthur: There's a range of numbers, but that's one of the numbers I've read.

Mr. Ryan Turnbull: The market size, though, is what I was getting at. You were saying that that's the investment capital that would be needed. In terms of growth potential for the market, it must be a lot bigger than the capital going into it, would it not?

Mr. Peter McArthur: The spin-off business would be incredible. To deploy \$197 trillion would be phenomenally difficult to do, but these are mammoth opportunities.

Mr. Ryan Turnbull: I guess a point on this is that it seems to me that, in various ways, the Government of Canada has played a role in this particular market to get to net zero because it's in the public interest, and we're de-risking capital in various ways. Would you agree that that's necessary in this particular case? It sounded like, when you talked about the capital intensity and the risk involved in these clean-tech businesses, that it is capital intensive and it is risky, so it might be a role that the Government of Canada has to continue to play. Could you speak to that?

The Chair: Excuse me, Mr. Turnbull, but give a brief answer as we're running out of time.

Mr. Peter McArthur: There's certainly a role to be played to get us there. You know, government funding and other sources of capital are going to be needed for us to get that \$2 trillion to get Canada to net zero.

The Chair: Okay, this concludes the final round of questions.

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

The Chair: Go ahead, Mr. Perkins, on a point of order.

Mr. Rick Perkins: Given the testimony today and the Auditor General's report this week on the green slush fund, I think it is incumbent on this committee to call the current deputy minister, assistant deputy minister and CFO of the industry department, known as ISED, to answer for the Auditor General's report.

The Chair: Is that a motion that you're moving right now?

Mr. Rick Perkins: Yes.

The Chair: Okay, but the first thing is that you can't move a motion on a point of order, Mr. Perkins.

Mr. Rick Perkins: I'll withdraw the point of order and move the motion.

The Chair: I recognize you. You have the floor, so you can move your motion.

Mr. Rick Perkins: I move the motion that we call the deputy minister, the assistant deputy minister responsible for SDTC and the CFO of the industry department to answer and respond to the sixth report of the Auditor General on Sustainable Development Technology Canada.

• (2030)

The Chair: Members have heard the terms of the motion.

It's from the floor, so it's not translated in both official languages, but I'm looking around the room to see if there are any comments on this or objections.

Mr. Ryan Turnbull: Can we have this in writing in both official languages, please?

The Chair: We're running towards the end of our meeting, so I don't know, colleagues, if you want to debate this as the very first item next Monday. It will give members time to think about it and see it in both official languages.

Is that the will of the committee?

Mr. Rick Perkins: Can we just go to a vote on it?

The Chair: When a member has asked to have it in writing in both official languages, I think it's the usual practice that we provide members with that.

If the committee wants to extend until later so that we get that... I don't see much enthusiasm around the room for that proposition.

Mr. Rick Perkins: I'm enthusiastic.

The Chair: Reading the room, I think it can be discussed on Monday. It can be sent in writing in both official languages.

Mr. Perkins, you're good with that.

Thank you to our witnesses for being here tonight.

Our apologies to Ms. Bhullar for the problems of communicating with you and for what was, in hindsight, a surely unwarranted and certainly premature summons.

Colleagues, as you know, this is my last meeting in person with you until the fall. To say that I will miss you would be a vast overstatement.

Some hon. members: Oh, oh!

The Chair: At the same time, I'll leave you in the good care of Mr. Perkins, who will be chairing for the next two weeks.

Thank you, Mr. Perkins, for chairing on my behalf for the next two weeks. I will be watching closely.

The meeting is adjourned.

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