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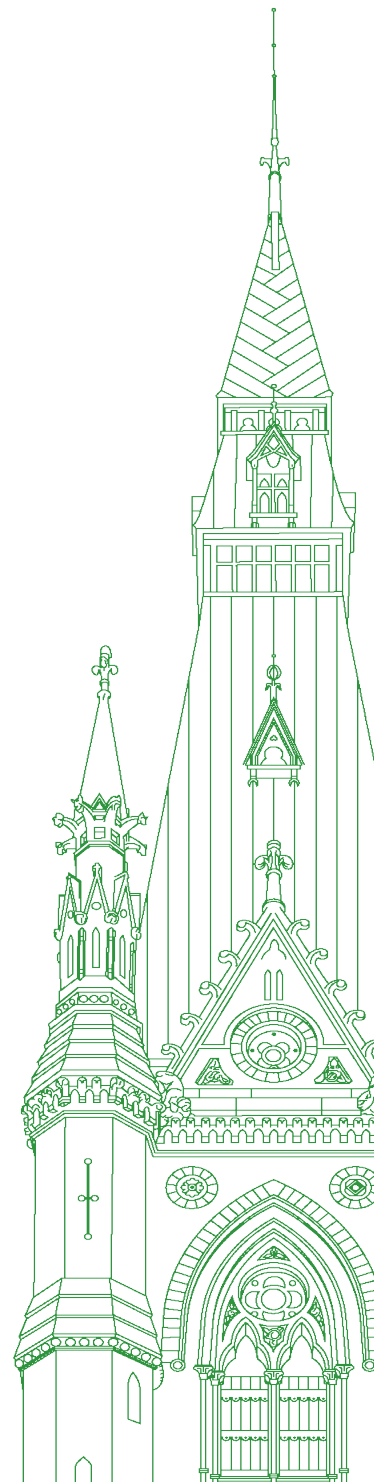
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Thursday, October 8, 2026

Chair: John Williamson



Standing Committee on Public Accounts

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• (1210)

[Translation]

The Chair (John Williamson (New Brunswick Southwest, CPC)): Welcome to the public portion of meeting number 49 of the House of Commons Standing Committee on Public Accounts.

We'll now begin the consideration of matters related to committee business.

Mr. Hallan, you have the floor.

[English]

Jasraj Hallan (Calgary East, CPC): Thank you, Mr. Chair.

I'd like to move a motion that I had tabled. I move:

That the committee report to the House that it is of the view that recovering the \$34 million in taxpayer funds paid out to ineligible projects through Sustainable Development Technology Canada is in the public interest.

I think everyone's very well aware of the Liberals' green slush fund scandal that took place. It is the one that Conservatives exposed, the one that Conservatives investigated, in which it was revealed that about \$34 million of ineligible funds were given out. These funds could have been given out to a lot of the Liberal-connected insider companies or people who are connected to the Liberals, which we've seen a track record of under these guys. These projects should not—

Kristina Tesser Derksen (Milton East—Halton Hills South, Lib.): I have a point of order, Mr. Chair.

The Chair: Go ahead on a point of order.

Kristina Tesser Derksen: I'm newish to the committee. I wasn't here through the historical debate on this, but I'm not aware of any evidence suggesting that any particular party benefited from—

The Chair: That's actually not a point of order, Ms. Tesser Derksen.

Points of order are points of order. Thank you.

You may have the floor again, Mr. Hallan.

Jasraj Hallan: Thank you, Mr. Chair.

The fact is that these projects should not have received those funds. Instead of fighting to recover this taxpayer money, recently the industry minister, Mélanie Joly, said it's not in the public interest to recover taxpayer money. She called this "sound stewardship of public funds"; \$34 million of taxpayer money went out to ineligible projects, and taxpayers are left with the bill. Conservatives want the money recuperated. We want to know who got those funds, why they got those funds. It might reveal why the Liberal

government doesn't want to recover the \$34 million that was given out to ineligible projects for a green slush fund that they created just to give this money out.

Canadians worked very hard for that money. There are more and more very concerning reports that come out about how much Canadians are struggling. There are food bank lineups in record numbers, with over 2.2 million people visiting a food bank in a single month. More and more of people's incomes are going towards food, shelter and clothing.

• (1215)

Ron McKinnon (Coquitlam—Port Coquitlam, Lib.): I have a point of order, Mr. Chair.

The Chair: Just one second, Mr. Hallan.

Yes, Mr. McKinnon, what is your point of order?

Ron McKinnon: Mr. Chair, I'm desperately interested in hearing the case Mr. Hallan would like to make regarding the recovery of these funds, but I would appreciate not hearing about things for which there is no evidence, for instance, the so-called green slush fund.

It's a slander. That's all it is, a slander.

The Chair: These are points of debate, not points of order.

Mr. Hallan, you have the floor

Jasraj Hallan: Thank you.

The issue is that the facts are there, that Canadians are struggling after 11 years of the current government. There's an affordability crisis happening under them. That's why food bank usage has gone up, and people are not doing well.

The problem is that there are always two sets of rules under the Liberals. They will fleece everyday Canadians for every single dollar and get the CRA after hard-working Canadians if they miss a payment. However, if you're a Liberal-connected insider who's attached to this green slush fund, they will write off \$34 million for you. It's a very cushy deal that those people get.

Everyday Canadians who work hard for that money want results. We want answers for why they will not recuperate the \$34 million of taxpayer dollars that went out to supposedly Liberal-connected insiders who got money through the green slush fund scandal that took place.

Our motion is very clear. We want the money recuperated. In fact, we want those names released. Canadians deserve that much for answers. More and more we see different examples of how much mismanagement is going on.

With CRA when the Liberals gave out—

Kristina Tesser Derksen: I have a point of order, Mr. Chair.

The Chair: Yes, Ms. Tesser Derksen.

Kristina Tesser Derksen: Is CRA the subject of the motion, or are we expanding this to other departments?

The Chair: As you know, Mr. Hallan has the floor. He's presenting his case and is entitled to do so with a lot of latitude, as all members have when they appear at committee to discuss a motion.

It's over to you, Mr. Hallan.

Jasraj Hallan: Thank you, Chair.

I'm going to give a clear example of how, under the Liberal government, there are differences when it comes to regular, everyday Canadians and Liberal-connected insiders.

When the CRA gave money out for CERB and CEBA, they gave it out without auditing people. They gave money to people who are dead and to criminal organizations. They gave it to people who were in the public service. They gave it to people who were overseas. These people should not have gotten it. These are facts in the Auditor General's report.

Then they hired a bunch of new CRA agents. They blew up the department trying to recover the money from literal dead people they could never get the money back from. They wasted more taxpayer money when they could have done the right thing in the first place.

Let's bring this to the green slush fund they created. They gave tens of millions of dollars to people, companies and organizations that should not have gotten it. Now the minister is saying that it's "not in the public interest" to recover the money. Once again, Conservatives want to know why they won't recover that money. We want to know who got the money. Make it very clear. In fact, it was in the last Parliament that my colleague Adam Chambers got a bill passed. Liberal support helped to pass his bill, which said that anyone who gets tax writeoffs of over \$1 million should have their name made public. We're following in the same vein. Have the names released, as well, of the people who got this money. Taxpayers deserve to know.

I really hope the Liberals will vote for this motion so that Canadians can get the answers they deserve. If they don't agree with this, Canadians will want to know why they don't want this record to be made public, why they won't recuperate \$34 million of ineligible money that went to people who should not have gotten it and why they won't give that taxpayer money back. I hope they'll support this motion.

Conservatives will continue to fight to put more money back into Canadians' pockets.

Thank you, Chair.

The Chair: Thank you.

I have a speaker list with several names on it.

Mr. Cooper, you are next.

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

I speak in support of the motion put forward by Mr. Hallan—that this committee call on the government, the Liberals, to recover \$34 million in tax dollars funnelled to ineligible projects at Sustainable Development Technology Canada, better known as the green slush fund.

This motion arises from—

● (1220)

Kristina Tesser Derksen: I have a point of order, Mr. Chair.

The Chair: Yes, Ms. Tesser Derksen.

Kristina Tesser Derksen: I'm not sure to whom the term "green slush fund" would be better known.

The Chair: Okay.

I would argue that, in fact, "green slush fund" is how this program is known among the wider public.

Having said this, that was not a point of order. If you would like to be on the speaking list, I could add you.

Clerk, would you add Ms. Tesser Derksen, please?

You'll be able to make all those rebuttal points.

Points of order—I'm now equating them with you—are matters of procedure when a member feels rules should be impressed upon or when the chair needs a little nudge in a certain direction.

Mr. Cooper, you have the floor.

Michael Cooper: Mr. Chair, it seems as if some of the Liberals across the way need a bit of a refresher.

We had the benefit of hearing from the Auditor General moments ago. It was the Auditor General who found that \$400 million went out the door improperly at SDTC, including \$330 million involving conflicts of interest among board members. There are 90 cases in which board members sat in, deliberated and voted on funnelling monies out the door into companies they had an interest in. That was \$76 million. The Auditor General found other instances in which members technically recused themselves by stepping out the door. The board then voted to funnel money to companies they had an interest in.

Ron McKinnon: I have a point of order.

The Chair: Go ahead on a point of order.

Ron McKinnon: I believe this is off-topic. I would desperately like to hear about the \$34 million and how—

The Chair: I'm not sure...again, that is not a point of order. The member was, I thought, giving us a run-through of where this is and a bit of history.

Mr. Cooper, you have the floor. As you know, I grant latitude but, particularly, it's—

Michael Cooper: It's certainly pertinent, and with the greatest respect to Mr. McKinnon, for whom I have a lot of respect, he said that this is just one big “slander”.

I'm reviewing some of the facts, including the fact that there were 186 conflicts involving board members, including instances in which board members left the room. The board then voted to funnel money into their company, and then they came back into the room. Someone else left the room, and then the board voted to funnel money into that member's company. On and on it went, 186 times, rinse and repeat. We had a chair of the board who funnelled money into her own company and moved the motion to funnel money into her own company.

There were also all the violations of the SDTC act, including \$38.5 million in illegal COVID relief payments, as well as tens of millions of dollars that went out the door improperly, contravening the contribution agreement with ISED and violating the SDTC act. Indeed, the Auditor General found that \$59 million went to ineligible projects.

Ron McKinnon: I have a point of order.

The Chair: Go ahead.

Ron McKinnon: I really believe that relevance is a valid point of order. None of this stuff is relevant to the motion at hand.

The Chair: I'm not sure I agree with you, Mr. McKinnon. We had 10 meetings on this subject. There was ample evidence of malfeasance, and I've heard nothing from Mr. Cooper that suggests he's talking about something so off-topic that it's outside the authority of this committee. It was a pretty damning report, and the committee review was hardly better.

I'll go back to—

Ron McKinnon: Be that as it may, this is not the motion before us now. We're not dealing with the broader situation. I would like to hear arguments for why we should be of this opinion. I have not heard anything yet. The broader situation that you speak of is certainly legitimate, but not for this debate, I would suggest.

• (1225)

The Chair: I take the position that Mr. Cooper is going through some of the problems with the program.

I'll turn the floor back to Mr. Cooper.

Michael Cooper: I know the Liberals really don't like the facts involving the green slush fund, which was a web of self-dealing conflicts and mismanagement.

Ron McKinnon: I have a point of order.

The Chair: Yes, Mr. McKinnon.

Ron McKinnon: The Liberals desperately like the facts. We just want to hear them.

The Chair: It's back to you, Mr. Cooper.

Michael Cooper: This motion arises from a response from Minister of Industry Mélanie Joly to an Order Paper question brought by Conservative member Luc Berthold, who asked ISED for an accounting of how many monies have been recouped: How many taxpayer dollars have been recouped by the government?

In reply to Mr. Berthold's Order Paper question, the minister acknowledged that there were five ineligible projects totalling \$34 million and the Liberals had...the minister had decided not to recover those monies—

Ron McKinnon: I have a point of order.

Michael Cooper: This is absolutely within the realm of the motion. The motion, Mr. McKinnon, is that—

The Chair: Just one second. I'll come right back to you. You can pick it up there.

Yes, Mr. McKinnon.

Ron McKinnon: Mr. Cooper has just said that the Liberals decided these were not recoverable. It was an independent board that made the determination, not the Liberals.

The Chair: That is a point of debate, Mr. McKinnon.

Mr. Cooper, you have the floor again.

Michael Cooper: The buck stops with the minister. It's within her department.

By the way, if the member wants a history, I can provide a long history of the cover-up that occurred under the current finance minister when he was minister of industry, including suppressing and blocking the release of a fact-finding report and tampering with evidence according to a whistle-blower, among other evidence that came to the attention of this committee in the last Parliament.

I can go there, but for now, I will note that the minister, in response to the question put by Mr. Berthold, said that there was \$34 million that went out the door improperly to ineligible projects. The minister acknowledged it. This is a damning admission, on its face, of gross mismanagement that occurred on the government's watch.

Further to that, notwithstanding that 34 million tax dollars went out the door improperly, Minister Joly said that it was not “in the public interest” to recover those funds, due to what she characterized as “sound stewardship of public funds”. It was “not in the public interest” to recover 34 million tax dollars that went to ineligible projects, and this constituted “sound stewardship of public funds”, according to Mélanie Joly.

Talk about gaslighting, Mr. Chair. This is an insult to taxpayers to say it's “not in the public interest” to recover \$34 million. How could it be possible that it's “not in the public interest” to recover \$34 million that went to ineligible recipients? At the very least, Mr. Chair, Canadians deserve transparency about this decision, and the Liberals have provided zero transparency in addition to recovering zero taxpayer dollars.

Canadians deserve a cost-benefit analysis. The minister says it's in the public interest. She provides no cost-benefit analysis to justify why the government is walking away from 34 million taxpayer dollars. No legal rationale has been provided. There is no substantive explanation as to why it is, according to Mélanie Joly, "not in the public interest" to recover \$34 million that improperly went out the door.

Is it because, for example, there were no standard clawback provisions in the agreements? Who drafted these agreements? Who allowed tens of millions of taxpayer dollars to go out the door to ineligible projects with absolutely no mechanism available to recover the funds? If this is the case, if it's the reason the Liberal government has decided not to recoup the funds, then it would speak to, in addition to gross mismanagement and corruption, staggering incompetence layered on top of that, of which there certainly was plenty at SDTC, or the green slush fund, as it's become so famously known—for very good reason.

Then there's the question, in terms of transparency, that I referenced—and Liberals really don't like to be reminded of it, but I'll remind them again—about 330 million tax dollars that went to companies that board members had interests in. There were 90 cases in which board members voted directly to fund companies that they had an interest in, totalling \$76 million. There were tens of millions of dollars—hundreds of millions of dollars more involving other conflicts of interest; there were 186 conflicts of interest in total.

• (1230)

The question is this: Of the companies that were ineligible as recipients, were any the companies of board members who were involved in conflicts of interest, who benefited from funnelling money into their companies while they sat on the board? Canadians deserve answers regarding that, but we have no answers.

Instead, what we have is effectively a cover-up by Mélanie Joly and the Liberals. I say it's effectively a cover-up because this decision not to recover 34 million tax dollars was done in secret. They tried to hide it from Canadians.

It was only because of the Order Paper question put forward by Mr. Berthold—an Order Paper question being one of the few procedural tools that we and the opposition have to compel the government to provide a response—that we got the bare minimum response from the minister. She was forced to acknowledge that, gee, there was \$34 million that they decided not to recover, and then she tried to gaslight Canadians by claiming that it was in the public interest and that this was consistent with sound stewardship of public funds, with absolutely no explanation, no cost-benefit analysis, no legal rationale—nothing. We're supposed to take it at face value. Give me a break. It's outrageous.

It's part of a pattern. I was here through all of those hearings at this committee. I can recall when the Auditor General appeared several times in relation to this massive scandal.

I can recall when the whistle-blower came to this committee and spoke about how the current finance minister, when he was the minister responsible for ISED, blocked the release of the RCGT fact-finding report, interim report, in May 2023. According to the

whistle-blower, the minister tampered with evidence, including trying to water down findings of the RCGT report, delaying its release until September. When it was released, the minister stood by the board, despite the overwhelmingly damning evidence and findings in that report. Yes, it was a cover-up then, and it's a cover-up now.

Mr. Chair, in closing, it's not at all obvious how it's not in the public interest to recover \$34 million, but it certainly is in the interests of Liberal insiders who profited handsomely at SDTC, a.k.a. the green slush fund. Canadians deserve answers, but above all else, they deserve their money back. This is an opportunity to send a clear signal to the minister to do just that.

• (1235)

The Chair: Thank you, Mr. Cooper.

I have Mr. Falk next, and then I'll go to Ms. Yip after that.

Mr. Falk, you have the floor.

Ted Falk (Provencher, CPC): Thank you, Mr. Chair.

MP Michael Cooper has done a marvellous job of recapping some of the events that led this committee to, back in September 2024, unanimously vote to condemn the blatant disregard of taxpayer funds. They called on the government to recover the erroneously awarded funds. It was a unanimous decision of this committee, for those of you who might have been here at that time. They unanimously condemned the blatant disregard of taxpayer money, and they voted that the government should recover those funds.

It's particularly egregious that the Liberal government appointed board members to the sustainable development technology program—more commonly known as the green slush fund—who would have put themselves into such a precarious conflict of interest position. In the instances that Mr. Cooper has already identified, there were 90 cases in which board members of the green slush fund participated and voted in a discussion about a contract, despite being in a conflict of interest.

There were also serious governance issues found.

Ron McKinnon: I have a point of order.

The Chair: I will ask you to wait one second, Mr. Falk.

Yes, Mr. McKinnon.

Ron McKinnon: Again, I desperately ask for relevance.

This has nothing to do with the \$34 million or these five particular projects. I would like to hear legitimate reasons that we should support this motion to recover these funds from these five projects, but I'm not hearing anything from anyone over there that makes this relevant.

The Chair: Mr. McKinnon, you're on the list. You'll be up shortly. You'll be able to make these points. These are not points of order.

I'll allow Mr. Falk to continue. He might be using language that some members might not agree with, or descriptions they might not agree with, but it certainly falls within the scope of this program and of the audit this committee reviewed over 10 meetings.

Ted Falk: Thank you, Mr. Chairman.

That point of order is exceptionally interesting to me. That he wouldn't be interested in the facts surrounding why Canadians would want \$34 million of their money recouped, which was—

Ron McKinnon: I have a point of order.

Mr. Falk—

The Chair: Raising points of order is not a debating technique. I'll hear this last one, Mr. McKinnon.

Ron McKinnon: Mr. Falk is misrepresenting what I just said. I definitely want to hear the facts—

The Chair: Mr. McKinnon, don't abuse points of order to make statements.

He has the floor. If members are going to speak out and misuse points of order, then he'll be given even more latitude to talk about what you said, and you'll have a right of rebuttal soon enough.

Mr. Falk, you have the floor.

Ted Falk: Thank you Mr. Chairman.

I want to thank the Auditor General for the fine work she did on this report. She did a tremendous job. She took a non-partisan approach to the use of public funds, and she provided a scathing report to this committee on the green slush fund. There was the appointment of directors who clearly had conflicts of interest and the inability, seemingly, of these directors to excuse or recuse themselves from discussions or voting inappropriately on applications for the distribution of this fund.

That totalled \$59 million, but the \$34 million is part of this motion, which requests that it be recovered by the Government of Canada from ineligible recipients. It's so blatantly wrong that they received the money. Even Minister Joly recognized the inappropriate distribution of the money to these individuals or businesses.

Why she wouldn't want to recover Canadian taxpayers' money, I don't understand. How can any minister of the Crown say that \$34 million is not in the public interest to recover for Canadian taxpayers? It may not be in the Liberal interest, but it is certainly in the public interest.

I want to support MP Hallan's motion that we report to the House, and I hope we can do it unanimously.

I want to remind this committee that, back in 2024, this committee unanimously condemned the work of the green slush fund. We should, as a committee, again take the approach that we, around this committee, are good stewards of taxpayer money. We want to be good stewards, and we should be. We have to send the House a clear message that this \$34 million of taxpayer money needs to be recouped.

Thank you, Mr. Chair.

• (1240)

The Chair: Thank you.

Ms. Yip, you have the floor.

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

I understand the Conservatives' knee-jerk reaction of wanting to see that the money is paid back.

When we hear that the money was awarded in error, we want to correct the error and try to restore things to the way they were, but collecting money from these organizations wouldn't do that. These funds were awarded to organizations that completed projects, advanced research and development, provided innovation and created jobs.

The newly independently formed board at the National Research Council made an informed decision, with independent legal advice, not to ask for funds to be returned, because the funding agreements were entered into in good faith and resulted in positive results, such as good projects, as I mentioned, and the creation of jobs.

We also note that legal action was unlikely to be successful, given that firms had acted in good faith, and smaller firms would not be in a position to repay the amounts in question.

The recommendations from the Auditor General were taken seriously and have been acted on by the government and the new, independent board of the National Research Council. Its strengthened oversight ensured that there is support for clean technology innovators under enhanced governance and accountability measures.

Thank you.

The Chair: Thank you, Ms. Yip.

Mr. McKinnon, you have the floor now.

Ron McKinnon: As I've mentioned several times, whether they were dubious points of order or not, I was—

The Chair: They were dubious points of order.

Some hon. members: Oh, oh!

The Chair: If you want to take it up with your whip and your legislative affairs, they will confirm that.

Ron McKinnon: I'm not disputing that. I'm acknowledging—

The Chair: If you're going to take a shot at me, I will correct you. You can take all the shots you want at your opponent. If you see the clerk poking me over a point of order, it implies that I'm wrong, but so far it's been pretty good up here.

Mr. McKinnon, I'll ask you to aim your words at the opposition, not at the chair for doing his duty.

Thank you.

Ron McKinnon: I apologize. I was not disputing the chair's determination. The dubiousness of the points of order was, perhaps, on my part. I agree with that.

Anyway, I was interested in hearing the arguments from the mover and the opposition for why we should be of the opinion that this \$34 million should be recovered. All I've heard is innuendo and slander. We don't know who these five firms are, in fact. How can we assume that they're Liberal insiders? Why would we assume that?

This was a determination made by an independent, non-partisan board. There is no evidence and no indication whatsoever that there was any wrongdoing in these cases.

In the broader case that Mr. Falk mentioned, in which this committee voted unanimously to condemn the previous actions, absolutely, but that's not the case here. This is an independent board that decided these contracts were awarded.

• (1245)

They may have decided that the people who made the decision to award these contracts misapplied the eligibility criteria, but there's no evidence this work was not done. This work was done. The companies entered into this work in good faith. They completed their activities. They carried out research and so on and so forth, as they were required to do. There's no evidence whatsoever of any malfeasance, fraud or misrepresentation on behalf of these companies.

The board, subject also to independent legal counsel, has decided that these funds are not likely to be recoverable in any case, because of the good faith participation of the companies involved and because they delivered on their requirements.

I'm still desperately looking for some reason that we should see evidence to support this motion. I have seen none—nothing but innuendo and slander. Give us some facts. Give us some evidence that says these companies did not perform or that these companies did not do the jobs they were hired to do. Give me some evidence that says they committed some wrongdoing. There is none. No one has ever brought forward evidence of any wrongdoing.

It looks to me as though the people who were awarding these contracts may have misapplied the criteria for which project ought to be funded. That may be. I'm perfectly willing to accept that, but this doesn't show any wrongdoing on companies' behalf when they did the work and received the funds.

I'll leave it there.

Again, Mr. Chair, I apologize for any insult.

The Chair: I appreciate that, Mr. McKinnon. Thank you very much.

I have three other people on the list at this point.

Mr. Hallan, would you like to speak again?

Jasraj Hallan: We've pretty much made our case.

The Chair: That sounds like a no.

Mr. Osborne, go ahead.

Tom Osborne (Cape Spear—Mount Pearl—Paradise, Lib.): Thank you.

I want to talk about some of the real facts, Mr. Chair. The real facts are that, a few years ago, this committee unanimously supported making a recommendation to the House. By virtue of the fact that it was unanimous, it included Liberal members. There was nothing to be hidden. The government recognized, Liberal members recognized and the minister at the time recognized that funds had perhaps been disbursed in a way that they shouldn't have.

The fact is that SDTC, according to its legislated status, is a non-agent of the Crown.

The fact is that it was not a minister or a member of the House of Commons who made the decision to disburse these funds or decided who they should be disbursed to. The department representative who attended the board meetings had no authority over governance or management processes at SDTC.

Another fact is that the Auditor General had decided not to release the names of these companies. There was good reason for this. It was determined that the companies that received the funds did nothing wrong. There was perhaps a bad decision by board members who may have had a conflict, but those decisions were not of a member of the Crown or a member of the House of Commons.

As acknowledged by the Auditor General, Ms. Hogan, before public accounts in a June meeting, the department reacted proactively, quickly and well in response to the findings of the Auditor General's report. There were 22 action items aimed at improving SDTC's governance, conflict of interest management, human resources and enhancing ISED's oversight of SDTC. They were done to correct what had happened.

Grant Thornton, an independent company, and independent legal counsel—if we are going to look at the facts—both determined that legal action is extremely likely to be unsuccessful. It would increase costs to the Canadian public and Canadian taxpayers, and it would punish Canadian companies that fulfilled their obligations and acted in good faith. The companies themselves created employment and good programs. The companies acted in good faith.

Part of the reason these companies were not aimed.... The financial impacts to companies that did nothing wrong would have been devastating to these companies and would be devastating now in the middle of a trade war, and smaller companies would be unable to repay. It could have an impact of having lost jobs and lost economic benefit to Canada.

The independent review found that the funding agreements had been entered into and carried out in good faith and resulted in concrete benefits. This is the reason the minister had said that it is not a good idea to go after these companies. It was legal counsel and Grant Thornton who gave this advice. It's highly unlikely that monies would be recovered, and these companies had, in fact, created jobs and benefits to Canadians and to Canada and had acted in good faith.

Consistent with the Auditor General's report, the names of the five ineligible recipients were not made public as they were not found to have committed any wrongdoing. The recipients in question completed the projects, advanced research and development, supported clean tech innovation and created jobs.

If we are going to look at the facts, Mr. Chair, the reason there was no action brought about for these companies is that they had done no wrong. They had created real benefits. The decisions were made at arm's length by a board that was not connected to the Crown, an arm's-length board, and there was a very high unlikelihood that any funds would be recovered.

● (1250)

The opposition is asking for the government to spend good money for a bad cause.

The Chair: Thank you.

Ms. Tesser Derksen, you have the floor, please.

Kristina Tesser Derksen: Thank you so much, Mr. Chair.

Coming into this as a newish member in comparison to some of my colleagues, I first want to thank the Auditor General.

I also want to thank the witness who came forward, the former employee, because those are important roles. They turn our minds to transparency and accountability. This is something we always need to be mindful of in government.

I don't think anyone's denying that there were grave problems and that the department had a lot of mismanagement issues. I wasn't elected when the news hit, so I consumed it from the perspective of a normal person. I think the framing requires a lot more nuance.

I want to talk a bit about the scope of this.

From what I understand, five of those 173 projects that received funding were later found through the review to have fallen short of those eligibility requirements. It wasn't the fault of those businesses or organizations that they were improperly deemed to be eligible. This is important because of the way our colleagues have framed it: that there was something very nefarious about these companies. There's no evidence to support that.

These five companies received \$34 million. They were legitimate Canadian small and medium-sized businesses and organizations. They put the money towards projects and jobs that were beneficial to their sectors and their communities. They acted in good faith. Those of us who have legal backgrounds would know how important that piece is to this analysis. They fulfilled the requirements of the funding as well. They didn't misuse the funds they received. The money went into the Canadian economy.

As far as proportion goes, SDTC was established in 2001 and funded Canadian enterprise, business innovation and green tech with approximately \$2.1 billion. The \$34 million given to those companies that were subsequently deemed ineligible—through no fault of their own—and used for purposes of business growth and creating jobs, represents 1.6% of the total funding that was managed by SDTC. This is not to say that \$34 million is not a lot of money. It has to be managed well, with accountability and trans-

parency. I just want to put this into a bit of a proportional perspective for folks. That's 1.6% of the total funding so far.

There were solutions that we acted on. Once the mismanagement at SDTC was identified by the employee who came forward—we thank them for ringing the alarm on that—funding was suspended, managers at fault were dismissed, investigations were launched, the Auditor General had recommendations and those were adopted.

This new board, which was at arm's length, started to manage that. SDTC was dissolved by the minister, and its responsibilities were moved to the National Research Council. There was additional rigorous accountability, which was recommended by the Auditor General.

We're following the lead in not disclosing the names of those companies. Given some of the language used by my colleagues, I'm sure it would result in a bit of a witch hunt that would not yield very useful results.

The problem of the mismanagement has been identified, investigated and addressed. How much more taxpayer money do we want to throw at this? We've spent tremendous resources rehashing this saga. I know my colleagues on the Conservative side previously ground parliamentary work to a screeching halt over this. Right now, there's a plethora of other very pressing issues facing our country that we should be spending our time and energy on.

I want to turn really quickly to the point of the legal counsel that was used in this decision. Legal counsel stated that there was a very low likelihood of successfully yanking back these funds. First, because the funding agreements that were entered into were carried out in good faith, there was nothing to suggest that there was misleading...or misappropriation of funds by these enterprises, as I mentioned. The funds were used to carry out the completion of the agreed activities in the contracts: to advance research and development and to support innovation. They created jobs, Mr. Chair. Additionally, the smaller firms—and this has already been touched on by my colleague—would not likely be able to repay the money. Are my colleagues suggesting that we bankrupt Canadian small businesses to repay this money?

I used to run into this with clients sometimes when I was practising litigation. Clients would sometimes respond emotionally to what they perceived, rightly or wrongly, as an injustice done to them. As lawyers, we need to counsel them on the merits of their case, the legal merits of their position, and explain to them that sometimes those principled positions, which might be based on emotion, can be very costly and that you end up in a sunken-costs fallacy loop.

I'll close here, Mr. Chair.

The Auditor General confirmed in her appearance—Mr. Osborne mentioned this as well—before the committee on June 4, 2024, that the department responded proactively, quickly and well. Weaknesses were identified and addressed.

• (1255)

Let's not throw more good money at this. It is not in the public interest to do so.

With that, Mr. Chair, if I may, I will move that we adjourn. We're close to one o'clock.

The Chair: Very good.

That's non-debatable, so we will proceed to the roll call, please.

This is to adjourn today's meeting.

(Motion agreed to: yeas 5; nays 4)

The Chair: This meeting is adjourned.

Have a great Thanksgiving weekend and recess. We'll see you back here after the recess.

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