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# Standing Committee on Public Accounts

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Chair: Mr. John Williamson





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• (1010)

[Translation]

**The Chair (Mr. John Williamson (New Brunswick South-west, CPC)):** Good morning, everyone.

I call this meeting to order.

Welcome to meeting number 136 of the House of Commons Standing Committee on Public Accounts.

[English]

Today's meeting is taking place in a hybrid format. Pursuant to the Standing Orders, members are attending in person in the room and remotely by using the Zoom application. I'd like to ask all members and other in-person participants to consult the card on the table for guidelines to prevent audio feedback incidents.

[Translation]

Please keep in mind the preventive measures in place to protect the health and safety of all participants, including interpreters.

[English]

Use only an approved black earpiece. Keep your earpiece away from the microphone at all times. When you're not using your earpiece, place it face down on the sticker to your right or your left. Just as a reminder, all comments should be addressed through the chair.

[Translation]

Pursuant to Standing Order 108(3)(g), the committee is resuming consideration of the Auditor General of Canada's Report 6, entitled "Sustainable Development Technology Canada", part of the 2024 Reports 5 to 7, which was referred to the committee on Tuesday, June 4, 2024.

[English]

I'd like to welcome our two witnesses.

From the National Research Council Canada, we have Mitch Davies, president. It's nice to see you. Thank you for coming in.

We also have David Lisk, vice-president of the industrial research assistance program. It's nice to see you as well.

You will have collectively a maximum of five minutes for your remarks, after which we'll proceed to rounds of questions from the members.

It's over to you for a five-minute opening, please.

**Mr. Mitch Davies (President, National Research Council of Canada):** Thank you, Mr. Chair, for the invitation to speak with you today about the National Research Council of Canada as part of this committee's study of the Auditor General's report on SDTC.

I'd like to begin by acknowledging that the NRC's activities take place across the country from the unceded, shared, current and traditional territories of first nations, Inuit and Métis people.

[Translation]

We recognize our privilege to be able to conduct research and drive innovation on these lands, and we pay respect to the peoples who were here before us.

[English]

I'm here today with David Lisk, the vice-president of NRC IRAP.

As Canada's largest federal research organization, the NRC advances scientific knowledge, supports business innovation and provides science-based policy solutions. With nationwide facilities and collaborations, the NRC unites scientists, industry, academia and global partners.

[Translation]

With over 4,300 employees located across the country, the National Research Council's vision is to bring about a better Canada and a better world through excellence in research and innovation.

[English]

In addition to conducting research for more than 75 years, NRC has provided key support to innovative Canadian small and medium-sized businesses through the NRC industrial research assistance program, or NRC IRAP, to develop innovations that drive the growth of these businesses and Canada's economy. The NRC IRAP has been instrumental in ensuring that SMEs have the support they need to grow, innovate and contribute to Canada's economic growth, to job creation and to professional opportunities for students and recent graduates.

[Translation]

In the fiscal year 2023–2024, the NRC's Industrial Research Assistance Program, IRAP, supported over 9,000 clients and provided funding to around 3,000 firms, contributing to the creation of approximately 12,000 jobs. Client firms experienced a 35% increase in revenue and a 21% growth in employee numbers.

[English]

This support is provided through a nationwide network of more than 273 industrial technology advisers in communities across Canada, who are working closely with companies by providing technical and business advice as well as research and development funding and referrals for an evolving portfolio of SME clients. With a long-standing record of successfully supporting SME growth, NRC IRAP has become a cornerstone of Canada's innovation ecosystem and one of the flagship Government of Canada programs that have given an important role in helping Canadian businesses grow and thrive.

On June 4, 2024, following the tabling of the Auditor General's audit report on Sustainable Development Technology Canada, the Government of Canada announced that it will transition SDTC to the NRC to enhance accountability, transparency and integrity and to restore public confidence in the program.

[Translation]

This transition will ensure continued support for clean technology innovations, which are critical for meeting Canada's climate targets, while providing stability for current projects and SDTC employees.

[English]

Due to its extensive experience and track record supporting innovative tech-focused SMEs, NRC IRAP was selected to take on SDTC's existing programming to ensure that the economic and environmental goals previously set by SDTC continue to be met, working under NRC's IRAP governance and due diligence processes and practices. All NRC employees, including SDTC staff who would join NRC IRAP, must adhere to the NRC conflict of interest policy and the public sector values and ethics code. Under our policy, NRC IRAP employees are required to provide annual declarations of outside activities.

[Translation]

Today, the NRC is working closely with the SDTC leadership team to support a smooth transition for SDTC stakeholders, clients and employees, and ensure that the organization's programming continues to operate smoothly. We anticipate this transition will be completed within one year. We are ready to move as quickly as possible, recognizing the need to stabilize the situation for SDTC stakeholders and the affected employees.

[English]

Mr. Chair, thank you once again for the invitation to appear today. My colleague and I look forward to answering your questions.

**The Chair:** Thank you very much.

We'll begin our first round, which will be four members for six minutes each.

Mr. Perkins, please lead us off for six minutes.

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

Thank you, witnesses.

I'll just say, on a personal note, that last night at 10:30 was the 26th anniversary of the tragedy of the downing of the Swissair flight, a crash in my riding near Peggy's Cove, in which over 200 individuals died. It's still a trauma for many people in the riding. I'd just like to acknowledge that and all the people in my riding who are still suffering from that and the families who lost loved ones.

In your opening you mentioned that the announcement on the SDTC tech fund, known by our side as the “green slush fund”, was made on June 4, basically within hours of the release of the Auditor General's report on the green slush fund's conflicts of interest and misuse of taxpayer money. Was the Minister of Industry or the minister's office and/or the deputy minister in touch with NRC before that announcement regarding this transfer?

• (1015)

**Mr. Mitch Davies:** Mr. Chair, the NRC would have been involved at a working level in terms of options that, I assume, the department was considering for SDTC sometime in the spring of that year, so yes, we had interaction with the departmental officials on the announcement. Obviously we had to think about it from a planning point of view and prepare ourselves to get on with the planned transition from the day it was announced.

**Mr. Rick Perkins:** Before the Auditor General's results were out, the minister was talking to you about the transition. Did the minister or his staff meet with your department during that preparation?

**Mr. Mitch Davies:** Mr. Chair, the advice from or interaction with the minister on the file didn't involve me or any of the staff at the NRC. We would work with the department on any material they were looking for from us regarding that, including options that may well have been considered or advice that may have been given.

We didn't have any visibility of that directly. It's not our role to advise. Obviously we're there to support the portfolio of the minister. If they assign us a job and want to assess it, then we can help them undertake that work.

**Mr. Rick Perkins:** Were there any meetings with the Prime Minister's Office or the Privy Council Office as part of that preparation?

**Mr. Mitch Davies:** I was not involved in any meetings and I'm not aware of any meetings with any staff in the Prime Minister's Office in regard to the transition.

I can assume, because these matters were related to the way government is organized, that there could have been working-level contacts on what we would call “machinery business”, looking at options that could be considered. Again, that's something that I wasn't involved in directly.

**Mr. Rick Perkins:** My understanding, from your presentation and the releases, is that this is being wrapped into the IRAP structure, the governance structure within NRC, at least for the next year, with an acting board of three, I believe, former public servants.

Do they all report to you, Mr. Lisk? You have a governance structure for IRAP that reports to you. Am I correct?

**Mr. David Lisk (Vice-President, Industrial Research Assistance Program, National Research Council of Canada):** Currently SDTC has its own structure and it has the board members you're talking about.

We have our own operating structure as IRAP, which lives inside of the NRC. When the transition happens, the SDTC structure will be collapsed, eventually, and IRAP will take over operations of the program, as well as the staff who will come to implement those operations.

To answer your question, we do not have a relationship with SDTC in the way you're describing. The board does not—

**Mr. Rick Perkins:** However, it's still operating independently under those three acting board members.

**Mr. David Lisk:** That is correct.

**Mr. Rick Perkins:** You're working with management, I presume, and the acting CEO, on the transfer.

**Mr. Mitch Davies:** Mr. Chair, I appreciate the question that's being asked.

Just to be absolutely clear, the interim board does not report to the NRC in any manner. We work with the interim board representing the foundation. We work with the staff at SDTC on the transition planning, but the interim board will, again, wind up its activities when the foundation's wound up. Then, once we've taken over the program, there's no ongoing relationship between us and the interim board, and they don't report to us. They're not going to become part of our reporting structure. The foundation won't exist as far as the ongoing programming is concerned.

**Mr. Rick Perkins:** Then the governance of all of that will exist sort of the way IRAP is done now.

• (1020)

**Mr. Mitch Davies:** Yes.

**Mr. Rick Perkins:** When I look at the IRAP governance structure, I see very little accountability to Parliament. In fact, I see none. That IRAP board is not Governor in Council-appointed; it's appointed by the members of the NRC.

I presume.... When I read it, it's under Mr. Lisk. He has the responsibility for appointing the board members, and there is no publicly available information that I can see in disclosures of where that money goes in those individual donations. When I go to the SDTC site, I can see everything it's done since its inception. Is it therefore the intent that this will evolve into the IRAP governance

structure, where nothing is transparent to the public or accountable to Parliament?

**Mr. Mitch Davies:** Mr. Chair, in delivering the program through the NRC IRAP, all of the transparency and disclosure requirements that apply to any federal organization will apply, which means that funding will be proactively disclosed, as it is. The Financial Administration Act will apply. Decisions will be made by the employees of the organization—in this case, as they've been made in the NRC IRAP since its inception. They're made by professionals. They're made by public servants—

**The Chair:** Thank you. That's your time, Mr. Perkins. Thank you, Mr. Davies.

I'll turn now to our next member, Mr. Weiler. You have the floor for six minutes, please.

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

I do want to thank Mr. Davies and Mr. Lisk for joining our committee today as we continue our study on SDTC.

I want to pick up on where Mr. Perkins was going with his questioning, and this will be very helpful for us.

In June, the minister announced that SDTC programming was going to be transitioned to the NRC. I think it would be really helpful for us to learn about what's going to be different and what to expect.

Would SDTC still be classified as an arm's-length organization, or does this transition to the NRC, which is a Government of Canada organization, change that?

**Mr. Mitch Davies:** Mr. Chair, subsequent to the transition, there will no longer be an arm's-length organization that's in charge of the funding. That's going to be transferred to us, and then we'll be delivering for sustainable development technology development purposes and helping entrepreneurs. The accountability and the structure that will exist will be the same as that which applies to a departmental corporation, as we have it now with the NRC IRAP. All the financial administration, all the sort of public administration frameworks that are in application for departments that are common in our system and to audit committees—public disclosure, the financial administration of funds in the public service—will apply, and there'll be no arm's-length body involved.

**Mr. Patrick Weiler:** Thank you.

Would you say that SDTC's mission aligns with that of the NRC? In short, would you say that this transition would then make sense to you?

**Mr. Mitch Davies:** Mr. Chair, supporting innovators and entrepreneurs is most certainly within our mandate and mission. The NRC IRAP has been doing that directly with small and medium-sized businesses for over 75 years, and quite successfully, based on testimonials and things that Canadians have observed about the program and its strengths.

Also, climate and sustainability are a goal, a priority, for the National Research Council in the next five years for our new strategic plan, so we see it as being aligned with our goals, our capabilities, and the interest we have to support Canada with science and technology that's there for our future to help our growth and also to respond to the challenges that Canada faces.

**Mr. Patrick Weiler:** Thank you, and I can definitely confirm that I've heard some of the same things and seen some of the companies that it's helped in my riding that are really on a leading edge of clean technology.

Moving on, could you tell us specifically what the transition means for funding to SDTC and the funding that SDTC, in turn, disburses to its projects? Does that now fall under the NRC's processes and protocol?

**Mr. Mitch Davies:** There are two worlds to take into account. Right now, there's a question of the restart and the evaluation of all the files that SDTC has in order to determine their eligibility.

Obviously, there are the observations that have been made by the Auditor General and what to do to follow up on those. I think that's been the subject of testimony given here previously. Once that work has been done and the files have been transferred, that is the point in time when NRC IRAP will take care of working with those files and those clients, as well as running the program on an ongoing basis.

At the moment, all of the files are with SDTC, and they're undertaking work that they've talked about here. When that's completed, it will start the process of transferring the files to us, and we'll run it from that point forward.

Obviously, we'll establish the terms and conditions to the Treasury Board, which will provide the authority for this programming to continue. Preparing that work is under way now.

• (1025)

**Mr. Patrick Weiler:** Thank you.

What kind of oversight will be exercised over the financial channels at SDTC going forward?

**Mr. Mitch Davies:** Mr. Chair, as far as NRC IRAP is concerned, we won't be involved in the oversight of anything at SDTC. Perhaps that's what the member's question is related to.

The decision-making processes will follow the way things have been done in the history of NRC IRAP. We have professionals—people with business experience—who work with clients. They develop an understanding of their business and what they're trying to do. They then work with them on projects and take them through our process for decision-making.

Decisions are made by public servants with the authority to take those decisions. There could be advice and expertise brought to bear, some external views, in particular for larger investments. Those are not to make decisions, but to advise us, because the most important thing here is that we make decisions that are sensitive to the market and technology realities. Obviously, we want to have the maximum amount of skill and expertise brought to bear in making those decisions.

**Mr. Patrick Weiler:** Certainly.

Moving forward, are you able to speak to any strategies that you have in place to prevent the type of conflict of interest issues that arose with SDTC, particularly in the context of how funding decisions are going to be made as it rolls into NRC?

**Mr. Mitch Davies:** Mr. Chair, an important understanding on how NRC IRAP conducts its business is that we have people who join the organization from the private sector. When they join, they have to disclose and make us aware of any interests they have, and they have to bring themselves into line with our conflict of interest policies. Those are applied to our staff, because the most important thing is the perception of what they're doing—and the reality, but perception is equally important.

We have a process undertaken with our staff to ensure that they disclose what they need to under our policy, and then they can conduct their business with their clients without someone questioning whether things are being done in a fair way. That's what's important. That's built into the system we have that relates to our employees, and it will apply in the case of employees who join us from SDTC or have any involvement in the SDTC programming in the future.

**The Chair:** Thank you very much.

[Translation]

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

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

Thank you to the witnesses for being here.

“Sustainable Development Technology Canada”, or, “How to screw up a good idea and mismanage perfectly useful funds”. That's chapter 1 of the Liberal Party of Canada playbook.

How can we make sure that we're not throwing the baby out with the bathwater, when there are so many worthwhile projects and businesses that depend on this type of funding?

One good example is Calogy Solutions, which is waiting for its second \$100,000 payment, due last March. That money hasn't turned up yet. The company has had to lay off four people, and clients aren't sure what's going to happen. The company has lost trust and its ability to compete. Calogy Solutions is suffering because, among other things, some members of the steering committee are greedy.

How will the National Research Council of Canada ensure that these companies receive their funding as quickly as possible?

We know that all projects are at the assessment stage, but can we get a clear timeline?

People need predictability. When they're expecting government funding, they expect that to be reliable, more reliable than what they might expect from some private sector parties. In this case, what they're expecting is public sector funding.

How can we ensure that businesses get the right message, that they'll be able to give their clients and their teams good information and be able to count on something more predictable?

Do you have a clear timeline for when these companies will get the money that's coming to them?

[English]

**Mr. Mitch Davies:** Mr. Chair, I think the question is important. I mentioned in our opening comments that for the stakeholders, the companies that work with SDTC, stability and predictability are very important. Obviously, we want to see the transition concluded within a year. We are hoping to do it earlier than that.

The question of the funding that a given company might well be waiting for now is obviously important. It's with the SDTC organization and the interim board. They have to examine it. As I have spoken about here, they're reviewing the files, given that questions and observations have been raised in terms of eligibility in some cases and so on. They have to complete that work. The restart work is not undertaken at the NRC at this time. Once that is done, we will take on the files that are valid and that conform to the contribution agreement. Those are the files that will be transferred to us.

I think it's important that the member's question is very well understood in terms of the need to get this going and, for the companies that are waiting, the real need for them from a business point of view. The restart is not something that the NRC is directly involved in. It's with the SDTC and its board and staff.

• (1030)

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Obviously, there's a conflict of interest issue, and I suppose you'll tell me that you have your own guidance for this and you're being careful. That said, once Sustainable Development Technology Canada has been incorporated into the National Research Council of Canada, how will you make sure this never happens again? How can you make sure this won't happen with the Industrial Research Assistance Program?

Earlier, Mr. Lisk, who is here, briefly talked about the fact that, as soon as there is money available, people want to take advantage of it. That's human nature. How can you make sure this won't happen at the National Research Council of Canada and that it won't happen again with funds like the Sustainable Development Technology Canada funds, which are meant to serve a worthy cause?

[English]

**Mr. Mitch Davies:** Mr. Chair, given the objectives that the government has provided to us to run this program and restore public confidence, it obviously weighs on us that we have to do this very well and do a solid job. I think what was observed in the previous testimony was the nature of the foundation itself and its governance and having, obviously, people from the sector, a small sector in Canada, particularly at its outset, involved in decision-making and so on. That situation does not have a parallel in the NRC and the way we operate. Our decision-making rests on people who are employees of the organization and professionals who work under values and ethics with regard to conflicts of interest, and who really work on behalf of the public interest as part of a public organization.

Obviously, we take very seriously the need to run this program to the highest standards going forward.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Davies.

When the conflict of interest issue came up a few months ago, Treasury Board asked all departments to identify which employees were in conflict of interest. Has the National Research Council of Canada done that?

[English]

**Mr. Mitch Davies:** Conflict of interest is actually something that is always addressed at the National Research Council. Every time someone is hired, people have to also look at their activities and disclose them where there's a need to do so. It's actually a living area of continuous improvement—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Did you find that some people had second jobs or some involvement with a particular company, for example?

[English]

**Mr. Mitch Davies:** In general, there would be circumstances in the disclosure of conflict of interest when we would have to work through our ethics office on mitigation or on matters to address those circumstances, including, of course, sometimes having people withdraw or change their involvements or investments or that type of thing.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Has that happened recently? We've seen some particularly shameful examples in recent months, including at the Department of National Defence. Has the National Research Council of Canada gone back and interviewed the employees again? Even the Office of the Auditor General of Canada has done that.

Can you confirm that you've done that?

[English]

**Mr. Mitch Davies:** Mr. Chair, there are just two things I would mention. Earlier in the summer, I actually asked all the management level at the National Research Council to look at their disclosures and bring them completely up to date. I'll be able to get a report on that in the weeks ahead to know that everyone has done so.

The second is that we have regular training undertaken by thousands of employees across the National Research Council on what their obligations are so that they are absolutely clear on what they have to do and how to conduct themselves. I think we take it very seriously. We're working, as every large public organization does, to emphasize that. I've done that personally with all the people who are in the management ranks. I've asked them to do that to also show their employees what we're expecting and to model the right kind of conduct in the workplace.

[Translation]

**The Chair:** Thank you very much.

Next up is Mr. Desjarlais.

[English]

He is joining us virtually. You have the floor for six minutes, please, sir.

**Mr. Blake Desjarlais (Edmonton Griesbach, NDP):** Thank you very much, Mr. Chair, and I want to thank the witnesses and my colleagues for their very good questions today.

I want to return to the subject of restoring public confidence and the AG's report.

Mr. Davies, you're aware that the AG's report made several recommendations prior to the establishment of the process that's currently under way, which would transfer much of SDTC's former role to the National Research Council and the IRAP program, as we've talked about a bit today.

In your work towards restoring public confidence, I think it's important to take into account the victims of this and, as one of my colleagues mentioned earlier, to recognize a really good policy while balancing it against a really strong and very well-evidenced situation of misconduct, particularly conflict of interest, organizational mismanagement and even employee and serious HR concerns that were brought forward at the ethics committee last year.

When it comes to the work of restoring public confidence, taxpayers, who are among the victims in this case, need to know that funds are being properly administered in order to have confidence that the work you're undertaking is going to be of good value. Second to that, of course, we have the employees. I mentioned the whistle-blowers, who eventually had to come forward to a House of Commons committee to reveal their very serious HR complaints and their concerns with what they had witnessed. We also heard that at that time HR managers were being fired left, right and centre. There were such huge HR issues that some employees ultimately had to leave.

Finally, it is the environment that will see, I think, a very large impact from the lack of, or at least the disabling of, this program. I think many young Canadians in particular are hoping to see you work to rebuild confidence in this kind of work.

With regard to the work of restoring public confidence, can you speak to what processes you've undertaken in response to the Auditor General's report, and particularly her recommendations throughout section 6? There are very many recommendations. In your work to restore public confidence, have you taken into account the Auditor General's recommendations?

• (1035)

**Mr. Mitch Davies:** Mr. Chair, I think it's really important that people take into account the observations that have been made, as well as the reports of the Ethics Commissioner on the question. Those things were distributed at the council, and certainly we'll be discussing them further in the days ahead.

NRC IRAP can continue to do what it's done for 75 years only if it does that well, and to a high standard. We take that seriously, because these programs are important. They're important for our economy in supporting small and medium-sized businesses that are taking on very risky things to advance their technology and to do innovative things. Obviously it's really important that everyone at

the council take that into account in the way we run things that we're entrusted to do, and also that we live that every day.

I think it's regrettable. Obviously there are circumstances here that are definitely a challenge, but we'll take full measure of all the observations and take those into account in the way we do business and fulfill what the government has asked us to do, which is to restore trust in this area of programming and to get it up and running as quickly as we possibly can.

**Mr. Blake Desjarlais:** I'd like to back up a bit in terms of how the issue with SDTC came to light and some of the concerns that were brought forward at that time to members of the ethics committee.

Prior to that, of course, these employees had tried to raise alarms about the very serious allegations and concerns related to the situation at SDTC. At any point in time did anyone, particularly members of SDTC—including the former chair, board members or staff members—come to NRC to report such allegations?

**Mr. Mitch Davies:** Mr. Chair, I am not aware of that. I have no information on that.

**Mr. Blake Desjarlais:** During the transfer of this program, what measures are you undertaking to make sure that whistle-blowers and employees—those who work at SDTC—are well protected and well encouraged to continue their good work while feeling safe in the workplace?

**Mr. Mitch Davies:** Mr. Chair, I'll open by explaining that in our workplace, we have mechanisms inside the workplace that allow people to disclose issues when they have questions about the way we're proceeding or the way work's being done. Whether it's questions of health and safety or whether it's the way we're administering things, we have a process to disclose those issues internally. Also, public servants can avail themselves of the act for that, which has been established in a parliamentary office, if they so choose. I think those are strong guardrails and strong processes in the public service that apply and are there for all employees and their protection.

We've taken the time to meet. I met with all of the SDTC employees in a town hall to welcome them and to explain to them how we work at the National Research Council and the way things will proceed in the days ahead, and to open up strong lines of communication. It's very important that this group of employees be taken into account fully. Obviously, we will be giving them offers of employment. We want their expertise as well so that we can run this program in a solid fashion in line with its objectives in supporting sustainable development.

• (1040)

**Mr. Blake Desjarlais:** Thank you very much, Mr. Davies. I think that is my time.

**The Chair:** Thank you. Yes, that is your time, Mr. Desjarlais.



This being the second round, we will go to Mr. Brock now for five minutes. You have the floor, please.

**Mr. Larry Brock (Brantford—Brant, CPC):** Thank you, Chair.

Thank you, Mr. Davies and Mr. Lisk, for your attendance today.

I listened very carefully, Mr. Davies, to your opening statement. The hallmark, from my perspective, is the desire to restore public confidence and trust.

It will be a large feat to accomplish, but it's no small wonder that you make that statement, because after nine years of Justin Trudeau and his government, one of the most ethically challenged and corrupt governments this country has ever seen, millions of Canadians are skeptical when they hear senior civil servants uttering such things as, "Trust us. We're going to restore confidence in the program. We're going to restore the oversight that should have been there in the first place."

This arm's-length corporation, SDTC, was responsible for essentially doling out free money to the tune of almost \$393 million to companies that were conflicted. It's no small wonder that the assistant deputy minister of ISED uttered the phrase, "It was free money", and that this "was almost a sponsorship-scandal level kind of giveaway". Public confidence is shattered when it comes to the ability of this government to distribute taxpayer monies in a prudent and ethical manner.

If I understand you correctly, the current SDTC organization is under the umbrella of NRC. Is that correct?

**Mr. Mitch Davies:** Mr. Chair, it is not.

**Mr. Larry Brock:** It is not.

**Mr. Mitch Davies:** No.

**Mr. Larry Brock:** Are they with IRAP?

**Mr. Mitch Davies:** Mr. Chair, the SDTC still exists as a foundation. It has an interim board. Its employees are still employees of the foundation.

**Mr. Larry Brock:** Right.

**Mr. Mitch Davies:** They're not part of the NRC.

**Mr. Larry Brock:** Who's supervising? Who's providing that daily supervision and monitoring of granting monies to these start-up green companies? Who is doing that?

**Mr. Mitch Davies:** Mr. Chair, I believe Paul Boothe was here in previous testimony. He's one of the interim board members. I believe he's the chair. The interim board, as the board of SDTC, is supervising the activities of the foundation.

**Mr. Larry Brock:** We have one chair and two directors doing all the supervision. Is that correct?

**Mr. Mitch Davies:** As I understand it, Mr. Chair, there are three interim board members. The management of SDTC runs the organization at this time.

**Mr. Larry Brock:** All right. They are providing the oversight on behalf of the federal government, correct?

**Mr. Mitch Davies:** Mr. Chair, as I understand it, there's also a contribution agreement—

**Mr. Larry Brock:** I understand that.

**Mr. Mitch Davies:** —between the department and—

**Mr. Larry Brock:** NRC is not providing any oversight.

**Mr. Mitch Davies:** Once we have taken on responsibility for the programming—

**Mr. Larry Brock:** At the moment, NRC is not providing oversight, correct?

**Mr. Mitch Davies:** Mr. Chair, I would say that's accurate, yes.

**Mr. Larry Brock:** IRAP is also not providing oversight.

**Mr. Mitch Davies:** We'll be involved in that role once the transition has taken place.

**Mr. Larry Brock:** The minister, in his statement on June 4, 2024, talked about the NRC providing a level of oversight. He said:

These actions were rooted in our commitment to transparency, accountability, and upholding the highest standards of integrity.

He also said:

As a Government of Canada organization, the NRC is subject to rigorous and stringent oversight of its personnel and finances. This structure will help rebuild public trust while increasing accountability, transparency and integrity.

He actually misled Canadians to believe that you're providing that extra layer of transparency and accountability, which is the furthest thing from the truth. That's not happening right now. You're going to move toward that in 2026, but money is being channelled right now by one board chair and three board members and the current SDTC organization, because no one was fired. The existing board of SDTC either resigned in shame or due to public pressure. The current board chair was found guilty of two ethical violations by the Ethics Commissioner. All of the directors resigned in shame.

What confidence can Canadians have that between now, in 2024, and in 2026, when the new corporation takes over, there will be any accountability and any transparency? How are Canadians supposed to feel confident, sir, after hearing my exchange with you right now? What confidence can you give them?

● (1045)

**Mr. Mitch Davies:** Mr. Chair, just as a clarification, the transfer that will be undertaken will be done within this year. We hope that if we can do it earlier, we will.

The second thing is that prior testimony was given here by the department and an SDTC interim board member who spoke about the process they're undertaking. They've accepted the Auditor General's findings and they're reviewing all the files with that in mind.

That interim board was put in place because of the importance of public trust and the need to establish leadership at SDTC right now to do that work, and to do that work before it's transferred to the NRC in the coming year. That transfer will take place, hopefully, in the fourth quarter of this fiscal year, and we're endeavouring to make that happen.

In the interim, the testimony that's been provided here before by the department and the interim board has been about their acceptance of those recommendations and about taking them fully into account in the review they're doing right now, but I'll leave them to speak to how they're operating.

**The Chair:** Thank you very much.

I'll bring it now to Ms. Khalid. You have the floor for five minutes, please.

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

Thank you to the witnesses.

Picking up on that oversight piece, the role of the public accounts committee is to provide oversight of how public funds are spent. The role of ministers within their departments is to provide oversight of the work of departments. We are in no way here to defend any actions of bureaucrats or departments; we are here to provide oversight of what happened and how we can improve that process.

Now, as soon as the minister learned about it and the Auditor General came out with her report with the recommendations, he took action right away.

I want you to help us understand something. Is the NRC going to be capable of fulfilling the recommendations that have been provided by the Auditor General and the work of the minister in providing that oversight? Is it effective at this point?

**Mr. Mitch Davies:** Mr. Chair, I would say that we are certainly capable of delivering the programming, and delivering it in line with the recommendations that have been made on two levels that are important.

The first, of course, is ensuring that we're working with clients who are fully eligible in the terms and conditions of the program. That's something that takes place at NRC IRAP now and has for a long time. We're making sure that we're working with clients who are eligible for the program's support.

The second is to do this work in a system that has strong checks and balances and oversight and all the things you would expect to see to ensure that people can see whom we're funding and on what terms and who's taking decisions. Any perceptions of conflict of interest will be addressed by our policies and by our employees actually fulfilling their responsibilities under those policies to ensure that they're adhered to.

Third, I guess I would also say that the governance is different. The NRC IRAP is an organization in the public sector in which we're accountable for decisions we take as employees of government, and not....

**Ms. Iqra Khalid:** This program has been running for decades, correct? It has transitioned from government to government over these decades that it has run. Is this the fault of the minister? Is this a corrupt government, as the opposition parties love to accuse it of being, or is there an opportunity that the minister took to clean up what previous governments maybe have created a muck of?

• (1050)

**Mr. Mitch Davies:** Mr. Chair, I think the nature of the organization, the set-up of the foundation, which was undertaken a long time ago, and the fairly unique circumstance of setting up an outside organization that operates as it does have been discussed here previously. Obviously, it was meant to operate in close connection with the sector. I think testimony and observations about that have been taken into account. Obviously, there's some serious thought that needs to be undertaken on that.

I think that as far as we're concerned, we're available, obviously, to help on the transition and to continue support to the sector and to the companies that are trying to do challenging and innovative things, and then to do it in accordance with our standards of due diligence and the practices we undertake.

I don't have any comment on the minister or observations on the other parts of the question.

**Ms. Iqra Khalid:** Thank you.

Opposition members have been talking about the transition and the lack of oversight. You mentioned that the transition is in process right now and will occur within the year. What does that mean for Canadians? Can you help us understand what that transition will do, ultimately, in terms of increasing oversight?

**Mr. Mitch Davies:** Mr. Chair, I think the transition will mean that the stakeholders that look to SDTC now will have an ongoing opportunity to work with the NRC IRAP to be able to assess support and the providing of support for their important projects, which is obviously a goal from an economic point of view and also from an environmental point of view.

The other aspect that I think is critical is that people will be able to understand that it's taking place inside a departmental corporation, subject to oversight at various levels. The Auditor General has jurisdiction over us to come and audit our activities. We have an audit committee. We assess risk across the organization. There are strong processes of internal control and financial management, all of which, under the Financial Administration Act, apply to us in a way that may not apply to an arm's-length foundation set up under its own statute with its own requirements. I think there's a very different world in place in terms of all the rigour and structure that we can provide on an ongoing basis to support the delivery of the program.

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

[Translation]

Ms. Sinclair-Desgagné, you have two and a half minutes.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

Mr. Davies, I would like to go back to the previous topic, which was conflict of interest management at the NRC. You said that, when you arrived, you asked NRC managers to provide you with information about their employees and their teams, specifically to ensure that there were no real or apparent conflicts of interest at the NRC.

I believe you said you're expecting a report from NRC management soon. Is that correct?

[English]

**Mr. Mitch Davies:** Mr. Chair, I spoke of my asking all of our management to bring up to date their conflict of interest disclosures. Then I indicated that at the end of the summer period, we would be checking to make sure that this had been undertaken and that we would then take any follow-up steps.

I expect to have that complete information very soon, so I will be able to follow up on what I indicated—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Will you be able to present findings to this committee so we can make sure that what happened at Sustainable Development Technology Canada is not like what happened at the NRC?

[English]

**Mr. Mitch Davies:** I'd certainly be happy to follow up with the committee to indicate that this work has been concluded.

That is one part of the work within a larger body of work of training and support for all employees across the entire council. We have 4,300 employees who work under the conflict of interest requirements, so it's a big undertaking. I think—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Davies.

Now I'd like to pick up on a topic that my colleagues raised. I would like to talk about Sustainable Development Technology Canada's current management.

Here's a quote from Department of Industry deputy minister Simon Kennedy. At the June 13, 2024 meeting, he told me that, "For the immediate future, SDTC is being managed by the National Research Council of Canada, the NRC."

Based on what you said, I believe he made a mistake, and that's scary, because we're talking about the deputy minister of the department responsible for SDTC. He was not aware that the NRC plays no part in managing Sustainable Development Technology Canada. That's scary. We'd like to know who's in charge of Sustainable Development Technology Canada and to whom employees are accountable. They've accepted the recommendations, but who will ensure that the recommendations are actually implemented? Can you answer that question? The Department of Innovation, Science and Economic Development isn't doing it, hasn't ever done it and never will do it.

• (1055)

**The Chair:** Thank you, Ms. Sinclair-Desgagné.

We'll wait for the answer.

**Ms. Nathalie Sinclair-Desgagné:** Yes, we'll wait for an answer.

Thank you.

**The Chair:** Your question has been asked.

[English]

We'll go over to Mr. Davies.

**Mr. Mitch Davies:** Mr. Chair, I don't have the quote of the deputy minister of ISED that's been presented and what was said. I can only assume that what was being discussed was our role that is yet to come, which is a role in running the sustainable development programming that SDTC is and has been responsible for. Obviously, that's going to take place once we've completed the transition this year.

Up until that point, it's between ISED, SDTC and its interim board to administer the current contribution agreement and do what they've said in terms of looking over the files and ensuring that they're in line with the recommendations that have been accepted from the AG. That would take place before the transition, so it might be a question of time.

**The Chair:** Thank you.

Up next is Mr. Desjarlais. You have the floor again for two and a half minutes.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

Mr. Davies, with regard to the eligibility of projects under your new work to transition the fund, have you taken into consideration some of the recommendations by the Auditor General regarding issues of eligibility?

As you likely know, in the serious case of mismanagement within SDTC, the Auditor General found several instances of projects—not the totality of all projects, but the sample she reviewed—that were actually ineligible for the funding through SDTC. They failed to either demonstrate or develop new technology, or they failed to develop any projects that actually had a potential benefit for the environment.

With regard to the eligibility or the new eligibility that would be required, is there work related to the transition, in your mind, that takes into account the eligibility of new projects?

I'll have a follow-up question related to the existing projects that are under way or are being funded by SDTC and your process of review for them.

**Mr. Mitch Davies:** Mr. Chair, the first thing is, of course, the eligibility of the projects that SDTC currently has and the work that's being done between SDTC and ISED to sort them. That will take place before the transfer.

It's a policy decision—

**Mr. Blake Desjarlais:** I'm sorry, Mr. Davies. I'm short on time.

On that point, will there be a review of those existing contribution agreements to ensure that taxpayers get their money back for any ineligible projects that are still pending?

**Mr. Mitch Davies:** Mr. Chair, that's a question that's best addressed to the department and SDTC. I think it's been a subject of discussion at the committee before, but it's not something that we're directly involved in.

**Mr. Blake Desjarlais:** Thank you very much.

Turning back to the eligibility criteria for new projects, will they be changing?

**Mr. Mitch Davies:** Mr. Chair, as I was saying, the review of eligibility is going on now. Obviously, the files we'll receive will be those that are eligible as established between the department and SDTC.

We'll also have to have approval for terms and conditions for the programming that we'll offer in this space for sustainable technology development. They will be established through appropriate submissions in the government. Terms and conditions for programs are established by the Treasury Board, and we will follow that process to establish the terms and conditions. That's a policy decision that the minister and the department will take, and we're doing that preparatory work now so that we can have this thing up and running in the time frame we've shared here with Canadians, which is within the year.

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

I'll turn now to Mr. Genuis, who is joining us from his porch. It's over to you, sir. That looks very comfortable.

**Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC):** Thank you, Mr. Chair. It's not that comfortable, but it is a beautiful day in Alberta in the beautiful riding of Sherwood Park—Fort Saskatchewan.

I want to zero in on a quick summary of the green slush fund scandal that we're adjudicating today at the public accounts committee. You have a fund that is giving money to companies ostensibly related to green technology. In reality, you have board members handing out this money and giving it to companies that they own. You have a group of well-connected insiders who have been placed on this board who are saying, "Okay, let's give a bit of money to Bob's company over here and Bill's company over there, and my company could use some money too." That is the essence of this scandal.

In some cases, you had directors stepping out of the room for those votes that benefited their companies. In some cases, you also had individuals voting on disbursements that directly benefited companies they own. It's crazy to me and to many Canadians that this sort of thing could happen. On the other hand, it's part of the pattern of corruption we're seeing under this government over the last nine years. The testimony we're hearing today is to suggest that maybe there have been some changes in the way this program operates, but what I'm getting here is that things have not changed substantially. We are facing the same potential problems of corruption and self-dealing. I want to drill down on that.

You have an interim board right now at the green slush fund that is making decisions about where these disbursements go. Do any members of the current interim board have personal investments in companies that have received money or that could receive money in the future or that are seeking money? Do any current members of that interim board have those kinds of investments?

• (1100)

**Mr. Mitch Davies:** Mr. Chair, it's not a question that I'm in any position to address directly. It would have to be addressed to the individuals involved.

**Mr. Garnett Genuis:** I'm sorry; are you saying you can't answer that?

We're here adjudicating the question of the conflict of interest of board members. I'm asking you if any of the current members of the interim board have issues of conflict of interest. Why can't you answer that, sir?

**Mr. Mitch Davies:** Mr. Chair, the interim board in no way reports to NRC. It doesn't fall under any jurisdiction we have in terms of our policy for conflict of interest.

Obviously, the appointment process used for those interim board members is what applies to their appointments. Any work that was done to review matters of conflict of interest I can't speak to directly from NRC.

**Mr. Garnett Genuis:** Okay.

It's been nine years. You have board members who are benefiting directly from decisions of the board, sometimes stepping out of the room when those decisions are voted on and sometimes not. At present, we have a board where there may or may not be continuing issues of conflict of interest. That underlines the fact that despite all the discussion around this scandal, the government has not fundamentally changed what's happening.

The proposed future transition to these decisions is under the auspices of the National Research Council. This committee has studied the problem of public servants themselves owning companies or being involved in companies that have benefited from government contracts. Can you tell us, sir, with respect to this future proposed transition to the National Research Council, if any National Research Council employees have investments in companies that receive funding through this slush fund or in companies that could receive that funding?

**Mr. Mitch Davies:** Mr. Chair, in regard to conflict of interest of our employees, it's explicitly clear that they are not to have investments in companies with whom they are working. Absolutely that's reviewed when they join us, and it's reviewed on an ongoing basis. It's quite critical, obviously, given the matter of the real conflict of interest that would put them in if they were to do so, let alone any involvement in the past that could have a concern around any potential conflict of interest.

**Mr. Garnett Genuis:** Thank you.

In the time I have left, I will ask you this: Would any ministers, political staff, PCO staff, PMO staff or anybody who could be involved in directing NRC's decisions be able to have investments in companies that benefit from disbursements through this green slush fund?

**Mr. Mitch Davies:** Mr. Chair, the way I can answer this is that the administration of a program at the National Research Council is conducted by our staff. It's under their professional judgment, in the system we have—

**Mr. Garnett Genuis:** However, I think the public would still like to know, and it's just a yes or no. Would PCO employees, political staff in the minister's office, ministers, and PMO employees be able to have these kinds of investments in companies that are benefiting from the slush fund?

• (1105)

**Mr. Mitch Davies:** Mr. Chair, I can't really speak to any—

**Mr. Garnett Genuis:** Just answer yes or no.

**Mr. Mitch Davies:** —given employees who are not under my care or responsibility in their offices, but they don't have anything to do with our administration and decision-making on investments we make of public funds—

**The Chair:** Thank you.

**Mr. Garnett Genuis:** It sounds like it would be—

**The Chair:** Mr. Genuis, that is the time. You will have an opportunity again to revisit this.

I'll turn now to Ms. Bradford, who is joining us virtually as well. You have the floor for five minutes.

**Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.):** Thank you, Mr. Chair, and thank you to the witnesses for being with us today.

In his announcement, the minister said that this move would be done to increase oversight over SDTC. Have you reviewed the AG's report, and is this something that the NRC is equipped to do?

**Mr. Mitch Davies:** Mr. Chair, yes, I personally read the recommendations of the report and the observations made, and the response that's been made as well by SDTC to the report.

Given the role that we're going to play in the future in this transition, all of those observations are very important. Obviously, the structure of the foundation itself, which was commented on in prior testimony here, doesn't apply in the case of the NRC, so there's a very strong distinction in what existed before and what will exist after the transition.

I think the most important area that I'd observe is just the need for ongoing vigilance and solid practice in conflict of interest, even if it's a matter of perception. You know, we have public servants who are professionals working full time for us, so they're pretty busy. Their job is not just to run the programs that are entrusted to their care, but also make sure that everyone understands that they maintain and conduct themselves in a way that people can't question. I think that's very important to us.

**Ms. Valerie Bradford:** To that point, can you speak broadly as to what the NRC's responsibilities would be in overseeing SDTC?

**Mr. Mitch Davies:** Mr. Chair, our responsibility is to deliver the benefits of the program that the government asks us to deliver. In this case, it would, in some ways, be very similar to the kind of programming that we've worked with for over 75 years, which supports innovation and entrepreneurship. That's a really solid part of

the current activities of the NRC IRAP, and it's very much something that's at the heart of what we do.

I think the important addition here is also to pursue sustainable development technology for the benefit of those clean technologies for the environment for Canadians, and that's an area where we are already working. We have, obviously, a research goal and a strategic goal in climate and sustainability, but we'd also have expertise joining us from SDTC to help us adjudicate those files and assess the benefits from a sustainable development point of view.

There would be really two ways to look at a file and find those that have the strongest attributes that meet the terms and conditions of the program and that we're happy to conduct business with on an ongoing basis. That'll be our goal—and to deliver the benefits of the program that Canadians expect.

**Ms. Valerie Bradford:** What, then, is expected of SDTC, in turn, as a result of the transition?

**Mr. Mitch Davies:** Mr. Chair, I think the transition is to conduct this on an expedited basis to bring some stability that's needed to the clean-tech sector and the stakeholders in that sector so that we can get back to business.

Second, I think it's also important that we take into account that there have been employees at SDTC who have been involved in this and are looking for certainty in terms of their own careers, and we look forward to making offers to them so that they can join our team.

Then, third, I think the expectation is for the program to carry on with a high level of confidence that it's being done in a manner that's consistent with public objectives and scrutiny in terms of the way we conduct ourselves in delivering the program.

We actually have a lot of work to do and a full mandate on a number of levels to respond to this situation, and we're happy to be there to do that for Canadians.

**Ms. Valerie Bradford:** What are the communication channels like between SDTC's board and members and officials at the NRC?

**Mr. Mitch Davies:** Mr. Chair, we have regular meetings with the interim board, particularly with Marta Morgan. I think the board member who was here previously sort of talked about how the board has divided up its work. Ms. Morgan is responsible for working with us on the transition. We meet regularly to take account of all the lines of activities—there is a lot of work involved in bringing this program into the NRC—so that we're well aligned and coordinated with them.

We also, of course, await the work that's being done between the department and SDTC on the files and preparing them for transfer. Then we're doing the kinds of work you'd expect on systems and preparing ourselves, from an HR point of view, to be able to make offers to the employees and get this done as soon as possible.

• (1110)

**Ms. Valerie Bradford:** Okay.

The AG appeared at the industry committee last December and spoke to how the complaints of HR violations fell out of the scope of the study. As we all know, the minister then tasked an independent third party investigation into the reports of HR violations at SDTC.

As a result of the transition, will SDTC's HR protocol be aligned with NRC's?

**Mr. Mitch Davies:** Mr. Chair, I think the most direct way to respond to that is to ensure that everyone understands that the way personnel are managed and the way we work with our employees will apply to any employees who join us from SDTC and with all that this brings, creating a good workplace and a good environment for them to thrive and make their contribution.

Obviously, there are strong mechanisms as well. If they have concerns, they can raise those through the various systems we have in place. That's up to and including, if they have an issue and they want to disclose something that they're not comfortable with, being able to do that inside the organization. That's well established. Obviously, there's a parliamentary role there for an officer to look into those questions if employees go to that office to ask for a review of any wrongdoing.

We have a strong regime that applies to human resources at the National Research Council. That will apply to all the SDTC employees who join us.

**The Chair:** Thank you.

We'll begin our third round with Mr. Perkins. You have five minutes, please, when you're ready.

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

I'd like to begin with a follow-up on my previous questions on this issue of transparency.

You say that when the green slush fund gets merged over into IRAP with the governance structure there, it will somehow be subject to all the usual Financial Administration Act provisions. I presume that means access to information. However, when I go to the SDTC website, you can print off in great detail every single investment they've made going back to 2001, both active and inactive—when it was given, how much was given and who the proponents

were—by date, yet no such thing exists for IRAP on a public disclosure that I can see. It looks to me as though by folding this in with IRAP, there will actually be less public transparency and accountability to the green slush fund, rather than more.

Will you pledge that everything SDTC does in its new incarnation under your leadership and the leadership of the Minister of Industry will have at least this? It didn't stop the corruption, with \$390 million of \$800 million going to conflicted parties, but at least we could figure it out and parliamentarians could see it. I don't see that NRC operates that way.

**Mr. Mitch Davies:** Mr. Chair, I'd be happy to follow up with the committee to provide links to all the proactive disclosure that takes place on the investments we make under NRC IRAP. That would hopefully resolve the member's question as to where he can find the information, because it's important. It's a matter of policy that this is made public.

I would similarly say that it's equally important for us for people to know whom we invest in, and how much, and the names of the companies, so that Canadians can look at that information. It's something that we have done, that we do and that we will continue to do. That will apply, of course, to any funding under any measures for sustainable development technology that we'll be offering under NRC IRAP.

I'd like to provide that link to the committee so that folks can see what we do disclose, if they haven't come across it before.

**Mr. Rick Perkins:** Thank you. I'd appreciate that.

Second, IRAP is overseen by a voluntary, I guess, advisory board of 12 people. I believe they are appointed by you, Mr. Lisk. Is that correct?

**Mr. David Lisk:** The advisory board that supports IRAP does not have oversight. There's no fiduciary responsibility. All of that rests within NRC and with the government. The purpose of the advisory board is to provide advice to IRAP around programming, program evolution and developing new policies.

They provide advice. They do not have any oversight.

**Mr. Rick Perkins:** Do any members of the IRAP advisory board do business with SDTC currently?

• (1115)

**Mr. David Lisk:** To my knowledge, no.

**Mr. Rick Perkins:** Could you double-check on that and reconfirm in writing to the clerk, please?

**Mr. David Lisk:** Absolutely.

**Mr. Rick Perkins:** I would also like to understand this, Mr. Davies. I think you said that SDTC would be rolled over by the end of Q4 this year—which, for those watching, is March 31—to you, but is it not the understanding that this will actually be spun out of the NRC, including IRAP, to a new Crown corporation in 2026? You'll have very little oversight over time on what it's doing in actuality, unlike what the minister claims you'll be doing.

You have no oversight now, and then it will just be flipped to another Crown agency once you've gotten hold of it.

**Mr. Mitch Davies:** Mr. Chair, the question is about the Canada Innovation Corporation and the plan to put it in place in the 2026-27 fiscal year. There has been a law passed to create the Crown corporation; it's just not in effect. It's a policy question of when that will happen, and the government said it will do this in 2026-27.

**Mr. Rick Perkins:** It looks to me like the new SDTC is pretty much like the old SDTC, because it's being governed by a group of “acting” people. It will be given to you, and then it will be flipped out to another group. You're an agency in the middle of another government agency, so there's no assurance that there's going to be transparency.

The Auditor General reviewed 226 projects—

**The Chair:** Get to the question, Mr. Perkins, please.

**Mr. Rick Perkins:** —and 186 were conflicted. That's 82%. It doesn't look like anything is changing to me, except maybe the name or perhaps where it resides.

**Mr. Mitch Davies:** Mr. Chair, I don't have responsibility as a department. ISED and Finance Canada have responsibility for the Canada Innovation Corporation and the policy behind that, with the ministers they support.

The question is to look at that statute and see what similarities or differences there are between it and the foundation that is the subject of this committee's work and study. I think it was addressed in prior testimony here that there are questions of how to set that up and ensure that those initial conditions about governance are sound and proper. I would leave people to observe what they think about the Canada Innovation Corporation in that regard.

There are differences. One is that in the legislation, there's a review committee established by the board of that Crown corporation—this isn't in place now, but it is provided for—that is separate from the board members, so that any decisions will be taken by a review committee rather than the board itself. That was something that was put in the legislation at the time.

**The Chair:** Thank you very much.

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

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Thank you, Chair, and thank you, witnesses, for coming today.

I'd like to start off by correcting the record.

The NRC has extensive experience in the innovation space, and IRAP is a flagship innovation program with over 75 years of experience. I believe that's what you said in your opening statement. Is that correct?

**Mr. Mitch Davies:** Mr. Chair, that is correct.

The NRC IRAP has been operating for over 75 years. It supports close to 10,000 companies with advice and provides close to 3,000 of those companies with financial assistance on an annual basis, depending on the year. It's a very strong part of the innovation system, and it's quite well known among entrepreneurs as being an important service for them when they're trying to set up their businesses and see them thrive.

**Ms. Jean Yip:** Going through the audits, it seems that the majority of the IRAP-funded small and medium-sized businesses are profitable as a result of this funding.

Can you speak to this?

**Mr. David Lisk:** As part of the work we do with the firms as we do the assessments, we try to work with the entrepreneurs to help them establish the conditions not only to undertake the research and development work, but also to be able to commercialize and sell their products. Through that mechanism and because of that, we track all the firms and their results. On average, they are growing by 30% per year in revenue and increasing employment by 20% per year on average.

To answer your question directly, generally, they are profitable.

• (1120)

**Ms. Jean Yip:** What types of firms are benefiting from this?

**Mr. David Lisk:** Do you mean from the IRAP?

**Ms. Jean Yip:** Yes.

**Mr. David Lisk:** It's a very broad mandate. It works with any firm that is trying to commercialize innovation and bring innovation into the marketplace. We have firms that we support in agri-food, mining and ICT, and in just about every sector in the Canadian economy where innovation is being used to create commercial success. That also includes clean-tech firms.

**Ms. Jean Yip:** You mentioned the benefit to the economy. The net benefit of IRAP to the Canadian economy was calculated at \$16 billion, which is 5.3 times higher than the cost of this program. I think that's a good return on investment.

Can you elaborate on that?

**Mr. David Lisk:** I believe the numbers you're looking at are from the latest evaluation of the IRAP program. It was released a couple of years ago. In the process of evaluation, the costs of the program are compared against the economic benefits through a cost-benefit model. Those are the results that were reported by the consultants.

**Ms. Jean Yip:** Thank you.

The SDTC's role is also known to support Canada's clean-tech firms. Can you tell us what the mission statement is in terms of the clean-tech firms?

**Mr. David Lisk:** Is that for SDTC?

**Ms. Jean Yip:** Yes.

**Mr. David Lisk:** I'm sorry. I can't quote their mission to you. Their key role is to work with firms that are bringing innovative clean-tech technologies into the marketplace for the benefit of Canadians.

**Ms. Jean Yip:** How will you ensure that this mission of clean tech is back at the core of what SDTC does?

**Mr. David Lisk:** When the program transitions over, it will operate with the same mandate, which is to deliver benefits to Canadians by the deployment and commercialization of clean technologies across Canada and internationally. As we stand up the program inside of IRAP, that mandate will be maintained, with the additional construct that our current programming also supports clean-tech firms but at different stages than in SDTC. We will be able to bring forward more companies into the SDTC programming suite to be evaluated and to be able to be selected as the best companies.

**The Chair:** Thank you, Ms. Yip.

[Translation]

Ms. Sinclair-Desgagné, you have the floor for two and a half minutes.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

In terms of how the NRC manages all the projects in its portfolio, what conflict of interest guidelines do you have and what have you learned from the SDTC situation?

Have you learned anything from the Auditor General's reports?

[English]

**Mr. Mitch Davies:** Mr. Chair, the NRC has a conflict of interest policy that applies to all of our employees. It was revised in 2021 in response to our own audit committee looking for improvements in the program and the way we administer it. I'd be happy to provide details on the policy to the committee, if that would be of interest.

I would say there's a significant program across the entire organization to ensure that everyone understands what they're obliged to do. They're trained on it, and there's due follow-up under the policy, as you would expect.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Davies.

Conflict of interest is one thing, but another issue is project eligibility. How does the NRC handle that internally?

Does it have external audits done, other than by the Office of the Auditor General of Canada, to make sure all projects that get public funds are actually eligible and that we don't wind up with another SDTC situation?

• (1125)

[English]

**Mr. David Lisk:** Mr. Chair, the situation around projects and whether they are eligible will rest with the Treasury Board terms and conditions that we receive with respect to SDTC, and also for the IRAP programming. What we do is establish assurance, through our review process, that all projects that are brought forward do fit within that Treasury Board guidance.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Who looks after that internally? Is there an internal audit team? Who's really making sure?

Having Treasury Board guidance is one thing, but following it is another. Unfortunately, it looks like a number of organizations aren't following that guidance, including SDTC and other Crown corporations.

[English]

**Mr. Mitch Davies:** Mr. Chair, in answer to the question, there are two levels. Obviously, the staff that are involved in adjudicating the files and actually making the decisions are working as a team. They document their support through a file, and then it proceeds through the system. We then also have follow-up work that's done to audit and undertake compliance reviews of the support we provide and ensure that it is consistent with the terms and conditions. In the very rare cases when we need to recover because of any reason that we've reviewed in the audit, we will do so. Of course, at the NRC we also have an audit committee, which can work with our internal audit function to ensure that the programs are being run in line with their terms and conditions.

A multi-layered approach is taken, but it really starts with the working level and doing the job well and documenting what we do. Various checks and balances, with reviews and internal scrutiny, are then undertaken to ensure that we've done that. We make any necessary changes and improvements that we have to over time.

**The Chair:** Thank you very much.

Up next is Mr. Desjarlais. You have the floor for two and a half minutes, please.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

Thank you to the witnesses, again, for being present and for answering our questions.

I want to return to the topic of the review process, or at least the new review process, and the changes that have been recommended, largely by the Auditor General.

What aspects of the review process, in addition to your internal auditing, will enhance the eligibility review of existing projects funded by SDTC?



**Mr. Mitch Davies:** Mr. Chair, as I was sharing in response to the previous question, reviewing eligibility is really at the core of any of our examinations of investments that will be made to provide funding to any business. That will certainly apply in the case of the programming we offer for sustainable development technology purposes. Staff has to document it and make sure that it's well established—

**Mr. Blake Desjarlais:** I'm sorry for interrupting, Mr. Davies.

Specifically on the existing applications that were approved by the former board of SDTC, for which there are outstanding funds, would they be subject to the former eligibility criteria, under which they may have been successful before the suspension of funding, or would they fall under the new guidelines, which may potentially disqualify them?

**Mr. Mitch Davies:** Thank you for the clarification. I understand the question.

There's a process under way now between the department, ISED, and SDTC on the eligibility of the files they have, which will ultimately be transferred over to the NRC and then carry on under our new terms and conditions. There is work being done on eligibility. It's not work that we're directly involved in. It's something that SDTC is doing, and it's working with the department on it.

We will establish terms and conditions that will be approved by the Treasury Board for any ongoing role of NRC IRAP in funding clients on an ongoing basis, but that work is being undertaken right now between the department and SDTC. It doesn't involve NRC in any direct way.

**Mr. Blake Desjarlais:** Mr. Davies, do you believe there's clear leadership in the transfer of this file? That was one of the concerns highlighted by the Auditor General. We had members, including the deputy minister and the board itself, unsure of their own roles and responsibilities. From the way you're describing this, I have some concern that it could be a potential issue that is unresolved.

Do you feel that the terms that you've been asked to fulfill as the transfer of this work continues are clear?

How much does SDTC's current voluntary board have to do with the existing terms and conditions that you'll be subject to?

• (1130)

**Mr. Mitch Davies:** Mr. Chair, from our point of view, the process is clear. We're working actively with SDTC on the transition, and SDTC is working with the department on the contribution agreement that's currently in place between the department and SDTC.

We keep these things clear for a reason, because there are different parties involved. We're not involved in things between the department and SDTC, but equally, we're very much engaged with SDTC on the planning of the transfer, because we have to make sure that we hit our milestones and do this in a seamless fashion.

There's a lot of work involved. I wouldn't underestimate that. Of course, other witnesses have spoken about the work that's being undertaken on that as we speak.

**The Chair:** Thank you very much. That is the time. You will have one last opportunity in the next round, Mr. Desjarlais.

Mr. Brock, we'll go back to you for five minutes, please.

**Mr. Larry Brock:** I want to return to Minister Champagne's announcement to Canadians in June of this year, which gave the impression that the NRC would provide that oversight sooner rather than later. What we're learning now is that the NRC is not going to provide any oversight until the end of Q4, which is March 31, 2025.

In the interim, it's literally the same old SDTC, just under a different chair and three different directors. It has the same employees. Nothing has changed. Funding has started. Taps started to run again in June, raising the question of the type of oversight that is being exemplified by this government. According to the press release, the minister indicates that his department, ISED, will “enhance oversight and monitoring of funding during the transition period.”

How often is Minister Champagne involved in discussions with the NRC, giving it updates about his observations and supervision of funding? How often are you meeting with him?

**Mr. Mitch Davies:** Mr. Chair, at the NRC, I and my employees are not meeting directly with the minister on the topic. We work with the department of ISED. Of course, as we've also mentioned, we're working with the SDTC interim board and employees.

**Mr. Larry Brock:** Are you as the president not communicating directly with the minister?

**Mr. Mitch Davies:** On this topic, actively involved on the transition, we're working with all the officials and individuals who have the day-to-day job—

**Mr. Larry Brock:** The question is, are you talking to the minister?

**Mr. Mitch Davies:** I haven't spoken to the minister on the file.

**Mr. Larry Brock:** Okay. Is the minister talking to anyone else at the NRC, to your knowledge?

**Mr. Mitch Davies:** Mr. Chair, I wouldn't be aware of any contact directly from the minister to other members of my team in terms of this file—no, certainly not.

**Mr. Larry Brock:** Then at this point you can't even tell Canadians what it means when he says his department will be enhancing “oversight and monitoring of funding during the transition period”. You can't speak to that because you're not speaking to the minister.

**Mr. Mitch Davies:** Mr. Chair, the deputy minister of the department has appeared here and has spoken to the measures they're undertaking—

**Mr. Larry Brock:** That's not my question.

**Mr. Mitch Davies:** It's for the department—

**Mr. Larry Brock:** Sir, it's my time.

**Mr. Mitch Davies:** —to give an account—

**Mr. Larry Brock:** Sir, it's my time. Thank you.

You are not able to educate Canadians as to what the minister meant by saying that he will provide enhanced “oversight and monitoring of funding”. You're not speaking with him, so you don't know what he means by that, do you?

**Mr. Mitch Davies:** Mr. Chair, with regard to what we'll do to run this program when it's transferred to us, I've spoken to that in my testimony—

**Mr. Larry Brock:** That's not my question. Simply say yes or no.

You know what that means. During this transition period, you're not communicating with the minister. You don't know what “enhanced monitoring” means, do you?

**Mr. Mitch Davies:** Mr. Chair, the responsibility for the files that SDTC has now rests with the foundation—

**Mr. Larry Brock:** Right—not you.

**Mr. Mitch Davies:** It has a new board.

**Mr. Larry Brock:** So you can't answer that question.

**Mr. Mitch Davies:** Mr. Chair, the board is—

**Mr. Larry Brock:** He also talked about “a reinforced contribution agreement with ISED”. We know that the existing contribution agreements were extremely violated, to the tune of \$390 million going to companies that were simply ineligible or were conflicted.

What is the reinforced contribution agreement?

**Mr. Mitch Davies:** Mr. Chair, that would be a question to be addressed to ISED, who has responsibility for the contribution agreement, and not us.

**Mr. Larry Brock:** Right. Canadians are no more the wiser after hearing this testimony today on what changes Minister Champagne has introduced for over the next 10 months until SDTC comes under your review and ambit at the end of Q4. I guess we're supposed to say that we'll just listen to the government. We'll just trust the government to do best. They'll learn from their mistakes and they'll ensure that they will be proper economic stewards of our taxpayer funds. It's a “just trust me” type of response.

You're not in communication with him. Canadians are no longer confident as to how he's complying with reviewing everything that's being funded in the green-tech energy sector. We have no idea, do we?

• (1135)

**Mr. Mitch Davies:** Mr. Chair, I believe that at the time this issue was raised—I'm not sure of the exact date—funding was suspended. A new board was then put in place, which changes everything at the foundation about who directs it, and then we're working on the transition.

**Mr. Larry Brock:** There's another question that Canadians have in mind: How are we going to recover the \$393 million that was improperly transferred? What do you say to Canadians? What is the process that the government has shared with you as to how we're going to recoup that money?

**Mr. Mitch Davies:** Mr. Chair, the question of recovery was discussed in previous testimony. I believe questions were asked of the

deputy minister and other witnesses who were here. Those questions are best asked of the department.

**Mr. Larry Brock:** To your knowledge, has it started? Has the recovery process started?

**Mr. Mitch Davies:** Mr. Chair, the NRC isn't involved with the current files of SDTC. I'm in no position to answer the member's question. I'm sorry.

**Mr. Larry Brock:** Well, presumably you'll be answering these questions at the end of Q4. Are you not talking now about what steps the government is taking to recover taxpayer funds?

**Mr. Mitch Davies:** Mr. Chair, we anticipate that the files that will be transferred to us will be ones that are in good standing and that we can carry forward, and that we will continue to administer the agreements that are transferred to us and the relationship with those clients. That's how the process has been structured.

Questions as to recovery and so on are, of course, best addressed to other parties.

**The Chair:** Thank you very much.

Mr. Weiler, you have the floor again for five minutes, please.

**Mr. Patrick Weiler:** Thank you, Chair.

I really appreciate the answers being given by our witnesses today. I want to pick up on the line of questioning that my colleague Ms. Bradford had on the HR violations at SDTC.

Can you speak to any strategies you have in place to investigate and resolve the allegations of HR violations within SDTC, going forward?

**Mr. Mitch Davies:** Mr. Chair, I don't think it will be the place of NRC to investigate violations related to a prior employer. Obviously our jurisdiction will be with our employees, the people who join the NRC, and then how we work with them to have a good workplace in which they feel they can do their job, do it best and uphold the trust the public has placed in us, but NRC has no role in terms of investigative activities involving SDTC, the foundation.

I think those are questions that have been looked at under prior processes that have been discussed here. I'm not directly in a position to speak to that work.

**Mr. Patrick Weiler:** Okay. Within NRC and IRAP and among your employees, how are whistle-blowers protected?

**Mr. Mitch Davies:** Mr. Chair, there are a number of levels, of course, that are important. There are individuals, certainly, who might feel there could be reprisals or actions taken if they raised concerns.

As I mentioned, we have a process whereby employees can disclose concerns. They come to our most senior ethics officer. The concerns are reviewed and investigated, as one would expect. The facts are established, and then resolutions to those issues are come up with in cases where that is warranted. That process also protects those employees from any actions being taken because they've raised questions or concerns.

Then there's obviously an act of Parliament, a law, that provides them that protection as well. It applies to all of our employees, and they can go to the parliamentary officer to raise concerns if they wish to have those things investigated.

**Mr. Patrick Weiler:** Thank you.

I'd like to change gears a bit. With regard to both IRAP and SDTC, I'm wondering if you could speak to how those programs may interact and complement each other in terms of their impacts on the innovation supply chain, because it does seem to me that there is some level of complementarity.

● (1140)

**Mr. Mitch Davies:** Mr. Chair, I think if you look at the funding that NRC IRAP provides compared to the funding that SDTC has provided, essentially there is a sort of a continuum of support in which NRC IRAP would provide a smaller amount of funding at an earlier stage of a company, and then SDTC would provide more funding and obviously work at a subsequent point in the business's evolution.

It's not a perfect continuum and it's not linear in any way, and there would be cases in which clients of IRAP would also be clients of SDTC.

Further to the question, we can certainly see how we can provide a continuum of support within the programming that we'll be offering to clean-tech innovators from the earliest stage to the later stages in their development and growth.

**Mr. Patrick Weiler:** When both are merged under the Canada Innovation Corporation, how do you see this framework supporting innovation and growth in the Canadian economy writ large?

**Mr. Mitch Davies:** Mr. Chair, the question of how the Canada Innovation Corporation would work was the subject of a blueprint issued by the government some time ago to explain its goals and its objectives of providing a continuum of support to innovators and entrepreneurs. It would, according to that blueprint, provide support from the earlier stage to later stages, at which more significant funding might be involved, in terms of particular technologies, particular risks, things that are hard to get up off the ground, and for which public support would be warranted.

The purpose of the company, the Crown corporation, would be to provide a continuum of support to those innovators and entrepreneurs. Bringing SDTC into NRC IRAP would be sort of a first stage of that system, within which we would start at the early stage, create a relationship with the company and provide support

through the regular IRAP, but also be able to work with them later on so that they became sustainable businesses as they grew and the challenges were increased as those firms were scaled up.

**The Chair:** Thank you.

If you have a short one, go ahead.

**Mr. Patrick Weiler:** I'll just end it there.

**The Chair:** Okay. Thank you very much.

We're now going to begin our fourth and final round. We are going back to Mr. Genuis, who is no longer on his porch and now appears to be in the House of Commons.

I'll turn it over to you, Garnett, for five minutes. Go ahead, please.

**Mr. Garnett Genuis:** Thank you, Mr. Chair. The sun was in my eyes.

It's very clear that this is the same old SDTC, despite claims about changes. This NDP-Liberal government's corrupt green slush fund is loaded with conflict of interest. It hasn't changed, because it's still being administered by a board using exactly the same model, and the NRC can't answer questions about basic conflict of interest issues that are ongoing.

The constant theme we have at this public accounts committee on various issues is that when things go wrong, the ministers apparently have nothing to do with it. They always want to describe themselves—and Liberal members want to describe them—as mere passengers on the ship of state. I'm sorry to see that in the industry file, we have yet another Liberal minister who seems to be more focused on leadership campaign preparations than on governing.

I want to ask about something specific. Minister Champagne has said, as Mr. Brock mentioned, that there would be enhanced monitoring during the interim period and there would be changes to contribution agreements. When the minister said that, was he telling the truth?

**Mr. Mitch Davies:** Mr. Chair, I think the previous testimony here about the interim period, the monitoring, the review of the files, and acceptance of the AG's observations by the department and by SDTC is important. It's on the record to establish how things will proceed.

**Mr. Garnett Genuis:** Can you please answer the question? Was the minister—whom you report to as well, ultimately—telling the truth when he said they were putting in place changes to contribution agreements and enhanced monitoring? Was Minister Champagne telling the truth, yes or no?

**Mr. Mitch Davies:** Mr. Chair, the minister's actions are there on the record in terms of suspension of funding, putting in place a new interim board and having a process to review the recommendations that have been made, particularly in the Auditor General's report, and taking appropriate action on that, and then subsequently having it transferred—

**Mr. Garnett Genuis:** I'm running out of time, so I'll stop you there.

I asked you the question twice, and you can't tell me clearly that the minister whom you report to was telling the truth, which suggests he wasn't. Hopefully we'll have him before this committee so he can answer that directly, because he made some claims about changes at SDTC that just don't seem to have actually been made at all.

I want to ask about bonuses. Have bonuses been paid to executives, directors and managers who have been working on this green slush fund? Are people who are working on this receiving bonuses?

• (1145)

**Mr. Mitch Davies:** Mr. Chair, I'm not in a position to address bonuses of SDTC or its employees. I think those questions have to be addressed to the organization itself so that it can provide an answer for the members.

**Mr. Garnett Genuis:** Okay.

You're supposed to be taking over the administration of it, so should those bonuses be paid? Will you recommend that they not be paid? What's your position on that going forward?

**Mr. Mitch Davies:** Mr. Chair, I think the employment of SDTC employees is subject to their arrangements with the foundation. At the point in time when they become NRC employees, they will fall under our regime for compensation. That's a completely separate employer, and obviously we'll account for what we're doing with those employees once they join our organization.

**Mr. Garnett Genuis:** Should they receive bonuses, though?

**Mr. Mitch Davies:** Mr. Chair, I have no views to share with the committee in terms of the work of SDTC employees and bonuses. That's something you should address with the organization itself.

**Mr. Garnett Genuis:** Okay. With your taking it over, I would have hoped for a little more on that.

I have a final line of questioning here.

Would ministers or Liberal political staffers be able to invest in companies that benefit from this green slush fund? Would any have investments and would any be able to receive those investments?

**Mr. Mitch Davies:** Mr. Chair, without speculating, I think the question is what conflict of interest procedures apply to any of these people who were mentioned in the question in their own roles. I think you'd have to address that with the individuals in those circumstances. That's certainly not something I can give an account of—

**Mr. Garnett Genuis:** I'm sorry to jump in, but NRC is going to be responsible for giving out this money. What conflict of interest procedures would apply to dispensing those funds?

**Mr. Mitch Davies:** Mr. Chair, as I said, the conflict of interest policy of the National Research Council will apply to any program that comes under our care. Certainly in this case it will apply to the Sustainable Development Technology programming funding that we will have care of once we've had it transferred.

**Mr. Garnett Genuis:** Are there rules that would prevent this kind of conflict of interest, that would prevent political staffers and ministers who own companies from having those companies benefit? Do your rules prevent that? It's a simple, clear question, and I'm not getting an answer. Can you give a clear answer?

Would your existing policies allow staffers and ministers to benefit, yes or no?

**Mr. Mitch Davies:** Mr. Chair, the conflict of interest policy of the NRC and our administration of funds is done by professionals. They'll direct funds where there's eligibility and where there are benefits for Canadians, and with the application of our conflict of interest policy to their activities. We take those decisions within the National Research Council—

**The Chair:** Thank you, Mr. Genuis. That is—

**Mr. Garnett Genuis:** Mr. Chair, I have a point of order.

**The Chair:** I'll hear a point of order, yes, Mr. Genuis.

**Mr. Garnett Genuis:** Thank you, Mr. Chair.

I think I pretty clearly and repeatedly asked the question that the witness pretty clearly refused to answer, despite multiple attempts. I'd like to ask you to put the question to the witness and inform him of his obligations as a witness.

I didn't ask if they had a conflict of interest policy; I asked what the policy is. Witnesses have an obligation to answer clear questions, especially when repeatedly asked over and over again in a clear form.

**The Chair:** Thank you, Mr. Genuis.

I have a point of order from Ms. Khalid as well.

**Ms. Iqra Khalid:** It's on that same point of order, Mr. Chair.

I don't think that is a point of order at all, and I don't think that we can force answers from witnesses.

**The Chair:** I do have that ability. Having said that...

Mr. Davies is here and he's answering questions. We might not like the answers; I think his non-answers speak for themselves. There will be one other round for you as the official opposition. You're welcome to press it again.

I am going to move on, Ms. Khalid. You have the floor for five minutes, please.

**Ms. Iqra Khalid:** Thanks very much, Mr. Chair.

I would like to talk more reasonably than the previous round.

The Council of Canadian Innovators sees the Canada Innovation Corporation as a fundamental shift in approach in supporting innovation and growth, given its focus on commercialization and protecting Canadian IP from leaving our shores. How fundamental is this, in your view, to supporting growth in our country, especially at a time when business investment is low and when we're dealing with challenges with respect to productivity?

• (1150)

**Mr. Mitch Davies:** Mr. Chair, obviously Canadian benefits are critical in the programs that we're talking about administering. It really is with regard to seeing those businesses able to grow and create IP, and for the returns and the benefits of that captured here in Canada for the benefit of Canadians and Canadian workers. All of that is very critical. I think that seeing those kinds of risky investments undertaken and supported and seeing things grow here in Canada is really the ultimate goal of these programs.

It's obviously a critical long-term objective for the economy, and it's really important, because that's what establishes the life that we all enjoy here in Canada. It establishes the kind of productivity performance that we need to have as a country, and many of these initiatives are all aimed at that, including, as was mentioned, the Canada Innovation Corporation, yes.

**Ms. Iqra Khalid:** Thanks for that.

What would be the impacts on business without programs like SDTC and IRAP? Given that business investment is low, in what state would innovation be in our country without government supports like this?

**Mr. Mitch Davies:** Mr. Chair, the support that's provided from public and different types of programming, whether it's through tax incentives or direct supports, has long been looked at as critical, particularly at the early stage of technology development innovation. This is the place where the risks often outweigh the potential returns or even the ability to assess those returns. These programs, I think, are there to ensure that this activity takes place, because if it didn't happen, then we would all be worse off.

Each country has an approach to this. Canada has a system of various programs and tax supports, and so on, that are all aimed to help support the financing of activities that are obviously going to support growth for the long term, including the NRC IRAP and, of course, the SDTC program for its life. Obviously, keeping that programming available to the sector and to the innovators and entrepreneurs is the objective of the current exercise that we're involved in to bring this transition to a conclusion on a timely basis.

**Ms. Iqra Khalid:** Thank you for that, and I couldn't agree with you more. We need to support these industries in order for Canada to have a say on the world stage. I think it is very important for us to develop and continue to improve these programs to make sure that our industries are improving and that the Canadian economy is growing, because it matters right down to each individual Canadian.

Now, the Conservatives are quite hell-bent on undermining program innovators, start-ups and small businesses that really help and support this country. If the Conservatives can so easily go against business interests, their key constituency, why would Canadians ever trust them? They're so hell-bent on destroying the public trust of our public sector. It is, I think, very shameful that they're going to these lengths of really undermining what our public sector stands for and the work that the public sector does to ensure that industry thrives and continues to grow in Canada.

Those are all the questions I have, Mr. Chair.

**The Chair:** I think that was more of a statement, then, wouldn't you say? Yes, I didn't think you were looking for an answer, and I don't think the witness was either.

Thank you very much.

[Translation]

Ms. Sinclair-Desgagné, you have the floor for two and a half minutes.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

Mr. Davies, based on your previous answers, you seem to have quite a bit of confidence in the work of the NRC officials and their ability to assess things like project eligibility. However, we know that Sustainable Development Technology Canada actually misjudged—to put it mildly—10 projects that received funding even though they were not eligible. That's not counting conflicts of interest and projects that were funded despite being ineligible. That happened during COVID-19, for example.

If it's simply about doing the job well, did Sustainable Development Technology Canada employees do a bad job? Is that what you're saying?

[English]

**Mr. Mitch Davies:** Mr. Chair, I think it's really important for me to consider fairly the employees who work at SDTC. They've been in a challenging circumstance.

Obviously, there's been information brought to the public's attention, processes that were undertaken to review human resources management at SDTC, and I'll leave that to stand. We're not involved in that directly. I think we also want to provide an opportunity for those employees to join NRC IRAP and bring their talents and capabilities—

• (1155)

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** That's exactly what I was getting at. Again, it corroborates what you said earlier. It comes down to doing the job well. An employee who assesses a proposal and approves it even though it's ineligible is either incompetent or acting in bad faith. Either way, knowing that those employees have guaranteed jobs at the NRC, what are you going to do with all the ones who go there to work even though, as you yourself said, they did wrong?

Again, I repeat what you said: If an employee is doing their job well, ineligible projects won't get funding.

[English]

**Mr. Mitch Davies:** Mr. Chair, I think it's important that in any given person's case, there's a due process for their employment. I think that's quite fundamental, and in the matter of the SDTC employees as a whole, we have been asked and will make offers to employees who can join our organization in good standing. We are—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** I gather, then, that many SDTC employees will not receive an offer from the NRC. You will determine how many employees join your ranks on a case-by-case basis. Is that correct?

[English]

**Mr. Mitch Davies:** Mr. Chair, our job is to try to provide continuity of programming and to take into the NRC the employees who can deliver it. We've been asked to ensure that there's a continuity, and we certainly will ensure that this is done.

Then the employees who join us will have to meet our terms and conditions. Obviously—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** You didn't answer my question. Are you going to hire all of them or just some of them, say, half, or a handful? How many employees are you going to hire from Sustainable Development Technology Canada?

Continuity is all well and good, but we're looking for numbers here, Mr. Davies.

[English]

**Mr. Mitch Davies:** Mr. Chair, I think the overall population of employees is between 60 and 70, from what I understand. We'll make employment offers to those who have an interest, and at the end, we'll find out how many employees decide to join our team. However, we'll certainly be making offers to SDTC employees, as has been obviously shared with them. It's very important in the continuity of this work. They're there now, working away on the transition.

We will also need those employees and their information, their knowledge and their awareness of the sustainable development technology goals in the program that we'll offer in the future. It's important that we don't start off without having the kind of people who know how to adjudicate the files. They'll come under our em-

ployment terms and conditions, and obviously they'll have to meet those terms and conditions before they're employed by the NRC, including the application of our conflict of interest policy, which will be established and reviewed with everyone on day one.

[Translation]

**The Chair:** Thank you very much.

[English]

Mr. Desjarlais, this is your last two-and-a-half-minute round. We'll go over to you, please.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

I again want to thank the witnesses for their testimony today and for assisting us in our study related to SDTC, the very serious situation of conflict of interest, with issues of mismanagement and issues of people on the board and even members of the ministry not knowing for certain the leadership that was required to ensure the successful delivery of what should have been a very successful program that would have assisted small and medium-sized businesses across Canada, that would have assisted Canadian innovation, and that would have ensured that more jobs in Canada could have been created through this fund. However, unfortunately, because of this mismanagement, it's clear to me and, I think, clear to Canadians that there's serious change needed while delivering a like program.

One of my biggest concerns and one of the concerns I often hear from my constituents is related to the recovery of funds: How will funds be recovered from ineligible projects?

Mr. Davies, you did mention to me that there is an ongoing conversation. What is your role in that conversation, and what responsibility do you have in relation to that very important mandate that even the Auditor General cites as credible and important—particularly in my view—to building or rebuilding public trust?

**Mr. Mitch Davies:** Mr. Chair, is the question on the question of recovery?

**Mr. Blake Desjarlais:** It's on the recovery of funds from any ineligible recipients.

**Mr. Mitch Davies:** In our role at this point, we are not involved in the recovery process or evaluating it. Recovery of funds was, I believe, a topic that was discussed here previously, so I think it would be best to address questions on that to the department or SDTC or perhaps both, to be able to—

• (1200)

**Mr. Blake Desjarlais:** Do you feel you have no role or responsibility in the recovery of these funds, even when some projects that are currently eligible haven't received funds because of the freezing of the fund, when they could be eligible under your new program? Wouldn't you say that you have some level of responsibility or that during the transfer of the program you should at least advise SDTC of the process that should be undertaken for the recovery of funds?

**Mr. Mitch Davies:** Mr. Chair, I think without having a final answer regarding the structure of the transfer of the files, I'm not in a position to say exactly what may or may not apply to any given file and whether they're—

**Mr. Blake Desjarlais:** I understand.

Mr. Davies, would you be willing to supply this committee, once you do have it, the information we're seeking, which would better clarify for our committee and our study on behalf of Canadians the process that will be undertaken for the recovery of funds, particularly as it relates to your role as the receiver of this new program and the terms and conditions that may be required or adhered to that would ensure the recovery of taxpayer dollars for ineligible funds? Would you commit to that today?

**Mr. Mitch Davies:** Mr. Chair, to the extent that we have a specific role in respect of recovery, we'd certainly share that with the committee or Canadians generally.

What I won't do is speculate as to how exactly files will be addressed in the current process that's undergoing review between SDTC and the department, but I certainly can say that if we have a role in recovery going forward, then obviously we'll be very transparent about what it is.

**Mr. Blake Desjarlais:** Yes, please do. I'm very encouraged by that statement and I hope you will be able to play a role in the recovery on behalf of Canadians. Thank you.

**The Chair:** That's good. Thank you very much. I appreciate that back and forth.

Mr. Perkins, you have the floor for five minutes. Go ahead, please.

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

Along the same lines, the Auditor General, as you know, tabled with this committee, further to her audit, that \$390 million of taxpayer money has been voted on in a conflict of interest, including \$58 million that was given outside of the limits and parameters of the contribution agreement.

You're going to receive this pile of stuff within four to six months, and I have no confidence that the Liberal Minister of Industry or his department, who screwed all this up, will get that \$390 million back.

Will you commit that if they have not gotten it back, you will follow the Auditor General's report and the comments of the deputy minister that this money needs to be recovered and go after that money?

**Mr. Mitch Davies:** Mr. Chair, I think the question of recovery and how that will be addressed is being established in the transition process. I assume that the files we receive will be in good standing, that they will be files that have standing under the contribution agreement, that they will be eligible and that we will be able to carry on our work to provide any ongoing funding that might well be required for those files or to work with those clients. That's the assumption I am making.

**Mr. Rick Perkins:** What does "good standing" mean? Does it mean that the money has been recovered and you don't have to do any of the work?

NRC had a scandal during the Chrétien government in which employees were taking kickbacks on grants, and NRC had to get that money back, so you do have experience, or the NRC does have experience, in trying to recover money inappropriately given—more experience, unfortunately, than the department does. "Good

standing" doesn't mean anything to me, so will you commit to getting it?

**Mr. Mitch Davies:** Mr. Chair, "good standing", as I'm defining it, means files that are eligible under the program.

I can say that to the extent that we have a legal role to recover any funds due to the Crown, then obviously that's something we would follow up on, absolutely, within our authority to do so, as we do now, if funds are owing as a consequence of programs we already run. That's the framework that will apply to all—

**Mr. Rick Perkins:** Will you ensure that the employees—you talked about employee offers—who were involved in putting this forward, including the current acting president, who fast-tracked the Verschuren Centre proposal through SDTC and were involved in this Liberal cover-up of corruption, as well as any of those corrupt directors out of there, are not offered new positions, since they were already involved in helping this happen?

**Mr. Mitch Davies:** Mr. Chair, our approach with SDTC employees will be to work with the vast majority of employees to provide offers. The interim board is working with the senior executives on their employment as it is now. You could address those questions of the relationships with the most senior employees in SDTC to the interim board.

● (1205)

**Mr. Rick Perkins:** Will you make any IRAP advisory board member who is currently involved with SDTC resign in order to ensure that under your leadership, we don't have the same level of corruption that's happened under the Liberal leadership of Minister Champagne? Will you ensure that does not continue?

**Mr. Mitch Davies:** Mr. Chair, as I believe my colleague has mentioned, our current IRAP advisory board, to our knowledge, doesn't have anyone who's involved in this topic or circumstance—

**Mr. Rick Perkins:** I asked whether you will make sure they're off the board if they do.

**Mr. Mitch Davies:** Mr. Chair, we want all of our advisory committee members to be people who are there and serve in the public trust, and maintain the confidence—

**Mr. Rick Perkins:** It means not double-dipping, which was the case with the nine directors the Auditor General identified.

Mr. Chair, with that, because of this testimony and testimony received earlier, I'd like to move the following motion. We've given it to the clerk, if the clerk wants to distribute it.

**The Chair:** Why don't you read it first, Mr. Perkins? We'll just double-check that it is in fact the same motion before sending it around.

**Mr. Rick Perkins:** I move:

That, as part of the committee's ongoing study of Sustainable Development and Technology Canada (SDTC), the committee agrees to:

(a) extend its current study of the Auditor General's report by inviting the following additional witnesses:

These are in addition to the list of outstanding witnesses in our study that is going on now in, so these are new additional witnesses giving their testimony.

(i) John Knubley, former Deputy Minister of ISED;

That's where a lot of this happened.

- (ii) Cassie Doyle, acting board member of SDTC;
- (iii) Marta Morgan, acting board member of SDTC;
- (iv) Steven Guilbeault, Minister of Environment and Climate Change;

I'll explain why we've added him in a few minutes.

- (v) Andrée-Lise Méthot, founder of Cycle Capital;
  - (vi) Stephen Kukucha, former board member of SDTC;
  - (vii) Guy Ouimet, former board member of SDTC; and
  - (viii) Annette Verschuren, former chair of SDTC.
- (b) that the committee report to the House that it asks the Auditor General to undertake a value for money and performance audit on the work done by SDTC since Monday, January 1, 2017.

**The Chair:** Hold it there. I'm going to suspend just for a second. I'm going to first endeavour to get this out to all members. Hold on a second....

I'll call this meeting back to order. The email has been sent.

I'm going to allow Mr. Perkins to wrap up his comments briefly. I have a request to then have the last member ask the witnesses questions. It will take five minutes. If there's agreement, I'll do that.

Now, that does circumvent the normal procedure, which is to turn to motions right away. I will remind people that this opens up the opportunity to end the meeting, but I will bring us back to deal with this matter immediately if that happens.

In good faith, I think we're going to do that. I have been not scheduling meetings next week during caucus, but if there is funny business on this and this agreement is upended for any reason, I will use the powers I have to return to this forthwith.

Mr. Perkins, you have the floor briefly. I will then turn to Ms. Bradford to ask her last round of questions; then I will excuse the witnesses, and we'll turn to this motion.

Mr. Perkins, you have the floor.

• (1210)

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

Briefly, we have an existing motion with regard to continuing studies, and I know there are a number of witnesses that the clerk has been trying to get before the committee, but in light of the testimony today and some of the earlier testimony, perhaps I could briefly explain the addition of these folks.

John Knubley, the former deputy minister, was there. As most know, I think, Simon Kennedy has been the deputy minister there for only about a year, but most of what has happened under SDTC's term, including the appointment of some of these directors who were brought out in the Auditor General's report, was under Mr. Knubley's tenure as deputy. He was involved very much in the discussions of what was called "managed conflict" between the former president of SDTC—Leah Lawrence—and the government in seeking out a chair replacement.

I think we've had a lot of testimony today already about the clarification that the witnesses have given us about their current roles and responsibilities versus those of the acting board that the minister appointed. Our current motion in the existing study has the cur-

rent acting chair on the list, but it does not have Cassie Doyle or Marta Morgan, the other two whom the minister appointed, so I believe they should also appear.

Stephen Guilbeault, the Minister of Environment, in his public disclosure, continues to hold shares in one of the largest recipients of funds from the Liberal green slush fund. Cycle Capital received over \$200 million. Stephen Guilbeault not only worked there before being elected but also still owns shares—in his public disclosure—and is benefiting from the investment by SDTC in Cycle Capital's businesses. Andrée-Lise Méthot was his boss at Cycle Capital and is the founder there. Again, as I said, her company has received, since its inception, over \$200 million of green slush fund money.

Stephen Kukucha and Guy Ouimet, both of whom were directors of SDTC, also had conflicts of interest pointed out by the Auditor General in terms of funds that went to companies they had interests in. In fact, the Ethics Commissioner's report mentions Guy Ouimet but doesn't actually proclaim anything about him, even though it's clear from the evidence that he voted in favour of \$4 million for his own company.

Annette Verschuren, who we all know was the chair of SDTC, was appointed knowing that she had been doing business with SDTC, and that set a culture of conflict. That culture of conflict, as we know, is that 196 of the over 226 projects that the Auditor General looked at were actually projects that had some sort of conflict of interest declaration, so she set the tone when she joined on the issue of it being okay to just leave the room when 82% of the transactions being approved by the board were with regard to conflicts. That clearly goes way beyond just bad legal advice.

With regard to part (b) of the motion, because the Auditor General only did a selection of the projects and did not look at the full \$836 million that was given out in that audit period of the \$2.1 billion that the green slush fund has given out since its inception, we are asking the Auditor General to do a full audit of everything, because we believe that we've only scratched the surface with this random sampling of projects.

**The Chair:** Thank you.

As I said, there were some discussions that we proceed to Ms. Bradford as the last member on the docket to ask questions for five minutes. Do I have agreement?

Generally, we'd go right to the motion, but there was some back-and-forth. Do I have agreement to turn the floor over to Ms. Bradford for five minutes, and then we'll go back to Mr. Perkins' motion?

I'm seeing yeses. Okay.

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

**Ms. Valerie Bradford:** Thank you, Mr. Chair.



ISED published a report in October 2023 with suggestions and an action plan that SDTC had to implement by December 2023. Has this action plan been implemented, and are there any updates?

• (1215)

**Mr. Mitch Davies:** The question is about the responsibility of ISED and the follow-up. I know there was a discussion at the committee with the deputy minister of the department. Obviously, it's up to ISED to provide an account to the committee of its actions and follow up on that action plan that was shared with the public.

The NRC is working in collaboration with ISED and SDTC on the transition process that we've described today to ensure that it's done in a timely way, and to provide some stability for the stakeholders who work with SDTC, as well as for the employees who are involved.

**Ms. Valerie Bradford:** The government announced this major programming transition back in June. Are the timelines that you're currently working with the usual practice for this type of transition?

**Mr. Mitch Davies:** Mr. Chair, as I said in my opening comments, we're endeavouring to get this work done within a year. There's a lot to do, for all the reasons that are clear from the conversation that is taking place today. This includes looking at the files and being able to prepare them for transfer to us, and then preparing the systems. Our offer to employees is for them to carry on with the programming.

We're hoping to do this hopefully earlier than that year. We're endeavouring to meet that commitment to Canadians. It's what's expected of us to get this transition under way and carry it out as quickly as we possibly can.

**Ms. Valerie Bradford:** Given that it's no longer an arms-length organization, can you speak to how exactly SDTC is now subject to the FAA, as is customary for all government agencies? What are the implications of this?

**Mr. Mitch Davies:** Mr. Chair, to be helpful, it's probably best to ask this of SDTC or ISED to get a specific answer.

Because SDTC was established under its own legislation and set up as a foundation, I'm not certain whether the Financial Administration Act directly applies to SDTC and its activities. That is something that would be best addressed by experts in the department who could talk about it.

I know the Financial Administration Act applies to the National Research Council.

**Ms. Valerie Bradford:** How are you going to ensure that the mission of clean tech is back at the core of what SDTC does and the potential it has to do good for Canada's clean-tech firms and industry, which need its support?

**Mr. Mitch Davies:** Mr. Chair, I'd say first that the strategic plan of the National Research Council has among its priorities climate and sustainability. In fact, it has a lot to do with research work we do. Also, the support for innovation that is provided through NRC IRAP to further the programming we'll be able to provide for sustainable technology will move to the NRC IRAP organization and the appropriate staff who can make sure that we deliver that.

This will take into account the economic goals and objectives to the program, but also the sustainability objectives that are now being and have been reviewed by SDTC in its consideration of files. We'll obviously bring those employees and expertise over to NRC IRAP to continue that work.

**Ms. Valerie Bradford:** Thank you.

I know that many of the small and medium-sized businesses would not be able to survive without these funds and would incur the capital outlay to transition to clean, green tech. Hopefully, you'll be able to ensure that this continues.

I have no further questions.

I want to thank you very much for attending today and answering all of these multiple questions so fully. I appreciate it.

**The Chair:** Thank you, Ms. Bradford.

In a moment, I'm going to suspend for a few minutes.

In the meantime, I will thank the witnesses for coming in today and for answering our questions to the best of their ability.

There were some requests for information. If you could, send that information through to the clerk. There was a timeline for one request made by Mr. Desjarlais. We will look for that information when it is available.

You're excused. Thank you very much.

We will return in about five minutes to pick up Mr. Perkins' motion. I'll give him the floor first.

**A voice:** [*Inaudible—Editor*]

**The Chair:** All right. We'll make it 10 minutes now that we have you here. We'll be back in 10 minutes.

The meeting is suspended.

• (1220)

(Pause)

• (1235)

**The Chair:** I'm going to call the meeting back to order. I'm sure this will prompt whips to ensure that members are back in their seats forthwith. I will give a few minutes for this to happen. I do see people coming back online.

Mr. Perkins, you have the floor for your motion.

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

I had left off at the rationale for the individuals. This is of concern, and today with the NRC it was quite disturbing as well, because it appears that the new SDTC is still the old SDTC. It is still independent and reporting to the minister, through a different board of three different people, but it has the same management and no evidence of real change. This is why we wanted to have the NRC here today. It was to get a sense from them about how they were going to run it and whether they have been running it and what they've been doing to prevent the challenges that SDTC has, as identified by both the Ethics Commissioner and the Auditor General, yet today we see that the process hasn't even started. It's still the same old green slush fund, which had 186 votes out of about 400 that were conflicted, according to the Auditor General.

The Auditor General said there were over 400 votes, but the Auditor General didn't actually go through all of those votes. The Auditor General went through a small sample size of 226. Of those 226, 186 were conflicted, so 82% of what went before this board were conflicted payments to companies in which those same directors had an interest. There's quite a list of some of them that the Auditor General had given us, in addition to what was in the report.

It seems that every time we have a witness or have a report by an officer of parliament, it uncovers more and more. It's not that this is all of it. As we know, the House of Commons voted for a production of documents order on the Liberal green slush fund. That production of documents order required every government department and SDTC to turn over their documents to the law clerk of the House of Commons so that the law clerk could turn those over to the RCMP.

We now know, from letters received before this committee, that the law clerk has written to the Speaker informing the Speaker that the Prime Minister's own department, the PCO, gave direction to all government departments to actually redact elements of any documents they have, using the Access to Information Act and Privacy Act changes, although he points out in that letter that there was no such restriction put in the House of Commons motion that passed with the majority of members in the House of Commons. The House of Commons motion is supreme on this. It's not restricted by any act of Parliament, yet the Prime Minister's Office clearly interfered through the PCO in trying to prevent the information from getting out.

That's why this committee, the public accounts committee, which examines the Auditor General's reports on the expenditures of money, needs to have an expanded study on the Liberal green slush fund. We know that where there's smoke, there's fire. There's probably a lot more going on here than the 226 projects the Auditor General looked at out of the billion-dollar Liberal green slush fund.

As a result of that, we need to ask these directors who are involved in the current transition, as well as those who are named in the Auditor General's report, for more clarity before this committee. We need to ask that the Auditor General herself do a more extensive study of what's been going on in the Liberal green slush fund than she did in her selective sampling, her random sampling, of projects.

I would hope that all committee members support that we get to the bottom of this, because right now, we don't know if anything's changed.

• (1240)

The NRC doesn't know if anything's changed, contrary to what the minister said. The minister said that as of the date, the NRC has control and it will be up to this pristine level of accountability, yet the minister himself has not met once—not once—with anyone in the NRC to figure out how the heck this thing's going to get cleaned up. In the 40 months that Minister Champagne was the minister during SDTC, he did nothing, even though an ADM who reports to him sat in every meeting where this happened. He did nothing until it made it into the media. He did nothing through all the parliamentary hearings, and his only response has been that he is going to transfer it to the NRC and that this will clean it all up. He cares so much about it that he hasn't even met with the NRC to see what they're doing and to give direction, and neither have his staff.

I think it's essential that this committee keep examining this to get to the bottom of the issues that have been raised today and raised also by the Auditor General and the Ethics Commissioner.

Thank you, Mr. Chair.

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

I have Ms. Khalid. You have the floor.

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

I'm not really sure why the Conservatives are so hell-bent on politicizing a process. If we go through the timeline here, the minister responsible for SDTC identified an issue, acted on it, read the report of the Auditor General, who is an arm's-length person who provides the oversight of our public accounts on how taxpayers' money is spent, took in their recommendations and took some substantial steps with respect to how to fix the process.

We had witnesses here today from the NRC, and they talked about what that transition looks like. They talked about what the impact of a program like this is on small businesses. They talked about how we are going to improve the system. That is exactly what the role of members of the public accounts committee here is. Our role is not that of a judiciary. Our role is to find issues and challenges, to take the advice and the recommendations of the Auditor General and others, to help in improving the process and to ask the relevant questions on what is next.

I'm not sure why the members opposite feel that if there's smoke, there's fire, and that we should go on a witch hunt, bring in everybody and basically demolish public trust by calling the same witnesses again and again and again.

People have been on record. The Auditor General has expressed how uncomfortable she feels with people telling her how to do her job. The member opposite spoke about getting her to do her job even more. I think that she and her office are at arm's length. They are doing their job. They just released this report. We don't need to dictate to them how to conduct themselves.

What we're seeing here, Mr. Chair, is a fishing expedition on the backs of industry and of small businesses. It's unfortunate. I have sat in committees over the past number of years and I have seen again and again businesses being brought in and put through the wringer, to the point where they become targets. I don't think that's fair and I don't think that's the job or the responsibility of this committee. Sure, if we are going to proceed with this motion, there are some amendments that need to be made and we should be focusing on ensuring that we are doing the right thing in order to improve the process as opposed to creating a witch hunt process in which we're hauling in anybody and everybody who the Conservatives seem to think is enemy number one, anything to get an extra click, anything to raise an extra buck for their party. It's unfortunate.

I would like to amend this motion based on who is responsible for what.

First and foremost, the Minister of Environment should be struck from the list of witnesses who are required in this motion, because neither he nor his office has anything to do with any of this.

Second, I'd like to include two names in the text of the motion—the Auditor General and the RCMP commissioner—because I believe that both have important testimony to provide on Parliament's continued study of SDTC, including their grave concerns regarding the CPC June 10 motion, which is compromising their independence, as they have stated. An article in the National Post from a few days ago dug more into this, with a former senior parliamentary counsel for the House of Commons quoted as saying that the Conservative motion is both completely unprecedented and likely an abuse of Parliament's powers.

● (1245)

Academics have already raised concerns. As stated in the National Post article, “by demanding the documents with the sole purpose of passing them on to the RCMP”, the House of Commons is overstepping its bounds, and these actions raise “a number of constitutional issues”.

Our job as parliamentarians is to ensure proper oversight and accountability of public funds. It is not to act outside of the bounds of parliament, Mr. Chair. I think it's incumbent on us to hear from both of these witnesses, the Auditor General and the RCMP commissioner, who have brought these real concerns with regard to Parliament's actions on SDTC. Any extensions of this SDTC study should include testimony from both of those witnesses, in my view.

I would propose that we remove Minister Guilbeault from the list and that we add the Auditor General and the RCMP commissioner to the list of witnesses for more comprehensive testimony as to what exactly is going on here.

Mr. Chair, it's time for us to start doing the right thing amongst all parliamentarians at this table.

Thank you, Mr. Chair.

**The Chair:** Thank you.

I have amendments to the motion, which we will deal with here and now. There's, of course, a speaking list to the main motion, but let's deal with Ms. Khalid's amendments.

Ms. Khalid, if you're agreeable, I'll do them as kind of one, two and three, because I suspect you might have shifting support. I'm going to do, maybe, a vote on striking the minister.

**Ms. Iqra Khalid:** I'd like to just present it as one, Mr. Chair.

**The Chair:** All right.

The amendment is to strike the Minister of Environment and Climate Change.

**Mr. Blake Desjarlais:** I have a point of order, Mr. Chair. I apologize for having to interrupt just before you read...

To get clarity on the proposed amendment, can we have that amendment sent to us? In addition, is it possible if maybe, by unanimous consent, we can get a compromise to sustain the witnesses that were submitted by the Conservatives, including Minister Guilbeault, in addition to adding the other witnesses proposed by the Liberals?

I'd be happy to vote in consensus if we can just invite all of the witnesses and do away with the fact that we have to vote.

It's just a recommendation.

**The Chair:** Yes, that's what I was trying to work through. I think Ms. Khalid would like to present them as a package, which could present a subamendment to the amendment.

● (1250)

**Ms. Iqra Khalid:** Mr. Chair, I'll just address the concern of the member.

Specifically with respect to the Minister of Environment, I'm proposing to remove him because he has no responsibility in SDTC. He has nothing to do with the file. It would be a waste of our committee resources for us to have him. We've already had Minister Champagne, the person who is responsible for the file, and I'm sure Minister Champagne is willing to come again. It just doesn't make sense for us to include a minister who has no authority over this file that we're talking about.

**The Chair:** Right, and you would like to present this.... Your amendment to the motion is to remove “(iv) Steven Guilbeault, Minister of Environment and Climate Change”, and then add the Auditor General and the commissioner of the RCMP. That is the amendment.

Madame Sinclair-Desgagné wants to speak on it first, I believe, and then after that I see Mr. Perkins.

I do have a list running on the side, which is Mr. Desjarlais, Mr. Brock and Mr. Genuis—

**An hon. member:** I'd like to get back on that.

**The Chair:** —so I'm going to keep that.

Gentlemen, if you can put your hands down.... Keep your hands up if you want to be on the list for this amendment to the motion.

**Mr. Garnett Genuis:** Mr. Chair, I have a point of order.

I would like to be on both. [*Technical difficulty—Editor*] right at the beginning regarding the amendment issue. Wherever I fit on the list is fine.

**The Chair:** Mr. Desjarlais, would you like to speak to the amendment to the motion as well?

**Mr. Blake Desjarlais:** Yes, I would like to speak to the amendment.

Just as a matter of reply—

**The Chair:** I'm just confirming. I'll come back to you.

**Mr. Blake Desjarlais:** Oh, of course. I apologize.

**The Chair:** Madame Sinclair-Desgagné, you have the floor first.

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

I thank my colleague for introducing this motion. It looks good to me. There are definitely some names I would like to see on that list.

If everyone is in agreement, I would like to propose a subamendment, a friendly amendment, to Ms. Khalid's amendment.

The Auditor General gave us a list of the 90 unresolved cases of conflict of interest in which procedures weren't followed, as well as the names of the individuals in conflict of interest. I would like to see all of those names on the list. We already have those of Ms. Verschuren and Ms. Andrée-Lise Méthot, but I would like to add several others.

**The Chair:** Okay. I'll pass those suggestions on.

Right now, we're just going to discuss Ms. Khalid's three suggestions to see if you want to support them or if you want us to remove one of those three names. That's what we're talking about.

**Ms. Nathalie Sinclair-Desgagné:** Okay. I can speak—

**The Chair:** We're just talking about these three names.

The floor is yours.

**Ms. Nathalie Sinclair-Desgagné:** Okay.

I agree with the names being added, and I also agree that we are probably not going to learn anything particularly relevant by inviting Mr. Guilbeault. So I agree with Ms. Khalid's amendments.

**The Chair:** You agree with the amendments. That's great.

Thank you very much.

We'll continue with Mr. Perkins.

**Ms. Nathalie Sinclair-Desgagné:** Can you put me back on the list for my subamendments?

**The Chair:** No. We'll deal with this matter, and then after that—

**Ms. Nathalie Sinclair-Desgagné:** I'm on the list, though.

**The Chair:** You're on the list, yes.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

[*English*]

**The Chair:** Mr. Perkins, go ahead.

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

On the amendment, there seems to be a little confusion because Minister Champagne's name was mentioned. We still have an existing study motion. This is a supplement to it.

The existing study motion has François-Philippe Champagne, Minister of Industry, and Simon Kennedy, the deputy minister. It has Francis Bilodeau, the ADM at Innovation, Science and Technology. It has Paul Boothe, the current acting chair. The other ones are in addition to those on my motion. It has Ziyad Rahme, who is, as you know, the acting president. These are already on that. There are some people from PCO as well.

This list is in addition to, not as a substitution for, that previous motion on the existing study. I have no issues with the amendment, but I'd like to see it just to make sure I understand what it is.

However, just by way of explanation on Minister Guilbeault, he indeed does have quite a bit to do with this, because before he was elected, he was the in-house lobbyist for 10 years and is the primary beneficiary of the green slush fund. Also, in his public declarations on his conflict of interest, he lists still being a shareholder in Cycle Capital. He did not divest himself from the primary beneficiary of the Liberal green slush fund when he became a minister, and since he's become a minister, the value of Cycle Capital has tripled with the amount of money that's been going into it.

That's the rationale for it. Obviously, I would prefer to have him, but if the committee doesn't feel that way, I guess we'll see that in the amendment.

I probably can't ask a question, but I just want a clarification. The suggestion is to add the RCMP in before it says "Auditor General". Is that correct?

• (1255)

**The Chair:** It is to strike "Guilbeault", and then there'll be a new number.

**Mr. Rick Perkins:** Oh, you mean as additional witnesses.

**The Chair:** Yes, I mean additional witnesses—Auditor General of Canada and the RCMP commissioner.

**Mr. Rick Perkins:** That's all. It was additional witnesses. I wasn't quite—

**Ms. Iqra Khalid:** We're talking about only the motion you have presented today. We're not talking about any other motions that have passed through this committee.

**Mr. Rick Perkins:** You were adding them as additional witnesses, not—

**Ms. Iqra Khalid:** I'm adding two witnesses and removing one, as proposed.

**The Chair:** All right. Mr. Perkins, you are done.

I have Mr. Genuis, Mr. Desjarlais, Ms. Khalid and then Mr. Brock.

This is all on the amendment with these three names. We're removing one—Guilbeault—and the other two we're adding.

I am going to enforce that we speak to that amendment only.

Mr. Genuis, you have the floor. Go ahead, please.

**Mr. Garnett Genuis:** Thank you, Chair.

I was flabbergasted by some of Ms. Khalid's opening comments. She described our inquiries in this regard as being like “a fishing expedition”. If this is like fishing, it's like going to a barrel that's full of fish and grabbing fish out of it. The volume of corruption is evident. There's no question that there were violations of basic norms around conflict of interest here. Using idioms that suggest that this is a sort of speculative investigation is pretty outrageous. It seems like the member is trying to deny some of the basic conclusions of the Auditor General's report.

I did have a specific comment on the amendment, in that Ms. Khalid seems to be taking issue with the motion. Yes, it was a Conservative motion, but it was passed by a majority of the House of Commons in June regarding requesting documents. That motion used the unfettered powers of the House of Commons to send for documents. This is a clearly well-established constitutional principle. I'm happy to talk about that motion and the work that Conservatives are doing, with the support, in this case, of all opposition parties, to get to the bottom of the corruption we've seen in this government.

Look, I think I can offer a subamendment that will help us discuss this in a more fruitful way. We should have the law clerk in, because the law clerk works for us—

**The Chair:** Mr. Genuis, I'll stop you there. It is the same rule that I applied to Ms. Sinclair-Desgagné. You can make additions to the motion when that time comes. This is not the time. We're dealing with these three names right now. You can support it or you can propose a subamendment to strike one of the names, if you disagree, but that is where we are. You can—

**Mr. Garnett Genuis:** Here's what I'm doing: I'm proposing a subamendment to replace the RCMP commissioner on that list with the law clerk. It seems like the mover of this amendment is actually looking for the law clerk. They're looking for someone who can answer questions about the appropriateness of that June motion and about some of the procedural or constitutional issues associated with that request for documents. In the abstract, the RCMP commissioner may have an opinion on this, but if this is a question of constitutional or legal authority, the appropriateness of sending for these documents and the discretion that's available to the House.... I mean, it was a decision of the House and not of this committee, and I should underline that, but it does relate to work that this committee is doing. If members want to probe that issue, I think we can talk about it.

I would propose the subamendment that we replace the RCMP commissioner with the law clerk on this list.

• (1300)

**The Chair:** Okay.

I'm starting a new speaking list for the subamendment to the amendment, which is to strike the RCMP commissioner and replace that person with the House of Commons law clerk.

Are there speakers?

I have Ms. Khalid and then Mr. Desjarlais.

Ms. Khalid, you have the floor first.

**Ms. Iqra Khalid:** Thank you, Mr. Chair.

I'm quite perplexed, actually. I'm not sure why Mr. Genuis feels that we should be removing the RCMP commissioner from this list. Of course, as we're having this discussion, we can add witnesses and discuss the importance of these witnesses to the context of what exactly it is that we're studying.

To be clear, I do want to quote this article that I had referred to earlier, where it is said quite simply that an RCMP investigation is the only way to fully.... This is from.... I'm sorry.

It states:

According to letters tabled over the summer in the House of Commons and its public accounts committee, the order created significant consternation within the [Office of the Auditor General] and the RCMP.

The letters also reveal that neither the [Office of the Auditor General] nor the RCMP found evidence of criminal wrongdoing while looking into the SDTC.

On July 10, Hogan wrote House of Commons Clerk Eric Janse to inform him that she would not comply with the order because it could compromise her office's work. She also noted that if the RCMP wants her files, it can obtain a production order to obtain them legally.

“I am not able to respond to the order at this time,” she wrote to Janse, arguing that the records she audited don't belong to her office but to the government.

What I'm trying to say is that I think Mr. Genuis misunderstood what the point is that I'm trying to get at here, Chair, which is that the role of our committee is not to be a judiciary. It is not to dictate to the Auditor General or the RCMP how they should be conducting their work. The role of parliamentarians is not to dictate to these institutions that we have created to have that oversight. By doing so and by continuing down this road, we are abusing the power of Parliament. That is not correct. That is not fair.

My whole point of adding these two names—the Auditor General and the RCMP commissioner—is to make sure that we have the full context of what exactly is happening here. I've never gone fishing, Chair. I've never had fish in a barrel, and I'm sure Mr. Genuis probably hasn't either, based on his comments on lobsters on the Atlantic shore earlier, but what we're trying to do here is be responsible and be reasonable, and if we are going down this path, then let's have the full context and let's be effective and efficient in how we are conducting our business as parliamentarians.

It makes no sense to invite a minister who has nothing to do with this file. It makes no sense to exclude somebody who has clearly, on the record, had so much to say about exactly what it is we're trying to do and has had so much to say about a motion that was passed in Parliament that is a potential abuse of parliamentary powers to basically dictate to the RCMP how they should be doing their job and basically dictate to the Auditor General how she should be doing her job. If we want to continue down this path, then I think that both of those voices need to be at the table.

If Mr. Genuis wants to add an additional name, including the law clerk, as he has just proposed in his subamendment, then he should propose that as a separate amendment and add the name rather than replace a name. The fact that he is trying to replace a name I think tells a complete story in and of itself. Why is he trying to replace this name? Why is he wanting the RCMP commissioner to not come to this committee and to not talk about the potential abuses of power that the Conservatives are playing at here?

I really think that this should be a game of addition and not of subtraction, for sure. I've laid my points out very reasonably to say that Minister Guilbeault should not be invited here, because he has nothing to do with the issue. If it was an issue that involved him, sure, but this issue does not involve him.

Do we want the full context of exactly what is happening here? Yes. Then include the Auditor General. Include the RCMP commissioner. If Mr. Genuis wants to include the law clerk, sure, but why is he trying to replace the RCMP commissioner?

• (1305)

I obviously do not support this subamendment. I'm more than happy to support any additions that Mr. Genuis proposes for this list, but I will not be subtracting somebody who has relevant, contextual testimony to give to this committee about what exactly is happening in this instance when it is on record where the RCMP investigation is and it's on record how these independent offices feel about this Conservative motion, its implications to our democracy here in Canada and its overstepping and abuse of powers by certain parliamentarians.

Thanks, Chair.

**The Chair:** Thank you.

I will turn now to Mr. Desjarlais on the subamendment to the amendment.

I have three lists now, Mr. Desjarlais, and you're on the top of all three of them. I'm going to corral you so that your comments are on the subamendment, which is to remove the commissioner of the RCMP and replace him with the House of Commons law clerk.

It's over to you.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

I appreciate your using the word "corral". As a former cattle rancher, it really means a lot. I can fully appreciate what you mean by trying to corral me. I'll do my best to ensure that I speak directly to the subamendment.

Largely speaking, Mr. Chair, I do believe we can find a consensus. I think you and I often agree on attempting to try to find a con-

sensus and a pathway forward. I find myself attempting to balance the need for true accountability, and true responsiveness to a really serious concern of the operations of SDTC, with partisan witch-hunting. These are really tough for me to balance, which I think you struggle with as well, Chair.

As a matter of a proposition to my colleagues, I agree with Mr. Genuis under the first subamendment, but before I agree in full part to that, I would suggest that rather than go about the process of amendment, second amendment and subamendment, can we have an agreement to simply add any names, including sustaining Minister Guilbeault as a witness, and proceed with our meetings on these topics?

It's obvious to me that there are questions that members of our committee have for every witness who's been put forward on this list. They're going to use those witnesses for whatever they're going to use them for, no matter what, so I suggest that we just increase the list and be reasonable with each other. I propose that we collapse all three amendments and have a consensus of the committee.

Canadians expect us to do work here. I really want to get to the bottom of what is a very real issue that's been going on consecutively forever. These issues of procurement aren't just Liberal ones. They're also Conservative ones. I'm sure there have been instances provincially as well that even New Democrats or Bloc members have had to deal with.

I really would suggest that we take a more serious approach, add as many witnesses as we deem appropriate for the further study of this report—including the minister, including the RCMP and including the law clerk—and get to a consensus on this.

That would be my proposition, Chair. I think we can get there if we can try to avoid the obvious partisan back-and-forth that's sucking up committee time here.

**The Chair:** Just to summarize that, Mr. Desjarlais, I think you're in the column of just additions. You would like to see Minister Guilbeault remain, as well as the Auditor General and the RCMP commissioner, and you're agreeing with Mr. Genuis on the law clerk.

I have a speaking list, Ms. Khalid. I'll have to come back to you.

This is Mr. Genuis's subamendment. He is up next, so maybe we'll see what he has to say about the proposition that instead of swapping, we would have them both here.

Again, it's your subamendment, Mr. Genuis, so it's over to you.

**Mr. Garnett Genuis:** In the abstract, Chair, my view of what's ideal hasn't changed in terms of who can shed the most light on this specific issue, but I think Mr. Desjarlais is proposing a good way forward in terms of finding consensus with the addition of witnesses and not the subtraction of witnesses. If there are individuals that particular members think are important to hear from, then others may be surprised to find that they have more to offer than they expected on the particular topic.

My point with the RCMP commissioner was simply that if the goal is to talk about the legal and constitutional issues around sending for documents, the law clerk is the appropriate person for that, but hey, other people may want to ask questions of the RCMP commissioner on various things. I would say that if we're going to try to establish consensus on the principle that it's addition and not subtraction, we can't be selective about that, right?

Our view is that Minister Guilbeault has some important context to add to this conversation. I guess the appropriate way of proceeding would be by unanimous consent or by agreement. If we can agree that Minister Guilbeault stays on the list and that we add the RCMP commissioner, the law clerk and the Auditor General, and then we get back to the main motion so that Ms. Sinclair-Desgagné can propose additional names and then others propose additional names, then I think that's a good way to proceed, if it's agreed to do that.

• (1310)

**The Chair:** There are a few steps to get there. It's not quite that easy.

I have Ms. Yip and then Ms. Khalid. Ms. Yip, you have the floor. Mr. Desjarlais, I'm going to ask you to put your hand down unless you want to speak again, but I think you're covered.

Ms. Yip, you have the floor, please, and then after that it's Ms. Khalid.

**Ms. Jean Yip:** With respect to Mr. Desjarlais, I feel that opening up to any names and just adding willy-nilly.... I think we need to be conscious of our time here on the committee and the purpose of this committee. We've already been looking at...how many meetings of ArriveCAN? I think it's over 25 meetings now, yet there are so many of the other reports by the Auditor General that need to be addressed. We put so much work onto the back burner, and we really need to get back to that, because there is more to life than just ArriveCAN. There are other issues that Canadians are concerned about and issues that the Auditor General has raised.

I do agree that with the subamendment to have the Auditor General, the RCMP and the law clerk. I support Ms. Khalid's position that there is no point in having Minister Guilbeault come. Again, we want to really be targeted and precise in our time with the witnesses so that this doesn't drag on. There has to be a purpose. I think that Minister Champagne is more relevant and that having him here would be a better use of time.

Thank you.

**The Chair:** Thank you.

I'm going to turn to Ms. Khalid. Then, Mr. Genuis, I'm going to come back to you, and we're going to see if you're willing to make a.... In order for you to withdraw your motion, you'd have to seek UC. Otherwise, we would vote on it. I'm going to hear Ms. Khalid first, and then you and I can talk, but I've got to go to Ms. Khalid next. She's been very patient.

Ms. Khalid, you have the floor.

**Ms. Iqra Khalid:** Thank you very much, Chair. You're very kind. I think you're trying to make up for ordering that butter chicken.

I think we should be precise and targeted if we're going to go down the path of this study. As I said earlier, I would propose, Chair, that Mr. Genuis, if he feels so inclined, should withdraw his subamendment and perhaps add an amendment after we've decided on mine at a later time in this meeting and stop creating confusion, because I would like to just vote on one thing at a time. I know Ms. Sinclair-Desgagné has some witnesses that she wants to propose as well, and I'd like to hear what those names are and see how we can be more productive in this meeting, rather than going back and forth and trying to scratch out names and add more and scratch out more and add more. It just doesn't make sense to me.

Chair, if it's okay with you, I would prefer that we stick with voting on the subamendment, or Mr. Genuis can withdraw his subamendment and we can vote on my amendment and then move on to the proposal of Ms. Sinclair-Desgagné.

**The Chair:** There are a few steps. Depending on what Mr. Genuis does, we would then return to your amendment to the motion.

Mr. Genuis, I think you'll get where you want to go if you seek UC to dissolve your subamendment. You will then have an opportunity later to propose the law clerk. Would you like to do that?

• (1315)

**Mr. Garnett Genuis:** Yes, Chair. I'd like to retain the floor to speak on the amendment as well.

**The Chair:** Hold on a second. It won't work. You will get an opportunity again. I will add you, but I'm keeping multiple lists here. I will add you so you'll get an opportunity and you will have your say. I'm looking for—

**Mr. Garnett Genuis:** I would like to request unanimous consent to withdraw the subamendment. That's fine. I think we're getting to where I wanted to land.

**The Chair:** Okay.

Do I have agreement for Mr. Genuis's subamendment to be withdrawn and to be...?

**Some hon. members:** Agreed.

**The Chair:** All right; very good. Thank you.

Now I'm going back to the amendment, and I have a speaking list here already. Mr. Desjarlais is at the top of it. This is Ms. Khalid's amendment to withdraw and remove Minister Guilbeault and add the OAG and the RCMP commissioner.

I can almost predict what you're going to say, Mr. Desjarlais. You have the floor.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

I feel it's probably not a surprise to you or members of our committee that I seek a compromise on this.

I think it's important that we probably keep all of these witnesses. If there are members who are proposing questions to the minister, the minister should be present to answer those questions, particularly as they relate to the transition of the file. On the transition of it toward the NRC, as we heard today, there are many questions that went unanswered. I think the minister, whose directive is responsible for that order of transition, is likely well informed on how to make that decision. In addition, with regard to the other names that were put forward by Ms. Khalid, I would also agree that those are important names to add to our list.

Balancing that with what Ms. Yip has said about trying to ensure that we have a scope that isn't so broad that it creates a study that is impossible to understand is also a concern I have. However, largely said, that concern, I think, is mitigated by the fact that having these persons present is likely better than not having them testify at all for the purpose of understanding that scope. Therefore, if this is the entire scope and if these are all the names, then at least we know the breadth and limits of it, if these are the breadth and limits.

I think this is actually a pretty reasonable and productive conversation among all of us today, because now we have a whole list. We have—I don't know how many it is now—a dozen names. We can schedule meetings with at least some of these on this topic, which I think is an outcome you would favour too, Mr. Chair. I think it would be—and is—enticing to me as a member of this committee to seek consensus on what I think is a serious issue.

If we have questions for witnesses and if members have witnesses to put forward, let's ask them.

Thank you very much.

**The Chair:** Thank you very much.

Ms. Khalid, are you speaking again to your amendment? I can move you down if...

**Ms. Iqra Khalid:** If you can move me down, Mr. Chair, I'd appreciate that. I'd like to listen to what my colleagues have to say first before I comment.

**The Chair:** Yes.

Mr. Brock, you have the floor if you're still willing to speak. Otherwise, I'll go to Mr. Genuis.

**Mr. Larry Brock:** You can move me down as well, Mr. Chair.

**The Chair:** All right.

Mr. Genuis, you have the floor. This is Ms. Khalid's amendment that adds both the RCMP and the Auditor General and removes Minister Guilbeault.

**Mr. Garnett Genuis:** Thank you.

Mr. Desjarlais, I think, made a good suggestion, but he didn't formalize it with a subamendment, which I think is procedurally required unless we want to proceed by unanimous consent. However, it's maybe cleaner to just move the subamendment.

The subamendment is to uncancel Mr. Guilbeault.

**A voice:** What?

**The Chair:** I think he means to keep him on the list, but yes.

**Mr. Garnett Genuis:** It's to uncancel...to remove the proposed cancellation and to keep him on the list so that if the subamendment and the amendment—

**The Chair:** Order, Mr. Genuis.

This is in order. We are debating Ms. Khalid's amendment to remove the three individuals. Mr. Genuis is making a subamendment to strike her suggestion that we remove Mr. Guilbeault. Mr. Genuis wants to keep Mr. Guilbeault.

**Mr. Garnett Genuis:** Yes, and just to briefly motivate, I think that's consistent with the consensus we want to establish, which is to say, as Mr. Desjarlais said, that we're not leaving a massive, unlimited, open-ended bucket of witnesses. We are defining witnesses in the motion, but on the basis of what different parties see as being important.

Mr. Perkins already gave some specific reasoning around Mr. Guilbeault, and I think all parties will likely have questions they want to ask him. Let's keep the RCMP commissioner. Sure, let's keep the Auditor General. I think we'll have a chance to add the law clerk later, but let's also leave in Mr. Guilbeault.

Thanks.

• (1320)

**The Chair:** All right.

Ms. Khalid, I'm afraid you have the floor. Mr. Genuis's subamendment is for the consideration to keep Minister Guilbeault on our list of witnesses. Ms. Khalid, I have to ask you to speak to this. You're next.

**Ms. Iqra Khalid:** Mr. Chair, I don't really have more to say, as I have already made my points as to why Mr. Guilbeault should not be included in this list, and I'm prepared to go to a vote on the subamendment at this time.

**The Chair:** I do have another speaker; it's Mr. Brock.

You have the floor.

**Mr. Larry Brock:** I withdraw.

**The Chair:** All right.

Clerk, could you call the roll on this? This is the subamendment. This will determine whether or not Minister Guilbeault remains as a witness who will be called. If you vote in favour of the subamendment, Mr. Guilbeault will remain. If you vote against the subamendment, Mr. Guilbeault will be struck as a witness. Is that clear?

**An hon. member:** Not quite.

**The Chair:** I will allow people to raise questions, but voting yes means you would like Mr. Guilbeault to appear. Voting no means he will not be called by this committee at this time.

Clerk, call the roll call.

(Subamendment negatived: nays 6; yeas 4 [*See Minutes of Proceedings*])



**The Chair:** Thank you. The subamendment is defeated.

We now go back to the amendment, which is effectively to add the OAG and the RCMP. Is there debate on that, or could I call a vote?

Clerk, could you call a vote? If you vote yes, you are voting for us to invite the OAG and the RCMP commissioner, and if you vote against, you are voting to not have them appear at this time. Mr. Guilbeault, as part of this amendment, will not be appearing as per our vote.

**Mr. Garnett Genuis:** I have a point of order, Chair.

If this amendment is defeated, then will Mr. Guilbeault appear, or will he at least be invited to appear?

**The Chair:** That is a good clarification. Yes, if the amendment is defeated, we go back to the original motion, and Mr. Guilbeault is on it and the Auditor General and the RCMP are not.

Clerk, call the vote, please.

(Amendment agreed to: yeas 6; nays 4 [*See Minutes of Proceedings*])

**The Chair:** Very good. Ms. Khalid's amendment to the motion has passed, so we're going to return to the motion for which I have a speaking list already. I'm going to clarify it to let you know who's on the speaking list so that you're ready.

It's Mr. Desjarlais again, and then Mr. Brock, Mr. Genuis and Madame Sinclair-Desgagné.

Just to summarize, the motion now does not include Mr. Guilbeault but does include the RCMP commissioner and the Auditor General.

You have the floor, Mr. Desjarlais.

• (1325)

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

I do agree, just off the top, with inviting the RCMP and the other witnesses mentioned. You said the law clerk, and what was the last one?

**The Chair:** No, the law clerk has not been added yet. You can move that, but the additions are the RCMP commissioner and the Auditor General.

**Mr. Blake Desjarlais:** I understand. Okay.

I'm in full agreement with the RCMP and the Auditor General, and if Mr. Perkins.... This is actually a question. We're on the original motion now, right? Can I speak to the original motion?

**The Chair:** As amended, yes.

**Mr. Blake Desjarlais:** As amended, of course.

Mr. Perkins, I do appreciate your putting together this witness list, and I do appreciate your work on this file. I'm often considerate to the fact that you're a very reasonable parliamentarian to work with, so I very much appreciate your presence on this committee.

My question is regarding the inclusion of the founder of Cycle Capital, Andrée-Lise Méthot. Could I have an explanation of your

reason for including that name? Is it because they're on the list of conflict of interest persons?

**The Chair:** I'm going to seek unanimous consent for Mr. Perkins to answer Mr. Desjarlais. Please be brief. Do I have that agreement? Mr. Desjarlais had a question for Mr. Perkins as to why he added a witness. The list is six deep.

Mr. Perkins will be brief, if you don't mind. He'll answer Mr. Desjarlais.

Go ahead, Mr. Perkins. Please be brief, and I'll hold you to that.

**Mr. Rick Perkins:** You know how tough that is for me.

Andrée-Lise Méthot is not only the founder of Cycle Capital; for five years during that time she was a director of SDTC. She was specifically on the list. She was actually the one on the list with the most conflicts, according to the Auditor General.

**Mr. Blake Desjarlais:** Thank you very much for that, Mr. Perkins.

In consideration of that—this is just a matter of clarification, and I'm sure we could get UC on it—just so there's consistency with the way the motion is worded, we should include the fact that she's a former board member of SDTC in addition to being the founder of Cycle Capital.

I think for every other witness the motion says that, as it does for Stephen Kukucha, former board member, and Guy Ouimet, another former board member, and there are a couple of other instances where it says that. Would it be useful for the committee, for clarity of our study, to include, as an addition to the amendment, that Ms. Méthot was a former board member of SDTC? I think that's an important factor.

**The Chair:** Sure. Is the committee in agreement with that? That's almost stylistic. It's basically to add, under Andrée-Lise Méthot, "former board member, SDTC", just for consistency. It's really a housekeeping issue.

All right. That's passed. That's fine. Thank you.

Is there anything else, Mr. Desjarlais?

**Mr. Blake Desjarlais:** There's nothing else.

Thank you very much, Mr. Chair, for the explanation.

**The Chair:** Very good.

Mr. Brock, you have the floor.

**Mr. Larry Brock:** Thank you.

My intervention had certain points I wanted to bring across. They've already been articulated, so since I believe in efficiency, Mr. Chair, I'm going to forfeit my round.

**The Chair:** Very good.

Mr. Genuis, this is your opportunity for the law clerk, if you like. It's over to you.

**Mr. Garnett Genuis:** Mr. Chair, I move that we add the law clerk to the witness list.

**The Chair:** Very good.

I have an amendment now to the motion as amended. Is there any debate on adding the House Commons law clerk?

There is none. Is there any opposition?

I'm going to call that passed.

Someone can yell for a vote if they like. That is passed. All right, the law clerk has been added as well.

[Translation]

Ms. Sinclair-Desgagné, you have the floor.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair.

I would like to add all the names on the list of people who have conflicts of interest. The Auditor General gave us a list of the 90 cases in which conflict-of-interest policies were violated, as well as the names of the people involved. Many of those names are already on the list, but I would like it to be complete.

I would like to add the following names: Judith Athaide, Carl Landry, Ellen McGregor, Ron Koudys, Jill Earthy, Chris Wormald and Erin Mahoney.

• (1330)

**The Chair:** Is that seven people?

**Ms. Nathalie Sinclair-Desgagné:** Yes, seven.

**The Chair:** Okay.

[English]

We have an amendment from Madame Sinclair-Desgagné to add seven names. Would you like me to suspend to allow us time to distribute them to everyone?

Okay. I'm going to suspend for five minutes to give the analysts and the clerk some time. They're going to come as names, so you can all consider them, and then I will have a new speaking list.

First will be Ms. Khalid and then Mr. Desjarlais, but I'm going to come back.

**Ms. Iqra Khalid:** Just to clarify, are we asking for these seven people to appear as witnesses?

**The Chair:** I believe so. I'll come back to Ms. Sinclair-Desgagné once the list has come back to you.

This meeting is suspended for five minutes.

• (1330)

(Pause)

• (1340)

[Translation]

**The Chair:** I call the meeting back to order.

The list of the seven names that Ms. Sinclair-Desgagné would like to add has been sent.

Ms. Sinclair-Desgagné, you have the floor. Then it will be Mr. Desjarlais' turn.

**Ms. Nathalie Sinclair-Desgagné:** I don't have much to add, other than an interesting fact to note. Many of the 10 projects deemed ineligible are also on the conflict of interest list. I'm sure a lot of strings were pulled to get funding for those ineligible projects.

I think it will be interesting to hear from these witnesses and ask them questions about the potential conflicts of interest identified by the Auditor General.

Thank you.

**The Chair:** Thank you very much.

[English]

I have Mr. Desjarlais, and then I'll turn to another member after that.

Mr. Desjarlais, you have the floor, please.

**Mr. Blake Desjarlais:** Thank you very much, Mr. Chair.

I agree with the proposed amendment to invite the additional members who were found in conflict of interest, as identified earlier. I think it would be important for committee members to see that. My only question is on the format of the meetings. On further reflection, I think this is maybe a subject that we'll deal with in subcommittee in relation to how these witnesses will come.

I think there is an advantage to having them come as a group in addition to several other witnesses. I now see that there will be a procedural issue in trying to invite all of these witnesses. It's not likely that all of them would attend at the same time, but I think that for the purpose of narrowing our study, we could ensure that the subsequent meetings on this topic are organized in such a way that we get the best kind of organization possible. I think these witnesses in particular could come forward regarding the information on conflict of interest, which I think some other witnesses could also overlap with, including the AG.

**The Chair:** Mr. Desjarlais, I will commit to having a subcommittee meeting the first week Parliament comes back so that we can pick that up, exactly. I think you make a good a good point there. I also heard that you agree, I think, with Madame Sinclair-Desgagné's amendment to the motion.

Ms. Khalid, you have the floor.

**Ms. Iqra Khalid:** Thanks, Chair. I wanted to be on the speaking list for the main motion. I support Madame Sinclair-Desgagné's additions to the list of witnesses.

**The Chair:** Okay.

We'll have a roll call vote on this. This is to add the seven names. Even though I think there's broad agreement, I don't—

**A voice:** [Inaudible—Editor]

**The Chair:** Well, that's why we have roll call.

Why don't you just call the vote, Clerk? This is to add the seven names

[*Translation*]

that Ms. Sinclair-Desgagné suggested.

[*English*]

(Amendment agreed to: yeas 10; nays 0 [*See Minutes of Proceedings*])

**The Chair:** We are now back to the motion as twice amended, which is the list that Mr. Perkins presented, less Minister Guilbeault. We have added the law clerk and we have added the seven additional witnesses who are potentially in a conflict of interest. That is the motion.

Is there any discussion on it, or shall I call the vote?

**Ms. Iqra Khalid:** Are we talking about the motion now?

• (1345)

**The Chair:** Yes—as twice amended.

**Ms. Iqra Khalid:** Chair, I have one amendment to propose.

As I indicated earlier when I spoke to this motion, the Auditor General has just conducted a value-for-money audit on the SDTC. It was tabled in Parliament just a few short months ago. I think perhaps it would be best to wait. When the Auditor General comes before this committee, we can ask her the relevant questions on SDTC and question her on this audit and on how much a performance audit would overlap with her current work or if it would be more beneficial to wait until the new processes are fully in place before we request or overstep, in many ways, in asking her to do something. I mean, it really is her prerogative.

I think it is probably better for us to come to a conclusion on what we're doing here, have her appear before the committee to answer the questions that we may have for her and then go from there. Obviously, the committee can decide to bring forward a motion at a later time, once we have more information, and perhaps with better scope and precision as to how we proceed forward on this.

**The Chair:** Is your amendment to strike paragraph (b)?

**Ms. Iqra Khalid:** Basically, my amendment is to strike (b).

**The Chair:** All right. I have an amendment to the motion twice amended to strike (b).

Mr. Perkins, I saw your hand go up. I assume you want the floor to discuss this.

**Mr. Rick Perkins:** To correct the record, the report by the Auditor General is not a forensic audit and it's not a value-for-money audit. It was a modest governance audit. It sampled only 226 transactions, a small portion of the ones that were done in that period, by the Auditor General's own admission. There has been additional evidence, additional information, added to the list since the Auditor General's appearance. For example, the Auditor General had not categorized the value of the 90 declared conflicts, which turned out to be over \$250 million.

The Auditor General is not currently doing anything on SDTC, and this committee is asking for something different from what MP Khalid is suggesting, which is to delay, rag the puck and hope that it all goes away. We're asking for a much more traditional audit by the Auditor General, which the public would know as a forensic audit, but in this motion, it's called a value-for-money and performance audit. That's the Auditor General's current term. That is not what she did before, so I would object vehemently to the government's attempt to stop the further investigation by the Auditor General of SDTC with this deletion from the motion.

**The Chair:** Thank you.

Ms. Khalid, you have the floor.

To reiterate, Ms. Khalid is not, in fact, the government but a member of this committee. I do occasionally refer to you as a government member, but you are here as a member.

You have the floor, please.

**Ms. Iqra Khalid:** Thank you, Chair.

Very respectfully, I will also vehemently disagree with what Mr. Perkins has said, because nothing that the Auditor General does is “modest”. Her office takes every performance audit very seriously, and if she felt that more work was necessary, she would conduct that appropriate audit herself. We don't need to dictate to anyone. I think that if we are going down this path of inviting all of these witnesses and hearing from her as well in this committee, then we can pose those questions to her.

I think we should be very careful in how we are conducting ourselves and make sure that we are bringing whatever issues to light that need to be raised and give the Auditor General the freedom to basically do her work, which she takes very seriously.

I really appreciate being part of public accounts, and having seen all of her reports and the amount of work that she and her office do, I don't think we should be dictating to her. We should have her in the committee to listen to what she has to say, answer everybody's questions, listen to what all the witnesses have to say and then perhaps decide exactly how we want to proceed. It is a little bit early in the game for us to be dictating to anybody what to do.

**The Chair:** Thank you very much.

I have no other speakers. Clerk, I'm going to have you call the roll.

This is a vote to strike part (b). If you vote in favour, the request to the Auditor General to undertake a value-for-money audit will be removed from this motion. If you vote no, it will remain in the motion.

(Amendment negated: nays 6; yeas 5 [*See Minutes of Proceedings*])

**The Chair:** I'm now on the motion that you tabled and that has now been twice amended—it has been amended more than that—and has had numerous names added to it, and one struck.

It's over to you, please, for closing remarks, although I will look for other speakers.

• (1350)

**Mr. Rick Perkins:** I obviously will support the original motion, even though it has one glaring error in not having the shareholder, Minister Guilbeault, on the list, as the government decided that they wanted to protect him from accountability on this subject. However, I will be voting for the motion.

**The Chair:** Seeing no other speakers, I will ask the clerk to call the vote on the motion as amended.

(Motion as amended agreed to: yeas 10, nays 0 [See *Minutes of Proceedings*])

**The Chair:** Thank you all very much.

This is actually not the committee business that is on the agenda. I'm going to suspend this meeting for two minutes and then bring us back into committee business in public.

Mr. Genuis, I'll be providing an update on some correspondence that was requested. Unless you have a point of order or it deals with the matter at hand, I'd ask you to wait. I will come back.

**Mr. Garnett Genuis:** Yes. I just want to be on the list for committee business. That's it, Chair.

**The Chair:** You will have an opportunity to raise your hand when we come back. I won't take names now.

The meeting is suspended for two minutes.

Is that enough time?

**A voice:** [*Inaudible—Editor*]

**The Chair:** All right. I'll be back in four minutes. I will take a walk down the hall. I would encourage everyone else to do the same.

• (1350)

(Pause)

• (1355)

**The Chair:** I call the meeting back to order, please.

I have a brief update, and then I will turn to some business and members who are already in the queue.

This committee had passed a motion over the summer looking for Mr. Firth to respond to some committee testimony. We did receive that reply over the weekend. It will be translated and transmitted to you as soon as possible.

We had also requested some information, an audio recording, from CBSA. As of this morning, that had not arrived, and the clerk has already sent a note to request this information to be sent right away.

Mr. Perkins, you now have the floor. I have a list of other members who wish to address the committee, but it's over to you first, sir, please.

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

Members will recall that this committee meeting on June 20 was suspended. I think that's the correct terminology. I'm not quite sure what the terminology is. The motion I had is not a study motion, but I think I have to ask for consent of the committee, Mr. Chair, to restart the debate on my motion of June 20.

I don't know if you want me to read the motion, but the motion was that:

Given, the Auditor General's audit of Sustainable Development Technology Canada, and given that government appointed members approved:

(a) \$59 million towards 10 ineligible projects;

(b) \$76 million towards 90 projects in which board members had conflicts of interest and violated internal conflict of interest policies, and in violation of the Canada Foundation for Sustainable Development Technology Act;

(c) \$259 million towards 96 projects where board members held conflicts of interest; and

(d) \$58 million towards projects without ensuring contribution agreement terms were met; the committee therefore expresses extreme concern with the blatant disregard of taxpayer funds, and therefore calls on the Minister of Innovation, Science, and Industry to recoup these funds for Canadian taxpayers within 100 days following the adoption of this motion, and that the committee report this matter to the House.

• (1400)

**The Chair:** Very good, Mr. Perkins.

Are there any additional comments? Should I proceed through the list of speakers?

**Mr. Rick Perkins:** With all the process stuff, I'm just looking at time.

**The Chair:** Oh, I have additional resources. We're in—

**Mr. Rick Perkins:** Well, I think we have to have a vote to restart the discussion about this motion. Is that correct?

**The Chair:** Does anyone object to restarting this debate?

**Ms. Iqra Khalid:** Sorry, Mr. Chair, but if I may...?

**The Chair:** Yes, go ahead.

**Ms. Iqra Khalid:** I'm not sure why we're going past the assigned committee time. We've been in this committee since 10 a.m. It's now 2 p.m. We have another meeting on Thursday. I'm sure that we can resume debate on this on Thursday, given that I would have appreciated a little bit of extra time.

I do have some other obligations I need to attend to, and given that we have been here for four hours talking about this, I would appreciate it if we could have a little bit of leeway here.

**The Chair:** All right. How about we meet halfway, then? We will pick up this debate on Thursday after the meeting—of course, after the witnesses. Is that fine?

All right.

I still have a short list of other people who want to speak to other...

**Ms. Iqra Khalid:** [*Inaudible—Editor*]

**The Chair:** No, I have a few other hands up. Yours was one, but it sounds like you're satisfied. Is that correct, Ms. Khalid? Do you have anything else to add?

**Ms. Iqra Khalid:** I will remain on the list, Chair. I just was—

**The Chair:** I'm going to move to the next person on the list, but it sounds like you're done for now.

**Ms. Iqra Khalid:** For now, yes, but I'd like to be added to the bottom of the list.

**The Chair:** I'll look for you before I do anything.

Mr. Genuis, you have the floor, please.

**Mr. Garnett Genuis:** Thank you, Chair.

My understanding is that there was consensus in the room. I'm remote, so if there was consensus in the room that we have the debate on Mr. Perkins' motion on Thursday, that's fine with me.

I wanted to raise the issue of ArriveCAN that you spoke about, Chair, which is the motion that we adopted. We had made two specific requests. One was a request for a response from Mr. Firth. We were somewhat specific in what we were looking for in that response. I understand from you that the response was provided on time, but obviously we need to wait for translation. That's part of the process here. We'll be able to look at Mr. Firth's response to the motion that was adopted asking him for information in response to Ms. Daly's testimony. We'll be able to look at his response to that and then decide what kind of follow-up, if any, is required on that.

The other part of this is that Ms. Daly repeatedly referred to a lengthy interview she did with CBSA that clearly will have a lot of information in it that points to whether or not her claims are credible and correct and whether there were, in fact, issues of intimidation and even interference from the government in terms of the process of that investigation. We had requested that interview based on, I think, the normal committee timeline of three weeks. That time has elapsed.

I would just underline that we had requested that information not from Ms. Daly, who said she didn't have it; it was an interview with her with CBSA, which she said was recorded. The government has the recording. We were quite specific. In fact, the motion says, "the committee order the production from the government of the recording". It does seem that with the time that has elapsed, the government is now in breach of that production order.

I think it might make sense to kind of explore this item, but by way of discussion, without moving any motion on it, because I would like some clarity. Has the government provided any kind of information—i.e., "we're working on it, we're thinking about it, we're in the process of finding it"—or has it just been crickets in response to our request? I think having that information will give us some sense of what we should do going forward.

I don't know, Chair, if you or the clerk can provide some more colour on that. It was very clear in the motion that we were asking for this not from Ms. Daly but from the government. The government has an obligation to comply with the committee's order for that information within three weeks. That time has elapsed. If they've come back to us and asked for a little bit more time, that's

different from ignoring us completely, but I'd like to get a sense of where we're at.

• (1405)

**The Chair:** To my understanding, it's been radio silence over the summer. We sent another email today to remind them of the committee motion. I would recommend that now that they've been sent a follow-up, we give them the 48 hours for the next meeting. If we get nothing back then, or we get an answer that we don't agree with, we could consider taking steps as a committee. That's what I'd recommend doing.

I think it's a bit rash to jump right into it. Of course, the committee can do so if they wish, but let's see what answer comes back to the email that was sent this morning and then assess the situation on Thursday.

**Mr. Garnett Genuis:** Chair, I'm happy to proceed as you've suggested, but I think it would be valuable if today I just verbally—I hope some other members will join me—put the government on notice that this is an extremely important recording. Ms. Daly had absolutely explosive allegations in relation to the fact that she perceived she was being pressured to blame certain individuals for what happened with ArriveCAN and that there would be consequences for her if she didn't blame those individuals. I think this is the first time we potentially have access to a recording that would shed light on this really intense conflict within the senior public service over who was responsible for certain decisions around ArriveCAN. This is a critically important recording for actually answering the questions around who is responsible.

We need this full recording to get to the bottom of it. The committee was unanimous in ordering the production of it. I find it pretty surprising that we would get radio silence to that kind of request. It's not unusual, sadly, for there to be delays past the timelines we've asked for, but it's not very common, even from the government, for them to just ignore the request completely. This is very serious.

Sure, let's give it 48 hours, and then we'll see where we are on Thursday, but I do hope that members will join me in insisting that the government adhere to their obligations and provide this recording to the committee.

**The Chair:** Yes, Mr. Genuis. I won't survey the committee on that. I'll take it upon myself to express my view as chair that House of Commons committees do have the authority to request this. Of course, if governments refuse, we have steps to take that this committee has taken before, and we will do so again if collectively we feel it is important to do so.

I think your points are valid and I'm sure they're shared by at least some of our colleagues on this committee. I personally view the rights of both committees and Parliament to seek information as ones that are very important for us to both safeguard and enforce when necessary.

On that, Ms. Khalid, you might have had something that you wanted to say. If so, it's over to you.

● (1410)

**Ms. Iqra Khalid:** No, Chair. I think that's a very reasonable approach that you have with respect to the concerns raised by Mr. Genuis. I'm looking forward to the conclusion of this meeting.

**The Chair:** Let me check my notes to make sure there's nothing else I'm missing.

Before I seek your agreement to adjourn the meeting, we'll see you back here Thursday morning at 10 o'clock. You can expect some additional time to be added to the Thursday meeting to deal with Mr. Perkins' motion.

On that, I will adjourn the meeting.

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