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# Standing Committee on Public Accounts

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Thursday, September 5, 2024

Chair: Mr. John Williamson

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**●** (1005)

[Translation]

The Chair (Mr. John Williamson (New Brunswick Southwest, CPC)): Good morning, everyone.

I call this meeting to order.

Welcome to meeting number 137 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 using the Zoom application.

I would like to ask all members and other in-person participants to consult the cards on the table for guidelines to prevent 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 the approved, black earpiece. Please keep your earpiece away from the microphones at all times. When you're not using the earpiece, place it face-down on the sticker, either to your left or to your right.

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

[Translation]

Pursuant to Standing Order 108(3)g), the committee resumed consideration of Report 6, "Sustainable Development Technology Canada", of the 2024 Reports 5 to 7 of the Auditor General of Canada, referred to the committee on Tuesday, June 4, 2024.

[English]

I'd like to welcome our witnesses from the Privy Council Office: Donnalyn McClymont, deputy secretary to the cabinet, senior personnel and public service renewal, whom I thank for coming in today, and Rima Hamoui, assistant secretary to the cabinet, senior personnel. I thank her for coming in today as well.

Collectively, you have five minutes for an opening presentation.

I'll turn things over to you. Go ahead, please, whenever you're ready.

Ms. Donnalyn McClymont (Deputy Secretary to the Cabinet, Senior Personnel and Public Service Renewal, Privy Council Office): Thank you very much, Chair and honourable members.

[Translation]

Good morning.

I would like to begin by acknowledging that the territories on which we are gathered are part of the unceded traditional territories of the Algonquin Anishinabe people.

[English]

In the context of this committee's study of the Auditor General's report on Sustainable Development Technology Canada, my colleague Rima and I are pleased to be here today to provide information regarding the role of the senior personnel secretariat on Governor in Council appointees, including at SDTC.

[Translation]

Governor in Council appointments are made by the Governor General of Canada on the advice of cabinet and on the recommendation of the minister responsible.

[English]

Governor in Council appointees include heads and members of commissions, boards, agencies, administrative tribunals and Crown corporations, as well as deputy ministers and associate deputy ministers, who lead federal public service departments. These appointees play important roles in carrying out the mandates of these organizations.

[Translation]

Since 2016, the government has used open, transparent and merit-based selection processes to assist ministers in making recommendations for these appointments. This approach aims to support the selection of highly qualified candidates who meet the qualifications, knowledge and experience criteria of a position and reflect Canada's diversity.

[English]

The selection processes are application-based. Positions are advertised through notices of opportunity on the Privy Council website. Outreach is conducted to attract qualified candidates. Applications are assessed against the advertised criteria for the position. Following interviews, a list of qualified candidates is provided to the responsible minister. The minister then recommends a candidate to cabinet. A security review and a background check are undertaken by security partners prior to cabinet approval. The appointment is then made via an order in council, and the Privy Council Office provides the necessary support for this process.

As you've heard in your study, under the SDTC's enabling legislation, seven of the 15 board of director positions, including the chair, are appointed by the Governor in Council, with the other eight positions being appointed by the board itself.

Currently, the board has a chair and two directors all appointed by the GIC, effective June 3, 2024. They will manage the transfer of SDTC programming to the National Research Council, and I know that colleagues from ISED, SDTC and the NRC have all been before the committee to explain this transition.

All GIC appointees, including the SDTC board members appointed by the GIC, must abide by the terms and conditions of their employment. This includes complying with the Conflict of Interest Act and following the government's ethical and political activity guidelines for all public office holders.

As GIC appointees are chosen based on their qualifications, it is not uncommon for appointees to have experience or linkages within the organization's particular field of interest. This is considered an asset, and in some cases, like with SDTC, it's actually a requirement for the appointment itself set out in the statute. However, as the committee has discussed, this can create potential conflicts of interest.

GIC appointees are responsible for ensuring that they comply with the Conflict of Interest Act throughout their tenure and that they seek the necessary advice from the Conflict of Interest and Ethics Commissioner as required. The commissioner is responsible for interpreting, administering and adjudicating the act, including providing advice on compliance and determining whether an appointee is in contravention of the act.

For our part, the PCO ensures that candidates well understand their obligations under the act and that they will be in a position throughout their tenure to meet those statutory obligations. Candidates are informed of these obligations at multiple points over the course of the selection and appointment processes.

Before being recommended for appointment, candidates are asked whether they have or think they have a conflict of interest with respect to the position. If a candidate identifies a conflict to us, we ask that they consult directly with the commissioner on this matter. The commissioner will then provide confidential advice and direction tailored to the candidate's individual circumstances.

Following their appointment, the appointee and their organization must implement whatever measures are recommended by the commissioner to ensure compliance. This could include a conflict of interest screen or recusals from certain decisions. The commissioner and his office oversee compliance and take necessary corrective action.

Thank you for your attention.

We would be pleased to answer your questions.

(1010)

The Chair: Thank you very much.

I'll now begin the first round consisting of four members who each have six minutes.

Mr. Perkins, I understand that you're leading us off. You have the floor for six minutes.

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

Thank you, witnesses. It's always a pleasure to see witnesses who have a strong family connection to the beautiful south shore of Nova Scotia that I represent, so thank you for being here.

As you've no doubt been following the hearings on the controversy around the conflicts of interest of the board directors and the chair for more than the last year, you'll be aware, perhaps, that the former minister responsible for the appointment of the chair in question, Annette Verschuren, former minister Bains, appeared before the industry committee. He said nine times that he received the short list of candidates—two candidates—from the PCO, and he basically claimed he had nothing to do with it. He said that there was a committee of PCO, PMO and some departmental officials.

So, who in the PCO and who in the PMO told him to interview the two shortlisted candidates given to him, one of whom was Ms. Verschuren?

**Ms. Donnalyn McClymont:** Mr. Chair, as the honourable member has advised, the role of the PCO is, as I mentioned in my opening remarks, to provide recommendations to the responsible minister. In this case, as the honourable member has mentioned, it would have been Minister Bains at the time. After a full assessment process, he would have been provided by the PCO, as I described in our opening remarks, with suitable candidates who would have been eligible for the position.

I will admit that once we hand that over to our colleagues in the Prime Minister's Office—or to the minister, I should say—we don't have a line of sight into what kinds of conversations happen or what kinds of further engagement ministers may or may not have with candidates.

**Mr. Rick Perkins:** When you hand it off to the Prime Minister's Office, would that be to the appointment secretariat in the Prime Minister's Office?

**Ms. Donnalyn McClymont:** I apologize, Mr. Chair. I made a little faux pas.

We provided a formal letter of advice to the minister. It contained names of qualified candidates. At that point, it was up to the minister, working with his office, to determine the choice of candidate he would recommend to cabinet.

Mr. Rick Perkins: Right, but that wasn't my question.

My question was who in PMO was involved in that process with regard to Ms. Verschuren's appointment, of the two candidates.

**Ms. Donnalyn McClymont:** Mr. Chair, the Prime Minister's Office obviously works closely with us. Its staff are members of the selection process. I couldn't speak to what kind of engagement they have with the minister's office or the minister.

**Mr. Rick Perkins:** It would be fair to say that whoever heads the PMO appointment secretariat would have been involved. Who was that?

**Ms. Donnalyn McClymont:** Back at that time, Mr. Chair, the individual who was responsible for the PMO secretariat would have been a woman by the name of Hilary Leftick, who I think moved on in 2020.

Mr. Rick Perkins: Thank you.

Now, for the Ethics Commissioner's report, the Ethics Commissioner interviewed Ms. Verschuren. Essentially, the first time she heard of this was when the minister's office phoned her to ask if she would be the chair. My knowledge, based on the testimony of the former president, Ms. Lawrence, is she was told that the chair at the time, Jim Balsillie, had to be out, and that they were replacing him with someone else. They gave him about seven days' notice that he was out.

It's pretty clear to me that Ms. Verschuren didn't apply. Is that true?

Was she approached, but she hadn't actually applied in the transparent process that Minister Bains outlined here, which was a case of "you apply and then you get it"? Was she actually approached to apply?

**Ms. Donnalyn McClymont:** Mr. Chair, I will be a bit cautious about the level of detail I'm able to give on individuals in order to protect their personal information.

Much of what is known about Ms. Verschuren's application and her tenure is in the Ethics Commissioner's report, so we can rely on that to some extent—

Mr. Rick Perkins: Okay. You can't say that.

I have limited time, so I apologize for interrupting.

Ms. Lawrence was told by the powers that be that they were choosing Ms. Verschuren after she objected to her conflict of interest—they put that through the system through ADM Noseworthy—and that they would manage the conflicts.

Ms. Verschuren had companies that she had a conflict with, which had already received about \$12 million from the green slush fund before she was appointed. While she was the chair of the board, her stated conflict of interest companies received almost \$36 million.

I'm curious. Who in the PCO or PMO told ADM Noseworthy, the deputy minister of the day or Minister Bains that it was okay to have the first chair in the history of SDTC appointed with conflicts? No other chair had had conflicts.

(1015)

**Ms. Donnalyn McClymont:** Mr. Chair, to respond to the honourable member's question, I would say that as the Ethics Commissioner noted in his report, at the time of her application, Ms. Verschuren was advised by the Privy Council Office to speak directly with the commissioner, given the nature of the conflicts. That's very clearly laid out in the commissioner's report.

It was the commissioner who felt there were ways to mitigate the conflicts she had. It was on that basis that the advice was provided at the time that she was in good standing from a legislative perspective to hold the role.

Mr. Rick Perkins: It is the policy, then, of this Prime Minister's Office that appointing people with known conflicts of interest and whose companies have a financial interest in the company they're being appointed to—the Crown agency, with taxpayers' money.... That conflict is okay with this Prime Minister's Office. It's basically breaking what appears to be not only the word and intent of the Conflict of Interest Act, but the SDTC act, which say that not only the real conflict, but the appearance of conflict cannot happen; you cannot personally benefit from being on these boards.

When—

The Chair: Thank you, Mr. Perkins. Your time is up. I will allow an answer.

Go ahead, please, Ms. McClymont.

Ms. Donnalyn McClymont: Mr. Chair, I would argue that the basic premise of the Conflict of Interest Act, which I think Parliament passed back in the 1990s, is to ensure that members of Parliament and people across the country who want to serve the country have ways to do so that can mitigate potential conflicts. For all intents and purposes, from our perspective, at the time of the appointment—and the Conflict of Interest Commissioner has underscored this—there were ways to do that here. I think part of the question is whether that process was totally respected.

The Chair: Thank you very much.

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

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

Thank you to the witnesses for coming today.

For the benefit of Canadians, could you tell us what the roles and responsibilities are at the Privy Council Office?

Ms. Donnalyn McClymont: Thank you for the question, Mr. Chair.

This past week was my 21st anniversary at the Privy Council Office. I've served in a number of roles over the years. The Privy Council Office is essentially the Prime Minister's department. We are the bureaucratic arm that works across government. We support the Clerk of the Privy Council, the most senior public servant, in his three roles as head of the public service, secretary to the cabinet and deputy to the Prime Minister.

Insofar as it concerns the appointments process, we provide, as I said, non-partisan public service advice to the Prime Minister and to ministers on the appointment of heads of agencies, Crown corporations and deputy ministers across the enterprise, if you will, or across the entire public service.

**Ms. Jean Yip:** Thank you. Congratulations on your 21 years. That's quite some time there.

As you might know, Mr. Andrew Hayes appeared before this committee in November last year in his capacity as deputy auditor general. He spoke briefly about first referring the complaints from the whistle-blowers to the Privy Council before. I believe your office referred it to ISED.

What did you or your office make of the whistle-blowers' complaints when they were first referred?

Ms. Donnalyn McClymont: Mr. Chair, the timeline that the honourable member describes is quite accurate. In early February of 2023, we received a call from the Auditor General's office that they had individuals citing concerns with SDTC. We offered to hear out their concerns in the capacity, I would say, of the appointment side of the House, where we deal with complaints from time to time about Governor in Council appointees. It was in that capacity that we were willing to hear out the complainants and to understand their issues.

Over the course of the first two weeks of February, we had those conversations with the complainants. When we understood that the issues were far broader than just Governor in Council appointees, we referred the issue immediately to our colleagues at ISED, as referenced. As the committee well knows, the course of action that ISED quickly took, to undertake fact-finding, was undertaken.

• (1020)

**Ms. Jean Yip:** How did you come to the decision to refer the matter over to ISED?

Ms. Donnalyn McClymont: Generally speaking, we work in partnership with departments when there are any issues. As you can imagine, we are a very small organization. We technically don't have line responsibility. Ultimately, ministers are responsible and accountable for their portfolios and the GICs and their portfolio agencies. That's very clearly laid out in the government's open and accountable government.

We wanted to understand a little bit more about the nature of the problem. I think, in fairness to the complainants, they had been looking for a hearing of their issues. We wanted to make sure that we were directing them to the right spot. As I said, once we understood that the issues were about not just HR management but governance and probity, we then referred that very quickly to our colleagues at ISED.

There was also a matter of confidentiality that we wanted to respect. I think the complainants had some concern, and have been public about that, over reprisals. We wanted to handle it quite judiciously in terms of making sure they had a proper hearing of the issues they were raising, if that's helpful.

Ms. Jean Yip: Thank you.

Is there anything else you'd like to add to what you view as the Privy Council's role in this matter?

**Ms. Donnalyn McClymont:** I would just underscore that there is a very clear line between what we do at the Privy Council Office in terms of public service advice and the nature of appointments. Obviously, it is the prerogative of the minister and the Prime Minister to take decisions on the appointment of ultimately the best suitable candidate for a role, in their view, so there will be a line that we have no line of sight into, I would say.

Ms. Jean Yip: So it's advice and in a non-partisan fashion...?

Ms. Donnalyn McClymont: Yes, Mr. Chair. That's correct.

**Ms. Jean Yip:** I'd like to speak about SDTC's transition into the NRC from both a timeline and a process perspective.

The NRC leadership stated that the transition is under way and should be done by the end of this year. What are the usual timelines and process for the transition of one government agency into another?

**Ms. Donnalyn McClymont:** I'll do my best to respond. I would just underscore that we're the appointments people, but I'll take a stab at it and try to be helpful in this.

This would be more of a machinery-of-government question. However, I would say that this is pretty fast, to be honest with you, and I think it's the minister and the department. I would give them credit for moving very quickly in trying to address the issues and integrate the programming into the NRC and then ultimately into the Canada Innovation Corporation, as the minister announced earlier this June.

Obviously, it takes time to integrate new programming into an organization, but I understand that Mitch Davies, the head of the NRC, was here earlier this week and explained that they're working closely with the SDTC chair and members to effect that transition. He was talking about March of this coming year, as I understand it.

The Chair: Thank you very much.

[Translation]

Now over to Ms. Sinclair-Desgagné, who is joining us using the Zoom application.

Ms. Sinclair-Desgagné, you have six minutes.

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

Good morning to the witnesses.

There is something else going on here. In past decisions as well as future ones, there are questions about fund-related governance, as there were with Sustainable Development Technology Canada and will be with the Canada Innovation Corporation, or CIC.

Many of us think that Crown corporations have far too much flexibility, some of them more than others. Sustainable Development Technology Canada, or SDTC, was publicly funded and had enormous flexibility, which it used to allocate funds, have conflicts of interest and make potentially problematic appointments. I have a problem with that. Now, what we're hearing and what we're seeing is that the government's plan is to set up the CIC, which will ultimately be just another crown corporation, or SDTC 2.0.

Will the CIC take a precautionary approach to managing public funds? We have no guarantee of that. At no time was there a desire expressed for transparency and due diligence with respect to public funds. All we heard was that the money and the teams were going to be transferred. Is there going to be a change in governance?

I'll turn to the representatives of the Privy Council Office, because that is the office that submits lists of appointments, as we heard earlier. We will probably be able to do the same thing for the CIC. It was decided that the CIC would be the new vehicle for this type of fund.

Why not manage those funds according to the same transparency and governance criteria as the departments are subject to?

• (1025)

[English]

**Ms. Donnalyn McClymont:** Mr. Chair, I would just note from the outset, in responding to the honourable member's question, that when the Auditor General appeared before the committee.... I thought her comments were quite insightful. She explained that the nature of the structure of the organization created an inherent conflict.

To the honourable member's question, it's true. Having been at PCO for a long time, as I mentioned, I would say this is quite a novel structure. You have seven directors appointed by the GIC, and then those directors appoint eight other directors, and that whole board then appoints foundation members. They are "good behaviour" appointments, which means they can only be removed for cause, which is a very high bar for removing appointees. An example is if the government loses confidence or trust in the directors.

It was designed that way and approved by Parliament back in 2001. My understanding, from what I've read in the media, is that the intention at that time was to have a very arm's-length organization that would work in the clean-tech sector to support start-up companies, if you will. The committee is well aware of that.

From an appointments perspective, it is a novel structure, to the member's question.

Going forward, as the member has noted, the intention is to have it under the Canada Innovation Corporation. That legislation, again, was just recently passed by the House. The intention is to have a more typical corporation structure, if you will, whereby you have a chair and directors appointed by the Governor in Council, who serve at pleasure. Perhaps that will give the kind of structure that

the committee is looking for in terms of accountability and transparency.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you. I have limited

We agree that the governance structure of SDTC was a problem. You said so, and the Auditor General also noted it. Here is a quote:

The CIC will operate as a partner to the private sector with the flexibility to deliver funding quickly and adapt programming to meet evolving business needs. The CIC will also recruit private sector experts...

It's very similar to what happened at SDTC.

If there is such close proximity with the private sector and it is stated at the outset that the CIC will have significant flexibility, we are creating a similar governance system, not only in terms of the steering committee, but also in the way in which funding is granted.

Shouldn't we be even stricter? Shouldn't these funds be managed as they would be by a department? A parliamentarian or a citizen, for example, could see, line by line, what is funded by the departments. However, that cannot be done in the case of Crown corporations, which is very problematic. The public has a right to know what's going on.

Those funds should be managed by a department.

• (1030)

[English]

**Ms. Donnalyn McClymont:** Mr. Chair, I would note that a decision has been taken by the minister, and an announcement has been made about the structure going forward.

For my part, I would note that from the appointments perspective, we will obviously ensure that there's an open, fair and transparent process to find directors for the Canada Innovation Corporation who have the requisite skills to ensure the oversight required going forward for the organization.

[Translation]

The Chair: Do you have another question, Ms. Sinclair-Desgagné?

**Ms. Nathalie Sinclair-Desgagné:** Yes. Why are these funds still managed by a Crown corporation? Why are they not simply managed by a department? Why was it determined that CIC was the best vehicle to manage these funds?

[English]

**Ms. Donnalyn McClymont:** I wouldn't be in a position to give a perspective on why that was chosen as the ultimate vehicle. I would say, however, that they will be part of the portfolio underneath the responsible minister. They will have the necessary accountability structure.

I would just reiterate that for our part, as the folks here to talk about appointments, we will make sure that we find the people best suited to ensure that the organization is well structured and has the accountability mechanisms in place to ensure the right level of probity on these funds going forward.

The Chair: Thank you very much.

Up next is Mr. Desjarlais. You have the floor for six minutes, please.

**Mr. Blake Desjarlais (Edmonton Griesbach, NDP):** Thank you very much, Mr. Chair, and I want to thank Ms. McClymont for being present with us today to answer these important questions.

As you are aware, the concerns related to SDTC are largely twofold in the minds of Canadians. One thing is the fact that, of course, there was severe conflict of interest leading to severe levels of institutional mistrust. That's one barrier we're attempting to overcome here in this committee's report. We're trying to understand how conflicts of interest can take place and trying to reduce the likelihood of those conflicts happening. We heard from the Ethics Commissioner earlier this summer in relation to other files, on which we know room can be made to ensure that officers, whether they're appointed or not, doing the work we do in Parliament or on behalf of departments are actually followed through on correctly.

Part of the issue with SDTC, as noted by the Auditor General, was with the appointment process of the actual persons who sat there or at least with the oversight of those persons who would sit there. I understand that may not be the function of your office to-day, but it may be something worthy of consideration.

In order for me to best understand this, could you please describe again—I know you did at the beginning of your comments—the clarity that your office has or the Privy Council Office has in the appointment process for SDTC? How many members were they to recommend and what was the process for filling the remaining vacancies?

**Ms. Donnalyn McClymont:** Mr. Chair, I would note that on the SDTC front, three selection processes took place over the course of the past, I would say, 10 years. Starting in 2017 there would have been a process launched to appoint directors. In 2018 there was a process launched to appoint the chair, and in 2021 there was a third process launched that was to appoint the further directors to fill further vacancies on the board, the seven positions that are filled through Governor in Council appointments.

PCO at that time would have been responsible for leading the selection process for those three processes. There would have been three other members on the selection committee. It would have had a representative from the department, a representative from the minister's office and a representative from the Prime Minister's Office. In both sets of circumstances, we would have had over 100 applications for the various roles, and we, as a selection committee, would have reviewed those to ensure that they met the criteria, particularly given the legislation itself.

I would say, again, that it was quite a novel piece of legislation in that it had very strict requirements to ensure there were directors who were engaged in the development and deployment of sustainable development technologies, who came from all regions of the country, who were men or women, who came from the business and not-for-profit sectors, and also that the board itself in its entirety represented and had a good understanding of sustainable development technologies. As you can imagine, that would have narrowed down the field of eligible candidates with that knowledge and those skills. The last composition of the board had a fair representation of members from across the country. People from B.C., Ontario and, I believe, the Atlantic provinces and Quebec would have been board members.

On that basis, we would have undertaken interviews. We would have screened people to make sure they fit the criteria. We would have conducted interviews.

• (1035)

**Mr. Blake Desjarlais:** Maybe we can get to that point next. I apologize for having to interrupt.

I'd like to just back up on something that I think was important for our study. You mentioned two things that I think are important to clarify. One, who was present in the room at the time of the appointment reviews? You said a member of the Prime Minister's Office, and I believe you also said a member of the minister's office. Can you clarify which minister?

**Ms. Donnalyn McClymont:** Yes, Mr. Chair. There would have been representatives. All of this information is on our website with respect to the standard approach for a selection process. This is very standard. There would have been a chair from the Privy Council Office, a representative from the department and a representative from the minister's office. In this case, at that point in time, the organization would have been under the portfolio of Innovation, Science and Economic Development, and one of our colleagues from the appointments group in the Prime Minister's Office would have been a representative in the selection process.

**Mr. Blake Desjarlais:** As part of that, as I think you described for a previous member, these persons were evaluated largely on merit. Is that correct?

**Ms. Donnalyn McClymont:** As I described, the legislation had very specific requirements regarding the composition of the board, so they would have looked at that. They would also have looked at an individual's ability to manage as a board member and their experience on other boards.

Mr. Blake Desjarlais: What about ethics in the instance of conflict of interest? Is there any review process in the appointment process that could demonstrate or at least reduce the risk of conflict of interest? As you know, in SDTC this is an extremely serious situation. There were many instances of conflict of interest. It seems imperative to me, if we're going to be appointing officers to these kinds of boards, that there at least be some kind of competency demonstrated that they have an ethical understanding of the conflict of interest.

Are there any questions within the review or interview process that clarify or create a process to determine how much risk a particular appointment could potentially create for an organization in the instance of conflict of interest? What anti-conflict of interest processes are there in the appointment process?

**Ms. Donnalyn McClymont:** I would say we have a very robust...and it's continued to evolve and strengthen over the past several years, in terms of making sure that candidates are very well aware that they have to adhere to the Conflict of Interest Act. It starts in the notice of opportunity. A very detailed paragraph sends candidates to the website of the commissioner. It goes through the obligations for candidates, if they wish to apply, of how they have to adhere to the act.

In the interview process, we ask the candidates point-blank if they have any real or perceived conflicts in relation to serving in the role. Throughout the selection process, we continue to ensure that we raise these issues. We do one last check again, of course, before the appointments process. The standard right now is about five touch-bases over the course of the selection appointment process. Individuals are advised and are asked to ensure that they will comply with the Conflict of Interest Act throughout their tenure.

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

We will now begin our second round.

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

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

Madam McClymont, you spoke about an open, transparent and merit-based approach with respect to Governor in Council appointments. With respect to the process that ultimately led to the appointment of Annette Verschuren to serve as chair of SDTC, how did the search begin? Was there a public posting for the position of chair?

Ms. Donnalyn McClymont: Mr. Chair, as I mentioned, the chair process was launched in 2018. It is absolutely part of our standard process that we post a notice of opportunity on our website for any Canadian to apply. That would have been on our portal. There is also an outreach strategy that the department undertakes with colleagues to make sure we are attracting candidates eligible for the role.

**●** (1040)

**Mr. Michael Cooper:** With respect to that outreach strategy, was a firm hired to identify prospective candidates?

**Ms. Donnalyn McClymont:** Not to my knowledge, in this case. We have no record of a firm having been hired.

**Mr. Michael Cooper:** When did Annette Verschuren make a submission with respect to her application?

**Ms. Donnalyn McClymont:** Mr. Chair, as I mentioned at the outset, there will be limitations in terms of personal information that I'm not able to divulge. I would refer back to the Ethics Commissioner report that does detail in some length Ms. Verschuren's application process. She did mention, I believe in the report, that she had applied through our portal.

**Mr. Michael Cooper:** We know that the minister's office approached Ms. Verschuren in April. Did she apply before that or after that? Was she recommended as part of the outreach initiative or was it the minister's office? It appears that it was the minister's office that specifically went to Ms. Verschuren.

**Ms. Donnalyn McClymont:** Mr. Chair, I have no knowledge. I would have to—

Mr. Michael Cooper: Thank you for that.

How many candidates were considered?

**Ms. Donnalyn McClymont:** Mr. Chair, as I mentioned, there will be limitations in terms of personal information. In terms of the number of candidates—

**Mr. Michael Cooper:** I'm not asking for personal information. I'm just asking for an approximate number.

**Ms. Donnalyn McClymont:** I would be able to say that it was under 10.

Mr. Michael Cooper: It was under 10.

You mentioned that there was a letter of advice sent to the minister with recommended qualified candidates. Was Ms. Verschuren's name on that list?

**Ms. Donnalyn McClymont:** Mr. Chair, given that it's personal information—we have provided documents as part of the House motion—in terms of the letter, I wouldn't be able to say if her name was on that letter.

**Mr. Michael Cooper:** Madam McClymont, I would submit that it's a highly pertinent question. There are serious issues surrounding Ms. Verschuren having conflicts of interest, including having received \$12 million in funding from SDTC.

A letter was sent from PCO with a list of recommended candidates. Someone has to be held accountable. Ultimately, it's the minister who must be held accountable, but I think Canadians deserve to know if the PCO signed off on Ms. Verschuren's name as a recommended candidate, notwithstanding the very serious conflicts of interest at play.

**Ms. Donnalyn McClymont:** Mr. Chair, perhaps one way I could come at the question is to note that the Ethics Commissioner notes in his report that she was part of the process and that PCO had told her, prior to being considered for appointment, that she needed to discuss her potential conflicts with the commissioner. I think one can take from that and draw a conclusion.

I'm not comfortable going further, in terms of protecting personal information, on the names in the letter.

**Mr. Michael Cooper:** Maybe I'll ask you this: Is it possible that someone not on the list of qualified or recommended qualified candidates could ultimately be appointed by the minister? Could that happen?

**Ms. Donnalyn McClymont:** Mr. Chair, I would note that in my time in this role, I have never seen us make an appointment that does not go off an advice letter.

**Mr. Michael Cooper:** With respect to that letter of advice, is that letter signed off by the Prime Minister's Office?

**Ms. Donnalyn McClymont:** Mr. Chair, as we have detailed on our website, the selection committee is chaired by the Privy Council Office. It would have been one of my colleagues in my group who would have signed off on the letter of advice to the minister.

**Mr. Michael Cooper:** Would there have been PMO involvement, yes or no? You said the PMO was part of the process. Would that have been signed off on?

**Ms. Donnalyn McClymont:** Mr. Chair, as I noted, yes, the Prime Minister's Office would have been part of the selection process alongside ourselves, the minister's office and the department.

Mr. Michael Cooper: When did these—

**The Chair:** Mr. Cooper, I'm afraid that is your time. My apologies. I didn't mean to cut you off like that. You'll have another opportunity.

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

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

I do want to thank our witnesses for being here today as we continue our study on SDTC.

I very much appreciate the witnesses' answers to the questions from my colleague Mr. Desjarlais about what the process is when you find a candidate who may have a conflict. How often do you see a candidate who may have a conflict?

#### ● (1045)

**Ms. Donnalyn McClymont:** Mr. Chair, I wouldn't want to give a number, but I would say it's not infrequent that we have people who want to serve on boards, Crown corporations, agencies or tribunals who have obviously some knowledge and who have, as the committee has mentioned, the merit and education and skills and experience to serve well in these roles. It happens not infrequently. I would say that in this case, given the nature of the legislation, it makes it challenging to manage the conflict.

We do have other extremes, I would say, where the requirements in the legislation are so restrictive that we have had a very difficult time finding qualified candidates. The one that we've worked on most recently would have been the Canadian Energy Regulator. You can't hold interest, essentially, in any energy field, which makes it very, very difficult, because those are often areas of investment in portfolios, for example.

To the honourable member's question, yes, it's not uncommon. We work very closely with the commissioner's office, respecting, of course, the line between their role and ours. I would say that at the end of the day, it is up to the Ethics Commissioner to make a ruling and decide if an individual can serve in a role, depending on their background and their financial interests. We have, I think, quite a good partnership in terms of working with them on making those decisions.

## Mr. Patrick Weiler: Thank you.

I understand the importance, particularly with the Canadian Energy Regulator, of managing those kinds of conflicts. I think in

2014 an individual who wrote the economic case for the Trans Mountain pipeline was brought onto the National Energy Board while that project was being reviewed. I know that's a really important process that needs to take place.

I was hoping you might be able to share with this committee some of the mitigation processes you've referenced that you take in cases of candidates who may have a conflict.

**Ms. Donnalyn McClymont:** I would just underscore that it's not up to us to decide. It really is the commissioner's responsibility to interpret, administer and adjudicate the legislation, so we would not make a decision in terms of what kinds of mitigation measures would be required.

However, I would say, just to try to be helpful here, that I know the commissioner has, on occasion, suggested that people set up ethical walls or, as in the case here, recuse themselves from decisions that involve their assets, holdings, or companies or if they have a family member. You'll see that from time to time, that they recuse themselves from all decisions related to that. I've seen colleagues at the deputy level who've had to do that, and we make sure that is known.

Some people have taken a step even further and have gone beyond what the commissioner has asked out of an abundance of caution and have recused themselves where he has not deemed it necessary; this is because people want to be very respectful of the spirit and the letter of the law.

Mr. Patrick Weiler: Thank you for that.

I do want to pick up on Ms. Yip's line of questioning, just about the transition to the NRC, the timelines and the processes.

At the same time as the transition plan was announced, the government also unblocked funds. We know that businesses lived through difficult consequences following the freezing of funds back in October 2023. Surveys showed that two-thirds of the companies faced business interruptions, and many more revealed that they were unable to find alternate funding. I know I've talked to many companies, even in my riding, that faced this. It has resulted in things like layoffs and people having to sell off portions of their businesses.

How does the unblocking of these funds interplay with the transition?

**Ms. Donnalyn McClymont:** Mr. Chair, I'm not really in much of a position to give a fair answer on that, being responsible for appointments. I know the committee has heard from my colleagues at ISED and the NRC and from the minister as well, and I think every effort is being made to try to address the issues that the committee has raised in terms of ensuring careful oversight.

I know that the current chair, Paul Boothe, was here, and he made a commitment to the committee to make sure to do that as quickly as possible and that he would review the funding that is in the pipeline and the funding that's been provided.

I think all efforts are being made across the system to try to craft that careful balance, but unfortunately, I'm not able to comment further, Mr. Chair, as we are, like I said, responsible only for appointments.

**(1050)** 

The Chair: 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.

My questions will be along the same lines. I was not able to get back to you earlier because my time was up.

In terms of transparency and governance, I understand that we want to have a governance system that is a little more typical for a Crown corporation. Now, that is not enough transparency in terms of dollars spent and projects. For example, a department has an obligation to disclose all of its expenditures to the public. Those expenditures are reflected in the public accounts and in the financial statements of each department. However, Crown corporations do not have the same obligations. I think it's important for people to understand that, which is why I say that the transparency of these kinds of funds is paramount to the success of programs like this.

Is there still a way for CIC to agree to have the same level of transparency as a department? I think that would be ideal. If not, in terms of the funds that, although suspended, are still at SDTC, is there a way for IRAP to agree to disclose the information and to have the same transparency standards as those of a department? Do you think that's possible?

[English]

**Ms. Donnalyn McClymont:** Mr. Chair, I would just reiterate that I'll try to do my best to be helpful as a senior public servant to try to navigate some of the questions, but I am the appointments person.

All I can really say in response to transparency is that we will do our best, when we're hiring a new board, to make sure that they understand their responsibilities and the heightened attention, if you will, in terms of executing on the delivery of these funds. Beyond that, I'm not able to offer much about what could be done in terms of transparency for the organization going forward.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you.

I want to go back to appointments.

When the steering committee is appointed, will you ensure that its members understand the importance, for the public and for tax-payers, of the required levels of transparency within CIC?

Can you assure us that you will make that very clear in your appointments?

[English]

**Ms. Donnalyn McClymont:** Mr. Chair, my understanding is that the CIC will probably be up and running in 2026.

Absolutely, I'm quite comfortable saying that when we appoint new board members to a new organization, we certainly assess their ability to manage complex funding models. I think the member can be assured that we will have a robust process to assess the new directors' ability to manage in this complex environment they'll be taking on.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Mr. Chair, I think my time is up.

The Chair: It is, Ms. Sinclair-Desgagné.

Thank you.

[English]

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

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

I want to turn my questioning again to the appointment process and ways I believe the appointment process could have been enhanced to avoid what was a very serious issue of conflict of interest, or at least ways to recommend we make it better.

In testimony during some of this work prior to today's meeting, Ms. Verschuren actually mentioned that the reason she didn't recuse herself was that she had a legal opinion not to recuse herself in relation to over 100 companies receiving similar funding, including the Verschuren Centre, which is one of the more severe instances of the conflict of interest. She was unaware at that time of the rules to follow, the proper process for a recusal and the potential for a conflict of interest.

I believe the perceived conflict of interest could have been identified earlier on, particularly in this process. It seems to me there was a gap between the person who was being appointed through the selection process.... You said there were five checks to determine whether or not there were existing conflicts.

At any time, did Ms. Verschuren ever mention the Verschuren Centre?

• (1055)

**Ms. Donnalyn McClymont:** Mr. Chair, I thank the honourable member for the question. It's quite a good question in the sense that....

We do make sure that people understand their obligations and that over the life of their appointment, they will respect those obligations. I would say in this case, referring back to the Ethics Commissioner's report, it was disappointing, to be quite honest, that she received legal advice that was not consistent with the legislation. I've actually used this as an example recently with deputy colleagues. I've raised it on several occasions since the Ethics Commissioner's report came out to remind colleagues, their colleagues and portfolio agencies that, as I've said several times here, the interpreter and the adjudicator of the act is the commissioner, not outside legal counsel or even our own legal counsel.

I think many of us have an instinct to take the advice of lawyers directly, and this is a bit of a cautionary tale. I think the Ethics Commissioner said as much in his report.

You're bang on. It's very important that candidates and appointees understand that if they have questions or if they're not sure, they have to refer back to the commissioner himself, and they will have to adhere to the legislation.

Mr. Blake Desjarlais: My question....

I'm sorry, Mr. Chair. **The Chair:** Thank you.

please.

Up next is Mr. Brock. You have the floor for five minutes,

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

I'd like to thank the witnesses for their attendance today.

I'll largely be addressing my questions to you, Ms. McClymont. I want to continue on the thread from my colleague Mr. Cooper and where he left off, which was the process by which Ms. Verschuren was ultimately appointed as chair. I know you can say that hind-sight is always 20/20, and that, reflecting on her finding of guilt under the Conflict of Interest Act times two, you can say, well, I guess we should have taken some lessons from that and perhaps reinforced the conflict of interest provisions within the hiring sphere.

I guess what troubles me, and I'm sure troubles Canadians, is that there were red flags all over the concept of even entertaining the thought of hiring Annette Verschuren, with much communication happening from the past president and CEO. Nothing really was done.

Ms. McClymont, I know you're relying upon advice, and you were basically saying you encouraged her to obtain information and advice from the Ethics Commissioner. Clearly she did, but the advice she received from the Ethics Commissioner she didn't follow. Not only did she not follow it; other directors did not follow it. Hence, we're in this boondoggle of \$390 million of taxpayer funds being inappropriately handed out to companies that were legally not eligible and directors basically padding their pockets. This is leaving a really sour taste in the minds of Canadians as to what kinds of shenanigans are going on with Justin Trudeau and his government.

He told her point-blank that she not only had to declare a conflict; she also had to recuse herself. She didn't do that. On the basis of that, she was found guilty times two.

I want to go back to the process. You mentioned there were under 10 applicants who were applying for this position. I want an actual number. Don't rely upon this being a privacy issue, because clearly it is not. I'm not asking for names. I'm asking for a finite number. How many people applied for the position of chair at SDTC?

**Ms. Donnalyn McClymont:** Mr. Chair, as I mentioned, close to 100 individuals applied for the chair position back in 2018.

**●** (1100)

Mr. Larry Brock: You told me less than 10.

**Ms. Donnalyn McClymont:** I was responding to Mr. Cooper's question about the number on the advice letter that went forward. That was less than 10.

**Mr. Larry Brock:** I see. Well, let's go back. You said there were over 100 applications.

**Ms. Donnalyn McClymont:** Mr. Chair, I would clarify that there were close to 100 applications.

**Mr. Larry Brock:** You vetted those 100 down to under 10. Is that correct?

Ms. Donnalyn McClymont: That's correct, Mr. Chair.

Mr. Larry Brock: Okay. What was the number under 10?

**Ms. Donnalyn McClymont:** Mr. Chair, as I mentioned, out of respect for privacy, the personal information—

Mr. Larry Brock: That's not good enough, Mr. Chair.

I'll remind you, ma'am, of the supremacy of Parliament and the supremacy of this committee. The issue of privacy does not apply. I'm not asking for names. I'm asking for individuals who were mentioned in this referral letter that went off to the PMO and the minister's office. That is not a privacy issue.

If you claim privacy again, I will seek direction from the chair, because we have a right to demand that number and the documentation that flows from that. I'll ask you this again, out of respect: What is that actual number? I will not accept "under 10".

**The Chair:** Let me interject here, just to assist the witness.

Mr. Brock is correct about privacy. We're a long way from asking for any information on that, but I do think he is within his rights to ask for a number. If you need to come back to us with that number, we'll accept that, or at least that would be my recommendation.

I do think you need to provide a little more specificity, if you would, please, because there are lots of numbers under 10.

**Ms. Donnalyn McClymont:** Mr. Chair, I appreciate your intervention. Our standard is that we don't divulge when it's less than 10. I appreciate your offer for us to assess that and come back to the committee. We will do that. We will check with our counsel and see if we're able to provide the number of names that were provided in the chair advice letter.

**Mr. Larry Brock:** Mr. Chair, that answer is unsatisfactory to me. She's taking this request under advisement and obtaining legal counsel as to whether or not she can release that number. I repeat that this is not a privacy issue that can trump the supremacy of Parliament and the supremacy of this committee.

I will be asking this witness again to provide that information to this committee. I'd like the actual number of individuals who made it onto the referral list.

The Chair: Again, I will function at the direction of the committee now

It is my view that if you have that number, you should provide it to this committee. From this committee's point of view, there is no legal obligation for us to wait for a response out of courtesy. If you don't have it, that's one thing, but that's not the answer you gave.

It is also unusual for the PCO to appear before a parliamentary committee like this. These are unusual circumstances because of this board. I would urge you to provide Mr. Brock with that answer. It does not violate any privacy considerations that you might be under, but we are not under.

Again, in doing so, you would be forthcoming to this committee, which I think you should be. It would also steer us away from the committee taking additional steps to require you to provide that information, so I would urge you to provide the number to Mr. Brock, please.

**Ms. Donnalyn McClymont:** To be completely honest, I'm not sure I have the exact number with me.

Mr. Chair, if it is possible to verify that, we can get back to the committee with the number, if that's okay.

The Chair: Just for clarity, is that something you can verify in the next hour, or are you seeking—

Ms. Donnalyn McClymont: We could verify that quickly. Yes.

The Chair: Okay. That would be helpful. Thank you.

We'll look for that and we'll deal with this before noon, Mr. Brock. I'm afraid your time is now up. You'll have another opportunity, I believe.

Turning now to Ms. Khalid, you have the floor for five minutes, please.

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

As I continue to participate in this committee, I always see witnesses, who spend their time coming in and sharing information in good faith with this committee, put through the wringer. It's unfortunate. I would, obviously, continually encourage my colleagues to please respect witnesses and the legislation under which we are governed. I understand and appreciate the relevance of Parliament in how we operate, but I also want to stress that there are branches to how we operate as a democracy, and we should act responsibly with the powers and privileges we are given within our Parliament.

Ms. McClymont, you made reference to the production of documents. As you may know, there was a Conservative motion that was adopted in the House requiring the production of documents to

the law clerk related to SDTC, with the intention of providing these documents to the RCMP. The Conservatives are egging on the RCMP to start criminal investigations, and I don't think that's fair. It is quite an abuse of the powers they're privileged to have in our democracy.

If I'm not mistaken, as you indicated, the PCO plays a central role when it comes to production orders of this type, leading the process and providing guidance to departments. With regard to this production order, multiple offices implicated have raised some serious alarm bells. Earlier this summer, the RCMP commissioner raised the alarm, saying there were risks that this motion compromised its investigative processes and police independence.

In your experience, have you seen a production order from Parliament that compromises institutions' independence in this way?

**(1105)** 

**Ms. Donnalyn McClymont:** Mr. Chair, I would again preface that by saying I am a senior official from the PCO. To be sure, we are focused on the appointment side of the House. I would say, for our part and consistent with my previous comments, we take very seriously our obligations under the Privacy Act, and we redact information that is of a personal nature to protect appointees so that they feel they can come forward and put forward their candidacy and be protected.

That is absolutely what we did in this context, for our part, in senior personnel.

**Ms. Iqra Khalid:** What are the dangers of information? For example, what happens if the candidates' names are released or their general vicinity is released?

What are the consequences for those people, having seen the kind of dirt and mud that are slung at everybody in our democratic system, in terms of applications and in terms of pushing forward the agenda of SDTC and the PCO?

**Ms. Donnalyn McClymont:** Mr. Chair, I would say that we really try to encourage people across the country to apply to these processes. Over my time in this job, I've heard some very heartwarming stories of people who want to serve very much and are very grateful for the opportunity through an open process to do so. If that is breached, then we betray the confidence of people who have put themselves out there, who may not be successful getting these positions and who come with a very high stature across the country. It would be very disappointing; it would cast a real chill on people to serve.

There's a lot of public commentary these days about people not wanting to serve for a variety of reasons in this kind of heightened public and social media environment. I would be very disappointed if we were to take steps that would in any way risk confidential information and that would hamper or cast a pall on people's interest in applying for positions.

**Ms. Iqra Khalid:** However, at the same time, we see that there has been an issue here. There's been a disconnect between the Ethics Commissioner, the AG and the PCO, and a candidate and their lawyers. How do you that this transition to the NRC is going to help with increased oversight, for example, of these kinds of appointments?

What is your office doing to make sure these kinds of disconnects and the general mistrust in the entirety of candidacy don't have an impact?

Ms. Donnalyn McClymont: Mr. Chair, I would say that, for our part, we will continue to look at ways to strengthen people's understanding of their obligations under the act. I have spoken to the Ethics Commissioner about whether there are more things we could do in partnership to make sure that people do understand their obligations, as one member pointed out, not from the beginning but through the duration of their appointment. I know the commissioner does have tools in place to make sure that people are reminded of their obligations, and he offers training and other outreach. It's quite important, and it's something that we'll absolutely have to reflect on to make sure that people continue to understand their obligations under the legislative frameworks they operate in.

(1110)

**The Chair:** You have time for a brief question if you have one.

Ms. Iqra Khalid: It's not brief, so I'll pass.

Thank you.

The Chair: Then I'll hold off. I appreciate that, Ms. Khalid.

Mr. Perkins, I heard you laugh. That's a lesson you could abide by, as well, I think, at times.

Mr. Perkins, you have the floor for five minutes and the clock has started, so—

Mr. Rick Perkins: That's not the first time I've heard that.

Thank you.

I just want to be clear. Former minister Navdeep Bains testified before committee that he got a letter from the PCO with two names. Former CEO Leah Lawrence testified before committee that she was told by the minister to vet the two names that the PCO had given. Both had conflicts. One chose not to put their name forward when asked. The other one said, "Sure, no problem." That other one was Annette Verschuren.

I'm a little unclear on—since we've had a lot of testimony—what the reluctance is to say that two names were given. We've had a lot of testimony from the former minister, from the chief of staff of the former minister and from the former president that that's what was given to them.

**Ms. Donnalyn McClymont:** Mr. Chair, that's fair. Like I said, we will check on that, as you've offered, and we will come back and clarify on the names. I would say that it's a pretty standard process, when we put the names forward, that the minister may decide to meet with individuals. It is unfortunate that sometimes people decide to back out if they feel that they are not going to be able to meet the ethical wall obligations.

Mr. Rick Perkins: I appreciate that.

I just want to help understand.... Besides what MP Brock said, I think it's really important to understand that when Ms. Verschuren was appointed with her "managed" conflicts, as a testimony, Leah Lawrence, the president, said, "There was a board member pre-2019" who had "stepped back from the organization" to recuse himself. "Later...[when] Ms. Verschuren was appointed—it was about a year after she was appointed—that individual came back and said, 'Well, given that direct conflicts are now allowed, I'm going to go on the board of this organization" that was funding a company he was going for.

Now, I asked her who that was, and she said that it was Guy Ouimet, who was another PCO recommendation, presumably. He was a GIC appointment. Guy Ouimet loved the conflict allowance so much that, while he was on the board, \$16.2 million of taxpayer money went to companies he had a conflict of interest in and an investment in. He even admitted that he voted for one of them—in committee. He voted for \$4 million to a company he owned, so it doesn't seem like the process that the Prime Minister's Office has set up in it's clear and transparent way works when trying to prevent people from abusing taxpayer dollars in this way.

Why is it that the PCO doesn't seem to monitor conflicts of interest once they appoint these people to the board who declare they have a conflict?

**Ms. Donnalyn McClymont:** Mr. Chair, I would again reiterate our role in appointments. We launch the selection processes. We run the selection processes. We provide advice ultimately to the minister. When an appointment is made, as I think has been explained to some extent, and a Governor in Council...becomes part of an entity, they then fall, as I would argue, under the responsibility of the organization and ultimately the minister.

I would say that in this set of circumstances, from what I understand from the testimony that's been provided to the committee and from what the organization itself had done, they had put in place some robust processes. They were trying to respect, I think, the Ethics Commissioner's direction—

**Mr. Rick Perkins:** I'm sorry. They were so robust that.... There's no obligation on your appointment process afterwards to see whether or not those who have been identified as having a conflict of interest actually live by the rules.

The robust processes were that 82% of the transactions that the Auditor General looked at.... Out of 226 projects, a small sample of what this \$22-billion organization has given out over the years, 186 were conflicted. That's 82% of the GIC PCO-recommended appointments voting money for companies they had a conflict of interest with. There was no obligation....

The minister said he didn't have any obligation before that—he said PCO told him to do this, which of course means PMO—but there's no obligation to actually follow up when it's an identified conflict of interest to make sure they're not breaking the conflict of interest law.

## • (1115)

Ms. Donnalyn McClymont: Mr. Chair, I would again reiterate that our role is to make sure that people understand their obligations under the act. It is the Conflict of Interest and Ethics Commissioner, as set out in statute and passed by Parliament, who is responsible for interpreting, administering and adjudicating. That means he does undertake efforts to ensure that appointees understand their obligations under the act. If there is a problem, as we've seen in this set of circumstances, he will investigate and he will make findings.

Mr. Rick Perkins: Well, let me-

The Chair: I'm afraid that is your time, Mr. Perkins.

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

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

Thank you to the witnesses for attending this morning.

Do you believe specific industries require private sector experience?

Ms. Donnalyn McClymont: Mr. Chair, generally speaking, it will depend on the individual circumstances. One thing I would say I've learned over the years with appointments is that there's not one piece of statute that has exactly the same appointment provisions. Almost every statute for appointments has very specific provisions and different provisions. For example, as I've outlined here for SDTC, there are very specific provisions that require certain aptitudes, skills, knowledge and experience in order to fulfill the role as a director. Even the Ethics Commissioner has very specific requirements.

All of that is to say that it really isn't up to us to give a view on that. It's often very clearly set out in the legislation or in other areas of responsibility that are directed or discussed by the minister or the department and that are required in order to execute on the role.

Ms. Valerie Bradford: Thank you for that.

You have mentioned before that many of the GIC appointees have previous connections to the industry. We've heard before how small the clean-tech industry is. In some of these GIC open applications, is a conflict of interest inherent, given how small the pool of industry expertise is?

Ms. Donnalyn McClymont: Mr. Chair, I would agree with the honourable member's question. I would note that the Auditor General herself said that the act inherently creates conflicts by requiring certain characteristics, aptitudes, skills and experience. I would say

that this is a challenge across the board. At the end of the day, we don't often have a huge candidate pool. As we were speaking about previously, it's becoming—I'll be honest—more and more challenging to attract good people to serve in public positions for a variety of reasons. Conflict certainly can be one of those reasons.

I would agree with the honourable member's premise that sometimes there will be conflicts when you're looking to attract people who come from specific sectors.

**Ms. Valerie Bradford:** Another challenge faced by the cleantech industry, given that it's so new and innovative, is its ability to raise capital. Do you believe these sorts of funds, such as those from SDTC, are necessary to ensure the growth of Canadian-led and -run industries and businesses?

**Ms. Donnalyn McClymont:** Mr. Chair, I wouldn't really have a view on that. As I said, I'm responsible for appointments at the Privy Council Office.

At the end of the day, the government of the day—and this would have been in 2001—made a decision. I know there's been a lot of public commentary about the importance of the organization. Ultimately, from a policy perspective, it would really be the government's decision as to whether it feels this tool of a foundation is the appropriate policy response to help support a particular industry.

**Ms. Valerie Bradford:** Over the course of the selection basis, is there an inherent problem with the conflict of interest declarations?

**Ms. Donnalyn McClymont:** Mr. Chair, I'm not 100% sure I understand the question.

**Ms. Valerie Bradford:** I think you mentioned earlier that you go through this process about five times. The candidates are grilled, or asked to verify or state their potential conflict of interest position. Is it sufficient? Clearly, in this particular case, it wasn't.

**Ms. Donnalyn McClymont:** Mr. Chair, we ask about it many times, as I've said, and it's written very clearly in the application. You could go on the website right now and see an application, and you would see it very clearly laid out. It says that these are the obligations under the Conflict of Interest Act. I give credit to the commissioner and his office. They have very clear information on their website for you as members of Parliament.

For our part, I don't think there was anything more we could have done to be clear about what the obligations are. I do think, in some ways, that this was a success. The individual was referred pre-appointment to the commissioner. The individual has pointed out that they spent two hours with the commissioner going over their assets and their potential conflicts. I think it was quite detailed in terms of the support that was provided from the outset of the appointment.

I think we're doing everything we can, but absolutely, we're always looking at ways to improve. We will give some consideration going forward as to what more we could potentially do.

**(1120)** 

**The Chair:** You can ask a brief follow-up question. Go ahead, but please keep it brief, Ms. Bradford.

**Ms. Valerie Bradford:** In your previous testimony, you said you felt there was perhaps a need for ongoing conflict of interest training. They declare when they get appointed, but then conflicts can occur as they're acting.

Who would provide that COI training, in your opinion? Who would be best positioned to do that?

**Ms. Donnalyn McClymont:** Mr. Chair, as I mentioned, the commissioner does a fair amount of outreach and public information sharing, so a lot of that is already happening. I think the organization in question here had its own protocols and procedures in place. As we've noted, unfortunately, they weren't consistently followed, and the commissioner has pointed that out himself.

At the end of the day, to answer your question about who is responsible, it would certainly be the commissioner in partnership with the organizations, and the organizations in partnership with departments. As I've mentioned, it is something I have raised with my deputy colleagues to be mindful of and to have a look at—in terms of the report from the commissioner—as things to be careful of when proceeding with dealing with conflicts in organizations.

Ms. Valerie Bradford: Thank you for that.

The Chair: Thank you very much. We appreciate that.

[Translation]

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

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

I would like to address another important topic.

The goal of Sustainable Development Technology Canada, of course, was to encourage innovation in sustainable development technologies. CIC's mandate will consolidate the industrial research assistance program, IRAP, and the SDTC funds that will be transferred, but there is almost nothing about the sustainable development goals.

I'm turning to you, since you answered my question about transparency. Is there still the same objective when it comes to sustainable development? Will the purpose of the funds that will be transferred always be to support sustainable development and encourage the private sector to develop technologies and conduct sustainable development research?

I am asking the question because it is really not clear.

[English]

**Ms. Donnalyn McClymont:** Mr. Chair, I would just reiterate that, unfortunately, I'm not responsible in terms of governance.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** I'm talking about appointments, Ms. McClymont.

[English]

**Ms. Donnalyn McClymont:** I'm just the appointments person. I wouldn't really be able to give a view.

From what I understand from the minister's announcement, this organization will be focused on innovation. I think there's a clear linkage there. When the organization does take on this responsibility, it will be up to them to make sure they adhere to areas of fiscal probity—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Ms. McClymont, I'm sorry, but your answer is unsatisfactory.

As you know, there is innovation in oil research and exploration, which has nothing to do with sustainable development. When you appoint people, will you propose experts in sustainable development technologies, in innovation specific to sustainable development, whether it be clean technology or green energy?

Various aspects of sustainable development can be applied to energy conservation. Innovation itself is not at all specific enough when it comes to sustainable development and the environmental objectives that Canada should have.

[English]

**Ms. Donnalyn McClymont:** Mr. Chair, I would say that, at the end of the day, in terms of the organization, when we're setting up the appointments for the directors and for the chair, there absolutely would be, to the member's question, a requirement to make sure there are individuals who have a clear understanding of the breadth of the responsibilities of the organization. In this case, it would include sustainable development technology. I would expect that we would look to have people with knowledge in those areas to serve as directors.

We're a bit of a way out, I would say, as the organization will be, as I understand it, stood up and transferred by 2026-27. This is something that we'll definitely keep in mind going forward.

**•** (1125)

[Translation]

Ms. Nathalie Sinclair-Desgagné: If it's not-

The Chair: Thank you.

You will have another opportunity to ask questions, Ms. Sinclair-Desgagné.

[English]

Up next is Mr. Desjarlais.

You have two and a half minutes, please.

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

I want to return to the topic of Ms. Verschuren's appointment to SDTC. While it is a very strenuous process, I would agree, for the proper review of appointments to positions like this, in your capacity, I do believe there are still gaps. I think the Ethics Commissioner points to some of those gaps. I think your testimony, in other committees related to ongoing checks also, is more in line with what I'm hoping to get from a response.

The Ethics Commissioner noted that incorrect legal advice, as you mentioned, caused Ms. Verschuren to deviate from the standard practice, and thus led her to contravene the act. What information, at the time of your review of these persons, are they aware of in terms of the act and its requirements?

Was she aware that she was contravening the act?

**Ms. Donnalyn McClymont:** Mr. Chair, I would respond that the notice of opportunity very clearly states, as I said, the obligations under the Conflict of Interest Act. We have a link to the act and to the circulars that the commissioner provides. We also make very clear in our notices of opportunity the requisite skill set. When there are obligations under statute for criteria, we make those available as well.

I would say that from the outset, when someone would have applied to be a chair or a member on this board, they would have had that information very squarely in front of them when they put their candidacy forward.

Mr. Blake Desjarlais: Ms. Verschuren made a choice, is what you're saying. She made a choice. She had knowledge of the requirements of the act. You, in your capacity, ensured that potential appointees, including Ms. Verschuren, had full awareness and knowledge of the requirements of the act. You just stated that now. She went on, of course, to either ignorantly ignore those requirements or to act with the type of self-interest that resulted in the conflict.

Would that be a fair assessment?

**Ms. Donnalyn McClymont:** Mr. Chair, I would just refer back to the public record of the Ethics Commissioner, who noted that it was very unfortunate that on these particular occasions in question the legal advice did not align with the legislation and his interpretation. I wouldn't offer anything further than what the Ethics Commissioner himself said on this matter.

Mr. Blake Desjarlais: Thank you very much.

Looking forward in terms of the transfer of this work to the National Research Council, what role will you or your office play in determining the selection of their new board, if they choose one, if there is one that is different from the current board of SDTC, which is volunteering for its transfer?

**Ms. Donnalyn McClymont:** Mr. Chair, there will be two separate and distinct elements in terms of the governance structure surrounding the new approach, if you will.

In the first instance, as you heard on Tuesday from my colleague Mitch Davies from the NRC, they will be administering the funding. The NRC has a board that has a chair and members. We will be responsible for supporting any appointments to that board. I think it has a pretty full board right now, with no foreseeable vacancies coming. There are two vacancies on that board right now, so it's possible that we may be making appointments to the NRC board.

I would also note, as I've explained previously to other members, that the Canada innovation corporation is to have a chair and directors. I expect that, when that organization is struck, we will be responsible, as we are in most instances, for running a selection pro-

cess for the chair position and the director positions, and it will have all the standard elements that I've been describing here today.

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

You'll have one other opportunity, Mr. Desjarlais, for further questions.

Turning now to Mr. Cooper, you have the floor for five minutes, please.

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

Madam McClymont, did I hear you say in answer to a question by MP Bradford that you would characterize the appointment process of the chair and board of SDTC as a success?

• (1130)

**Ms. Donnalyn McClymont:** Mr. Chair, what I was mentioning was the fact that there was a consultation done in advance of the appointment to emphasize, as it was pointed out in the Ethics Commissioner's report.... I guess what I would say on that is, to me, it is a best practice. If somebody has a potential conflict, they meet with the Ethics Commissioner in advance—

Mr. Michael Cooper: Madam McClymont, it was conflict upon conflict upon conflict, because it wasn't just Ms. Verschuren who had a conflict. One Stephen Kukucha, a Liberal insider and Trudeau organizer, received \$20 million in funding from SDTC, yet he was appointed to the board. Guy Ouimet, months before his appointment, received millions of dollars in funding from SDTC.

There seems to be a pattern here, and that pattern, under this government's watch, is that in order to be appointed to the SDTC one must have a conflict of interest. How else are these people being appointed, with the disastrous result of \$330 million in taxpayer dollars improperly going out the door and being funnelled into the companies of these very same insiders who had conflicts of interest right out of the gate yet got through the process?

It's hardly a success.

**Ms. Donnalyn McClymont:** I'm not quite sure what the question is, Mr. Chair.

**Mr. Michael Cooper:** I would simply say that, if you aren't prepared to call that a failure, I don't know what could be a failure, because it's a top-to-bottom failure. It's a systematic failure, but ultimately, it was the minister who made the decision.

Going back to the letter of recommendation from the PCO, once that letter with recommended candidates, for the chair of SDTC in this case—and you're going to come back with the number on that letter—is sent, it is up to the minister and the minister's team to then yet those recommended candidates.

Is that correct?

**Ms. Donnalyn McClymont:** Mr. Chair, yes, that is correct. We provide advice to the minister, and it is for the minister to assess the candidates based on our advice and make a recommendation to the Governor in Council, which would then be approved by cabinet.

**Mr. Michael Cooper:** That's right. The PCO is not involved. Once the letter is sent, it's the minister who vets. Then the minister ultimately makes a recommendation to the cabinet, and that individual is appointed.

**Ms. Donnalyn McClymont:** Mr. Chair, yes, that is correct. The minister would make a recommendation. For further clarity, he or she would send in a ministerial recommendation to the Governor in Council. Once we do a security and background check clearance, the individual in question would be brought forward for cabinet consideration.

Mr. Michael Cooper: Okay. Well, thank you very much for that, because you have now put on the record something that Minister Bains repeatedly refused to acknowledge when he appeared before the industry committee back in June—that is, that the buck stopped with him. The ultimate decision laid with him to appoint Annette Verschuren. It wasn't some process with the PCO being responsible. It was the minister—correct?

**Ms. Donnalyn McClymont:** Mr. Chair, just to clarify, I would say that we would have provided advice to the minister. The minister, based on the advice provided by the Privy Council Office following a selection process, would have made a recommendation to the Governor in Council.

**Mr. Michael Cooper:** Would the PCO undertake due diligence reviews of each of the candidates with the view of identifying conflicts of interest?

**Ms. Donnalyn McClymont:** Mr. Chair, as I mentioned, as part of the selection process, we absolutely, in the notice of opportunity right up through all phases of the selection process and appointment process, do ask individuals at many opportunities if they have any conflicts. If things are identified to us, we recommend that they speak to the commissioner.

Mr. Michael Cooper: Yes, and we know the end result.

Through you, Mr. Chair, the minister just ignored issues of conflicts of interest. How else would Ms. Verschuren be appointed? How else would Stephen Kukucha be appointed? How else would Mr. Ouimet be appointed? The minister simply didn't care. It came down to handing out appointments to Liberal insiders, conflicts be damned.

Thank you, Mr. Chair.

• (1135)

The Chair: Thank you.

The floor is yours, Ms. McClymont, if you have a response. I did not hear a question there, but I will allow a response.

**Ms. Donnalyn McClymont:** Thank you very much, Mr. Chair. I appreciate that.

I would say, as I've said several times now, that inherent to having a piece of legislation that provides for both MPs and Governor in Council appointees to declare conflicts of interest, it is understood, I think, that there will be cases where that will happen. The issue is the importance of having a robust system in place to manage those conflicts.

The Chair: Thank you.

Mr. Michael Cooper: The system clearly was not robust.

The Chair: Mr. Cooper, that is your time, I'm afraid.

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

Ms. Jean Yip: Thank you.

It isn't the role of the PCO but the Ethics Commissioner's office to provide appointees with clarity on the rules under the act. Do you believe the Ethics Commissioner could also strengthen their processes to ensure that issues like this do not arise in the future?

**Ms. Donnalyn McClymont:** Mr. Chair, as I've mentioned, I have had conversations with the commissioner. I'm not sure if he's coming to appear before the committee. Absolutely, on whether there are more opportunities for awareness, this is something that certainly, in processes of continuous improvement, could be looked at. It would really be up to him, obviously, to decide.

As I said, I actually find, as a Governor in Council appointee myself, that they send out regular circulars to us. They send out reports. The Verschuren report would have been sent to all Governor in Council appointees as an information piece. I read it with great interest long before I was asked to appear before this committee.

I think they do a lot. I think the onus is on the individual to make sure they understand their obligations. Is there more we could do? For sure. In many cases, there's more we could do. I wouldn't want to put the commissioner on the spot in terms of the resources he has available, but it is certainly something I will continue to talk to him about in terms of whether there's more we could do to make sure people are aware.

Ms. Jean Yip: Thank you.

You mentioned that the PCO is making two appointments to the NRC board. How does your office assess these candidates?

**Ms. Donnalyn McClymont:** Mr. Chair, as I mentioned, I noticed on our website that there are two vacancies. We would normally run a process. As I have said from the outset, we would post a notice of opportunity on our website. We would invite people to apply. We would assess those applications.

Sometimes, depending on the requirements under the legislation, we don't fill all the positions available. It does become a question of efficiencies and costs at some point in time. There is, I would say, quite a comprehensive board for the NRC right now, but it's certainly something we could talk to our colleagues about if they're looking to fill members.

**Ms. Jean Yip:** What is the PCO doing to attract people to difficult sectors?

**Ms. Donnalyn McClymont:** Mr. Chair, this is a huge challenge—I'll be honest with the committee—and I hope that, if people are listening today and they are interested in serving the country, they will put their applications forward. It is tricky. We have outreach initiatives, on which we work with departments, generally speaking, that are the experts and that work with the organizations.

Sometimes outreach headhunting firms are hired. We do try to be judicious about that, because it can be costly. I personally am quite careful in terms of making sure we hire firms that are going to actually be able to help us find candidates who are qualified—rather than just going to the usual suspects, to be honest—and that are going to try to find people from across the country who may not have put their hand up before to serve, so that we're really trying to attract diverse candidates from pockets all across Canada.

It is a challenge. I won't hesitate to say that. We have tens of thousands of people who apply for different processes. Some get more interest than others do. Certainly I hope that if one good thing comes out of today, it's that we get more people interested in applying to serve their country, because it can be hugely challenging and hugely frustrating and it causes delays. Sometimes it will take us up to a year to run a process because we just can't find people who fit the criteria to serve.

#### • (1140)

Ms. Jean Yip: Do you feel the conflict of interest rules might be too tight, given the challenges you mentioned just now? You also gave the example of someone from the nuclear energy sector being considered and how it was difficult to find anyone who did not have shares in the tech field.

**Ms. Donnalyn McClymont:** Mr. Chair, I would say that I think we have a robust system in place. It's very strong legislation. You, as members of Parliament, also have to adhere to the legislation. I think it's quite strong, and it's quite important in a democratic society that we have strong legislative tools to protect against conflicts, but I would admit that it is a challenge. Sometimes it's really tough to find people who are willing to serve and who have the requisite skill set and knowledge that align with the legislation in question.

**The Chair:** Thank you very much. We're now going to begin our fourth and final round, which will take us to approximately noon.

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

Mr. Larry Brock: We've heard from a number of witnesses, including you, with respect to this study, and in general you've all talked about a fair, transparent and robust appointment process with respect to the hiring of the disgraced former chair of the SDTC, Annette Verschuren. Clearly that was a failure, and it was seen by Canadians as a failure. In fact, it shattered the trust that Canadians have in our public institutions.

On the issue of failure, I want to talk about another colossal failure that your office had an interest in, and that was the hiring of the new human rights commissioner, Birju Dattani, who made anti-Israel posts under a pseudonym during his graduate school year. We know he was placed on leave, and then he ultimately resigned. Your office is responsible for vetting all federal appointments. Your office has acknowledged that an "administrative oversight" led to an incomplete background check. Now, to me, that means, "Whoops, we screwed up." Clearly someone in your office did not do a thorough background check.

Canadians are wondering what this is going to cost us. When reporters asked Attorney General and Minister of Justice Virani whether or not Dattani was paid during his leave or received a compensation package after resigning, his spokesperson replied, "No comment."

If the Attorney General and Minister of Justice doesn't want to respond, I'm going to ask you: Was Dattani paid during his leave, and if so, how much?

**Ms. Donnalyn McClymont:** Mr. Chair, I would mention that we are here today to talk about SDTC, so I am not super well prepared to address this question. However, Mr. Chair, if you're willing to allow it, I'll do my best to respond.

The Chair: Absolutely. Yes, please do.

**Ms. Donnalyn McClymont:** Mr. Chair, we at PCO did express regret that there was an administrative oversight in checking the names, as the member has pointed out. We have taken measures to ensure that, going forward, there will be clarity that all names provided will be sent forward.

**Mr. Larry Brock:** Ma'am, I'm going to stop you there. My time is very limited as you know. You're not a first-time participant in a committee process.

My question was very simple: Was he paid during his leave and how much?

**Ms. Donnalyn McClymont:** Mr. Chair, I would reiterate that, in terms of personal information, I am not in a position to divulge personal information about compensation provided to any Governor in Council appointee.

Mr. Larry Brock: Chair, I'm going to be asking for your intervention again.

**The Chair:** I'm just going to pause the clock here, Mr. Brock. I don't want to take your time when I intervene.

Again, I'd ask you to be as forthcoming as you can. This committee is seized with this, and I would expect that there could be....

I'll hear from you in a second, Ms. Khalid.

I'd ask that you be as forthcoming as you can be on the member's question. Should you refuse to do so, the committee could well delve into this further and request—which is a polite way of saying "call for"—that information to come forward one way or another.

I believe Ms. Khalid has a point of order.

I'm trying to strike a balance here, Ms. Khalid. The witnesses know why they're here today—to provide answers. It's not up to me to call for those answers, but I am urging them to provide them. However, I will hear you. Go ahead, please.

## **●** (1145)

Ms. Iqra Khalid: Thanks, Chair.

I do believe, as the witness correctly pointed out, that she's here to speak to a certain topic. The answers that someone is trying to bully out of her in this instance have nothing to do with the topic at hand. I would request, Chair, that you maintain the decorum of this committee on this topic, because if we're going to go down this path, then there are many other topics we could ask our respected witnesses here today about.

I really think we should stick to the topic at hand, and that is SDTC. We have spent a lot of time on this, and I don't think that going down this path will be helpful to what we're trying to achieve here, Chair.

**The Chair:** As you know, I give members wide latitude to ask questions when officials are before us. Mr. Brock is certainly well within the bounds of his rights. This committee is seized with several investigations. Of course, Ms. Khalid, that applies to all members. If there are questions outstanding for witnesses, they're not bound solely by the subject matter of the day. There is a well-established precedent for that.

I'll turn back to the witness.

Are you able to provide direction or an answer that is more forthcoming to Mr. Brock's—

Mr. Larry Brock: I have a point of order.

The Chair: Let me just finish my thought, and then I'll hear you.

The committee would certainly appreciate it. Mr. Brock would as well, but before you answer, I will hear Mr. Brock's point of order.

**Mr. Larry Brock:** I'm asking that Ms. Khalid withdraw her derogatory comment that I provided a bullying question to this particular witness. I asked it in a very respectful manner. I pressed it, but that was not bullying.

The Chair: While I think this committee has conducted itself admirably today, I will hear from Ms. Khalid, and hopefully we can move on after that.

Ms. Khalid, you have the floor.

Ms. Igra Khalid: Thanks, Chair.

My comment about members opposite bullying witnesses was not specific to this witness but was about how I have watched and observed them behave towards all witnesses in this committee in general, so there's really nothing here to withdraw.

The Chair: Mr. Brock, why don't we move on? I think the committee is....

I'm going to start the clock here.

You have the floor. Go ahead, please.

**Ms. Donnalyn McClymont:** Mr. Chair, unfortunately, I will reiterate that we're not in a position to divulge information of a personal nature surrounding any compensation paid to an individual Governor in Council appointee.

**The Chair:** Let me pause the clock.

You have a minute and a half left, Mr. Brock. You can continue down this line or the committee can deal with this. We are going to committee business after the witnesses to propose steps for the committee to take.

To me your question is within the bounds. We can compel an answer. I would say go back to questions. It's your time, of course. You can act however you like. I'll turn things over. You have a minute and a half. Go ahead, please.

**Mr. Larry Brock:** Canadians want answers as to why the government saw fit to hire an anti-Semite and did not do any appropriate background checks. Canadians want to know how much taxpayer money went to this Mr. Dattani while he was on leave. He resigned in disgrace. Most people, when they resign, do not receive a severance package or a compensation package.

I understand that, in this case, the Government of Canada saw fit to offer him a compensation package. Canadians want to know how much, and I'll be asking the Privy Council Office to provide details on how much the compensation was and how much he received while on leave.

• (1150)

The Chair: You have 40 seconds.

**Mr. Larry Brock:** Will the witness provide me with that information?

**Ms. Donnalyn McClymont:** Mr. Chair, I will just continue to reiterate that I am not in a position to provide personal information. I would say, on the question on leave, that what was in the public domain—that the individual in question was on leave—would have been approved by the organization itself. That is really the utmost that I could offer, Mr. Chair.

**The Chair:** Go ahead briefly, Mr. Brock. The keyword is "brief", please.

**Mr. Larry Brock:** I will iterate the supremacy of Parliament and the supremacy of this committee, which trumps and outweighs any privacy concerns that you are articulating. We will be pushing for those figures.

Ms. Igra Khalid: I have a point of order, Chair.

The Chair: Thank you, Mr. Brock.

Go ahead, Ms. Khalid. I'd like you to cite the point.

**Ms. Iqra Khalid:** I absolutely will. This is with respect to your obligations as chair. The green book cites that:

The obligation of a witness to answer all questions put by the committee must be balanced against the role that public servants play in providing confidential advice to their Ministers. The role of the public servant has traditionally been viewed in relation to the implementation and administration of government policy, rather than the determination of what that policy should be.

I think, Chair, as I have said before, this line of questioning is absolutely against the convention within committee practice.

The Chair: Thank you, Ms. Khalid.

I have another point of order from Mr. Perkins.

You have the floor, sir.

Mr. Rick Perkins: It's on the same point of order, Mr. Chair.

The Chair: I realize that. I figured it was.

**Mr. Rick Perkins:** Members will know that the law clerk of the House of Commons recently wrote to the Speaker with regard to the House order for the production of documents and the House's demand that the law clerk be provided with all documents regarding SDTC, which would then be transferred to the RCMP.

In that letter, the law clerk made it very clear that the supremacy of Parliament on document production clearly means that no law of Parliament, including the Privacy Act and Access to Information Act, can override a demand of the House or of a committee for the production of documents—not the Privacy Act and not the Access to Information Act as PCO instructed in the case of the House.

That obviously will be the subject of debate when the House comes back, but I would point out that the government members are incorrect when they cite the references they do and ignore the fact that the supremacy of Parliament over the acts that Parliament passes exists. I can show you the law clerk's letter if you haven't read it, just so you're familiar with it.

The Chair: Thank you.

Why don't I make this easy? I will hear another point of order. You've actually made this easy for me as chair. You're both, in fact, right.

Ms. Khalid, officials—public servants, that is, witnesses—are not to be put in a position where they would violate that requirement. The committee here has asked some questions, but I have not compelled the witness to answer because I do understand that she is under a privacy obligation. We as a committee can ask for that information at a certain time should we decide to do that.

Mr. Perkins, you are also correct that this committee and Parliament have broad powers to call for documents should they choose to do so. I would—

**Ms. Jean Yip:** On a point of order, Chair, I'd just like to point out that it is in chapter 20 under "Committee Proceedings".

The Chair: Yes.

Again, I am not here asking the witnesses to violate that, Ms. Khalid. I am well versed in that. I understand the obligations thereunder to protect information. Having said that, the committee can, at a certain time, seek that information should it choose to do so.

Next is Mr. Weiler.

You have the floor for five minutes, please.

Mr. Patrick Weiler: Thank you, Chair.

I'd like to get back to the subject matter of the meeting today. It seems to me that the crux of the issue we're talking about today is that Ms. Verschuren decided to follow her own legal advice rather than turn to the Ethics Commissioner's office.

What are the consequences for appointees who do not follow the rules under the act?

Ms. Donnalyn McClymont: Mr. Chair, thank you for the question.

I think we've seen the results of that. The commissioner has investigated and found that she was in contravention of the act. I would say that in an extreme set of circumstances, if someone is found in contravention, it would be a breach, in our view, of the terms and conditions of employment. That could lead to action on the part of the GIC in the extreme termination of the appointee.

**(1155)** 

**Mr. Patrick Weiler:** Of course, Ms. Verschuren has resigned from her position. Do you believe there should be further consequences, or does this abide by the rules under the act?

**Ms. Donnalyn McClymont:** Mr. Chair, to the honourable member's question, she has resigned from the position, which I think is the ultimate separation from the Governor in Council. That's the extent of the action, I think, that would be taken on her part.

Mr. Patrick Weiler: Thank you.

Is it the responsibility of the appointee to abide by the rules under the act, or do you believe the Ethics Commissioner's office could have done more to ensure that Ms. Verschuren abided by the act?

**Ms. Donnalyn McClymont:** As I mentioned, it's quite clear in the context of the legislation and in terms of the advice we provide that the obligation is on the individual appointee to understand and to abide by the Conflict of Interest Act.

**Mr. Patrick Weiler:** I'll take a bit of a separate line here. In your opinion, what changes now that SDTC is transitioning to be under the NRC? Do you think it will mean increased oversight?

**Ms. Donnalyn McClymont:** I wouldn't want to give a view myself, but certainly the minister announced that through the contribution agreement there would be increased oversight of SDTC while the transition is taking place. As I mentioned, my colleague was here from the NRC. As I understand it, the intention is absolutely to make sure that they have the tools in place to administer the program and the funding and that the appropriate conflict of interest rules are respected in that context.

**Mr. Patrick Weiler:** An interim board has since been put in place to support the transition. Can you confirm to the committee that they are not in fact GIC appointees?

**Ms. Donnalyn McClymont:** Mr. Chair, they are Governor in Council appointees. The chair himself, Paul Boothe, who was here, is a retired former deputy minister in both provincial and federal governments. He has been and is currently a Governor in Council appointee. The other two appointees are Cassie Doyle, a former deputy minister of NRCan, and Marta Morgan, a former deputy minister of Global Affairs. Those three were appointed in June by the Governor in Council, having been approved by cabinet, and will serve as the interim board to support the transition.

Mr. Patrick Weiler: Thank you.

This is my last line of questioning here. Have you in your professional capacity since reflected upon the process of making GIC appointments? In particular, can you share if perhaps there have been discussions at your office to change or at least update the process in light of what we've learned so far about SDTC?

**Ms. Donnalyn McClymont:** Mr. Chair, I would say that we're constantly trying to improve the process and look at ways that we can strengthen not just the conflict of interest elements but all aspects of the process to make sure that individuals are as forthcoming as possible and that we understand the nature of their approach in terms of the substance, as well as how they are as managers and how they will best support the government's objectives.

I would note that this past year we've actually added and strengthened our forms, if you will, where we have a number of additional questions on our declaration form. That's been instituted since January of this past year, and one of them specifically asks about conflicts of interest. Certainly, I wouldn't attribute it entirely to this, but it definitely will give us pause to think about other things we could be doing to emphasize for individuals, when they've applied, the importance of understanding not just at appointment but throughout the life of their appointment their obligations under the act.

#### (1200)

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

[Translation]

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

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

Since I didn't have time to ask all my questions the last time I had the floor, I'm going to take the opportunity to ask them now.

Madam, you seem to have a somewhat simplistic view of the role of the Privy Council when you say that you act only in the case of appointments. Until proven otherwise, the Privy Council also acts to give clear mandates and responsibilities, especially when it comes to a program transfer like this one.

Why not talk more clearly about the mandate that the CIC will have with regard to sustainable development, for example? The Privy Council should be able to guarantee that.

[English]

Ms. Donnalyn McClymont: Mr. Chair, I would reiterate that we will certainly do our part, when it comes time to appoint members to the Canada innovation corporation, to make sure that they have a clear understanding of their roles and responsibilities as directors and as the chair for the organization in terms of administering the funding related to the SDTC funding, if you will, the clean-tech funding.

[Translation]

## Ms. Nathalie Sinclair-Desgagné: Okay.

Will that mandate be made public?

So far, there is no mention of sustainable development in anything that has been made public. I think it's very important that tax-payers know where their money is going. As a result, the CIC should be given a much more specific mandate.

Can you guarantee that?

[English]

**Ms. Donnalyn McClymont:** I would reiterate, Mr. Chair, that the legislation has been passed by the House for the Canada innovation corporation and that certainly when it comes time to make—

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** The mandate has yet to be defined. We can vote for the creation of the CIC and we can pass a budget for it, but the fact remains that the mandate has yet to be de-

fined. The launch is set for 2026. At the moment, the CIC's mandate is really not clear. It needs to be defined.

[English]

**Ms. Donnalyn McClymont:** Mr. Chair, I would reiterate that, as I understand it, legislation was passed by the House this past spring for the Canada innovation corporation and that a decision was taken that the SDTC funding, the clean-tech funding, would fit well within the mandate.

[Translation]

**Ms. Nathalie Sinclair-Desgagné:** Was it the Department of Innovation, Science and Economic Development that made all these decisions without the advice of the Privy Council?

[English]

**Ms. Donnalyn McClymont:** Mr. Chair, as an entity—and not just my group in appointments but the entire Privy Council Office, our colleagues in operations and machinery of government—we would have absolutely provided advice on the structure and the nature of the Canada innovation corporation.

[Translation]

The Chair: You have time for a very brief question, Ms. Sinclair-Desgagné.

**Ms.** Nathalie Sinclair-Desgagné: It is rather strange that you have not provided a lot of answers on the CIC's mandate, given that your office handles it. The committee invited the Privy Council to appear with the expectation that these questions would be answered. It's a shame.

The Chair: Thank you.

[English]

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

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

Thanks again, witnesses, for being present in our study in relation to SDTC today.

We have heard a lot of testimony in relation to the mechanisms that resulted in, largely, a very severe instance of continued conflict of interest by Ms. Verschuren and the ways in which that was allowed to continue. I think the Ethics Commissioner did a good job of pointing out the very large discrepancies between what he had witnessed, in terms of the lack of ability to maybe understand the rules and requirements under legislation, and, in fact, what had happened.

We heard today from our witnesses that these persons, when appointed, were well informed about the requirements under the act, about the necessary requirement for recusal and about the important piece of declaring conflict of interest prior to making decisions, but we're still left with a really large question as to why Ms. Verschuren did it.

From my perspective, it's largely either self-interest or ignorance. The claim today of ignorance was one I sought to investigate, and I got, I think, some more clarity as to how much information these applicants truly have in relationship to the work they're asked to do. However, the result was still this very terrible situation happening in which Ms. Verschuren was able to essentially not play by the rules and to get personal benefit. That shouldn't be allowed. That cannot be allowed as we continue.

How do we fix this? How does the process of appointment play a role in making certain this never happens again?

Ms. McClymont, that's a question I'd ask you to answer in terms of what you could do better, what the department could do better or what the Privy Council could do better to avoid these conflicts of interest after appointment.

I think your prior comments in relation to opportunities to further review their conflicts may be part of that process, and I would encourage that. I think the more ways we can encourage more checkins on conflict reviews, the better in this case, because we're dealing with hundreds of millions, if not billions, of dollars of taxpayer money. It requires the most severe level of oversight, and it requires, I think, a more proper investigation and review and a continued review of those persons after they're appointed, not just when they're appointed. You could almost call it a probationary period.

Would you comment on that, please, and on the need for real change in how we actually get these appointments done and when these appointments are reviewed?

(1205)

Ms. Donnalyn McClymont: Thank you for the question, Mr. Chair

I think the honourable member is bang on. It is important that people continue to understand their obligations over the course of their appointments.

As I've mentioned, we will continue to reflect on whether there is more we could do. As I said, we take a number of opportunities over the course of the selection and appointment process to make sure that people do understand their obligations. Clearly, in writing, we ask questions. Also, in some cases, as we had here, candidates are asked to speak to the commissioner pre-appointment.

I do feel that in this case the steps were followed. However, to the honourable member's point, it is important that people continue to live those requirements over the life of the appointment. That's something we can definitely try to work on, for those who are responsible, with, as I said, the Ethics Commissioner, the departments and ultimately the organizations.

I would say that in this case I do think the organization had robust processes in place, which they talked about when they appeared before you. It's just unfortunate, as the Ethics Commissioner pointed out, that they were not consistently followed.

The Chair: Thank you very much. That is your time, Mr. Desjarlais.

We will turn back to Mr. Perkins for five minutes.

Go ahead, please.

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

Thank you, witnesses.

I understand that PCO is sort of a cog in the wheel of this whole machine of a massive number of government appointments to make things work, so I appreciate what you're saying. However, it's really important that we understand it. I appreciate what MP Desjarlais said about how this is what we want to avoid in the future.

Something that strikes me as a person who has served on both Crown and private boards is that the best way to avoid what has happened in SDTC's case is to not appoint people with conflicts of interest. That's the starting point. It doesn't guarantee that in the future they won't abuse it, but appointing people with conflicts of interest seems to be at the root of this problem, because their view, ethically speaking, of what their roles are and how to take advantage of the public purse seems to be different from the views of those who do not have them.

That's obviously a statement, but I'd like to explore this a little more. When Minister Bains appeared before committee, this is what he said, and I think it meshes with the process you've outlined:

After receiving applications for an appointment, a selection panel that included the Privy Council Office [and the PMO], with supports from across the government, was struck. These panels conducted interviews and presented ministers with a short list of candidates.

We've talked a little bit about that, about how many were on that list. He continued:

As part of the process, ministers would speak to the prospective applicants before formally recommending them for an appointment. Finally, the minister would make a recommendation and the GIC would pass it.

For those watching, GIC is the process that goes from the minister to the cabinet for the final approval of the Governor in Council.

He has that right. Is that correct?

Ms. Donnalyn McClymont: That's correct, Chair.

Mr. Rick Perkins: Ultimately, the minister, Minister Bains in this case, made a recommendation knowing fully well of the conflict of interest of the chair and recommended that the cabinet.... I'm assuming that was disclosed to cabinet. The cabinet approved the idea that we should appoint a chair with a conflict of interest. That's how Ms. Verschuren ended up in the job.

That's correct—right?

**Ms. Donnalyn McClymont:** I would say, yes, Mr. Chair, that is correct. I would add one caveat: It would be our responsibility at the Privy Council Office to ensure that anyone who goes forward for appointment has cleared all of the requirements for the position, which would be a check on our part to make sure that they align with the legislative framework and that they have cleared a background and security check before appointment.

**●** (1210)

**Mr. Rick Perkins:** This is why we're spending so much time on the process of the committee itself, trying to understand.

Not naming names, but did anyone on that committee suggest that we shouldn't appoint somebody with this kind of conflict of interest, who was doing business with the green slush fund?

Ms. Donnalyn McClymont: Mr. Chair, I don't have records of anyone making that degree of comment. I would say, though, that we do have in our records, which would have been provided to the law clerk as part of the motion, that conflicts of interest were identified from some candidates. It is a matter of public record from the Ethics Commissioner that the Privy Council Office would have advised Ms. Verschuren, given that she identified potential conflicts, to have a discussion with the Ethics Commissioner before her appointment could be considered. As the commissioner has noted, that was done with the office.

Mr. Rick Perkins: Since we've spent so much time on this issue, and there seems to be a lot of vagueness around how many people were recommended, what the process was with the minister and whether or not there was an objection, would you be willing to table with this committee the minutes from those meetings with regard to this appointment as well as the letter, signed by PCO, to the minister with the names he was to go and vet?

**Ms. Donnalyn McClymont:** Mr. Chair, I would signal that we have already provided all of the relevant documents in question to the House as part of the motion.

I would clarify, to the previous question from honourable member Brock, that my colleagues have provided me with the information that the process for the chair yielded a total of six recommended candidates.

The Chair: Thank you for that. Mr. Rick Perkins: Thank you.

Mr. Chair, that was provided to the House but not to this committee, so I'd like to move a motion, if I could. I move:

That the committee order the production of the following documents:

 (a) the advice letter to the then-Minister of Innovation, Science and Industry regarding the 2019 appointment of the Sustainable Development Technology Canada Chair, as referenced by the witness today;

(b) the minutes of all meetings of the selection committee that considered that appointment; and

(c) all communications between Privy Council Office and then-Minister Bains, then-Minister Bains' office, the Prime Minister's Office, and the Department of Industry, respecting the appointment of Ms. Verschuren as Chair of Sustainable Development Technology Canada,

and that these documents be deposited with the clerk of the committee within seven days of the adoption of this motion.

The Chair: Thank you, Mr. Perkins. Is there any chance you have it—

Mr. Rick Perkins: We have it translated.

**The Chair:** Okay. Would you send it to the clerk right away, then? The clerk will then verify it and send it out to the members for consideration.

That will take a few seconds, so let me turn to the witnesses.

Did you catch everything that was requested by Mr. Perkins? Was that all tabled with the House, as far as you know?

Ms. Donnalyn McClymont: I'm just consulting my expert, Rima.

I'm pretty confident that it was. Definitely the advice letter in a redacted form was provided, as was anything we would have had on the process.

I would mention to the committee that some documents are transitory and we don't keep them. On this reference to minutes, we don't keep minutes, per se.

I'm pretty sure we've provided most of these documents.

**The Chair:** Okay. I'm therefore hoping that we can dispense with this quickly. The documents appear to be in the parliamentary precinct, and it might not be too onerous a piece for it to be provided.

I believe there's an interjection from Ms. Khalid.

Again, we are working to get the motion sent out. I'm just trying to weave through this.

Go ahead, please, Ms. Khalid.

**Ms. Iqra Khalid:** Mr. Chair, I'm just wondering something, and please pardon my ignorance.

If the documents are already in the House, don't all members have access to them? Can we get access through the House instead of delaying through witnesses, perhaps?

**The Chair:** That might very well be the case. Unfortunately, I'm not in a position to go that route. It's a question for Mr. Perkins. Mr. Perkins has put forward his motion, though, and I am seized by it for the moment.

Mr. Perkins, you have the floor, and the clerk is still working to get your motion out to all members for consideration. We'll turn to that after.

Go ahead, please.

**•** (1215)

Mr. Rick Perkins: It's an excellent question. What I've seen to date so far in the letter to the law clerk that the law clerk has sent out are the cover letters from the various organizations, but the details have not been circulated about what's in any of the documents.

I agree that if they've already been provided, then it should be no difficulty to provide them directly to this committee without some sort of duplication.

The Chair: Thank you.

I'll notify you, members, that the motion has been sent out to you all. We will now turn to that, should there be any debate.

Is that a signal, Ms. Khalid?

Yes, Ms. Khalid has the floor. Then I see Ms. Yip, and then we will....

If I could.... Just hold on, everyone. For the witnesses, there is still one more round of questions. You're welcome to take a few minutes, if you'd like, to stretch your legs, walk down the hall or anything, but hold on for a few seconds because maybe we will get through this quickly or maybe not. Just hold on a few more seconds, and then I'll let you take that stretch.

Go ahead, Ms. Khalid.

**Ms. Iqra Khalid:** As per yesterday, I will ask for your indulgence again today. Well, it wasn't yesterday. I guess it was two days ago. I'd ask that you let us finish our round of questions before going into debate on this motion. I don't want to keep our public officials waiting as we debate this.

The Chair: Sure.

Could I have a gentlewoman to gentleman's agreement that you will not be calling to suspend the meeting during your five minutes?

**Ms. Iqra Khalid:** I won't suspend unless you need to go to the bathroom, Mr. Chair.

The Chair: No, I'm sorry; I meant adjourn the meeting.

Ms. Igra Khalid: Oh, no, absolutely not.

The Chair: Okay, that's very good, so we have an agreement then.

I'm going to seek consent. I need to seek consent.

Is there an agreement to have Ms. Khalid's five minutes of questioning the witnesses, at which point the witnesses will be excused, and then we'll turn back to Mr. Perkins' motion? Is there agreement?

Some hon. members: Agreed.

**The Chair:** I see no opposition, so Ms. Khalid, you have the floor for five minutes, please.

I'll turn the floor over to you.

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

I really appreciate that in many instances we can work in a collaborative fashion to make sure we're able to get to the bottom of where we need to get to.

Ms. McClymont, can I confirm one thing with you? I know that members of the opposition have said this multiple times, referring to the PCO as the PMO. Are they the same entity?

**Ms. Donnalyn McClymont:** Mr. Chair, to clarify, as I mentioned, the Privy Council Office is the bureaucratic arm that supports the Prime Minister as his department, and the Prime Minister's Office is his direct political ministerial staff who support him directly. Therefore, no, we are separate and distinct. It is not a dissimilar kind of construct to a minister's office in supporting a department, if that helps.

**Ms. Iqra Khalid:** Thank you very much. I just wanted to clarify that for the record.

Now, I know that we've had a lot of conversations today about what it means to have conflict of interest in our public institutions within the roles that people of influence hold in terms of how they

conduct business and with regard to that public perception of what our democracy is and what the value of those public institutions is. As the same token as we've heard of Ms. Verschuren.... For example, the Leader of the Opposition, when he invested in Bitcoin and then used his position for it to become a more powerful currency or of greater value.... It's something that sounds like a conflict of interest or, at the very least, an attempt to influence the market for his own personal gain.

Now, using that as an example and using the case before us with SDTC as an example, do you think that the conflict of interest rules are too tight, or are they too broad? Do we need to go into what it means, what a conflict of interest is in this day and age?

**Ms. Donnalyn McClymont:** I guess I would answer that by saying that we have over 2,000 Governor in Council appointees who live and abide by these rules every single day. As far as I can tell, it functions well, generally. I think we've struck quite a good balance in the current climate of having rules that protect taxpayers and still being able to attract some of the best and brightest in the country to serve the country in full-time and part-time roles across government institutions.

Ms. Igra Khalid: Thank you for that.

I just want to dig a little bit deeper on this. You were talking earlier about the public interest and about engaging and attracting good talent to the public service, to come and do the hard work that Canadians expect them to. How does the continued diminishing of public institutions and trust in public institutions, through the various roles of social media or the lines of questioning the opposition goes into, diminish the role that organizations like this play in not only building public trust but also doing the important work that these organizations are tasked to do?

**●** (1220)

**Ms. Donnalyn McClymont:** Thank you for the question, Mr. Chair.

I would say that it's tough. We know first-hand, anecdotally, that some people who would be perfect for roles are dissuaded because they are concerned about the public profile. It can be a challenge. It can cast a pall, as I said, from the outset.

That said, though, I think we also have tens of thousands of people who have applied through our portal who want to serve and who do a good job of serving. As I said, if one thing that could happen from this conversation today would be that we got more people applying, I would feel that this was a success.

Ms. Iqra Khalid: Thank you very much.

Again, I really appreciate your service to our country. Thank you for being here today and for having this conversation with us.

The Chair: Thank you very much.

Thank you for coming in this morning. I do appreciate your will-ingness to appear before the committee and to answer the questions as best you could. If there's any outstanding information to be provided, you can do so through the clerk. I appreciate the answer you provided to Mr. Brock with respect to the number of individuals that were considered, that being six.

You are both now excused.

Turning to the matter at hand, Mr. Perkins has the floor for his-

Ms. Jean Yip: Chair, could we suspend?

The Chair: Let me just hear a few rounds. I want to hear a few comments, unless Mr. Perkins would like to—

Mr. Rick Perkins: Let's have a personal break.

The Chair: All right.

We'll take five minutes only. We still have committee business, and I don't know how long it will take.

• (1220) (Pause)

• (1230)

The Chair: I'm going to bring this meeting back to order, albeit....

I'm told there will be some speakers to this, so I think we'll begin right away.

Mr. Perkins, you have the floor, please. It's over to you.

**Mr. Rick Perkins:** I was hoping MP Khalid would be here, because I know my words will sway her.

However, in her absence, the purpose of this motion is.... Obviously, we've had new information, but there's also a lot of fog around that new information and how it came to be that an individual with a declared conflict of about \$12 million of business with SDTC, the green slush fund, got through the appointments process with a great deal of speed and acceptance, was ultimately approved, and ended up, based on the information provided by the Auditor General subsequent to her report, with stated conflicts and about \$35 million for projects handed out to companies that the chair had a conflict of interest with. There were nine directors who had a conflict of interest. In 82% of all the projects the Auditor General sampled, the directors had a conflict of interest.

To me, that's not representative of the green technology business; that's representative of a culture of entitlement and a culture of conflict. In fact, one director, Guy Ouimet, got enthusiastic about it and ended up having tens of millions of dollars for projects he had a conflict of interest on. They were brought back and approved by the fund, for which he was a board member. He was a government appointee. He admitted to the industry committee that he actually stayed in the room and voted for one of the projects himself, which was for \$4 million to go to a company he had a financial interest in.

This process of how these continued appointments of people.... As MP Cooper said, it appeared that one of the qualifications—it's all I can see—required for being appointed to this board is to have a conflict. It's not that you don't have one, but that you do.

We need to see the "sausage making" behind this decision. Minister Bains, when he appeared, said he's responsible for appointments, but when the appointments came around and the performance of the appointments came around, he pointed to the PCO nine times in his testimony as the people who crafted the list, not him, although he admitted that he called some of them.

We've heard some interesting information today. It appears that the letter that was signed by the PCO and went to Minister Bains contained six names. Now, that's interesting, because the former president of the Liberal green slush fund, Leah Lawrence, said in her testimony that Minister Bains's office and the ADM who sat on the board from the industry department, ADM Noseworthy, told her to search for only two names.

We have this testimony that says the minister has the ability to pick off that list and vet them but tells the president to go after only two of the six we now know were presented. We also know from the testimony of the president that when she checked out the two, one of them said, "I have a conflict, so it's inappropriate for me," and the other said, "I have a conflict, but it is appropriate for me." That's the one who went forward, over the objections of the CEO, and whom Minister Bains recommended to cabinet.

Today, we've had PCO officials saying cabinet would know that people who are being appointed have a conflict of interest before they appoint them, yet they did it anyway. We ended up with this situation whereby \$390 million, because of these Liberal appointments, went inappropriately outside of the terms of their funding by Parliament. In most of the cases—\$330 million—it went to companies they had an interest in.

The only way we can get to the bottom, or at least to the next layer, of the intrigue of how taxpayer money was so abused is to actually get the documents my motion has asked for.

• (1235)

Just to be clear about what is in my motion, we're talking about the advice letter, the one that the PCO signs, from a committee that includes departmental officials and the Prime Minister's Office. They signed off on six names that went to the then industry minister. Minister Bains.

By the way, he was responsible for reducing cellphone bills. Ironically, he now works for Rogers, the most expensive cellphone company in the world.

He decided, clearly, through whatever vetting process he admitted in committee to having done, that out of that list, he wanted only two. He wanted only two conflicted people to be considered and vetted by the president. He then chose the one who was left standing when the other one withdrew. He didn't go back to the other four who were on the list that the PCO gave him.

Somebody—in his testimony he said that others were telling him to do this—told him that the one they wanted was Annette Verschuren. We have this massive PMO appointments secretariat that every appointment goes through. All the MPs here know this. All the Liberal staffers here know this. People like me, who have served in staff member roles in government, know the role played by PMO appointments. No appointment gets made without the vetting and approval of PMO appointments. The senior person in PMO appointments was referenced by PCO. In some cases, it's the Prime Minister who ultimately reviews that list to make sure that he himself is comfortable with it.

We have a clear line of responsibility for a chair who was handpicked by the Prime Minister—his office—out of a list recommended by PCO, of somebody who, according to the Ethics Commissioner's report, says she was approached to be the chair. She didn't apply. According to the Ethics Commissioner's report, she was approached.

Now, she may have applied after the minister's office phoned her. She may have said, "Okay, I'll send my paperwork in through the site, meeting the technical requirements of this clear, open and transparent process." However, at the end of the day, in the Ethics Commissioner's interview with her, she said it was the minister's office that approached her to be chair. That was the first time she had heard of it.

We have a lot of obfuscation and fudging going on. We have a lot of trying to bury the facts going on. I understand why they want to bury the facts, when \$390 million of taxpayer money went missing. That is, to put it in perspective, almost 10 times more than the sponsorship scandal under the Liberal Chrétien government. That was \$42 million. There was a public inquiry, and people went to jail as a result of that \$42 million. The CFO from the industry department said that this was a bigger scandal than that, which is clear, yet government members are trying to downplay it: This is just the way business is. It's okay to appoint people with conflicts, and do you know what? They got out of the room.

Here's how it worked. Michael, Larry and I are on the SDTC board. Guess what happens? They disclose by testimony, by written testimony and verbal testimony, and by the Ethics Commissioner's report, at the beginning of the meeting that Michael, my fellow board member, has a conflict on this one, so he may or may not leave the room.

Michael chooses to leave the room. He goes out. Miraculously, when Michael comes back, the project that he has a conflict on gets approved.

Oh, look—Larry voted for Michael's project. Now Larry has a conflict, because it was declared at the beginning. Larry, out of the room.

Larry goes out of the room. Michael comes back in, and Michael and I approve Larry's project. Congratulations, Larry.

For 186 of the 226 projects that the Auditor General reviewed, 82%, these board members were conflicted. They didn't represent 82% of the green technology business, but they were using the board to further their own interests.

• (1240)

We need the minutes, the letter and the communications in order to clarify how this mess happened. I would urge all members, including government members—who I know believe in transparency, who I know are not happy with the fact that \$390 million has been identified as conflicted, who I know want to get to the bottom of it and to the truth—to support this motion.

The Chair: Thank you very much.

Ms. Yip, I see that you wish to speak. You have the floor, please.

Ms. Jean Yip: Thank you, Mr. Chair.

Our witnesses have already confirmed that these documents have been submitted to the House, so I don't see the need to duplicate the work here. In fact, I can even read the motion that shows that it's already been put forth.

Pursuant to Standing Order 81(16), the House proceeded to the putting of the question on the main motion, as amended, of Mr. Scheer (Regina—Qu'Appelle), seconded by Mr. Perkins (South Shore—St. Margarets), "That the House order the government, Sustainable Development Technology Canada (SDTC) and the Auditor General of Canada each...."

Oh, I'm sorry. I think I have the wrong motion here.

**The Chair:** Mr. Perkins thinks you have the right motion.

Ms. Yip, would you like me to come back to you? I can put you on the list.

**Ms. Jean Yip:** Yes, put me back on the list. I'm sorry. I thought I had the right....

The Chair: That's okay.

I'll go to Mr. Cooper. Then it's Ms. Khalid's spot, and she might want to yield to you. If not, you'll come after her. Is that okay, Ms. Yip?

Ms. Jean Yip: Yeah, that's fine. I'm sorry.

The Chair: No problem.

Mr. Cooper, you have the floor.

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

I want to speak in strong support of this motion, which is imperative in getting to the bottom of how Annette Verschuren was appointed chair of SDTC—notwithstanding the fact that her companies had received \$20 million dollars in funding, putting her in multiple conflicts of interest—and how it is that the first time in the history of SDTC that a chair was appointed, the Liberals decided to appoint an individual who had multiple conflicts.

What followed her appointment by the Liberals, by Minister Bains, was a corrupt racket in which taxpayers got ripped off as Liberal insiders got rich. That has been confirmed by the findings of the Auditor General, who found that \$390 million of taxpayer money improperly went out the door, including 330 million taxpayer dollars that were funnelled into the pockets, or at least into the companies, of board members. The Auditor General identified 186 conflicts of interest. That is the result of Minister Bains's decision to appoint Annette Verschuren.

What we saw in multiple hearings, including those in which former minister Bains came in, obfuscated and refused to take responsibility, was a whole lot of smoke and mirrors. No one wants to take responsibility for the decision, even though we know that ultimately it was a decision made by Minister Bains. When he came to this committee, he said his responsibility as minister was to make appointments, but then when he was pressed about the appointment of Verschuren, he said, oh, well, it really wasn't my decision; there was a process. It was an open, transparent and merit-based process. It was led by PCO, and essentially PCO made the decision, and he had to live with it.

He didn't expressly state that, but that is in essence what his answers were when I repeatedly asked him if he accepted responsibility for the appointment of Verschuren. Not once did he acknowledge that the buck stopped with him, that it was his decision. He didn't take responsibility.

What's worse is that Minister Bains left this committee with the impression that he had two names: Verschuren and one other individual, who then withdrew. He left this committee with the impression, and he certainly didn't clarify the record, that the process was the process and he was respecting the process—nothing more than that. We now know that wasn't true. We know today that Minister Bains had six names that were provided in the advice letter from PCO. What happened to the other names?

## • (1245)

It appears that they weren't considered, and that Minister Bains and the PMO were determined to appoint Verschuren. Why else is it that former CEO Leah Lawrence was specifically instructed by Minister Bains to talk to Verschuren, but she wasn't asked to talk to anyone else? Why? Why wasn't she asked to talk to the other four individuals? One withdrew because they had a conflict. What happened to the other four names?

Why was Leah Lawrence left with the impression that there were only two names, one of whom had withdrawn? Why did Minister Bains specifically identify Verschuren?

Again, I underscore that someone had conflicts of interest. To her credit—and I'll give her very limited credit—at least she identified that she had conflicts, but the minister evidently didn't give a damn

about those conflicts. We now have what we have, which is \$390 million of taxpayers' money that has essentially been misallocated, misappropriated and funnelled into the companies of a bunch of Liberal insiders. It makes the sponsorship scandal look small in comparison.

To that end, we need to get the letter; we need to get the minutes and we need to get the communications. We need to get to the bottom of what the hell was going on with the minister and with the PMO that led to the appointment of Verschuren. By the way, the documents produced by the government in response to the June order, to go back to the point that was raised by Ms. Yip, have not been tabled in the House; nor are they public.

Frankly, that was by deliberate design. First, it was to avoid the need for translation and all the delays that come with that. Second, it was to minimize any reasonable arguments the government might make to justify the redactions. Third, it was to be consistent with our motivations that the motion was about getting the information to the Mounties.

Where Ms. Yip was going, with the greatest of respect, is just not correct. It's not accurate, and it underscores why this motion needs to pass and why we need to get these documents, these communications, to this committee as expeditiously as possible. It's so that we can continue to probe to get to the bottom of how Canadian taxpayers got ripped off to the tune of \$390 million and how Liberal insiders appointed by Navdeep Bains got rich.

## • (1250)

The Chair: Thank you.

Ms. Yip, Ms. Khalid yields to you. You have the floor.

Ms. Jean Yip: Thank you, Chair, for giving me the opportunity to speak again.

I just want to reiterate once again that our witnesses have confirmed that these documents have been submitted to the House. As I said before, there's no need to waste time and duplicate work here. We're all going to have access to these documents, given that they have been deposited with the law clerk and parliamentary counsel.

I'll just continue where—

The Chair: Pardon me, Ms. Yip. Ms. Khalid has a point of order.

**Ms. Iqra Khalid:** Mr. Chair, I want to raise this. We have been here for many, many hours this week, and I have listened very respectfully to the points raised by my opposition colleagues. I am quite appalled by Mr. Cooper's saying, "Blah, blah, blah," to what Ms. Yip has—

The Chair: Hold on, Ms. Khalid.

Ms. Iqra Khalid: No, Chair. I'm going to raise this.

Mr. Michael Cooper: On a point of order, I didn't say that.

The Chair: Hold on. All right, quiet all around. This is not—

Ms. Iqra Khalid: I heard you from across the room. I heard you from across the room.

**Mr. Michael Cooper:** I said, "Wrong, wrong, wrong." She's wrong. This is based on the submission I made.

The Chair: Mr. Cooper, Ms. Khalid-

Okay, Mr. Cooper, this is not a point of order.

Ms. Khalid, you are the next speaker. You'll be able to address this in due course, and Mr. Cooper, I'm sure, will have a response at that point.

Ms. Yip, you have the floor again.

Ms. Jean Yip: Thank you.

I will continue to make sure that this is heard correctly:

- (a) all files, documents, briefing notes, memoranda, e-mails or any other correspondence exchanged among government officials regarding SDTC;
- (b) contribution and funding agreements to which SDTC is a party;
- (c) records detailing financial information of companies in which past or present directors or officers of SDTC had ownership, management or other financial interests;
- (d) SDTC conflict of interest declarations;
- (e) minutes of SDTC's Board of Directors and Project Review Committee;
- (f) all briefing notes, memoranda, e-mails or other correspondence exchanged between SDTC directors and SDTC management; and
- (g) in the case of the Auditor General of Canada, any other document, not described in paragraphs (a) to (f), upon which she relied in preparing her Report 6—Sustainable Development Technology Canada, which was laid upon the table on Tuesday, June 4, 2024;

provided that

- (h) the Law Clerk and Parliamentary Counsel shall promptly thereafter notify the Speaker whether each entity produced documents as ordered, and the Speaker, in turn, shall forthwith inform the House of the notice of the Law Clerk and Parliamentary Counsel but, if the House stands adjourned, the Speaker shall lay the notice upon the table pursuant to Standing Order 32(1); and
- (i) the Law Clerk and Parliamentary Counsel shall provide forthwith with any documents received by him, pursuant to this order, to the Royal Canadian Mounted Police.

I feel that we have wasted enough time, and we should move on and not duplicate the work.

Thank you.

• (1255)

The Chair: Thank you.

Ms. Khalid, you have the floor. Go ahead, please.

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

As I was saying earlier, you know, we have spent a significant amount of time going over, reviewing with a fine-tooth comb—as we should, as is the role of the public accounts committee—reviewing and ensuring that the taxpayer dollars are spent effectively, that there is effective oversight. We do that by reviewing the reports of the Auditor General. We do that by having the Auditor General here before us in committee to ask questions on her recommendations. We do that by raising awareness of any issues and challenges and any discrepancies in process. SDTC has been one of those files.

I agree a hundred per cent with what Mr. Perkins has said with respect to the fact that every single member on this committee, regardless of which side of the aisle we sit on, cares about how public dollars are spent, about oversight and about the responsibilities of our committee and how we conduct ourselves.

Every single member on this committee has a viewpoint, has an angle from which we perceive what is going on here with our own lived realities and with the realities of what is going on in our constituencies.

I just want to get this off my chest before I go into the specifics of the motion before us.

Things do get heated, of course, but I want to remind members that we're all on the same committee here. We all have the same objectives here with respect to what we're trying to achieve. That doesn't mean we should be disrespecting members on this committee. That does not mean we should be disrespecting the witnesses who come before us. I think we all have the ability to conduct ourselves in a professional manner, to ask the questions that are necessary and to find ways to improve efficiencies for the issues that we are dealing with.

That issue...and I'll remind all members in this committee and anybody who is watching that the ultimate objective of the role of the public accounts committee is to ensure that taxpayer dollars are spent effectively and efficiently, that rules are followed and that the Auditor General's reports are implemented with the will of this committee.

It really troubles me, Mr. Chair, when I hear members mocking others who are not in the room but are here virtually, making a mockery of what they're saying, because I think every single person's viewpoint matters on this committee, including Mr. Cooper's, including Mr. Brock's, including Mr. Perkins's, including Madame Sinclair-Desgagné's and Mr. Desjarlais's, and including yours, Mr. Chair. I give a lot of respect and creed to that, and I think that we should all have some respect for what we all have to say on this committee because I think, ultimately, we are all coming from a good place.

That kind of leads me into this motion and where we are going from here.

Now, we heard from witnesses many, many times that the issues that are addressed in this motion or the production or the documents that are requested have already been tabled in the House, so I'm not sure why we need to duplicate the work of what has already been done unless we're looking for clicks, unless we're trying to.... I, honest to God, can't even begin to fathom why we would want to duplicate the work that all parliamentarians at the House of Commons have already conducted.

It's interesting where we're going from here. I would have preferred to go on to committee business and discuss a very important motion that has been presented by Mr. Perkins.

**•** (1300)

Chair, I think perhaps I can make a small amendment to this motion that would improve efficiency in how we're conducting ourselves as a committee with respect to the production of documents. I would put forward an amendment to strike "(b) the minutes of all meetings of the selection committee that considered the appointment". The reason is that, as we heard from the PCO officials themselves, these meeting minutes don't exist. I mean, it's odd that we'd request something that officials just indicated do not exist. I think the PCO officials were on the record as saying that. Unfortunately, it's pretty clear that the CPC, the Conservatives, drafted this amendment well in advance and that the witness testimony was a prelude to this motion rather than actually for listening to what the witnesses had to say—taking that and owning it, learning from it and moving beyond it. I would really appreciate our acknowledging that a lot of the documents that have been stated in this motion have already been deposited with the law clerk.

That is my amendment, Chair. Again, I would like to strike (b), which states, "the minutes of all meetings of the selection committee that considered the appointment". That's the only intervention I have so far, but I would like to be put on the bottom of the list.

The Chair: Thank you.

Mr. Desjarlais, you are at the top of the list to speak to the motion. There's an amendment to strike (b). I have Mr. Perkins ready to speak to it, since it's his motion. Do you want to speak to the amendment to the motion, or would you like to just stay at the top of the list so that we can get back to this matter? The floor is yours, if you want it.

**Mr. Blake Desjarlais:** I'd be happy to have Mr. Perkins respond, if it brings clarity, but after that I'd like to speak to the main motion.

**The Chair:** Yes. There are no other hands, so that can happen.

Mr. Perkins, you have the floor.

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

I appreciate that, but for the record, although we don't have the minutes of this committee meeting yet, my recollection of the answer to my question about the PCO and whether anyone in the room objected to her appointment because of the conflict of interest, is that the officials actually said they went back and checked the record, i.e., the minutes, and the minutes don't reflect that detail of the conversation. She did not say there weren't minutes; there are minutes—

Ms. Iqra Khalid: I didn't hear that.

**Mr. Rick Perkins:** That's what she said. She said they didn't keep minutes of whether or not somebody objected. There are minutes. There are records of the meetings.

Ms. Iqra Khalid: I apologize for interrupting.

Mr. Rick Perkins: That's okay.

My only response is that I think part of understanding the process is understanding what the minutes reflect in the decision-making process and the discussion that happened around the replacement of Jim Balsillie as the chair with a new chair on fairly short notice. As I said earlier, we've had a lot of conversation around this. Was it 10? Was it less than 10? Was it six? Was it two? We need the minutes, combined with the letter, combined with the other testimony, to get to the bottom of it. Personally, I think we need all three.

With regard to the tabling in the House, as MP Cooper said, just for the record, those documents have not been tabled with the House. They are in the process. Many of them have been redacted, contrary to the House order. There will be issues about that when the House comes back. To say that these documents are available now...

I would love the clerk to call the law clerk and ask for these documents, so that they could share them with the committee. I'm pretty certain I know what the law clerk would say: I don't have those documents, as you asked for, unredacted. He may not even have the documents at all. I do know, in the response from SDTC, that they're still in the process of providing the law clerk with documents. They have not provided the clerk with all of the documents. The PCO gave guidance to redact, contrary to the House order. I suspect that the PCO have redacted their own documents that they've given to the House, which won't tell us what it is that we're looking for. These are unredacted documents that we're looking for here, to ensure that we understand where the truth lies in this sordid tale.

• (1305)

The Chair: Thank you.

I have Mr. Desjarlais and then Ms. Khalid.

Mr. Desjarlais, you have the floor.

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

I want to thank my colleagues for this discussion.

Mr. Perkins, thanks for your clarification. That was part of my questioning as well in response to the motion. I do know that we just heard from one of the witnesses that some of these documents were made available, but according to your explanation there are still some outstanding questions, and I think it is incumbent on our committee to try to answer as many questions of members as possible. Should any of the members' questions be answered, including mine, by way of this production of documents, I'd be happy to support that.

To the argument of Ms. Khalid regarding the striking of or amendment to (b), if in fact there are no documents to produce within the motion as originally stated, there will be no documents to review. If, however, we sustain (b), keep (b) in there, and there are one or two documents to reveal the facts related to Mr. Perkins' question as to who was in the room and whether or not they left and so on, those kinds of details, I think, are important, so for those purposes, I do agree with their original motion unamended, and I think it serves both points, including the points made by way of the amendment presented by Ms. Khalid.

I really think we should, if we can, get to a vote on this. I think it would be a regular vote. It's uncontroversial in the sense that, at the very basic level and foundation of all of our work, our job is to make sure that we have all the evidence we possibly can for the purpose of our study. Mr. Perkins' motion serves that end, and to that I agree. I'm happy to go to a vote if, Chair, you see that as being important at this time.

The Chair: Thank you, Mr. Desjarlais.

Before that, Ms. Khalid has the floor.

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

I want to correct the record. The PCO officials said the minutes were transitory records and wouldn't exist at this point, so that's why they haven't been provided to the House.

I want to go back to my point and say that if we know and have been told that something does not exist, what's the point of asking for it? Are we trying to make a political statement, or are we trying to fix an issue we have identified here? What would be the purpose of getting these records? I'm still trying to figure this out.

We've had a lot of meetings on this. To Mr. Desjarlais's point, he wants to get back to our study. Well, what's the purpose of this study at this point? We have brought so many broad-ranging issues into this that I think it's not just me but a lot of members on this committee who have lost focus of why we're doing what we're doing here.

The original point, I will reiterate, is for us to make sure that taxpayer dollars are being used effectively and efficiently for Canadians. If that's not happening, how do we make sure it happens?

We're looking at SDTC to figure out what has happened. We know that as soon as the minister realized there was wrongdoing, he took action right away. We are continuing down this path to ensure that this doesn't happen again.

In fact, I'm looking forward to debating Mr. Perkins' motion on the next steps, which we'll hopefully do before time runs out in this committee. There's the production of documents that are already available in the House to all members. They will be, Mr. Perkins. Knowing that those documents don't exist, asking for further documents with informal meeting minutes, which we know don't exist and the PCO officials have confirmed don't exist.... I'm really not sure how that helps us further this study at all.

I hope members will support my amendment to strike what is blatantly obvious and what we've already been told by PCO officials. These transient minutes, scribbles on a notebook or whatever they may be, do not exist, so why are we asking for them, other than...? I don't know what kind of political advantage anybody would be able to gain from them.

Again, I would encourage members to say, look, let's be efficient. Let's focus on what is important here. Let's ensure that we're trying to find positive solutions to what needs to be done, which is making sure that public dollars are used efficiently and effectively, and where there are issues, challenges or wrongdoing, they are corrected immediately and efficiently.

Is this going to get us to do that? No. Therefore, to my point, I would again tell members this amendment is necessary for efficiency, to make sure that we're not going down rabbit holes that take us away from the main focus of this study, which is improving efficiency and transparency within the SDTC and within government institutions.

I will park my comments there.

I'm not sure who is speaking next.

Thanks, Chair.

## **•** (1310)

The Chair: Thank you. I have a list.

Mr. Desjarlais, I see your hand went up first. You have the floor.

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

I'd just like to respond to the amendment proposed by Ms. Khalid. In (b), I understand that the issue is related to the potential that no documents could be produced, given the witnesses' comments about the transitory nature of minutes. It's my understanding that at the very least, given the transitory file policy within the Government of Canada, some minutes will be made available. Depending on the particular type of document, it could exist for up to seven years.

It's not as though it was two months or one month. Some documents, depending on the nature of their information, although being declared transitory, might have a longer transitory policy period—up to seven years—and then might not be destroyed. I think that would be the other interpretation of what the witness said. They might be destroyed, yes. That is in fact a true statement, but they also might not be.

I often bring up the scoping purposes of a motion in these committees, and I always endeavour to ensure that we have the greatest scope when it comes to the secondment of documents, but that's towards a very narrow end. If that narrow end is to ensure that we get all pertinent information related to how conflicts of interest, particularly the appointment process, take place and if members have outstanding questions, I do believe it is good that they be included within the original motion.

I just want to speak to the comment on whether or not they may exist with respect to the nature of transitory files. For that reason, I think the motion, unamended, is a good motion. If there are no documents related to section (b), then there will be no documents supplied.

I think that's as simple as I can make it, Chair.

Thank you.

The Chair: Thank you very much.

Ms. Bradford, you have the floor.

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

There's no question that this matter before us regarding SDTC is important to all of us. It's important to the public accounts committee and all the members here, regardless of our political persuasion. We do want to understand what went wrong in order to make sure this doesn't happen again.

The whole point of our study is to review the AG's report on this matter, which identified problems, which we're delving into.

However, having said that, I must also say that, with all due respect to Mr. Perkins, I'm perplexed about the necessity or relevance of this additional motion. I don't really understand why we're asking for things that have already been provided to the House, which all parliamentarians will have access to, plus other documents that we've been told don't exist. Neither one of those parts of the motion seems to accomplish or add anything additional or further to advance our discussion and study of this topic.

That's my particular feeling on the matter, and I just don't really see....

I think the seriousness and the importance of this study were clearly demonstrated by this committee in the motion we passed just the day before yesterday, in which we agreed to bring 30 additional witnesses before this committee, who will probably have some new, important information to add. We will be able to hear their perspective on what happened and how they were involved.

I think that clearly demonstrates that we at this committee—or certainly on our side of the House, and I think on all sides—take this very, very seriously, and I think that's a relevant exercise and a good use of our time.

However, these committee meetings are expensive, and I just don't see why we spend so much time debating motions that aren't really going to advance the discussion in the study. They're dealing with documents that, we've been told, either don't exist or have previously been provided to the House.

Thank you.

• (1315)

The Chair: Thank you.

[Translation]

Next up to speak is Ms. Sinclair-Desgagné.

Ms. Sinclair-Desgagné, you have the floor.

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

I haven't discussed the motion yet, and I know we're discussing the amendment right now.

Surprisingly, I agree with Mr. Desjarlais. I think the original motion makes more sense and that these documents could help answer the legitimate questions we've raised.

I would also like us to move to a vote as quickly as possible to avoid delays.

[English]

The Chair: Thank you very much.

We will call the vote on the amendment to the motion. Voting yes signals that members would like to strike part (b) in the motion. Voting no signals that members would like to keep the motion as it was presented by MP Perkins.

(Amendment negatived: nays 6; yeas 5 [See Minutes of Proceedings])

**The Chair:** The amendment is defeated. I'm going back to the list now, and next is Mr. Desjarlais.

However, before we turn to Mr. Desjarlais, I will ask Madame Sinclair-Desgagné whether she wishes to speak to the motion.

No? All right.

Mr. Desjarlais, you have the floor. Because I know there are many caucuses meeting next week, I am requesting extra time for this afternoon to get through this and the business at hand.

Mr. Desjarlais, you have the floor to speak to the motion as tabled by Mr. Perkins in its entirety.

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

Of course, it's not always my preference when we dispute on matters of document or evidence secondment, particularly in this case. I do note the concerns of my Liberal colleagues. I also hope that we can all see that this is an order for the production of information. It is relevant to our study. Information is important. It is our job to get more evidence in this kind of committee to best inform what will be a report related to the very serious nature of SDTC. I hope we can process this in an orderly and quick fashion and get on to some other business of the day.

I'd ask for my colleagues' support in attempting to get this to a

The Chair: Thank you, Mr. Desjarlais.

I have Ms. Yip speaking next.

You have the floor, Ms. Yip.

Ms. Jean Yip: Thank you.

I'd like to move an amendment to replace the "seven days" with three weeks, because seven days is a short amount of time. The regular process for production is a minimum of three weeks across all committees. I don't think it's quite fair for members to request these documents in such a short time span. The standard of three weeks really should be respected to ensure that nothing is missed, that translation is adequately conducted and that the committee stands by its precedent on this.

• (1320)

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

I have an amendment to the motion to change the time from seven to 21 days. Those are calendar days.

Mr. Perkins, you have the floor.

**Mr. Rick Perkins:** I would point out the contradiction of MP Yip, who said that the House already has them. Therefore, they should be able to produce them. They wouldn't need three weeks if the House already has them.

The Chair: Thank you very much.

We will call a vote on the amendment to the motion. Voting yes signals that members would like to extend the deadline to 21 calendar days. Voting no signals that members would like the motion to remain as is, with a seven-day deadline.

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

The Chair: I'll turn back to the motion as amended.

Go ahead, Ms. Khalid.

**Ms. Iqra Khalid:** You said, "the motion as amended." I'm wondering what the amendment was.

The Chair: It was your colleague's amendment to extend the timeline from seven days to three weeks—21 days.

Ms. Igra Khalid: Perfect. Thank you.

(Motion as amended agreed to: yeas 6; nays 5 [See Minutes of Proceedings])

**The Chair:** The motion as amended is passed. Thank you.

I'm now going to suspend for five minutes before we come back for committee business. We'll see you all back here in five minutes.

This meeting is suspended.

- (1220) (Pause)
- (1225)
- (1330)

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

This is now committee business. As agreed to on Tuesday, we'll resume the debate on the motion originally moved by Mr. Perkins on June 20, 2024.

Mr. Perkins, you have the floor. You might want to start by just reading the motion into the record.

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

I had an opportunity to speak to this a bit in the last meeting, so I won't prolong it and have a long discussion. However, as a reminder for those who are watching, the motion—again, with regard to SDTC, or the green slush fund—is as follows. We all agreed to deal with it today.

## I moved:

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

- (a) \$59 million towards ten 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 Canadians taxpayers within 100 days following the adoption of this motion, and that the committee report this matter to the

We have had meetings, and we will have more meetings on it, but we have had both the Ethics Commissioner's report and the Auditor General's report. These numbers are straight from the Auditor General's report. They're not from some sort of extensive research by my team and my office or by me. Those numbers are actually even worse. It will suffice for the purpose of this motion to leave it to the findings on the 186 conflicts out of 226 sampled projects.

I understand that in the Auditor General's audit period, over 400 projects were approved, totalling \$832 million. The Auditor General looked at only 226 of more than 400 projects, and found that 82% were conflicted. By that matter, rough math would say that over \$600 million probably went out conflicted. However, the Auditor General didn't do the detailed audit of that; hence the motion when the committee last met, which asks the Auditor General to do a deeper dive into all those transactions.

In this case, I think we know enough already to ask the committee to express our concern to the House. The deputy minister of finance, Simon Kennedy, actually said before committee that some of these funds should be returned. In fact, the National Research Council—which had witnesses here this week—in its own scandal during the Chrétien government actively went out and recouped the money that was stolen during the process of awarding NRC contracts. The individuals were convicted and the money was recouped by the NRC.

There is a history of the government under the Liberals trying to recoup the money when it's been acquired by people inappropriately. That's what this motion instructs the minister to do. The minister needs to give direction. He has not found the time in all his extensive travels since his press release to meet with the NRC, as was admitted yesterday by the president of the NRC. He hasn't met with them to talk about how to improve the governance. He cares so much about improving the functioning of this thing that he has not held one meeting with the NRC, which is supposed to clean it up.

Because of that, because of the inaction of the minister and because his own deputy minister said in committee that the money should be recouped, we are asking that it be done. This is because we have no confidence that without the action of this committee and the demand and expression to the House to do that, any attempt will be made by Minister Champagne or his officials to do the right thing and get this money back.

The Chair: Thank you, Mr. Perkins.

Ms. Khalid, you have the floor.

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

I really appreciate the care that Mr. Perkins has provided. I think he's absolutely right that this committee has a very significant role to play in how public funds are used, where they're used and the level of accountability that should surround them as they're used. Absolutely, the role of this committee is to ensure that we're holding that use of funds to account, whether it's through the reports of the Auditor General, which have raised significant concerns on this issue, or whether it's through a number of other avenues that have come to light in which we realize there are issues here. I do appreciate Mr. Perkins' motion, although I have some concerns with it. I'll raise them point by point.

Given the number of meetings we've had on this issue, and given the scope and the broadness of what the questions from members have been, I think perhaps we need to expand this to not just SDTC and the minister for ISED but also the entire Government of Canada. Let's see where else and how else.

The reason I propose this is that, based on the testimony from the witnesses that we've heard thus far on this, and becoming a little bit more familiar with the intricacies of how money is provided, I think there are multiple ministries—or departments, I should say—that would be implicated in terms of that return of money.

First off, you have to find the root. The matter is a little bit more complex than the black and white that is presented here and that is presented by a lot of the questioning by my colleagues. I think it would be more worthwhile for us to say that it should be the Government of Canada that should be responsible, rather than just the innovation minister.

I don't recall specific testimony, but as I have sat through these meetings, I think there were indications made by witnesses that this is beyond the scope of what the specific minister has in his purview. Given the contribution agreement between ISED and SDTC, I'm sure SDTC would also be implicated in recuperating the funds, but we also know that it was an arm's-length organization at the time. While the minister is evidently accountable here, ultimately, even though he took significant steps to make sure that his responsibility as an overseer was maintained—and he took those necessary steps and I think acted responsibly throughout this whole process—I do think that making this small tweak to broaden it to the Government of Canada would take into account the particularity of the situation, the complex nature of the process and what exactly this motion would ultimately be asking for.

Second, I do have some challenges with the 100-day timeline. I know that we pass a lot of motions through a lot of committees asking government officials to either produce documents or come to appear before a committee, but I think we need to take into account the complexity of how this will happen. A timeline of 100 days would not, in my opinion, help us figure out how to retrace, how to navigate and how to deal with the challenges of what this motion is asking.

## • (1335)

Members in this committee have reminded us repeatedly that parliamentary committees are supreme and that they have the ability to do what what they're asking. However, we also want to make sure that what we're asking for is reasonable. I'm not sure where the 100 days is coming from. I don't know if Mr. Perkins has perhaps done his own evaluation to determined that this is how long it would take for them to go through this complex process or if this is just an arbitrary number. I'm not really sure where the 100 days is coming from.

We're trying to ensure that the transition to the NRC will be smooth. It's also to ensure that there's the least amount of disruption to businesses, as they've already known great disruption over the year. It's been reported in the media just how much these small businesses have been disrupted by the freezing, etc. Two-thirds of the companies went through business interruptions, as was report-

ed, and many more have said they're unable to find any alternative funding, which goes entirely against the program's objective.

**(1340)** 

The Chair: Ms. Khalid, perhaps I can just interrupt you. The floor will be yours again.

Have you proposed an amendment?

**Ms. Iqra Khalid:** I'm just going through my reasoning, and then I'll propose the amendment at the end.

The Chair: Okay, thank you. I didn't want the moment to slip by and it not to be heard.

Okay. I'll turn the floor back to you.

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

As I was saying, following the freezing of funds, two-thirds of companies went through business interruptions, and many more revealed that they were unable to find alternative funding. Now, this has resulted in layoffs and people having to sell off portions of their businesses. These are not the people who are implicated here whom we are talking about; these are respectable small businesses that have stake, that are trying to expand, that are trying to scale, that are trying to do the right thing, within the industry here in Canada.

Putting a time frame to the recouping of the funds could place a significant stress on these businesses. I don't see why we couldn't just limit the motion to calling for the recouping of funds without putting any additional pressure on these businesses with a set timeline, especially knowing that we don't know the complexities of how this process will work and knowing the pressure that businesses are under right now, that SMEs are really working hard in all of our ridings across the country to try to make things happen while also dealing with this challenge.

I'd also like to remind colleagues that these are small companies in Quebec, whether they're in Sherbrooke or in Salaberry-de-Valleyfield, and in Thornhill, in Calgary, in Victoria. These are communities that are ours, and I think that we need to be more mindful here.

Parliament has taken issue with the way things were done at SDTC, and we're not—and should not—be looking to punish or add additional stress on the businesses that are impacted here. I also want to remind my colleagues that placing these businesses under any type of scrutiny, as we're technically calling for with this motion, will make it difficult for them to get any type of additional financing, private or otherwise.

I'll pause here and remind committee members that the majority of the businesses that have taken advantage of this program are, in fact, eligible. They are doing the right thing. They are trying to grow their business in an ethical and safe manner within our industry here in Canada. In addition to funds being recouped, they're also going to have difficulty in finding additional funding, and we're really putting them in a very difficult position. No third party will want to pour money into a business that is facing this type of scrutiny or is part of an investigation. Again, I want to be very clear that what we're doing here is not scrutinizing the legitimate businesses that take advantage of this program, that are able to hire more employees, that are able to scale up their businesses, to get to where they need to go.

Again, I advise our members on this committee to act with caution. There is a balance here that we need to make sure we maintain. I agree 100% that scrutiny is important. I agree 100% that wrongdoing should be punished. However, the collateral damage of small business in my country is not acceptable to me at all, and I think that we need to be a little bit more mindful in how we're conducting this. These businesses have already lived in a lot of difficulty following the freezing of funds, as I mentioned earlier, so let's please be mindful of what exactly we're doing here.

I would propose the amendment, Mr. Chair, as I've talked about, the two specific changes that I'd like to make to this motion.

(1345)

First of all is to strike "Minister of Innovation" and to replace it with "the Government of Canada".

The Minister of Innovation is likely not the only participant, as I said, in this type of process, so broadening it to "the Government of Canada" ensures that we're including all players and can hold the broader government, including the minister, to account here. It's a small tweak and it remains true to Mr. Perkins' intent with this motion.

The second change I would make to the motion would be to remove the sentence "within 100 days following the adoption of this motion".

I will park my comments there, Chair, and reserve the option of being put at the bottom of the list, should there be need.

**The Chair:** We have an amendment to the motion. It is to change "the Minister of Innovation, Science and Industry" to "the Government of Canada" and then to strike "within 100 days following the adoption of this motion".

As is my custom, I'll turn to Mr. Perkins to see if he has any comments to make about the double amendment to his motion.

**Mr. Rick Perkins:** I would be more open to it being "the Minister of Innovation and Government of Canada".

I really think the 100 days is important to get this process going. This fund has been frozen for a while. The Auditor General has produced a number and a list of companies that have been funded and the Auditor General has produced a list of how much money was given to them, so that process can begin. If more come up through the continued examination of this or, hopefully, the addi-

tional review by the Auditor General, then those can be added to the list at the time, but there's no reason not to start.

I appreciate the comments of MP Khalid in terms of the impacts on the companies and working through those, but I think leaving it open-ended means it will probably never get done, so there needs to be a bit of urgency to it, to my mind.

Thank you.

The Chair: Thank you. Mr. Perkins.

Go ahead, Ms. Khalid.

Ms. Iqra Khalid: Thanks, Chair.

I wanted to put on the record what the actual impact is, so I want to cite a company that we're dealing with here. This was quoted in the news, in The Globe and Mail:

QEA Tech was planning an ambitious international ramp-up of its energy-efficiency technology last October when basically this whole controversy pulled its legs out from under it.

To that point, the Markham, Ont-based company - which uses drones to identify points of energy loss from high-rise buildings - had every reason to believe it was in line for \$10-million from the federal agency Sustainable Development Technology Canada. That funding was key to a \$25-million scale-up project involving 500 buildings in Canada and internationally, partly because it was validation for property companies with which QEA planned to partner, as well as for other investors.

Then amid allegations of mismanagement, primarily involving conflict-of-interest and human-resources processes as well as some funding decisions that exceeded its mandate,

## —which had nothing to do with QEA—

SDTC abruptly had its funding powers suspended by the government.

Seven months later, they still haven't been restored, and QEA has had to put its plans on hold. Rather than expanding,

## —as was their original mandate and their plan—

it's imposed a hiring freeze and let go three of its 22 employees. And it's lost face among the project partners, from whom it had worked hard to get letters of intent on which SDTC funding was conditional.

"We got discredited amongst these companies," Peyvand Melati, QEA's founder and chief executive officer, said in an interview. "And we had no answer for them."

There are currently hundreds of similar stories across Canada's clean-tech sector, many of them worse, even if other entrepreneurs are more reluctant to go on record with them.

SDTC is - or was - the country's most important government entity for helping those types of companies avoid falling into the so-called valley of death, in which proponents of promising technologies prove unable to get first commercial projects off the ground. Its records show that, cumulatively spending \$1.2 billion on grants since 2001, it has helped grow companies that have created over 24,500 jobs.

The point I'm trying to make here, Chair, is that yes, our work is very, very important, but at the same time, we have to make sure our clean-tech sector is able to thrive and is able to do the work that this sector is designed to do. I think the amendments I have proposed really help us find that balance. It's not fair for us to punish collaterally the entirety of the clean-tech sector for the role of a few small bad apples and the conduct of a few board members within the SDTC. I think we as a committee need to be more vigilant, more responsible and more reasonable in how we are conducting ourselves.

I've seen, Chair, through committees—not just this one, but across the board—how businesses get hauled in and get defamed, questioned and interrogated. They get put on the quote-unquote stand or whatever. I'm sure Mr. Brock would know the terminology a little bit better than I would. They get put through the wringer, ultimately. What that does is decrease trust within our industry, an industry that Canada is renowned for—the clean-tech sector. If we are not doing right by the industry and by innocent small businesses that come up with brilliant ideas to grow this sector, then what exactly are we doing here? Absolutely, we need to make sure that public accounts, taxpayer dollars, are receiving, dollar for dollar, the value that they have, which is the sweat and tears of Canadians.

#### • (1350)

That money is there to enable us to grow our industry. It is to grow the work we do in our country, to grow our economy and to ultimately ensure the well-being of all Canadians. If we are now vilifying in many ways that clean-tech sector and those small businesses, I think we have a problem here in how we're conducting ourselves.

Therefore, I would again implore members of this committee to make these two amendments. They will help us ensure that we get to the objective of what Mr. Perkins is asking for, which is the recouping of funds, in a reasonable and practical way, by expanding the scope. Rather than saying just ISED, let's look at everywhere else within the government departments where this may happen, so that we can get to the conclusion we're trying to get to.

Also, let's make sure we're striking a balance for that clean-tech sector to ensure that it's able to conduct its business without being vilified through this whole process.

Chair, I believe what I'm asking for is quite reasonable, and I'm really hoping that all colleagues across the aisle will support me on this. This has nothing to do with politics. This has nothing to do with clickbait. What I'm trying to do is make sure that we are going forward, as is the purpose of this committee, with reasonable accountability for public funds within all corners of the public sector and within the government, as per the recommendations of the Auditor General.

I put it to committee members that we put forward these two amendments. Let's accept them and move on with the day.

Thanks, Chair.

• (1355)

The Chair: Thank you, Ms. Khalid.

Mr. Perkins, I assume you'd like the floor. It's yours.

Mr. Rick Perkins: Thank you.

A couple of responses to MP Khalid's intervention come to mind.

First, on a couple of factual things, this committee has had only a couple of meetings on SDTC and the green slush fund. Most of the meetings have actually been held in the industry committee, and most of the witnesses have been there. That's just to be clear, because I know some of this stuff about which committee has dealt with what can get confusing.

While the story reported about that particular company was interesting, I've been through the Auditor General's list, and that company is not on the list. You're confusing that company with those that have gotten money against the rules of the program. That company was not one of them. That company was caught up in the minister's freezing of the funds. It applied for new funds and hasn't been able to get funding since it was frozen because of the Liberal corruption in this fund.

To say that somehow every government department is responsible for this.... I'll remind Liberal members that when we pass estimates for departments, departments are responsible for the money. This money is given by Parliament to the industry department—not to any other department. The industry department signed contribution agreements that, as of this day, are comprehensive but secret. Those restrict how the foundation spends that money. The Auditor General has identified the breaches and which companies got money illegally, outside of the contribution agreement. From Parliament to the industry department to Sustainable Development Technology Canada—that's the line. I don't want to confuse people out there. Not every government department is giving money. The \$390 million that was given, either through conflict of interest or outside the parameters of ISED's deal with Parliament, was to those targeted companies. I have the list of companies, if you want it. It was interesting to hear about that company. That one's not on it. That wasn't one of the conflicted companies identified by the Auditor General.

For anybody who's listening, that was an attempt by the Liberals to confuse this issue and to cast aspersions on every company out there, but it is only 82% of transactions by the Liberals on this board in that five-year period that we're talking about. Eighty-two per cent of the companies awarded money by the Liberal appointees on that board were identified by the Auditor General. Those are the ones we're talking about in this motion, not some other fanciful motion. This motion deals with the numbers outlined in the Auditor General's report, which was aimed at those companies that received money in a way that was contrary to what Parliament authorized.

I would think Liberals would be concerned by that, but apparently they're not. I'd think Liberals would want the minister responsible for the industry department—even though it might harm his leadership ambitions—who for 40 months saw this money through, who had an assistant deputy minister in every single meeting during which the 82% of transactions were done.... He was there. It's beyond fathomable. It's beyond any believability that, while he had a departmental official in every meeting, for 40 months he knew nothing about what was going on.

I know you want to spread it to every minister, but I don't think it's fair that every other minister in the Liberal government be trashed by that statement that says they're also responsible for this ineptitude. I'm defending your cabinet colleagues by saying they weren't responsible for the oversight of this. Minister Champagne had the responsibility. A billion dollars was given to him to be put into this fund, and he ignored it. He didn't ask a question. In fact, he stood on stages with Annette Verschuren, giving these monies out to these companies. I can show you the pictures. He's very proud of them. They're all over his Twitter feed. He went and said, isn't this great? I'm giving away your money in the green slush fund with the chair who had conflicts of interest in situations that were likely all either against parliamentary appropriation rules for the money or against the conflict of interest guidelines, but that's okay. That's okay for this minister.

#### (1400)

He wants to blame everyone else, though, or at least this member of Parliament wants to blame everyone else in their cabinet and not this minister. He needs to be held accountable for the fact that he can do it. The least we can do is to ask him to finally stand up and agree with his deputy minister, his own deputy minister, that these funds should be paid back. He has not said it once, so we need to order him to do it.

The Chair: Thank you, Mr. Perkins.

Ms. Khalid, you have the floor.

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

I thank the member for his outrage, however that may be. I want to clarify that when I was talking about my first amendment, striking "Minister of Innovation" and replacing it with "Government of Canada", it was not to go willy-nilly all over. It was specifically in the context of this motion: How do we get to what this motion is asking for?

What I'm trying to say is that, based on my experience, based on what we've heard in testimony, it is not one department that is responsible here in terms of recuperating the funds. It is, practically speaking, better for this committee to expand it. Let's make this process easier. Let's not get wound down, going after a single minister. Clearly, members spend a lot of time on that minister's Twitter feed. I'm sure they can find better things to do with their time, quite frankly, because the minister gets around so much everywhere. What I'm trying to say here is that I proposed this amendment for us to be practical in how we're able to do what the motion is asking for.

Secondly, when I listed a company, I was talking about the general disdain for how Parliament is currently conducting itself with businesses. We heard PCO officials tell us today how worried they are about the implications, about people's dissuasion from actually engaging with any public office because of the kind of bleep show they have to go through as they try to do the right thing for the country and as they try to grow their businesses. It is not about percentages. It is about public perception. It is about the trust we can build within our industry—within the clean-tech sector, for example.

I'm not disagreeing with the member on the intention of his motion. I am trying to make two small tweaks that will help us to get to the objective he's trying to reach in the first place. Again, we're trying to have an open and honest debate here about how we're going to achieve what we're trying to achieve in this public accounts committee, which is to hold departments and organizations to account for every single dollar they spend and to ensure that there is public accountability. At the same time, I'm also saying that there should be public trust in the institutions that are functioning here. By doing what the opposition has been doing thus far, we're diminishing that trust.

The clean-tech sector is a massive part of what is happening in the future of our industry. We have heard from witnesses here in this committee how important it is, what the objective of this is, and what we can achieve if it's improved and it's made sure that there is further accountability and oversight, which the minister has taken responsibility for and has taken action on before, and the Auditor General has provided recommendations on, which also are now on the way to being implemented.

What I'm saying in these two amendments that I'm proposing is let's find the balance, guys. Let's not throw out the baby with the bathwater. Let's make sure we are being responsible with the privileges we have and with the responsibilities we have in this committee. Let's ensure that we are trying to practically achieve the objectives of what it is we're trying to achieve.

Now, I can go ahead and say, well, perhaps the opposition doesn't want to achieve the objectives. They want to go down another path. They want to go down and find and accuse anybody and everybody and kill a complete industry, but I'm not going to do that, because I believe in my heart of hearts that the members of this committee genuinely care about the clean-tech sector.

## • (1405

What I'm saying is that your actions are not showing us that. Let's be nuanced. Let's be balanced, and let's ensure that we go about this in a such way that industry is still maintained while also ensuring that we are creating further accountability for taxpayer dollars.

Again, I'm happy to receive any comments from colleagues, but I really think that these two amendments.... Well, it's actually one amendment with two points, and it proposes a very reasonable way for us to move forward on this motion. As I said to Mr. Perkins, I really appreciate the intent of this motion, and I'm hoping, on his gentleman's honour, that this is not another clickbait-type scenario where the industry ultimately gets punished collaterally for the actions of a very few.

Thanks, Mr. Chair.

The Chair: Thank you very much.

We'll now move to a vote. Voting yes will strike "Minister of Innovation, Science, and Industry" and replace it with "Government of Canada", as well as removing "within 100 days following the adoption of this motion". Voting no will maintain the motion as it was tabled by Mr. Perkins.

(Amendment agreed to: yeas 6; nays 4)

(Motion as amended agreed to: yeas 10; nays 0 [See Minutes of Proceedings])

The Chair: Mr. Brock, you have an issue you'd like to raise. The floor is yours.

• (1410)

**Mr. Larry Brock:** Yes. I'd like to move a motion, Mr. Chair. Thank you.

The motion reads:

That, in relation to the press release issued by Minister Champagne on June 4, 2024, announcing resumed funding to SDTC projects under reinforced contribution agreements signed with ISED, the committee orders the production of all such contribution agreements and that they be deposited with the clerk of the committee within 14 days following the adoption of this motion.

The purpose—

The Chair: Let me pause, and you'll have the floor again.

Could you or a member of your team submit the motion to the clerk?

Mr. Larry Brock: It's been sent.

The Chair: That's even better.

**Ms. Iqra Khalid:** Mr. Chair, could we just suspend while we receive that motion?

The Chair: Sure.

Let me hear a few words from Mr. Brock, which will give us a sense...or would you rather...?

**Mr. Larry Brock:** Well, my words will be more than a few, so perhaps we should suspend momentarily.

The Chair: All right, I will suspend for approximately five minutes. If I see interaction—

**Ms. Iqra Khalid:** [Inaudible—Editor] time, please?

**The Chair:** Well, I'll tell you what. If I see interaction, I'll come see you. It'll be five to 10 minutes, but if I see people just sitting around—

Ms. Igra Khalid: I would ask for 15, if I'm being honest.

The Chair: Yes, I know, but I'll read the room. I will call us back within 10 minutes.

**Ms. Iqra Khalid:** Can you wait until I get back, Mr. Chair? Would that be okay?

**The Chair:** No, Mr. Brock has a long opening. I'll call us back within 10 minutes.

• (1410) (Pause)\_\_\_\_

• (1430)

The Chair: I call this meeting back to order.

Mr. Brock, you have the floor, please.

Mr. Larry Brock: Thank you, Chair.

All right. There is, in our respectful opinion on the Conservative bench, great value and relevancy to this particular motion. I'll break it down. It was a pivotal moment for Minister Champagne to make the announcement he made on June 4. As you know, for several months prior to that, there was a suspension of funding, which began in the fall of 2023. I have pulled the Government of Canada press release from that particular date, June 4. He was quoted in this particular document, and he indicated:

Effective immediately-

I read that to mean June 4, 2024.

—SDTC will also resume funding, under a reinforced contribution agreement with ISED, for eligible projects in a sector vital to our country's economy and clean growth transition. In line with the Auditor General's findings, my Department will enhance oversight and monitoring of funding during the transition period.

We have a number of difficulties with that statement. It requires clarification. The first observation I would make is that on resuming funding, I don't know if that's actually accurate. It may have occurred. There may be partial funding, but I'm not so sure about a full resumption of funding.

I raise these issues, Mr. Chair, because of an article that was produced yesterday, on September 4, 2024, in which Peter McArthur was quoted. Peter McArthur, for the record, is the chair of the Ontario Clean Technology Industry Association. While he speaks about the impacts the suspension had on the industry, what's quite noteworthy in this document is that, "To this day," effective September 4, 2024, "McArthur told the Star, the money has yet to start flowing again."

Obviously, both versions of that statement can't be true at the same time. Is Mr. McArthur in error? I don't think so, given his position in the industry. Is the minister in error? Is the minister trying to give the impression that all is well; lessons have been learned and a new set-up is in place to restore the confidence of Canadians in this particular program? We don't know.

This isn't the first time the integrity and the character of Minister Champagne have been brought into question at this committee and other committees. We know the whistle-blower at SDTC, who ultimately resigned—he was not fired—did not receive a compensation payout and did not receive any other bonuses. He simply resigned. He has nothing to lose. He made it abundantly clear at committee. Again, I apologize, sir, if I can't be precise about which committee he testified at. It could have been at industry. I could be mistaken. However, he testified quite clearly that Minister Champagne lied. He lied to committee; he lied to parliamentarians and he lied to Canadians about when he first found out about the irregularities at SDTC.

• (1435)

**The Chair:** Mr. Brock, I appreciate your tone and everything, but if you could just avoid unparliamentary language—

**Mr. Larry Brock:** It's not for me. I'm quoting the whistle-blower. The whistle-blower quite clearly indicated that he lied. They're not my words.

**The Chair:** All right. I've asked you to use some decorum here, please.

## Mr. Larry Brock: Sure.

We have evidence against this backdrop that has been produced in the last several weeks that an assistant deputy minister of Minister Champagne's department actually attended each and every board meeting at SDTC. Clearly, he should have brought all of these issues regarding the conflicts of interest to the attention of his deputy minister, who in turn reports directly to Minister Champagne. Therefore, to suggest that Minister Champagne only found out about the issues in the fall of 2023, I believe, is disingenuous.

To further reinforce that point, Mr. Chair, we have the taperecorded conversations with Assistant Deputy Minister Mc-Connachie, who didn't realize he was being recorded by the whistle-blower. McConnachie was very, very concerned, to the point of simply saying—and I'm paraphrasing—"The minister's going to freak out. Minister Champagne is going to freak out when he hears about what's going on at SDTC. He's going to want to shut it all down."

Now, are we to believe—are Canadians expected to believe—that the strong commentary from the assistant deputy minister was not shared with the DM or Minister Champagne? I think that's a pretty big stretch.

Again, these are my words, Chair, not the words of the whistleblower. The integrity and character of Minister Champagne are clearly at issue here.

What we also found out on Tuesday—and this is from questions I put to the representatives of the NRC—is that they're not supervising or monitoring what's going on currently at SDTC. They have nothing to do with it. To our point that we made on Tuesday, Mr. Chair, it's essentially the same old operations at SDTC, with a new chair and two new directors.

Now, I had questions to put to NRC officials, but I chose not to ask them because, clearly, they would have said to me, "I'm sorry, Mr. Brock. We don't know that answer." One question would have been, "What are the reinforced terms of the contribution agreement?" We know it's not listed anywhere on the ISED website. It's not listed anywhere on the SDTC website. What does "reinforced contribution agreement" mean?

We, as parliamentarians, Mr. Chair, should have access to those agreements so that we can review the terms and determine whether they're consistent with the old contribution agreements that were so readily not followed. That's a concern we have that's reflected in the motion.

The other issue is where he says his department "will enhance oversight and monitoring of funding". What does that mean? We simply don't know. To what extent are the new chair and the new directors providing appropriate governmental oversight to the same old SDTC? We simply don't know.

Therefore, I think it's incumbent upon this committee, sir, to obtain those documents, verify that they do exist, and determine, contrast and compare how they improve the oversight mechanism and how they provide assurances to Canadians that we're not going to go down the same old road of Liberal insiders greasing their pockets again on the taxpayer dime.

I hope every committee member will find favour in having access to documents so that we can discharge our respective responsibilities. What we need here is transparency. What we need here is accountability. We all know that sunshine is the best recipe for transparency. That's why I think this motion has merit, and I would encourage all my colleagues to support it.

Thank you.

(1440)

The Chair: Thank you very much.

Ms. Khalid.

**Ms. Iqra Khalid:** I'm sorry, Chair. I wasn't sure if there were any hands raised among our colleagues who have joined us virtually here today.

I'm a little bit perplexed, Chair. I would quote my colleague, and the number of times he has said "may" or "may not". You know, whether it is one thing or the other, this is a bit challenging for me. I'm not sure what the objective of this motion is. I'm not sure whether this is the right committee for this motion to be presented in

I will read the motion right now. It says:

...the press release issued by Minister Champagne...announcing resumed funding to Sustainable Development Technology Canada projects under reinforced contribution agreements signed with the Department of Industry, the committee orders the production of all such contribution agreements and that they be deposited with the clerk of the committee within 14 days following the adoption of this motion.

That is probably one of the vaguest motions I've seen in a very long time, given the context of why we're here and what we're doing here. I've seen so many of my colleagues over these years as a young Liberal and as I was going through law school and really actively participating in just keeping an eye on what happens in Canadian democracy. I remember past governments and Conservative members, including their opposition leader, posing with companies with massive cheques and saying, "Hey, look at what we did. Look at what we did."

I'm not sure if that's the angle they're trying to get at, that members of Parliament should not celebrate the success of industry or should recuse themselves if money is being doled out in positive ways. I don't want to take away from the importance of the SDTC study that is going on here, because I do not agree with any wrong-doing in the use of taxpayer dollars, but at the same time, isn't it the objective of the Minister of Industry to promote Canadian industry? As I said earlier with....

I'll perhaps pause while the Conservatives are conferring over there, Chair.

The Chair: I'll call them to order. Please don't pause.

Ms. Igra Khalid: I'm happy to pause, Chair.

**The Chair:** A pause will trigger a vote, so why don't you keep talking. I will just ask them to move to the back of the hall if they're going to be disruptive.

It's over to you.

**Ms. Iqra Khalid:** Thank you, Chair. It is quite distracting when I can literally hear what they're saying just across the table.

As I was saying, what is the objective of this motion? Are we talking about vilifying the clean-tech industry specifically? I realize and understand and appreciate the three-word campaigns they love to go on. Are we vilifying the clean-tech industry here? Are we going down the rabbit hole of producing all these documents and all these contracts without setting any barriers or any boundaries?

I spoke earlier about this regarding a number of points Mr. Perkins had raised with respect to the purpose, with respect to why we are doing what we're doing here and with respect to creating that balance of ensuring that our clean-tech sector is protected and is able to thrive, able to continue to engage not just here in Canada with their research and development but also as leaders on the world stage, and able to engage with international organizations as well.

As I indicated earlier, what are the dangers of vilifying an entire industry? I know and understand that the majority of the Conservative Party votes come from Alberta. They have a specific narrative that they want to go down—

Mr. Rick Perkins: [Inaudible—Editor]

Ms. Iqra Khalid: Let me make my point, Mr. Perkins.

I really think that in this instance, in this committee, we need to put partisan politics aside and say, look, folks, the clean-tech industry is a growing one. We need to help it grow. We need to make sure that small businesses, enterprises and entrepreneurial minds and ideas are able to thrive, are able to grow and are able to ultimately help not only progress Canada's economy but also deal with the climate-change challenges that Canada has been facing. It's not just Canada. The implications are worldwide.

Why are we picking on a minister who is trying to promote this industry here in Canada? Why are we trying to vilify an entire industry that is trying to thrive and set the stage for Canada? I think it's important for us to really reflect on the objectives of what this motion is really all about.

For example, I know that members opposite continue to call the SDTC a green slush fund. Well, the "green" in their term is important. Clean tech is relevant and important to Canada. It is relevant and important to the world. It is what our young people are innovating on and focusing on. I think we need to do justice to this growing industry.

That does not take away from the study that we've been conducting thus far. It does not take away from accountability or from transparency, but as I outlined earlier, by putting in these types of motions that have no purpose whatsoever other than to vilify the clean-tech industry, it sets a stage for what the future of the clean-tech industry will look like in Canada.

As I have said again and again in this committee, we have seen small businesses that are innovating and that are ensuring that we're progressing, that there's research, that there's development and that there's collaboration not just here in Canada but across the world. When we vilify an entire industry here in Canada, then we're doing Canada an injustice.

**•** (1445)

I can outline so many ways that does not help clean tech, that does not help Canadians and that does not help the people who are—

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

**The Chair:** Excuse me, Ms. Khalid. I have a point of order from Mr. Perkins.

Mr. Rick Perkins: I would ask if the member could be relevant to the motion before us. The motion before us is about releasing a contribution agreement. It isn't about anything to do with whether or not you support or don't support the green-tech industry. It actually doesn't have anything to do with the Auditor General's report and the issue of the list of companies that inappropriately got money. It's simply about contribution agreements. Perhaps she could stick to the relevance of the contribution agreements.

• (1450)

The Chair: Thank you, Mr. Perkins.

You will have an opportunity. Ms. Khalid is well within the universe of the motion. I'll turn the floor back to Ms. Khalid.

**Ms. Iqra Khalid:** Thank you so much, Chair. Thank you for highlighting the universe of what this motion is, because I don't think it has anything to do with the topic at hand.

I think this is exactly what I was trying to say. The objective of the motion—as I was trying to put the context together—is to vilify the clean-tech industry. I don't think that's fair to Canada. I don't think it's fair to Canadians. When we go down the path of contribution agreements, etc....

I'm so sorry, Mr. Perkins. I really can hear you across the chamber. It throws me off my thoughts. If you can speak a bit more quietly or in your mind, that would be really helpful. Thank you. I will try to do the same out of respect for you, as I know you care about the issues we're talking about here.

As I was saying, Chair, it's about going down a rabbit hole that is expanding and vilifying the clean-tech industry here in Canada. I can cite so many instances of contribution agreements that have been signed by previous governments. I think I remember Tony Clement signing one of them.

When so much happens, so much is done. It's for the good and the purpose of making sure that the clean-tech industry, which is a thriving and growing one here in Canada, is able to strive....

Again, I know the Conservatives love to clip me and put out whatever it is. I want to reiterate that this is not about holding government, government organizations or arm's-length organizations to account. It is about going down a rabbit hole and killing an entire sector. I don't think this motion fits within the spirit of what Canadian industry is about today.

I spoke at length earlier about small businesses that have suffered because of this vilification of small business. What happens if...? What may happen if...? What if this? What if that?

Well, what if clean tech is able to strive in Canada? What if clean tech becomes the industry that Canada relies on in the future, within the G7, to deal with and fight climate change, while also growing our economy? What if? Why are we trying to kill this industry?

When I say "we", I really mean the Conservative Party, Chair. I think this motion is a way to go down a rabbit hole and try to nuke what the clean-tech industry has to offer here in Canada. I think it is a way to create a negative rapport with small businesses and research and development, and to ensure that Canada is pursuing and supporting what is going to be the future of all of our country from coast to coast to coast.

When we order the production of documents and we say, "Find us this document" and "Find us that document," parliamentarians absolutely have the privilege to request all of those, as does this committee, but to what end and why? Why are Parliament and parliamentarians abusing their power?

Why are we breaching our Constitution to force the RCMP to do what is its prerogative? Why are we trying to dictate to the Auditor General what she should or should not study, which is her prerogative? Why are we trying to kill the clean-tech sector?

That is exactly what I think that this motion is trying to represent here—not to me, Chair. I'm not an expert in the clean-tech sector by any means, but that is the message we are sending to small businesses. We're saying, "Look, guys. We don't want your business here. If you try to come and do your business here, we are going to make sure that you come before us. We're going to haul you through the mud and make sure that you are not successful."

## • (1455)

What kind of message are we sending to that industry? What kind of message are we sending to those young people especially, those entrepreneurs who are trying to create an innovative field not only to try to enhance the economy here in Canada but also to try to combat one of the biggest challenges of our time: climate change.

I think that we need to do better. I think that we need to take the partisan politics out of what the Conservatives are trying to do here and focus on the issue at hand. This motion is not that at all. This motion is a blatant political play in trying to kill an entire industry. This motion is a blatant play in trying to expand and go down all of these rabbit holes to try to find something, anything, that will vilify the clean-tech sector. I think that, as the public accounts committee, we cannot and should not be responsible for its death. I think that the responsibility of this committee is to ensure that we are effectively using taxpayer dollars for the betterment of our country. What this motion represents is the exact opposite of that.

I'll stop there for a second, Mr. Chair. I would like to get back on the bottom of the list.

Thanks, Mr. Chair.

The Chair: There's so much.... I believe Mr. Perkins is first.

If that's not the case, every one of your colleagues wants to speak to it.

Mr. Rick Perkins: You're maintaining the list.

**The Chair:** You gave a look as if you had nothing to say, Mr. Perkins. I know that is probably an impossibility. The floor is yours.

Mr. Rick Perkins: I'll be quick and give my colleagues a chance to add in.

I'll just point out that, while heartfelt, the last statement really had nothing to do with the issue before us. The issue before us has nothing to do with this bizarre claim—

An hon. member: [Inaudible—Editor]

Mr. Rick Perkins: I can hear you.

The issue before us is-

Ms. Iqra Khalid: That's how it feels.

The Chair: Order.

Mr. Larry Brock: Mr. Chair, how hypocritical this is-

**Mr. Rick Perkins:** That's okay. That's okay, Larry.

The issue before us is the question of the government releasing the secret documents of the contribution agreements, which lay out where SDTC can and cannot spend money. It is those documents that are the basis of the Auditor General's report. They're what the Auditor General used to see whether or not \$58 million out of the small sample was misspent or not. That doesn't have to do with every clean-tech company that exists in Canada. Every clean-tech company in Canada has not applied for money through the Liberal green slush fund. Only a few select ones that are attached to well-connected Liberals got the money—82%, according to the Auditor General's report.

The issue that's before us isn't the broad public-policy discussion on how best to grow our clean technology companies. It's about this: Why does the government want to hide the contribution agreements? Why do Liberals want to hide the contribution agreements that lay out the restrictions on the green slush fund—on what it can and cannot spend—the billion dollars that this minister gave it, and the \$22 billion that this organization has spent of taxpayer money since its inception in 2001? That's what this is about.

It's about just simply asking that they show us the documents. Show us the documents so that we can judge correctly the report that the Auditor General presented to this committee. I thought it would be incumbent upon this committee in its role of scrutinizing the Auditor General's reports to get access to the documents that the Auditor General's report is based on. However, the government seems intent on trying to hide that too.

An hon, member: Mr. Chair-

(1500)

The Chair: No, I have a list running here. First, I have Mr.

Mr. Larry Brock: I'm deferring to my colleague, Mr. Cooper.

**The Chair:** Very good. Go ahead, Mr. Cooper.

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

With the greatest of respect to Ms. Khalid, my colleague opposite, who repeatedly referenced going down rabbit holes, the only member going down rabbit holes is Ms. Khalid. For 10 or 15 minutes she talked about everything under the sun other than the motion at hand. I think she even went so far as to say that she disagreed with the findings of the Auditor General with respect to the misuse of taxpayer dollars, the \$390 million that went out the door improperly, including the \$330 million funnelled directly into companies with which SDTC board members have contribution agreements

Ms. Khalid complains that the green-tech sector is being impacted as a result of the freezing of funds. Well, those funds were frozen because of Liberal corruption. Respectfully, she should look at the record of her government. It was her government and her government's corruption that led to the freezing of funds once the minister got caught turning a blind eye to all the corruption that was taking place at SDTC.

What arrogance and utter disrespect for Canadian taxpayers to say that in the face of 186 conflicts of interest, in the face of \$400 million that went improperly out the door, it's somehow too much to ask for some basic transparency on the part of the minister, who said that he was going to see, during this transition, that there would be enhanced oversight and monitoring.

What is that enhanced oversight and monitoring? The minister hasn't said. We don't know. We need to find out. Is there in fact en-

hanced oversight and monitoring, or are those just words from the minister that haven't been followed through in the way of action? Is it too much to ask, when the minister says his department is resuming funding, with funding resumed through so-called reinforced contribution agreements, for us to see exactly what those contribution agreements look like?

The minister issued this release on June 4 saying that he was taking action and that we'd have more oversight, more monitoring and reinforced contribution agreements that would involve taxpayer money going out the door. After this \$400-million colossal web of Liberal corruption, as we get to the bottom of what the heck is going on, I don't think it's too much to ask to see what those agreements look like or to see what follow-through has actually been done as the government proceeds to transfer over this green slush fund to the National Research Council.

We know that the minister hasn't even bothered to pick up the phone or sit down with the president of the National Research Council. That's how much interest this minister has. He, time and time again, has been AWOL on the job, I guess as he works to succeed the captain of the *Titanic*, the Prime Minister, to become the Liberal leader—but that's a whole other issue.

In the face of all that, Ms. Khalid says that this motion is about killing the green-tech sector. It has nothing to do with that. It has to do with providing accountability and transparency, which have been completely lacking, notwithstanding the minister saying on June 4 that he's taking action.

What action has the minister taken? We need to find out.

• (1505)

The Chair: I'm taking action on behalf of the committee.

This meeting is adjourned for resource reasons.

Thank you.

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