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Chair: Mr. John Brassard



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• (1630)

[English]

The Chair (Mr. John Brassard (Barrie—Innisfil, CPC)): I call this meeting to order.

[Translation]

Welcome to meeting No. 91 of the House of Commons Standing Committee on Access to Information, Privacy and Ethics.

Pursuant to Standing Order 108(3)(h) and the motion adopted by the committee on Wednesday, October 18, 2023, the committee is commencing its study of allegations related to governance and management of contributions by Sustainable Development Technology Canada.

[English]

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room. We don't have any members remotely on the Zoom application.

I have a couple of important reminders.

I would like to remind all members and witnesses that care must be taken with regard to the earpieces for interpretation. Please be mindful to not place your earpiece near the microphone, as this can result in a feedback loop, which may cause an acoustic shock, which could in turn cause injury to the interpreters.

[Translation]

Before we begin, Mr. Villemure would like to say something.

Mr. René Villemure (Trois-Rivières, BQ): Thank you, Mr. Chair.

I wanted to make this statement at the beginning of the meeting. We're here to debate ideas, but we must be careful not to turn the debate into a fight. I appeal to everyone to show a little more restraint and respect, and to avoid personal attacks, because that doesn't advance the committee's objective at all.

Thank you, Mr. Chair.

The Chair: Thank you for your fine words, Mr. Villemure.

[English]

I would now like to welcome our witnesses today.

From the Department of Industry, we have Douglas McConnachie, assistant deputy minister and chief financial officer, corporate management sector.

Welcome, Mr. McConnachie.

From Sustainable Development Technology Canada, we have Leah Lawrence, president and chief executive officer; Annette Verschuren, chair, board of directors; and Sheryl Urie, vice-president, finance.

Mr. McConnachie, you have five minutes to address the committee. Please go ahead, sir.

Mr. Douglas McConnachie (Assistant Deputy Minister and Chief Financial Officer, Corporate Management Sector, Department of Industry): Mr. Chair, honourable members and officials, my name is Douglas McConnachie. I'm the CFO and assistant deputy minister of corporate management at ISED. I am grateful to have this opportunity to contextualize the remarks that were attributed to me in recent media reports related to Sustainable Development Technology Canada, or SDTC.

Mr. Chair, the allegations that were made against SDTC are very serious. However, it is important to note that the confidential file prepared by the complainant did not contain clear evidence of wrongdoing or misconduct, in spite of its impressive size. Due process demanded that we address the complaint expeditiously and in confidence, both to protect the complainant from reprisal and to ensure that the reputations of the SDTC board and executive were not unfairly besmirched. ISED decided to undertake a fact-finding exercise to determine whether the allegations had merit and whether there was a factual basis upon which to take further action.

Between March 17 and September 29, I met with the complainant 24 times, representing more than 30 hours of conversation. My objective in these meetings was to be as transparent as possible about how ISED was managing the complaint and to provide timely updates on the status of the fact-finding exercise. I wanted the complainant to understand that ISED was taking the complaint seriously, and to build his confidence in the integrity of the process. I also wanted the complainant to have trust in my neutrality, since none of the allegations implicated me as an individual.

By the midpoint of the exercise, it became apparent that the complainant either did not understand or did not agree with the methodology and approach being used by Raymond Chabot Grant Thornton, or RCGT. He was not satisfied with allowing RCGT to independently validate his allegations on the basis of objective facts. The complainant stated his opinion that RCGT was overly reliant upon documentation provided by SDTC, and he requested follow-up interviews to walk through documentation he possessed. Since the provenance of this information could not be authenticated, RCGT rightly pushed back against these requests.

As the preliminary findings started to come in, I advised the complainant that facts had been found to support some of the allegations. These included inconsistencies and opportunities for improvement in the application of general governance and conflict of interest practices, compliance with the contribution agreement and certain human resources practices.

Mr. Chair, I was surprised and disappointed to uncover these types of issues in a mature organization with a highly experienced board and executive. In my opinion, these issues do not meet the standards of the public service. However, none of these issues rose to the standard of wrongdoing or misconduct, and they did not support taking formal action against individuals.

The complainant was visibly upset that the facts were not aligning with the narrative of his complaint. He repeatedly stated it would be a great injustice if the SDTC board and executive were allowed to continue to serve in their roles, and they could not be trusted to remediate the issues that had been identified.

During our meetings in August and September, the complainant repeatedly pressured me for details of any findings that would implicate the SDTC board and executive. I was hammered with questions on what actions the government might take to replace or dismiss individuals. I was asked over and over to speculate on the different ways in which the government might take action. In retrospect, I should have ended my meetings with the complainant at this point, but I still thought I could de-escalate the situation.

In order to mollify the complainant, I speculated that the results of the fact-finding exercise could give rise to an expanded investigation by ISED, the Auditor General or other third parties. I speculated that the government might question its confidence in the board and whether it was tenable for them to continue to serve. I further speculated that the government might decide to reorganize or wind down SDTC, and that this could have an undesirable impact on employees and stakeholders. At the same time, I made it very clear to the complainant that these decisions were exclusively within the purview of the government, and that I would almost certainly not be involved in nor asked to advise on any process requiring decisions by the Governor in Council.

Since it has come to light that our conversations were recorded without my knowledge, I can see I was baited into making these speculative and inappropriate remarks. Recent media reports have selectively excerpted and sequenced a few minutes from over 30 hours of conversation in order to advance the false narrative that there was a consensus within ISED that the SDTC board and executive should be terminated. However, the timeline clearly illustrates that my comments were made before the RCGT report was re-

ceived and well before I briefed the deputy minister and other officials. The media reports also suggest the minister's response to the findings does not align with my advice. This is simply not the case.

Mr. Chair, it is important to note that I directly oversaw the engagement with RCGT until its conclusion, I authored the management response and action plan to address the issues identified in the report and I drafted the briefing note in collaboration with other ISED officials to generate advice for the minister. I stand by this advice and I feel strongly that the minister's response was justified and proportionate.

• (1635)

In summary, I was extremely naive to expect that my good faith conversations with the complainant would remain private. I never expected my remarks to be used out of context to reinforce a narrative that is not supported by independently verified facts. I was too transparent, too trusting, and I deeply regret any impact that this has had on the government, SDTC and ISED.

Mr. Chair, I would be pleased to take your questions at this time.

Thank you.

The Chair: Thank you, Mr. McConnachie.

I understand that there's shared time between SDTC members.

Are you going to start, Ms. Verschuren? Please go ahead for five minutes to address the committee.

Ms. Annette Verschuren (Chair, Board of Directors, Sustainable Development Technology Canada): Thank you, Mr. Chair. Good afternoon, honourable members.

I am proud of my track record in leading major transformational companies that create jobs and opportunities for Canadians. I am particularly proud of my role as chair of SDTC, joined by my two strong female leaders.

SDTC provides funding to Canadian entrepreneurs developing and deploying innovative sustainable technologies. We have 229 companies in our portfolio today, representing every province in our country. StatsCan data shows that our companies regularly outperform other small and medium-sized businesses. Every dollar SDTC invested since 2001 has resulted in more than \$7 in follow-on financing from the public and private sectors—7:1.

The allegations made by this small group of former employees are false, and we are here today to set the record straight.

I have the privilege of sitting on the board with 14 other senior private sector leaders who have deep expertise on governance, operations and delivering real results. On behalf of the board, let me tell you this is one of the best-run organizations that we have ever been part of.

The former employees raised their concerns with us earlier this year before the ISED fact-finding exercise even started. We took it very seriously. We convened a special committee and hired a top law firm, Osler, to do a thorough investigation to get to the bottom of it. No evidence was found to support the allegations.

Let's compare this with the RCGT process. Whereas Osler conducted 23 hours of interviews, board directors interviews with RCGT were as short as 15 minutes. What's more, important documentation that was provided to RCGT was not reflected in the report.

The result is a report that contains numerous errors, and misrepresentations of our policies and procedures. We tried to raise these issues with both the RCGT consultant and the CFO at the time. We have since shared the full list of the mistakes with the department and have now tabled it with this committee.

I will now turn things over to SDTC's CEO, Leah Lawrence.

• (1640)

Ms. Leah Lawrence (President and Chief Executive Officer, Sustainable Development Technology Canada): Thank you, Ms. Verschuren.

Thank you for the opportunity to shed some light today on the facts at hand.

I was hired by the board of directors in June 2015 with a mandate to change. I was asked to modernize SDTC to meet the accelerating pace of innovation in Canada and globally. I was asked to make funding processes and procedures more company and client-sector focused. I was asked to reduce operating expenses to ensure a more nimble, effective and efficient use of public funds.

Therefore, I built a leadership team that started transforming the organization. We zeroed in on small and medium-sized companies. We struck deep relationships with major public and Crown funders across the entire country. We worked with them to reduce barriers for entrepreneurs to access the support they needed to succeed.

We brought in new talent and skills, people with deep experience in entrepreneurship, innovation, finance, and market adoption.

In March 2023, ISED's evaluation branch completed a five-year review of SDTC. That report, which has not yet been released, made these observations: it commended our diversity of funding streams and flexibility; it recognized our trail blazing streams of funding from seed, to start-up to scale-up; and it commended our low overhead—down substantially and far below comparable federal bodies. Let me give you an example. It used to take 12 to 18 months for an entrepreneur to go through our processes, and now, with increased rigour, it takes four to six months.

Our operating expenses went from being 20% over budget to being under budget. We successfully created a performance-driven culture made up of professionals who are great at what they do.

We are now the biggest funder of Canadian clean-tech businesses, bringing made-in-Canada innovation to market, because Canada can and should be a market leader in the green economy, with SDTC-supported companies like Hifi, Eavor and Saltworks leading the way.

I want to thank my leaders and every member of the SDTC team for their steadfast professionalism and dedication.

Our organization has played by the rules, improved the rules, and achieved results for Canadians. My leaders have acted ethically at all times. I stand behind our track record. I'm proud of it. I'm proud of the companies we've helped to succeed.

I very much welcome your questions.

The Chair: Thank you, Ms. Lawrence and Ms. Verschuren.

We're going to start with our first six-minute rounds. We're going to go to Mr. Barrett. To save some time, I like direct action of a witness responding to a member, although I know that in previous committee hearings you probably went through the chair.

Mr. Barrett, you have six minutes. Go ahead, please.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Mr. McConnachie, on what date did you learn about the whistle-blower complaints?

Mr. Douglas McConnachie: Mr. Chair, thank you for the question.

I'll give you the exact date. On February 16, ISED received the confidential file from PCO.

• (1645)

Mr. Michael Barrett: When did you learn of the RCGT report findings?

Mr. Douglas McConnachie: Mr. Chair, the first working draft of the document we requested was delivered on September 8. That was a hastened version that hadn't been through their quality control process, because we were having internal discussions about the matter.

Mr. Michael Barrett: When was the RCGT report commissioned?

Mr. Douglas McConnachie: The contract was issued on March 17.

Mr. Michael Barrett: And you hadn't seen an initial draft in May?

Mr. Douglas McConnachie: In May, we received an interim brief from RCGT with a draft report that frankly was not acceptable to us. It had language that was not helpful, and as a result of that we decided to dig deeper and conduct additional procedures.

Mr. Michael Barrett: That's a bit different from September, but thank you for the precision.

When was the minister made aware of the RCGT findings?

Mr. Douglas McConnachie: I do not have the date on which the deputy minister communicated with the minister, but I do know that the briefing note was signed by the deputy minister on September 27.

Mr. Michael Barrett: So the deputy minister was going to brief the minister on findings imminently on June 7. Did that happen or not?

Mr. Douglas McConnachie: I don't have any awareness of that.

Mr. Michael Barrett: I'm going to offer a series of quotes. They're from you. This one in context is, "The deputy's lining up a discussion with the minister imminently to take the pulse."

That was on June 7. So that didn't happen?

Mr. Douglas McConnachie: I don't know if it did or not. It's possible that was an action that was being proposed at the time, but I can't speak for the deputy or the minister.

Mr. Michael Barrett: I have a quote from you. It says:

It's unlikely that certain members of the board, or the entire board, and executives are going to be able to continue to serve. Like they've kind of lost the confidence. So really, the discussion will be the mechanisms for getting them out.

Then you said:

The minister is going to flip out when he hears the stuff and he's going to want an extreme reaction, like shut it all down.

What changed the minister's mind and gave him confidence in the board?

Mr. Douglas McConnachie: Those remarks were made in the August-early September time frame, well before the minister had ever been briefed. As indicated in my opening remarks, it was speculation on my part. It was inappropriate. I regret the remarks, but I do think on the notion of the minister flipping out, it is normal for any senior official or minister, for that matter, to react strongly when we have some findings through an exercise.

Mr. Michael Barrett: I want to take a step back to the timeline again. You said the minister was going to be briefed on June 7.

Mr. Douglas McConnachie: I did not say that, sir.

Mr. Michael Barrett: "The deputy is lining up a discussion with the minister imminently to take the pulse."

You did say it.

Mr. Douglas McConnachie: I'm sorry. I don't know if it happened, though, sir.

Mr. Michael Barrett: Okay. This is the challenge. If we just stick to what actually happened versus what we would prefer to have happened, that would match up with the recordings that we have, and then we could get to the bottom of this.

Did the minister see or get a readout on the Osler report?

Mr. Douglas McConnachie: I don't know if he did or not, sir.

Mr. Michael Barrett: Did you?

Mr. Douglas McConnachie: Yes. We were provided a verbal debrief by the SDTC.

Mr. Michael Barrett: Was it a whitewash?

Mr. Douglas McConnachie: I don't know.

Mr. Michael Barrett: All right. You said it was. You referred to it as the "Osler whitewash investigation". You went on to say, "They could have done it in a way that exonerated the board and scapegoated Leah."

I expect you were referring to Ms. Lawrence.

Was it the RCGT report that gave him confidence that the board did not need to be fired? It found that there was \$48 million in suspected wrongdoing. The minister referred to this at committee as a forensic audit. It was, of course, not that. It was a fact-finding exercise, and that is why Canada's Auditor General has launched an investigation.

It also found wrongdoing in a sample of only 21 projects, and it said that the conflict of interest rules were not followed. Is this what gave confidence to the minister, that readout?

Mr. Douglas McConnachie: I'm sorry. Which readout are you referring to?

Mr. Michael Barrett: I'm referring to the RCGT report that detailed the wrongdoing and failure to follow the conflict of interest regime.

Mr. Douglas McConnachie: Our interpretation of the RCGT report is that the findings that were made do not constitute wrongdoing or misconduct. We had significant discussions internally as to whether or not these issues would even constitute a breach of the contribution agreement. Frankly, they didn't even rise to that standard, sir.

• (1650)

Mr. Michael Barrett: Well, it rose to the standard to get Canada's Auditor General's attention.

You said that it was going to be shut down and that everyone would be fired. However, instead, nothing was shut down, and nobody was fired.

As soon as it became a political problem, the tone changed very dramatically. The minister isn't firing anyone. Then we saw that a foundation, which shares the name of the chair of the board, was receiving funding from the government and praise from the minister. I'm very curious about what changed the direction.

I have one question for you: Do you believe the whistle-blowers?

The Chair: Give a quick response.

Mr. Douglas McConnachie: Those remarks that were made were speculative in nature. I believe a portion of what the whistle-blowers have alleged, based on the facts that have been identified in the RCGT report. I believe that nothing was found, to date, that would be construed as misconduct or wrongdoing. There may be further findings in the Auditor General's examination, but I'm not privy to that.

The Chair: Thanks, Mr. Barrett.

[*Translation*]

Ms. Fortier, you have six minutes.

[*English*]

Hon. Mona Fortier (Ottawa—Vanier, Lib.): Thank you very much, Mr. Chair.

Good afternoon. Thank you for being here today.

Before I ask my questions, I do want to say that I'm a bit disappointed that I wasn't able to ask questions right after the minister's appearance on Monday. It would have been good to see what the minister said and right away have that conversation with you, but this is where we are today.

I'm going to quote the minister, just so that we're in the same space.

The minister did mention that he works "on the basis of evidence." He said, "I'm a lawyer. I would certainly caution members of this committee to apply due process when they're looking at allegations. That's why, the moment I was made aware of allegations, we had a third party come to do a full investigation and report back to me." I have another one. He said, "Let's be clear. Our government will always hold all organizations that receive public funds to the highest standards." He also said, "It is integral that due process and due diligence continue to guide these next steps." Finally, I have one more: "I also remain fully committed to exploring [the complainants'] allegations."

That's just a refresher of what the minister said.

I would like to ask SDTC some questions. I'm not sure who will answer, but feel free to answer.

When did SDTC become aware of the alleged allegations raised by the whistle-blowers? What was your organization's initial plan and reaction to address this?

Ms. Leah Lawrence: Thank you, honourable member.

I'll start, and I'll ask Ms. Urie to add to the discussion.

SDTC became aware of the allegations on or around January 27 when a whistle-blower approached a director of SDTC and raised concerns with that director.

It is my understanding—I was not involved in this—that immediately the governance committee met and struck a special committee to do an independent investigation, as is our process, as announced in our approach.

That independent group hired a national law firm, Osler, to look into those allegations. They spent over 35 hours and looked at tens of thousands of documents using artificial intelligence and keyword

searches to go through the allegations that had been made to the director.

Of course, you have that with you in the findings in the package that we distributed to the committee. Of course, you will have seen that Osler found—as did RCGT—that the allegations were not substantiated.

Hon. Mona Fortier: Thank you.

Can you highlight the official ethics guidelines that your organization is expected to follow? Can you explain the processes and mechanisms in place that ensure that these guidelines are properly followed by all of the board and employees, please?

Ms. Leah Lawrence: I'll ask Ms. Urie to please address that.

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

Our board of directors is subject to a number of policies relating to conflict of interest and code of ethics.

In particular, conflicts of interest relating to projects are very important. Throughout our process, SDTC manages them like this: A board member receives information from us. There are many conflicts that are checked in advance. It starts with a maintained conflict of interest registry, which records all previous conflicts that may have been declared by board members. In advance of the distribution of any information to board members—three weeks in advance—we send out an email to board members that summarizes the information related to the project. This includes the company applying for a project, project partners and expert reviewers. That information is shared with board members. Board members have to respond within a week with any conflicts they need to declare, or respond that there's no conflict. When that information is received by SDTC, we take it and consolidate our project packages. We submit information to individual board members to ensure any board member who may have a conflict of interest has no access to information related to that project.

When it comes to discussions at our project review committee, all conflicts that have been declared are identified and discussed at the beginning of the committee. There may be a discussion around those conflicts, but they're noted in the minutes. As the meeting moves forward, if there is a particular committee member who may have declared a conflict related to that project, they're recused from the meeting. They are moved to a virtual Zoom room as required, since we do a lot of these things that way. They will rejoin the meeting after the project has been discussed and voted on.

I think one of the inconsistencies in our documentation is this: We neglected to note that an individual committee member left the meeting room, then returned to the meeting room.

This, again, happens at the board level when there are discussions related to projects. The same activities are followed. The individuals who have a conflict with a project are recused from any of the discussions and from voting on any particular project at the board level.

• (1655)

Hon. Mona Fortier: Am I done already?

The Chair: You have eight seconds.

[*Translation*]

Mr. Villemure, you have six minutes.

Mr. René Villemure: Thank you very much, Mr. Chair.

I want to thank all the witnesses for being here today to help us better understand what is going on.

I have two questions. My first is for Mr. McConnachie.

The committee requested an unredacted copy of the Raymond Chabot Grant Thornton report but was provided with a redacted version. We asked for a version with supporting elements at least, and we received some, but it was general. Yesterday, we received another version.

Why was there hesitation?

[*English*]

Mr. Douglas McConnachie: Thank you for the question, Mr. Chair.

The [*Inaudible—Editor*] obligations of the department require us to protect third party information, whether it be from the complainants, from those whom the allegations are against, or from the ultimate recipients—who, frankly, have not done anything wrong, in this case.

We consulted SDTC on the final draft of the report to ensure they were in agreement with the proposed redactions. That is what, I believe, the committee has received, although I'm not aware of the more recent versions you referred to.

[*Translation*]

Mr. René Villemure: For your information, the third version gives us a better understanding of the situation, while preserving the confidentiality of the information and the privacy of third parties. I was just wondering why we didn't get that last version right away. We've wasted valuable time. Honestly, I can understand that there are different levels of redactions, but initially it was impossible to follow anything.

[*English*]

Mr. Douglas McConnachie: Mr. Chair, I wasn't involved in the submission of these most recent versions. I believe our parliamentary affairs team coordinated that.

I'm sorry. I can't answer the question.

[*Translation*]

Mr. René Villemure: Okay, that's fine. Please take note of that, though, because it might be helpful.

Ms. Urie, I would now like to turn to you.

You've just provided a very detailed version of your conflict of interest policy. Do you think that exists, an interest that isn't a conflict of interest?

[*English*]

Ms. Sheryl Urie: I can explain some of the different types of identified conflicts of interest that may not actually be conflicts of interest.

For instance, we may have a board member who is, perhaps, president of a company. They have a vendor that provides regular sewer maintenance services for their organization as a regular course of business. That vendor may also be identified as a project partner for one of our proponents developing an innovative technology for sewer management systems.

This may be identified as a potential conflict, but there's no monetary aspect the partner participating in the project is necessarily receiving for being part of another company in their regular course of business.

• (1700)

[*Translation*]

Mr. René Villemure: If I understand correctly, the interests exist, don't they? Some interests may be in conflict, and some of those interests in conflict are not necessarily damaging. The distinction is important, because people often immediately associate “interest” with “conflict of interest”, and that causes some discomfort.

When you look at a conflict of interest, do you assess the accountability of the person who is in a conflict of interest?

[*English*]

Ms. Sheryl Urie: It's very important to understand the position the individual holds within the entity, who may have the perceived conflict of interest, because the ability of anyone to influence actions or decision-making for sure would have an impact on whether there would be a conflict of interest.

I would say that some of the discussions related to conflict of interest are discussed more deeply at the board to ensure that everyone is in agreement on whether it is a potential conflict or a perceived conflict.

We've taken actions more recently to engage an ethics adviser to ensure that the board has the support they need for those types of discussions as they move forward.

[*Translation*]

Mr. René Villemure: Is the ethics advisor necessarily a lawyer?

[*English*]

Ms. Sheryl Urie: Yes, the ethics adviser is a lawyer.

[*Translation*]

Mr. René Villemure: Okay.

Mr. McConnachie, the other day, I asked the minister a question, and he replied that it was more your area of expertise. This isn't directly related to Sustainable Development Technology Canada, but it seems to me that the government has a habit of contracting out its administrative obligations. We've seen cases similar to those in the media these days, such as the WE Charity case or the ArriveCAN case. The department signs an agreement with some non-profit organization, which allows the department to outsource its responsibilities and to be protected, in a way, from the standards of transparency and accountability that a department should normally meet, according to all expectations.

Who makes the decision to create a non-profit organization or to do business with such an organization?

[English]

Mr. Douglas McConnachie: My understanding in the case of SDTC is that the organization was created by statute in 2001. It was a decision of Parliament to—

[Translation]

Mr. René Villemure: Okay, that's not the best example. However, within the department, you have other projects that are carried out by partners that are not subject to legislation as in the case of this agency. Who generally makes that decision?

I'm wondering why departments are not fulfilling their administrative obligations, as we saw with WE Charity. I don't want to go back to that specifically, but that's the dynamic I'm talking about. Why does that dynamic exist?

[English]

Mr. Douglas McConnachie: As a general rule, which is not pertinent to this case at all, third parties are often used because they have greater proximity to the target market or whomever the recipients are in the end. They may have specialized knowledge and expertise that doesn't exist in government, and they may also have relationships within those ecosystems that we don't have.

Frankly, there are a number of situations where grants and contribution programs are better delivered by someone who is closer to the—

[Translation]

Mr. René Villemure: It still prevents transparency and ministerial accountability.

[English]

Mr. Douglas McConnachie: Generally speaking, these contribution agreements have numerous reporting provisions in them, and governance provisions as well, that allow for public servants to be observers on the board and allow for annual reporting requirements and other methodologies for managing the contribution agreements.

[Translation]

Mr. René Villemure: Thank you very much.

[English]

The Chair: Thank you, Mr. McConnachie.

[Translation]

Thank you, Mr. Villemure.

[English]

Mr. Green, you have six minutes. Go ahead, please.

Mr. Matthew Green (Hamilton Centre, NDP): Thank you very much.

It's good to be back at committee. It's been quite some time. I'm a little out of practice.

I'm going to put a series of questions to you all in a very direct way. Please know that it's not personal. Please know that, if I ask to reclaim my time to move on to the next question, I'm not doing that to be rude, but our time is limited.

We've had some preliminary testimony here today about the natures of conflict of interest. I think that's at the heart of some of the allegations that have been made. I'd rather not talk about them hypothetically; I'd rather talk about them directly. I'll put my questions through you, Madam Chair.

As the chair of the board, how would you define conflict of interest?

Ms. Annette Verschuren: Conflict of interest is a situation where there is an interest, an influence, in terms of a direct conflict.

Mr. Matthew Green: That would include fiduciary benefits or other types of benefits to decisions that are made. Is that correct?

Ms. Annette Verschuren: That's correct, yes.

Mr. Matthew Green: I'm going to put these questions directly to you rather than hypothetically.

Are you currently the CEO of NRStor?

Ms. Annette Verschuren: Yes. I am chair and CEO of NRStor.

● (1705)

Mr. Matthew Green: Is NRStor currently on the conflict of interest registry?

Ms. Annette Verschuren: Yes, it is.

Mr. Matthew Green: Are you listed as one of the beneficial owners?

Ms. Annette Verschuren: Yes, I am.

Mr. Matthew Green: At any time, was your company in receipt of funding from the fund that you also chair?

Ms. Annette Verschuren: I want to make one thing very clear, honourable member. Contrary to erroneous reports and allegations, no project that I have an interest in has applied for funding while I've been chair of SDTC.

Mr. Matthew Green: Was it before?

Ms. Annette Verschuren: It was 18 months before.

Mr. Matthew Green: Had it received the funding prior to...?

Ms. Annette Verschuren: Eighteen months before my appointment as chair, NRStor was funded for a project, yes.

Mr. Matthew Green: Were there any potential votes that would have been dealing with your organization? Did it come to the board, and if so—

Ms. Annette Verschuren: At the time, obviously, when I was asked to be chair, I disclosed my role as CEO of NRStor to the government, to the vetting process.

Mr. Matthew Green: I'm going to ask the question. I'm going to put it directly, and I'm going to ask for the answer—

Ms. Annette Verschuren: To the minister—

Mr. Matthew Green: Excuse me, I do have the floor. Did you at any time that you were on the board vote on any motion that would have involved your organization, NRStor?

Ms. Annette Verschuren: No.

Mr. Matthew Green: Okay.

You never had to recuse yourself from any decisions, funding, ongoing renewals of contracts, or anything of that nature?

Ms. Annette Verschuren: No.

Mr. Matthew Green: Okay, that suffices. Thank you.

Ms. Annette Verschuren: Do you want to start the...? Are you okay?

Mr. Matthew Green: Yes, I'm good. I just wanted to put that out there, because, again, allegations have been made. It's important that we just directly ask the questions and that we're not using hypothetical situations, and you have the opportunity to reply in the public forum.

Ms. Annette Verschuren: Can I add something to that answer?

Mr. Matthew Green: Unfortunately, not at this moment.

Do you accept the findings of the RCGT report?

Ms. Annette Verschuren: I think there are lots of errors in the RCGT report, and I'm going to ask Leah to—

Mr. Matthew Green: Can you provide those in writing? That would be more beneficial.

Ms. Annette Verschuren: Yes, and we have.

Ms. Leah Lawrence: Yes. Pardon me, I'm going to have to go through the chair. That was provided in your background stuff.

Mr. Matthew Green: There's a pretty big discrepancy there.

Ms. Leah Lawrence: Yes, the team put together the list, and we provided them in particular related to certain reviews related to conflict of interest, as well as other items.

Mr. Matthew Green: Okay.

Mr. McConnachie, how long was the initial fact-finding exercise process supposed to take place?

Mr. Douglas McConnachie: The first phase of it was contracted for approximately eight weeks—about half of that being field work.

Mr. Matthew Green: Okay. Forgive me if you've already testified on this. Did RCGT and ISED sit down with the whistle-blower and review the allegations?

Mr. Douglas McConnachie: Yes.... I'm sorry. Can you reframe the question? I'm not sure I quite understood.

Mr. Matthew Green: Did you sit down with the whistle-blowers, with ISED, and review the allegations?

Mr. Douglas McConnachie: Yes, absolutely. First of all, I reviewed the extensive binder that the complainant had created. Then, as I mentioned in my opening statement, I had almost weekly meetings with them throughout the process.

Mr. Matthew Green: Did you ask the whistle-blowers for documents in July?

Mr. Douglas McConnachie: No. The documents were provided to ISED in February.

Mr. Matthew Green: In February?

Mr. Douglas McConnachie: Yes.

Mr. Matthew Green: Is ISED now continuing to ask for the documents?

Mr. Douglas McConnachie: I'm sorry, but maybe I'm not understanding. What documents are you referring to?

Mr. Matthew Green: From the whistle-blower.

Mr. Douglas McConnachie: ISED's involvement in this exercise came about when PCO had referred the whistle-blowers' documentation to us. It was very large—an approximately 345-page binder—that we had received on February 16. After internally reviewing that material, the decision was made to launch a fact-finding exercise.

Mr. Matthew Green: Did you speak to the deputies, the PCO, or the minister directly or indirectly between March and September?

Mr. Douglas McConnachie: I did not, no.

Mr. Matthew Green: Not at all?

Mr. Douglas McConnachie: Not at all. I spoke to the deputy minister, yes, of course—I report to the deputy minister— but I've had no engagement with the minister or his exempt staff.

Mr. Matthew Green: What was the ISED RCGT report or PCO opinion of the Osler investigation that you said was a whitewash?

Mr. Douglas McConnachie: We've had minimal discussions. I certainly never discussed it in any degree of detail with PCO. But we had received the debriefing from the SDTC committee that had—

Mr. Matthew Green: What was the nature of your discussions, then, with ISED or RCGT?

Mr. Douglas McConnachie: Frankly, ISED was not involved in the Osler review. We didn't have visibility into the methodology or any real details—

Mr. Matthew Green: Lastly, were your reports back and forth verbal, on the phone, or in emails?

The Chair: Make it a very quick answer, please.

Mr. Douglas McConnachie: We had a Teams meeting where we were debriefed verbally by the lawyers, who conducted the review at Osler.

• (1710)

Mr. Matthew Green: Were the notes summarized?

The Chair: Thank you, Mr. Green, and Mr. McConnachie.

Ms. Verschuren, we've completed our first round here, and I know there was something you wanted to add. I'm going to give you the opportunity in a minute or less to add what you wanted to add to Mr. Green.

Ms. Annette Verschuren: On the declaration of the project that I worked on, that NRStor represented—it was 18 months before—I proactively disclosed my role as CEO of NRStor to the government during the vetting, to the minister, to the department and to SDTC.

I also went to the Ethics Commissioner, because I wanted to be clear that this was something that would be comfortable for me to do. I spent two hours with the Ethics Commissioner.

I think that's really.... I want to be 100% clear, Mr. Chair.

The Chair: I know you wanted to say something, so I wanted to give you that opportunity.

Thank you.

We're going to start with our second round now. We're going to Mr. Cooper for five minutes.

Mr. Cooper, go ahead.

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

Ms. Verschuren, Ms. Urie indicated that when the whistle-blower submission was made in January, it was immediately referred to the governance committee of the board.

Do you serve on the governance committee?

Ms. Annette Verschuren: I'll tell you, I got a call, I think, on February 3—

Mr. Michael Cooper: I'm asking a very simple question.

Are you a member of the governance committee?

Ms. Annette Verschuren: I'm a member of the governance committee, but I certainly was not involved in any discussion on this issue with the governance committee.

Mr. Michael Cooper: You recused yourself.

Ms. Annette Verschuren: Absolutely. I was asked not to attend.

The special committee was struck—

Mr. Michael Cooper: Ms. Lawrence, were you involved in any discussions with the governance committee with respect to the whistle-blower complaint?

Ms. Leah Lawrence: I was not.

Mr. Michael Cooper: Ms. Verschuren, through you, Mr. Chair, you indicated that there was one allotment of funding from SDTC to an interest you had. You indicated that you went through the Ethics Commissioner and you alerted the minister, and so on.

Aren't there are follow-up reviews of investments?

Ms. Annette Verschuren: There are.

I think Ms. Urie can explain how it works.

Ms. Sheryl Urie: Sure.

Projects undergo ongoing monitoring throughout the term of the project. Often, projects that are funded by our program last anywhere from three to five years, and the projects are monitored on a milestone basis. We have regular check-ins with the companies and there is required reporting on a regular basis as they work through their—

Mr. Michael Cooper: Wouldn't those follow-up reviews would be undertaken by the board?

Ms. Sheryl Urie: As the project goes through the regular monitoring process, no, the board does not undertake those reviews. Those reviews are undertaken by SDTC staff.

Mr. Michael Cooper: Ms. Verschuren, you had no involvement whatsoever in the follow-up reviews.

Ms. Annette Verschuren: I did not.

Mr. Michael Cooper: Thank you for that.

You are the CEO of NRStar. Is that correct?

Ms. Annette Verschuren: It's NRStor.

Mr. Michael Cooper: It's NRStor. I apologize.

You indicated that NRStor has not received funding from SDTC since you were appointed chair. Is that correct?

Ms. Annette Verschuren: I think I.... Are you referring to the application?

Mr. Michael Cooper: I'll be specific.

That company, NRStor, received \$106,000 in so-called COVID relief payments in 2020 and another \$111,000 the following year, in 2021.

That is inconsistent with what you previously stated. Your company, of which you were, and are, the CEO, received almost \$220,000 from SDTC, which was approved by the board.

Ms. Annette Verschuren: Honourable member, at the time of the board decision on those COVID payments.... You'll recall it was March 2020. It was very difficult. We were very afraid that we were going to lose the investments that we had made and the jobs, so the board sought—

Mr. Michael Cooper: Ms. Verschuren, I just asked you to confirm that that money went out the door. It was nearly \$220,000 to your company in 2020 and 2021.

It was \$220,000. Is that correct?

• (1715)

Ms. Annette Verschuren: The board sought legal advice on how best to proceed during the COVID payments.

Mr. Michael Cooper: You moved the motion to funnel that money out the door, didn't you?

Ms. Annette Verschuren: Because funding went to existing portfolio companies where conflicts had previously been declared—so they had been declared—and because no company received preferential treatment, the legal opinion—

Mr. Michael Cooper: No money received preferential treatment. Your company received preferential treatment in the sense that you sat on the board and provided money to it that the RCGT report flagged as likely not compliant with the contribution agreement.

Ms. Annette Verschuren: The legal opinion was then received with no conflicts—

Mr. Michael Cooper: Who provided the legal opinion?

Ms. Annette Verschuren: It was Osler.

Mr. Michael Cooper: It was Osler. Was Mr. Vandenberg involved in providing that advice?

Ms. Annette Verschuren: He was.

Mr. Michael Cooper: He was. And he serves on the council, does he not?

Ms. Annette Verschuren: He's a member.

Mr. Michael Cooper: He's a member of the council.

Ms. Annette Verschuren: Yes, he's not on the board of directors.

Mr. Michael Cooper: And he was involved in providing that advice.

The Chair: Thank you, Mr. Cooper.

Mr. Michael Cooper: That's incredible.

The Chair: Thank you, Mr. Cooper.

Thank you, Ms. Verschuren, as well.

We have Ms. Damoff next for five minutes.

Go ahead, please.

Ms. Pam Damoff (Oakville North—Burlington, Lib.): Thanks, Chair.

I would just echo what Mr. Villemure said earlier. We can try to be respectful to people who have taken the time to come before the committee.

I'm curious. I don't know which one of you three ladies would answer this, but we got in our package a letter that was sent to Mr. Brassard that included your memo with factual inaccuracies. When was that sent? I got it just last night or this morning. It makes it really hard to review all of this information when it comes at the last minute.

Ms. Leah Lawrence: I believe it was distributed to the committee last Friday, because, of course, we thought we were going to have to be here to be witnesses on Monday.

Ms. Pam Damoff: Okay.

One of those things that I got at the last minute was the Osler report. It talks about the project approval process and Osler “observed a robust conflict declaration process and an awareness of employees (both executive and lower level) of the importance of avoiding actual or perceived conflicts”, and that each project went through at least 38 people. Their conclusion was that “it appears to

be very difficult for a single individual to influence whether a project receives SDTC funding.”

Would you say that's accurate?

Ms. Sheryl Urie: That is accurate. SDTC is known for a very rigorous due diligence process. It's very important for the team to understand the project—the innovation that's being proposed by a potential applicant.

I can talk to you a little bit about the process. We receive applications, which are then reviewed, at a first level, with respect to whether, really, the proposal meets the mandate of the SDTC. From there, an application is funnelled through, and then we look at the criteria and whether the application actually meets the criteria of the SDTC program, which—

Ms. Pam Damoff: I'm actually going to stop you, because I don't have a lot of time and I see that most of that is outlined in the Osler report, so we'll just refer people who want to read it to that.

Ms. Lawrence, I have a question about the ethics adviser. In an October 15 memo to the board, you note a third party governance review recommendation from 2022 that SDTC hire an independent ethics adviser. You started the hiring process in September 2022. Is that correct?

Ms. Leah Lawrence: That's correct. We went through an executive search process, and, as people would know, it can take a number of months to find good candidates. The individual started about a month ago.

Ms. Pam Damoff: Okay, so that was a year. Did it take a year? If it was such an important position, why did it take so long to get someone in place?

Ms. Leah Lawrence: It was approved in the fall, as you read. We engaged, and then Christmas and the summer happened, so unfortunately, it did take longer than we expected.

Ms. Pam Damoff: There was also spring in there, though.

• (1720)

Ms. Leah Lawrence: Yes.

Ms. Pam Damoff: Mr. McConnachie, thank you for being here.

When the minister was here, he talked about how “The fact-finding report found no clear evidence of wilful misconduct, but did identify a number of instances in which SDTC was not in full compliance with its contribution agreement.”

Would you be able to define “wilful misconduct” and how it's different from inconsistencies and opportunities for improvement?

Mr. Douglas McConnachie: Mr. Chair, I'm not a lawyer; I'm an accountant. I'm a CFO. It's not my area of expertise, but my layperson's understanding is that wilful misconduct would be considered founded wrongdoing, and there was nothing in RCGT's findings to suggest that there was wilful intent.

Ms. Pam Damoff: Within your role within the department, did you engage lawyers to determine whether this rose to the level of wilful misconduct?

Mr. Douglas McConnachie: Yes.

Ms. Pam Damoff: You did, and they determined that it was not.

Mr. Douglas McConnachie: That is correct.

Ms. Pam Damoff: Okay. I'm sorry to have put you on the spot. The question should have been about whether the lawyers had determined that.

The minister brought up due process a number of times. What is the danger of making assumptions based on a fact-finding report?

Mr. Douglas McConnachie: The fact-finding report has very limited scope and very limited methodology, and it was being directed by judgmental samples from the complainants report, so it's certainly not exhaustive.

It's not a detailed forensic audit, and all we received, really, were indications that some of the allegations might have merit, and the intent, as I indicated, was always to determine whether next steps would be required. But that is hardly sufficient grounds to terminate an individual or to take stronger measures—and, again, this is why I feel that the minister responded appropriately in this regard.

The Chair: Thank you, Mr. McConnachie, and Ms. Damoff.

[Translation]

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

Mr. René Villemure: Thank you very much, Mr. Chair.

I'd like to ask you a question, Ms. Lawrence. When you hire an ethics advisor who is a lawyer, you generally look for compliance, which is the lowest form of ethics. I see compliance as a bit of a floor, if you will.

What could lead you to seek a little more in the way of ethics? You know, compliance isn't bad, but it's not the end-all be-all either. Why not aim higher?

[English]

Ms. Leah Lawrence: Absolutely, Honourable Member. Thank you for the question. That is exactly what the ethics adviser's scope is. It is much broader than the minimum.

What the ethics adviser is there for is to be available. As you stated earlier, Honourable Member, direct conflicts are straightforward. They are under the code of ethics. They can be adjudicated appropriately, and we are very proactive in that regard.

The more challenging things can be where we need to think about perceived conflict or potential conflict, and how those are administered and what you need to do. That is exactly what we're talking about. So the ethics adviser has already been advising on upgrades to our code of ethics in that regard. He's also already been

advising on the register that we can put in place to help people understand and be transparent.

As you can imagine, we have a number of streams of people who work with our organization. We have our board of directors, of course. We have employees. We also have consultants, and we have others.

[Translation]

Mr. René Villemure: I apologize for interrupting you, but I only have two and a half minutes and I'd like to ask you—

[English]

Ms. Leah Lawrence: We are trying to understand how best to approach the higher level with those—

[Translation]

Mr. René Villemure: I'd like you to tell me about the best practices that have been put in place by the ethics advisor since he arrived.

[English]

Ms. Leah Lawrence: In particular, he has talked about how we can move any concerns or complaints through our processes and procedures to him directly. So, for example, up until today, if there were a complaint against an individual that had gone to an individual other than me, it went to the HR vice-president. Now what's going to happen is that any complaint, regardless of where it comes from, will go to the ethics adviser or to whom it may be against.

The second thing they are looking at is as follows. Right now, it's usually a phone call, an anonymous phone line, that people can use, but now he's saying that there are other ways like email and other appropriate measures, because some people would like different avenues to raise their concerns.

[Translation]

Mr. René Villemure: Thank you very much.

The Chair: Thank you, Mr. Villemure.

[English]

Mr. Green, you have two and a half minutes, please. Go ahead, sir.

Mr. Matthew Green: Thank you very much.

Ms. Verschuren, I have a problem with the discrepancies between the questions that I asked you and the answers you gave Mr. Cooper. I asked you if, in your official capacity, you acted in a way that would have furthered the interests of your organization. You said that happened 18 months prior—yet the conversation around the COVID funding happened in 2020 and 2021.

Under your own board governance definitions of a conflict of interest, it is said to “arise when a person exercises an official power, duty or function that provides an opportunity to further their own private interests”. Would you not agree that over \$200,000 of COVID funding furthers your own private interest?

• (1725)

Ms. Annette Verschuren: The board considered the—

Mr. Matthew Green: I asked you a very direct question. I need a very direct answer. For you, do you not consider moving a motion to provide \$200,000 worth of funding to an organization of which you are the CEO to constitute at the very least a perceived conflict of interest, if not a very real one?

Ms. Annette Verschuren: The COVID payments were made as a portfolio of companies. All the conflicts were assumed previously declared. Part of that—

Mr. Matthew Green: Did you receive an Ethics Commissioner approval for this? You did it when you came to the board, but I didn't hear you say that you did that on this particular vote. Why not?

Ms. Annette Verschuren: Again, we took the position that these COVID payments were broad. It was an operational issue.

Mr. Matthew Green: The lawyer who is also a member of your council took that position.

Can you not appreciate the perception of the public and taxpayers watching this? Hearing the discrepancies in that line of reasoning, would they not see that as a problem?

Ms. Annette Verschuren: The minutes of the March 20 board meeting demonstrated this and—

Mr. Matthew Green: Did you recuse yourself from the vote on the COVID funding, or did you move the motion?

Ms. Annette Verschuren: I believe I moved the motion.

Mr. Matthew Green: You didn't recuse yourself.

Ms. Annette Verschuren: It wasn't a decision I—

Mr. Matthew Green: Do you regret your decision not to recuse yourself from that decision?

Ms. Annette Verschuren: I took the advice of my lawyer.

Mr. Matthew Green: Is that the lawyer who's a member of the council of the organization you belong to?

Ms. Annette Verschuren: I took the advice from Osler.

Mr. Matthew Green: Why not the Ethics Commissioner? That would have cleared you right here, today.

However, right now, I have to tell you that, if somebody came into this barely objective.... This raises more questions than it answers. I put very specific questions to you. You made it appear as though you did not act in the interest of your organization after you joined the board. That we now know to not be true.

The Chair: Thank you, Mr. Green.

Before we begin with Mr. Brock, I need clarification from Ms. Damoff.

Ms. Damoff, you said you received documents last evening. Which documents were you referring to?

Ms. Pam Damoff: It was the Osler report.

The Chair: We received that at 8:18 last night, I believe, so you would have received it. However, you made reference to a letter that came from SDTC officials.

Ms. Pam Damoff: I thought it was included with the Osler report.

Was it included with that, Mr. Chair?

The Chair: No. That came in at 3:47 on Friday and was distributed at 5:15 on Friday.

Ms. Pam Damoff: That was my error.

I find even getting the Osler report so late made it very hard for us...before committee.

The Chair: We received it last night at 8:18.

Ms. Pam Damoff: No, I'm not directing that at you, Mr. Chair.

The Chair: Thank you.

Go ahead, Mr. Brock.

Mr. Larry Brock (Brantford—Brant, CPC): Actually, Mr. Chair, on that particular point, was the Osler report shared with the Conservative team? I haven't seen it.

The Chair: It would have been in the committee's digital binder. I have a copy of it, as well, Mr. Brock, so it was probably distributed in the committee's binder and sent by email to everyone.

The Clerk: It was distributed to all members.

The Chair: Yes, it was distributed to all members.

Mr. Brock, go ahead. You have five minutes.

Mr. Larry Brock: Actually, it's Mr. Gourde.

[Translation]

The Chair: Mr. Gourde, you have the floor for five minutes.

Mr. Jacques Gourde (Lévis—Lotbinière, CPC): Thank you, Mr. Chair.

Thank you to the witnesses.

My question is about a fund administered by SDTC. The seed fund provides a grant and has no reporting requirements for payment. Is that correct?

[English]

Ms. Leah Lawrence: I'm sorry. The translation.... Is the question about no requirements for reporting?

[Translation]

Mr. Jacques Gourde: The seed fund provides a grant and has no reporting requirements for payment. Is that true or false?

[English]

Ms. Leah Lawrence: No, it's not true.

Ms. Urie can provide further information for you.

Ms. Sheryl Urie: Our seed-funding stream is similar to the other streams of funding we provide. They are subject to the same terms and conditions, as required in our contribution agreement. The seed-funding stream is required to report at the end of their project on the project results, as well as on the eligible costs incurred and the funding received to complete the project.

[Translation]

Mr. Jacques Gourde: The fund provides a one-time payment of between \$50,000 and \$100,000, paid in full to a company at the seed stage when the contract is signed. From 2019 to 2022, 180 projects were funded by this fund, for a total of \$17,551,275, so an average of about \$97,509. Almost everyone who applied received the maximum funding, \$100,000. Is that true or false?

• (1730)

[English]

Ms. Sheryl Urie: No.

Not all who applied received the maximum of \$100,000. There are varying amounts. Generally, most projects that come in will be eligible for \$100,000. That's the maximum contribution available in the seed-funding stream.

[Translation]

Mr. Jacques Gourde: We know that 180 projects have been funded, but can you tell us how many projects were turned down?

If you don't have that information today, could you send a written response to the committee indicating the number of projects that have applied for the seed fund? Could we get a list of the 180 companies that received money?

[English]

Ms. Sheryl Urie: Our funding is currently publicly available on our website, but we can also table a list with the committee of all projects that received funding under the seed-funding stream.

Ms. Leah Lawrence: I could add, for the honourable member, that the seed funding is actually by nomination by over 80 accelerators across the country. What we do is work to have a network throughout the region so that we can be aided by people locally to put it forward.

[Translation]

Mr. Jacques Gourde: Thank you. Have—

[English]

Ms. Leah Lawrence: In fact, there are more people nominated—

[Translation]

Mr. Jacques Gourde: I'm sorry to interrupt you, but I have other questions to ask.

Have the projects that have been approved been reviewed by the board of directors? Did a team recommend to the board of directors that it approve the projects or was it done through an internal process? This is not a fund that is excessively large. Have all the projects been approved by the board of directors?

[English]

Ms. Sheryl Urie: All funded projects are recommended by the project review committee and then subject to approval by the board before any funding is available. That's for all of our projects. They're reviewed internally by SDTC for eligibility and whether they meet the terms and conditions of our contribution agreement for funding. They're also subject to an external third party review. We have engaged partners who have expertise perhaps in technology, finance, business and those—

[Translation]

Mr. Jacques Gourde: I'm sorry to interrupt you, but you're not answering my question. My question is whether all the projects have been approved by the board of directors.

[English]

Ms. Sheryl Urie: All seed-funding projects require board approval, yes.

[Translation]

Mr. Jacques Gourde: Thank you.

Were all the necessary precautions taken to ensure that there was no nepotism? In other words, did you make sure that the people who applied for seed funding weren't from the same family as the members of the board of directors? Were all due diligence procedures followed to ensure that there were no conflicts of interest?

[English]

Ms. Sheryl Urie: For our seed-funding program, all projects are subject to the same conflict of interest policy as the rest of the start-up and scale-up funding that we provide. The names of the projects, as well as the accelerator partners that they're working with, are provided to all board members in advance of a project review committee meeting. Board members are required to make the same conflict of interest declarations, consult the registry of conflicts, and those conflicts are discussed at the meeting.

[Translation]

Mr. Jacques Gourde: To your recollection, have members of the board of directors ever had to recuse themselves or step out of the room during the review of certain projects submitted to the seed fund because of possible links between them and their family members?

[English]

Ms. Sheryl Urie: For our seed-funding stream, the process for approval is that there are a number of projects that are approved together in a grouping. It's included in our consent agenda. The consent agenda is how the approval is evidenced. Individual members with those conflicts are identified in the minutes, but they are not removed from the consent agenda approval.

[Translation]

Mr. Jacques Gourde: I look forward to your providing us with the list of projects.

Thank you.

The Chair: Thank you, Mr. Gourde.

[English]

Mr. Bains, for five minutes.

Go ahead, please.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

My first question is for Ms. Verschuren.

You're trying to explain the decision made on a group of applications that you moved to.... One of them was one that you were tied to. Can you just expand on that?

Ms. Annette Verschuren: About 140 companies were in pretty dire trouble. These were all pre-revenue companies. At the time the board was looking at these payments, the board sought legal advice. Because the funding was for the existing portfolio and not for individual projects, there was a declaration that the conflicts had already been declared. That was the legal opinion we used to make that happen.

• (1735)

Mr. Parm Bains: You mentioned that you spent time—I think it was two hours—with the Ethics Commissioner. Can you expand on any advice you received? Two hours is quite a long time.

Ms. Annette Verschuren: Yes. I'm very involved in the cleantech sector across the country. I really believe that—

Mr. Parm Bains: But did you share the situation at hand, or the decision that was going to be made that you moved on?

Ms. Annette Verschuren: No.

Honourable Member, this was done four and a half years ago when I was asked to become chair.

Mr. Parm Bains: So that meeting took place before that. I thought it was during it.

Ms. Annette Verschuren: That's right, it took place then.

Mr. Parm Bains: I'm going to go to Mr. McConnachie.

Can you explain the current role of ISED right now with these alleged allegations? The Auditor General is now looking at it. What are you doing to co-operate with that?

Mr. Douglas McConnachie: I can speak to that in a limited sense, Mr. Chair.

Certainly, the outcome of the fact-finding report was the development of a management response and action plan, which was sent to SDTC and which they've agreed to implement in a timely manner so as not to impact the stakeholders. The minister has requested that it be delivered by December 31. My understanding is that SDTC is well along the way to completing that work. The minister has also agreed to co-operate, obviously, with the investigation of the Auditor General. I'm not involved in that matter.

Secondly, the minister had requested to the deputy, upon receipt of these findings, that we complete a recipient audit of the organization. That's been forestalled now, due to the OAG coming in.

The last piece is that the minister has decided to engage a third party law firm to allow additional complainants to come forward with full protection to speak to any matters that may be of concern, including some of the human resources-related matters that were largely out of the scope of the RCGT fact-finding exercise.

Mr. Parm Bains: Why were those areas outside the scope?

Mr. Douglas McConnachie: In the conduct of the fact-finding, part of the plan that was developed in collaboration with RCGT was to identify clear and objective evidence that would be factual only. In the case of HR allegations, it's very, very difficult to do that. Generally speaking, you need to receive testimony from all parties. There's a more broad investigative process that would probably take much longer and would require additional expertise outside of what RCGT could provide.

Mr. Parm Bains: Mr. Chair, how much time do I have left?

The Chair: You have one minute and four seconds.

Mr. Parm Bains: Thank you.

Ms. Lawrence, can you explain the HR practices SDTC has in place?

Ms. Leah Lawrence: Certainly, honourable member.

We have rigorous hiring and recruitment processes that we follow. These have been followed throughout. In fact—

Mr. Parm Bains: When were they last updated?

Ms. Leah Lawrence: They are updated annually or on a two-year basis. We work in concert with the human resources committee of the board of directors. They have oversight as well into that.

In the last number of years, for example, we have often done pulse surveys and employee surveys. In fact, last spring, in February and March, we did a human resource survey with a third party, Edelman, who went through and looked at employee wellness, health and safety. They came back and showed us that we have a strong culture. We have a strong work environment. Employees feel supported.

They also made some suggestions about some things that are really common across many organizations postpandemic. We have many people who work remotely. About half of our employees don't live in Ottawa or even Ontario. They live in Manitoba, Saskatchewan, Nova Scotia. They had some recommendations for supports for those employees. Given the remote environment and given individual contributors, with respect to supports—

The Chair: Can you wrap up, please, Ms. Lawrence?

Ms. Leah Lawrence: That's one of the many processes we have in place.

The Chair: Thank you, Ms. Lawrence and Mr. Bains.

The worst part of this job is cutting people off. I hate doing that. I apologize.

That concludes our second round. We will be going until about 6:15 p.m., so what I would like to suggest is that, if we can just reset, we can maybe get into six-minute rounds. It will still leave us with time for two five-minute rounds.

That will give you a little more time, Mr. Green and Mr. Villeure.

Is the committee okay with that? Okay. We'll start with six minutes.

Mr. Brock, go ahead, please.

• (1740)

Mr. Larry Brock: Thank you, Chair.

I'd like to ask some more questions regarding the lawyer, Mr. Vandenberg. I understand that he is a partner at Osler. Is that correct?

Mr. Vandenberg is also on the internal SDTC committee. He's a member. Is that correct?

Ms. Leah Lawrence: Yes.

Ms. Annette Verschuren: Yes.

Mr. Larry Brock: He was largely responsible for creating the legal opinion that your company sought after the whistle-blowers made known their complaints. Is that correct?

Ms. Leah Lawrence: Yes.

Mr. Larry Brock: It probably brings to new light, I suppose, the comments by your spokesperson, Janemary Banigan, who commented to the CBC that "After the investigation began,"—this is the investigation regarding Grant Thornton—"SDTC brought in legal counsel...to conduct an internal review." She "declined to say...what the results of that review had been, but she told the CBC last month that it had found nothing to substantiate the allegations."

Ms. Verschuren, in your opening comments or in response to a question, you said that you found the assessment or report done by one of your own to be very thorough— probably very objective, right?

That's very interesting, because obviously the two of you, Ms. Verschuren and Ms. Lawrence, need a refresher, I think, on what conflict of interest really means. Quite frankly, Mr. Vandenberg, being a member of the Ontario Bar, certainly has responsibilities as a lawyer to understand what a conflict of interest is—not an actual conflict, which this clearly is, but a perceived conflict. In fact, he was paid for this report as well.

To both you, Ms. Lawrence and Ms. Verschuren, how much was Mr. Vandenberg paid?

Ms. Leah Lawrence: If I could correct some assumptions there, Mr. Brock—

Mr. Larry Brock: How much was he paid?

Ms. Leah Lawrence: First of all, the Osler report—

Mr. Larry Brock: Madam, how much was he paid?

Ms. Leah Lawrence: Let me finish, because I think there are some pertinent facts here—

Mr. Larry Brock: No, I'm asking the question.

The Chair: Mr. Brock asked a question, Ms. Lawrence. If you could answer his question—

Mr. Larry Brock: How much was he paid?

The Chair: —and then take some time afterwards—

Ms. Leah Lawrence: I don't have that information. I think what's important—

Mr. Larry Brock: Will you table the information as to how much he was paid?

Ms. Leah Lawrence: We can do that, of course.

Now, can I correct some things that Mr. Brock said?

Mr. Vandenberg had absolutely nothing to do with the Osler report. As per professional practices in legal situations like these, an independent counsel from Toronto was appointed. They had no communication, as per best practices of the profession.

The assertion that Mr. Vandenberg had anything—

Mr. Larry Brock: Ms. Lawrence, this is my time.

The Chair: Ms. Lawrence, answer his question.

Mr. Brock, you have the floor. Go ahead.

Mr. Larry Brock: Ms. Lawrence, this is my time.

Ms. Leah Lawrence: And mine, too.

Mr. Larry Brock: He is a partner at that law firm. There is a conflict of interest procedure and policy in every single law firm.

Ms. Leah Lawrence: Yes, and it was followed in this case, sir.

Mr. Larry Brock: He should have declined that, because they're not the only national firm in Canada. All right—

Ms. Leah Lawrence: All I know is that professional practices were followed, sir.

Mr. Larry Brock: I want to know how much Osler was paid for this report. I want to know specifically what time Mr. Vandenberg put into the report. I also want to bring to your attention section 16 of the Canada Foundation for Sustainable Development Technology Act, which prohibits members from receiving remuneration for that type of service.

Ms. Leah Lawrence: Mr. Vandenberg had absolutely nothing to do—

Mr. Larry Brock: Thank you for that. I'm asking questions. I'm not asking for any editorial, Madam. This is my time.

Ms. Leah Lawrence: We will provide the information—

Mr. Larry Brock: Madam, this is my time.

Ms. Leah Lawrence: As we have already—

Mr. Larry Brock: I have the floor, Madam. Ms. Lawrence, I have the floor.

The Chair: Mr. Brock—

Mr. Larry Brock: I ask the questions.

The Chair: Mr. Brock, you have the floor. Ask the questions, please.

Ms. Lawrence, we're trying to keep to one person talking at a time.

Ms. Leah Lawrence: That's understood, Mr. Chair.

The Chair: Thank you, Madam.

• (1745)

Mr. Larry Brock: Ms. Lawrence, will you table all of the emails regarding your concerns about the appointment of Ms. Verschuren as the chair of the board, between you and the ministry, ministry officials, chief of staff, PMO and PCO? We have evidence that you felt there was definitely a conflict of interest on her appointment. Will you table all of those emails between you and the government?

Ms. Leah Lawrence: I did advise the chair to contact the Ethics Commissioner. She did that. Of course, we can make available that information.

Mr. Larry Brock: Thank you very much.

I believe that's my time, Chair.

The Chair: You have one more minute, Mr. Brock. We're in the six-minute round.

Mr. Larry Brock: That's wonderful. Thank you so much.

I want to get into some questions for you, Mr. McConnachie.

It appears as if you want to substantially backtrack on the captured words, phrases, sentences and paragraphs you used in recorded conversations. That's real evidence. When you're dealing with evidence.... Sometimes you have allegations, and sometimes you have real evidence. This is real evidence. These are your words.

When I look at a number of quotes—I don't have all them; I know we're talking about several minutes, if not hours—there's no suggestion in any of the things you said to the whistle-blowers that qualifies your statements. You want to impress upon us, here at committee, that these were speculations on your part, but there's nothing here that says “speculation”. There are very clear concerns you have that this company, SDTC, was definitely mismanaging—

The Chair: Mr. Brock, that's the minute. I'm sorry. I have to keep it tight here.

Go ahead, Madame Fortier.

[*Translation*]

You have the floor for six minutes.

[*English*]

Hon. Mona Fortier: Thank you, Mr. Chair.

Ms. Verschuren, I'm going to ask a question. You'll probably be very surprised by it, but I need to better understand your background and how you got where you are today.

Do you think you would be here today, taking questions like this from the Conservatives, if you had donated \$1,675 last year to Pierre Poilievre instead of Jean Charest?

Ms. Annette Verschuren: I don't know. I contribute to the Liberal and Conservative parties on an equal basis.

Hon. Mona Fortier: Can you share a bit about how you've served throughout government? I understand you've served for a long time on different boards.

Ms. Annette Verschuren: I'm a farmer's daughter from Cape Breton. My parents are Dutch immigrants who came to Canada because the Canadian soldiers liberated them. I'm the middle child of five. I went to St. FX and got my business degree. I started working on the privatization of—

Hon. Mona Fortier: Can you link to the government appointments you've had since then?

Ms. Annette Verschuren: I did the national science and technology committee for Brian Mulroney and the North American Competitiveness Council for Stephen Harper. I was an economic adviser during Flaherty's response to the 2008-09 crisis. I worked—

Hon. Mona Fortier: You've been the chair of many boards in many past governments.

Ms. Annette Verschuren: I believe I have a civic responsibility. It doesn't matter who the prime minister is. I contribute to our country, and I think it's extraordinarily important to do that.

[*Translation*]

Hon. Mona Fortier: Thank you very much. I needed to know how long you'd been doing this. So this isn't new. You have experience.

I'd now like to talk about contribution agreements. We haven't talked a lot today about the contribution agreement processes and how they're signed.

Could you reassure us about your practices in terms of contribution agreements? Are there any challenges or changes that need to be made? Have you made any changes to ensure that you have proper contribution agreements?

[English]

Ms. Sheryl Urie: Our funding agreement with the federal government is, I believe, the contribution agreement you're referring to.

We work in conjunction with ISED any time our funding comes up for renewal. As Ms. Lawrence indicated in her opening statement, we've worked over the past five or ten years to continue to evolve SDTC to meet the needs of the clean-tech ecosystem.

Our focus, more recently, has been very much on the small to medium-sized enterprises, and on trying to ensure that those entrepreneurs can access the same type of funding that larger organizations do across Canadian government funding programs.

We continue to evolve our funding agreement with a focus on those types of activities, as well as on intellectual property—one of the key ingredients for a lot of our companies. It is the biggest asset most of them hold, so we're trying to include additional provisions relating to the protection of intellectual property, the importance of it, and the importance of entrepreneurs understanding the measures they need to take to ensure they have an appropriate intellectual property strategy.

Ensuring that those types of costs are eligible within our funding program is very important.

• (1750)

[Translation]

Hon. Mona Fortier: Based on all the observations, allegations, research and information that have been brought to your attention recently, are you looking at how you'll continue to do your business? Do you see any potential changes that need to be made? Could you share that with us, to show us that you see some improvements that need to be made?

[English]

Ms. Leah Lawrence: I'll start and Ms. Urie can add the detail, which she's excellent at.

The contribution agreement evolves. Our job and our mandate is to meet the expectations of the ecosystem. This was in fact detailed and shown in detail in this evaluation that we got from ISED in February 2023. As I said in my opening statement, it was a draft at that point, but was about to be released.

What it says in there is that we have created activities that are important to and necessary for the ecosystem. So in the entire time that we work with ISED, we are always in constant dialogue about what that looks like, what the contribution agreement says, and how we should evolve it. We do this every time that we get new funding. In my tenure, I think there have been four or five contribution agreements—she would know better than I—and each time we try to evolve them to meet the needs of the ecosystem.

Regarding the things in the RCGT report, we disagree with some of the things they think are in contravention. Therefore, we've already raised that with Innovation, Science and Economic Develop-

ment, and we're having a dialogue about how those things may need to be changed or not. At this point, really what we're talking about is codifying some things that we had had agreement on with ISED in our view. An assistant deputy minister attends every one of our board meetings. We are in continuous dialogue to make sure that we're in compliance and that we are meeting the needs of public policy that have been put forward in terms of innovation, and we expect to be able to continue to do so.

We've already had, as was mentioned by Mr. McConnachie, a first meeting on the management response and implementation plan. We're well on our way. We're looking forward to getting the funds going and flowing again back to entrepreneurs and the passion that we have for them.

The Chair: Thank you, Ms. Lawrence.

[Translation]

Thank you, Ms. Fortier.

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

Mr. René Villemure: Thank you very much, Mr. Chair.

Mr. McConnachie, do you think that, in a conflict of interest, recusing oneself is enough and that that is the best practice?

[English]

Mr. Douglas McConnachie: Mr. Chair, I'm not an expert on conflict of interest, but certainly from my experience within government, I believe that the appropriate practices are to disclose. I believe that's the legal threshold, and the best practice would be to document those conflicts. I think it would be additional to also document the manner in which the conflict has been managed.

[Translation]

Mr. René Villemure: Thank you.

Ms. Verschuren, when a conflict of interest arises, do you think recusing yourself is a best practice?

[English]

Ms. Annette Verschuren: I think it is normal best practices today, but to add to Mr. McConnachie's point, I think the declaration needs to be managed and needs to be recorded.

[Translation]

Mr. René Villemure: Ms. Lawrence, I have the same question for you.

[English]

Ms. Leah Lawrence: Absolutely, and that is the practice we follow, that the declaration is made, it's minuted and recusal happens. As in the report and as it was stated, our minuting can be improved in certain instances on that.

[Translation]

Mr. René Villemure: I've always felt that even if someone re-cuses themselves or walks out of the room, the influence stays in the room.

What do you think, Ms. Lawrence?

• (1755)

[English]

Ms. Leah Lawrence: That is the best practice. What I would say is that our boards of directors and our employees are held to high standard and know what the expectation is with the code of ethics. Therefore, we expect that those conversations do not happen and that influence [*Inaudible—Editor*]

[Translation]

Mr. René Villemure: Do you think the influence stays in the room? It may not be discussed, but the influence remains in the room.

[English]

Ms. Leah Lawrence: What I know is that our act requires that the people who are appointed to our board must have experience in the profession and in the sector, so it's difficult to have a board of directors that is completely conflict free.

[Translation]

Mr. René Villemure: Okay. I hate to ask questions like my friends beside me, but I'm going to ask you to tell me whether or not the influence stays in the room.

[English]

Ms. Leah Lawrence: Yes, I guess it can, but I think that our board of directors tries to make sure that they hold the highest standard.

[Translation]

Mr. René Villemure: Thank you.

How would you characterize the current governance of SDTC?

[English]

Ms. Leah Lawrence: Governance at ISED.... I'm not sure I understand the question.

[Translation]

Mr. René Villemure: On a scale of 1 to 10, how would you grade the governance of SDTC?

[English]

Ms. Leah Lawrence: Oh. It's at SDTC. I would say we used the highest best practices. We can always do better, obviously, so I would say it's in the top quartile.

[Translation]

Mr. René Villemure: Who considers these best practices: is it you, or is it others as well?

[English]

Ms. Leah Lawrence: Approximately every two years, we bring in KPMG or another of the big accounting firms to advise us on what the best practices are, and we adopt those recommendations

and move them forward. The ethics adviser is one of those recommendations that we've adopted from those reviews and moved forward.

[Translation]

Mr. René Villemure: Okay.

How could we strengthen governance control at this time?

[English]

Ms. Leah Lawrence: I believe yesterday, there was a discussion about our act. Our act is 20 years old. I think the community at that time was much smaller than it is today. Today, I think there are expectations that are different from 20 years ago, so I would encourage the committee to look at that and to propose changes to the act as they deem fit.

[Translation]

Mr. René Villemure: Thank you very much.

Ms. Verschuren, from your perspective, how would you characterize the governance of SDTC?

[English]

Ms. Annette Verschuren: I think the governance is of a high standard.

[Translation]

Mr. René Villemure: What is your point of comparison?

[English]

Ms. Annette Verschuren: I sit on a number of boards. I've been on boards since I was 38 years old.

[Translation]

Mr. René Villemure: Okay.

Mr. McConnachie, how would you characterize the governance of SDTC?

[English]

Mr. Douglas McConnachie: Mr. Chair, I don't have an opinion on the matter. I've never attended a board meeting and I've not—

[Translation]

Mr. René Villemure: Okay, that's fine.

Ms. Verschuren, we're here today because there was a breach somewhere. This isn't an accusation, but there was a breach, and that's why we're all sitting in this room today. What was the breach?

[English]

Ms. Annette Verschuren: The RCGT report basically identified that the fact-finding exercise did not reveal any clear evidence of wrongdoing or misconduct at SDTC, but it identified areas where we could improve. Many of those areas were presented in that RCGT report—some of which we found were not accurate—and we tried to fix those things at the time we received the report.

I think in your material, you see our response. We tried to get that response in to the government to respond, because we felt some of these accusations were....

[Translation]

Mr. René Villemure: So the governance of SDTC is exceptional, and Raymond Chabot Grant Thornton has made mistakes. Their report was inadequate, and now you're responding to their inadequacy. Is that correct?

[English]

Ms. Annette Verschuren: No. We responded. We responded and made adjustments to identify the areas we felt were not accurate.

[Translation]

Mr. René Villemure: So SDTC wasn't done very well.

[English]

Ms. Leah Lawrence: I think what I was.... If I may—

The Chair: Give a very quick response, please.

Ms. Leah Lawrence: We are implementing changes to conflict of interest. You're right. They're related to better disclosure in terms of consultants, better minuting in terms of when conflicts have occurred and what their nature is, and, as mentioned, our ethics adviser.

Yes, we are making improvements. We're implementing them.

The Chair: Thank you, Ms. Lawrence.

[Translation]

Thank you, Mr. Villemure.

[English]

Next is Mr. Green for six minutes. Go ahead.

Mr. Matthew Green: Thank you.

I'm trying to better understand the situation going back to the COVID payments. You referenced there were 140 companies that were prerenue. I think that was the term you used.

Was NRStor prerenue when it was approved for the original round of funding?

• (1800)

Ms. Annette Verschuren: The project was prerenue, yes, by many years.

Mr. Matthew Green: It was prerenue in 2020 and then in—

Ms. Annette Verschuren: Yes.

Mr. Matthew Green: It had been in operation for four or five years without any revenue.

Ms. Annette Verschuren: It was built over four or five years. It was a very complicated compressed air energy storage project—

Mr. Matthew Green: How many employees were there, roughly?

Ms. Annette Verschuren: There were about four or five.

Mr. Matthew Green: There were four or five employees.

Ms. Annette Verschuren: On the project.

Mr. Matthew Green: Sure. The funding you received was for the four or five employees.

Do you receive a salary from NRStor?

Ms. Annette Verschuren: The money goes to the equipment and the labour associated—

Mr. Matthew Green: Do you receive a salary from NRStor?

Ms. Annette Verschuren: Yes.

Mr. Matthew Green: How much do you receive from NRStor in compensation?

Ms. Annette Verschuren: I'm not sure that is something I want to say. It was \$120,000 in the last couple of years.

Mr. Matthew Green: Every year.

Ms. Annette Verschuren: Yes.

Mr. Matthew Green: So out of the \$200,000, \$120,000 went into your compensation.

Ms. Annette Verschuren: It certainly did not. It went into the project.

Mr. Matthew Green: Which was funded by the organization that you are now the chair of, correct?

Ms. Annette Verschuren: Yes.

Ms. Sheryl Urie: If I could explain how eligible costs—

Mr. Matthew Green: No, I don't need you to explain. Thank you very much.

Ms. Lawrence, I'm going to ask you a set of questions.

Do you know somebody named Aldyen Donnelly?

Ms. Leah Lawrence: Yes, I do.

Mr. Matthew Green: What is your relationship with Aldyen?

Ms. Leah Lawrence: She's a person that I've known in the ecosystem for about 20 years.

Mr. Matthew Green: Would you consider them a friend?

Ms. Leah Lawrence: I would.

Mr. Matthew Green: Were you aware of her role in the ALUS ecosystem project?

Ms. Leah Lawrence: I was. I declared it to the project review committee at the time that the ALUS project came forward.

Mr. Matthew Green: Did you recuse yourself from any conversations regarding the project?

Ms. Leah Lawrence: I discussed it with the project review committee. They determined that because the person was a subcontractor, and because I have no voting role on the project review committee, I could stay in the room for the conversation.

Mr. Matthew Green: Did you involve yourself in the conversation?

Ms. Leah Lawrence: Not that I recall.

Mr. Matthew Green: You don't recall?

Ms. Leah Lawrence: The reason I say that is that I don't usually engage. What I am there for is as a support—

Mr. Matthew Green: What's the purpose of you being there if you're not going to engage?

Ms. Leah Lawrence: I'm there to support my team as they present projects to the committee.

Mr. Matthew Green: So you're supporting your team as they present a project to the board—

Ms. Leah Lawrence: That's correct.

Mr. Matthew Green: —for somebody you've known for 20 years .

Ms. Leah Lawrence: As I said, I disclosed that to the project review committee. They reviewed it. I followed the conflict of interest practice.

Mr. Matthew Green: Just recently, though, you testified that you believed recusal was a good best practice. Yet you didn't do it.

Ms. Leah Lawrence: In this situation, there was deemed not to be a conflict of material nature by the directors, who are my bosses, so I stayed in the room.

Mr. Matthew Green: Is it the directors who decide who is in a conflict of interest?

Ms. Leah Lawrence: What we do in our process—Ms. Urie can provide more information, if you like—is that a declaration is made. Then, yes, the directors evaluate that declaration—perceived in this case—and make a decision on who should continue to participate in the meeting.

Mr. Matthew Green: A declaration is not a reverse UNO.

Ms. Leah Lawrence: I'm sorry...?

Mr. Matthew Green: A declaration is not a reverse UNO that you can put on the table and say, "I declare it. Therefore, it doesn't exist."

Ms. Leah Lawrence: I did not—

Mr. Matthew Green: This was a friend of yours.

Ms. Leah Lawrence: That's why I declared it, sir.

Mr. Matthew Green: Referencing your own organization's code of conduct, it goes into very clear descriptions about relationships.

Ms. Leah Lawrence: That's why I declared it, sir.

Mr. Matthew Green: But you still didn't recuse yourself.

Ms. Leah Lawrence: I declared it and I followed our process.

Mr. Matthew Green: But you've now acknowledged, I think, that your process had some significant gaps.

I'm going to put this question to both you and Ms. Verschuren.

You're here. You're at a parliamentary ethics committee. To get to this point, there have to be some significant gaps in governance, would you not agree?

Ms. Leah Lawrence: I think you have a series of allegations that have been shown in two reports to be non-substantiated. I think there are some administrative findings that have been put forward and that we are implementing.

I can always do better—

• (1805)

Mr. Matthew Green: How do you think you got here?

Ms. Leah Lawrence: —and we can always do better. That's how we're approaching this situation.

Mr. Matthew Green: Ms. Verschuren, how do you think you got here? I'm putting the question directly to you. How did you get here? What mistakes happened? Is this a witch hunt from somebody else? Is this an axe to grind? I'm giving you the opportunity to share, for the good and welfare of the committee, how your organization got into this position, which is the last position an organization like yours wants to get in.

You're the chair. Ultimately, you are the corporate governance, and responsible for the organization. In your opinion, how did you get here?

Ms. Annette Verschuren: The 345-page submission started with the Auditor General. That is something we don't have access to, but we have had two separate independent studies showing that there was no wrongdoing and no misconduct, but that there were areas that we need to improve, which we're doing now.

That's how we got here.

Mr. Matthew Green: Given the nature of the testimony today, I'm going to put it to you one more time: Do you regret not recusing yourself?

Ms. Annette Verschuren: We took the approach of listening to what our legal adviser told us. There were 140 companies involved in this—

Mr. Matthew Green: Do you feel like you got good advice, in retrospect?

Ms. Annette Verschuren: I took the advice from our lawyer.

Mr. Matthew Green: I'm giving you the opportunity to have retrospect. You're here now. Your salary has been disclosed. The funding that your organization was...

It was a pre-revenue company for four or five years, funded by an organization that you're chairing, and you're receiving compensation. Do you not regret recusing yourself?

You can say "no", if you don't.

Ms. Annette Verschuren: I think I took the proper.... I received legal advice, and I think that was the proper approach.

The Chair: Thank you, Mr. Green.

Thank you, Ms. Verschuren.

Now we go to the final five-minute rounds—one for Conservatives and one for Liberals.

Mr. Barrett, go ahead for five minutes.

Mr. Michael Barrett: Ms. Lawrence, how many projects have been funded by SDTC since 2015?

Ms. Leah Lawrence: I think we'll have to get that number for you.

Mr. Michael Barrett: Of all the projects that have been funded, only 21 were sampled by RCGT in its preliminary review and nearly \$40 million in suspicious payments were found.

In my first exchange with you, Mr. McConnachie, you said that the first time you saw the report from RCGT was in September, but when I jogged your memory with a quote from recordings of you, you agreed that you first saw the findings in May.

You then said that, although you asserted in the records we've heard that on June 7 the minister would be briefed on RCGT by the DM, you don't know if that happened. The minister said he got the brief in September.

I asked if you believe the whistle-blowers. What you said in May was, "We told you we would believe you. Now we have enough evidence to tell you that we really believe you. This means that the government will have actions to take."

The fund is still open. No one has been fired.

With a yes or no, sir, was ISED of the mind at that time to clear house at SDTC?

Mr. Douglas McConnachie: No, it was not. That was my personal opinion.

Mr. Michael Barrett: This was a big deal to ISED. You called it a sponsorship-scandal level giveaway.

Is that correct, sir, yes or no?

Mr. Douglas McConnachie: It was an offhand remark, sir.

Mr. Michael Barrett: When discussing next steps on the findings, was there ever a point when you thought the issues at SDTC were so numerous that you would need to open a new office to deal with this issue? Is it yes or no, sir?

Mr. Douglas McConnachie: I discussed the matter with the deputy minister.

Mr. Michael Barrett: Thank you. That's a yes.

I want to offer you a quote. You said, "Like, you don't want a David Johnston special rapporteur or something, where people are like, 'Oh, it's another member of the Liberal elite who is sweeping this under the rug.'"

You also said, "So we're thinking of setting up an office that would be like a new deputy minister, like reporting to the deputy or report to me. We'll see. It depends, I guess, on how the minister wants to run things."

This is the story: In May, when ISED got the report findings you were gung ho. You were ready to fire the board. You were ready to fire everybody and then open a new office with a director general and a team, and have a spokesperson. You just didn't want it to be someone who is the Prime Minister's neighbour or member of the Trudeau Foundation. You even called it a sponsorship-level giveaway.

Then, in June, after the minister was briefed, the direction and attitude completely changed. You said, "We'll be just amending our current contract to continue the scope of study."

What a climb-down. I find this incredible, sir.

What did the minister say in June to halt the plan that you laid out?

Mr. Douglas McConnachie: I had no communication with the minister through this exercise. It's the deputy minister's role to do this.

If I may—

Mr. Michael Barrett: I've heard your response. I don't find it credible based on the recordings that we have from you at the time.

I'd like to recap a few things that have been uncovered as well.

The chair of the board got \$220,000 for her company and then her salary from that company was \$120,000, but this is not perceived by the chair or by SDTC to be a conflict. The president got \$200,000 from a meeting for her best friend. This is unbelievable.

Ms. Lawrence, can you tell the committee how much in bonuses you have received from SDTC since you've started working there?

• (1810)

Ms. Leah Lawrence: My salary is a matter of public record. It's in our annual report and it's approved by the board of directors.

Mr. Michael Barrett: What were your bonuses, please?

Ms. Leah Lawrence: I don't have that information. We'd have to provide it, but my annual—

Mr. Michael Barrett: Will you provide it in writing to the committee?

Ms. Leah Lawrence: It's a matter of public record. It's in our annual reports.

Mr. Michael Barrett: How many version of the RCGT report are there, Mr. McConnachie?

Mr. Douglas McConnachie: It's detailed in the report itself. There is a version control page. I believe there are four versions.

Mr. Michael Barrett: Did ISED ask for any parts of it to be removed?

Mr. Douglas McConnachie: No.

Mr. Michael Barrett: I have to say, it's an incredible story to hear your words today when placed against your words as this has been unfolding.

I have about 35 seconds left. I'd like Mr. Brock to take it, please.

Mr. Larry Brock: Ms. Lawrence, Mr. McConnachie is on record saying that ISED confronted you and you admitted that when Osler did their investigation, it was raised to their attention that they weren't religiously documenting conflict of interest.

You went and did the retroactive documentary—documented retroactive declarations that should have made at the time and that weren't disavowed or anything.

The grant report also confirms this was done on the advice of the corporation's external legal counsel. This is criminality. This is fraud. This is forgery on the Canadian taxpayer. This warrants a police investigation. This is staggering.

Thank you.

The Chair: Thank you, Mr. Brock.

I'm going to give you less than a minute, Ms. Lawrence, to respond to that.

Go ahead, please—quickly.

Ms. Leah Lawrence: This is factually untrue. This is an error in the report, and it has been noted in the materials that were given to you.

The Chair: Good. Thank you.

Ms. Damoff, you have five minutes to complete.

Ms. Pam Damoff: Thank you.

I want to go back to some of the questions that Mr. Green was asking earlier of you, Ms. Verschuren. He was very specific in the first round of questions about your recusing yourself. Your responses to him were that all of this happened prior to your being on the board. You went through an elaborate process that you followed prior to joining the board—a two-hour interview with the Ethics Commissioner.

In response to Ms. Fortier, you went through a long list on your résumé of the number of boards you've sat on. You obviously have a lot of experience.

When this one thing came to the board.... You keep referring to legal advice that you had. It's obvious by your answers and your experience that you must have had.... Common sense to me would dictate that you would question the legal advice and, out of purely best practice, recuse yourself from that. Whether you got the legal advice or not, given your decades of experience, I'm wondering why you wouldn't have trusted your own instincts on this, given that.

Ms. Annette Verschuren: At the time, the board decision.... They did seek legal advice. Because there were 140, or more, of these projects, it was considered an operational issue. Everybody was treated the same. Everyone had the same amount of money. We received that legal opinion that demonstrated this; therefore, it wasn't necessary to declare all the conflict.

Ms. Pam Damoff: Yes, but you said that before—

Ms. Annette Verschuren: Those conflicts were already declared.

Ms. Pam Damoff: I know. I don't understand, given your experience and the extreme lengths you went to before you joined the

board to ensure that there was no conflict, why you wouldn't have said, "Out of an abundance of caution, I should probably walk out of the room and recuse myself on this one." This is just my opinion. We'll leave it at that.

Ms. Lawrence, in response to one of the questions, you said that you have the highest and best practices with the board, and yet the report highlighted a number of things that you've acknowledged need to be improved.

Granted, things change over 20 years, but things such as a formal mechanism or process for recording, reporting and acting on employee complaints and whistle-blowing.... Just from some of your testimony today, even some of the recording of minutes at the meeting seems to be somewhat lacking. Why wasn't this addressed before by the board over the years?

Ms. Leah Lawrence: I think there are two parts there.

I completely accept that the minuting needs to be improved. We're working on that.

We do have formal processes for when an employee raises concerns. In fact, I can give you two examples of when they were used in recent times.

In the first example, about three years ago an employee raised a concern about a leader. We brought in a third party to review the situation, as is required by our policy in that instance.

The second, of course, you've heard about today. There was a complaint that went to a board member. A special committee was struck and the investigation was launched.

We do have those policies and procedures. We do follow them.

In these instances, they were followed. That's the situation.

● (1815)

Ms. Pam Damoff: With regard to some of the things that came out in the report talking about governance, in a 20-year-old board, why did it take this report to have you start reviewing these things? Going back to the ethics adviser, again, it was a full year from when you said it was really important until it actually happened.

As a matter of course, I would think you would be reviewing these policies, and minuting is something that should not be.... You shouldn't require a report to show those glaring deficiencies.

Ms. Leah Lawrence: Point taken, honourable member.

We do governance reviews every three years. Those are implemented.

I take your point that perhaps we could have acted more quickly on, for example, the ethics adviser.

Ms. Pam Damoff: Okay.

Chair, I have only 30 seconds left, so I'm going to turn it back to you.

The Chair: Okay, you have 50 seconds, but that's fine.

Ms. Pam Damoff: Oh, do I?

The Chair: Yes, yes, go ahead. If you pause a little longer, you're only going to have 30, but go ahead.

Mr. Larry Brock: I'll take your time.

Ms. Pam Damoff: No, that's fine, Mr. Brock, you don't have to take the time.

Some hon. members: Oh, oh!

The Chair: Leave it to Larry, yes.

Go ahead, Pam. You have 30 seconds.

Ms. Pam Damoff: I don't have time to ask a question and get a response, but I'm not prepared to cede it to the other side.

The Chair: Okay. Thank you, Ms. Damoff.

Mr. Larry Brock: I have a point to make, Mr. Chair.

The Chair: Okay, go ahead.

Mr. Larry Brock: There's been a request for a number of documents—

The Chair: I was just going to address that, Mr. Brock. The clerk has been taking note with a time stamp of every request that's been made, so I was going to tell the witnesses that they will be receiving a follow-up email from the clerk on the documents that have been requested today. I'm going to ask that they return those documents one week from today, Wednesday, November 15 by 5 p.m.. I think that's fair and reasonable. Is that okay?

Mr. Brock, I still see your hand. Go ahead.

Mr. Larry Brock: Mr. Chair, I just want to clarify the request that I made of Ms. Lawrence. She talked over me before I had a chance to fully explain what I wanted.

The Chair: Okay, go ahead.

Mr. Larry Brock: I want emails between her and the ISED ministry, the minister himself, the chief of staff, any other political operatives in the ministry, the PMO and PCO regarding her concerns about the employment of Ms. Verschuren as the board chair.

The Chair: Thank you, Mr. Brock. That provides clarification for the clerk as well, so I appreciate that.

I'm going to dismiss the witnesses, but before I do, I want to thank all of you for making yourselves available today.

Mr. McConnachie, Ms. Verschuren, Ms. Lawrence and Ms. Urie, thank you, and I'll dismiss you.

We still have some business to deal with, and that is the subcommittee business.

The subcommittee met on Monday to determine a course of action for the committee. I believe that all members have received the

plan on what came out of the subcommittee. Are there any discussions on that? No?

I'm sorry; what was that, Matt?

Mr. Matthew Green: This is just an observation, John, it's nothing personal.

I'm unclear why that was split up. My direction prior to leaving was very clear, and I'm unclear about the advantage of having them split up. I would just say that when we're creating this work plan, we're going to do it in good faith are going to hope that we can stick to the work plan and not have kind of any veto-type decisions to deviate from it without having a discussion in the committee.

The Chair: Yes, okay. I appreciate that, Matt.

Just another thing with respect to the subcommittee report, you'll notice in there that it's left that there may be some changes in that week of the 20th. We discussed that at subcommittee as well, so there may be one alteration to that date as discussed.

Go ahead, Pam.

Ms. Pam Damoff: I was going to ask about that. I just have a question on that, Chair.

If we lose one meeting on the 20th or the 24th, does that mean an additional meeting would be added for the social media study, or will it just be lost? It wasn't clear from the—

• (1820)

The Chair: Yes, I think, if I'm interpreting the discussion the other day correctly, it's that, if it is lost, we would pick it up at another time. We made it clear that there were going to be four meetings left on the social media study, and that is my intention, unless I'm missing something, Madam Clerk. No? Okay.

Ms. Pam Damoff: Then I guess I would just request, if we make it up, that it be done immediately after the other ones so we can just get this done.

The Chair: Yes, it could be the week of the 27th, for example. Is that okay?

Did you have your hand up? No, okay.

Mr. Barrett, go ahead, and Monsieur Villemure just after that.

Mr. Michael Barrett: Are we still considering the subcommittee report, Chair?

The Chair: Yes.

Mr. Michael Barrett: Reflecting on the urgency that's been expressed for four meetings on the social media study, I just want to see if you could canvass the room, Chair, for unanimous consent to have meetings and witness hearings on the social media study next week. It could be two three-hour meetings. It could three two-hour meetings, but I just want to put that forward. There are resources available. There's been an urgency expressed. It doesn't conflict with any of the other directions—

The Chair: I don't have to canvass the room; I can see some heads shaking. I appreciate, Mr. Barrett, that you want to put some urgency to this study, but I don't think we have consent for that, but thank you.

Madame Fortier, go ahead.

[*Translation*]

Hon. Mona Fortier: Mr. Villemure is next to speak.

The Chair: I'm sorry, Mr. Villemure. The floor is yours.

Mr. René Villemure: Thank you, Mr. Chair.

I was wondering if we were going to have a discussion on the report of the subcommittee on agenda and procedure that was sent to us today.

The Chair: Yes, the subcommittee report is what we're discussing right now.

Mr. René Villemure: Okay, I missed a bit.

The Chair: Did you want to comment on that?

Mr. René Villemure: No, I'll listen.

[*English*]

The Chair: Okay.

Go ahead, Madame Fortier.

[*Translation*]

Hon. Mona Fortier: Thank you, Mr. Chair.

I want to reiterate what I said at the subcommittee meeting, so that all committee members know. It's important to move forward with our study on social media. We mentioned four meetings. I think that was pretty clear at the subcommittee meeting, but I want to make sure that other members of the committee know that this is a priority. I hope we focus on the social media study for the next four meetings, which are on November 20, 22, 27, and 29, if I'm not mistaken.

The report also mentions a whistleblower who would like to testify before the committee about SDTC, but nothing has been confirmed yet. So we could already assume that the social media study will take priority.

[*English*]

The Chair: Thank you, Madame Fortier.

Again, with the discussion we had, if that meeting does happen, we have very specific direction from the subcommittee on when that meeting would occur, what week it would occur, and that it would only involve one meeting. We're still in the process of determining whether that meeting will in fact happen, but I'll certainly advise committee members well in advance, through the clerk, what the status of that meeting is as we come back.

[*Translation*]

Mr. Villemure, the floor is yours.

Mr. René Villemure: Thank you, Mr. Chair.

I agree with Ms. Fortier. As for the whistleblower, I understand that there are time constraints, but it isn't urgent. However, Ms. Khalid requested the social media study a very long time ago. It's a relevant study, and I think we should, as much as possible, have the meetings at those dates.

The Chair: Thank you, Mr. Villemure.

[*English*]

We're going to try to accommodate the whistle-blower. If that doesn't work out, then the 20th, 22nd, 27th and 29th will be the TikTok study.

[*Translation*]

Is the committee in favour of adopting the subcommittee report?

(Motion agreed to [*See Minutes of Proceedings*])

● (1825)

[*English*]

The Chair: That's unanimous, Madam Clerk. Let the record reflect that.

I don't have any other business.

Thank you, everyone, for a wonderful day.

The meeting is adjourned.

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