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Chair: Mr. John Williamson



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• (1100)

[Translation]

The Chair (Mr. John Williamson (New Brunswick South-west, CPC)): Good morning. I call the meeting to order.

Welcome to meeting number 143 of the House of Commons Standing Committee on Public Accounts.

[English]

Today's meeting is taking place in a hybrid format pursuant to the Standing Orders. Members are attending in person in the room and remotely using the Zoom application.

Before we begin, I'd like to ask all in-person participants to read the guidelines written on the updated cards on the table regarding the interpretation system. These measures are to help prevent audio and feedback incidents and to protect the health and safety of all participants, including, and especially, the interpreters. You'll also notice a QR code on the card, which takes you to a short video, should you be interested.

This is a reminder to all of those in person and online that, for the safety of our interpreters, it is very important that your microphone is muted when you are not speaking.

[Translation]

Thank you for your co-operation.

[English]

I also remind everyone that all comments should be addressed through the chair.

[Translation]

Pursuant to Standing Order 108(3)(g), the committee is resuming consideration of Report 6, "Sustainable Development Technology Canada" of the 2024 reports 5 to 7 of the Auditor General of Canada.

[English]

I'd like to welcome our witness. From Sustainable Development Technology Canada, we have Marta Morgan, board director.

Thank you for coming in this morning. You have five minutes for your opening remarks.

Ms. Marta Morgan (Board Director, Sustainable Development Technology Canada): Thank you, Mr. Chair.

I would like to recognize that I'm speaking to you today on the traditional lands of the Anishinabe Algonquin nation.

I joined the board of Sustainable Development Technology Canada on June 4, 2024, alongside fellow board members Paul Boothe and Cassie Doyle. Together, we bring a long track record of public service experience to our one-year appointments to the board.

[Translation]

When we were appointed, we were given a three-part mandate by the Minister of Innovation, Science and Industry: to implement the recommendations of the Auditor General; to restart funding for Canadian clean technology companies, both those previously approved for funding and new applicants; and to transition the programming and staff of Sustainable Development Technology Canada, or SDTC, to the National Research Council, or NRC.

[English]

Our work as a board has been informed by extensive and comprehensive reviews completed over the past year, including the Auditor General's report, the McCarthy Tétrault report, and the Conflict of Interest and Ethics Commissioner's reports.

From the outset, the board has been in close contact with the Office of the Conflict of Interest and Ethics Commissioner. We have reviewed the contribution agreement and the organization's implementing legislation. Our focus since day one has been on ensuring that SDTC is governed and operated with the highest level of oversight.

• (1105)

[Translation]

Our focus since day one has been on ensuring that SDTC is governed and operated with the highest level of oversight.

[English]

Specifically, we have worked to ensure that SDTC maintains the highest standards in the management of public funds, ensures fairness for the clean-tech companies that rely on SDTC support to develop sustainable technologies in Canada, and successfully transitions the deep expertise that has been developed at SDTC since its founding in 2001 to the National Research Council.

Since our appointment in June, we've been working on all three components of our mandate. First, we were tasked with implementing the Auditor General's recommendations. Out of 11 recommendations, 10 have been fully implemented. This includes enhanced documentation of the approval process, increased reporting to ISED and enhanced management and disclosure of conflicts of interest. The final recommendation is currently being addressed through an independent process overseen by the board. Further to this, SDTC has fully complied with Parliament's order for the production of papers, providing over 10,000 documents.

Second, we were mandated to restart funding for Canadian cleantech companies. To this end, we have initiated a third party review of previously approved projects to ensure compliance with the eligibility requirements. This work is still ongoing, and no funds have been disbursed in the interim. We expect that funding could be disbursed shortly to companies where no eligibility issues were identified by the Auditor General. In addition, we are prioritizing cases where payment is due to companies that have fulfilled all of the requirements under their agreements, and where funding has been paused.

Finally, we were tasked with transitioning SDTC programming and staff to the National Research Council. As Minister Champagne stated in his June 4 announcement, the employees' dedication and hard work will ensure the continued success of our clean-tech start-ups in Canada. This process is well under way, with working groups from both SDTC and the NRC actively identifying areas of alignment in programming and personnel to ensure a smooth transition.

Allow me to conclude with a personal reflection. Throughout my time in the federal public service, I saw the potential for innovative Canadian companies to drive economic growth, productivity, and job creation for Canadians. I'm hopeful that the transfer of programming of SDTC to the NRC will enable the NRC to continue to support innovative Canadian companies. Our board will continue to focus on enhancing accountability, transparency and integrity as we move forward with this mandate.

Thank you, Mr. Chair, and I look forward to answering your questions.

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

We'll now begin our first round. It consists of four members with six minutes each.

Mr. Perkins, you have the floor for six minutes, please.

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

Thank you, Ms. Morgan, for coming today.

Have you, as an acting board member—I think that's the correct title for SDTC—had any meetings with the Minister of Industry or his office since you were appointed to this position?

Ms. Marta Morgan: No, I have not.

Mr. Rick Perkins: Thank you.

I'd like to talk a bit about the review of the projects that's ongoing. It's one of your three areas. You mentioned that you're review-

ing the projects identified by the Auditor General for eligibility. To your knowledge, has the Auditor General been back at SDTC to look at a broader list of transactions, rather than just the 226 she looked at?

Ms. Marta Morgan: No, she has not, to my knowledge.

Mr. Rick Perkins: She hasn't, so the Auditor General's report stands, which means that, during the audit period, she reviewed 226 of 420 transactions approved by the board. Is that correct?

Ms. Marta Morgan: That's correct. One of her recommendations was that we review individually each of the projects that was undertaken during that audit period, and that is a process we have started.

Mr. Rick Perkins: Does that mean you're focused on the 226 transactions that were mentioned and discussed in the audit and not the 420 in the audit period?

Ms. Marta Morgan: We are focused on all of the projects that were put in place during the period of the audit. I believe that the Auditor General took a sample of projects and reviewed them, but we are reviewing all of the projects.

Mr. Rick Perkins: According to the Auditor General's report, that's 420 projects. Are you reviewing them all for eligibility?

• (1110)

Ms. Marta Morgan: It is for eligibility, yes, as per the recommendation of the Auditor General.

Mr. Rick Perkins: When you look at the eligibility, I'm presuming you're talking about eligibility relative to the contribution agreements. Is that correct?

Ms. Marta Morgan: Yes, that's correct.

Mr. Rick Perkins: Are you looking at eligibility relative to conflict of interest?

Ms. Marta Morgan: We're following the Auditor General's recommendation, which was to review every project for eligibility. We have hired independent firms—two independent individuals—who will assess each project for eligibility. That's per the Auditor General's recommendation.

Mr. Rick Perkins: That's true, but as a person overseeing the governance of this organization, I would think you would be more concerned not just with the eligibility but with the overall issues that have been identified in the culture of conflict of interest in the organization's board and management. Most of the management is still there. In the culture of conflict of interest, of the 226 projects that the Auditor General audited out of the 420, 82% of board member-approved transactions involved conflicts for board members. To me, that goes to an eligibility issue as well, because there is no way those nine directors represented 82% of the clean-technology community in Canada.

Are you explaining to me that the board, in the review that's going on with the third party, isn't delving at all into the issue of the conflicts of interest that were identified and whether or not these companies got preferential treatment because of their connections with board members? Is that not part of the review?

Ms. Marta Morgan: A number of the recommendations of the Auditor General were related to strengthening the conflict of interest provisions of SDTC, and those recommendations have been implemented. The board is overseeing the governance of SDTC, and we're doing that with much-strengthened conflict of interest reporting provisions going forward.

In terms of the eligibility reviews, we're following the advice of the Auditor General, which is to review each project for eligibility.

Mr. Rick Perkins: The whole reason we're here and the whole reason we have a production of documents motion, which was approved by the majority of House of Commons members of Parliament, to collect documents unredacted is that in that audit period, those 420 transactions that were approved by board members represent \$856 million of taxpayer money. The Auditor General looked at only half of that and found that \$330 million of projects were conflicted and \$59 million of projects were ineligible. That's almost \$400 million out of \$800 million that was conflicted or spent incorrectly.

It boggles my mind that in trying to clean up the governance, which the minister said was his goal, by transferring it, getting rid of the board and having a new board.... Part of that process is saying, "Look, folks. These projects have a problem. They are conflicted. These board members.... The project may be legitimate, but how they got in and how they got funding was clearly preferential treatment over that of other businesses in the clean-technology space that didn't get funding." For that not to be part of your review boggles my mind.

Will you commit here to mandating that the third party you have doing it ensures that conflicts of interest, which were a big part of the Auditor General's report, are part of your review?

Ms. Marta Morgan: We have independent advice on conflicts of interest and the provisions of SDTC. As we go forward, we will be taking advice on conflict of interest issues as well, particularly as we look at reviews and as we look at restarting funding for projects.

The Chair: Thank you very much.

We'll turn now to Ms. Yip. You have the floor for six minutes, please.

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

Thank you, Ms. Morgan, for coming this morning to answer our questions.

Ms. Morgan, you are among three new board members appointed by SDTC to lead the transition into the National Research Council. What are your qualifications?

Ms. Marta Morgan: I have a long career in the public service—about 35 years of experience in a number of departments—as well as some experience in the private sector. That brings a lot of knowl-

edge and understanding around public sector governance and management.

• (1115)

Ms. Jean Yip: Do you have any governance experience?

Ms. Marta Morgan: In leading very large public sector organizations, for example, at Global Affairs Canada, with 12,000 employees and over \$8 billion in annual funding, there are considerable governance responsibilities that go along with that.

Ms. Jean Yip: You're able to parlay your past experiences into helping with the current issues faced by the board.

Ms. Marta Morgan: I hope to be able to bring that experience to the issues at hand.

Ms. Jean Yip: How did the Auditor General define eligibility?

Ms. Marta Morgan: The Auditor General looked at eligibility based on how projects had been assessed, which was based on the contribution agreement that was in place between ISED and SDTC.

Ms. Jean Yip: How did SDTC understand eligibility?

Ms. Marta Morgan: SDTC also understood eligibility based on the contribution agreement between ISED and SDTC, as well as on guidance and guidelines that were developed in order to assist in the interpretation of the eligibility criteria in the contribution agreement.

Ms. Jean Yip: The RCMP commissioner told the media last week that there was an ongoing investigation into SDTC. Earlier this summer, in a letter to the clerk of the House and the committee, the RCMP stated it was looking into potentially starting an investigation but had not started one.

I'm sorry. Could we just lower the volume?

Mr. Michael Cooper (St. Albert—Edmonton, CPC): Ask your question.

Ms. Jean Yip: I'm sorry. I'm just having a bit of trouble.

If you don't mind, please....

The Chair: I'm sorry. Order.

Gentlemen, we don't comment on the questions members are asking. I would ask that we try not to disturb the questions that are going on.

Ms. Yip, I stopped the clock. You have three and a half minutes. The time is yours again.

Ms. Jean Yip: Thank you.

I'll just repeat what I was just saying. I'll go back a bit.

The RCMP stated that it was looking into potentially starting an investigation but had not started one. It had also received no referral from the Auditor General, as had she found no evidence of criminal wrongdoing at the organization or by any individual.

Has the RCMP reached out to the current SDTC board in this regard?

Ms. Marta Morgan: The new board has not been contacted by the RCMP.

Ms. Jean Yip: Has the RCMP reached out to you, personally?

Ms. Marta Morgan: I have not been contacted by the RCMP.

Ms. Jean Yip: Okay.

In her testimony last week, Ms. Doyle confirmed that the three new board members appointed on June 4 are conflict-free and that the three of you met with the Ethics Commissioner as part of your appointment in order to ensure you are in full compliance with the Conflict of Interest Act.

Is this correct?

Ms. Marta Morgan: Yes. We were briefed by the Office of the Conflict of Interest and Ethics Commissioner. We also met with the independent ethics adviser at SDTC.

I do not have any conflicts, financial interests or investments in any clean-tech companies.

Ms. Jean Yip: Are the other two conflict-free?

Ms. Marta Morgan: To my understanding, the other two are as well. I think you had them both here.

Ms. Jean Yip: Ms. Doyle confirmed that SDTC has implemented 10 out of the 11 Auditor General recommendations and is in the process of implementing the final one in the project review.

Can you speak about the project review process? What is that process like?

Ms. Marta Morgan: We initiated a process to independently review each of the projects put in place during the time period of the audit. We brought independent reviewers on board. Each project will be reviewed, separately, by two independent reviewers before it is considered by the board.

Ms. Jean Yip: Has there been any main challenge faced in the project review process?

Ms. Marta Morgan: The project review process has started, and we know we have a lot of work to do before the end of the year to get it finished. There are quite a lot of projects. It is under way, and we are working hard on it.

• (1120)

Ms. Jean Yip: You mentioned that two people are reviewing each project.

Ms. Marta Morgan: Two separate, individual reviewers will review each project.

Ms. Jean Yip: Could you elaborate on that?

Ms. Marta Morgan: We brought independent reviewers on board. They will look independently at each project vis-à-vis its eligibility, which is the outstanding recommendation of the Auditor General. They will then provide their independent recommenda-

tions regarding the eligibility of the project. Then the board will take appropriate action based on the outcomes of those reviews.

Ms. Jean Yip: Do these reviewers have appropriate backgrounds?

Ms. Marta Morgan: Yes, we asked for reviewers who have technical expertise as well, because that is one of the things the Auditor General noted in her report would be important for a good-quality review. They need to look at all of the aspects of every project to make sure it is eligible as a good, solid, sustainable development technology project.

The Chair: Thank you. That is the time.

[*Translation*]

We now go to Ms. Sinclair-Desgagné.

You may go ahead for six minutes.

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

Good morning, Ms. Morgan.

Can you just confirm that no company is receiving funding from SDTC?

The Chair: Just a moment, Ms. Sinclair-Desgagné.

Can you hear me now?

It's working. All right.

Please start over, Ms. Sinclair-Desgagné. You have six minutes.

Ms. Nathalie Sinclair-Desgagné: Ms. Morgan, can you confirm that no company has received funding from SDTC since the beginning of 2024?

[*English*]

Ms. Marta Morgan: I'm not quite sure I understand the question. I don't think any company has received funding from SDTC. Funding for SDTC has been paused since last October.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: All right.

This is a yes or no question.

Of all the companies, none has received funding from SDTC, even those that had a contribution agreement and were already in the system. No company has received a single cent from SDTC since the beginning of the year.

Is that correct?

[*English*]

Ms. Marta Morgan: As I was only appointed to the board in June, I would be happy to seek clarification on that.

My understanding is that funding has generally been paused, although there may have been a very small number of exceptions.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Ms. Morgan, please check because it is rather important.

Ms. Marta Morgan: Yes, of course.

The Chair: Just a moment.

Is everything working, Ms. Morgan?

Ms. Marta Morgan: Yes, it's fine now.

[*English*]

The Chair: I appreciate your remarks in general, but if you could be as precise as possible in responding—you and your team—to Madame Sinclair-Desgagné, that would be helpful.

[*Translation*]

You have five minutes and 10 seconds left, Ms. Sinclair-Desgagné.

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

Ms. Morgan, have you, personally, looked at a contribution agreement between a company and SDTC? You've been on the board of directors for four months now, so have you had a detailed look at a contract?

[*English*]

Ms. Marta Morgan: I have familiarized myself with the legislation and the updated contribution agreement, and I am receiving independent advice on the contribution agreement.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: All right, but have you had a close look at a standard funding contract between a company and the Department of Industry or SDTC?

[*English*]

Ms. Marta Morgan: As a board member, I have not personally reviewed individual contribution agreements with companies, but I have reviewed the general eligibility criteria and will review assessments as they're done.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Thank you. I have a lot of questions and not a lot of time.

Are you aware that every contract contains a clause stipulating that the contract can be cancelled only if the company misrepresents itself? That means the contract cannot be cancelled if the mistake is on SDTC's end. If a company that shouldn't have obtained funding did obtain funding, it will continue to receive taxpayer money because SDTC is responsible for the mistake, not the company. That is true whether there's a conflict of interest involving SDTC or SDTC makes a mistake regarding the company's eligibility.

Were you aware of that, Ms. Morgan?

[*English*]

Ms. Marta Morgan: We have established a clear process to review every single project on an individual basis. Decisions around funding and the restart of funding will be made only once each of those individual reviews has happened.

• (1125)

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: I'll ask my question a different way.

The Auditor General found that a number of projects were ineligible. Have you asked the consultants reviewing the projects to also review the projects that the Auditor General found to be ineligible?

[*English*]

Ms. Marta Morgan: Yes, the Auditor General's recommendation was that all of the projects be reviewed—

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Even if the Auditor General—

[*English*]

Ms. Marta Morgan: —including the projects that were reviewed by the Auditor General, and that is our intent.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Even if the Auditor General explicitly stated that a given project was ineligible, the consultants reviewing it could decide that it was eligible. The consultants' decisions would supersede the Auditor General's findings.

[*English*]

Ms. Marta Morgan: The Auditor General, in her recommendations, recommended that we undertake separate individual reviews of each of the projects.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: If the Auditor General said that a project was not eligible but the consultants determine that, in their view, it is eligible, who will you listen to?

[*English*]

Ms. Marta Morgan: Once we've followed the process and have reviewed every individual project, the board will take the required action based on the findings of those reviews.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: You didn't answer my question, Ms. Morgan. When it comes to deciding whether a project is eligible, will you go with the decision arrived at by the consultants or the Auditor General of Canada?

Since you're on the board, you are responsible for answering that question.

[English]

Ms. Marta Morgan: Once the reviews have been undertaken, the board will take whatever action is appropriate based on the results of the various reviews that have been done. We are being guided by the recommendations of the Auditor General's reviews in the way that we are reviewing each of the projects—

[Translation]

Ms. Nathalie Sinclair-Desgagné: You are confirming, one, that SDTC will not take into account the fact that the Auditor General's report explicitly states that certain projects were ineligible, and two, that SDTC could, on the advice of consultants, decide that a project explicitly deemed ineligible by the Auditor General will continue to receive funding.

[English]

Ms. Marta Morgan: We're following a clear project that's based on the recommendation of the Auditor General, which was to review every project individually—

[Translation]

Ms. Nathalie Sinclair-Desgagné: The Auditor General's recommendation—

[English]

Ms. Marta Morgan: —and once we have the results of those reviews, we will take whatever action is appropriate.

[Translation]

Ms. Nathalie Sinclair-Desgagné: The Auditor General's recommendation wasn't to disregard her findings. After all, she did find that many projects were ineligible. Her recommendation was not for you to check on your end whether those same projects were eligible or not. Her recommendation was to check whether all the other projects met the eligibility criteria.

She looked at a sample of projects. I don't think it takes a statistics course to understand that when a sample of a few projects reveals that they don't meet the eligibility criteria, the eligibility of all the other projects has to be checked. You shouldn't be contradicting my assessment or the Auditor General's. It's a real shame.

Let's say a project is found to be ineligible by both the Auditor General and the consultants. Can you confirm that the ineligible projects will continue to receive funding because of the clause stipulating that the contract can't be cancelled?

[English]

Ms. Marta Morgan: We've established a very clear process.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Ms. Morgan, stop saying the same thing over and over again. You are not answering the questions.

[English]

Ms. Marta Morgan: In any case where we find evidence of fraud or wrongdoing on the part of the recipient, the board will take appropriate action. That is the purpose of the review.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Exactly.

The company didn't do anything wrong. It applied for funding. It was told that funding was available, so it submitted an application. The problem is on SDTC's end.

You're telling me, then, that the contracts won't be cancelled because SDTC was responsible for the mistake. You are confirming that the contract is fundamentally flawed. Companies found to be ineligible will continue to receive public money.

The Chair: Do you have any other comments? You don't.

Thank you.

[English]

Next is Mr. Desjarlais.

You have the floor for six minutes, please.

Mr. Blake Desjarlais (Edmonton Griesbach, NDP): Thank you very much, Mr. Chair, and thank you, Ms. Morgan, for being present with us in this committee. As you're aware, the issues at SDTC have large implications in our country. One is the very serious issue of conflict of interest that now Canadians have had to deal with and grapple with. They have to try to understand how an agency as large as SDTC could fall victim to such an audit, fall victim to conflict of interest and fall victim to board mismanagement. These are serious concerns Canadians have that have done incredible damage to public trust.

Being a civil servant for as long as you have been, I'm sure you're aware that if we don't have public trust in our institutions, even our ministries, the work of actually trying to make these policy objectives—which are actually quite good policy objectives, trying to create innovation amongst Canadians, trying to make sure that Canada has a role globally and that we can remain competitive with our technology, our science and our innovation—is all compromised. It's compromised in this really important goal and that policy objective, and of course in terms of Canadian taxpayers' money as well, but also the very real issues related to the climate crisis.

We've done a disservice now to many factors, so that's why we're present here today, and that's why you're present here today, to speak to us about the way you'll be handling the transition from SDTC to the NRC.

On June 4, a press release by Minister Champagne said:

To support this transition process, the Government has named a new SDTC Board Chairperson and two new Directors who will lead the SDTC in the transfer of its programming to the NRC.

You're one of these two board members—is that correct?

• (1130)

Ms. Marta Morgan: Yes, I am.

Mr. Blake Desjarlais: Can you please describe your role and responsibilities at SDTC and how many hours you put in?

Ms. Marta Morgan: As a board, we are overseeing the governance and leadership of the organization. Our key role is to implement the mandate we were given by the Minister of ISED, which is to implement the Auditor General's report first and foremost, to move forward to restart funding for clean-tech companies in Canada, and also to transfer the people and the programming of SDTC to the NRC. That is our primary function.

Mr. Blake Desjarlais: Do you have any specific roles yourself in this process?

Ms. Marta Morgan: We are all sort of jointly accountable as a board, but I have been spending a bit more time on issues related to the transfer to the NRC.

Mr. Blake Desjarlais: What's your compensation for being a board member?

Ms. Marta Morgan: We are compensated at a daily rate based on a deputy minister's salary. It's about \$1,500 a day.

Mr. Blake Desjarlais: Have you had to recuse yourself from any decisions during your time on the board thus far, and if so, why?

Ms. Marta Morgan: Out of an abundance of caution, I did recuse myself from one board discussion. It was related to a procurement where a decision had been made by staff, but out of an abundance of caution I recused myself entirely from the decision. I have no conflicts—

Mr. Blake Desjarlais: Which decision was that?

Ms. Marta Morgan: —with respect to clean-tech companies in Canada.

Mr. Blake Desjarlais: What was the nature of that conflict?

Ms. Marta Morgan: It was related to a procurement where the staff had made a decision and it was being reported to the board, so I just recused myself from the decision.

Mr. Blake Desjarlais: I understand.

Had you had any conflict of interest training prior to your appointment at SDTC and during your time at SDTC?

Ms. Marta Morgan: We have had a full briefing by the Conflict of Interest Commissioner's office, as well as by our independent conflict of interest and ethics adviser.

Mr. Blake Desjarlais: Did any companies of which you were an owner or a member of a board receive SDTC funding?

Ms. Marta Morgan: No.

Mr. Blake Desjarlais: Did any companies that your family or friends owned or were members of the board receive SDTC funding?

Ms. Marta Morgan: No.

Mr. Blake Desjarlais: Thank you very much, Ms. Morgan, for answering those questions. It's really important that we establish why you're on the board and your credibility on the board towards the end, as I described at the very beginning. Thank you for your co-operation.

I now want to transition to a very serious issue that we noted relative to your opening statement as well, which is the McCarthy Tétrault report.

In that report was a solution in some ways of the government to try to identify whether there was credibility to some serious HR concerns that the government was made aware of. They were presented to us at this committee, where we had an individual, the whistle-blower, whom we identified in this committee as Witness 1. Witness 1 testified at this committee that there were serious and long-standing issues with human resource management within SDTC. Some of those abuses stemmed from very deep issues of systemic violence, like racism, homophobia and sexism. There were really serious issues related to the treatment of employees at SDTC.

Prior to the report's being commissioned by the government, there were many non-disclosure agreements signed by former and even current employees of SDTC. The whistle-blower stated that these NDAs had limited the ability of employees to be truthful and fully transparent in the work related to the McCarthy Tétrault report.

Do you understand what the whistle-blower is saying here, and can you see that there's an obvious conflict between the ability to testify to one's own truth and experience while also being held back by an NDA? Do you understand the conflict?

Ms. Marta Morgan: These allegations were comprehensively investigated by McCarthy Tétrault, and its report is a matter of public record. McCarthy Tétrault had complete access to all current and former employees, and it has published a comprehensive report, which will guide us along with the report of the Auditor General and the report of the office of the Ethics Commissioner going forward.

• (1135)

Mr. Blake Desjarlais: Specifically, do you understand the NDA requirements and how they could play a role in skewing the results of the McCarthy Tétrault report?

Ms. Marta Morgan: The McCarthy Tétrault report is a matter of public record, and McCarthy Tétrault had complete access to all current and previous employees.

Mr. Blake Desjarlais: Do you understand that an employee could not testify to their experience during the McCarthy Tétrault report? Do you understand that?

Ms. Marta Morgan: We are taking the McCarthy Tétrault report very seriously. It was an independent report that was conducted over time.

Mr. Blake Desjarlais: You're not taking it seriously, Ms. Morgan.

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

Mr. Blake Desjarlais: I just asked you about a very credible conflict—

The Chair: You'll have another opportunity.

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

The Chair: To begin our second round, Mr. Cooper, you have the floor for five minutes.

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

Ms. Morgan, this is a yes-or-no question.

I take it from your testimony that, with respect to the reassessment process that is under way and with respect to each of the projects that had been approved by the previous corrupt board, the scope of the reassessments is to determine whether those projects satisfy the enhanced contribution agreement in order to be eligible for funding but does not include reviewing conflicts of interest that may have resulted in those projects receiving funding from the previous corrupt board.

Is that correct?

Ms. Marta Morgan: We are reviewing the projects independently to assess their eligibility, as recommended by the Auditor General.

Mr. Michael Cooper: I asked specifically with respect to conflicts of interest, wrongdoing and so on because the Auditor General found 186 conflicts and \$330 million that went out the door involving conflicts, including 76 million tax dollars, in which board members actually deliberated and voted on approving funding that went into companies they had interests in.

Is that part of the reassessment process? That is a yes-or-no question.

Ms. Marta Morgan: If fraud or wrongdoing is found as part of our review of these projects, the board will take appropriate action.

Mr. Michael Cooper: Ms. Morgan, how is it possible to identify fraud and wrongdoing if that's not part of the reassessment process?

Ms. Marta Morgan: There are strengthened conflict of interest provisions that have been put in place, and no funding will be restarted without those conflict of interest issues also being taken into account.

We're looking at the eligibility reviews by independent assessors, and we're looking at all of the issues before we restart. Should we find any evidence of fraud or wrongdoing, of course the board will take appropriate action.

Mr. Michael Cooper: Why is that not part of the reassessment process?

Ms. Marta Morgan: The reassessment process that we're talking about vis-à-vis eligibility is what was recommended by the Auditor General. We've put that in place with two independent reviews per project to assess eligibility.

Mr. Michael Cooper: Okay. Thank you for that.

Ms. Marta Morgan: That was the recommendation that the Auditor General made.

Mr. Michael Cooper: It's very clear, or it seems to be clear, that a priority is to get funding out the door. What's much less of a priority is rooting out the corruption and conflicts involving hundreds of millions of taxpayer dollars.

Now, Ms. Doyle stated, "If we find any evidence of wrongdoing on the part of the recipient...the board will take action on recovery." What action has been taken to date to recover monies that improperly went out the door where there was wrongdoing? We already know of instances where that has been clearly established. What steps have been taken?

Ms. Marta Morgan: The process of reviewing the projects for eligibility is really at the beginning stage. We've started to review those projects. We are looking at a process to restart funding that will address issues of eligibility and conflict of interest for previously approved projects.

We will restart funding only in cases where these projects have been approved for eligibility independently and the board has had a very close look at them, as the Auditor General has recommended.

Mr. Michael Cooper: I asked Ms. Doyle about this, and I didn't receive a satisfactory answer. In the case of Annette Verschuren, the former chair of the board, \$220,000 went improperly out the door, funnelled into her own company. This was identified in the Auditor General's report. Ms. Verschuren has been found guilty by the Ethics Commissioner of violating the Conflict of Interest Act with respect to those payments.

It's been months since Ms. Verschuren was found guilty. What is the interim board doing to recover those funds? What is the interim board waiting for in that clear, black-and-white case of corruption and conflict?

• (1140)

Ms. Marta Morgan: It's very important that we follow a clear and transparent process. That is what the board has put in place. We will have independent reviews, two independent reviews per project, and we'll assess each project for eligibility.

Mr. Michael Cooper: You'll assess for eligibility but not for conflicts and corruption.

Ms. Marta Morgan: We're conducting these reviews as per the Auditor General's report.

The Chair: Thank you. That is your time.

I'm sorry, Ms. Morgan. Were you still speaking?

Ms. Marta Morgan: No, that's good. Thanks.

The Chair: I just wanted to make sure.

Up next is Mr. Erskine-Smith.

You have the floor for five minutes, please.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thanks, Chair.

I guess I want to start with the fact that if one were listening to this meeting, one might be confused. I just want to make sure I have some things clear in my mind.

When McCarthy did its review of the workplace, there's been some suggestion that employees could not be forthcoming. They were unable to speak to the issue due to NDAs. My understanding, though, based on the evidence we've received, is that NDAs were not a barrier to employees' being full and forthcoming with that review.

Can you just clarify that for us, once and for all?

Ms. Marta Morgan: When McCarthy Tétrault did its independent report, it had complete access to all current and former employees. All confidentiality provisions were waived. The purpose of the—

Mr. Nathaniel Erskine-Smith: That seems fair enough. I appreciate that. That should be clear for everyone at this committee, I think.

Again, I'm sorry for the confusion, but there were some questions about why you're undertaking this reassessment. My understanding was that the Auditor General had specifically recommended that there be a reassessment of every single project.

Again, just for clarity, that is the recommendation, and that is why you're undertaking the review. Is that right?

Ms. Marta Morgan: The Auditor General did in fact request that every project be reassessed. I think it was recognized in the Auditor General's report that there could be more information that hadn't been available at the time of approval or that there wasn't, in some cases, proper documentation. I can't really speak to the Auditor General's rationale, but it was a clear recommendation of the Auditor General to review every project during the period of the review.

Mr. Nathaniel Erskine-Smith: I appreciate that.

Just so I'm clear, you're on the board now. Were you individually involved in any of the previous approval decisions that the Auditor—

Ms. Marta Morgan: I was not.

Mr. Nathaniel Erskine-Smith: Okay. Thank you.

In the course of the conflict of interest challenges and in the course of the approval decisions that have been made, do you have a personal stake in any company that is subject to approval?

Ms. Marta Morgan: I do not.

Mr. Nathaniel Erskine-Smith: That's clear enough. It feels like we're beating a dead horse here, but just so I'm absolutely clear on this, your job is to transition this organization into the NRC. Is that right?

Ms. Marta Morgan: That is correct.

Mr. Nathaniel Erskine-Smith: That's great.

I guess my last question in relation to the line of questioning that Mr. Cooper was going down is this. The Ethics Commissioner found two violations. One was in relation to this bundled decision of COVID payments. Obviously, it's a good thing that you and your colleagues are undertaking a project-by-project review to get to the bottom of things and make sure that all projects are eligible and no one is benefiting from funding simply because they have a stake in it, that it's based on proper eligibility and rigorous eligibility criteria. You've already made clear that there are independent reviews and everything else.

There is that one company that the former chair did have a stake in, but not as a sole owner. You have articulated that you have clear processes that you're following, and I appreciate all that, but it would be helpful if the board could submit in writing at some point the information, the process and ultimately the decision in relation to that project in particular. It's because that is, as far as the public is concerned, the funding decision that has generated a lot of attention. It's the funding decision that was central to the Ethics Commissioner's decision. Obviously, that Ethics Commissioner's report found it was the difference between an abstention and a recusal.

The Conservatives can cast this as.... Well, they have tried to cast this as a criminal matter in the most absurd terms. However, this is the difference between an abstention and a recusal, and it was wrong. It was wrong for the individual to not fully recuse themselves and to only abstain. That is the issue that has garnered the most attention. Therefore, some clarity on process going forward and providing updates to this committee on that particular issue would be great, so that we don't just have to beat the dead horse over and over again.

Mr. Chair, my last comment is simply this: When we have board members come to this committee and we're going to ask very similar questions because their objectives are the same, it would be helpful to not spend two hours individually with separate board members. It would be helpful to group witnesses together where it is reasonably possible.

Thanks so much.

• (1145)

The Chair: Thank you very much.

[*Translation*]

We now go to Ms. Sinclair-Desgagné for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: Ms. Morgan, you said that only projects found to be eligible by the consultants would start to receive funding again.

Is that correct?

[*English*]

Ms. Marta Morgan: The board has put in place a process, which will include—

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Stop repeating the same line. I want a yes or no answer.

I'd like you to confirm the answer you gave my fellow member.

You said that only projects determined to be eligible at the end of the review process would start to receive funding again.

Is that correct, yes or no?

[*English*]

Ms. Marta Morgan: As part of the review of eligibility, there will be an independent review, and the board will consider the results of that independent review in making a decision about project restart.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: All you did was paraphrase, and you cost me a minute. Wonderful. Thank you very much.

Now, does that mean that if a project is determined to be ineligible, you will stop funding it?

[*English*]

Ms. Marta Morgan: If a project is found ineligible, we will take the appropriate action required under the circumstances.

[Translation]

Ms. Nathalie Sinclair-Desgagné: What does that mean, exactly?

[English]

Ms. Marta Morgan: We are looking at individual projects, and we will need to assess, in the case of individual projects, what the appropriate action is. If there is evidence, for example, of fraud or wrongdoing on the part of the recipient, then the board will take action to recover funds.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Again, since the individuals no longer have a conflict of interest, if the projects in question are found to be eligible, they will start receiving funding again. That's great.

Are you still getting advice from the Osler law firm?

[English]

Ms. Marta Morgan: We have retained an independent law firm to provide conflict of interest and ethics advice.

[Translation]

Ms. Nathalie Sinclair-Desgagné: I was asking specifically about the Osler law firm.

Are you still dealing with the firm?

[English]

Ms. Marta Morgan: SDTC receives advice from a number of law firms, depending on the issue at hand. We do continue to receive advice from Osler on certain issues.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Ms. Verschuren accused an associate of giving her bad advice on multiple issues relating to the approval of projects during the pandemic and the awarding of contracts. That associate worked at Osler, and you are continuing to deal with the law firm.

The same associate advised Active Impact Investments, which also funds projects funded by SDTC.

That means Mr. Vandenberghe, an associate at Osler, was advising SDTC on which projects to fund. He was also involved with Active Impact Investments at Osler, which funds the same projects as SDTC.

The Chair: Ask your question, please.

Ms. Nathalie Sinclair-Desgagné: Did you know that?

[English]

Ms. Marta Morgan: The individual in question does not provide legal advice to the board of SDTC.

[Translation]

Ms. Nathalie Sinclair-Desgagné: The law firm did.

[English]

The Chair: Thank you very much.

[Translation]

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

[English]

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

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

I want to return now to the issues presented to us relative to a whistle-blower; namely, Witness 1's report to this committee for the purpose of our study.

In that testimony, which not all members of this committee were subject to, there were many serious and damning concerns worth this committee's investigation. Part of those concerns were serious issues related to racism, sexism, homophobia and real issues of systemic violence within SDTC. These are serious, and they require serious investigation.

We need to talk about this, how we speak about whistle-blowers and how we work with whistle-blowers. Just this morning, for example, we had the Public Sector Integrity Commissioner asking for more money because of the sheer volume of concerns related to the Liberal government and the serious issues within the public service. We do need to make more credible the real concerns of those who work in the public service when they come forward with concerns. It's a very legitimate and regular part of being a government. You should be able to investigate these with more serious concerns.

The McCarthy Tétrault report was rejected by the whistle-blower, Witness 1, as you may know. It was rejected because of the specific issue of NDAs. You mentioned that all confidentiality was waived.

Did that include non-disclosure agreements by SDTC employees, yes or no?

• (1150)

Ms. Marta Morgan: Our focus is on—

Mr. Blake Desjarlais: Ms. Morgan, please, I've asked you several times—

Ms. Marta Morgan: —our mandate.

Mr. Blake Desjarlais: Do you know that I'm asking you about these NDAs? You just said, in response to one of my colleagues, that all confidentiality was waived. The purpose of that statement is to try to obfuscate what I'm trying to ask you, which is a very specific question.

Mr. Chair, I'll look for your support on this, because it's now been several times that I've asked this question.

Have the NDAs been waived for the purpose of the McCarthy Tétrault report, yes or no?

Ms. Marta Morgan: Mr. Chair, these allegations were comprehensively reviewed. McCarthy Tétrault had complete access to all current and former employees.

Mr. Blake Desjarlais: Mr. Chair, I've asked this question very clearly.

The Chair: Ms. Morgan, you're entitled, and it's perfectly acceptable to say that if you don't know, you don't know, and you can get back to us. That's a fine answer, and we'll certainly accept it. As you can see, several members are concerned that their questions aren't being answered.

As I said, you're welcome to say that you will look into it and you'll respond to us later. It is a pretty clear question, and I would ask you to try again, please.

Ms. Marta Morgan: I would be happy to get back to the committee with more information on that.

Mr. Blake Desjarlais: Let's clarify: You're not sure.

Ms. Marta Morgan: Mr. Chair—

The Chair: Hold on, Mr. Desjarlais.

I will let you ask what you would like. Ms. Morgan is going to get back to us, which I think is a suitable answer. She doesn't need to say any more than that.

Mr. Blake Desjarlais: Sure.

The Chair: Could you be clear what question you would like Ms. Morgan and her team to respond to?

Mr. Blake Desjarlais: Ms. Morgan, you responded to a question, and in that response you said that all confidentiality was waived. I want support for that claim that you've made to this committee by way of a very direct answer to my very direct question.

Were the NDAs that were signed by SDTC employees waived for the purpose of the McCarthy Tétrault report? Can you please respond?

The Chair: Thank you very much.

Next, we have Mr. Brock for five minutes, please.

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

Welcome, Ms. Morgan, to committee.

I'm going to start by following up on some loose ends based on other members' questions to you.

Now, I was rather shocked by your response to one of the questions about the law firms that SDTC and the board are retaining. You said, "a number of law firms". You also included Osler in that mix. I don't know whether Edward Vandenberg is a partner or an associate of Osler. He has acquired a notorious reputation for giving completely improper legal advice on governance to the former chair of the SDTC board, Ms. Verschuren. She relied on that advice, as did other board members, to enrich herself and other companies she was associated with.

Stating the obvious, the current board is there to restore trust within the system. You are the overseer, and you're going to ensure the prudent use of taxpayer money. Why on earth would you associate yourself with that law firm, when we have dozens of other leading national firms across this country? You said, quite assuredly, that he is not part of giving you any legal advice. Well, how do you know that? Clearly, Mr. Vandenberg is not part of your meetings, but how do you know he is not continuing to provide advice to other associates or partners, who in turn give you advice?

An obvious answer to that would be to cease all operations with Osler, so why aren't you doing that?

• (1155)

Ms. Marta Morgan: SDTC no longer has any relationship with the lawyer who provided that advice. We have engaged an independent conflict of interest and ethics adviser for the board and the organization from a different law firm.

Mr. Larry Brock: Is Osler giving you legal advice, yes or no?

Ms. Marta Morgan: We engage a number of law firms. Osler provides us—

Mr. Larry Brock: Ms. Morgan, answer the question.

Is Osler giving you legal advice, yes or no?

Ms. Marta Morgan: Depending on the nature of the legal advice, SDTC engages a number of law firms, including Osler, on certain issues.

Mr. Larry Brock: Osler is giving you legal advice on certain issues.

Now, you're not part of any of the operations at Osler, so you cannot say definitively that Mr. Vandenberg is not part of that process. I think, out of an abundance of caution, you should cease operations with Osler.

However, I'll leave it at that and move on.

You talked about taking appropriate action if you discover fraud or wrongdoing. We clearly have evidence of Ms. Verschuren enriching herself in decision-making that resulted in a finding that she breached the Conflict of Interest Act. I also heard you say that you will take steps to recover money. That decision by the Ethics Commissioner was made several months ago. You've been on the new board since June 4.

Why haven't you taken any action?

Ms. Marta Morgan: In the past four months, the board has focused on taking—

Mr. Larry Brock: That's not my question, Ms. Morgan.

Why have you not taken action on behalf of the Canadian taxpayer to recover the ill-gotten gains of Ms. Verschuren? Why have you not started that process?

I don't care about your other priorities. That's understandable. However, you also have a mandate to recover funds. If that mandate didn't come from the minister himself—I'm listening to your responses—it is still part of the new governance system.

Why have you not taken steps to recover money for the taxpayer?

Ms. Marta Morgan: It has taken a few months for the board to get up and running and to start putting in place the processes to deliver on its mandate, including—

Mr. Larry Brock: Are you getting legal advice, ma'am, on how that process should take place to recover funds, yes or no?

Ms. Marta Morgan: We have established a clear process. We have engaged advice. We have engaged independent reviewers, and—

Mr. Larry Brock: Instead of speaking in generalities, Ms. Morgan—

Ms. Marta Morgan: —that process has begun.

Mr. Larry Brock: Ms. Morgan, it's my time.

Instead of speaking in generalities, let's start using a refreshing approach, please, and answer a direct question.

The direct question is this: Are you getting legal advice as to what process should be followed to recover money, yes or no? If you say yes, which law firm is giving you that advice?

Ms. Marta Morgan: We have indicated to the committee that if we find evidence of fraud or wrongdoing, the board will take action.

Mr. Larry Brock: Again, Chair, she refuses to answer the question.

Ms. Jean Yip: On a point of order, I would appreciate it if time could be given to Ms. Morgan to complete her answer.

Mr. Larry Brock: I would be happy to give her time if she actually answered the question.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: On the point of order—

[*English*]

The Chair: Mr. Brock, give me just one second.

Madame Sinclair-Desgagné.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: On the point of order, I find it very disappointing that this witness is not answering any of the questions she could answer with a yes or no. She prefers to repeat the same talking points, which she was probably fed by bureaucrats. I think it's appalling. We have questions, and it is important that the witness be as specific as possible in her answers, out of respect for the time and work of the parliamentarians here.

Thank you.

[*English*]

The Chair: Thank you very much.

[*Translation*]

Mr. Drouin, I think you have a point of order as well. Is that correct?

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Yes.

This is along the same lines.

I respect the witnesses who appear before the committee. At the same time, I realize that it can be frustrating not to get the answers

we want to hear. We must, nevertheless, keep ourselves in check. We are parliamentarians, and we must be respectful to witnesses.

With all due respect to my fellow members, I sense the frustration on the other side. They're asking questions in the hope of getting specific answers that they aren't necessarily getting, and that isn't anyone's fault.

[*English*]

The Chair: All right.

[*Translation*]

Mr. Francis Drouin: In the organization—

[*English*]

The Chair: Ms. Morgan, you can see the position I'm in. There is some frustration when there are specific questions but the responses are general in nature.

Is this something you'd like to answer, or would you like to come back to us in response to a specific question from Mr. Brock?

Mr. Brock, do you want to ask another question? Make it a very specific, short question. I don't want any preamble.

• (1200)

Mr. Larry Brock: Yes. There's no preamble.

Are you receiving legal advice about the process regarding recovery? If the answer is yes, which firm is giving you advice?

It's very general.

The Chair: Is this something you can either answer or come back to us with an answer for?

Ms. Marta Morgan: Yes, Mr. Chair, I'd be pleased to answer that.

Of course, we are receiving legal advice with respect to all of our next steps, including recoveries. I would be pleased to get back to you with the name of the law firm. I just can't recall it at the moment.

The Chair: Thank you. We appreciate that, and we'll look for that answer.

Up next is Ms. Bradford. You have the floor for five minutes, please.

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

Thank you, Ms. Morgan, for being with us today.

In the interest of clearing up some obvious confusion here for anyone watching at home, I would just like to read something into the record.

This is what McCarthy wrote on its website on December 1, 2023, when it launched its review:

SDTC has agreed that, to facilitate the review, any employee or former employee can speak freely to McCarthy Tétrault without fear of reprisal and without being considered as violating any applicable settlement agreements or non-disclosure agreements.

In the public record on the ISED website, anyone can see McCarthy's fact-finding review. It states:

McCarthy prepared a consent form for current and former employees which permitted the disclosure, use and collection of personal information in a manner consistent with the Review and law. This consent form was not mandatory for participation.

McCarthy also prepared a waiver form to encourage participation by releasing participants from any specific confidentiality obligations owed to SDTC. This waiver form was not mandatory for participation.

I just want to get that on the record, because there's been a lot of back-and-forth and confusion on this.

Returning to your opening statement, you referred to the third party reviews that are currently in place for the last requirement and how they're overseen by the board. What does your oversight as a board entail with these organizations conducting the reviews?

Ms. Marta Morgan: That will entail looking at each of the projects and the results of the two independent reviews for each project, taking into account any additional information provided by SDTC staff that is based on or comes out of those reviews. The board will then assess, based on all of that information, the issues around eligibility.

Ms. Valerie Bradford: Okay.

I was also wondering what you are in charge of as a board member. Alongside Ms. Doyle and Mr. Boothe, are you all focused on leading different elements of the transition or mandate?

Ms. Marta Morgan: Mr. Chair, as a board we're all accountable for the mandate that the Minister of ISED gave us. As Ms. Doyle noted during her testimony, she is focused a bit more on the project restart. I'm focused more on the transitioning of programming and people to the NRC.

Ms. Valerie Bradford: Also in your opening statement, you stated that funds should be disbursed shortly. Can you define "shortly" for us, please?

Ms. Marta Morgan: We are hoping, within a number of weeks or maybe by the end of the month, to have funds restarted for those projects. Our first priority is projects for which the Auditor General did not find any concerns about eligibility. Then, following that, are projects for which project milestones have been completed by the recipient but funding was paused.

Ms. Valerie Bradford: Last week we asked Ms. Doyle to comment on the legal risks associated with recouping funds from companies when there may not have been any wrongdoing—or there may have—and the legal risks that this could place SDTC and the government in if we were to do this haphazardly, as the Conservatives suggested. I'm wondering whether you could speak to the legal advice received on the question of recovery.

Ms. Marta Morgan: On the question of recoveries, from our perspective as a board the main consideration is that we pursue these issues, really, in a fair and transparent way that's based on a fair and transparent process. That's why we went to external reviewers and are ensuring that the board reviews every project before we consider... Then, if we determine fraud and wrongdoing, we'll consider the appropriate action and, of course, legal advice will need to be taken into account in those situations, based on the contribution agreement, the agreements that were signed between SDTC and the recipients, etc. I think that as we move forward, an important element will be ensuring that the process is fair and transparent.

• (1205)

Ms. Valerie Bradford: Ms. Doyle further explained that project agreements you enter into with the recipient companies are legally binding documents and there needs to be a violation of that document for there to be a justification for recouping funds. Have you received any written advice and, if so, would you be able to submit that to this committee?

Ms. Marta Morgan: I will have to take that under consideration vis-à-vis legal advice, but let me assure the committee that we are moving forward with this in the most fair and transparent way possible, taking into account the legal parameters, the contribution agreement and the agreements that have been signed. Should there be evidence of fraud or wrongdoing on the part of recipients, then of course the board will take appropriate action, but these things really do need to be assessed on a case-by-case basis, as the Auditor General recommended.

The Chair: Thank you, and I appreciate that response to Ms. Bradford's question about getting back to us. Of course, we hope witnesses will be as forthcoming as possible. I recognize there might be some limitations. If that is the case, you could spell that out in your response, and the committee will take it up at that point. Thank you very much for that offer.

We are now beginning our third round. Again, Mr. Perkins, you have the floor for five minutes, please.

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

I know MP Erskine-Smith is new to this file. He's had a whole three meetings on it where most of us have been working on it for years, so I will just bring him a little up to speed on this.

First of all, the Ethics Commissioner's report comes from a letter a year ago from Conservatives asking to look into one person of the nine that the Auditor General in the spring found out had conflicts of interest. The Ethics Commissioner reported that there are actually 24 conflicts of interest by that single individual. There are 186 conflicts of interest, or 82% of the transactions, MP Erskine-Smith, representing almost \$400 million dollars. Apparently that's something you're dismissing, but it's a clear issue to the point where the RCMP announced last week they're doing a criminal investigation, just for the record.

I'd like to go back to the issue if I could, Ms. Morgan. You said you would act if the companies have been found to do something criminal. I suspect you're not going to find that the companies did anything criminal. The issue is the directors. Are you and is the acting board doing an investigation into the culture of conflict of interest that resulted in 82% of the transactions being conflictual? That's the issue. The issue isn't that some of the companies may have been reasonable companies. It's just that they got preferred access to the funding because of that....

I'll share with you, as an example, the Verschuren Centre. The chair sought \$6.8 million for her own Verschuren Centre at Cape Breton University. It did get rejected eventually, after being fast-tracked by the VP of investments. The VP of investments at SDTC fast-tracked that application. By the way, that person now is the acting president of SDTC. He fast-tracked it, but when it got rejected by the investment committee for conflict of interest, that same person wrote to staff to tell them that they would help find funding for the Verschuren Centre in other parts of government. Then the Verschuren Centre went on—obviously based on the employees' work—to get \$10 million from ISED and ACOA.

The issue is how board members in their little cabal approved each other's projects. They declared at the beginning of each board meeting, "Larry has a conflict on this," and, "Rick has a conflict on that," and, "These are all the conflicts. Now, Larry will leave when his conflict happens, but we'll then approve it, and then I'll leave when my conflict is up."

That's how it works when 82% of the transactions are conflicted. They must have had trouble getting quorum because they were so conflicted.

Are you, as an acting board member brought in by Minister Champagne, who said he was going to clean the place up, not engaging anyone to examine—since you've already said that the Auditor General is not in again—that culture of conflict of interest within the board that led to \$330 million being given to companies these people had an interest in?

• (1210)

Ms. Marta Morgan: The current board does not have any conflicts of interest with sustainable—

Mr. Rick Perkins: I'm sorry. This is why we're having these issues with your answers. I didn't ask about the current board. I asked about the past board. How can you do an analysis of whether or not a company is eligible in the restart of this if you haven't done an investigation into the governance conflicts of interest in this organization?

Ms. Marta Morgan: In terms of the organization, the Auditor General made a number of recommendations about exactly the issue that the member is referring to, which is the culture and processes around conflict of interest. Those elements of the Auditor General's report, which were aimed at strengthening reporting and disclosure, have been implemented.

Mr. Rick Perkins: I'm sorry. You're not listening to my question. My question is about the restart of funding to these organizations, many of whom, 82%, got preferential treatment. How can you do a legitimate analysis of whether or not their funding should be restarted if the new board is not examining the fact that they got sped up in the line and fast-tracked for funding? It's in emails. They got fast-tracked for funding over other companies. How can you restart that? That's the essence of the problem here. Is the new board not doing any investigation into that?

Ms. Marta Morgan: As we consider our process to restart funding, we will address issues of both eligibility and conflict of interest for previously approved projects.

The Chair: Thank you very much.

[*Translation*]

You may go ahead, Mr. Drouin. You have five minutes.

Mr. Francis Drouin: Thank you, Mr. Chair.

I'm going to continue along the same lines as my fellow member Mr. Erskine-Smith. I agree that we should be looking into these issues, but we're going in circles. We're getting to a point where members are asking witnesses who advised them in preparation for their appearance before the committee.

Thanks to Ms. Bradford, we now know that the law firm McCarthy Tétrault raised issues relating to the privacy of those working for SDTC.

[*English*]

Obviously, we're talking about recuperating funds. I want to make sure we understand what's at stake here.

I asked the last board member who appeared before us some questions about legal analysis, which is one risk. Eligibility criteria is one risk.

If you're trying to recoup \$15,000, but it's going to cost you \$50,000 in legal fees, I'm assuming the board will take that into account at some point. The Auditor General recommended that SDTC do a full-blown review of all existing contribution agreements with current businesses, but I'm assuming the board will have to make a decision as to whether or not the amount is fully worth going after, because it may cost you more in legal fees.

Ms. Marta Morgan: Yes. All of those issues would need to be taken into account.

Mr. Francis Drouin: There were various conflicts of interest over which board members were recusing themselves. There were real conflicts of interest, or direct interests within a particular business. However, there were also others that were perceived or potential.

I'm assuming the board will look at those three criteria to ensure that a potential conflict of interest, while it's.... I may or may not work at a company in the future. I may have a potential conflict of interest in the future, therefore I will recuse myself out of precaution. That, obviously, in today's conversation, causes more serious concern than we're trying to address.

I'm assuming the board will have to assess those three different categories of conflicts of interest.

• (1215)

Ms. Marta Morgan: Yes. The findings of the Auditor General focused on the process around conflict of interest reporting, so there were a whole range of issues identified in that report. That's what's guiding us as we move forward.

Mr. Francis Drouin: Obviously, if I have a real conflict of interest.... You're walking on a grey line with a perceived one, but a potential one is very "out there".

My other question is this: We're trying to predetermine what may or may not show up in that review. Knowing that the Auditor General has looked at.... Four out of 42 contribution agreements were revised. Four of them were deemed by us to be ineligible.

I'm assuming those four companies are currently being reviewed by the third party.

Ms. Marta Morgan: One category of projects deemed ineligible was ecosystem projects. The board immediately ceased funding ecosystem projects and will not take any further applications for those.

There were also issues vis-à-vis the governance or decision-making around seed projects. The board also decided, early in our mandate, that we won't be taking any more applications for those.

As for start-up projects, each one will be reviewed. Our early priority is for companies that have met the requirements of their agreements with SDTC. Funding has been paused, but they have met the key milestones of the project.

Mr. Francis Drouin: The seed stream was cancelled. That represented \$1.2 million. The ecosystem stream was \$5 million, and now we're talking about the start-up stream or the scale-up stream.

Obviously, on the question of COVID-19 relief payments.... Well, that's over. Is that also being reviewed by the team and the third party?

Ms. Marta Morgan: Every individual project will be looked at on its own, based on the independent eligibility review. Of course, as conflict of interest is considered, those issues will be considered as well.

Mr. Francis Drouin: We know there are three board members serving who are managing the transition. The previous member, or it may have been you, said that you're developing eligibility criteria to recoup dollars if you're able to.

Is that being done as a board? Not as an individual board member, but as a board are you looking at this?

Ms. Marta Morgan: The board is assessing every individual project. The board will take the appropriate action should we discover cases, such as fraud or wrongdoing, where recovery is appropriate.

The Chair: Thank you very much.

That is your time, Mr. Drouin.

[*Translation*]

Ms. Sinclair-Desgagné, you may go ahead for two and a half minutes.

Ms. Nathalie Sinclair-Desgagné: My fellow member asked you a question about Osler, and you're probably going to get back to the committee later with an answer. In that answer, I'd like you to be very specific regarding the type of legal advice Osler provides to SDTC. I would like you to include the list of topics on which Osler gives SDTC legal advice.

The reason is quite simple. Osler is very involved in a fund called Active Impact Investments, whose portfolio includes a good few of the same companies in SDTC's portfolio. It would seem that

Osler is advising SDTC on the funding eligibility of companies, on one hand, and investing in companies, on the other. One of the companies that was part of SDTC's portfolio—but oddly enough, no longer appears on the website—is Empowered Startups. It was found to have a conflict of interest. That company also receives funding from Active Impact Investments, a fund with close ties to Osler.

Do you think that's normal?

[*English*]

Ms. Marta Morgan: We'll obviously endeavour to provide the committee with the information that's been requested.

In terms of funding decisions, we seek independent advice, and those independent advisers are required to follow the same conflict of interest provisions, which have been strengthened based on the Auditor General's review and all of the processes put in place. It's very important that the individual—

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Thank you. I'm almost out of time.

You said the same thing over and over regarding companies that were found to be ineligible: If fraud occurred, you will try to recover the money. In the case of many companies, there was no fraud. That's very clear.

If you try to recover the money or you just stop funding the companies determined to be ineligible, you open yourself up to lawsuits, since the contracts can't be cancelled. What are you going to do about those companies, specifically? It's a very specific question further to what Mr. Drouin asked.

What are you going to do about ineligible companies that did not commit fraud?

• (1220)

[*English*]

Ms. Marta Morgan: We will need to look at each of these situations on a case-by-case basis to determine the best path forward.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Can you follow up with the answer in writing, please?

[*English*]

Ms. Marta Morgan: We'll be providing quarterly updates to ISED as per the contribution agreement and the advice of the Auditor General. This is an issue that we will be providing regular updates on.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Can you provide the answer to the committee?

The Chair: You'll have another turn.

Ms. Nathalie Sinclair-Desgagné: I just want to ask Ms. Morgan to get back to the committee with an answer regarding what she's going to do. Would you like me to repeat exactly what I was asking?

The Chair: Yes, please.

Ms. Nathalie Sinclair-Desgagné: What are you going to do about projects found to be ineligible by the auditors or consultants, but through no fault of the company? Are you going to terminate the company's funding? What concrete actions is SDTC going to take?

[English]

The Chair: Is that something you could provide to the committee?

I think Madame Sinclair-Desgagné is looking for the other side of the envelope—for what is not being provided—whereas what your group will be providing is on those that are receiving funds.

[Translation]

Did I understand that correctly?

[English]

Ms. Marta Morgan: We'll endeavour to provide more information on this.

The Chair: I will wrap this up at the end in terms of timelines and things like that.

I appreciate that, Ms. Morgan.

Next up is Mr. Desjarlais for two and a half minutes, please.

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

I want to turn now to the Auditor General's report recommendations, and paragraphs 6.26 and 6.29 specifically. It says, "Sustainable Development Technology Canada should reassess projects approved during the audit period to ensure that they met the goal and objectives of the Sustainable Development Technology Fund and all its eligibility criteria."

This is a pretty serious bulk of your work, trying to ensure that there's a fair transition, not just for SDTC and taxpayers, but for the companies. I understand that.

In the instances where there are ineligible projects like the ones noted by the Auditor General, in your reassessment of those projects is there a potential outcome where the government, SDTC or NRC begins a process of recovery for those taxpayer dollars?

Ms. Marta Morgan: That is a possible outcome. We need to look at each one on a case-by-case basis.

As we've noted, if we see evidence of fraud or wrongdoing on the part of recipients, we will undertake recovery and take appropriate action. We will be looking at each case on a case-by-case basis in terms of what the appropriate action is as this process continues.

Mr. Blake Desjarlais: It seems important, and I think it's part of your mandate and ability to build public trust and to rebuild SDTC.

It was mentioned by my Liberal colleagues that there may be an instance where the recovery amount is simply too small and it would cost too much for the government to run the operation of trying to recover those funds. What is your perspective on that?

Ms. Marta Morgan: I think all of those issues will need to be taken into account. That's why we've put in place a process to look

at each project individually and to assess the circumstances of each project—

Mr. Blake Desjarlais: I think about the issue of recovery and the importance of recovering funds that were given or granted to an organization or a company that was not eligible. Those should be recovered.

This is the same policy that the government has right now for COVID recipients. If you were an ineligible COVID recipient, they want to claw it back right now, and many of these people are just \$5, \$10 or maybe even \$100 over the limit. They're barely ineligible, and they're very poor. They're working-class people, and they're finding it very difficult to pay back this amount of money.

Why is it different for the companies? When I asked that question about how we treat individuals and how we treat people when they're just over the ineligibility line for COVID, the government said they're going to recover all of it. When it comes to these huge companies that are getting all this funding, it seems as though there isn't a clear answer or any kind of confidence you're giving me or Canadians that any amount will be recovered for these ineligible projects.

• (1225)

Ms. Marta Morgan: It's important that we follow a clear and transparent process.

In the case where there's evidence of fraud or wrongdoing, the board will take action. If there are funds, for example, that are ineligible costs or areas where the funding exceeds SDTC's contribution agreements, then we will of course pursue those. We need to look at each project on an individual basis, and the board will take appropriate action that could include recovery.

The Chair: Thank you.

You'll have another opportunity, Mr. Desjarlais.

I'm turning now to Mr. Cooper.

You have the floor for five minutes, please.

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

Ms. Morgan, you have repeatedly said that where there is evidence of fraud or wrongdoing on the part of recipients, it will be considered for the purposes of eligibility. You emphasized time and again the word "recipient".

Are you considering conflicts of interest on the part of the former corrupt board members in assessing eligibility for projects? That is a yes-or-no question.

Ms. Marta Morgan: The process that we've developed to look at projects in terms of a funding restart—which is primarily what we're talking about—will address issues of both eligibility and conflict of interest.

Mr. Michael Cooper: Ms. Morgan, my time is limited, and I asked you a very specific question that you haven't answered.

It's an hour and a half into the hearing. You've been asked this question and others in similar terms, but you haven't actually given a direct answer.

The Chair: This is just a reminder.

Ms. Morgan, while I appreciate you are here to answer questions, I will remind you that the time is the member's. I know there's always back-and-forth. When they insist on ending your answer for whatever reason, could you just yield to them, please? I appreciate that you've been doing that generally. Time is limited, and we are coming to the end.

Mr. Cooper, you have four minutes. You can restate the question if you want to, but I think it was heard. The four minutes are yours.

Mr. Michael Cooper: It's a yes-or-no question. Are conflicts of interest on the part of the former corrupt board being considered and assessed for the purpose of eligibility of those very projects that were approved and went out the door involving conflicts of interest of those board members? Answer with a yes or no.

Ms. Marta Morgan: As we look at the process to restart funding, we will address issues of eligibility and conflict of interest for previously approved projects.

Mr. Michael Cooper: Is the answer to that yes or no?

Ms. Marta Morgan: We will look at both eligibility and conflict of interest for the previously approved projects as we look at the restart of program funding.

Mr. Michael Cooper: You were very specific in using the word "recipient" before. Now I'm asking you whether you are also considering conflicts involving board members.

You have refused to answer yes or no on that very specific question, so I'll put it to you again. Is it yes or no?

Ms. Marta Morgan: As we look at different issues, different considerations come into play. Vis-à-vis recoveries—

Mr. Michael Cooper: Yes or no?

Ms. Jean Yip: On a point of order, Chair, we should let the witness answer, not badger her. Give her the time to be able to answer in full, please.

The Chair: Thank you, Ms. Yip.

I have another point of order, from Ms. Khalid.

Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.): It was the same one.

The Chair: All right.

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

Look, I'll just say this to all members on both sides. I appreciate that direct answers are expected. Mr. Cooper is trying to narrow the response, and he is entitled to do that.

Mr. Cooper, I turn the floor back to you, please, for three minutes.

Mr. Michael Cooper: I'm awaiting an answer to a yes-or-no question.

She's wasting my time.

Yes or no?

Ms. Marta Morgan: These are complex and nuanced issues, and they need to be looked at on a case-by-case basis under the process that we've established.

Mr. Michael Cooper: You can't give a yes-or-no answer as to whether that is specifically being considered. I'll take it as a no, which is astounding. What it means is that projects that got ahead of the queue because of corrupt board members will continue to reap the benefits of the corruption at SDTC that led to the freezing and caused a damning Auditor General's report.

Mr. Francis Drouin: I have a point of order. I recognize that it's the honourable member's time, but he's putting words into the witness's mouth that have not been said publicly.

• (1230)

Mr. Michael Cooper: That is what I take from her testimony.

The Chair: Hold on. I didn't catch the putting words. I think Mr. Cooper is summarizing how he sees it.

Mr. Cooper, you have the floor for two minutes and 20 seconds.

Mr. Michael Cooper: In essence, it's not a priority to clean up corruption. It's not a priority to clean up the conflicts. What is a priority is the status quo: to get money out the door as quickly as possible. It's really outrageous.

You said that part of your responsibility on the interim board is to oversee transparency with respect to transfer to the NRC. The SDTC every quarter published all funding decisions project by project. Will that transparency continue when SDTC projects are transferred to the NRC, yes or no?

Ms. Marta Morgan: I can't speak to that issue. We're in the process of discussion with the NRC.

Mr. Michael Cooper: Ms. Morgan, you said that your role is to oversee the transfer to the NRC. That is your primary focus as one of three board members. You said transparency is a priority. I cited an example where there actually was a level of transparency at SDTC, and I'm asking you if that will continue. If you can't answer that, are you at least taking steps to see that it will continue?

Ms. Marta Morgan: We have a process in place whereby we're working through all of these issues with the NRC.

Mr. Michael Cooper: I asked you a simple question, and you dodged once again, talking in generalities about process. Answer the question. I asked you very specifically about quarterly reports from SDTC.

Ms. Iqra Khalid: I have a point of order, Mr. Chair. I don't think we're in the business of embarrassing or harassing witnesses who come before this committee.

The Chair: Look, Ms. Khalid, I appreciate that this is frustrating. These are good questions, and we're a parliamentary committee—

Ms. Iqra Khalid: Respectfully, Chair, these are not questions; these are statements. They are not questions, Chair.

The Chair: The witness can refute them.

Mr. Cooper is being very specific with respect to his questions, and he is entitled to pose them. I would hope we would get an answer, but when he doesn't get an answer, he is entitled to drill down further.

Mr. Cooper, you have the floor.

Mr. Francis Drouin: I have a point of order, actually.

When you say, “answer the question”, you're not addressing that through the chair. I think that's what my colleague, Ms. Khalid, is trying to say.

The Chair: I see. All right.

Mr. Cooper, if you could send your questions through the chair, I would appreciate it. Thank you.

Mr. Michael Cooper: Mr. Chair, can the witness answer the question?

Ms. Marta Morgan: Mr. Chair, the NRC is an independent organization, and I am sure they will be very transparent, but I can't answer the specific question about whether they will follow exactly the same transparency procedures as SDTC.

Mr. Michael Cooper: Ms. Morgan, it's astounding that you can't ensure that there would be at least an equivalent level of transparency. That there, in fact, might be less transparency, not more transparency, would completely undermine one of the purported objectives of moving SDTC over to the NRC.

I think that what is going on, Mr. Chair, is that the minister is working to ensure that there will not be public scrutiny and parliamentary scrutiny in the future of the kind of corruption that has been identified in SDTC. It's about burying the corruption going forward.

An hon. member: Absolutely.

The Chair: Thank you, Mr. Cooper.

Ms. Khalid, the floor is yours for five minutes, please.

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

Thank you, Ms. Morgan, for being here today. We really appreciate your testimony.

I know that you have been asked a couple of questions about what the prior case has been, what the current case is and what the future is going to be. Can you please help us walk through the entirety of your involvement with what has happened prior, what is currently ongoing with you and what the future holds with respect to this issue?

Ms. Marta Morgan: The board of SDTC is really focused on moving forward on the mandate that Minister Champagne has provided us.

If we look at the three elements of that mandate, we see that the first one is implementing the Auditor General's report. We have implemented 10 of the 11 recommendations of the Auditor General, as outlined, and there is one more under way, the individual review of each project for eligibility, which we've been discussing today.

The second element that the board has been working on is restarting funding for clean-tech companies. We've engaged in a third party review. Once these reviews have been completed, we are hoping to be able to restart funding, particularly for those companies that have met their project milestones and been waiting for funding because funding has been paused, as well as for those projects where there were no eligibility issues identified.

The third piece is transitioning programming and staff to the NRC. This is really about people. There's so much talent at SDTC and people who are so committed to the future of the sustainable development technology sector in Canada, working with SDTC to ensure a smooth transition of people and programs to the NRC. That will be our focus going forward. Thus far, we've established solid working relationships and good working groups between the two organizations to organize that.

• (1235)

Ms. Iqra Khalid: Thank you very much for that.

I know it sometimes feels like a kangaroo court in here, where a lot of companies get put through the ringer. This whole matter... As disappointed as I am at how this corruption has really implicated and impacted a lot of our green tech, our clean-tech sector, can you please help us understand what that transition has looked like, especially with the freezing of funds of companies? How has that impacted the industry? In your current role, what do you see?

Ms. Marta Morgan: There's no question that we have heard that some companies are having difficulty because funding for their projects has been paused. There's a lot of interest from companies in knowing when funding can be restarted to enable them to continue and to remain financially viable during this period.

SDTC funds sustainable development projects in agriculture, manufacturing, energy and forestry. It's quite a broad scope of projects that are funded by SDTC and a lot of very interesting companies that have a lot of potential, so we are looking forward to being able to move forward on that part of the mandate.

Ms. Iqra Khalid: When will funding resume for a lot of these companies? I know there was a freeze put on—rightly so—because we want to make sure that when funding resumes, it is transparent and Canadians are able to understand how Canadian dollars are being spent. How is that going to resume?

Ms. Marta Morgan: We have the processes in place now, a renewed contribution agreement with ISED and the project review process restarted. We're hopeful that soon we'll be able to provide funding to those projects where the Auditor General did not identify eligibility concerns, and then to projects where project milestones have been met and the funding has been paused.

Ms. Iqra Khalid: Could you perhaps talk a little about the renewed contribution agreement, how that is impacting the industries and how that is going to be implemented, especially with respect to conflict of interest?

Ms. Marta Morgan: A number of recommendations of the Auditor General are reflected in the renewed contribution agreement and in fact required changes to the contribution agreement. They included enhancing oversight, including conflict of interest reporting and disclosure, quarterly reporting that demonstrates compliance within the terms and conditions of the contribution agreement, clarity on the role of ISED vis-à-vis SDTC, enhanced oversight and auditing, and also clarification of eligibility requirements. It was noted in the Auditor General's report that in some cases there was a lack of clarity around eligibility, including, for example, the technology readiness levels.

All of the changes that came out of that report have been incorporated now and will be taken into account going forward.

The Chair: Thank you. That is the time.

We're beginning our fourth round.

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

Mr. Larry Brock: Thank you, Chair.

I want to build again on some of your responses to previous members' questions.

I want to focus in on the corruption associated with the green slush fund. It was surprising.... Actually, it was refreshing; I should use the appropriate phrase. It was refreshing to hear my colleague, Liberal MP Iqra Khalid, actually refer to this as corruption, because that's exactly what it is.

I'm sure, Ms. Morgan, given your level of experience with government, that you're certainly familiar with the sponsorship scandal that brought down the Chrétien and Martin governments.

Are you familiar with that?

• (1240)

Ms. Marta Morgan: Yes.

Mr. Larry Brock: It's no small wonder, given the gravity of what we have with the green slush fund corruption scandal, that an associate deputy minister was heard on a secret tape referring to exactly this. This is a sponsorship scandal-style level of corruption within the government, the likes of which he has not seen since the sponsorship scandal.

On the issue, then, of corruption, it's no small wonder that the opposition parties collectively voted in favour of an order for more transparency. What that entailed was essentially ordering documentation from the government, from the Auditor General and from the SDTC to shed more light. Prime Minister Justin Trudeau essentially said that sunlight was the best way to promote transparency and accountability. He ran on that in 2015.

The order of the House was made on June 10, 2024. On June 11, the clerk of the court sent letters to the Clerk of the Privy Council, the CEO of SDTC and the Auditor General of Canada to inform

them of the order and that the documents were to be received by July 10, 2024.

It was no small surprise, given the level of corruption and secrecy behind this, that a great number of government departments and subsidiaries essentially redacted hundreds of pages of documents, pursuant to the order, which is the opposite of transparency and accountability.

I note that the Canada Revenue Agency heavily redacted; Innovation, Science and Economic Development heavily redacted and the National Research Council heavily redacted, as did Justice Canada and the Privy Council Office.

I want to confirm, from your perspective, that the documentation that SDTC provided pursuant to this order was completely unredacted.

Is that accurate?

Ms. Marta Morgan: We have provided all of the documents requested by Parliament. A very small number were redacted based on solicitor-client privilege alone.

Mr. Larry Brock: Were they redacted on the basis of identity, addresses and personal information, or is it some other reason that you can't get into?

Ms. Marta Morgan: The only documents that were redacted by SDTC were documents that included solicitor-client privilege, which is essentially legal advice. We provided 10,000 documents. I believe around 300 of them included some redaction for legal advice.

Mr. Larry Brock: Were you part of that process of gathering up the documents, reviewing them and consulting with lawyers on the basis of what redactions, if any, would be made?

Was that a decision made by you and the board?

Ms. Marta Morgan: The board directed staff and counsel to fully comply with the order.

Mr. Larry Brock: Did you or any other member of the board actually review the documents—some 10,000 pages—prior to their release to the government?

Ms. Marta Morgan: Those documents were reviewed by staff and counsel, under the direction of the board, to fully comply with the order of Parliament.

Mr. Larry Brock: Given your new mandate to root out fraud and wrongdoing and to take the appropriate action, my spidey senses on what's transpiring right now.... In the House, we have a privilege motion that has been ongoing for a number of days and will continue for a number of days. It was the government itself, and every member of the government side on the back bench, refusing to vote in favour of the disclosure request. They are now opposed to the release of these documents. They're claiming it's for charter-protected reasons, which is complete nonsense.

• (1245)

The Chair: What is your question, Mr. Brock? Wrap it up, please.

Mr. Larry Brock: The question is this: Do you think it's an appropriate use of our time to demand accountability? Do you think Canadians deserve accountability and full access to all the documents, in order to assist you, ultimately, in the process of ensuring that fraud and wrongdoing are rooted out, and that appropriate recovery action takes place, yes or no?

Ms. Marta Morgan: My role, as a member of the board of SDTC, is to comply with the order of Parliament on the production of papers.

The Chair: Thank you very much.

I'll turn now to Ms. Yip.

You have five minutes.

Ms. Jean Yip: Thank you.

Last week we heard from Ms. Doyle that the transition to NRC is happening on an expedited timeline. The final Auditor General's recommendation is a project review, which is currently under way and should be done in the next few weeks.

I'm wondering if you could provide this committee with a bit more detail on the project review.

Ms. Marta Morgan: In the detailed response to the Auditor General's report that SDTC tabled with this committee, we indicated that we plan to complete the independent reviews of project eligibility by the end of December of this year.

Ms. Jean Yip: Can you give us a little more detail? Which projects are you looking at?

Ms. Marta Morgan: Yes.

We brought in independent reviewers for each project. Each project will be reviewed by two independent reviewers. We are reviewing them on a priority basis. First of all, we are starting with active projects where funding has been paused and where project milestones have been met. These companies in question have fulfilled their obligations under the contract but have not yet received their funding because of the funding pause.

We'll be proceeding as we go to review all the projects, prioritizing the ones that, in the short term, have been meeting their obligations. SDTC has not been able to provide them with funding under the agreements.

Ms. Jean Yip: Ms. Doyle also explained that the project agreements you entered into with recipient companies are legally binding documents and that there needs to be a violation of that document for there to be justification for recouping the funds.

Have you received any written advice?

Ms. Marta Morgan: We have not. Right now, we are at the front end of looking at these eligibility reviews. I expect to be able to report more on that at a later date. We will be reporting quarterly to ISED, including on the eligibility reviews and what is being determined through those reviews.

I expect more information to become available on that in the coming months.

Ms. Jean Yip: Could you provide an update to this committee?

Ms. Marta Morgan: We will be providing quarterly updates to ISED. I will obviously look into what can be shared with the committee. Part of the Auditor General's report is to ensure transparency in everything we're doing.

Ms. Jean Yip: How many law firms have you sought legal advice from?

Ms. Marta Morgan: I will have to return to the committee with information on that.

Ms. Jean Yip: Extensive training was implemented. Can you elaborate on that?

Ms. Marta Morgan: Yes, there was training on the appropriate management and documentation of conflict of interest, and that training was provided to all of our staff. When we bring in independent advisers on projects, as noted, they also receive advice on conflict of interest reporting. Also, as a board, we were advised by both the Office of the Conflict of Interest and Ethics Commissioner and by our own independent adviser, who advises us on a regular basis on anything related to conflict of interest.

• (1250)

Ms. Jean Yip: Outside contractors are also held to a stricter conflict of interest expectation. Was this clarified and put in more detail in the renewed contribution agreement?

Ms. Marta Morgan: Yes, the contribution agreement updated the provisions around conflict of interest, as did all of our internal processes. This started prior to the Auditor General's report, and then the Auditor General's report provided additional recommendations, which allowed us to further strengthen those processes.

Ms. Jean Yip: What position is the industry in after a year of frozen funding at SDTC? What are you hearing from the industry?

Ms. Marta Morgan: We're hearing from the industry that they are very much looking forward to having funding restarted, as per one of the pillars of the mandate that was given to us by the Minister of ISED. There are companies that proceeded with their project and met their project requirements, and they are, certainly, interested in receiving the funding they are due for the work they did.

The Chair: Thank you very much.

[Translation]

Next we have Ms. Sinclair-Desgagné.

With respect to the question you asked in the last round, we'll wait for Ms. Morgan to get back to the committee with a response.

Ms. Sinclair-Desgagné, you may go ahead for two and a half minutes.

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

Ms. Morgan, you said that two separate independent reviews were under way. Can you tell me the names of the two auditors, consultants or companies conducting the reviews?

[English]

Ms. Marta Morgan: We hired a number of firms, and I'm happy to provide those names to the committee.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you very much.

You said that a number of companies were supposed to receive funding and that your mandate was to transition programming to NRC and the Canada Innovation Corporation. It's very important to point out that we have no guarantees that the SDTC funding being transferred to NRC and the Canada Innovation Corporation will be used to fund clean green technology. The Privy Council Office is no longer in a position to provide that assurance.

What do you know about that? Can you guarantee that future funding granted to companies will support clean green technology?

[English]

Ms. Marta Morgan: Decisions around the funding are not made by the board of SDTC. Those questions would be better directed to the government departments involved.

[Translation]

Ms. Nathalie Sinclair-Desgagné: If I understand correctly, you're taking care of the transition, but you don't know what future funding will be used for.

[English]

Ms. Marta Morgan: We expect that NRC will receive funding that will enable it to take over the programs of the NRC, but the nature and the timing of those decisions are not the responsibility of the board of SDTC.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Very well.

That's not at all conclusive, since you've been on the board for four months now. When a transition is taking place, it's important to know that the funding that was being handled by SDTC will be used to achieve the worthwhile goals of SDTC. Developing clean green technologies, and helping start-ups and small and medium-sized businesses are worthwhile goals.

Those businesses need that kind of funding, so it's important that the funding previously allocated to SDTC be used for the same purpose. However, you can't provide any guarantees of that today. Is that what you're telling me?

[English]

Ms. Marta Morgan: We expect that funding will be available to the NRC. Obviously, that's an important part of the transition, as the member has noted. That would be more the subject of government departments to confirm.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you.

I have a short question having to do with this whole affair. Considering everything that has happened, the Auditor General's report and the dissolution of SDTC, will you finally apologize to the whistle-blowers who, at tremendous risk to themselves, did their job and exposed the appalling state of affairs at SDTC to Quebeckers and Canadians?

• (1255)

[English]

Ms. Marta Morgan: Our focus as a board is on the people at SDTC and ensuring a fair process of transition for them to the NRC.

[Translation]

Ms. Nathalie Sinclair-Desgagné: The answer is no, then. The whistle-blowers won't be getting an apology.

[English]

The Chair: Thank you very much.

[Translation]

Ms. Sinclair-Desgagné, your time is up.

We now go to Mr. Desjarlais for two and a half minutes.

[English]

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

I want to touch on the subject of my previous colleague. You said earlier in this meeting that it's about people and a smooth transition to the NRC. In regard to the SDTC working group folks who are responsible for much of the innovation and support at SDTC, these are folks who were needed across the country. The competitive landscape for these kinds of professionals is extreme.

We've learned this throughout issues with ArriveCAN, for example. When the government doesn't have people of expertise in the technology development sector, it ends up going to private companies. Those private companies then get involved in a myriad of procurement issues, as we've discovered through ArriveCAN.

I'm really happy to know that this is being transitioned to the NRC, as a matter of fact, because many of the employees at NRC are unionized. They're Public Service Alliance employees, and I'm really looking forward to ensuring that those employees are well protected. I'm not confident, of course, by the lines of my questioning, that that has taken place thus far.

When will the employees of SDTC know if they've been offered a position at the National Research Council?

Ms. Marta Morgan: We expect that information to be able to be provided to employees within the coming months. We don't have an exact date at this point, but we're working with the NRC to do that as quickly as possible exactly to retain the talent and to give the employees assurance and some confidence in the future.

Mr. Blake Desjarlais: I'd say months is probably too long for that. A lot of people have to pay rent. A lot of people have to live in this economy, and waiting and waiting isn't good enough for those employees.

Will they receive an equal or higher salary?

Ms. Marta Morgan: Those details are being worked out right now through working groups that have been set up by SDTC and NRC to work together on those issues.

Mr. Blake Desjarlais: The Treasury Board has issued a requirement for employees to return to work. Will the prior contracts between employees and SDTC in relation to remote contracts be honoured?

Ms. Marta Morgan: I would expect that SDTC employees would become members of the union and that their positions would be associated with the NRC and subject to the employment conditions of the NRC when they're transferred

Mr. Blake Desjarlais: That means they won't.

Ms. Marta Morgan: I would expect that they would be subject to the conditions of the NRC; however, all of those details are under discussion right now between the NRC and SDTC.

Mr. Blake Desjarlais: Would you support, in the transition, a recommendation by your board to suggest that the contracts between SDTC and those employees who receive remote contracts—like indigenous employees in northern communities or rural or remote workers—will ensure they continue to work for the public service? Would you recommend that?

Ms. Marta Morgan: We're focused on ensuring fairness for employees, on encouraging employees to move from SDTC to NRC, to keeping that talent—

Mr. Blake Desjarlais: The best encouragement is honouring the word of SDTC. Will you honour the workplace contracts between the employees of SDTC if they transition to the NRC?

Ms. Marta Morgan: All of these issues need to be worked out with the NRC, as the SDTC employees will be moving to a new—

Mr. Blake Desjarlais: Ms. Morgan, that's probably my time.

Moral courage is required to protect these workers in our economy.

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

Up next we have Mr. Perkins for five minutes, please.

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

I'll start off this round by tabling a motion and then speaking to it, Mr. Chair.

I think the clerk has the motion on the books.

The Chair: I'm sorry; are you moving it or are you tabling it?

Mr. Rick Perkins: I'm moving it.

Could the clerk circulate it to members?

The Chair: We'll wait until you've read it out first, to make sure that it aligns with anything the clerk may have received.

Mr. Rick Perkins: I'm moving this motion:

That, in relation to the committee's ongoing study of Sustainable Development Technology Canada, SDTC, and given that:

(i) former SDTC board member Andrée-Lise Méthot received SDTC funding for Cycle Capital investments while she was on the board of SDTC, despite being both the founder and beneficial owner of the venture capital firm; and given that

(ii) Minister Steven Guilbeault previously served as strategic adviser for Cycle Capital for a decade prior to running for office and was awarded shares as part of his compensation at Cycle Capital that he continues to hold;

the committee therefore invite Minister Guilbeault to appear, to speak to his past affiliation with the venture capital firm and whether he has been involved in any decisions related to SDTC since joining cabinet.

For those of you who are new to this issue and are on the committee—

● (1300)

The Chair: Give me just one second, Mr. Perkins.

The clerk's going to distribute it. I'm going to allow Mr. Perkins to speak for a few minutes, and then I'm going to suspend for a couple of minutes after that.

Ms. Morgan, in the meantime, hold fast. You're welcome to stretch your legs, freshen up or anything like that. Just don't go too far. Sometimes these things resolve themselves quickly—we have 10 minutes left—and sometimes they don't, in which case I might very well excuse you.

For now, please feel free to get up and stretch your legs. Just don't go more than five or 10 minutes away. Thank you.

Mr. Perkins, you have the floor.

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

The Auditor General identified a number of board members who had conflicts of interest. The one who had the most by far on the Auditor General's list was Andrée-Lise Méthot. Her firm, which she founded in 2009, called Cycle Capital, is a firm that invests in green technology. It's based in Quebec and has had considerable business.

The green slush fund is at a little over \$1 billion since its inception, including those projects identified by the Auditor General and others that Andrée-Lise Méthot identifies on her own website that she's invested in. The total so far is—are you waiting for it—\$250 million of green slush fund money. A quarter of the green slush fund money has gone into organizations and businesses that Cycle Capital has an investment interest in.

Now, on the wonderful website that was in the news on the weekend, called LinkedIn, you can find out wonderful and incredible information. The current radical Liberal environment minister Guilbeault proudly lists that he was the strategic counsel for Cycle Capital for a decade before he was elected in 2019.

Guess what he did in that role? He was the paid in-house lobbyist. During his time as a paid lobbyist for Cycle Capital, Cycle Capital received \$172 million of the \$250 million that came out of the green slush fund. In the year and a half before Minister Guilbeault was elected in 2019, he lobbied the PMO and ISED 25 times, according to the lobbyist registry, on behalf of Cycle Capital, for SDTC funds. He was a very successful lobbyist, obviously, and as part of Minister Guilbeault's reward, he got shares as compensation in Cycle Capital. Those shares are not held in a blind trust. They are publicly available to see on his conflict of interest disclosure through the Ethics Commissioner's office. He still owns those shares.

Since he joined cabinet, in the dying days of former minister Navdeep Bains' time as the minister of industry, Cycle Capital received \$750 million of additional money. Former minister Navdeep Bains, you'll recall, is now selling the largest and most expensive cellphone plans in the world. Rogers, as his reward for bringing down Rogers' cellphone rates, rewarded him with a job to promote the most expensive cellphone company in the world.

He gave Cycle Capital \$750 million while Minister Guilbeault was in cabinet. For 40 months or so, while Minister Champagne was the minister and had a senior assistant deputy minister in every investment committee and board meeting, 82% of the time they were voting on conflicts of interest, including declared conflicts of interest in companies that Andrée-Lise Méthot owned through Cycle Capital, which Minister Guilbeault has shares in to this day.... That happened

Not only does the line extend from the Prime Minister's Office, which hand-picked and appointed the chair over her conflicts, even though it was warned about them—the PCO has said that's where it came from—and not only has the Prime Minister's Office tried to thwart the House of Commons by asking departments to redact their documents from the disclosure the House of Commons asked for from SDTC, but we have an actual minister of the Crown, who happens to be the minister of the environment, who might have some interest in SDTC and its performance and is actually financially gaining from it.

By that, I mean that Cycle Capital, since Andrée-Lise Méthot was put on the board in 2016, tripled in value, from \$200 million to \$600 million. It's a pretty good return for all of this.

• (1305)

As we know, because we've had lots of testimony on it, when a company received a grant from SDTC, it was like a stamp of approval from the Government of Canada. This allowed those companies to then go out and arrange for other funding, which they may otherwise have had difficulty getting. It was not just funding from other parts of the government, but generally raising capital.

Minister Guilbeault needs to attend our study. He was not on our original list, but evidence has come up as a result of the examination of his public disclosure. I believe he needs to be accountable to this committee and testify as part of our ongoing examination.

Thank you, Mr. Chair.

The Chair: Thank you.

As I said, I'm going to suspend for just five minutes. When I come back, I'll hear from Ms. Khalid and then Mr. Erskine-Smith and anyone one else who wants to join the speaking roster.

We'll be back here in five minutes.

This meeting is suspended.

• (1305) _____ (Pause) _____

• (1310)

The Chair: I will bring this meeting back to order. I do have extra time for this meeting. I have asked you to consult with your whip offices if that's going to be a challenge. For the new members, I tend to run the clock the same way a European football referee does: time is added and we'll just proceed until the time runs out.

On the speaking list, Ms. Khalid is first up.

Ms. Khalid, you have the floor on the motion.

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

I'm just reviewing the text of the motion, and I can't help but think about how many different versions of the same motion we've been trying to get through this committee, specifically with respect to Minister Guilbeault. I know that last month we voted and the motion did not pass to include Minister Guilbeault. I'm not sure what he has to contribute.

I've been sitting here over these 22 meetings we've had on this specific issue, and I can't help but see how many repeated questions there are. It seems like your neighbour's cousin's friend's dog sitter is somehow related to what we're studying here. The fact that we are going down this path really makes me think about the government resources that we spend on this. It really makes me think about all of the extra redundancy that we're seeing on different committees, whether it's this one, INDU, OGGO or so many others. The Conservatives keep trying to tie this to the Prime Minister. I think the fact that over 22, 23 or 24 meetings later they still haven't been able to do so is quite telling.

We can absolutely go down this path. I'm sure that Minister Guilbeault will come here. He will have lots of great things to say. He'll have a good-news story about how the clean-tech sector is really propping up Canada's economy and how we're doing well in that sector. I think he will have good-news stories to tell about how SDTC has, over this decade, been able to prop up that sector and how that transition is going to be good for transparency, how it's going to be good for accountability and how it's going to be good for that sector, but I don't think that's what the Conservatives want to really hear. I don't think they want to hear the good-news stories at all. I think they're really in the mindset of finding any way to tear Canada down, regardless of how they do it. What they're trying to achieve here, and how, is really disappointing.

There is no evidence. This committee is not a courtroom. We should leave it up to the people who make the decisions as to how this should happen and leave it to their independence as to how this is going to happen. We are not in that business. We are in the business of ensuring what happens going forward. We are in the business of ensuring that there is increased transparency, that there is increased accountability and that we are doing right by our institutions and continuing to build public trust within our institutions and amongst Canadians as well.

I find that this motion is redundant. It has already been discussed and passed. I'm surprised, Chair, that you did not rule it out of order, because it addresses the exact same issues that we have discussed here over these past 23 or 24 meetings we've now had on this issue. I'm hoping we can move on to more important issues that this committee has on its agenda at this point in time, and I'm sure Mr. Desjarlais would agree that we do have some very important reports we need to get to so that we can continue to do the work that Canadians expect us to do. This is absolutely not it.

Thanks, Chair.

• (1315)

The Chair: Thank you.

Before I turn to Mr. Erskine-Smith, this just a flare I'll send up. I'm still not quite sure if this is going to be a quick matter or an extended matter. I'm going to ask Ms. Morgan just to hang tight.

After a few more members speak, I might seek consent to excuse you, but if members would like you to wait, you'll have to wait.

You can get back on the list, Ms. Khalid, if you'd like, but I'm going to turn to Mr. Erskine-Smith now.

Mr. Nathaniel Erskine-Smith: Thanks, Chair.

Before I get to the substance of this, I emailed you, Chair, previously raising concern around just the communication with members of this committee about extended time. We all have schedules, and I'm fine to take the time when I know I have the time and notice is given. However, if the normal practice here is to, at the last minute, call an audible...then you have to treat us with some basic respect and communicate to us as members that this is going to happen. That is why notices are sent, Chair, and again, I'm just looking for basic respect across the aisle.

Now, substantively, Mr. Perkins suggested that I'm new to this. Well, I'm new to this. If there's proper corruption—there's evidence

that that corruption is criminal wrongdoing—let's collectively get to the bottom of this across the aisle. Of course, let's do that. However, when Mr. Perkins says, well, the RCMP has opened an investigation, then I go and look into that claim. What do I read? I read a statement from the RCMP that says, "The RCMP has concluded that the available reports do not identify any criminal offences or evidence of criminal wrongdoing at this time".

On the one hand, okay, I'm told there's an active investigation and I should take this seriously. Then I go and read what the RCMP have actually said, and they're saying the very same thing that I was saying at the outset, which Mr. Perkins was trying to contradict.

Again, if we're going to work together to get to the bottom of something, let's come at it with some semblance of good faith. For example, I just sat for two hours of a witness being berated, a witness who does not have any conflicts. This is a witness who is new to this, who is coming to help us solve this problem, not someone who was involved in the creation of the problem. We're berating her and treating her this like it's *A Few Good Men*, because she doesn't know the answers to the NRC and what the NRC is going to do with the file when it's transitioned ultimately to them. It's absurd.

Either we deal with this in a sensible, reasonable, thoughtful way or we deal with it like apparently we intend to deal with it, as I just watched for the last two hours. Yes, the witness could absolutely have been clearer. If a project is ineligible, what is going to happen with it? There are categories here where ineligibility, conflicts.... There are certain categories where we should have full disclosure of how the board intends to deal with these things. However, we could have a thoughtful, reasonable discussion with someone who wasn't part of the problem, and we could actively try to solve it together instead of berating them in the most inappropriate way.

Now, as for this particular motion, I have no real objection to this other than that I would love to know why we're not hearing from.... I think we already have Andr ee-Lise M ethot on the witness list. I would have no objection to this, but for that it appears to be a fishing expedition. I don't have any evidence in front of me that Guilbeault has done anything untoward. I don't have any evidence in front of me to suggest that he's done anything wrong.

I'm fine. If we're in the business of a fishing expeditions, so be it, but it would make a lot more sense to me if we were dealing with this in a more thoughtful way. Bring the witness Andrée-Lise Méthot, who I understand is already on the witness list. See what she has to say about her actions as a board member, but also vis-à-vis Cycle Capital investments, and if anything comes up that would suggest that the minister should be involved in our investigation and our committee meetings, then so be it. However, do we have any evidence in front of us at all that the minister has had a say and directed this arm's-length organization to make decisions? Do we have any evidence of any conversations between the minister and board members in relation to Cycle Capital investments and the decision-making in relation to distributing funds?

Again, let's get to the bottom of things. However, if it's a bad-faith fishing expedition, let's call it what it is, because that's what this looks like to me. If we want to get to the bottom of this, let's hear from the witness who was the board member, who has a beneficial interest in Cycle Capital investments. Let's get to the bottom of that first.

• (1320)

The Chair: Thank you very much.

[Translation]

Go ahead, Mr. Drouin.

[English]

Mr. Francis Drouin: If you recall, a few meetings ago I said I had no problems with looking at this particular matter, even though in my personal opinion I thought that after an Auditor General's Report, after a McCarthy-Tétrault report, after another RCGT report, and 22 meetings later we're still looking at it, I don't know what Canadians think about this, but either we're the most incompetent auditors on earth, or we're actually going to get serious about this.

I'm wondering again how many more meetings after we've already agreed to a plan, and now we're going on this—I know it's hunting season—wild goose chase to have the minister, Monsieur Guilbeault, in front of our committee. Why?

What are the allegations here? If Mr. Perkins knows something that I don't, then provide evidence to this committee because SDTC, as he full well knows, unless he doesn't know the cabinet process, but I know he knows, because he has worked in government before.... He fully understands that cabinet did not make individual decisions on contribution agreements for SDTC. He knows that. He also knows that Minister Guilbeault had nothing to do with that.

I'm here again, trying to be serious if we are to get to the bottom of this. I'm not saying there wasn't any wrongdoing. We know there was, but it's the linkage that they are trying to make with every single minister, or something that has "Liberal". I notice that they like to repeat "corruption", "Liberal", time and time again. They probably get brownie points for that, I suspect, or maybe gold stickers—I don't know—or they are eyeing a cabinet position at some point.

Anyway, all I'm trying to say is, can we be serious about this? I will not be supporting a motion that invites Minister Guilbeault based on nothing. Maybe I have some mutual funds that I've de-

clared as a conflict of interest. I don't know if they invest in...what's the company called, Cycle Capital? Maybe I should appear as a witness.

• (1325)

[Translation]

Where are we going with this?

[English]

I'm just asking, how many more meetings are we going to have? Are we going to actually be serious about this, or are we going to continue this committee? This committee used to do good work. It used to, and then it got too partisan.

[Translation]

We're looking into things that no longer make any sense. In the four meetings I've been on the committee, not a single member of an opposition party—whether it be the Conservatives, the Bloc Québécois or the NDP—has taught me anything I didn't already know.

Members are asking witnesses whether SDTC is going to apologize, knowing that they don't even have all the details of the report. They are waiting for the report. Today's witness was even asked who had briefed her in preparation for her appearance before the committee. Those are the smart questions members want to ask. Frankly, can we be serious and not engage in partisan games?

Now we are talking about inviting Minister Guilbeault, after the committee had already decided to remove his name. That's the problem. I'm new to this committee, and I was told that decision had already been made. Now we may again have to consider inviting Mr. Guilbeault, even though the opposition knows full well that he has nothing to do with this whole thing. All the opposition members want is to be able to say that the minister refused to appear before the committee.

Get serious.

The Chair: Thank you.

[English]

Next, is Ms. Khalid again.

You have the floor.

Ms. Iqra Khalid: I think I will perhaps yield to Ms. Yip.

The Chair: Actually, it's Mr. Perkins and then Ms. Yip.

Mr. Perkins, you have floor, please.

Mr. Rick Perkins: Just for the record, the study began in this committee in June of—

The Chair: Mr. Perkins, just for the—

Mr. Erskine-Smith, is your hand up to speak again, or is that a previous hand up?

Mr. Nathaniel Erskine-Smith: That's to speak again, thanks.

The Chair: Thank you very much.

Mr. Perkins, you have the floor.

I'm sorry, Mr. Perkins. I'm going to interrupt you, because I know you're never at a loss for words, and you will pick it right up again.

Could I get unanimous consent to excuse Ms. Morgan, please, and maybe hear yes or no.

An hon. member: No.

The Chair: Very good.

Ms. Morgan, can you just hang tight, please?

Mr. Blake Desjarlais: On a point of order, Mr. Chair, I just wanted to [*Inaudible—Editor*] our witness under the same advisement. I thought it would be good to dismiss our witness. That's all.

The Chair: All right. Very good.

Mr. Perkins, you have the floor, from the top, please.

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

The Liberals are saying that there have been 22 meetings. I know it's hard for them to keep their scandals straight. I think they're talking about arrive scam.

This study began in June. This is the eighth meeting, not the 22nd meeting. There have been 22 for arrive scam.

To answer a few of the questions, perhaps I'll start.

I understand that all of this information is publicly available. It's easy for MP Drouin or MP Nathan Erskine-Smith to do a bit of homework and actually go and learn about these issues, as I have done over the last year, since all of these companies that SDTC has given money to, as we've said earlier, are listed on their website. It's very easy to go and check not only the Auditor General's report but also the Cycle Capital list of ownership, and to cross-reference them. It's not difficult. It's there.

While Ms. Andrée-Lise Méthot was on the board, \$114 million went to companies. We're talking about just while she was on the board. It was over 10% of the funds.

I know MP Erskine-Smith is reading from old information.

I'll update you, MP Erskine-Smith. Last Thursday, outside of the foreign interference inquiry, the RCMP commissioner was scammed. That resulted in an article in the National Post on Friday and in the Toronto Star on Saturday. He was asked about what he had done with the documents.

Commissioner Duheme said, "The investigation is ongoing, so I'll limit my comments to that." The reporter asked again whether there was an investigation, to which Duheme responded that he had just confirmed that.

I know that perhaps the MP's information is old, but this is the latest status. It was in the papers. You couldn't have missed it on the

weekend. I know MP Erskine-Smith reads the Toronto Star. He would have seen it there, at least, on Saturday. I don't know if he reads the National Post, but it was in there on Friday. The reporter reported it—

Mr. Nathaniel Erskine-Smith: Yes, I read both, by the way, Rick.

Mr. Rick Perkins: Good. Thank you.

Those articles were in there. The RCMP commissioner referred to those.

The fact is, and I'll say it again, you want to know why we're asking again for the minister. The minister discloses, as he should, on his public disclosure documents, as a member of Parliament and as a cabinet minister, that he still owns shares.

The normal course of business if you were made the environment minister would be to sell shares in companies that have a potential, perceived or direct conflict of interest, and he did not do that. He still owns the shares. That company has received almost a quarter of the \$1 billion this government has given to companies they own.

If you can't see that there's a blatant conflict of interest there, when the minister sat in cabinet as they gave another \$750 million to the green slush fund, and he owns shares in the company that's received 25% of all the money, I think we need to ask some questions about that. That's why we've put this forward.

● (1330)

The Chair: Thank you, Mr. Perkins.

We'll go to Ms. Yip, please.

Ms. Jean Yip: I'll just say again that neither Minister Guilbeault nor his department have any involvement with SDTC or its mandate. SDTC was at arm's length. Are the Conservatives suggesting that the Minister of Environment was taking decisions or influencing decisions on an arm's-length board?

There's been no testimony from witnesses regarding Mr. Guilbeault, saying that he has been involved in any matters related to SDTC, so I'm not sure why the committee continues in this vein except to provide more social media fodder.

As Mr. Perkins has noted, there have been eight studies on SDTC. I would rather we turned our attention to the outstanding Auditor General reports, of which there are many. Soon, the Auditor General will table new reports. We need to return to our work at hand.

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

We're going back to Mr. Erskine-Smith, please.

You have the floor.

Mr. Nathaniel Erskine-Smith: I just have, I suppose, a point of clarification for Mr. Perkins.

Is the suggestion here that the minister, as a shareholder, used his influence as a minister, exerting his influence over the arms-length SDTC board, or is it, as I heard him articulate just now, that there were past funding decisions where Cycle Capital had...?

I don't know. It's obviously not a 25% stake that they have in the funding, but you're suggesting that for 25% of the funding decisions, Cycle has some stake in those entities. I think that's how you're describing it, the idea being that Guilbeault should have known that SDTC is a big funder of companies that Cycle Capital has stakes in, and that, therefore, he should have recused himself from increasing the funding of SDTC itself. I'm just trying to follow the thread here of the conflict and what the conflict allegation is.

The Chair: Thank you very much, Mr. Erskine-Smith.

Ms. Khalid, you have the floor, please.

Ms. Iqra Khalid: Thanks very much, Chair.

I do understand that there are still a number of witnesses who we have yet to hear from with respect to this. I also understand that the RCMP has been very clear that they don't want committees like this to interfere with their ongoing investigations. They don't need the butting in on the important work they do.

Quite frankly, what happens after we hear from X, Y and Z witnesses here in the committee? What are we going to do with that information? It's tainted.

I've seen how Conservatives treat witnesses at this committee. I've seen just how much of a horrible time witnesses get put through when they come before this committee. I've seen businesses go through the ringer when Conservatives—whether it's this committee or any other committee—go through and interrogate them as though they were in a courtroom. This is not a courtroom. This is a place where we make policy decisions and where we provide recommendations to the Government of Canada as to how we are going to conduct our business going forward and how we can improve the business that we conduct.

We have all of these witnesses on the list who are going to be invited to this committee. I'm not sure why we need to suffer motion after motion that has literally zero impact on what we're trying to achieve here.

What we're trying to achieve here, Chair—I'll remind you and our committee members, all of us—is to find a better process for ensuring that the clean-tech sector can have the support that it needs to support Canada's economy and grow Canada's economy, and for that to happen in a transparent and an accountable fashion, taking into account what Canadian taxpayer dollars are actually paying for.

There has been wrongdoing. I don't think any of us on this committee disagree with that. There has been wrongdoing, but what are we going to do about it? Are we going to go down the rabbit hole? Are we going to try to hold a kangaroo court here in this commit-

tee, or are we actually going to find some reasonable, sustainable, concrete solutions that are going to help in fixing the problem?

I think we can be those people who are going to fix the problem rather than going down whatever avenue, whatever court, the Conservatives want us to go down.

Mr. Perkins spoke about his leader and how he's really into this issue. Well—and Mr. Perkins did allude to this—do you know what's another issue? It's foreign interference.

• (1335)

Mr. Rick Perkins: I didn't say anything about that.

Ms. Iqra Khalid: It would be so great for the Leader of the Opposition to finally get his security clearance, so that he can understand what kind of shenanigans are going on within his own party in terms of foreign interference.

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

The Chair: I was just going to go there.

Ms. Iqra Khalid: Well, you brought it up, Mr. Perkins. I'm just continuing it.

Mr. Rick Perkins: I never mentioned my leader once.

Ms. Iqra Khalid: I'm just continuing it.

Mr. Rick Perkins: You can't make stuff up.

Ms. Iqra Khalid: Oh, is that how it works?

Mr. Rick Perkins: You can't make stuff up.

The Chair: Okay, Mr. Perkins.

Ms. Khalid, I would gently guide you back to the motion at hand.

Ms. Iqra Khalid: That's exactly my point, Mr. Chair. We can throw whatever spaghetti at the wall—I would have used another term, but I know it's not parliamentary—to see if it sticks enough. Has it cooked enough? Have we found out enough things that we can perhaps add as sauce to the spaghetti that may or may not stick to the wall? The reality of the matter is that there are so many people who support us in these committee meetings; there are so many resources that go into these committee meetings.

There have been phenomenal reports by the Auditor General that hold the government to account that are pending our review, that are pending our recommendations, yet here we are, meeting after meeting, chasing after geese. I don't think that's appropriate, Mr. Chair. I think we need to do better things with how we conduct ourselves. If there is an RCMP investigation, let the independent RCMP conduct its investigation. It's not like we're going anywhere. We're right here. We'll come back to it if that needs to be a point to come back to.

At this point in time, why do we continue to waste our time? Why do we continue to try to pressure this committee through these motions that are redundant, that we hear again and again with the same topic again and again and that don't lead anywhere? They literally don't get us to where we need to go.

Mr. Chair, I would encourage my Conservative colleagues to withdraw their motion and maybe come back to it once we've heard from all of the witnesses who are on the list. Maybe we can come back to it once we've realized that the RCMP has done whatever investigation it needs to do. This makes no sense to me at this point in time. I don't think our committee should be spending any more taxpayer dollars going through this process. I don't think that our committee should be wasting any of its precious time going through this process.

Thank you, Mr. Chair.

• (1340)

The Chair: Thank you very much.

Mr. Drouin.

Mr. Francis Drouin: I think our committee should get a portion of the percentage of what the Conservatives are doing fundraising off this issue.

Ms. Iqra Khalid: Hear, hear!

Mr. Francis Drouin: I think we could be self-sustaining, Mr. Chair.

More seriously, my question is for Mr. Perkins, the author of the motion. We have an officer of Parliament who is responsible for looking after these matters, yet we chose a drive-by shooting, essentially, a drive-by smear, on this particular issue. I know he's not interested in asking Minister Guilbeault questions. There will be a five-minute preamble and a yes-or-no question at some point; I've seen the modus operandi on the other side.

My question is that I don't understand why, if he has evidence or so-called evidence, he wouldn't send that to the Ethics Commissioner. That's why we have an officer of Parliament: to look after these matters in a non-partisan way. If the Ethics Commissioner decides that there was a conflict, then maybe we would entertain the witness list. However, I know for a fact that the Ethics Commissioner probably won't look at the evidence that Mr. Perkins is claiming is evidence. I would strongly encourage him to send a letter to the Ethics Commissioner and perhaps, as my colleague Ms. Khalid proposed, if we do get a response from the Ethics Commissioner, then we could entertain adding more names to the list.

Right now, one of the names is already on the list—Andrée-Lise Méthot—but we're not supporting having Minister Guilbeault here in front of our committee because I don't think it's going to add any value to our committee. I'm sure we are all respectful of each other's time, so let's make sure that the witnesses who come before us are actually adding value to our study.

Thank you.

The Chair: Thank you very much.

We will call the question.

I will break the tie, so the motion passes.

(Motion agreed to: yeas 6, nays 5)

The Chair: I'll ask Ms. Morgan if she could take her seat at the end of the witness table.

I'll turn things over to you, Ms. Yip, as soon as you're settled there, but do take your time.

Ms. Jean Yip: It's Mr. Erskine-Smith.

The Chair: I apologize, Mr. Erskine-Smith. The time is yours, not Ms. Yip's. Pardon me; I misread my paper.

If you're ready, Mr. Erskine-Smith, you have the floor for five minutes, please, to conclude questions to Ms. Morgan, and then we'll wrap things up.

Mr. Nathaniel Erskine-Smith: Thanks very much.

I suppose I want to start with the different categories of projects that will fall under your review. There will be some projects that were eligible and had no conflicts, and you can restart that funding. This has been a detriment to those companies that haven't had the opportunity to access funds.

Where a project has been deemed ineligible, though, and there was no conflict, that's one category. There would be others where they were eligible and there was a conflict, but the conflict was declared and there were proper processes undertaken. Then there are other categories, and I think this may be why some members have expressed frustration today.

It's not enough to say you'll treat it on a case-by-case basis, because we know actually that there are these pretty standard categories that different companies will fall into. In a case where there is a conflict, for example, and it was inappropriate that funding was distributed but there was no fraud and no wrongdoing per se on the company's part, there was an impropriety in the allegation nonetheless, and that should be addressed.

Therefore, I think it would be helpful... You may not have an answer today, and I'm not going to demand a yes-or-no answer as far as that goes, but I actually really appreciate the work that people do to come in and fix a situation like this after the fact, especially someone like you, who are not conflicted and have been subjected to two hours of this nonsense despite the fact you're there to clean up the mess. I think we should be working alongside you in doing so, but I do think it falls short to say we're going to do it on a case-by-case basis and be so vague.

Therefore, I won't ask you to commit to coming back in person, but I think there does have to be some communication from the board to us in writing to outline what that process is in a clearer way. Again, I think case-by-case is insufficient to outline at some point—it doesn't have to be tomorrow—what the expectation of the board is and what the advice is from the experts you're consulting with as to how you're going to deal with these different and distinct categories.

• (1345)

Ms. Marta Morgan: In the Auditor General's report, there were two ecosystem projects, for example, that were clearly deemed to be ineligible, and the board took action immediately to cease funding for ecosystem projects, because the Auditor General determined that ecosystem projects in general were not eligible under the contribution agreement.

There were also issues regarding approval of the seed funding programs, primarily around the governance and approval process, so those have also been stopped by the board. That program will be transferred, we expect, to the National Research Council.

Then, in the case of the start-up funding, there are obviously different categories, as the member indicated, including a category where the Auditor General has reviewed and not found any issues of ineligibility. There are also categories where the Auditor General did find eligibility issues. They noted that they did not perform a technological assessment of projects and, therefore, did request that all of the projects under this entire period be reviewed one by one.

Of course, there will be different categories. As I noted in terms of funding restarts, we're looking on a priority basis at the projects where we have companies that have met their agreements, and we'll be looking at those as a first step. It's prioritizing the companies where they are in progress on projects and where funding has been paused. As those go forward, we'll be able to work on the restart.

Mr. Nathaniel Erskine-Smith: It all makes sense. The only thing I'll say to that is I appreciate having to review them one by one and case by case, but ultimately, the objective of that review is to then sort them into a category.

I think the frustration you're getting in some ways is because if there is a decision that was subject to a conflict where there was a failure to recuse, and the Ethics Commissioner would find, if he was reviewing every single case, that its approval was improper, it's important for us to know how that category would be dealt with.

It's not enough to say that in this particular case or in that particular case, they're unique. No. The problem will be the same. It might be a different company or it might be a different merit to the company, but the fundamental conflict problem may well be the same.

Again, it may not be clear in your mind yet what all of those categories are and what the process is for each category, but it would be helpful for us to understand them. There wouldn't be so much "yes or no" or back-and-forth if we properly understood it.

The only other thing I would leave you with—and it would be a help for this committee—is there is that one company, NRStor, that

received funds. We know it was subject to an issue whereby the individual should have recused themselves but instead abstained. That's not criminal wrongdoing, Mr. Perkins, but it's nonetheless an ethics violation.

That particular case is emblematic of one category, so how one deals with that will suggest how one will deal with other similar cases. It would be good for us to know, in writing at some point, how the board intends to deal with that particular case.

The Chair: Thank you.

Ms. Morgan, you have the last word, if any—without interruption, please.

I'll go over to you.

Ms. Marta Morgan: I have nothing to add.

Thank you, Mr. Chair.

The Chair: Okay. I appreciate that.

Mr. Erskine-Smith was quite clear in his request, so we'll leave that with you.

There are just a few points before we end things here.

I want to thank you, Ms. Morgan, for coming in today, for being so patient while we dealt with some sudden committee business, and for your assistance today in relation to this study.

There have been several requests for information from you and your team. Could you endeavour to provide that? Generally, we like to have responses back to this committee in about three weeks to be in a position to review them. As I said, please be as forthcoming and as transparent as you can. Should you find there's a roadblock, please state that so we have a sense of why you might not be able to answer or provide answers that are as fulsome as we might like.

I want to note, colleagues, before I look for your consent to adjourn, that on Wednesday I'm going to start the meeting at 4:15 instead of 4:30. Mr. Bains has agreed to appear, but he has some scheduling conflicts. Knowing as well the state of the chamber with respect to votes—I don't expect any on Wednesday—we're going to begin at 4:15. That notice will likely go out today. We're waiting for some paperwork on that, but I wanted to give you all as much of a heads-up as possible.

I'm looking for your permission to adjourn this meeting.

Some hon. members: Agreed.

The Chair: The meeting is adjourned.

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