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Chair: Mr. John Williamson



Standing Committee on Public Accounts

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• (1105)

[English]

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

[Translation]

I call this meeting to order.

Welcome to meeting number 149 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 tables. These measures are in place to help prevent audio and feedback incidents and to protect the health and safety of all participants, with special emphasis on our hard-working interpreters.

As a reminder to all those in person and online, for the safety of our interpreters, it is very important that your microphone is muted when you are not speaking. I know that can be a bit of a challenge when you're part of a debate, or, I should say, when there is questioning back and forth. We don't debate here; we question witnesses and hear their answers. Just remain aware of that, please.

[Translation]

Thank you all for your co-operation.

[English]

I'll remind you again 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 would now like to welcome all our witnesses.

From the Office of the Auditor General, we have Karen Hogan, Auditor General of Canada.

It's nice to have you back. It's been a while since you and your team have been in.

We also have Andrew Hayes, deputy auditor general, and Mathieu Lequain, principal.

Thank you all for coming in again.

Joining us virtually, from Sustainable Development Technology Canada, we have Ziyad Rahme, chief operating officer.

Before we begin, I just want to note that while this is a two-hour panel, we'll be taking a health break at approximately the one-hour mark for 15 minutes. We'll suspend at that time.

Ms. Hogan, because you've appeared here previously for this study, I'm going to begin with Mr. Rahme.

Sir, you have the floor for up to five minutes, please.

It's over to you.

Mr. Ziyad Rahme (Chief Operating Officer, Sustainable Development Technology Canada): Thank you, Mr. Chair.

[Translation]

Good morning to all.

[English]

My name is Ziyad Rahme. I'm here as the chief operating officer of Sustainable Development Technology Canada.

I'm speaking to you today from the traditional lands of the Anishinabe Algonquin nation.

Firstly, thank you, Mr. Chair, and all committee members, for your accommodation and flexibility in scheduling this appearance. I underwent a planned surgery in August. Recovery continues, so I may need to walk around or stand periodically at some points during our time together. Thank you in advance for your understanding.

I joined SDTC eight years ago. I primarily served as the vice-president of investments, reporting to the CEO.

I am an engineer by background and a former entrepreneur, and spent most of my career working for a clean tech start-up.

As VP of investments, I worked with SDTC experts who reviewed and recommended projects to the board and its committees for funding. We gave advice. Following a defined process, the board made decisions and we monitored progress.

[*Translation*]

I also served as the acting chief executive officer for SDTC from November 2023 to June 2024. In this capacity, I was responsible for finalizing and implementing the detailed management action and response plan submitted to the Department of Industry in December 2023.

[*English*]

As the committee knows, on June 4, 2024, a new board of directors was appointed. At that time, I transitioned to the role of chief operating officer to support the new board in its mandate to implement the recommendations of the Auditor General, restart funding for Canadian clean technology companies, both those previously approved for funding and new applicants, and transition SDTC programming and staff to the National Research Council.

The new board's work is informed by the 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.

In my role as chief operating officer, I am responsible for implementing the direction of the new board of directors, supporting the transition to the NRC and providing leadership support and continuity for the employees to help retain their critical expertise and skills. I am focused on supporting the new board's decisions, guiding our employees through the present situation and preparing them for the future.

• (1110)

[*Translation*]

I am here today to support this committee in its study of the Auditor General's report into Sustainable Development Technology Canada. I understand and respect Parliament's role and your work. I'm also keenly aware of my obligations as a public sector leader.

[*English*]

I want to take this opportunity to respond to a specific finding that was highlighted in the Auditor General's report related to a conflict of interest I had disclosed to the former CEO. As I told the Auditor General and her team, I declared to the former CEO a perceived conflict related to the firm at which my spouse is employed, as required by our policy, and recused myself from any and all involvement in procurement processes related to said HR and associated recruitment.

I want to reconfirm that my spouse had no role in the search for former board directors, nor have I had any role in the awarding of any contract at the firm at which she is employed.

I also want to confirm that I have had no involvement in the recruitment of any board directors.

I am pleased to support the new board in reviewing and implementing the recommendations of the Auditor General and others.

These reviews will make our support of Canada's innovative clean-tech sector even stronger.

Since its inception, SDTC has supported hundreds of companies. Through this programming, these companies have created over 26,000 jobs, leveraged seven dollars for every dollar of SDTC support, and delivered strong environmental benefits in Canada and around the world. As we transition employees from SDTC to the NRC and evolve our approach to supporting clean-tech innovation, the conclusions of the Auditor General, McCarthy Tétrault, and the Conflict of Interest Commissioner provide clear guidance on the road ahead. The new board is focused on that. My colleagues and I are supporting them in implementing their decisions, and we are committed to delivering results for clean-tech companies and all Canadians.

With that, I'm happy to answer the committee's questions.

[*Translation*]

Thank you.

[*English*]

The Chair: Thank you very much for your time.

Mr. Rahme, should you need to take a brief pause, just let me know. It's probably best that you don't, just given some of the questions. There's a flow to them often, so if you do need to take a break before I suspend for 15 minutes, just let me know. We'll certainly accommodate you.

Thank you.

Now turning to Ms. Hogan, you have the floor, please.

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Mr. Chair, thank you for this opportunity to once again discuss our report on Sustainable Development Technology Canada.

I want to begin by acknowledging that we are gathered on the traditional unceded territory of the Algonquin Anishinabe people.

[*Translation*]

Since I appeared before this committee last June, I have no opening remarks today. However, my previous statement has been redistributed to members of the committee.

I'll return the time to you for your study. We will be very pleased to answer any questions the committee may have.

Thank you.

The Chair: Thank you again, Ms. Hogan.

[*English*]

We'll begin our first round for members. It's six minutes each.

Mr. Perkins, I understand you're kicking things off. You have the floor.

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

Auditor General, I like that opening statement.

My opening round will be questions for Mr. Rahme.

Your previous capacity primarily as VP of investments is the context of my questions in this round.

The Verschuren Centre, which is a centre that Annette Verschuren set up at Cape Breton University, applied while Annette Verschuren was chair for, I believe, almost a total of \$6.8 million through various SDTC funds. That consideration went to the investment committee, I believe, which you oversaw. Is that correct?

• (1115)

Mr. Ziyad Rahme: Mr. Chair, this project was never approved or even considered by the project review committee. The company had applied and routine due diligence was conducted, but upon being made aware that SDTC staff had conducted due diligence on this application, the PRC removed the project from any further consideration.

Mr. Rick Perkins: On July 30, 2021, you wrote in an email to your team, to someone named Jen, that you were fast-tracking the approval of that.

What did that email mean?

Mr. Ziyad Rahme: Mr. Chair—

Mr. Rick Perkins: I think she was the applications lead.

Mr. Ziyad Rahme: That's correct. This project applied via the standard application process. The fast tracking you are referring to occurs when we have sufficient information regarding any application to move to the second or third step in our comprehensive, six-step due diligence process. In this particular case, while I don't recall the exact details, if it was approved for the fast track, that means it would have met those criteria.

In general, in our process, probably about 10% of the projects that apply receive this fast-track consideration.

Mr. Rick Perkins: I appreciate that. Thank you.

Did Ms. Verschuren call and inquire at any point in time about the status of that application?

Mr. Ziyad Rahme: Mr. Chair, Ms. Verschuren never called to inquire about that application.

Mr. Rick Perkins: On January 18, 2022, you wrote that while the application would not proceed, SDTC would make its best efforts to find the Verschuren Centre money elsewhere in the government. Is that correct?

Mr. Ziyad Rahme: Mr. Chair, while I don't recall the exact nature of that email or recall that email, what I can say is it is com-

mon practice at SDTC.... If there is not a fit for funding within SDTC programming, we have a variety of federal and provincial partnerships. Given the work we would have done, for example, on an application and all of the diligence, we try to pass that on to other agencies where there might be a better fit.

We don't try to influence those decisions. It's really more a question of conveying what we have learned and passing it on to others for potential consideration.

Mr. Rick Perkins: In essence, you act as a business development arm to find other government money for projects, including one named after the family of the chair of the board.

On June 9, 2022, a few months after that letter, the Verschuren Centre got \$2 million from the industry department. It then got another \$2.2 million from ACOA, I believe, and then another million dollars from ACOA. It goes on and on over the next couple of months—there was \$1.4 million from DFO—for a total of almost \$10 million.

Did your team help secure the ISED or ACOA money in terms of directing them to the Verschuren Centre when it couldn't get the money from SDTC?

Mr. Ziyad Rahme: Mr. Chair, it would have been after the initial round of introductions. I don't recall or remember our participating in any due diligence by these other agencies, but I'd have to look into it to confirm that.

That is my recollection.

Mr. Rick Perkins: However, you committed, as you said was your standard practice, to helping them, and then suddenly, over the next couple of months, they shockingly got money from the ISED department—SDTC reported to that minister—and got money from ACOA, which also falls under the industry department.

In my view, it actually was a pretty good bailout to get free business development and government grant money for an entity that was set up by the chair, which then went and got more money than it was seeking from SDTC in the next few months from other departments.

Did SDTC charge the Verschuren Centre for any of those services?

• (1120)

Mr. Ziyad Rahme: Mr. Chair, as I just said, as a standard practice, we try to engage in referrals to other agencies. It goes both ways. We also work actively, for example, with the clean growth hub, and we receive many referrals from other funding programs. We offer this as a service for applicants to try to help them as much as we can with those particular referrals.

The Chair: Thank you.

That concludes your round, Mr. Perkins.

I'll turn now to Ms. Bradford for six minutes. You have the floor.

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

Thank you to our witnesses.

Ms. Hogan and staff, welcome back. Is this your third or fourth appearance on this particular topic? It's one or the other.

Ms. Karen Hogan: I believe it's my second appearance on this report.

Ms. Valerie Bradford: Is it your second? I think it's been at least two. Okay. Anyway, welcome back.

I'd like to discuss with you the House motion that was passed on June 10, 2024. You've raised serious alarm bells regarding its extent and scope and how it risks compromising your office's independence.

Could you please speak to your concerns?

Ms. Karen Hogan: Absolutely.

I will start by saying that I am not questioning the privilege of the House of Commons to order the production of documents, and my office, as I stated in my letter, will produce the documents. We have already started to produce some of those.

Fundamentally, the documents being sought belong to the departments or to the foundation. They belong to a third party. They need to decide whether they will produce those documents before I can produce them. It's kind of like being the caboose on a train. Because they are the owners of the information, I need to see what they will do with that information.

There is an ongoing dispute between the government and Parliament over documents, and I should not become a mechanism by which Parliament receives government information. I believe my independence would be compromised if I become that vehicle. There is also the unintended consequence that this could have a chilling effect on departments and agencies sharing free and unfettered information with my office. I have very broad access to information, and I need to preserve that broad access.

Ms. Valerie Bradford: I'll clarify for those who might be watching at home: In the course of doing your AG reports, you reach out to departments, and they provide the information. Now, when we're asking for documents—as you stated—they belong to departments, so you have to go back to those departments.

Do the departments feed them through the caboose—through you—and then you send them to the clerk of the House, or do they go directly from the departments to the clerk?

Ms. Karen Hogan: Most of the information in my file belongs to either ISED or the foundation. They are the holders and owners, so they should decide who gets that information. Parliament should receive all of that information from the government directly, not through me. They should provide that information to the law clerk.

We have had many conversations with ISED since June—a good dozen or so—about understanding what security they will apply to that information, because I am required to respect the confidentiality or security level they place on their information. You would have seen this in other situations, such as the vaccine audit. While we were able to see all of the vaccine contracts, we needed to respect the policies inside those contracts, and the terms and conditions. We also had to respect whatever security classification government departments might put on them.

It's the same situation. We went back to the department, asking them to help us understand what, if any, redactions they have applied, because I am not the owner of that information. They are.

Ms. Valerie Bradford: That was going to be my question, because we've heard that the documents are being received with redactions.

Are those redactions coming from the department, or are you acting on their instructions? Who's redacting the documents?

Ms. Karen Hogan: The department needs to tell me the level of redaction or security they are placing on them so I can respect that same security privilege. I am bound to follow government security policy, which says that, because I do not own this information, I should follow what the owner of the information believes.

This is why I think Parliament should go directly to the government and not use us as a vehicle to get information it should be receiving from government.

• (1125)

Ms. Valerie Bradford: What happens if your independence and that of other agents of Parliament is compromised?

Ms. Karen Hogan: Well, Parliament has given my office an incredibly broad level of access. With that access comes the responsibility to not abuse it. I am concerned that, if I hand over information that should be received from the government, it wouldn't be hard to then imagine ordering me to do an audit just so Parliament can receive information they can't normally get from government. That would really impede my independence.

Then, as I said, an unintended consequence could be that members of the public service may not be willing to provide free and unfettered access to information, which is something my office has enjoyed for many decades.

Ms. Valerie Bradford: Now, the law clerk appeared at this committee on October 21 and made comments related to the House motion, notably on constitutional challenges that may arise as a result. You've relayed your concerns directly to the law clerk.

Can you elaborate on the concerns you relayed to the clerk?

Ms. Karen Hogan: I think my concerns stem again from this, that I should not be the vehicle through which Parliament receives information from the government. They should go directly to the government.

Fundamentally, when I look at the order, I believe it's to get information to the RCMP. As I have stated previously, we have a well-established mechanism with the RCMP. In fact, my office has communicated with them quite often over this.

I think Andrew has been having those conversations and can provide more information.

We have told them that we are ready to comply. If they would like to send us a production order, we would be happy to provide them with information. When doing so, it goes to the RCMP in an unredacted fashion, so it is the best way for the RCMP to have access to the information they need to do their job.

The Chair: Thank you very much.

[Translation]

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

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

Madam Auditor General, thank you for being here today. Thank you to your team as well.

Let's go back to paragraph 44 of your report. You said:

The spouse of one of the foundation's senior managers was a partner at the human resources recruiting firm that the foundation used to support its process to appoint directors...

Can you just confirm that when you're talking about one of the foundation's senior managers, you're talking about Mr. Rahme, who is here today?

Ms. Karen Hogan: Yes, it's the chief operating officer who is here now.

Ms. Nathalie Sinclair-Desgagné: I have many questions for you. Can you describe to me, as briefly as possible, the role of Boyden, the company in which Mr. Rahme's wife is a partner, in appointing SDTC's board of directors—Sustainable Development and Technology Canada, that is—and the role of those Boyden appointees in relation to the executive staff at SDTC?

Ms. Karen Hogan: To help you understand the situation, I would refer you to exhibit 6.2 of the report, which illustrates the two processes for appointing members of the board of directors. They are selected by either the Governor in Council or a committee—

Ms. Nathalie Sinclair-Desgagné: Did the Boyden-appointed board members have any say in executive and board members' compensation?

Ms. Karen Hogan: Once they're on the board, yes, they have to vote on executive compensation. However, I don't know how board members are paid.

Ms. Nathalie Sinclair-Desgagné: I'm talking about executive bonuses.

Ms. Karen Hogan: I'm going to ask Mr. Lequain to provide you with a little more information.

Mr. Mathieu Lequain (Principal, Office of the Auditor General): The members are volunteers. That company provides the members with a list of potential candidates who could meet the requirements. The fact remains that the members decide who is appointed to the board of directors.

Ms. Nathalie Sinclair-Desgagné: My question is very specific. Can the board of directors decide on executive compensation, yes or no?

Mr. Mathieu Lequain: Yes.

• (1130)

Ms. Nathalie Sinclair-Desgagné: Very well. Thank you.

To summarize the situation, Mr. Rahme's wife was a partner in a firm that recommended the appointment of individuals as board members, and those board members could subsequently decide on executive compensation. There's a loop.

Ms. Karen Hogan: Yes, there is a loop, but I believe the witness stated earlier that his wife was not involved in the process.

I listened to his opening remarks. I don't know if his wife was part of the team that chose the board members, but she worked for the same company. Our concern is that SDTC's conflict of interest policy did not include provisions for conflicts of interest that are not directly related to funding. That was a shortcoming in their policy.

Ms. Nathalie Sinclair-Desgagné: Absolutely.

I quoted from your report. You talked about the spouse of an executive who was with a company that was part of the loop. Indeed, there was nothing in their policy other than the financial aspect. We've already seen the 90 cases of conflicts of interest that you named, which were financial conflicts of interest. You noted this case, which is not financial in nature, although we can see that there is still something financial in the loop.

Thank you for those clarifications.

Mr. Rahme, can you confirm that your wife's name is Kathy Rahme and that she works at Boyden as a partner?

[English]

Mr. Ziyad Rahme: Yes, I can confirm that.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you.

Has Boyden ever received money from SDTC—for consulting work, for instance?

[English]

Mr. Ziyad Rahme: If I understand the question correctly, you're asking me whether they were involved in board recruitment. Is that correct?

[Translation]

Ms. Nathalie Sinclair-Desgagné: I'm simply asking if Boyden received any contracts from SDTC.

[English]

Mr. Ziyad Rahme: Mr. Chair, as I would have said in my opening remarks, yes, Boyden—

[Translation]

Ms. Nathalie Sinclair-Desgagné: That's the answer I was looking for.

[English]

Mr. Ziyad Rahme: —was involved, but I declared the conflict.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you.

That's the answer I was looking for.

Were there competitors for those contracts? Was it a bidding process or was it sole-sourced?

[English]

Mr. Ziyad Rahme: Mr. Chair, as I would have recused myself from any involvement because I had declared a conflict with the firm, my understanding—

[Translation]

Ms. Nathalie Sinclair-Desgagné: That doesn't change the essence of my question.

[English]

Mr. Ziyad Rahme: —was that it was a competitive procurement process, but I cannot confirm that since I recused myself from any involvement in that process.

[Translation]

Ms. Nathalie Sinclair-Desgagné: All right.

Since you recused yourself, you therefore had no say in the fact that Boyden was involved in the appointment process or the introduction of the members.

However, the conflict of interest doesn't disappear when you leave the room. Conflict of interest is a significant issue. This is your wife working as a partner at a firm that will appoint board members; those members will then set your own compensation. You can't confirm it right now, which is unfortunate, but it seems that Boyden received sole-source contracts. From what I understand, there wasn't even a competitive framework. You're telling me that the process was competitive, but that you don't know.

Do you know or not? Was it competitive, Mr. Rahme?

[English]

Mr. Ziyad Rahme: Mr. Chair, as I just previously answered, given that I had recused myself from this process completely, I

don't know what the process was. I wasn't involved in it, and that would be a question that would be better posed to those who would have led that particular recruitment.

The Chair: Thank you very much. Up next is Mr. Masse.

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

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

To our witnesses here, in 2012, the budgetary allotment of the Auditor General's office was cut by more than 5% by the Stephen Harper government. Later on, Pierre Poilievre criticized the Auditor General's office for not doing the number of audits that it did in the past. Notably, in one of his media scrums, he mentioned that it does 14 of 28 per year—at that time in 2020.

Is there any connection between your capability in this file and doing audits? I'm just curious as to what capacity or amount your office is spending on this and what are the repercussions of that across the board. There have been other auditors general who have asked for significant increases in their budgetary allotments. The criticism that was levied against you by Pierre Poilievre was related to the fact that your budget doubled whereas the number of audits was reduced by half. I'm wondering whether or not there's any connection whatsoever with your capabilities in your office, or whether or not this effort here is going to compromise your capability in other audits in terms of staffing and commitment time.

• (1135)

Ms. Karen Hogan: I can tell you that my predecessor, Mike Ferguson, was definitely looking for additional funding and only received a fraction of what he had requested. After my nomination in June 2020, I resubmitted budget requests and I did receive the \$25 million in additional funding.

The goal was to invest in our IT systems—because we had for many years prioritized audits over that—and also to return to levels of performance audits that Parliament would expect from us. Our goal is to try to hit at least 25. While we're always skirting a little close to that, I would argue that some were very large, such as all of the work that we did on Bill C-2 or the COVID payments, and we also do work in the territories.

When it comes to this audit, we definitely did a very thorough audit, in my opinion, and we completed it very quickly. We mobilized an incredibly strong team so that we could respond quickly and provide information to Parliament in a very timely way, so our budget did not impact this audit.

Andrew, I can see that you want to add something.

Mr. Andrew Hayes (Deputy Auditor General, Office of the Auditor General): I have two quick things. We got the additional funding largely because of the support of the public accounts committee. It was a major recommendation of this committee in the previous Parliament that was incredibly helpful for us.

One of the challenges we face in meeting the number of audits we want to do is changing course during audits, either dropping them, because we need to start a new one to meet the needs of Parliament, or for other reasons that cause us to take big turns.

Mr. Brian Masse: In 2012, there was a 5% across the board cut. Was that ever made up for? That has compounded every year across the board. You might have received some IT support for those measures, but I am just wondering whether that 5% is a continual cut across your operations. What's the compounded effect of that? IT is different from the capability of doing audits. With IT, you have to keep up with that infrastructure; it's bricks and mortar, especially when you're in the auditing business. That's different from manpower, research, and other services.

Mr. Andrew Hayes: We felt the impact of the compounding over time through the period of 2012-21. When we received the additional funding in late 2020 and early 2021, that brought us back to the level we needed to be. We are satisfied right now with our funding.

When talking about our funding, we still need to resolve the more fundamental issue. We shouldn't be going to the departments we audit to ask for additional funding. There should be an independent funding mechanism.

Mr. Brian Masse: With that, from 2012-24, has the type of auditing changed in terms of your practices? You might be okay right now in reflecting back on what was taken away in 2012. It was finally restored, but all of that work in-between is gone. There's certainly a different environment in how you do your work from nearly a decade ago.

Ms. Karen Hogan: Absolutely, some of the funding we received was used to stabilize some of our IT infrastructure. It was very old and outdated. Over the last couple of years we have been switching and trying to use artificial intelligence and more automated audit techniques.

We continue to use statistical sampling as a very sound method to approach audits. As Andrew said, though, when we pivot, sometimes in the middle, it has an impact. That has nothing to do with IT, or how we change our audit approach, but everything to do with responding to the emerging needs of Parliament.

Mr. Brian Masse: The reason I ask these questions is that whistle-blowers came to your office in 2022 and.... What kind of went through at that time and process.... It was suggested they go elsewhere at that time.

I want to drill down here on the process. The workers had a tough time with that. What happened in that instance? Is there any regret, remorse, or are there any second thoughts? Was it just the process? Please explain the process that moved those whistle-blowers to another location.

One of the things I've been active on here at the House of Commons is whistle-blower legislation, as well as Crown copyright and release of information to make it less burdensome on employees. Maybe you can explain that a little bit, because that's important.

• (1140)

Ms. Karen Hogan: Absolutely. I will ask Andrew to jump in here, because he sort of handled that personally, when the whistle-blowers came to us.

Andrew, you can talk about the process we took.

Mr. Andrew Hayes: Yes, indeed. When the whistle-blowers were engaging with our audit team, we were monitoring what was happening. We were engaging with the department, ISED. From our perspective, at that point in time, there needed to be some management action. An audit can only take you so far. Given the fact that some of the allegations related to Governor in Council appointees, we also engaged with the Privy Council Office, because it was responsible for those appointees.

However, we were monitoring all the way through what was happening. That is why, in October 2023, we decided to launch this audit. This wasn't an audit that was requested; it was an audit we decided to do.

While we are always concerned about the experiences of whistle-blowers—in particular, as you mentioned, the human resources sides of that—with a foundation that's more than arm's length away from the government, we are constrained in our ability to look at an audit in the same way we would in a department. Put simply, we wouldn't be able to go in and look at HR practices. We were limited to the four corners of the funding agreement.

The Chair: Thank you. I'm afraid that is the time. We will come back to you.

Mr. Brian Masse: Of course. Thank you, Mr. Chair.

The Chair: I allowed some additional time there for Mr. Hayes' answer.

We're beginning our second round, and we'll have a recess after this in about 25 to 28 minutes.

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

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

Welcome back, Auditor General and team. It's always a pleasure to have you at committee.

Thank you, Mr. Rahme, for your attendance today. My questions in this particular round will be largely directed to you, Mr. Rahme.

Is this the first time you've appeared at committee to discuss the SDTC?

Mr. Ziyad Rahme: That is correct, yes.

Mr. Larry Brock: Prior to your appearance today, did you receive any briefings from any other member at SDTC, the NRC, the Minister of ISED, any of his deputies or assistant deputies or anyone in the Privy Council Office or the PMO?

Mr. Ziyad Rahme: Mr. Chair, I just want to clarify "briefings". What type of briefings?

Mr. Larry Brock: Briefings to prepare you for this hearing.

Mr. Ziyad Rahme: Thank you.

Mr. Chair, I would have certainly received briefings from my colleagues at SDTC. I would not have received any briefings whatsoever from—to go through the rest of your list—the NRC, anybody from the ministry, the deputy minister or any other ISED officials.

Mr. Larry Brock: Were they strictly from SDTC only?

Mr. Ziyad Rahme: That is correct.

Mr. Larry Brock: In response to one of the questions put to you by my colleague Mr. Perkins in the first round, I saw you deliberately looking down and reading from what appears to be notes or a document. Is that accurate?

Mr. Ziyad Rahme: I have notes that I prepared for myself.

Mr. Larry Brock: We would like you to table those notes to this committee. Is that something that you would be prepared to do?

Mr. Ziyad Rahme: I will look into that for you.

Mr. Larry Brock: Chair...?

The Chair: Just one second, please. Hold on a second.

Mr. Brock, I'm going to let you continue, and I'm going to come back to you on that, please.

Mr. Larry Brock: Were these notes prepared by you or any other member of SDTC?

Mr. Ziyad Rahme: Mr. Chair, these notes would have been prepared by my colleagues at SDTC, and I would have certainly had some input and contributed to them.

Mr. Larry Brock: Who were the colleagues?

Mr. Ziyad Rahme: Mr. Chair, I'm sorry; what's the question?

Mr. Larry Brock: Who were the colleagues?

Mr. Ziyad Rahme: They were colleagues who had been monitoring the hearings that had been ongoing related to SDTC, so primarily staff in my—

Mr. Larry Brock: Sir, I would like the names and the official titles of all those individuals who've been monitoring these hearings and giving you advice and/or speaking notes in relation to your appearance today.

Is that something you'll comply with?

• (1145)

Mr. Ziyad Rahme: I will look into that, Mr. Chair.

Mr. Larry Brock: You indicated in your opening statement that part of your role as COO is to implement recommendations of the AG report. One of those recommendations of the AG report is to recover monies that were inappropriately taken from taxpayers. We have approximately \$400 million identified as misused taxpayer funds that went to Liberal insiders.

A couple of months ago, we heard from one of the current acting directors, Cassie Doyle. I put to her several questions, as did other

members, as to when taxpayers would receive their money back, and she refused to give us a straight answer.

It is something that I know the Auditor General is quite concerned about. When she testified back in June of this year, there was no clear indication from the government as to what the timetable was.

I'm asking you, sir, as the COO, what is the plan, what is the process and when can Canadians expect to receive their hard-earned tax dollars back?

Mr. Ziyad Rahme: Mr. Chair, of the 11 Auditor General recommendations, 10 have been implemented. There is one that is ongoing related to a very specific recommendation around reviewing the eligibility of all projects that were covered in the sample period that was covered by the Auditor General and her team.

Mr. Larry Brock: Sir, I'm not asking about the process. I'm asking about when you or a member of your team will answer a question as to what the process is to repay the taxpayer.

When can we expect this?

Mr. Ziyad Rahme: Mr. Chair, just to continue, in that plan we tabled back in June, the eligibility review is targeted to be completed by the end of December.

Mr. Larry Brock: Who's doing that review?

The Chair: Thank you, Mr. Brock.

I'm afraid that is the time. We will certainly come back to you.

Mr. Larry Brock: Can we come back to the questions I put to this particular witness?

The Chair: Yes. Mr. Rahme, the question that was put forward kind of breaks down into two parts.

If you would provide to this committee, as Mr. Brock recommended, the name of the officials who provided briefings to you, it would be appreciated. I don't think there's anything too out of sorts with that request.

As for your notes, would you provide us the notes that you're prepared to provide us and, as well, make very clear the parts that you are not? I would urge you to be as forthcoming as possible. Again, we're not there yet, but I'll just remind you that the committee does have the ability to order the production of documents, so I would urge you to be as forthcoming as possible. We look for that information in the next three weeks.

Could I leave that with you? I realize those notes were prepared for you, but they could well be relevant.

There's a point of order from Mr. Drouin.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): On that, are we advising the witnesses who are appearing here that their personal notes may be shared? I'm just wondering.

Is Mr. Brock interested in the doodles that the witness may have done or...? Are we giving them a warning that their notes may be shared?

If I were appearing as a witness, I would like to know that.

The Chair: Sure. As you know, Mr. Drouin, the committee does have latitude to order the production of documents, as does Parliament. In this case, they have been requested. This is something that I had not heard of before, which is why I wanted to consult with the clerk here to find a path forward that would be appropriate. I think we've landed there.

I'm going to turn things over to Ms. Khalid.

Is it a point of order?

Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.): Yes, it's on that same one. I think it is reasonable—whatever documents the witness provides—for us to be able to review them in camera and then, as a committee, decide whether they should be made public or not to respect the reasonable privacy of any witness and not set precedents.

The Chair: We could do that.

Mr. McCauley.

• (1150)

Mr. Kelly McCauley (Edmonton West, CPC): On that point, under the Access to Information Act, his notes qualify for ATIP, so they are not private.

I could file an ATIP request today on Mr. Rahme and receive those handwritten notes. That's required under the Access to Information Act. He works for the government. Those notes are written and are therefore part of the public record. There's no privacy for those.

The Chair: Yes, Ms. Khalid.

Ms. Iqra Khalid: I do believe there are exemptions. That rule is not for complete blanket access to somebody's doodles. I do think that we need to proceed with caution. I absolutely agree that if the witness wants to—

An hon. member: Open the doodles in camera.

The Chair: Order.

Ms. Khalid, you have the floor.

Ms. Iqra Khalid: I try not to heckle my colleagues on a regular basis, Chair, although I have lots of heckles to do. I try to be respectful and I would obviously appreciate the same courtesy.

What I was trying to say is that I think it is important for us, as a committee, to review the notes in camera before we decide whether or not to make them public.

The Chair: I'm prepared to allow that, but I would just signal to the witness that you should send us your notes as if you expect they would be public, please. Again, I would ask that you be clear if you've removed elements and why that is.

On that note, I'm going to move on.

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

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

Ms. Hogan, welcome back to our committee, and to your team, welcome. I know how hard you work.

Right off the bat, Ms. Hogan, what is your security clearance level?

Ms. Karen Hogan: I'm top secret.

Ms. Iqra Khalid: Has that security clearance level ever stopped you from producing the amazing reports that you provide and from highlighting the important issues that you provide to our country?

Ms. Karen Hogan: Yes, it would. It would restrict what I could put in a public report.

Ms. Iqra Khalid: What kinds of restrictions are those? Does it stop you from highlighting important issues?

Ms. Karen Hogan: No, it doesn't stop me from highlighting important issues, but it stops me from providing the level of detail some members of Parliament would prefer, because I have to protect information that should not be in the public domain.

Ms. Iqra Khalid: Why is that? Why do you have to protect that information?

Ms. Karen Hogan: Having a security clearance is a privilege. Things are classified because they could harm an individual or the national interest. There are two levels. It is my responsibility, as a public servant, to respect that and not to bring unnecessary harm to the country's national interest or a Canadian citizen.

Ms. Iqra Khalid: I appreciate that.

To confirm, your security clearance level does not stop you from doing the work your office is designed to do, as an independent office.

Is that correct?

Ms. Karen Hogan: That's correct.

Not everyone in my organization has top secret clearance. Not everyone needs that level of security. We ensure that, when this kind of information is part of an audit, only those who have the appropriate security clearance are allowed to view it. We do so in a very secure fashion.

It doesn't stop me from doing my work, but it impacts what I can publicly report.

Ms. Iqra Khalid: Thank you.

Regarding that, your office has the ability to provide evidence to the RCMP in the case of any criminality.

Is that correct?

Ms. Karen Hogan: In order to do so, the established mechanism we have with the RCMP is that a production order is provided. We have some informal and general conversations before that might happen, but that is typically the course of action.

Ms. Iqra Khalid: As of July 25, the RCMP confirmed they hadn't received any such request or order from your office.

Is that also correct?

Ms. Karen Hogan: The order comes the other way. The RCMP sends me a production order if they want information.

However, as I mentioned earlier, we have a good working relationship with the RCMP. We let them know when we're embarking on work and when our work is going to be made public, unless we feel it's necessary to refer something to them before the report is made public. That happens in rare instances.

We usually speak to them after our report is public if we feel they should be involved.

Ms. Iqra Khalid: Right.

You understand that the RCMP recently started an investigation into SDTC. Do you find it appropriate or inappropriate for Parliament, especially opposition parties, to get involved with what is now an active investigation conducted by the RCMP—one with your collaboration, if requested by the RCMP?

• (1155)

Ms. Karen Hogan: I think it would be wrong of me to comment on the will of Parliament and its actions.

What I can tell you is that as recently as today, we spoke with the RCMP. We reiterated our willingness to co-operate and that we would follow our usual mechanism, which is that, if information is needed, a production order can be sent to my office.

Ms. Iqra Khalid: Thank you.

I'm going to turn to your recommendations quickly.

We heard from the current transition board that they've implemented 11 out of 12 of your recommendations, which I think is pretty good news. They're currently implementing your final recommendation, which is a project review.

Can you speak about the rationale behind this recommendation? Couldn't the board have just worked from your findings, rather than doing their own review? What do you think is the purpose of such a project review?

Ms. Karen Hogan: I want to highlight that this was the one recommendation with which the foundation only partially agreed. However, based on the testimony of some of the current board members—and I believe the audit team has also been having conversations with some of the board members—they intend to fully carry out the recommendation.

This is important because we did statistical sampling of a few of the funding streams. We looked at a sample and found that there were clearly some organizations that were ineligible. With statistical sampling, you can sort of extrapolate that to the whole population. As we mentioned in the report, we believe there are approximately 16 other funding organizations that might have been ineligible. It is up to management to do that level of detailed work, file by file, in order to determine eligibility. That is why we made that recommendation and feel it's important.

If an organization has received funding that it wasn't eligible for, I expect the government to recover those funds. If they do not have plans to do it, they should be transparent and open with Canadians about that.

[*Translation*]

The Chair: Thank you very much.

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

Ms. Nathalie Sinclair-Desgagné: Mr. Rahme, if you don't mind, I'd like to come back to the Verschuren Centre and its treatment.

I have in my possession a letter signed by you, which was sent to the Verschuren Centre's president and CEO, Beth Mason. The letter begins with “Dear Beth”, which is quite familiar. In the letter, you say that your team will take all the necessary steps to find funding for the project in question. You even say that someone from SDTC, Jonathan Kaida, will ensure proper follow-up so that SDTC can support the Verschuren Centre in its efforts. You are allocating SDTC resources to a project at the Verschuren Centre, where Ms. Verschuren sits on the board of directors.

Is it common practice to assign employees to projects that are not eligible for funding from SDTC and to find funding elsewhere?

[*English*]

Mr. Ziyad Rahme: As I previously said, for applicants who are not successful in our process, it is a common practice for us to try to refer them to the other potential federal or provincial programs that may be more suitable.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Can you provide other examples?

[*English*]

Mr. Ziyad Rahme: I don't recall Mr. Kaida.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Can you provide further examples of businesses—

[*English*]

Mr. Ziyad Rahme: I don't recall. We would have several examples, but I don't recall any off the top of my head.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Can you—

[*English*]

Mr. Ziyad Rahme: We would have many, many people who would pass through [*Inaudible—Editor*]

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Can you provide us with similar letters that you sent to the CEOs of companies that were not receiving funding, so that we can make comparisons? You assigned SDTC employees to find funding for a company that definitely has a conflict of interest.

Finally, SDTC employees are helping ineligible companies find funding elsewhere in the government, and that's a recurring process. I would be curious to see more letters like that.

[English]

Mr. Ziyad Rahme: I'll have to look into that. We receive several hundred inquiries per year, so I'll have to look into that.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Very well.

Let me be very clear: Normally, witnesses have three weeks to provide documents to the committee. If the committee does not receive similar letters for similar projects, I will assume there were no similar letters. For our businesses, I think it's the fair thing to do.

So I'm asking you to send us letters, for similar situations. I'd be very curious to see them.

• (1200)

The Chair: Thank you very much.

[English]

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

Mr. Brian Masse: Thank you, Mr. Chair.

Quickly, to finish with Mr. Hayes here, had the SDTC employees who were at arm's length been in-house—that is, part of the government employee system that we have that is connected—would that have affected your ability to do this process?

Mr. Andrew Hayes: Absolutely. We would have been able to treat this audit like any other audit of a department or agency.

Mr. Brian Masse: Thank you.

I'm going to move to the witnesses online.

That's been one of my points all along in this: we create these outside agencies so they don't even get the same whistle-blower protection legislation. Even in this place, here on the Hill, people don't have the same rights because of the legislation here on the Hill that protects the employers and so forth. That's a point that's very relevant to this—creating these agencies so they don't have the accountability.

Mr. Rahme, can you tell me if any of the SDTC managers or those making the decisions are getting severances or bonuses? Are they all moving over to NRC, or is the board providing packages for them not to move to NRC?

Mr. Ziyad Rahme: I can confirm that all of the staff, with one notable exception of a group, are being transferred over to the NRC. We're working very closely with the NRC to ensure that they have a place to land, that there's a smooth transition and that they'll be receiving offers that will be well within the NRC's compensation frameworks. I can also confirm that we will comply with employment law by ensuring that the transition happens smoothly.

The one group of individuals that will not be moving over to the NRC is the executive team, which includes me. The board has asked me to stay on to help assist them with the transition. Once it's

complete, I will not be moving over, along with my executive team; we will not be moving to the NRC.

Mr. Brian Masse: Will any of you receive severance packages?

Mr. Ziyad Rahme: Mr. Chair, I'm focused right now on that transition and on supporting the board in its mandate.

Mr. Brian Masse: You're going to receive severance packages—

Mr. Ziyad Rahme: Any decision related to that will be a decision for the board in the future.

Mr. Brian Masse: I see. Can you confirm or deny whether severance packages have been talked about among the executives on the board?

Mr. Ziyad Rahme: Mr. Chair, as I said, I'm really focused right now on the transition and the board, and that will be one of its decisions in the future, once this transition is complete. It's anticipated for some time in Q4 of this fiscal year.

The Chair: If you want to try again, Mr. Masse, I'll allow it.

Mr. Brian Masse: I have one last quick one. This is important. I just want to make sure that our researchers have this. Can they confirm or not confirm whether the transfer to the NRC will give the employees the same rights and privileges as PSAC or other types of workers have in-house at the public service? I'd like that for the committee at some point.

I think the chair needs to step in about the information I'm requesting, out of all humility, right now, Mr. Chair. I'm not being listened to.

The Chair: Very good. I'm going to let it play out a little longer, Mr. Masse, but your question was certainly clear, and the answer was sidestepped.

I'm going to turn now to Mr. Cooper.

You have the floor for five minutes please.

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

Mr. Rahme, on January 18, 2022, you wrote to the Verschuren Centre and stated that SDTC would “give best efforts” to help the Verschuren Centre secure funding. The whistle-blower stated in his testimony that “unprecedented” efforts were made by employees using SDTC's reputation to help secure funding for the Verschuren Centre, and we know that not long afterwards, you indicated that SDTC would undertake its best efforts to assist and that the Verschuren Centre received nearly \$10 million in funding from ISED and ACOA.

How is it possible that you thought it was appropriate to use taxpayer-funded resources at SDTC to help secure funding for the chair's personal vanity project?

Mr. Ziyad Rahme: Mr. Chair, as I have previously said, we do have a common practice for applicants who don't make it through our own process. We try to refer them to other funding programs, whether those are federal or provincial, and we try to assist in that referral process. I don't recall the specifics. My recollection is, once the referrals were done—

• (1205)

Mr. Michael Cooper: Mr. Rahme, I appreciate that there is a general practice or a general process, but this was not a normal application. It was an application from the Verschuren Centre, in the name of the chair. It was her vanity project. She served as a director. Staff flagged the funding request for \$6.8 million from SDTC to be in a conflict. Therefore, if that's a conflict, isn't it also a conflict, or doesn't it give rise to the perception of a conflict, for SDTC to say that it can't fund them directly, but it's going to be the agent of the Verschuren Centre to help secure funding from other government departments and agencies?

Mr. Ziyad Rahme: Mr. Chair, again, we assisted with referrals. Once those referrals were done, my recollection is that we were no longer involved in any other application or diligence or whatever it may have been. It's up to those funding agencies to make [*Inaudible—Editor*]

Mr. Michael Cooper: The whistle-blower said that “unprecedented” efforts were taken to help secure funding—and that would be supported by the fact that you confirmed that SDTC did provide assistance. Then, just by coincidence, \$10 million arrived at the Verschuren Centre from none other than the Department of Industry, from none other than ACOA, and SDTC, just by coincidence, falls under that department as well.

Are you disputing what the whistle-blower stated in his testimony?

Mr. Ziyad Rahme: Mr. Chair, just to repeat what I've said, we have a referral process. Once that referral is done, we're not involved in any of the decisions, and we're not involved—

Mr. Michael Cooper: I don't understand, and I would like you to explain because you wrote the letter. If there's a conflict of interest to fund the project, because it's the chair's vanity project, wouldn't the obvious thing be to walk away entirely from the Verschuren Centre, as opposed to saying that you're going to take your best efforts and then direct staff to assist in helping to secure funding for that project?

Mr. Ziyad Rahme: Again, Mr. Chair, to repeat my answer, we've—

Mr. Michael Cooper: Do you not see the conflict? Do you not see the perception of a conflict? I mean, this is an organization that is riddled with conflict, so many conflicts that, within hours of the Auditor General's report, the minister shut down SDTC. Do you not see the conflict or the perception of the conflict with what you wrote when you said, in effect, “We're going to help you even though we're conflicted to fund you directly. We're going to do indirectly what we can't do directly”?

Mr. Ziyad Rahme: Mr. Chair, our role wasn't to provide funding. We provided referral—

Mr. Michael Cooper: No, but to act as an agent of Annette Verschuren's vanity project, after which she got \$10 million from the very same department that SDTC fell under Industry...

Mr. Ziyad Rahme: Again, Mr. Chair, to repeat my answer, we weren't involved in the decision-making at all. We wouldn't have participated in that—

Mr. Michael Cooper: You don't see a conflict. No wonder this is such a mess. It's all about helping insiders at SDTC. We'll leave the room and get funding for a company. Well, we can't fund the chair's accelerator directly, but we'll go around and we'll help them behind the scenes. It's really unacceptable.

The Chair: Thank you, Mr. Cooper.

We'll finish up this round, and then we'll have a recess for 15 minutes.

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

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

I'd like to thank the witnesses for coming today.

Mr. Rahme, would you like to finish any comments? I don't believe you were given an opportunity to answer the questions.

Mr. Ziyad Rahme: Mr. Chair, no, we can proceed if you have any questions for me. I'm okay.

Ms. Jean Yip: I'll turn to Ms. Hogan.

Just picking up on my colleague Ms. Khalid's questions, do you have any expectations with regard to the outcomes of this project review?

Ms. Karen Hogan: Are you talking about the recommendation where we asked the foundation to review all of their projects? I expect they will identify other organizations that were ineligible and that they would then take those we identified as well as these other organizations and make a decision with Innovation, Science and Economic Development Canada about whether or not any funds need to be recouped and, if not, make that very clear and transparent to Canadians.

• (1210)

Ms. Jean Yip: Thank you.

Mr. Rahme, you've taken the top job at SDTC after long-time CEO Leah Lawrence resigned amid scrutiny of SDTC management and governance. You've been the VP of investment since 2017. Can you speak to this previous role in the organization?

Mr. Ziyad Rahme: As VP of investments, my primary role was to manage the process related to receiving applications, screening those applications, and then, for those that would make it through the initial screening, conducting the detailed due diligence process, receiving proposals and then working with staff to synthesize those recommendations and bring them forward to the project review committee for a review and, for those that passed, recommendation ultimately to the board for approval for funding.

Ms. Jean Yip: Have you made any internal changes since being appointed interim CEO?

Mr. Ziyad Rahme: I was appointed acting CEO, as I just said in my opening remarks, in November 2023. I had two top priorities at the time. One was to support staff in ensuring that they had a very safe and healthy work environment.

We were very focused on implementing all of the recommendations that were provided to us by ISED in the management response and action plan, many of which are now implemented and running in terms of enhanced processes, etc. Of course, the third priority was ensuring that the organization fully co-operated with the examinations and reviews that were under way through that period of time.

Otherwise, we did not make any substantial changes to the organization other than, again, implementing all of those recommendations that came through. Since June, in addition to all of that, we have been supporting the new board in implementing their mandate as well as all of the recommendations provided by the Auditor General.

Ms. Jean Yip: Okay.

We know that the revised contribution agreement between ISED and SDTC mandates important changes within the organization, notably strengthening the conflict of interest provisions. Can you speak to how you're implementing change within the organization and the link to the revised contribution agreement?

Mr. Ziyad Rahme: Thank you, Mr. Chair.

Many of the changes to the contribution agreement would have revolved around enhancing a lot of the oversight provisions. You mentioned, for example, conflict of interest. There would have been enhanced reporting mechanisms from SDTC to ISED regarding all aspects of the contribution agreement, better clarity on ISED's role at board meetings and enhanced oversight of the auditing functions.

Many of these would have flowed from the management response and action plan. For example, on conflict of interest reporting, we have enhanced all of our processes and we've worked very closely with an ethics adviser we brought on board in October 2023 to enhance and upgrade all of our processes around conflicts of interest and the reporting of those conflicts over to the ministry. That's one example.

Again, we have a series of reporting we've put in place for all aspects of our operation that we report back to ISED.

The Chair: Thank you.

That is your time.

As I said, I'm going to suspend this meeting for 15 minutes. We'll come right back at 12.30.

Thank you.

• (1210) _____ (Pause) _____

• (1230)

The Chair: I call this meeting back to order.

We'll get through two more rounds, as we've been doing.

To kick things off, Mr. Perkins, you have the floor for five minutes, please.

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

In this round, Auditor General, I'll be posing questions to you and your team, if that's okay.

In your opening statement, you mentioned that the documents you have in the government's production order are all documents that departments have, so in essence those departments can and should be turning those over as part of the production order. Is that correct?

Ms. Karen Hogan: We have documents from many different entities, but the bulk of what we have in our file is from either the foundation or Innovation, Science and Economic Development Canada. So yes, Parliament should be receiving government information from the government.

Mr. Rick Perkins: With most of those documents, as I understand it, over 10,000 pages have been redacted, not complying with the order, and ISED is still going through the documents. They've done a couple of rounds, and they have others.

As I understand it from reading the law clerk's letters, the order came from the Privy Council Office to say to filter the responses through the Privacy Act and the Access to Information Act, which were not part of the House's order. That's why we're at the stalemate right now where the government could produce the documents unredacted. The House's order didn't say redact them or filter them through these acts. They could provide it and we could get on from the stalemate.

Your office was a recipient of that direction from the Privy Council Office. Could you tell me who in the Privy Council Office wrote that letter?

Ms. Karen Hogan: I have received absolutely no direction from anyone at the Privy Council Office. My desire to comply with the government security policy, which is a requirement of my act, means that I have to go to ISED and say, "You own this information. How are you treating it?"

I think this dispute between the government and Parliament is one where the government needs to answer for why it is refusing to hand over or redact information. I used the analogy before that I'm a caboose on this bus. I need to let them go first. Then I need to ask them to help me treat the information they gave me in the same way, because it is their information I'm handing over, not my information.

Mr. Rick Perkins: Right. So they're communicating to you to redact documents in a way that was not part of the House order, I would assume, primarily through ISED and SDTC, who are both on the list from the law clerk as censoring the documents.

Ms. Karen Hogan: They are not communicating to me. I have been trying to communicate with them to get assistance. As I mentioned, we've had about a dozen conversations. It's really up to them to tell us what they're doing to the documents.

I don't know if Andrew wants to add more.

Mr. Andrew Hayes: Yes.

Since June we've had about 12 conversations with ISED officials to figure out the protocol as to how to treat these documents. We will end up getting direction from ISED, but as you mentioned, that will be on the basis of the decisions they have made on those documents.

Mr. Rick Perkins: Which ISED officials are they? Could you table the list with the committee?

Mr. Mathieu Lequain: The main contact is the chief audit executive.

Mr. Rick Perkins: For the department.

Mr. Mathieu Lequain: Yes.

Mr. Rick Perkins: Thank you.

You're aware that in the Privacy Act, which was cited as a reason to exempt or redact these contracts or these documents, section 8 says that authorized bodies are exempted who have the power to redact documents. That's section 8 of the Privacy Act. In fact, I think the Auditor General Act has a similar provision. It says that if you're an authorized body who has the power to order documents, you're exempted from the Privacy Act.

Are you aware of that?

● (1235)

Ms. Karen Hogan: I will give Andrew the option to jump in on this, if he wants.

When I received a request from this committee to hand over additional information about the 90 cases of conflicts of interest, I actually had a conversation with the Privacy Commissioner about paragraph 8(2)(m), I think, in the Privacy Act. It is not in the Auditor General Act. I explored with him what it meant and the will of Parliament. Then it is up to me, as the head of the organization, to weigh whether the will of Parliament supersedes an individual's right to privacy. That's basically what paragraph 8(2)(m) is asking for.

When I looked at most of the information I provided, it was information that you could find in the public domain. Hence, I pro-

vided that table to the committee and cited that letter, but I also felt it important—

Mr. Rick Perkins: I'm just short on time.

Ms. Karen Hogan: —to let everyone know I was handing over that information.

Mr. Rick Perkins: In your opening statement, you acknowledged, as everyone does, the 400-plus-year right of Parliament to ask for documents. If they're unredacted, they're unredacted. That's a long-standing parliamentary right.

Is it not true this whole thing that has frozen the House is related to the fact the Liberal government has chosen to ignore the order of the House, which was voted on by a majority of MPs representing a majority of Canadians? Three parties, not just one party, voted for these documents.

The Chair: Thank you, Mr. Perkins.

Mr. Rick Perkins: Is it not true the government could avoid it by just releasing the documents?

The Chair: I'll allow an answer, and then move on.

Mr. Andrew Hayes: What you're bringing up is the nature of the dispute between the government and Parliament. We've characterized it as a dispute. Quite frankly, for us, we feel like we're in the middle of this. It's really the government that should be accountable for the decisions to redact or refuse to provide documents.

The Chair: Thank you very much.

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

[*Translation*]

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

For your information, we agree with the chair's decision. We'll send it to the Standing Committee on Procedure and House Affairs. We can deal with this and get on with the business of Parliament.

Thank you very much, Auditor General, for joining us.

I often hear the expression “recovery of funding”. When I talk to my constituents, I want to know how realistic that is.

Here's what I'm getting at.

In one of your recommendations, you suggested reviewing the eligibility criteria to determine whether or not a business truly met the requirements to receive funding. Regardless of what happened before, I see that Sustainable Development Technology Canada, or SDTC, still decided to sign a contribution agreement with the companies in question.

If this matter were to end up in court, I don't see how the judge could tell people at SDTC that they did indeed err by signing a contribution agreement with the company. If the company falsified documents or its purpose, and so on, then it could be said that the company did not properly portray themselves to Sustainable Development Technology Canada.

How do you think the government will recoup those funds? Have you seen what means SDTC has at its disposal?

Ms. Karen Hogan: There are legislative means by which the federal government can recover funds. The recovery of funds is enshrined in federal legislation. The fact that it's a foundation does create a different situation, I think.

First of all, we have to determine who was ineligible. Then we can decide what measures to take.

You are right that there is an agreement, and that is a problem that the foundation should resolve. However, according to the agreement between the government and the foundation, if the foundation provided funds to a company that was ineligible, the government could recover those funds from the foundation. That mechanism still exists. The foundation will have to decide how to proceed with those businesses.

Mr. Francis Drouin: The foundation did not live up to its contribution agreement with the Department of Innovation, Science and Economic Development. We have to make sure that the foundation does indeed have funds that were not—I mean, if the government recovers the money with its own funds, we are starting all over from scratch.

I understand that the businesses' eligibility or lack thereof has to be determined, but the fact remains that decisions were made. Despite the fact that some companies were not eligible, Sustainable Development Technology Canada still decided to enter into a contribution agreement with them. If a company did not comply with the contribution agreement it entered into with the foundation, that's another matter. We often hear that funds were recovered. I agree, but I think if you hired a lawyer, they'd establish within two minutes that SDTC's mistake was to enter into a contribution agreement before determining whether or not a company was eligible. So it's not the company's fault. It's SDTC's fault. If the company lived up to its agreement with SDTC, why should they have to pay back the funds?

• (1240)

Ms. Karen Hogan: I think it comes back to the fact that the provisions of the agreement between the company and the foundation should be reviewed. It is indeed very likely that this issue will be settled by lawyers, who will decide on the best approach.

In our opinion, if a business received money when it was not eligible, the government should identify it and then decide what to do—that is, whether or not to recover funds. It must then be transparent about the decision that is made.

Mr. Francis Drouin: In principle, we deal with a third party that itself deals with another third party. The authority was delegated. The money was allocated. They're supposed to live up to that agreement.

Based on your audit, do you think the foundation has other means besides the government funding?

Ms. Karen Hogan: We haven't done a legal review of each agreement, but I don't think there's a mechanism. However, there is a mechanism to recover funds between the government and the foundation.

For example, every year, a request would be made for more money, but a portion of the amount would be withheld. That would be a type of recovery. It's up to the foundation to decide what goes to the company.

Mr. Francis Drouin: This is money we are supposed to have, but it hasn't been received yet. I'm not sure how the average person is going to perceive this. I don't know if they would call it a recovery of funds. Rather, it would be a budget cut because the expected objectives weren't achieved or because there would have been abuse in this matter.

I'd like to come back to the recommendation you made to the foundation, which was to review the eligibility criteria. As part of your audit, you established samples on the recovery of funds. That's why you recommended reviewing all possible contracts signed with the companies, because it was suspected that if a certain number of recoveries had taken place, there would most likely be others.

Did the foundation accept that recommendation, at least partially? I know that other witnesses subsequently said they agreed with the recommendation and that they were in the process of conducting this review.

Ms. Karen Hogan: In the report, the foundation said that it partly agreed with our recommendation. However, the three new members appointed to the board of directors for the transition made the decision to review all the files.

I just want to go back to the fact that our sample has a 90% confidence level. It is therefore very likely that about 16 other businesses are not eligible.

Mr. Francis Drouin: It's not a political sample. We trust you.

The Chair: Thank you, Mr. Drouin.

Next, we have Ms. Sinclair-Desgagné.

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

Ms. Nathalie Sinclair-Desgagné: I'd like to thank Mr. Drouin for his questions because he just showed what I've already said: At a minimum, tens of millions of dollars were spent that we may never recover. I thank him very much.

Let's talk about the projects under the ecosystem stream, which was practically a secret. It wasn't even listed on the website. You said in your report that the department and Sustainable Development Technology Canada, SDTC, had been in contact about it and that the department had communicated concerns and risks around non-compliance to the board.

Did you confirm all that, Ms. Hogan?

• (1245)

Ms. Karen Hogan: Yes, that was indeed in the report.

Ms. Nathalie Sinclair-Desgagné: Great. Thank you.

Mr. Rahme, you were vice-president of investments at that time. What did you do about the department's concerns? Did you take them seriously? I'm asking because they don't seem to have been taken seriously.

[*English*]

Mr. Ziyad Rahme: Mr. Chair, I believe this question is in reference to the ecosystem stream. Is that correct?

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Yes, Mr. Rahme.

[*English*]

Mr. Ziyad Rahme: Thank you.

Yes, we funded two projects under the ecosystem stream. It was a pilot stream. It was primarily directed from the CEO's office. Personally, I had almost no involvement in the diligence we ran for those.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Just a moment. Pardon me.

[*English*]

Mr. Ziyad Rahme: We certainly accept the Auditor General's conclusions that they were out of compliance with the contribution agreement and—

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Okay. Thank you.

You were the vice-president of investments and you had no say in the investment process.

[*English*]

Mr. Ziyad Rahme: Mr. Chair, the ecosystem stream was a pilot stream that was established out of the CEO's office. It was run primarily by our ecosystems team, not the investments team.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: You're telling me that it was Ms. Lawrence's idea, that the department's concerns were brought to her attention and that she ignored them. Is that right?

[*English*]

Mr. Ziyad Rahme: Mr. Chair, I don't recall. I'm not sure what kind of communications would have taken place regarding that. I refer to the report. I do know there were some concerns that were raised. I believe they were discussed, but I can't recall for sure.

[*Translation*]

Ms. Nathalie Sinclair-Desgagné: Very well.

That means the vice-president who was in charge of investments didn't have a say in investments or pilot projects under SDTC's various funding streams. You are confirming, then, that you had absolutely nothing to do with it, that you never had a say in anything involving the ecosystem stream, that it emanated from the president and CEO, and that the projects under the ecosystem stream were approved despite the department's concerns that the stream didn't comply with the contribution agreement.

Are you confirming all that, Mr. Rahme?

[*English*]

Mr. Ziyad Rahme: Mr. Chair, this was a pilot stream that was established and directed out of the CEO's office. It was primarily, ultimately run from the ecosystems team.

I did have some minor involvement, for example, as in response to the previous questioning, around the basic process on the intake side, but that was not my primary accountability related to the pilot ecosystem stream.

[*Translation*]

The Chair: Thank you.

[*English*]

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

Mr. Brian Masse: Thank you, Mr. Chair.

I want to continue with Mr. Hayes.

You have a current situation in the House where it's been involved... I spoke about two things. There's Crown copyright. This goes back to the Afghan detainee documents—there's so much of a correlation here—that were not provided at that time. Crown copyright is one of the potential solutions for release of information and public documents that is done differently for other countries.

If the department has now moved to NRC, does that give you and your office the ability to do the same type of auditing practices as it would be in house, if it was industry Canada? These are some of the solutions I'm seeking so that we don't end up back here again.

One of my concerns is the NRC doesn't have a union under PSAC. It has an association, I think, or an affiliation. I can't remember. It's a different type of a professional association. My concern here is what we do going forward.

Will you have the same capabilities to audit this program in the future, if necessary, if it's in NRC versus audit if it was directly part of a branch of industry Canada?

Mr. Andrew Hayes: Our audit mandate is broad with the NRC. It's not broad when we talk about foundations that are removed from the government.

If you look at it as a hierarchy, the foundation is probably as limited an audit mandate as we have. The next one up would be a Crown corporation, and then it would be departments and agencies. The NRC would fall in that category, so we have a broad mandate there.

Mr. Brian Masse: That's actually good to hear. I'm still worried about the fact that some of the workers... I wanted their capability to be able to transfer to different departments and so forth.

That's really the end of my question, Mr. Chair. I just want to make sure if, going forward, the auditor general program could do the full complement of auditing necessary, which it couldn't do, so we can have the clear distinction when we create these organizations outside the gravity of Parliament.

• (1250)

The Chair: Thank you.

You still have some time left, sir.

Mr. Brian Masse: I'm good, thanks.

The Chair: Very good.

Up next, we have Mr. Nater.

You have the floor for five minutes, please.

Mr. John Nater (Perth—Wellington, CPC): Thank you, Chair, and through you, Chair, thank you to our witnesses for joining us this afternoon.

I want to begin with Mr. Rahme.

In a previous question by Mr. Masse, you were asked about whether there had been any discussions about severance or exit payments for executives. You really didn't answer it, so I'm going to give you one more opportunity. It's a fairly yes-or-no question.

Have there been discussions about severance or exit payments?

Mr. Ziyad Rahme: Once again, Mr. Chair, as per my previous answer, I'm very focused right now on helping the new board with its transition—

Mr. John Nater: Sir, I'm going to stop you. It's a yes-or-no question.

Have there been discussions, yes or no?

Mr. Ziyad Rahme: Mr. Chair, that will be a decision of the board.

Mr. John Nater: No. In our system, a refusal to answer can constitute a contempt of Parliament.

I'm going to give you one more opportunity to answer a very simple question.

Have there been conversations—yes or no—regarding severance or exit packages for executives at SDTC?

It's a yes-or-no question. You're required to answer.

Mr. Ziyad Rahme: Mr. Chair, I have clarified the terms of my employment with the new board, until the end. That is a question better directed to the new board.

Mr. John Nater: I'm going to—

Mr. Ziyad Rahme: They decide on my compensation, not me.

Mr. John Nater: Sir, you failed to answer. I'm not going to dwell on the issue, but that was a clear failure to answer a question that was duly put. It required a yes-or-no answer.

I want to go to the amended contribution agreement signed between SDTC and the Government of Canada.

Would it be possible for you to give us a line-by-line analysis of what changes were made between the previous and current contribution agreements?

Mr. Ziyad Rahme: Mr. Chair, I'll have to look into that, but I believe we can do that.

Mr. John Nater: Okay. I look forward to receiving that.

Who within SDTC approved the changes to the updated contribution agreement?

Mr. Ziyad Rahme: The final approval authority, Mr. Chair, is with the new board.

Mr. John Nater: Is that the current three-person board?

Mr. Ziyad Rahme: That is correct.

Mr. John Nater: Thank you for that.

I would like to know whether any projects that were previously ineligible are now eligible under the new contribution agreement.

Mr. Ziyad Rahme: Mr. Chair, with regard to any of the projects found ineligible as part of the OAG sample, as per the recommendation, the new board has put in place a process for reviewing all projects in her sample period. The review of those particular projects is still in progress, so I don't have anything to report to you at this particular time.

Mr. John Nater: I'm sorry. I want to back up on that a little.

The question was this: Would previously ineligible ones now be eligible, based on the changes in the contribution agreement, and vice versa? Are any of those that were eligible now ineligible?

Mr. Ziyad Rahme: Mr. Chair, I'm unable to answer that question.

There are clarifications to the contribution agreement. I am not conducting the eligibility review. The board is directing that process. They are working with independent assessors and committed to getting that process right. The work is ongoing.

Mr. John Nater: I want to follow up on that, because we keep talking about this process.

This updated contribution agreement says very clearly, “the Foundation agrees to pursue in good faith the recovery of funding for Funded Projects in such cases.” Then it talks about the three types of things. However, you keep going back to this ongoing review.

Is SDTC making—as required by this document—a good-faith recovery of that funding? I don't want to hear about this being pushed off. We know there are a number that were ineligible. Are you making a good-faith effort to require the repayment of those funds?

Mr. Ziyad Rahme: Mr. Chair, the board of directors is looking at every project to see whether funding can be resumed, terminated or recovered. They will take action if and when required. The work is ongoing.

Mr. John Nater: That's not quite getting to the root of the matter.

I think I have time for one final question.

Under section 20.03 and section 20.04.... Section 20.03 requires that the minister be notified and informed about any potential situation that is reasonably interpreted as either a conflict of interest or a potential conflict of interest.

I'm curious. How many times and under what circumstances has the minister been informed of these types of conflicts of interest?

• (1255)

Mr. Ziyad Rahme: Mr. Chair, I do not recall. I will have to look into that.

Mr. John Nater: Would you be able to provide that information in writing to this committee within the timeline the chair will lay out?

Mr. Ziyad Rahme: I will look into that.

The Chair: Thank you very much.

Next, joining us online is Mr. Erskine-Smith.

You have the floor for five minutes.

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

I want to start with Ms. Hogan.

We had the Ethics Commissioner before this committee. He went into some detail about his findings in the Verschuren report. He was very clear that he didn't see anything criminal. He didn't see any corruption such that he would, as he described it, per his legal obligation, refer the matter to the RCMP. This committee has been marked, though, by accusations of corruption and criminality. I would love to get to the bottom of whether that existed. I've not seen a single piece of evidence to suggest that kind of criminality.

Maybe you can provide that. You did a deep dive. You have seen documents I haven't seen. You issued a damning report, certainly, on poor record-keeping and ridiculous conflicts of interest that shouldn't have existed and that should have been better managed.

However, did you come across any evidence such that you were concerned there was criminality that should be referred to the RCMP?

Ms. Karen Hogan: In the course of our audit, we did not uncover anything that we felt was potentially criminal in nature. We leave that decision up to the RCMP. We would have referred a matter to them, and we did not in this case. We did talk to them subsequent to

our report being made public and, as I previously testified, if they want access to it, we are happy to comply with the production order.

Mr. Nathaniel Erskine-Smith: Yes. There's been no production order from the RCMP, so obviously they're not pursuing this as the Conservatives would like, despite the politics of that for them.

I just want to be crystal clear on this, because we've spent unending hours where allegations of criminality and corruption have been made. Individuals have been expressly defamed by my Conservative colleagues on this front.

The Ethics Commissioner said it is his legal obligation to refer the matter to the RCMP and he did not do so because he didn't see anything.

You would have the same legal obligation. You would have referred the matter if there were, and you said there was no even "potentially" criminality in your view, based on all of the documents reviewed.

Ms. Karen Hogan: My office does not look at intent, really. That is up to the RCMP to look at. I do know that there is an ongoing investigation, and should the RCMP want our files, we trust that they will request them in the appropriate manner.

Mr. Nathaniel Erskine-Smith: Okay, but you've done a deep dive on those documents, so what would be the criminal case?

Ms. Karen Hogan: That's taking me outside of my area of expertise, but what I can tell you is that I stop at what the foundation has.... I do not go audit individuals or extend beyond what the foundation might have, going into other organizations. The RCMP has broader powers, investigative powers—

Mr. Nathaniel Erskine-Smith: I understand that.

Ms. Karen Hogan: —so I don't know—

Mr. Nathaniel Erskine-Smith: I completely understand that, but we're here sitting as parliamentarians concerned about criminality and corruption. You've reviewed these documents in great detail. I understand that it's the RCMP's remit to say that we're going to pursue criminality, but you've done a deep dive on documents in a way that I haven't.

Can you list a single instance where I, as a member of Parliament for Beaches—East York, should be concerned about criminality?

Ms. Karen Hogan: If I were concerned about criminality, I would have referred a matter to the RCMP, and I have not.

Mr. Nathaniel Erskine-Smith: Okay.

We have the witness from SDTC here today, who has said, as other witnesses have, because, by the way, we hear from them individually instead of as a group, which is mind-boggling from our time perspective, but regardless.... We have this witness attend alongside other witnesses over the course of the last number of weeks who have said that they have so far implemented and are pursuing 10 of your 11 recommendations.

When you look at the state of affairs, at where SDTC was—the poor record-keeping, the mismanagement of conflicts of interest—to the actions the government has taken subsequently—ultimately winding down SDTC to move it over to the NRC, the actions to adopt your recommendations—are you satisfied with the action that the government and SDTC are taking or do you think it's delayed? Do you think it's inadequate?

Do you think it's frustrating to your recommendations or do you think it's consistent with your recommendations?

• (1300)

Ms. Karen Hogan: I think I said this when I released this report: I was pleased to see that there was quick action taken by the government, and I believe that with the funding being moved into the public service there will be increased transparency and, hopefully, less opportunities for conflicts of interest.

I believe that anyone who works in the public service has to be held to really the highest standard of behaviour when it comes to conflicts of interest so that they can maintain the public trust, and I hope that will happen when the funds are moved into the public service.

Mr. Nathaniel Erskine-Smith: Do you have any criticisms for how the government has reacted and responded to your recommendations?

Ms. Karen Hogan: Well, I obviously was not pleased that they partially agreed with some of the recommendations, but as I previously stated, I believe they are implementing what I think is one of the most important ones, which is doing a comprehensive review of all of the organizations that received funding to make sure that they identify any ineligible recipients.

The Chair: Thank you very much.

Beginning our fourth and final round, Mr. Brock, you have the floor for five minutes, please.

Mr. Larry Brock: Thank you, Chair.

I didn't think I would have to use some of my five minutes to educate some Liberal members on your particular role as an Auditor General. You're not a criminal investigator. You've never been set up as a criminal investigator. Your ability to detect potential fraud, or other acts of criminality, in relation to what has transpired under the SDTC is not your mandate, just like the Ethics Commissioner. If it's blatant, if there's an abundance of evidence, as you have indicated, you can make that referral.

The fact of the matter remains, despite the best efforts of Mr. Erskine-Smith, that the RCMP have confirmed that there is an ongoing investigation. Whether or not they ask for a production order from your office remains to be seen, but the fact that they haven't doesn't necessarily mean that they won't. I think that's the message that needs to come through to Canadians watching this. It's an ongoing investigation.

They have also confirmed that they have received documents from the House of Commons in relation to the House order, but they have been heavily redacted, which is precisely why the government and the House of Commons have come to this gridlock. It's because of the government's failure to produce all unredacted

documents to the House, which can then be used by the RCMP as they see fit. Whether they look at it or not, that's entirely up to them.

In relation to the potential criminality here, Madam Auditor General, I want to remind Canadians that we're talking about potential fraud and breach of trust. Fraud is defined in the Criminal Code under section 380 as follows:

Every one who, by deceit, falsehood or other fraudulent means, whether or not it is a false pretence...defrauds the public or any person...of any property, money or valuable security....

They are guilty of an indictable offence, depending on the value.

Redirecting taxpayer funds to the tune of almost \$400 million outside of contribution agreements, outside of the law, is in its very nature a fraudulent act. Whether or not the Crown can produce and establish intent remains to be seen, but the police will investigate at a lower standard than the Crown prosecutor who prosecutes potential fraudulent actors in relation to this scam.

Let's not forget that the Assistant Deputy Minister McConnachie equated this to simply giving away free money. It was the equivalent of a sponsorship-type scandal. That is how massive this scam, this fraud, this crisis, this issue is that is now bogging down the government operations in the House. To ask you one final question, all of this could go away if the government simply complies with the order of the House and releases all the documents pursuant to that order.

Would you agree with that, Madam Auditor General?

Ms. Karen Hogan: As I've previously said, this dispute between the government and Parliament is one they need to answer for and resolve. I am complying, to the best of my abilities, with the order, but, ultimately, the information resides and is owned by the government.

• (1305)

Mr. Larry Brock: Well, it's simple. This is hypothetical. If the government continues to refuse to release the documents, we will continue to have a deadlock. If the government complies with the order, we can get back to the business of doing government. It's a binary option and choice.

Would you agree with that? The government has the option to comply or not comply, right?

Ms. Karen Hogan: Again, it's up to the government to answer why it is redacting or treating the information the way it is.

Mr. Larry Brock: Okay.

Now, to Mr. Rahme, have you been contacted by the RCMP?

Mr. Ziyad Rahme: I have not been contacted by the RCMP.

Mr. Larry Brock: Has anyone at SDTC been contacted by the RCMP?

Mr. Ziyad Rahme: As far as I'm aware, no one at SDTC has been contacted by the RCMP.

Mr. Larry Brock: Have the current board members been contacted by the RCMP?

Mr. Ziyad Rahme: As far as I'm aware, none of the current board members have been contacted by the RCMP.

Mr. Larry Brock: Okay.

I think you've indicated this, Auditor General, but I want to confirm it again. You've had some conversations, as you've indicated, with the RCMP, but they have not directly asked for anything specific or asked for any further interviews with you. Is that accurate?

Ms. Karen Hogan: You are correct. We do speak to them on many files, but on this file, we have had regular conversations and we have not received a production order.

The Chair: Thank you. I'm afraid that is the time, Mr. Brock.

We're turning now to Ms. Bradford.

You have the floor for five minutes, please.

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

Continuing along MP Brock's line of questions, I'd like to read from a letter from Commissioner Duheme to Michel Bédard, the Law Clerk and Parliamentary Counsel, dated July 25:

Subsequent to the Motion, the RCMP undertook a review and examination of the Office of the Auditor General of Canada...tabled report on SDTC, along with additional administrative reports by Innovation, Science and Economic Development Canada and publicly available information. The RCMP has concluded that the available reports do not identify any criminal offences or evidence of criminal wrongdoing at this time, whether in relation to any specific individual or organization.

He does go on to say:

There is significant risk that the Motion could be interpreted as a circumvention of normal investigative processes and Charter protections.

He concludes:

[I'd] like to emphasize as well that the RCMP is operationally independent and strictly adheres to the principle of police independence. In a free and democratic society, this ensures that the government cannot direct or influence the actions of law enforcement and that law enforcement decisions remain based on the information and evidence available to police.

Ms. Hogan, the RCMP can request documents and get warrants for the documents it's seeking if it feels that's appropriate. Why, in your view, is there a need for Parliament to be paralyzed until the government and the OAG release documentation? Is the RCMP not capable of doing the investigations without the need for political intrusion? Do you have any thoughts on this?

Ms. Karen Hogan: It would be, as I mentioned earlier, inappropriate for me to comment on the will of Parliament and the actions that it takes, but my interactions with the RCMP have always been very clear and forthcoming, and they know that we will comply swiftly if they send us a production order.

Ms. Valerie Bradford: There have been multiple legal experts and even former legal counsel from the House of Commons who have raised alarms over the motion. In a recent op-ed for The Hill Times, Steven Chaplin, a former senior legal counsel in the office of the House law clerk from 2002 to 2017, deemed the House order unconstitutional.

He said that "MPs have the power to order documents when it's relevant to parliamentary work, or needed to carry out parliamentary duties", but that "ordering documents to hand over to a third party, like the RCMP, is out of scope since the purpose would be to serve an RCMP investigation, and not a parliamentary proceeding."

I'm wondering if you have any views on this, Ms. Hogan.

Ms. Karen Hogan: Again, this is the dispute that I referred to that the government needs to resolve. It is something between Parliament and the government. I respect the privilege of the House and its ability to compel the production of documents, but, as I say, this is not my information to hand over; it is the government's.

• (1310)

Ms. Valerie Bradford: Do you feel that it sets a dangerous precedent in any way?

Ms. Karen Hogan: As I mentioned previously, I feel it would potentially impede my independence should I be the mechanism by which Parliament were to obtain government information that should come directly from the government.

I am concerned about the unintended consequences that it might have on public servants and our ongoing access to information in a timely way to complete our work.

Ms. Valerie Bradford: In the extensive review and investigation that generated your report—the AG's report that is at the base of all this—did you find any evidence of criminal wrongdoing? Did you think there was anything that reached that level in anything that you went through?

Ms. Karen Hogan: As I responded in the previous round of questioning, there was nothing that I believed was a potential indication of criminal behaviour and, as such, I did not refer a matter to the RCMP.

Ms. Valerie Bradford: Essentially, the wrongdoing indicated in this report was basically that one of the board of directors failed to declare or act on a conflict of interest because she didn't remove herself from discussions. Is that the crux of this whole situation?

Ms. Karen Hogan: In my view, there were significant lapses in governance at the foundation and in the stewardship of public funds. I believe that conflicts of interest were very poorly managed. There were many reasons that was the case, but the board overall failed to oversee compliance with its enabling act as well. It is really about a big failure in governance at the foundation.

Ms. Valerie Bradford: Your recommendations dealt with that. Also, the new board has now implemented all of them completely except for the one that they're reviewing with outside parties about the awarding of funds. They've all been addressed now, so that should be cleared up going forward. There should be no further confusion. Is that right?

Ms. Karen Hogan: I haven't followed up on the actions that any of the board members or the foundation have taken to respond to our recommendations, but I would trust that, if they were properly designed and implemented, they should address the issues we have raised.

The Chair: Thank you. That is the time.

[Translation]

That brings us back to Ms. Sinclair-Desgagné for two and a half minutes.

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

Let's talk about that very recommendation, number 29, which SDTC partially agreed to.

The members of the current board confirmed for the committee that a consulting firm was in the process of reviewing the eligibility of projects.

Mr. Rahme, can you please confirm the name of the consulting firm?

[English]

Mr. Ziyad Rahme: The board has retained three independent audit firms to assist with that. If I recall correctly, they are BDO, PWC and Deloitte, three very well-respected audit firms.

[Translation]

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

Can you confirm whether you will be reviewing all the projects, including those that were already reviewed by the Auditor General?

[English]

Mr. Ziyad Rahme: Mr. Chair, I can confirm that we will be reviewing all of the projects. I don't recall exactly after discussion with the Auditor General, but I think they conveyed to us that it would not be necessary to again go over the projects in their sample that they determined to be eligible. Otherwise, all of their projects will be reviewed from the sample period.

[Translation]

Ms. Nathalie Sinclair-Desgagné: I see.

I have to tell you that somewhat conflicts with what we heard from a board member, who said that all the projects would be reviewed, whether or not the Auditor General had found them to be eligible.

There's another question we didn't get an answer to before, so I'm hoping you can answer it.

What will happen if a project the Auditor General found to be ineligible is deemed eligible by the consultants?

Will you follow the decision the Auditor General's office came to or the one made by the consulting firms you hired?

• (1315)

[English]

Mr. Ziyad Rahme: Mr. Chair, I don't believe I'm able to answer that question. Certainly, the review of those projects that were determined to be ineligible is ongoing.

I think we need to let the process work itself out, and if we get to that situation, the board will take the necessary actions in terms of what needs to be done.

[Translation]

Ms. Nathalie Sinclair-Desgagné: The easy answer, and probably the right answer in this case, would be to go with the Auditor General's findings, regardless of what the consulting firms decide.

Thank you, Mr. Rahme.

The Chair: Thank you.

[English]

Up next is Ms. Blaney.

It's nice to have you back. You have the floor for two and a half minutes, please.

Ms. Rachel Blaney (North Island—Powell River, NDP): Thank you so much, Mr. Chair. It's always good to be back.

It's very nice to see you, Ms. Hogan. Usually we're talking about veterans, but I'm really excited to be here with you today.

My question is about the role your office plays. We know, with the current situation, that there's a lot of tension and a lot of things happening.

If there is an increased request for information for documents, will that have an impact on your office and the work you do?

Ms. Karen Hogan: Do you mean an increased request for us to provide documentation in our file related to this audit?

Ms. Rachel Blaney: I mean this audit and specifically this committee. We know that more continues to be released and more information is coming out. Also, there's more interest, I guess, in the details of it. I'm just curious as to whether there are going to be extra resources if the committee calls on you to provide information.

Ms. Karen Hogan: Again, I think it would depend on what the request would be, whom the information belongs to, and when information needs to be provided in both official languages if it hasn't been translated. But typically the information contained in our files belongs to the government and it would be my expectation that the government provide that information directly to Parliament and not through us. Obviously, because of this order, we have spent some time with Innovation, Science and Economic Development Canada trying to understand the security classifications and redactions that they put on the documents, because we must respect that. So it has absolutely had an impact on our office, but not to an undue degree at this point.

Ms. Rachel Blaney: That's helpful to me. Thank you for that.

My next question just flows from that, which is that we know that when these kinds of events happen, there are more and more times that you are requested to come forward to things like this committee and have these discussions.

I'm wondering as we hit this crisis point if there is any need for your office to have more resources to deal with the day-to-day other activities that you need to do. I'm trying to better understand what happens to the Auditor General's office when a crisis comes out and these kinds of requests are coming forward. Are you still able, with the resources you have, to do your work, or does the amount of time that your office is having to put into getting information and having discussions take away from the other things you must do? I'm just curious about that.

Ms. Karen Hogan: As we mentioned earlier in the hearing, at times we are either stopping or pausing an ongoing audit to deal with a request that might come through. I think ultimately my office has the resources it needs at this moment to do the work that we want to do and deliver about 25 performance audits for Parliament and the territorial legislatures. I would obviously love it if someone could find extra hours in a day for me personally, but I'm always pleased to come to hearings and speak about our work. I believe that this is hugely important for our office to be able to support the Senate and the House of Commons.

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

Mr. Cooper, you have five minutes, please.

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

To the Auditor General, Ms. Hogan, just for the record, to be clear, you're not a lawyer, police investigator or an expert to determine whether there was a conspiracy to commit fraud or those types of matters, correct?

Ms. Karen Hogan: You're correct. I am a CPA.

Mr. Michael Cooper: Okay. Thank you very much for that. I would submit that that further underscores why it's necessary for the government to turn over all of the documents to the RCMP instead of continuing to obstruct Parliament, and instead of trying to use you as a shield to say, where was the criminal intent, when you don't look at criminal intent, correct?

Ms. Karen Hogan: Our audit isn't designed to uncover intent or fraud. However, when we do find something that we believe might be potentially fraud or criminal in nature, we would refer that to law enforcement.

• (1320)

Mr. Michael Cooper: I'm going to turn my next set of questions to Mr. Rahme.

Mr. Rahme, with respect to the seed funding stream, is it correct that in order to receive funding under that stream an applicant needed an accelerator to nominate them?

Mr. Ziyad Rahme: Mr. Chair, in that process, we partnered with over 80 accelerators from across the country.

Mr. Michael Cooper: There's no question that an accelerator—

Mr. Ziyad Rahme: That is—

Mr. Michael Cooper: —would need to nominate them, correct?

Mr. Ziyad Rahme: That's correct. We would open a round, and accelerators would nominate.

Mr. Michael Cooper: Who at SDTC determined the roster of accelerators that would recommend projects under this funding stream?

Mr. Ziyad Rahme: It was our ecosystems team that ran that funding stream and would have reached out across the country to onboard accelerators.

Mr. Michael Cooper: Two of the accelerators that were on that accredited list were MaRS and the Verschuren Centre, correct?

Mr. Ziyad Rahme: Mr. Chair, that is correct.

Mr. Michael Cooper: And we know that Annette Verschuren sat on the board of both MaRS and the Verschuren Centre. Did anyone raise any concerns about this, to your knowledge?

Mr. Ziyad Rahme: Mr. Chair, they did not to my knowledge.

Mr. Michael Cooper: So here we have a situation where there are two accelerators connected to Annette Verschuren and these accelerators get to hand-pick projects to be considered for seed funding, funding that is approved by the SDTC board, the board that Ms. Verschuren was the chair of. It turns out that eligible expenses under the seed funding stream include the very services that these accelerators provide for a fee. That was the finding of the Ethics Commissioner in his report with respect to the Verschuren Centre.

How was that allowed to happen?

Mr. Ziyad Rahme: Mr. Chair, the report of the Ethics Commissioner is very clear. I don't have anything to add to his conclusions.

Mr. Michael Cooper: It's a total racket that, again, underscores the mismanagement, corruption and conflict at SDTC.

To Ms. Hogan, is it correct that, in your report, you found that it was not assessed by the board or by the department whether the \$38.5 million in COVID payments that went out the door complied with the contribution agreements?

Ms. Karen Hogan: The fact that the COVID payments were lumped together in a bulk approval—I believe they were actually in a consent agenda item, which typically doesn't even have a discussion or conversation at a board meeting—meant that this did not follow the requirements of the contribution agreement, which Parliament had clearly laid out, namely, that funding should always be provided to an organization on a case-by-case decision. That was not the case here.

Mr. Michael Cooper: Yes, \$38.5 million improperly went out the door.

Mr. Rahme, what steps have been taken by SDTC, the current interim board and executive team, to recover \$38.5 million tax dollars that improperly went out the door?

Mr. Ziyad Rahme: Mr. Chair, as I said in the previous round of questioning, the board is currently reviewing all of the eligible projects, including these payments, and as they go through that review process, they will then take the appropriate actions as necessary, whether it's resuming, terminating or, if necessary, recovering funding.

Mr. Michael Cooper: The \$38.5 million went improperly out the door, and your answer is that up until now nothing has been done to recover those funds. That is \$38.5 million.

What about the \$220,000 that went to Annette Verschuren's company, for which she was found guilty by the Ethics Commissioner? I asked a month ago, when two interim board members appeared here, what steps had been taken to recover those monies, and they couldn't answer.

Has anything happened since, or has the board continued to be AWOL when it comes to making taxpayers whole?

Mr. Ziyad Rahme: Mr. Chair, that process is ongoing, and when the board of directors—

Mr. Michael Cooper: It's AWOL.

The Chair: Mr. Cooper, that is the time. I appreciate it.

Thank you all very much. I want to thank Ms. Hogan and your officials from the Auditor General of Canada—

• (1325)

Ms. Iqra Khalid: Chair, did you forget about me?

The Chair: Pardon me. You're so right, Ms. Khalid. I even signalled to you earlier. Sorry, but I was—

Ms. Iqra Khalid: I thought I was quite unforgettable, Chair.

The Chair: You said it, not me.

Ms. Khalid, you have the floor for five minutes, and I apologize. Ms. Blaney is going to think I do this as a matter of course.

Ms. Iqra Khalid: Thank you. I don't have a lot of questions, but I do want to clarify some points.

Ms. Hogan, would being a police officer or an agent of the court rather than being a CPA help you in furthering your duties and obligations as the Auditor General?

Ms. Karen Hogan: My mandate is very broad. I have very broad access, but I am not here to determine intent. That is a criminal matter, and that I would leave to the experts, who are law enforcement.

Ms. Iqra Khalid: I just want to say that having a CPA is no easy feat, so I appreciate all the expertise you bring to the Office of the Auditor General. Thank you for your contributions.

Now, I just want to go back to Mr. Rahme, if that's okay. We're talking about the whole sector of clean technology and the impact that freezing of funds has had on that sector. Can you talk to us a bit about what the industry and the sector is saying with respect to having frozen funding for the past year?

Mr. Ziyad Rahme: Mr. Chair, I know that this is in the current economic environment. Liquidity has certainly been an issue for companies, small and medium-sized enterprises operating in the innovation space, not just in the clean-tech sector but across the board. Certainly, the freezing of our funding has had an impact on companies who have existing project funding agreements and who have met all the eligibility criteria. In some cases they've had to slow down their work or take other actions. We've heard a lot from companies that aren't able to access this funding, as they would be new applicants, to help them launch their new developments as well. Again, whether it's been a slowdown, etc....

Ms. Iqra Khalid: Thank you for that.

Ms. Hogan, can you help us understand and clarify why the independence of your office is so important to how you function with Parliament, with government and in fulfilling your role as the Auditor General as well?

Ms. Karen Hogan: I think having an independent Office of the Auditor General is a cornerstone to a good democratic system. You know that you can rely on the information I provide as being free of influence and being based on fact. That also requires us to have clear access to information so that we can provide factually based information to support Parliament in holding the government to account.

As soon as you impede that, potentially, it either reduces the importance of our organization or impedes our ability to continue to provide fact-based information to Parliament.

Ms. Iqra Khalid: Do you think your office's independence is right now being impeded by the activities of Parliament, especially in relation to this production order in the House?

Ms. Karen Hogan: As I've said, the dispute that's going on between Parliament and the government is one for the government to resolve. I respect the will of Parliament, and I am trying to comply within the parameters of my act, which means that I have to allow the owner of the information to tell me how I should treat it before I can hand it over.

Ms. Iqra Khalid: Thank you very much for being here today. I appreciate that.

Thanks, Chair.

The Chair: Thank you, and again, I apologize, Ms. Khalid.

I think that concludes everyone.

Thank you, Ms. Hogan, and your officials from the Office of the Auditor General, for being here today.

Thank you, Mr. Rahme, for coming in today as well. I know it was under some difficult circumstances, so I do appreciate your making time for us.

Several bits of information have been requested.

[*Translation*]

You can provide additional information to the clerk. You can also refer to the clerk should you have any questions.

[*English*]

I'm now going to suspend for two minutes, but before I do that, I'll just say a note. There's a bit of a new system here in the Commons with requesting time. I know that it's quite lengthy on the notice. I'm hoping it's not going to take as long as I have, but I suppose we'll find that out upon our return.

I'll suspend for two minutes to allow our witnesses to exit, and then come back right away.

This meeting is suspended.

• (1325) _____ (Pause) _____

• (1335)

The Chair: All right, colleagues. Let's bring this meeting back to order.

I'm going to pick up the motion that we had left on Halloween eve last week. There was a request by a member to delay the discussion.

Mr. Perkins, I want to hear from you and then I want to hear from Madame Sinclair-Desgagné. Then we will see where we are.

Do you want to be on the speaker's list?

Ms. Iqra Khalid: Yes, please.

The Chair: Certainly.

Mr. Perkins, yes, go ahead.

Mr. Rick Perkins: I'll make this uncharacteristically quick, since we know we want to get to question period in House.

Just as a reminder, we had some mysterious testimony by former Liberal minister Bains about a number of issues, which I personally felt we didn't get the answers to. There were a lot of implications for the management team and the former president, Leah Lawrence, in terms of her responsibilities in this and different testimony between her and what former minister Bains said.

I'm suggesting that we call Ms. Lawrence before this committee as part of the ongoing study of the Auditor General's report.

The Chair: Thank you, Mr. Perkins.

That was brief. It's almost unheard of.

[*Translation*]

Ms. Sinclair-Desgagné has the floor to speak to her amendment to the motion.

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

In light of what the committee has heard from the various witnesses, I'd like to propose the names of two highly relevant people, Zoë Kolbuc and Doug McConnachie. I think they would be great witnesses to hear from at this point in our study.

The Chair: Thank you very much.

[*English*]

I am going to suspend at 2:00, regardless of where we are, for question period.

Mr. Drouin, I saw Ms. Khalid first, but we'll go over to you.

Mr. Francis Drouin: Mr. Chair, based on what Madame Sinclair-Desgagné has presented and what Mr. Perkins has presented, can we zoom out?

Can you inform me on where we are at with the original motion, the witnesses we have invited and how many meetings we have left? That will inform our side on how we shall proceed.

Can you inform the committee? That's that's all I'm looking for.

The Chair: I might need the clerk's assistance. I'm going to send out a schedule right after this meeting, depending on what happens with the motion today.

There are between six and eight witnesses remaining. The clerk will double-check that.

What I'm preparing for, Mr. Drouin, is really the high likelihood.... Hold on for one second: I'm going to keep this somewhat vague because I don't want to.... The Auditor General is expected to table a new round of audits in the fall before Christmas. The Auditor General doesn't generally drop those right before Christmas, so I'm expecting those sooner rather than later, at which point the committee is going to look at those reports and likely prioritize some of them.

That's not as precise as I would like because I think the Auditor General needs to announce when the tabling is going to happen.

The motion also listed a number of witnesses. I'm trying to prioritize those whom I think are of most interest. Some we might get to and some we might not.

• (1340)

Mr. Francis Drouin: Are we respecting...? I'm not sure if it's the way you function in here, Mr. Chair, but normally we submit lists of witnesses, the opposition submits lists of witnesses and we make sure that both sides are getting their fair share, understanding that they're.... That's why I'm not sure if we are yet supportive of this particular motion.

It's just a time issue. If the Auditor General is going to present some new new reports and the committee will decide to move forward on them, then obviously we just want to make sure that we get through the list first before accepting new witnesses, because now it's just maybe too much.

The Chair: That's a good question.

The motions jump the subcommittee process where we do have that rule in place of witnesses being balanced.

If this is something you would like to see here, I would encourage and suggest to the committee that, in the willingness not to belabour this and not to create a situation where you feel there are names that you would like to present but haven't, if you signal that you'd like to add two witnesses to be determined, we would accept that. That's my recommendation.

In the normal course of matters, the subcommittee looks at things. I do look for witnesses from all parties.

Mr. Francis Drouin: I don't know if the opposition will agree, but maybe we can park the particular motion they've just presented until we see the work plan. They can reintroduce the motion whenever they want, but at that time, we'll be able....

We just want to make an informed decision on what's coming ahead. I'm just wondering.

[Translation]

I mean no offence, but this isn't urgent. I want to make sure that the witnesses who were proposed a few months ago are going to be invited.

[English]

If we can park that for now, until you come up with the work plan that you'll submit to us, we can make a better decision.

The Chair: I'm going to have to look to the committee for direction on that.

At this point, I'm going to step back and the members are going to debate this because I'm getting a signal, Mr. Drouin, from one opposition member that this is not something he wishes to pursue. At this point, I'm going to remove myself from the debate. I tried to answer your questions as best as I could.

Ms. Khalid, you have the floor and then I'll look to others for discussion.

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

Respectfully, I really take what Mr. Drouin has outlined. I think it's really important for us to be able to make informed decisions. Also, I know that this is not the first time that I have made requests to at least see what the work plan is. What are we looking to do here? Where are we going?

With the amount of time you had scheduled for the committee, I was under the impression today that we were going to walk in and have drafting instructions. I thought it would be amazing that we would actually get somewhere with what we're doing.

Also, I just want to highlight that we don't always know who is coming to the committee. Yes, we've all had opportunities to present the witnesses we have. Right now, I don't know how many witnesses are left on that list. It would be really helpful for me, as well as all of our colleagues at this table, to understand who is left, what our work plan looks like, what that schedule looks like, how long we are going to continue this and what the end game is here.

I was just looking at all the meetings that we've had so far. We've had 14 meetings on this. Based on my nine years in Parliament, the average time is usually about four to six meetings per study, and we're hitting our 14th meeting.

We've seen the same witnesses coming in again and again at different committees, depending on the angle that the opposition wants to take, which is absolutely fine. This is an important issue. I'm happy to discuss it, and I'm happy to move forward with it. However, I feel right now that we're just going round and round in circles without really getting to where it is that the committee as a whole wants to get to.

We've had 31 witnesses so far. I don't know what the total number of witnesses on that list is. I don't know how many are remaining. Out of those 31 witnesses, we've heard from SDTC four times. We've heard from the Office of the Auditor General three times. We've heard from Navdeep Bains twice. We've heard from the Privy Council Office twice. Going back, we can see all of the meetings with all of the people who have been invited to come either as individuals or as part of organizations—the NRC, the Office of the

Auditor General, the Department of Industry, the Privy Council Office, and then even people as individuals.

What I don't see is why there is a continual effort to add more and more names to this. I don't have an objection to that, but what I do want to know is where we are on that witness list. Are we going to be just producing witnesses and asking people to come in without ever getting to a report stage? I mean, what is the ultimate goal here?

Also, Mr. Chair, I would like to know what other committees are doing on this. I know that a lot of the Conservative members ask similar or the same questions to other committees as well on this topic, and I'm wondering if there's any committee that has gone to or moved forward on report stage. Otherwise, are we just going to be stuck, continuing to go down a path of saying that we need this witness or that we didn't find anything from this witness and so now need this one and now need that one, etc., without actually getting to the crux of what it is we're trying to get to?

I really take note of what the Auditor General said today: that, based on her report and her 12 recommendations, 11 have already been implemented and that the one remaining, which is the project review, is in the process of being implemented. She spoke at length about it.

We've also heard from many witnesses over these past 14 meetings with regard to the amount of work that has been done in that transition process from SDTC into the NRC and what that transition has looked like. I think members all across this table here have had opportunities to ask a really diverse group of witnesses ample questions into these technical challenges as to where it is that we're going with this.

Therefore, Mr. Chair, I just want to, again, agree with Mr. Drouin and say that it doesn't make sense for us to continually move more motions when we haven't seen what the work plan looks like and when we have no idea which witnesses are left on the list.

● (1345)

I think it is really prudent for us to have a look-see as to what exactly the vision is—your vision, Chair, because all of these witnesses do get called at your discretion—and then to see where we are going to go from that point onwards.

I'm not sure if any of my colleagues have their hands raised, but I will park my comments there, Chair. I look forward to hearing what my colleagues have to say on this, and especially what you have to say on this as well, Chair.

The Chair: I will say a few points before we get back to the debate on the Bloc amendment to the motion.

This is, I think, partially a reminder. When the committee passes a motion like this to call witnesses, that's very much information that all committee members know, and so we all have the ability to certainly make ourselves aware of where we are at on that list. I say that because it's important. The committee has deemed it a priority that I only call witnesses who have been approved by the committee.

Ms. Khalid, you went through all the witnesses that we have heard of. One of two options...you're certainly welcome to contact the clerk for the full list or to just go back to the motions that were passed by this committee. That's available, and it's available anytime. Just do what I do: I just go through and tick it off.

Next, you asked a question about what other committees are doing. That is definitely not up for this committee to answer. That would be a question for the Library of Parliament.

I want to address those, because those I think are beyond the question of what this committee could and should answer. We're looking at these witnesses.

I do see your hand, Ms. Khalid, and I see yours, Mr. Perkins.

I just wanted to kind of round that out. This is something that the committee has begun to do, which is to push motions here calling forward witnesses. I do my best to bundle them in a way that is relevant to members.

I'll return to the debate.

Mr. Perkins, you have the floor.

Ms. Iqra Khalid: Chair—

• (1350)

The Chair: I saw Mr. Perkins first, but then I saw you out of my other eye, Ms. Khalid.

Ms. Iqra Khalid: It's on the same point we're talking about.

The Chair: Why don't we hear from Mr. Perkins and then I'll come right back to you?

Mr. Rick Perkins: Just on some of the points that have been raised, obviously the committee is in charge of its own destiny. We have gone through a few witnesses, but one of the reasons why committees add witnesses during the study, as we know, is that we get testimony that prompts new evidence or other questions, which has certainly been the case when it comes to what we had from former Liberal minister Bains and the contradictions between some of his testimony. It was hard for him really to contradict a lot of things because he didn't answer a lot of things, but the few things he did answer proved to be different from other witness testimony we had.

This committee has not heard from the witnesses, both the one we put forward, I believe, as well as the ones the Bloc put forward for consideration. I'm always confident, Mr. Chair, that the clerk is always able to figure out the appropriate timing and the number of witnesses to have at the table to fit in a reasonable structure so that we can get to these issues. Personally, I don't think it's necessary to wait for some work plan. I don't think there are a lot of outstanding witnesses other than these ones from the original motion.

I would think that we are able to walk and chew gum at the same time and put forward more witnesses. If that takes a couple of meetings more, I think a \$400-million question of what happened to taxpayer money is worth the time and effort.

It always surprises me that folks don't want to get to the bottom of what's happened with regard to the 82% of the conflicts of interest and, quite frankly, contradictory testimony on what happened,

the management practices at the place and the relationship between the board members who were appointed, handpicked by the Prime Minister, and put on this board, and the cultural change that happened when the chair, who didn't apply but was asked to take over, sat there, and who has said some things that seem to be very different from what we're hearing from other witnesses.

I'll leave it at that, Mr. Chair, and just say that I think we can go forward with this, put these witnesses on the list and let the clerk sort out the timing.

The Chair: Well, I will say this: I don't want this to become a debate about what the clerk does and does not do. The clerk and I work together. However, as chair, I am the one who decides on priorities regarding witnesses. Direct your concerns to me, not to our hard-working clerk.

Ms. Khalid, you have the floor. Then it's Mr. Cooper.

• (1355)

Ms. Iqra Khalid: Thanks, Chair.

I want to reiterate...because I don't think my questions were answered. Perhaps you can take note.

I would really appreciate it if we could find out how many meetings are left, and the number of witnesses left. Adding in the witnesses presented in this motion and the amendment, how many meetings does this add to what we currently have? When are we going to finalize this study?

The Chair: I'll answer that before I hear from Mr. Cooper.

There are 13 witnesses remaining. Two of them are ministers, which brings us down to 11, in terms of the ones we have any ability to invite. Two invited witnesses have already been scheduled for after the recess, which leaves us with nine, most of whom are former board members. I have been bundling those in groups of two or three. I would say that a handful of meetings remain to get through the current witnesses. There are four being proposed today, looking at both the amendment and the subamendment.

Mr. Cooper.

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

Let me say that, when it comes to the number of meetings required when we are dealing with \$400 million that improperly went out the door through non-compliance with contribution agreements, and multiple conflicts.... We ought to have as many meetings as it takes to get to the bottom of what happened at SDTC.

I know the Liberals opposite would love nothing more than to shut—

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

I don't think the member opposite should be making any insinuations about what we do and do not care about. We have been just as active as participants in these meetings, and continue to be. I would like to see a little more collaboration in terms of how we're going to proceed forward. I don't think my questions have been unreasonable in any way.

The Chair: Thank you, Ms. Khalid. Your point is taken.

Mr. Cooper, you have the floor again.

Mr. Michael Cooper: Mr. Chair, we've seen time and again how the Liberals run interference and interject with points of order that are not legitimate points of order but rather points of debate, including when Former Liberal Minister Bains came before this committee. Time and again, Ms. Khalid and Mr. Drouin—

Ms. Iqra Khalid: I can hear you just fine. Please don't yell.

Mr. Michael Cooper: —intervened, obstructed and tried to block members of the opposition from posing questions about what Former Liberal Minister Bains knew, when he knew it, what he didn't know or chose to ignore. The Auditor General's report on SDTC was damning about what happened under Former Liberal Minister Bains' watch. We saw an outrageous display on his part—with the assistance of Ms. Khalid and Mr. Drouin—when he refused to answer the most basic questions—

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

Mr. Michael Cooper: —the first time he appeared before this committee.

The Chair: I have a point of order by Mr. Drouin.

Mr. Michael Cooper: Oh, it's another point of debate by Mr. Drouin.

Mr. Francis Drouin: No, no. I love the sanctimony of the colleague opposite.

Can we get back to the business of the committee? That would be helpful. This is not advancing anything.

Mr. Michael Cooper: It falls very much within the business of this committee and the motion before this committee.

Mr. Francis Drouin: No, it doesn't, really.

Let's talk about how many more meetings we want, then get back to business. Then you can leave your Facebook clip somewhere else.

The Chair: Why don't we let Mr. Cooper finish up? Then I'll [Inaudible—Editor]

The floor is yours.

Mr. Michael Cooper: Well, I have a bit more to say.

The Chair: The floor is yours. I'm not trying to cut you off. I just—

Mr. Michael Cooper: We saw, with the assistance of Mr. Drouin and Ms. Khalid, their running interference to protect the minister from answering questions. The first time he appeared before this committee, he did not really answer any questions that were put to him. So blatant and so consistent was his obstruction throughout that hearing that we had a very long debate in which former Liberal

minister Bains came close to being found in contempt by this committee.

Now, in the end, after the Liberals filibustered for hours and hours and hours, taking us until, I think, 9:00 or 9:30 to protect former Liberal minister Bains, we agreed to allow him an opportunity to come back. He came back. He continued, in many instances, to not answer questions. In other instances, he gave testimony that contradicted what this committee had heard from other witnesses.

• (1400)

The Chair: Mr. Cooper, I'm going to interject.

I said I would suspend for QP. It's two o'clock, so I'm going to suspend this meeting.

• (1400)

(Pause)

• (1525)

The Chair: I call this meeting back to order.

I see a few substitutions. Mr. Angus, I'm not sure if you've done something or we've done something, but it's good to have you here.

Mr. Charlie Angus (Timmins—James Bay, NDP): It's an honour to be here, Chair. The Speaker asked that I come and maintain the decorum of the place. I know you can handle it, but if you need any backup, just give me a nod and I'll be there for you.

The Chair: You'll notice there are often more Conservative MPs here than government members, which is unusual, but that's the way we roll.

Mr. Cooper had the floor. I see Madame Sinclair-Desgagné had her hand up.

Mr. Cooper, why don't you just go ahead or wrap things up wherever you were?

Mr. Michael Cooper: To be very brief, the testimony of former Liberal Minister Bains when he last appeared, in some respects, contradicted other evidence the committee heard. It is why I support the motion to call Leah Lawrence, who was the CEO throughout all of the material times that are at issue in terms of the various conflicts and mismanagement at SDTC.

We need to hear from her. That's why I will be supporting the motion.

The Chair: Thank you.

I see Mr. Drouin, but first, I have Madame Sinclair-Desgagné.

[Translation]

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

To end the debate on a positive note, I propose that we just adopt the motion and invite the witnesses listed in the amendment and in the motion. Then, I propose that the subcommittee meet so that each party can discuss its priorities for the next group of witnesses to be invited. Those discussions will be informed by the schedule the chair sent out during question period. We also know that the Auditor General will be tabling another report in early December, and that report will probably take precedence over the SDTC study.

It would be nice, then, if all the parties could come to an agreement in subcommittee. That way, they could discuss their respective priorities, and the committee could move forward. I propose the meeting take place on Thursday or Friday of this week. To do this, though, we would have to wrap up this debate and adopt the motion first.

[English]

The Chair: Thank you. I would certainly agree to that.

Mr. Drouin, you have the floor.

Mr. Francis Drouin: Mr. Chair, we made a complaint to the chair, and the chair acted really quickly on the work plan. You have provided that work plan, so we are ready to call the question to order.

On what Madame Sinclair-Desgagné said, I'll let the vice-chairs decide that. I don't have an opinion, but if they want to meet, they can meet. Otherwise, we can proceed, but we're good to go.

The Chair: Great. I have no more speakers then.

Give me just one second, please.

First, we're going to vote on the amendment to the motion. Do we need to read that?

Do you have, by chance, the amendment to the motion?

• (1530)

The Clerk of the Committee (Ms. Hilary Smyth): The amendment is to add Zoë Kolbuc and Doug McConnachie to the invite list.

The Chair: Could we call the question on that, please?

The Clerk: Okay.

Shall the amendment by Nathalie Sinclair-Desgagné carry?

(Amendment agreed to: yeas 10; nays 0)

The Chair: Now I will look for speakers on the motion itself.

I don't think there are any, but I'm going to canvass the room.

This is on the motion, which now includes the four witnesses.

We'll call that question now, please, Clerk.

The Clerk: Shall the motion by Mr. Perkins, as amended, be adopted?

(Motion as amended agreed to: yeas 10; nays 0)

The Chair: Do I have permission to adjourn the meeting?

Ms. Iqra Khalid: Are you sure? I was ready to go for a very long time tonight.

The Chair: Yes. Thank you.

Do I have permission to adjourn the meeting?

Some hon. members: Yes.

The Chair: The meeting is adjourned.

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