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Chair: Mr. John Williamson



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• (1650)

[*Translation*]

The Chair (Mr. John Williamson (New Brunswick South-west, CPC)): Welcome to meeting number 139 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. I believe all members are in the room, although some might join us remotely, using the Zoom application.

Before we begin, I ask members to look at the guidelines written on the updated cards on your table. They are there to help prevent audio feedback incidents and to protect the health and safety of all participants, including and especially the interpreters.

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

[*Translation*]

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

[*English*]

I would now like to welcome our witness. As a reminder, this committee adopted a subcommittee report at our last meeting, and members have agreed to refer to this witness as Witness 1. I ask that you comply with this decision of the committee.

Without further ado, I will turn to Witness 1 for an opening statement.

The floor is now yours.

Witness 1 (As an Individual): Thank you, Mr. Chair, for the opportunity to speak before this committee as part of your study on the Auditor General's report on SDTC.

The release of the Auditor General's report in June concluded a two-year effort that I had initiated to expose how SDTC's idealistic mission was co-opted by a group of corrupt executives, board members and insiders within the clean-tech ecosystem. All or some....

You know, there's a lot of speech here. Frankly, I'm embarrassed to be here, because my being here is an indication that the systems that are set out to protect people don't work. That's the biggest issue here. I'll continue with my speech, but I want to make it clear that

I'm here not just for SDTC. I want to point out that it should not have taken a two-year effort to get to this point. Even to this day, real accountability doesn't exist.

The Auditor General's findings conclusively validated and vindicated every single one of the issues that I had initially raised. Within hours of the report's publication, the minister dissolved SDTC—a clear indication of the severity of the misconduct. This decision should serve as further proof that SDTC was beyond repair, with corruption that was so badly ingrained it rendered the organization unfixable. It also serves as the ultimate indictment against SDTC's leadership, who continue to work today.

I'd like to extend my gratitude to the Office of the Auditor General for their dedication to this inquiry and their wider efforts as one of the few independent institutions in Canada that continue to uphold public trust in a system that has become increasingly opaque and unjust. Just as I was always confident that the Auditor General would confirm the financial mismanagement at SDTC, I remain equally confident that the RCMP will substantiate the criminal activities that occurred within the organization.

Again, I accepted this invitation to come to this committee because I'd like to talk about the actual effort that was required to get to this point and what the continued lack of action by the federal government indicates about our society. The real issues extend beyond SDTC's collapse. The true failure of the situation stands at the feet of our current government, whose decision to protect wrongdoers and cover up their findings over the last 12 months is a serious indictment of how our democratic systems and institutions are being corrupted by political interference. It should never have taken two years for the issues to reach this point. What should have been a straightforward process turned into a bureaucratic nightmare that allowed SDTC to continue wasting millions of dollars and abusing countless employees over the last year.

The first government official I approached was the Liberal member of Parliament for Calgary Skyview, George Chahal, at an SDTC event all the way back in May 2022. He assured me that he took this situation seriously and guaranteed that he would facilitate contact with the appropriate people in the federal government and the Auditor General's office. His subsequent refusal to engage forced us to spend the next five months trying and failing to contact various agencies, including ISED, the Ethics Commissioner and the public integrity commissioner, to name just a few. It was only in December 2022 that I finally contacted the Auditor General's office, which set off a chain of events that finally culminated in the report in June.

It took almost a full year after we initially talked to the MP until this file eventually ended up at ISED, which then hired RCGT in March 2023 to conduct a fact-finding exercise. This fact-finding was supposed to be a six-week exercise with a simple goal—to validate the documentation I had provided, with a stated guarantee that subsequent investigations involving the AG, ISED and the RCMP would be initiated if any of those documents and allegations were proven true.

By May 2023, ISED had already confirmed most of those allegations. RCGT had even drafted a report and provided a debrief to me, with ISED bureaucrats stating their plan to make a recommendation to the minister and PCO that the report be released and that at least four separate investigations be initiated and managed through a newly created office within ISED.

All of this should have led to immediate action, but once those findings reached the Privy Council Office and the minister's office, everything changed. The investigation was delayed for another four months, allowing SDTC to continue misusing funds and mistreating employees, when at this point the federal government had in fact known this was true.

By late August, ISED confirmed that no further investigations were required; instead, there were plans to release the report, suspend SDTC and remove the board and executive team immediately. This was the outcome I was expecting, and I was satisfied that this situation was finally going to be resolved, yet the minister and the government didn't act. ISED manipulated the findings and withheld the report from the public, and only suspended SDTC on a temporary basis with no plans to act against any single one of the wrongdoers despite having overwhelming evidence to the contrary.

The minister himself defended his inaction, stating that RCGT's report was inconclusive, but if anyone read the legal disclaimers RCGT had written in the reports, they actually stated the contrary. The report explicitly stated that none of the findings and work done by RCGT could actually be used to prove or disprove misconduct. This delay and lack of action again let SDTC continue operations unchecked and allowed them to continue to misuse taxpayer dollars.

At this point, the AG's office informed me of its decision to act, and in response, I made the decision to blow the whistle a second time, this time publicly releasing recordings that exposed ISED's deliberate inaction and falsehoods. The fact that I had to act again speaks volumes about the depth of corruption, not just within SDTC but within the government and bureaucracy. The govern-

ment's failure to act promptly or transparently is not just a bureaucratic failure; it is a moral one.

These revelations triggered further inquiries in—

• (1655)

The Chair: Excuse me, but I'm going to have to stop you there, because I think we're at a good point. You're a little over your time, and I'm sure the members are going to have additional questions for you.

Without further ado, I'll turn to Mr. Perkins for six minutes, please.

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

Thank you to the witness. If it wasn't for your ethics, bravery and, frankly, tenacity in exposing this over the last two years, we wouldn't be sitting here today, and we wouldn't have had the previous meetings we had. On behalf of everyone and all taxpayers, I thank you for the service you've done and continue to do.

One of the areas I'd like to explore is around former chair Annette Verschuren and her desire to get money from SDTC to the Verschuren Centre at Cape Breton University. I believe an email was written to Jennifer Smith from the then VP of investments, Ziyad Rahme, who is now the acting president. He emailed her and said, "Jen, this project is approved for fast track to the VCS", that committee, the analysis committee.

Why would something be fast-tracked, and how would that happen?

Witness 1: In usual cases, we would fast-track applications that we could clearly see met all the requirements for SDTC.

I appreciate that you pointed this out, because we've had a lot of board members and executives speak to these issues as simple mistakes. Everything was just "We forgot to recuse ourselves", and that was it. However, examples like that prove the intent, because one of the clearest ways to actually show what was happening is the potential of how they were brought into the organization and the preferential treatment that was given to these projects.

For the Verschuren Centre's application, there is no logical way anyone in the public could believe this wasn't preferential treatment, because for the ecosystem stream of funding, that wasn't publicly known to anyone. The public, who should have the ability to apply to something like the ecosystem fund, couldn't apply to it, yet she was getting fast-tracked.

Mr. Rick Perkins: I appreciate that. I have limited time.

On January 18, the same vice-president sent a note to someone named Beth saying it was rejected because of conflicts and saying, "We will help find funding from other avenues in government for that project."

Did SDTC staff help Annette Verschuren find funding for this project and other projects from the government? As an example, \$50 million went to Annette Verschuren's NRStor from Natural Resources and \$170 million from the Infrastructure Bank. On top of that, the Verschuren Centre got a total of about \$6.6 million anyway from ACOA, ISED and other programs.

Were SDTC staff involved in helping her get government money from other departments?

• (1700)

Witness 1: They were, and that's something that SDTC employees aren't supposed to be doing.

If an application gets rejected, you reject it and you point them to other organizations, but SDTC employees are not expected to go out of their way and spend their own time to actually help an organization get funding. That was completely out of the realms of their regular day-to-day business. It happened multiple times, not just with the Verschuren Centre.

Mr. Rick Perkins: On June 9, 2022, ACOA gave the Verschuren Centre \$2 million. ACOA gave them another \$4.2 million a little later. Then ISED gave the centre \$1 million—another \$1 million—bringing that to about \$5.2 million. Then the Verschuren Centre got another \$3.1 million from the ISED department.

It looks like the Verschuren Centre got over \$10 million itself, and then another \$220 million for her other projects from government departments. Was she using ISED or SDTC, the green slush fund, staff to help get her projects money from the government?

Witness 1: Not for all of them. Again, this is just that one situation where, after she was rejected, SDTC employees were asked.

You've also missed a couple more million, because there's another entity called NGen, which ISED funds, which indirectly funded the Verschuren Centre.

One of the things I'd like to point out is that there were three or four different public announcements about the Verschuren Centre getting funding, and every single one of them announced the exact same project, even though that project and the outcomes of that project had already been completed and funded three times over by various federal agencies.

Mr. Rick Perkins: The Ethics Commissioner found her to have breached the Conflict of Interest Act twice, as he said in his report, but in committee this week, it turned out under questioning that he actually said it was 24 times, but he didn't have any of these projects in it. Clearly, Annette Verschuren's conflicts with SDTC were way more than 24, as were other directors like Guy Ouimet, Andr e-Lise M thot, Stephen Kukucha, and the list goes on. In fact, the Auditor General identified nine directors in conflicts who had 186 conflicts out of 226 transactions.

Was that your experience? Did you know that over 80% of transactions were conflicted with board directors?

Witness 1: I never did the math, but there wasn't a single project review committee or board approval that didn't have at least one or two projects that were directly connected to board members. For the majority of the time, employees weren't actually told about these conflicts. This was all only known at the board level, and you

would only find out after the fact. This is why I mentioned the additional help that was provided on these projects on the front end and the preferential treatment because, for the most part, none of this was known to us, but you can look back at it and say, "Oh, that's why they got preferential treatment relative to others."

The Chair: Thank you. That is the time.

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

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

I want to thank the witness for appearing today. I'm sure it's pretty uncomfortable for you. I understand that you already have given testimony at another committee, so I appreciate that you've come to public accounts.

Can you outline the exact behaviours at fault at SDTC, both on the mismanagement of funds front and also behaviours inherent to the toxic workplace that are central to your claims?

Witness 1: As I mentioned, for the most part there's a very structured and legitimate process that exists at SDTC to approve new funding. There are multiple employees who are involved, and there are multiple levels of due diligence that have to be completed, which take, for the most part, almost six months to complete.

The examples I would mention are times when the project would come into SDTC and get selected for due diligence and a fast track, even though the company might have never applied in an official capacity. During the due diligence stages, on multiple occasions there were times when the external reviewers and the internal reviews that employees would do clearly pointed out that the project should not be funded, yet all of those decisions were overruled by executives and then forced into the board for final approval.

• (1705)

Ms. Valerie Bradford: Can I ask for clarification?

You said they never applied, but they came "into". How did they come "into" for consideration if they weren't applying? I'm confused.

Witness 1: A lot of times these projects would just suddenly show up and an executive would say, "Hey, we have this project that we think someone should look at."

Again, there is a legitimate and official process, but some of these projects never followed that official capacity, and this is why I continue to mention the preferential treatment. It's one thing to say everything is done and someone missed a conflict of interest declaration, but for all of these—if not, the majority—it was always some extra case of there being preferential treatment. There is information that clearly shows that the project is ineligible under five or six different categories. For any of those situations, while at the same time they are continuing to push along a project that they shouldn't, they are rejecting other projects that have the same or better impacts on the environment, which they would then reject in place of these projects.

Ms. Valerie Bradford: Okay.

Now, could you turn your attention to the behaviours inherent in the toxic workplace that are central to the claims that you brought forward?

Witness 1: I don't think that's the focus of this committee today, honestly—

Ms. Valerie Bradford: I think it's up to us to decide what the focus of the committee is, and I'm asking the question respectfully, because you were definitely claiming that it was a toxic workplace. I would like to know what behaviours constituted that, in your opinion.

Witness 1: Well, for example, there were cases in which someone of LGBTQ background was abused by an executive employee.

Ms. Valerie Bradford: Abused in what way? Verbally abused?

Witness 1: Yes, verbally abused and accosted for what they were.

In other situations.... For example, the CEO had two separate employees at the same time who were under her who were concurrently on stress leave. I don't think that's a normal situation for an organization with fewer than 50 people.

Every single HR executive who worked at SDTC over a two-year period went on stress leave and was subsequently fired.

Ms. Valerie Bradford: Could you tell us for what period of time the two were on stress leave? There has been a lot of stress in the workplace, and during COVID, you know, people were short-staffed. When, approximately, was this period when there were two off on stress leave at the same time?

Witness 1: I would ask that of SDTC.

Ms. Valerie Bradford: All right.

Now, what was the exact period of time that you were employed at SDTC? I think it's a span of about two years, but could you provide us with more specific dates for the start and end of your employment there?

Witness 1: I worked there from July 2020, I believe, all the way to June 2022, during which time I was directly involved in the approvals and disbursements of over \$200 million in funding. That would include funding and reviews of projects across every single one of the different funding streams that the AG has mentioned in her report.

Ms. Valerie Bradford: Okay. I'm looking to understand if you served with the previous board chair, Mr. Balsillie, or was your term strictly under Ms. Verschuren's chairmanship?

Witness 1: It was just Verschuren.

Ms. Valerie Bradford: CBC reported last December that whistle-blowers such as yourself had fears that when ISED took charge of the file, the department would hesitate to get to the bottom of things because the target of the probe was funded and supervised by the department.

Over the last year, ISED launched two independent investigative reviews through third parties and even welcomed an AG investigation in order to get to the bottom of claims at SDTC.

What were your fears based on exactly?

Witness 1: I hope you listened to the recordings that were in those audio clips, because I think they would provide some context.

I mean, the whole SDTC situation is a conflict of interest, so why wouldn't ISED, which is implicated in its own mismanagement of SDTC, be conflicted in hiring a third party that is supposedly independent, but again, if they were actually independent, why would they have such long legal disclaimers that disclaim all responsibility against what their findings were? If the minister claims that all of these were independent and truly factual, why do all of the actual reports say that none of this is actually factual or legally binding or even meets a minimum threshold of any sort of professional, legal or accounting standards?

When you compare that to the Auditor General, there was no disclaimer. There was nothing there that would say, "Hey, we don't know what we're talking about and this is not legally binding or this doesn't meet a requirement on the professional standards."

I would also mention that there are over 37 hours of recordings that we are fully willing to provide, which would clearly show how the situation actually evolved, versus how the public would know.

• (1710)

The Chair: Thank you.

That is the time, I'm afraid, for Ms. Bradford.

[*Translation*]

Our interpretation system has changed.

Witness 1, can you hear me in English?

[*English*]

I'm just going to test the earpiece.

[*Translation*]

Perfect.

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

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

I want to thank the witness for what he has shared with us, for his courage and for being forthcoming in answering our questions today.

For starters, I want to reiterate how unfortunate this catastrophic situation is. The current government showed us how to kill a good idea. That's exactly what it did with Sustainable Development Technology Canada, or SDTC. I also want to reiterate our support for the businesses that, in the end, are victims of a truly unfortunate situation involving a fund that mismanaged taxpayers' money.

My goal is to help committee members better understand the situation. We've heard a lot about conflicts of interest involving the board of directors. We've also heard about serious human resources problems in terms of how employees within the organization were treated.

I'd like to know if you also noticed conflicts of interest within the organization itself, perhaps involving employees or a DG who wasn't on the board of directors.

If so, can you give us examples?

[English]

Witness 1: I have several.

One of the things I'd like to point out is that the current COO, Ziyad Rahme, was actually implicated in the Auditor General's report, because his wife was hired to recruit the board members. He continues to work in that position today. There are many people whose family members are benefiting. Think about the fact that his wife is hiring board members, who then make decisions on his compensation. It's an obvious conflict.

Another one, which I think is more egregious, includes the approval of new funding for the ALUS ecosystem project. It was a project that had a direct connection to the previous disgraced CEO, Leah Lawrence.

In her situation, she had a best friend named Aldyen Donnelly, which she admitted to at the ethics committee meeting. For that specific project, she was going to be provided with hundreds of thousands of dollars as a subcontractor to a project. That is a project for which we have emails that prove that executives themselves said the project was not able to meet even the most minimum levels of financial compliance that are required by the government. Even when that was there, the CEO still pushed for that project to get approved. Even to this day, that project is still getting funding.

On top of that, there are countless others. Let's say there are different ecosystem projects that might have reviewers for every project. There is a requirement for every project to have an external review on the business and technical side. In several cases, these reviewers on one side would provide a project with a positive review, knowing that the project wasn't technically sound, and within those same few months a project that they themselves had an interest in would then be approved.

Again, this isn't a board-level issue. This is endemic across the organization at the higher level.

• (1715)

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you.

That example is someone who's still on the job. In the examples you gave us, you mentioned Leah Lawrence, who, if I understand correctly, is no longer on the job.

Are there many people in a conflict of interest situation who are now employed at National Research Council Canada or who probably will be? The Auditor General named them. Let's not forget that the government announced people would keep their jobs.

[English]

Witness 1: From my understanding of the report or the letter that was given to the new board chair of SDTC, they've stipulated that only non-executive employees would be getting contracts to NRC. I don't know whether that's breaking news to the public, but from the sound of it, it seems like none of the executives are going to be moving on to NRC, which potentially creates a bigger issue because that might mean that they're going to get big payoffs for mismanaging the fund into the ground.

[Translation]

Ms. Nathalie Sinclair-Desgagné: I'm sorry, but I may have misunderstood the last part. Could you repeat the last part of your answer, which was about how executives won't go to NRC? What are the repercussions of that?

[English]

Witness 1: Within the statement of work that the minister gave to the new board chair, the only stipulation that exists for SDTC employees getting contracts is that it's strictly for non-executive employees.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Right.

What are the repercussions of that?

[English]

Witness 1: It's a guarantee that only non-executive employees would be getting contracts at NRC.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Okay.

My question was about what's going to happen to the employees who are still there despite conflicts of interest and the fact that the Auditor General's report identified serious problems. If it had to do with non-executives, that would mean non-executive employees would be transferred.

Do you think the problem also involves the employees who are doing their job to the best of their ability? The problem really seems to be with the executives and the board of directors.

[English]

Witness 1: I think it really is at the executive board level. I think the non-executive people who maybe shouldn't be moving over to NRC are more related to the culture. There are a lot of people who purposely ignored the problems or helped the situation for themselves. Inevitably there might be some conflicts that I don't know about.

The only way this can truly be publicized is if the names of those people are public. Even for that situation, employees at SDTC had a monthly report that they would put in to say if they had a conflict on anything, whether direct or indirect. At the employee level, it was treated differently. They did the work to ensure that no employee below that executive level had any sort of work or any impact on those types of projects. It might be a neighbour or it might be an indirect person. Those were done pretty well, and I don't remember any situation of an employee who had a conflict that was conflated. At worst, it might have been forgotten, but I don't believe that, for employees themselves, there are any significant cases.

[Translation]

The Chair: Thank you very much.

[English]

Up next we have Mr. Desjarlais.

You have the floor for six minutes, please.

• (1720)

Mr. Blake Desjarlais (Edmonton Griesbach, NDP): Thank you very much, Mr. Chair.

Thank you very much to the witness, both for being present and for the immense courage to bring forward what is a terrible instance of gross corruption, conflicts of interest, disgusting corporate culture, to be quite frank, and serious issues relative to the treatment of staff at SDTC.

The issues that I think are pertinent for my first round are related to the instances of conflict of interest that you've brought up. You've mentioned several times the severe conflict of interest pertaining to executive members.

I also appreciate your opening statement in regard to what is a very idealistic mission and one that I think many Canadians agree on, which is to support innovation and technology towards the better development of green technology, something that you yourself have contributed to in Canada. I don't want to diminish that work, but, of course, it's come at the heels of taxpayers. It's come at the heels of the trust that Canadians should have in their institutions, and now it's incumbent upon the government and members of this committee to try to pick up the pieces of what has been a really devastating blow to public confidence in this type of work. I want to thank you for mentioning those facts.

I want to see if you can describe to me one of the examples that you mentioned in earlier testimony, in response to one of my colleagues today, related to when an executive takes a project. Let's say it's one of their projects. The normal process you mentioned takes six months from the time when an original application is submitted by a regular person not connected to the executive. Six

months go by, and maybe they're approved. When executives want to have a decision, when they want to get support for their project, how long does that approval take?

Witness 1: It might be faster.

I think, again, with regard to executives, a lot of times it was someone who was friendly with the executives. That's why I mentioned this inner circle of people who were above regular Canadians going through the regular process. When I talked about some of these fast-track processes and issues like that, in certain cases it was an executive who was purposefully helping a company connected to a board member. When it was a situation like that—even in cases where, let's say, the project was rejected to the point where it was unfeasible even to take it to the board—a lot of those projects were then kept in the background. At any point, they were suddenly reactivated, whereas if someone had a real project rejected, they were specifically told it was rejected and “Here are all the requirements you need to come back to apply.” For other projects connected to board members, it was never a case of that. It was, “Okay, let's wait six months. Then we can move it along or try to pick it back up.” Timing was one thing, but a lot of it was a little more like that.

All the rules that existed were good to ensure everything was done correctly, but everything that happened that I'm talking about was more on the obfuscation of rules. There were all these ways to manipulate but still pretend like you were meeting all of the requirements that existed. When I'm talking about executives, there would be situations, in other cases, where an employee would write a specific finding or recommendation that executives would change themselves and then send it up to the board. Again, it's not that every person at the board level was corrupt. A lot of them were just, frankly, morons who didn't see what was happening.

Mr. Blake Desjarlais: To be frank, they were also complicit because they must have known about these things. They were members of a board. They would have been responsible, ultimately, for the decisions of the board, including instances where some board members were taking illicit contracts or finding ways to defer contracts to their buddies. They're still implicated.

Is that correct?

Witness 1: That's correct.

It's one thing to say, “I forgot” or “I didn't notice.” However, when you agree to be a board member for SDTC, any GIC-appointed organization or anything within the federal government, you sign a fiduciary obligation to meet minimum requirements.

Mr. Blake Desjarlais: Exactly.

Witness 1: As much as everyone is still pretending like it was a mistake, we don't hold anyone accountable to that level when it's taxpayer dollars. We're talking about board members. This is where there were a lot of mixed-in situations where, yes, executives would change things.

Let's say there was a certain project that got a "not recommend" from someone, which would effectively kill that project. Well, executives would supersede decisions, or go to the external reviewers, who were supposed to be independent, and have them change their reviews. In certain situations, they would actually prevent the employee from speaking about the project at the board level. They themselves would speak about it to make sure they could tell the story they wanted to tell.

Mr. Blake Desjarlais: They would be motivating applications that had already been reviewed under a regulatory process. They directly intervened in the decision-making and application process of their buddies to better leverage support for their friends' projects.

• (1725)

Witness 1: It was across all stages of the process.

Mr. Blake Desjarlais: Thank you very much for confirming that.

My second point in this discussion is related to the actual work of employees. In your time there, did you bear witness to or know of employees who were directed by executives to change or manipulate aspects of an application that had already been denied?

Witness 1: Of course. All the time.

Mr. Blake Desjarlais: What were the consequences for an employee who said no?

Witness 1: If an employee said no, it would be moved around to a different employee. That's how the culture worked. There were, obviously, people brave enough to say no to certain things. In a lot of those situations, executives would then move those projects to, let's say, an employee who was more agreeable to the executive. How did those employees benefit? Well, they were the ones who got higher bonuses. They were the ones who would get promotions. This is where, even at the employee level, you were benefiting from being more agreeable.

When I talk about the culture of fear... Prior to my being there, there was a major firing spree that effectively got rid of the majority of senior employees, especially those who focused on financial compliance and all of those different key aspects, which they were noting to be more and more problematic. Even prior to my being there, there were already changes and things that effectively created an environment that would protect all of these issues, because anyone who spoke would know what was going to happen to them, like—

Mr. Blake Desjarlais: Sorry, did you just say that environment already existed?

Witness 1: Prior to my being there—

The Chair: We're well over. We'll come back to you.

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

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): I'm going to ask you a set of questions. Please be brief in your replies, if you could, so we can get through them. You'll note the rounds of questioning are shorter now, sir.

What funding streams violated the contribution agreement between Sustainable Development Technology Canada and the government?

Witness 1: All of them. The seed funding stream, the ecosystem funding stream, the start-up funding stream, and the skill funding stream. I would mention that every single one of the seed funding projects did not meet any of the requirements, and neither did any of the ecosystem projects.

Mr. Michael Barrett: How much money passed through those streams?

Witness 1: I think it was over \$50 million at least, but I think from the major findings it has to be over \$100 million.

Mr. Michael Barrett: Were many of the companies getting funding through these ineligible streams conflicted and connected to political appointees, Liberal-appointed board members?

Witness 1: I would assume so. I think anyone who would be appointed through the GIC process would effectively be appointed by the Liberal Party.

Mr. Michael Barrett: Are you aware of any new contribution agreements being made since the Auditor General's report came out?

Witness 1: There has been an updated contribution agreement, which now, effectively, goes back and retroactively allows for the majority of those ineligible projects to be considered eligible.

Mr. Michael Barrett: So companies that were in conflicts before, or ineligible, have been retroactively made eligible.

Witness 1: Through the update to the contribution agreement, yes, they would be considered eligible.

Mr. Michael Barrett: That seems highly inappropriate, to say the least.

Which of the Liberal-appointed board members benefited the most from what we know to be 330 million tax dollars given out in identified conflicts of interest?

Witness 1: I would say the one who was most benefiting was Andrée-Lise Méthot. She worked at Cycle Capital, and she had multiple companies within the SDTC portfolio. For her, it wasn't a simple one-company situation like for Annette Verschuren. Andrée-Lise was very friendly with the CEO at SDTC, and there were multiple instances where it wasn't just that she got preferential treatment for projects; she was getting funding two or three times, where a project gets funding and it's technically graduated, and then it would come back into the fund and get an additional round of funding, and it might happen a third time.

SDTC was, effectively, subsidizing companies for certain board members for years and years.

Mr. Michael Barrett: Has the board of SDTC met to approve more money being given out?

Witness 1: I believe there has been a project review committee meeting with the new board, which approved a new slate of projects to be funded last week.

• (1730)

Mr. Michael Barrett: Are any of them conflicted?

Witness 1: I don't know.

Mr. Michael Barrett: Trudeau's minister, Minister Champagne, likes to exclaim quite loudly that he took action the very moment he heard about the problems at Sustainable Development Technology Canada. Is that true?

Witness 1: I would disagree with that.

Mr. Michael Barrett: The same conflicted companies are still getting paid now. Is that right?

Witness 1: Exactly. The findings that were the findings used to suspend SDTC were known to the federal government all the way back in May 2023. There was a five-month period during which the minister's office and the PMO knew that there was a significant level of conflict of interest and a significant issue on ineligible projects. During those five months, they did nothing to stop this, and even after they suspended SDTC, the projects that were noted to have broken conflicts and were ineligible were still given funding, even after SDTC was suspended.

Mr. Michael Barrett: Right. We've heard, and I believe it to be true, that the "new" SDTC is the exact same as the old one. I don't have any confidence that things have improved since the Auditor General's report. The interim board is now, effectively, in charge of its own oversight.

Should we be concerned about how many more millions are being doled out improperly in the coming six months?

Witness 1: Absolutely. The biggest risk I see with the situation is the fact that SDTC is going to hire their own consultants to review how they fix the situation. I think they've mentioned hiring Deloitte to review how they fix the eligibility issues and conflicts. Again, I think we can all agree that none of the executives should have any say in what they've done and then have an ability to try to fix the situation. Deloitte itself, and any of these consulting companies, if we're being serious here, you can pay them to say anything. If they get paid enough by SDTC to say that everything is good, they will do it, just like Osler did for SDTC when their board investigated themselves and exonerated themselves in direct opposition to even the RCGT report.

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

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

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

I want to continue along my previous line of questioning when I was asking you to give some specific examples about the toxic workplace and the abuse and harassment of staff.

When you appeared at the INDU committee on December 11, 2023, you testified at length regarding this. You actually provided a package that included evidence of the toxic workplace culture that was created by the CEO, Leah Lawrence, and her friend and current VP, Zoë Kolbuc, who were allowed to continue abusing and

harassing employees by a passive senior management team and board that protect and hide the abuse.

I would like you to elaborate, as you did at that committee, so we have it on record here, exactly on the abuse and harassment you were talking about.

Witness 1: All right. There were multiple instances of shouting at employees in public situations. There were multiple instances of racist comments to employees, including myself, by Zoë Kolbuc. There were instances at the board level where another executive who had a hijab was asked to take off her hijab.

How much do you really want me to list here?

Ms. Valerie Bradford: List as much as you can easily recall because this is important testimony for us to get on the record.

Witness 1: A bunch of employees were put on stress leave—not the ones I mentioned, but ones prior to that and after I had left SDTC.

In a certain situation, I think they hired Mercer to change the salary levels, at which point the CEO and Zoë intervened to personally change the numbers to effectively give themselves and others a salary increase that was not what Mercer had provided.

I guess we can spend the five minutes thinking about all the abuses that happened.

Ms. Valerie Bradford: I want to ask you this, then. McCarthy Tétrault was tasked with conducting a fact-finding review of alleged breaches of labour and employment practices and policies at SDTC. The allegations that you brought forward today seemingly fit exactly with McCarthy's mandate. NDAs were waived so the participants, both invited and voluntary, could speak freely about their past or current employer.

Did you or anyone from the group of fellow whistle-blowers participate in the review?

• (1735)

Witness 1: I participated. I found it to be useless. For example, if you read what the McCarthy Tétrault disclaimer says, it says that none of the testimony from any of the employees is to actually be relied on.

When employees within SDTC or outside were asking to have their NDAs removed, that actually went directly to the executives. Employees who were inside SDTC were actually named and executives who shouldn't have known that they were asking to speak... Their identities were released by McCarthy. How do you expect anything truthful to happen when McCarthy effectively released the names of every current and former employee to the same executives they are trying to bring some transparency against?

At the same time, when I'm talking about certain aspects of what McCarthy did or didn't do, there were certain situations where McCarthy purposefully chose to not speak to employees because it said that it had to see their faces. There were rules that McCarthy set where, when employees were worried about crying or about showing their faces even to McCarthy's lawyers, McCarthy said it would not interview them or take any of their testimony. As McCarthy described the process, it was only willing to do this and it would judge whether someone was truthful or not.

Ms. Valerie Bradford: They reviewed over 3,000 pages of documentation and spoke with over 62 interviewees, with almost an equal number of former versus current employees. The review lasted six months.

I'd like to pick out two conclusions of the review. On harassment, it found that, "Current or former executives did not engage in the type of repetitive, vexatious or major incident conduct that would constitute harassment, bullying or workplace violence under applicable standards." Also, the notion of "a 'toxic workplace' was a minority view among the participants".

It also found that "Decisions about restructuring or terminations—

The Chair: Ms. Bradford, I don't want to cut you off, but you are at your limit.

If you want to ask a question, go ahead.

Ms. Valerie Bradford: Can I just finish this sentence? Then I'm done.

The Chair: How long is it?

Ms. Valerie Bradford: It's about 30 words.

The Chair: Go ahead.

Ms. Valerie Bradford: It also found this: "Decisions about restructuring or terminations were not made using discriminatory criteria, nor were they arbitrary and lacking reasonable business justification."

I'm having a hard time squaring your testimony with the conclusions of the review.

The Chair: I'm going to come back for an answer. I'm sure you'll get an opportunity.

[Translation]

We will now give the floor to Ms. Sinclair-Desgagné for two and a half minutes.

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

For context, can you tell us when you worked for SDTC?

[English]

Witness 1: It was from July 2020 to June 2022, so two years, basically.

[Translation]

Ms. Nathalie Sinclair-Desgagné: I'm trying to understand the situation. When SDTC funding for new projects was suspended in June, all funding should also have stopped going out to businesses.

How do you know that funding continues to be disbursed to businesses that were not eligible?

[English]

Witness 1: Are you asking about the funding being cancelled this June, or when they were suspended in October?

[Translation]

Ms. Nathalie Sinclair-Desgagné: Funding for some projects stopped last October, which was almost a year ago. However, based on your answer to my colleagues' questions, my understanding is that that money was still being disbursed to companies through SDTC.

Is that the case, or is my information correct, and all funding has been stopped?

[English]

Witness 1: At the time SDTC was suspended in October, they still allowed disbursements. They weren't allowed to approve new projects, but the projects that were already approved continued getting funding up until, I think, February or March of this year.

With regard to new funding, what's happened now is that, since the minister has dissolved SDTC, they've been told that disbursements can start, but disbursements haven't actually started. However, new project approvals have now started, so again, it's a mix of certain things happening all at the same time.

• (1740)

[Translation]

Ms. Nathalie Sinclair-Desgagné: Can you give us some evidence of that? I don't know how you got that information. Is it through contacts that you still have at SDTC or through new companies?

Basically, I'm just trying to get at how you know there are new projects.

[English]

Witness 1: Yes, I speak to employees at SDTC all the time, so this is all information from inside that I'm giving you.

[Translation]

Ms. Nathalie Sinclair-Desgagné: So, this is information that you got from current SDTC employees.

Mr. Chair, do I have time for a quick question?

The Chair: Yes, but be quick.

Ms. Nathalie Sinclair-Desgagné: You said that new projects are receiving funding, but that funding for other projects stopped around October of last year. Even projects that had already been approved stopped getting funding.

Do you think there might be some favouritism involving some companies that were approved and are legitimate but are no longer getting funding, and companies that are still getting funding because their project was already approved?

[English]

The Chair: Witness 1, please provide a brief answer, and Madame Sinclair-Desgagné will come back to you if she needs to.

Witness 1: There was a grey area after the suspension where certain projects were approved by the board. The companies were informed, but the suspension basically stopped them from contracting and actually getting any of the funding, so a group of projects are sort of—

The Chair: Thank you very much.

Next, we have Mr. Desjarlais for two and a half minutes, please.

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

I want to make two comments. One comment is on the fact that you've been asked, by this committee, about HR, and you've given some examples. Those examples have also been mentioned in the INDU committee. I appreciate your returning to that topic. I do want to give you an opportunity—for maybe 15 seconds, because my time is limited—to respond to my Liberal colleague's claim that there is or is not...or at least an attempt to, from my perspective, diminish what is a real instance of workplace abuse and harassment.

Could you please spend 15-20 seconds to explain or clarify?

Witness 1: I'd ask the committee member to give me an example where an organization has an amazing culture but then gets shut down.

Mr. Blake Desjarlais: Thank you very much for that.

The next portion of my questioning is with regard to the timeline. In the timeline you've given in your opening remarks, you mentioned this has been a two-year and ongoing pursuit of yours to get justice for Canadian taxpayers. You mentioned an instance where you brought this up with a Liberal MP.

Could you please describe, in very specific detail, the nature of that? Was it written? Was it a meeting? Was this something that happened in person? Was it virtual? Was it you? Was it a representative of his office?

Witness 1: I can show you my texts. I met George Chahal face to face, and I have text messages proving that this encounter happened.

What I find embarrassing about that whole situation is that, when SDTC was suspended in October, which would be almost 18 months after I had spoken to him, his chief of staff tried to convince me that it was George Chahal who had reported the situation to ISED. I think there's a big situation here where either George Chahal, an MP I voted for, lied to me or he's lying to the public. Did he forward my situation to ISED and it was ISED that ignored it, or is he just lying to save face?

Mr. Blake Desjarlais: I understand.

Then the second course of action you took was largely in pursuit of... Within your pursuit of justice, did you attend any meeting with members of the PCO?

Witness 1: Oh, yes, I did.

Mr. Blake Desjarlais: During those encounters, how did they respond to your original claim?

Witness 1: I think they took it seriously.

I would mention that every single decision that was made at ISED had PCO involvement from day one because members of SDTC's board were appointed by the Privy Council. It was stated to us across, basically, seven or eight meetings that any time there was a decision or finding within ISED, the bureaucrats were not able to move unless they spoke to both the minister's office and the Prime Minister's Office before the decisions were made. In every instance of that situation, nothing ever moved forward.

● (1745)

Mr. Blake Desjarlais: That's interesting.

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

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

The Chair: As a note to some of the observers, there have been a couple of complaints or concerns that have come to me independently about noise in the background. I will just ask everyone, if you have conversations, to take them outside of the room, please. I would appreciate it.

I'll turn now to Mr. Brock for five minutes, please.

You have the floor.

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

Thank you, witness, for your attendance today. Thank you for your courage and bravery in coming forward and exposing the systemic corruption with this failed Liberal government. Canadians thank you. I personally thank you.

Now I want to start by focusing in on lies.

You referenced George Chahal either lying directly to you or lying to Canadians. He's a Liberal MP from Calgary. You've also made claims that Minister Champagne has deliberately misled or, in your words, lied to Canadians and lied to committee. You referenced in a recent post that there was an "egregious cover-up" over allegations of mismanagement and misconduct by SDTC. In essence, your position is that the minister and his office softened the final report of an investigation into governance and conflicts of interest at SDTC, in essence to protect Justin Trudeau's hand-picked conflicted chair, Annette Verschuren.

I take it that you're referencing two avenues of deliberate deceit by Minister Champagne: one in relation to the report when it was received and your allegation, sir, that it was manipulated or, in your words, softened, and the timing by which he shared the news with Canadians that he took action. Am I accurate in that assessment?

Witness 1: You're accurate.

I mentioned that there's a lot of public interest in this current parliamentary session with the potential of a vote of no confidence. I would say that the real vote of no confidence against the Liberal Party happened when the Auditor General made a decision to intervene. The Auditor General was the one who referenced the situation to PCO and ISED because the AG's office thought that this was a very simple situation to address. When the ISED minister decided not to act, that is when the AG's office intervened. That, in itself, is a bigger vote of no confidence against the government than anything else.

Mr. Larry Brock: Sure.

Minister Champagne has proudly, on numerous occasions, talked about how efficiently he acted, displaying transparency and accountability to Canadians. You're claiming the complete opposite, that he took the report, manipulated the report, softened the language and then delayed doing anything, to protect the insiders who were currently governing SDTC. Is that correct?

Witness 1: Yes, it's correct. Any ruling party would not want this on its plate, so there is an obvious reason why nothing happened.

Mr. Larry Brock: Okay. I'll stop you right there.

With respect to the 37 hours of recordings with the assistant deputy minister—correct me if I am wrong—the chain of command with respect to communication at that level is that the assistant deputy minister reports to the deputy minister of ISED, who then reports to Minister Champagne. Is that correct?

Witness 1: That's correct.

Mr. Larry Brock: You shared months and months of concerns—300 pages of concerns laid out regarding allegations of mismanagement and human resource issues—with the ADM. I'm now telling you that likely the ADM, most assuredly, transferred that knowledge to the deputy minister, who transferred that knowledge to Minister Champagne. No one did anything until the fall of 2023. Is that accurate?

Witness 1: That's accurate.

Mr. Larry Brock: Thank you.

I have no further questions.

• (1750)

The Chair: Thank you—

Mr. Larry Brock: My apologies, Chair. I do have one question. I have 30 seconds.

You referenced the 37 hours of transcripts of the ISED conversations with the ADM. Will you table those transcripts with this committee, please?

Witness 1: Sure.

The Chair: Thank you very much.

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

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

Thank you to the witness for bravely coming forward.

I'd like to go back to some of Mr. Brock's references here, implying that the minister manipulated the views or slowed down the findings and so forth.

What evidence is there that the minister did that?

Witness 1: There are multiple recordings that provide evidence that the ADM and the deputy minister had actually given the minister and the minister's office updates as to what was happening at SDTC and the findings, whereas the minister himself has publicly stated that he had no idea what was going on between March and the end of September.

On top of that, there is even audio evidence that at the end of the reporting period, at which point the final recommendation was made to the minister, the reports and information were actually given to the minister verbally, at which point he asked for changes to the report and recommendations before it was officially registered.

Ms. Jean Yip: Is there concrete proof?

Witness 1: I said there are audio clips.

Ms. Jean Yip: I'd like to follow up on Ms. Bradford's comment about how she had a hard time squaring your testimony with the conclusions of the McCarthy review. There are clear conclusions—from 62 interviews and 3,000 pages of documents—that differ from your view.

How can you explain this discrepancy?

Witness 1: As I mentioned before, I would ask you to give me an example of an organization that has a good culture and gets shut down.

However, I would also, again, mention other aspects of the McCarthy review. At a certain point, they had only negative testimony, at which point they went out of their way to ask other employees to testify for this report. I don't think that's a regular occurrence, where the lawyers are going to other employees to ask for testimony on the positive side.

I would also mention, again... If the McCarthy Tétrault report is actually true, why don't they release the report, instead of seven slides with random statements? If they truly say that they have looked into these situations, why is there no public proof that they did, and why is there no public proof that they have actual evidence that goes against these statements? Just because a lawyer or a law firm says that these statements are incorrect, if they're not providing evidence, how are you attacking me, saying that the culture is good when the evidence isn't actually there?

Ms. Jean Yip: Did the other 20 whistle-blowers also participate in the review?

Witness 1: I would assume so. A lot of them, as I said, weren't even interviewed, but I know for a fact that the ones who needed to be interviewed were interviewed.

Again, maybe I'll ask this of the minister. Why doesn't he actually get rid of everyone's NDA so everyone can hear the stories themselves? As of right now, the NDAs are on, so if you are so obsessed with disproving my claim, take off everyone's NDAs and let the public find out exactly what happened.

Ms. Jean Yip: The review noted:

Certainly, some participants used terminology such as “harassment” and “bullying” to describe executive treatment of employees in the workplace. That was, however, the minority, and the few examples that were offered as evidence revealed more of a discomfort with the direct style of leadership and/or disagreement with decisions made by leadership than actual harassment/bullying. Importantly, there were no examples of executives yelling or swearing, verbally abusing or physically threatening employees.

How should we square that with your testimony?

• (1755)

Witness 1: As I said, release the transcript that exists for all of these interviews. They took notes. If McCarthy Tétrault was saying they did all of this and they have evidence contrary to what everyone says, I would happily accept their findings if they actually released anything substantive.

Ms. Jean Yip: How much time do I have?

The Chair: You have about eight seconds.

Ms. Jean Yip: I'll let it go, then.

The Chair: Thank you very much.

We are beginning our third round, and it is my intention to get through a third and fourth round.

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

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

You stated in your testimony that the minister lied when he said he was first briefed about the RCGT fact-finding report. At committee, the minister was very clear that he first learned about wrongdoing, conflicts and mismanagement at SDTC. That would not be correct, would it?

Witness 1: Probably not. Again, what did George Chahal say to him? You'll have to ask him.

Mr. Michael Cooper: You referenced that there was an interim RCGT report, which contained many of the findings that ultimately made their way into the RCGT report that was issued in October. The interim report was written in May, and the department was going to establish a directorate to undertake a series of investigations. I presume the minister would have been briefed in or around May about that interim RCGT report. Is that correct?

Witness 1: That's correct. The reporting showed that the deputy minister and the ADM had plans to speak to the minister about the findings, at which point, the following week, everything suddenly changed and now they needed more time, an expansion of timing.

I myself was personally given the full verbal debrief by RCGT over a two-hour period on exactly what the findings were at that point.

Again, I want to mention that the 37 hours I'm talking about, this isn't.... They integrated me into every aspect of the investigation. I don't know why, but they did, so in the information I'm providing, I'm factually telling the truth because it's all validated.

Mr. Michael Cooper: Thank you.

The minister never mentioned anything about an interim report. He never mentioned anything about being briefed in May or June. He led a parliamentary committee to believe that he first learned

about the findings of wrongdoing in September, and you said nearly a year ago that he lied. I presume it was in that context that you said he lied. Is that correct?

Witness 1: It's that part, and the part about the fact that he said he had no say in that final recommendation. However, there's evidence to the contrary, showing that before he was actually given the recommendation, he and his office had verbal conversations with the ADM and the deputy minister to ask for changes on those reports and the recommendation prior to its official submission.

I would also say that the most indicative aspect of the situation in the cover-up is the fact that the deputy minister is actually retiring.

Mr. Michael Cooper: In short, the minister was in the thick of it. He was actively involved. He was learning about information around wrongdoing. He was being briefed, and he was actively, along with his deputy minister, involved in saying that they wanted to change this, and they wanted to change that, and they wanted to soften the report throughout until it was released in October.

Is that a fair characterization of what happened?

Witness 1: That's fair. It's not just the minister. It's PCO and the Department of Justice. Again, there were implications immediately when the investigation started in March, because these were PCO appointees.

Mr. Michael Cooper: Who in PCO and Justice was involved in this corrupt editing process, along with the minister?

Witness 1: ADMs.

Mr. Michael Cooper: What about ADM Noseworthy?

Witness 1: No. He wasn't involved in any of the investigation because he was implicated. What I meant was that ADMs and people of that level as counterparts to the people at ISED were involved from day one.

Mr. Michael Cooper: Would it be fair to characterize the conduct of the minister as corrupt?

Witness 1: Yeah—I mean, embarrassing, at minimum.

Mr. Michael Cooper: Deceitful?

Witness 1: Yes.

Mr. Michael Cooper: You also said last year, and today, that there was a consensus among bureaucrats at ISED that the board needed to go, but that changed when the minister intervened.

Why did Minister Champagne go against the advice of his officials and politically interfere to keep in place the SDTC board, the conflicted board, which had doled out hundreds of millions of dollars improperly?

• (1800)

Witness 1: It's because I think the current government is more interested in protecting themselves and protecting the situation being a public nightmare. They would rather protect wrongdoers and financial mismanagement than have to deal with a situation like SDTC in the public sphere.

Mr. Michael Cooper: Thank you very much.

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

Mr. Weiler, you're up for five minutes, please.

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

I do want to thank our witness for coming to our committee today to speak on this very serious matter.

My first question is this. Did you provide your 300 pages of documents to the Auditor General when you first reached out to her office last year?

Witness 1: Yes, I did. I'm sorry; it was not last year, but December 2022.

Mr. Patrick Weiler: Thank you for that.

Have you or any of the other whistle-blowers spoken to the AG's office since your last appearance in Parliament, in December of last year? Did you provide her office with any complaints and supporting documents?

Witness 1: Yes, we gave them all the recordings to validate the situation. They have the recordings and all the documents they requested.

Mr. Patrick Weiler: Thank you.

Do you believe there was criminal wrongdoing at SDTC? I ask because parliamentarians have looked to push the RCMP to open a criminal investigation into the allegations. The OAG has the authority to refer evidence of criminality to the RCMP. As of late July, the RCMP confirmed that the Auditor General has not referred any evidence to the RCMP, leading us to consider that there may be no evidence of criminal wrongdoing.

I'm wondering if you would care to comment on this.

Witness 1: I think the Auditor General's investigation was more of a cursory review. I don't think the goal and mandate of the Auditor General's office is to actually look into criminality, so I'm not surprised by the fact that they haven't found anything criminal. They're not looking at intent. If their investigation was focused on intent, of course they would find the criminality. They were just focused on the facts of what happened: Here was the financial mismanagement; here were all the rules that were or weren't followed.

I know that the federal government, like the minister, has continued saying that there was no criminal intent and nothing was found, but I think the committee would agree that they're not to be trusted on this situation. I would happily agree to whatever the findings are by the RCMP, but I would say that I wouldn't trust that there isn't any criminality unless the RCMP is given full authority to investigate. Unlike the Auditor General and the sorts of requirements they have for an investigation, the McCarthy Tétrault or the RCGT one was not legally binding. It wasn't obligating the SDTC, the board members or anyone else to actually provide some sort of consent or waiver that obligates them to tell the truth.

Again, if you bring in the RCMP and they do their investigation and they find something or they don't, I think the public would be happy with that. I don't think we should leave it to the current fed-

eral government or the ruling party to make those decisions. Let the public see what's there.

Mr. Patrick Weiler: Do you believe that the RCMP doesn't have authority to investigate in this matter?

Witness 1: No, I definitely believe they have authority.

Mr. Patrick Weiler: The RCMP commissioner also stated, in their letter from July 25, that, after careful review of available evidence, like the OAG's report on SDTC, along with reports by ISED and any "publicly available information", they did "not identify any criminal offences or evidence of criminal wrongdoing at this time, whether in relation to any specific individual or organization" related to the SDTC matter.

Do you care to comment on this?

Witness 1: I think, for all of the information the RCMP received from ISED or the AG, again the question to them is, were any of them looking for criminal intent? It's one thing to say that no criminal intent was found, but the question to ask the AG or anyone else is, were they looking for criminal intent or were they not?

If you look at the scope of the RCGT report or the Auditor General's report, that was not in their scope or mandate, so that doesn't reconcile with the secondary.... If someone was actually looking for that and nothing was found, okay, sure, but that hasn't happened yet. It's one thing to say nothing has been found as of yet, but that obfuscates the fact that nothing was looked into, for that matter.

• (1805)

The Chair: Thank you very much.

[Translation]

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

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

I don't have a lot of time, so I would appreciate brief answers.

This next question is intended to remind the public and parliamentarians here of a certain fact.

When was the Raymond Chabot Grant Thornton report submitted to Innovation, Science and Economic Development?

[English]

Witness 1: The draft report would have been shared with ISED sometime in May, if not June.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Was it this year?

[English]

Witness 1: It's June of last year.

[Translation]

Ms. Nathalie Sinclair-Desgagné: So it was in May or June of last year.

You said that there's evidence that discussions about very serious problems took place between Minister Champagne, his staff and the directors of Sustainable Development Technology Canada, or SDTC.

What is that evidence?

[English]

Witness 1: It was the recordings, and I would maybe request that.... I'd be fully willing to have an in camera session to have all of the key recordings played for everyone in the committee in order for them to make their own decisions about the situation.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Okay.

Are you in possession of those recordings?

[English]

Witness 1: Sure.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Okay.

Are you also in possession of the Raymond Chabot Grant Thornton report?

[English]

Witness 1: I received a full verbal debrief, but it was basically read to me verbatim.

[Translation]

Ms. Nathalie Sinclair-Desgagné: So, you don't have a paper version.

I would have liked you to give the committee a copy.

A copy of that report was given to another committee, but, unfortunately, it was heavily redacted. That was a violation of parliamentarians' rights.

I would have liked you to give us a copy of that report, because I think it contains information that would be very relevant.

I have so many questions. I could get started on another topic. Anyway, I have a quick question.

Do you believe that some of the projects actually were eligible?

You gave a very negative overview of the situation, but I understand that this is your testimony and your experience.

Were there any companies that deserved the funding and met the criteria and should, by rights, continue to receive funding from an organization that is managed better than SDTC was?

Are there any companies that should continue to operate?

[English]

Witness 1: That's correct. In my previous testimony at the industry committee, I stated that I think 90% or maybe the majority of the projects should have received funding and are eligible across all categories. It's only a small majority that's connected to a small group of—

[Translation]

Ms. Nathalie Sinclair-Desgagné: Thank you.

The Chair: Thank you very much.

[English]

Up next, we have Mr. Desjarlais.

You have the floor for two and a half minutes, please.

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

I turn to a piece of evidence that was suggested in the Auditor General's report, paragraph 6.74:

An assistant deputy minister of the department regularly attended meetings of the foundation's board and received all board materials. But neither the department nor the foundation documented what they expected from this role. We found that the directors' understanding of the assistant deputy minister's role did not align with his own. This ambiguity led the board to believe that the assistant deputy minister's presence at meetings provided an implicit agreement by the department for any decisions that the board made.

Are you aware which deputy minister that is?

Witness 1: That's the now retired ADM Andrew Noseworthy.

Mr. Blake Desjarlais: How often, in your understanding of the situation, was Mr. Noseworthy privy to information related to either the HR issues or the decisions that led to conflicts of interest?

Witness 1: I don't know which report it's said in, but one of the reports specifically states that none of the HR issues were ever reported at the board level. Even when they did exist, the board would never be privy to them. That's a finding from, I think, either the AG or RCGT.

• (1810)

Mr. Blake Desjarlais: With that knowledge.... I'll just accept this to be true for the purpose of this questioning.

Is it likely that the ADM did not know or was unaware of the HR issues because of that breakdown of HR systems within the organization?

Witness 1: That's correct.

I don't believe the board was privy to most of these situations, but I would say that Andrew Noseworthy himself was a conflicted party at SDTC because he has a friendly relationship with Annette Verschuren. Some of the funding that was given to the Verschuren Centre through ACOA was with the support of Andrew Noseworthy, who himself was acting in a professional capacity at ACOA.

Again, even the ISED representative was a bit too friendly with everyone at the top, so whether or not there were issues that he maybe could have noted, he probably wasn't the right person to be there because of his other issues at that point.

Mr. Blake Desjarlais: The assistant deputy minister didn't understand his role within the organization or why he was attending these board meetings, according to the Auditor General. However, you're going a step further by suggesting that he perhaps had an interest in participating in those board meetings.

Is that correct?

Witness 1: That's correct.

One thing I should maybe mention is that ISED actually completed a report that gave a glowing review of SDTC in, I believe, early 2023. It was then shelved and never published. There is an ISED review of SDTC that, again, maybe proves how little they actually understood about the organization and how obfuscated the situation was. Maybe it's the fact that no one expects an organization that's giving out free money to have these types of issues, but maybe that's why it happened that way.

Mr. Blake Desjarlais: There was a corrupt board and a corrupt ADM—

The Chair: Thank you very much. I'm afraid that is your time, but you will have one last opportunity, Mr. Desjarlais.

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

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

Earlier, you mentioned the Mercer report on compensation and that it was altered. If you have copies of both of those, can you table them?

Witness 1: I don't have copies, but I can provide.... Again, people have to be taken out of their NDAs to provide evidence of that happening, but there are executives and other employees who—

Mr. Rick Perkins: Okay.

I'll ask for the committee's consent to ask for the tabling of those documents—the unredacted Mercer report, or the pre- and post-edited Mercer reports the witness referred to.

Witness 1: SDTC—

The Chair: I'm sorry. I just stopped the clock.

Mr. Perkins, what are you asking for?

Mr. Rick Perkins: I'm asking if the committee will request the production of those from SDTC or PCO, whichever the appropriate body is.

Witness 1: [*Inaudible—Editor*] has those Mercer reports.

Mr. Rick Perkins: It's the Mercer compensation reports the witness said were altered.

The Chair: All right.

Is there any disagreement on that? There is none.

Thank you very much, Mr. Perkins. You have four minutes and 20 seconds.

Mr. Rick Perkins: Thank you.

You mentioned the meetings. ADM Noseworthy was in all of the meetings where the investments were decided. Now, the Auditor General found that 82% of her selections were conflicted. My understanding is that those meetings started off with the recitation of which directors were conflicted with which projects.

Is that correct?

Witness 1: That's correct.

Mr. Rick Perkins: They briefed all the investment committee members about which director was conflicted with which project, before they said, “Now we're going to vote on Jake's project.” They

all knew whose project it was. That's awfully convenient. Maybe that's how 82% got—

Witness 1: I would also mention that, when the ex-chair was at committee, I think, on Monday, she mentioned that, regardless of the lack of recusals, there was a full and thorough review done by the board members on every single project. This is also a lie because, at that point in time, SDTC was doing bulk approvals of projects. They would present maybe four or five projects to the committee. The rest of the seven or 10 projects would get approved automatically, as long as no one had a question about it.

The board and the project review committee—which, again, had the fiduciary obligation to approve them—would not even review the projects that, in many cases, were conflicted among board members.

• (1815)

Mr. Rick Perkins: Okay.

Ms. Verschuren claimed.... Was there anything else in her testimony to the committee that you thought was not truthful?

Witness 1: I think another thing to mention is that when we're talking about the COVID payments that existed, one thing that continues to not be described is the context of what happened, because board members had actually agreed to not provide a second COVID payment in October 2020.

Mr. Rick Perkins: Okay. We're going to come back to the COVID payments if we can, but I have a short time and a couple of other questions.

On other directors, you mentioned Andrée-Lise Méthot, who was a beneficiary of this. She actually left the SDTC board and went to the Infrastructure Bank board—the Liberals appointed her there—and then she was part of the team that approved \$170 million for the project of the chair of the SDTC board.

When I go through some of these things, while her time on the board.... Are you aware of Enerkem Alberta Biofuels, MineSense, SPARK Microsystems, Concentric Agriculture or Polystyvert? There are about 20 or 30 companies here that Ms. Méthot had financial interests in through Cycle Capital. While she was on the board, they received \$114 million, it seems, by my calculations.

Was this part of the problem that was going on? Andrée-Lise Méthot gets \$117 million, and she goes to the Infrastructure Bank and helps out her friend who got her this.

Witness 1: That's correct. I think the board members and a lot of public.... There's this excuse that continues to be perpetuated that this is a small industry and we cannot find anyone else within this small industry who has the technical expertise to approve projects. That's a false narrative.

There are thousands of people. Canada is a huge country. They had the right people. They could find the right people to not have conflicts, but that didn't happen. They purposefully allowed—

Mr. Rick Perkins: There's no way these few board members represented 82% of the green technology industry in Canada.

Witness 1: Exactly. Again, the issue is that they are at the front of the line, not just at SDTC, but at all of these other organizations: BDC, EDC, the Infrastructure Bank. They are friendly with everyone there, and their companies get money from SDTC, and then they go to the next organization, using the approvals and due diligence from SDTC, and they keep going. It's this perpetual cycle where funding from Crown corporations, government, continues—

Mr. Rick Perkins: The Auditor General did only 228 of over 400 transactions in the audit period and identified \$390 million of \$800 million that was inappropriately allocated to directors' conflicts of interest, and outside the.... Do you think the rest of those transactions, the other 200 or so, represent the same amount? Could we possibly be dealing with about \$700 million, maybe \$800 million almost, of money that was—

The Chair: Thank you, Mr. Perkins. I'll allow the witness to answer.

Witness 1: I don't think so. I would have to look at the projects to see what that looks like.

The Chair: Thank you very much.

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

Ms. Jean Yip: Thank you, Chair.

Fellow whistle-blowers stated in an interview on November 1, 2023, when the independent review had yet to start, that your group remained “unconvinced that the human resources investigation will have the necessary autonomy and authority to get to the bottom of things.”

Not only was the independent review led by a third party law firm, but it was also publicly announced that all former SDTC employees would not be bound by NDAs so they may speak freely about issues related to their employment at SDTC.

Can you elaborate on why this was your view?

Witness 1: Can you explain the question again? I missed it.

Ms. Jean Yip: Okay, yes.

I'm sorry about the noise. Can everyone please keep it down? The witness is not able to hear the question.

I'm sorry about that, Mr. Witness. I'll start again.

Fellow whistle-blowers stated in an interview on November 1, 2023, when the independent review had yet to start, that your group remained “unconvinced that the human resources investigation will have the necessary autonomy and authority to get to the bottom of things.”

Not only was the independent review led by a third party law firm, but it was also publicly announced that all former SDTC employees would not be bound by NDAs so they may speak freely about issues related to their employment at SDTC.

Can you elaborate on why this was your view?

• (1820)

Witness 1: RCGT was also hired by ISED, and that was a clear disaster, so why would we expect McCarthy Tétrault to do anything differently?

I can't speak for the whistle-blower you're talking about in that specific article because, again, it's not a single person, but I would again mention that if you truly believe that this statement you're mentioning and this defensive action are true, please release everyone from their NDAs so they can all speak about this. If you are actually truly interested in the abuses that happened, talk to your minister and ask him to release everyone from the NDAs. He has the ability to do that, because he has now appointed board members who are all from the federal government. He can, in one fell swoop, release everyone from the NDAs. We can listen to everyone's testimony and we can look at every single thing that McCarthy Tétrault says is true or not true.

I don't find this back-and-forth productive because, again, how am I supposed to stand up and provide examples when doing that might implicate someone in the NDAs that they have? I think it's a bad line of questioning that you keep focusing on. If you truly cared about the situation, you would maybe get the NDAs off everyone instead of talking about how great of a job McCarthy Tétrault did.

Ms. Jean Yip: With all due respect, you're here to answer our questions.

Witness 1: I think I did answer the question.

Ms. Jean Yip: I'd like to go back to your opening statement. You mentioned how you feel that “real accountability [still] doesn't exist.”

Witness 1: That's correct.

Ms. Jean Yip: Would you like to elaborate on why you still, at this current time, feel that it's not—

Witness 1: Why doesn't the government release all the documents to the RCMP? Again, if they don't think there's a problem, they should release the documents to the RCMP. I'm not asking for the public.

Again, there's all of this lack of publicity. The minister didn't release the RCGT report to the public, and he wasn't even willing to release it to the committee. I think it's embarrassing that.... When we're talking about the ethics committee and what happened there, I personally got involved with politicians from all sides and gave them the report, because I had the RCGT report before the members of Parliament did. When you have to go to those extremes, I think it's embarrassing.

Again, on this question around why I don't trust the government, it's like, does anyone trust the government?

Ms. Jean Yip: As SDTC programming is fully transitioning to the National Research Council, what are your recommendations to the government at this point in time?

Witness 1: Fire the useless executives and senior management who have been implicated.

The Chair: Thank you very much. There'll be another chance to continue that.

We're beginning our fourth and final round, in which there'll be six slots of various times for six members.

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

Mr. Jake Stewart (Miramichi—Grand Lake, CPC): Thank you for being here today.

To the whistle-blower through the chair, one thing I'd like to ask for is the production of documents for the unredacted interim RCGT report and the unredacted final RCGT report. Is that something that we can get here?

Ms. Jean Yip: Is that a motion?

Mr. Jake Stewart: It's through the witness.

The Chair: I think that's for the witness. If the witness is able to table the reports—

Witness 1: I don't have the unredacted reports. I have one that's partially less redacted than what was given to the committee, so I can provide that.

The only thing I can provide for that interim report is the audio recordings and the transcript, which is verbatim the partner at—

Mr. Jake Stewart: We appreciate that.

There was another thing as well, before I get into this.

In addition to the recordings, there's still an interest here in getting copies of the historical contribution agreements, as well as.... I understand there are some policy changes and there's an updated contribution agreement. Are you able to provide both of those agreements as well?

• (1825)

Witness 1: I think so. I don't know if I have the ratified one for the most updated, but I can provide contribution agreements six, seven, eight and nine, which are the ones that would be relevant to the time period we're talking about.

Mr. Jake Stewart: Can the committee get the most recent ones within the production of documents?

Witness 1: I think you'd have to ask ISED or SDTC to provide the most recent one.

Mr. Jake Stewart: Okay.

Was anybody in the bureaucracy fired after everything that's been discussed here?

Witness 1: I think there have been a lot of convenient retirements.

Mr. Jake Stewart: That's an interesting way of putting it.

I heard my colleague from South Shore—St. Margarets call it a culture of corruption. It's actually next-level corruption with

adrenaline shots and then steroids to follow that. This is the worst scandal I've seen in my time here.

One of the questions I have is about the contribution agreements. I was a provincial minister—and I know this is different—but if we wanted to spend outside the threshold, we would have to go to the executive council and then we could maybe spend more if that was something the government was going to do.

Doesn't Parliament have to approve spending outside of what the contribution agreements lay out?

Witness 1: With regard to some of those payments, I think SDTC was always below the targeted spending that gave the executives their bonuses, so a lot of these approvals were made to offset what was still available to them under the contribution agreement.

Let's say you had a target to spend...because again, the incentive structures at SDTC were based on how much money you spent and how fast you sent it out, not how effectively you used it. In certain cases, when you didn't meet the target threshold that you needed to, you would provide some level of automated funding or something like these COVID payments to meet the amount you technically had available to give out.

Mr. Jake Stewart: Yes, but \$58 million was spent by the board outside of the contribution agreements. That, to me, seems like illegal behaviour by the board. I would assume that only Parliament could approve spending estimates. That's what I am curious about.

Witness 1: Potentially. I'm not a lawyer.

Mr. Jake Stewart: I'm not either.

The minister claims the department became aware of mismanaged conflict at the start of 2023, but based on audio recordings, it's apparent that the minister could potentially have become aware as early as May 2022. In your assessment, how likely is it that the minister was more than aware well before early 2023?

Witness 1: I think it's unlikely. I honestly think George Chahal is just lying, but I would assume.... From some of the conversations I had within that ISED investigation, there were indications that other problems had previously been reported to ISED as pertains to SDTC or its executive or board, so there is the possibility that there was something that was potentially known to ISED prior to the situation, but maybe nothing specific to the situation we're talking about right now.

Mr. Jake Stewart: Essentially, what you're saying, though, is that the ADM who was privy to all of it—I don't remember the individual's surname at this moment—would have had to brief the deputy minister, and it would be the deputy minister's responsibility to brief the minister. That's a lot of time going by. It seems very unlikely that the minister wasn't aware.

Witness 1: That's correct.

Mr. Jake Stewart: Do you believe he was aware? Outside of George Chahal.... What do you believe? Do you believe the minister was aware that this was all going on?

Witness 1: I believe that during that whole time, which was March to October 2023, he was aware of the situation. He did not just become aware in March and then conveniently forget about the situation for eight months, because again, within the context of the conversation that occurred, something that was continuously explained to me was the fact that there was always this political pressure on the ADM and the deputy minister to give updates and to provide some sort of an end to this investigation. The only reason that would have happened was that there was an ongoing conversation back and forth about the situation.

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

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

• (1830)

Mr. Patrick Weiler: Thank you, Chair.

I just want to pick up on the question that my colleague Ms. Yip asked earlier. As the transition is happening from SDTC to the NRC, what recommendations do you have with respect to the programming?

Witness 1: Do you mean recommendations as it pertains to the people there or recommendations as to the funding?

If they truly want to have any aspect of this survive to protect the companies that legitimately receive the funding, the government needs to do a better job providing public confidence that they're addressing the issues. My fears are that they're going to continue on the pathway they've been on and that they're going to continue to hide certain aspects of the situation. Once it moves over to NRC, there's a higher risk that something comes out, which would then permanently impact a federal department.

One of the reasons this transition is going to take a long time is that all of this wrongdoing and misconduct that's already been found is going to impact companies. I know there have been companies that have potentially gone bankrupt because of the situation. That is a huge legal liability that SDTC executives have created for the federal government.

As a taxpayer... They should deal with that situation before it's brought into the federal government itself. The idea that they're bringing SDTC into NRC and then spinning it back out doesn't seem like a logical situation because that kind of seems abusive to employees. You are winding down an organization, setting it up on the inside and then spinning it back out over a three-year period. It kind of sounds like purgatory or something.

Mr. Patrick Weiler: I appreciate your answer.

That leads into my next question. How can we ensure that, with this overhaul of the framework for SDTC, employees are best protected and that stricter policies and adherence to accountability and oversight are in place so that SDTC can carry out its mandate and, as you mentioned before, be able to serve a lot of really important companies in the clean-tech sector?

Witness 1: One of the things with this whole McCarthy Tétrault thing is that, as much as the committee member says that the report is legitimate, I think there's a lot of long-term anger among employees about how all of that turned out. With some of these implicated

individuals below the executive level being moved into this organization, there's a lot of bad blood that's going to stay there. Again, there still hasn't been a reconciliation of the actual abuses that occurred. Therefore, until that happens, all that's going to happen is that the same people who were abusing on SDTC's side are now going to be at NRC, and now they have a bigger pool of employees to abuse or do bad things against.

Transparency seems to be an issue that can't be addressed by the current government. Again, I can give unlimited things that sound logical, but until the government proves that they're going to be transparent about what they're doing... They haven't even given the RCGT report to the committee. They haven't even released it to the public. All of these things supposedly exonerate everyone and supposedly should give confidence. There's no proof of any confidence right now.

Again, we wouldn't be having this committee meeting if there was transparency to the situation.

Mr. Patrick Weiler: You've made some pretty serious claims about the work of McCarthy. I'm just curious. Do you believe that they're trying to participate in a cover-up with the work that they're doing in this report?

Witness 1: Absolutely.

Mr. Patrick Weiler: Okay. I have no further questions.

The Chair: Thank you very much.

[Translation]

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

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

I have two quick questions for the witness.

Witness 1, you told us that, during the McCarthy Tétrault investigation, the list of employees who willingly participated in that investigation was disclosed to the executives at Sustainable Development Technology Canada. How was that list disclosed? How did you become aware of it? Do you have any evidence to that effect?

• (1835)

[English]

Witness 1: Yes. When I participated in it, it showed me that... Again, what everyone was told was that this investigation was going to be confidential and that no one from the SDTC executive team would know about what was happening, but for everyone who participated, especially the ones who had NDAs, there was an on-line response that showed that it was the executives at SDTC who were approving the ability for employees to participate.

On top of that, when McCarthy was asking for certain records on the HR side, they were going to executives and SDTC HR to ask for those records. Again, there wasn't any sort of independence that would protect employees around the integrity of the investigation from day one.

[Translation]

Ms. Nathalie Sinclair-Desgagné: It would be helpful to parliamentarians if you had any emails to that effect or any evidence to support what you're telling me. If you have anything like that, can you send it to the committee, please?

[English]

Witness 1: That is correct. I have my own emails.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Perfect.

Thank you.

[English]

Witness 1: There are multiple emails that show there were other employees, current and former, who asked these questions. They were ignored by McCarthy.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Okay.

Thank you very much.

I'd like to clarify what you said about the freeze on funding for businesses as of October of last year. Businesses have contacted me, including one in particular that was approved and received some of its funding. That company has received absolutely nothing since October of last year, which is contrary to what you're saying. You said that some companies may have been approved by the board of directors, but there's something I don't understand about the freeze on funding for companies that were pre-approved.

[English]

Witness 1: The way this works is that a company can, let's say, be approved for \$5 million. Once they've agreed to that amount, it's given out over a three- to five-year period.

[Translation]

Ms. Nathalie Sinclair-Desgagné: Yes, that's correct.

[English]

Witness 1: Certain companies might have already been approved and already received money. Had they maybe submitted a request for their next milestone payment prior to the spring of this year, they would have received it. Again, they fell into the bad timing where, even if they were approved, it really depended on what time they requested their next tranche of funding. If they requested it in the early part of this year.... Even though publicly ISED said that everything was fine and it was only stopping new projects, those disbursements for legitimate companies that did nothing wrong were also stopped.

This is not just a mismanagement of the truth; it's a mismanagement of actual legitimate companies. In potential cases, ISED itself might have pushed them into bankruptcy, or having to lay people off, because of how ineffective it was in managing the situation.

[Translation]

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

The Chair: Thank you very much, Ms. Sinclair-Desgagné.

[English]

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

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

Thank you again to the witness for being present here today and helping us in our study related to SDTC.

I understand your frustration. I'm frustrated as well with the very real fact that it seems as though the government doesn't take these claims as seriously as you do—or as I do, or as others do—in relation to the serious HR complaints that are present, or were present, within the former SDTC. It's disturbing.

To be very frank, I'm upset to know that the evidence you submitted here today via your testimony regarding racism and anti-2SLGBTQ rhetoric within the department went without support for so long. I know there are many victims of this, and I want them to know that I hear that. I would hope that the government does its best efforts to ensure there's justice for those victims.

I want to move now to the serious issue related to the transition from the former SDTC to the new entity that's being spearheaded by ISED. ISED officials were present at this committee not long ago, and I asked a very poignant question related to the fact that there is an existing list of companies that were found in conflict of interest. My question was, is it responsible for the government to reclaim those funds?

I'll ask you the same question. I know the damage has already been done, but do you believe it's responsible for the government, at the very least, to recoup those costs that were awarded to companies based on conflict of interest?

Witness 1: Absolutely.

Mr. Blake Desjarlais: It's imperative, in my mind, that something that's core to the recommendations of this study, and core to the work of trying to rebuild public trust in institutions, is making sure that we get some of this money back. I know that with the committee's support here, we can hopefully entertain such a recommendation later on.

In addition to that, as the new ISED organization will be taking on this work, what recommendations do you have to them for two things: one, direct support for employees, with a better management system for HR, for example, and two, how to reduce this kind of conflict of interest moving forward? What are your recommendations to the new department?

• (1840)

Witness 1: I think the movement into the federal government will be fine on the conflict of interest, because one of the things that didn't exist at SDTC was the channels that exist for federal employees, like—

Mr. Blake Desjarlais: Sorry, it's just because of time.

What you just said is really important. Moving this from an arm's-length agency, established in 2001, that has no accountability.... It is actually better suited to be put into the public service, because the public service, the federal government, has more systems, including a union. Wouldn't you agree?

Witness 1: Exactly.

Mr. Blake Desjarlais: If there were a union in this case, like the Public Service Alliance of Canada, this may have never happened if employees had the option to go to their union. Is that correct?

Witness 1: I know for a fact that none of the problems at SDTC would have happened if these had been public sector employees protected under the union rights that exist.

Mr. Blake Desjarlais: Thank you very much for your testimony today.

The Chair: Thank you. That is your time.

Mr. Cooper, you have the floor for five minutes, please. This will be your side's last slot.

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

During this so-called cleanup period at SDTC, updated contribution agreements have been completed. You indicated in your testimony that the effect of these contribution agreements is to make retroactively what were previously ineligible or conflicted projects eligible. To be clear, these updated contribution agreements are prepared by ISED. Is that correct?

Witness 1: Yes.

Mr. Michael Cooper: They would have to be signed off on by the minister, Minister Champagne. Is that correct?

Witness 1: That is correct.

Mr. Michael Cooper: Okay, thank you for that. Astounding.

Turning to COVID relief bonuses and payments, the Auditor General found that the SDTC board improperly approved \$38.5 million in so-called COVID relief payments. In addition, the Auditor General found that in blatant conflicts of interest, board members voted to funnel millions of dollars of these payments into their own companies 63 times—63 conflicts of interest. The SDTC board chair, Annette Verschuren, was found guilty of violating the Conflict of Interest Act by the Ethics Commissioner for funnelling nearly \$220,000 of these payments into her own company. These payments were approved days before the end of fiscal year 2019-20 and 2020-21. Is that correct?

Witness 1: That's correct.

Mr. Michael Cooper: Is it correct that board members and executives were incentivized with bonuses if SDTC met certain funding goals in a fiscal year, in other words getting money out the door?

Witness 1: That's correct.

Mr. Michael Cooper: I would note that immediately prior to the approval of the so-called COVID relief payments in both fiscal years, SDTC had fallen short of meeting its funding goals. Is it fair to say that this nearly \$40-million improper COVID giveaway had an impact on bonuses that board members received?

Witness 1: Can I say more than just "correct"?

Mr. Michael Cooper: Yes.

Witness 1: In terms of these COVID relief payments, it's not just a conflict of interest. They could have approved this payment, and that would have just provided more of the funding that was already pre-approved. All you were doing was adding in 5% that was already provided.

For these COVID payments, they added an additional 5%. This is where they went above and beyond the logic of what they should have been doing. Even if the companies had a problem, they could have just provided them more of what was provided already, but instead they chose to add additional components of funding that never met any eligibility.

Mr. Michael Cooper: Right. Did that impact their bonuses?

Witness 1: Exactly. It impacted their bonuses.

Mr. Michael Cooper: Let me just clarify if you would agree. Essentially, board members voted to improperly funnel money out the door, including into their own companies, so they could then turn around and pad their pockets with even more money in the way of bonuses. Is that a fair characterization of what happened?

Witness 1: In the case of Annette Verschuren's NRStor, in the same few days when she received that second COVID payment, her company was already in the process of getting over \$200,000 as part of the regular SDTC process. So, again, this is a question of knowing better, not just illegally approving funding.

• (1845)

Mr. Michael Cooper: At committee, Annette Verschuren attempted to justify these improper and conflict-ridden payments on the basis that companies within SDTC's portfolio were badly struggling during COVID and needed emergency funding to survive, but that's not accurate, is it?

Witness 1: SDTC actually did a complete survey of the whole portfolio, which showed that the majority of companies didn't require additional funding, including the majority of the board members' companies, which is why they then went ahead and approved it for everyone. Had they done a more effective job, it wouldn't have given the majority of SDTC's companies and the board members' companies any money.

Mr. Michael Cooper: How much time do I have?

The Chair: You have about 45 seconds.

Mr. Michael Cooper: Okay.

I just want to turn very quickly to Ed Vandenberg. He provided counsel to the SDTC board, notwithstanding the fact that he was a member of the council. Is that correct?

Witness 1: Correct, and he is also conveniently retired.

Mr. Michael Cooper: He was being remunerated. Is that right?

Witness 1: That's correct.

Mr. Michael Cooper: That would be in violation of the SDTC act. Is that correct?

Witness 1: That's correct.

Mr. Michael Cooper: Did Annette Verschuren know that?

Witness 1: She did.

Mr. Michael Cooper: What about assistant deputy minister Noseworthy?

Witness 1: They would all know this.

Mr. Michael Cooper: Also, presumably, Minister Champagne would have known of it as well.

Witness 1: I don't think so.

Mr. Michael Cooper: Okay. Thank you.

The Chair: Thank you, Mr. Cooper.

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

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

You've stated that McCarthy corrupted the review process. Can you please provide any records, emails or communication on ISED or McCarthy impeding employees, formerly or currently employed at SDTC, from participating in the McCarthy review?

Witness 1: I would, but only on the condition that McCarthy also provide all of those similar communications.

Ms. Valerie Bradford: I'm not sure we have the authority to do that, but I'm asking you if you can provide your records. I don't know if you get to dictate the terms under which you do that.

You've made these allegations, so I think it's fair that you would provide the proof to the committee. It's you who is making the allegations. Again, if it implies McCarthy, then it implies McCarthy.

Witness 1: I'm sorry. What was the question again?

Ms. Valerie Bradford: Because you've stated that McCarthy corrupted the review process, can you provide any records, emails or communication on ISED or McCarthy impeding employees, formerly or currently employed at SDTC, from participating in the McCarthy review?

Witness 1: Can you describe your understanding of what my definition of corruption was?

Ms. Valerie Bradford: It's the corruption of the review process. You're alleging that they prevented some people from participating and encouraged others to, meaning that they would skew the whole result. Therefore, we're asking you to provide the records that would back up those allegations.

Witness 1: For that situation, again, as I've mentioned, people are under NDAs. How am I supposed to...? Technically, I shouldn't

even know that they tried to do this, because they were under NDAs. Again, I don't know.... You're kind of trapping me in something that I cannot do unless they are released from their NDAs. I would agree to do this as long as everyone gets their NDAs removed.

Ms. Valerie Bradford: How did you know? How did you become aware of it? I guess that's what we're trying to find out.

Witness 1: They broke their NDAs to tell me.

Ms. Valerie Bradford: I see. The employees who were.... Okay.

What about any records pertaining to ISED manipulating McCarthy's findings? That's another allegation you've made, that ISED actually tried to manipulate the findings of McCarthy. We would need to see that. That shouldn't involve any NDAs by employees.

Witness 1: I would mention the disclaimer, which I've mentioned several times, as proof. Again, if they are saying that it wasn't manipulated, why do they have a disclaimer saying that it was?

Ms. Valerie Bradford: I have no further questions.

Thank you for your testimony.

The Chair: Thank you.

I will say this to the witness. If there are other documents you wish to table, with respect to either the department or the ministry, we will certainly accept them. I know there was a bit of back-and-forth there. Upon reflection, if you feel there are documents you have that you can share with us, I think the members from all sides would appreciate that.

Without further ado, we are out of time. I want to thank Witness 1 for participating today in the study of "Report 6: Sustainable Development Technology Canada". I know you have agreed to table several documents. If you could do so through the clerk, we would appreciate it. Again, my offer stands that should you discover additional documents that you feel reinforce your testimony or any of the questions today, we will look forward to those.

We are out of time, so I will adjourn this meeting. We'll see you back here on Monday.

Thank you very much. Have a great weekend.

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