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# Standing Committee on Public Accounts

EVIDENCE

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Chair: Mr. John Williamson





## Standing Committee on Public Accounts

Monday, September 23, 2024

• (1110)

[*Translation*]

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

I call this meeting to order.

Welcome to meeting number 140 of the House of Commons Standing Committee on Public Accounts.

[*English*]

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

Before we begin, I'd like to ask all in-person participants to read the guidelines written on the updated cards on the table. These measures are in place to help prevent audio and feedback incidents and to protect the health and safety of all participants, including and especially the interpreters. You'll also notice a QR code on the card that links to a short awareness video.

I am told there is some audio issue that is mild at this point and is affecting all of our witnesses and two members who are joining us remotely. With respect to the witnesses, I'm going to ask that when you are making your opening statements you speak slowly and clearly. This goes, of course, for members as well when they are questioning witnesses. There's no issue that's causing any disruption now, but if it intensifies, then we might have to pause the committee hearing.

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

[*Translation*]

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

[*English*]

Before I begin, I just want to note some committee membership changes.

Joining us is Mr. Drouin. Welcome. It's good to see you. It's nice of you to join the committee.

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you.

**The Chair:** As well, a permanent member joining us online is Mr. Erskine-Smith. Welcome to the committee.

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

**The Chair:** We appreciate having you.

Of course, another member, who is not listed with us today but is an old hat, is Kelly McCauley, on the opposition side, who is back with us once again.

Of course, I'd be remiss, Mr. Long, not to say that it's always good to see a fellow New Brunswicker on the committee.

**Mr. Wayne Long (Saint John—Rothesay, Lib.):** That goes for me too, Mr. Chair.

**The Chair:** It's good to see you here today. Thank you for joining us.

I'll now welcome our witnesses and we can get going here.

Joining us by video conference, as individuals, we have Stephen Kukucha and Guy Ouimet, a corporate director. It's nice to see you. Thank you for joining us.

You each have five minutes for opening remarks. I tend to just go by the order here, which would begin with Mr. Kukucha. However, if you two gentlemen have pre-arranged things, you're welcome to say so. Otherwise, Mr. Kukucha, you have the floor, please.

**Mr. Stephen Kukucha (As an Individual):** Thank you, Mr. Chair and honourable members.

I am Stephen Kukucha, and I served on the SDTC board from February 2021 to May 2024. I live in Vancouver. I'm a retired lawyer, and I'm certified by the Institute of Corporate Directors. These opening remarks will largely mirror the opening remarks I made to committee in 2023.

To start, I believed in SDTC's work and believed it was critical to the development and success of Canada's clean-tech ecosystem. While I acknowledge both the OAG report and the McCarthy report and the shortcomings they laid out, I feel compelled to state that there was a lot of good work done in critical funding support for deserving companies.

I joined the board because I believed my unique perspective and positions within the clean-tech sector could add value. My almost 25 years of experience in clean tech gave me an understanding of the challenges companies face in acquiring capital. That struggle was obviously exacerbated by the market downturn in late 2021, the dramatic increase in the U.S. government's investment in the space, and then the pause of SDTC's work.

It's good to see the government will continue funding via the NRC.

As well as my work in clean tech, I should also disclose up front that I have been involved in politics in the past, both federally and in British Columbia, and I'm proud of that involvement. I believe engagement in our country's democratic process, no matter what party one supports, is important to civil society. For example, I have a profound respect for your decisions to run for office and to seek careers in the public service. It is one of the more important things a Canadian can do.

Most importantly, I also need to disclose that I was the recipient of the whistle-blower call to the board on January 27, 2023. That call and my subsequent actions led to the board initiating a special committee, which I participated in, and then an investigation.

Unbeknownst to me, the whistle-blower call was surreptitiously recorded. However, I will reiterate that I'm comfortable tabling a transcript of that call to show the level of professionalism this individual was afforded in good faith. Alternatively, you can ask the whistle-blower to share the tape, as I understand they have testified.

It's also very important to make it clear that on multiple occasions, the whistle-blower was asked to share their dossier and all the facts they were basing their allegations upon so that the board could respond to and address them in a professional manner. Unfortunately, they did not share the dossier, and the board was left to investigate without the full possible suite of information.

During my one-hour conversation with this individual—who I believe was not the same person who testified at this committee—I took contemporaneous notes. After the call, I immediately realized that the board needed to be informed and legal counsel engaged with a proper process followed. Even the Auditor General acknowledged that the whistle-blower was handled appropriately.

An immediate investigation was commenced, without informing the individuals who were the subject of the allegations. I acted in good faith, followed proper governance and, in my opinion, undertook my duty.

The board and I took this extremely seriously. SDTC was created by an act of Parliament and funded by the government. It was a Canadian institution with a critical mandate. Because of that, it was important to investigate fully with the information we had and take whatever actions were necessary. Our national institutions are important and worth protecting.

Regarding my minor investments in clean-tech companies, any and all conflicts were disclosed prior to my appointment, and all my investments were made years prior to my appointment. Further, based on my review of the facts, the vast majority of the funds that any of these companies received were provided to them well before

I was appointed, with the exception of the COVID payments, which I will address momentarily.

In fact, prior to joining the board, I was asked to resign from the board of a company that had previously received SDTC funds, and I promptly did so. Any conflicts after joining, either real or perceived, were also disclosed. Finally, I have not had access to any files related to those conflicts, and I recused myself from any decision-making.

With regard to the payments during COVID, I want to share my perspective. At my first board meeting, two weeks after being appointed, a recommendation came forward to give management discretion within an allotted pool of capital to make assistance payments if required. No individual companies were listed in the board documents, and I previously requested a copy of that document be tabled to the other committee I testified at to show you what the board received.

- (1115)

There was also legal advice that directors who had previously declared conflicts did not have to redeclare. I had declared two weeks prior. While I understand the OAG's position on this now, at the time I felt I was following proper legal advice.

Finally and importantly, I have not received a dollar from any company that has received SDTC funds, and no company I invested in has exited or provided any return to me. I have not been compensated in any way by these companies or other organizations I'm affiliated with. I have received no payment, no dividend and no remuneration at all. In fact, my partners and I have contributed significant personal time and financial resources to keep these companies and other non-clean-tech companies contributing to the Canadian economy over the last few challenging years.

With that, I'm happy to answer your questions.

- (1120)

**The Chair:** Thank you very much. I am giving the witnesses a little extra time because I have asked them to speak slowly to ensure the interpretation is smooth.

Up next is Mr. Ouimet. You have the floor for approximately five minutes. Go ahead, please.

[*Translation*]

**Mr. Guy Ouimet (Corporate Director, As an Individual):** Good morning.

Mr. Chair and members of the committee, thank you for welcoming me here today.

My name is Guy Ouimet. I am originally from Montreal, where I still live. I'm an industrial engineer, hold an MBA and am certified by the Institute of Corporate Directors.

For most of my career, I have worked in venture capital, private placement, project financing and mergers and acquisitions. In this capacity I acted as a senior executive of a private equity firm for 10 years and then launched my private practice in the form of a boutique investment bank. This practice has developed over the years based on my multi-sector and technological expertise, particularly in energy, metals and minerals, chemicals and petrochemicals and the automotive industry, as well as the evolution of these sectors towards decarbonization of the economy. For 25 years, my clients have included government institutional funds as well as numerous private companies. I participated in the setting up of multiple investment projects and transactions. Since 2020, I have been a corporate director exclusively, and currently sit on four boards of directors and committees of private companies.

I joined the board of directors of Sustainable Development Technology Canada, SDTC, on November 8, 2018, following an appointment resulting from my candidacy in a year-long Governor in Council recruitment process. Having no political affiliations and having not requested any references except those required by the validation procedures during the recruitment process, I declared all my background and qualifications. At the conclusion of the Governor in Council process, I was recruited based on my expertise to contribute to SDTC's board of directors.

In addition to being a member of the board of directors, I was a member of the Project Review Committee and the Governance and Nominations Committee. I resigned from the SDTC board of directors on June 3, 2024, following an extension of my mandate.

During the Governor in Council recruitment process, I declared a conflict of interest: Prior to my appointment to the board, I was an adviser to a company that had been approved to receive SDTC funding. Once appointed to the board I discussed this conflict of interest with the chair of the Governance and Nominations Committee. He advised me and I subsequently followed his recommendations, all within the established governance framework. Since my appointment to the board, I have periodically declared all real, apparent or potential conflicts. I have not had access to the files in question and have recused myself from any decision relating thereto.

With respect to the emergency payment made to companies by SDTC during the COVID-19 pandemic, as already indicated, the board complied with the legal opinion of Osler, Hoskin & Harcourt, which was based on the prior declaration of conflicts of interest, the urgency of the situation and the universal nature of the measure for which no company benefited from individual treatment. Like the rest of the board of directors, I acted in good faith, in accordance with this opinion.

In 2024, at the request of a member of the Standing Committee on Industry and Technology, the Conflict of Interest and Ethics Commissioner conducted an investigation into allegations of conflict of interest against me. Following a thorough investigation of SDTC's corporate emergency payments, and taking into account all of my conflict of interest declarations during my entire term as a director, the commissioner dismissed the allegations of conflict of interest against me in his report, tabled on July 24. In the spring of 2024, the Office of the Auditor General tabled Report 6, which dealt with SDTC. SDTC management accepted the Auditor Gener-

al's recommendations and was given the opportunity to provide responses, which are presented in an appendix to said report.

Personally, on reading this report, I note that no wrongdoing was identified and that, of the 90 conflict of interest defects, 63 related to a difference in legal opinions on the COVID-19 pandemic emergency payment, and 13 were due to errors in the minutes of meetings. I also note that the shortcomings in terms of project eligibility and compliance, or governance compliance with funding agreements and the enabling legislation, essentially stem from the government's delay in updating SDTC's legal framework, almost 25 years after its creation, to reflect the restructuring and business plans approved annually by the board of directors, the department and the minister responsible.

• (1125)

The relevance and effectiveness of Sustainable Development Technology Canada has been recognized on several occasions by periodic performance audits. In addition, decarbonization technology entrepreneurs praise its contribution, and venture capitalists regard an SDTC contribution as a preliminary validation for their own investment. These facts are well known in the industry across Canada.

Thank you for your attention. I am available to answer your questions.

**The Chair:** Thank you, Mr. Ouimet.

[English]

We'll now begin our first round. Members will each have six minutes, beginning with Mr. Perkins.

Mr. Perkins, you have the floor, please.

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

Thank you, witnesses.

Mr. Ouimet, in your statement to the Ethics Commissioner and in other board director testimony before this committee, we found that there was a process, I think, when you were about to consider an investment. The process was this. A few weeks beforehand, board members would get a list of investments that were being considered. Board members would let the SDTC or the secretary know they had a conflict, and then they would be sent materials without those particular investments included in them. Then at the beginning of each meeting, my understanding is that the conflicts per director would be read out before the beginning of the meeting. Is that correct?

[Translation]

**Mr. Guy Ouimet:** Yes.

[English]

**Mr. Rick Perkins:** Thank you. Then to start off the meeting, every director knew which investments on the agenda each board member who was conflicted had an investment in, which is what you just confirmed.

The Auditor General went over 226 board-approved transactions from over a five-year period, which was a sample of the more than 400 during that period of time, and found that 186 of those were conflicted. In other words, 82% of all transactions that were coming before the board were conflicted with board members or board members had an interest. Is that correct? Were you, the board members, recusing yourselves or abstaining 82% of the time?

[Translation]

**Mr. Guy Ouimet:** Mr. Chair, allegations of conflict of interest were made against me last year. A detailed and complex investigation was completed by the Conflict of Interest and Ethics Commissioner. All these issues of administrative misconduct and recusals—

[English]

**Mr. Rick Perkins:** Sorry, I have limited time, Mr. Ouimet.

That was not my question, Mr. Ouimet. I would appreciate that you stick to answering the question out of respect for members of Parliament.

[Translation]

**The Chair:** Please wait a moment.

I'm addressing the witnesses.

Committee members have limited speaking time, so they may interrupt you. I'm doing my best to ensure that all participants, including the—

**Mr. Guy Ouimet:** Mr. Chair—

**The Chair:** Just a minute, Mr. Ouimet.

**Mr. Guy Ouimet:** All right.

**The Chair:** I always give the witnesses a chance to respond.

For the next three and a half minutes, it will be Mr. Perkins' turn to ask you questions. If the members feel that you're not answering their questions, they may decide to interrupt you and ask you to start again.

[English]

Mr. Perkins, I'm going to go back to you. You have about three minutes and 35 seconds, please.

• (1130)

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

I will ask my question again.

Mr. Ouimet, 82% of the time, according to the Auditor General, directors were conflicted in the transactions over the five years, and those overlap with your time on the board. So, Mr. Ouimet, when the committee is briefed that board members have a conflict, do they recuse themselves or leave the room? Your chair, Ms. Verschuren, didn't know the difference last week when she testified.

[Translation]

**Mr. Guy Ouimet:** Mr. Chair, during my time at the board of directors, I noted that all the directors who had declared conflicts of interest were withdrawing; they were recusing themselves by not being present. They hadn't received the information and they withdrew.

That there were shortcomings in the minutes is a well-known and well-accepted fact, and if we treat them at face value as errors on the part of the directors, we shouldn't—

[English]

**Mr. Rick Perkins:** Mr. Ouimet, you abstained on the transaction, but you didn't actually leave the room.

Let me go over this.

You were appointed. In 2019, Annette Verschuren was appointed as chair. You went to the CEO. Here, before committee, she testified that you basically said, "Direct conflicts of interest are now allowed, so I'm going to join the board, which I was asked to join, of a company that had already been doing business with SDTC." Is that correct? Did you say, "Well, now that conflicts are allowed, it's okay for me to join that board since it's doing business here and the chair is allowing that"?

By the way, that was Lithion.

[Translation]

**Mr. Guy Ouimet:** I had exercised an option in this company after informing management and, having exercised an option, I—

[English]

**Mr. Rick Perkins:** I didn't ask you that.

[Translation]

**Mr. Guy Ouimet:** That has nothing to do with it.

[English]

**Mr. Rick Perkins:** With due respect, Mr. Chair, the witness is not answering the question. I asked him if he said this, and he's going to what his investments were. I'll ask that question later.

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

**Mr. Rick Perkins:** I would like the witness to answer the questions I'm asking.

**Mr. Francis Drouin:** Mr. Chair, I just have a point of order.

**The Chair:** Yes, Mr. Drouin, go ahead.

**Mr. Francis Drouin:** I respect the fact that Mr. Perkins wants to ask questions. I'll remind him that we have interpreters and if the witness is listening to the interpretation, it's really hard for those who are listening. It's hard on the ears of the interpreters.

[Translation]

Thank you.

**The Chair:** Thank you very much, Mr. Drouin.

[English]

Mr. Perkins, it is your time. The clock is still stopped.

Because of the two languages here, if you could, please endeavour to allow time for Mr. Ouimet to hear your comments, and vice versa.

You do have the floor. I hear your point. We're just getting started. There will be lots of opportunities to question the witnesses in many different directions.

I'm going to turn things back over to you. You have a minute and a half.

**Mr. Rick Perkins:** Mr. Ouimet, did you say you were going to join the board of Lithion since Annette Verschuren was the chair and conflicts were allowed, yes or no?

**Mr. Guy Ouimet:** No.

**Mr. Rick Perkins:** You're saying the CEO lied to the committee. Is that correct?

**Mr. Guy Ouimet:** I joined the board, but not because Annette Verschuren was there. I didn't know Annette Verschuren.

**Mr. Rick Perkins:** You were already on the board. You went to the CEO. The CEO has testified that you said you would join the board of Lithion when Annette Verschuren came on board because conflicts were allowed. Did you say that, yes or no?

**Mr. Guy Ouimet:** I did not.

**Mr. Rick Perkins:** It's important, and here's why.

**Mr. Guy Ouimet:** I said no. How many times do you need to hear "no"? The answer is no.

**Mr. Rick Perkins:** You're saying the CEO lied.

**Mr. Guy Ouimet:** I don't know what she said.

**Mr. Rick Perkins:** What is your 1% of Lithion worth today?

[Translation]

**Mr. Guy Ouimet:** \$11,000.

[English]

**Mr. Rick Perkins:** It's \$11,000. In that time, while you were on the board, in early 2022, Lithion got \$4 million from SDTC. Is that correct?

[Translation]

**Mr. Guy Ouimet:** Before my appointment, it had received \$4 million.

[English]

**Mr. Rick Perkins:** No. According to SDTC's records, it was in 2022 that it got \$4 million. That's on their website. Are you saying that SDTC's website is wrong?

[Translation]

**Mr. Guy Ouimet:** No. There are nuances to be made, sir. The investment was approved in the summer of 2018, before my appointment. The sums were paid out progressively as the project was being carried out, but that was not done following decisions made by the board of directors at the time.

**The Chair:** Thank you very much.

[English]

Now we have Ms. Yip.

You have the floor for six minutes, please.

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Thank you to the witnesses for joining us today, especially Mr. Kukucha. I know that you're on west coast time, so it's quite early for you.

My first question is for you. Were you the one to receive the call from a whistle-blower? When was this exactly?

• (1135)

**Mr. Stephen Kukucha:** Yes, I did receive the call.

As per my opening statement, I'm just confirming it was on January 27, 2023.

**Ms. Jean Yip:** Were you able to table the transcript of the call with this committee?

**Mr. Stephen Kukucha:** I have not seen a full transcript of the call. The SDTC staff provided me a snippet of that. I believe either SDTC staff has that, or, quite frankly, the whistle-blower should be asked to turn it over, because they were the individual who made that tape.

**Ms. Jean Yip:** You've stated that you immediately advised the board and legal counsel, at which point an investigation was started. Could you submit a timeline with dates to this committee?

**Mr. Stephen Kukucha:** The call happened on a Friday afternoon, I believe. I sought independent legal counsel that day and the following morning. I spoke to someone on the governance committee because of the sensitivity of this—there were three senior female executives and a board chair being accused, with serious accusations. I wanted to ensure that we managed this properly. We set up a small committee to discuss this. A special committee was struck immediately. I believe legal counsel was hired by Tuesday or very early the next week.

It all happened within three or four days.

**Ms. Jean Yip:** Did you submit the findings of this investigation to ISED?

**Mr. Stephen Kukucha:** I was not in a position to submit them.

I believe the vice-chair of the organization met with ISED and submitted them, because ISED had a parallel investigation occurring at the time.

**Ms. Jean Yip:** The whistle-blower told this very committee last week that a large majority of the board—I think it was 80%—did not disclose their conflicts. The conflict of interest guidelines were consistently disregarded by board members and executives across every single one of the funds.

As former board members—I'm directing this question to both of you—do you think this is factual? Is that right? Can you elaborate?

**Mr. Stephen Kukucha:** I can only speak to my conduct.

I declared every conflict, real or perceived, both when I was appointed and when they occurred throughout my membership. It was only for two years that we were doing projects, because the full last year of my board work was involved with the special committee, and no funding was moving forward. I declared them all. The conflict policy was in place. My understanding is that it had been in place for years, so I was simply following the rules as they were laid out to me when I joined the board.

**Ms. Jean Yip:** Thank you.

Mr. Ouimet.

[Translation]

**Mr. Guy Ouimet:** As I said earlier, I saw that the members of the board of directors of Sustainable Development Technology Canada, or SDTC, who were in a declared conflict had recused themselves.

In various investigative reports, it was also observed that inaccuracies and irregularities had crept into the minutes, resulting in administrative lapses. This does not negate the fact that we recused ourselves.

When the Conflict of Interest and Ethics Commissioner investigated the allegations against me, he reviewed all the documentation and identified certain administrative lapses. He asked me and other witnesses to testify under oath to explain these shortcomings. He was satisfied that the directors involved in the files that were examined had recused themselves. This work was carried out after the work of the Auditor General of Canada, who did not take into account the Conflict of Interest Act, as she had indicated.

[English]

**Ms. Jean Yip:** Before I go on to the next question, Mr. Ouimet, is there anything you want to finish remarking on from previous questions?

[Translation]

**Mr. Guy Ouimet:** Thank you.

I will say this again: Although we are willing to answer your questions, there is no question, in my opinion, of repeating the conflict of interest investigation since, as far as I am concerned, it has been duly completed, in depth, by the Conflict of Interest and Ethics Commissioner.

If members of the committee have detailed questions, which are, moreover, beyond my legal competence, I recommend that they turn to the Commissioner, who will be able to explain his study, his decisions and his conclusions.

I don't think anyone around the table, myself included, is legally qualified to explain all the nuances the Commissioner brought to his report.

If you have any further questions, I'll be happy to answer them.

• (1140)

[English]

**Mr. Stephen Kukucha:** Could I add one supplementary piece of information?

We were given instructions to be very broad in what we considered a conflict. If we declared a conflict, it wasn't necessarily because we had a financial interest. It could have been because we knew someone at a company. In two instances—for me, at least—it was because I had looked at investing at some point in time in the previous five years but chose not to.

A lot of those conflicts do not relate to direct investment.

**The Chair:** Thank you very much.

That is the time, Ms. Yip.

[Translation]

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

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

Mr. Ouimet, the Conflict of Interest and Ethics Commissioner did indeed conduct an investigation. However, I would like to highlight an important point, namely that the four witnesses interviewed as part of the Conflict of Interest and Ethics Commissioner's investigation are subject to our study on conflict of interest and have been declared at fault by the Auditor General regarding conflicts of interest. As parliamentarians, we take the liberty of conducting our own study and asking our own questions. So please respect our function if you want us to respect yours.

On that note, I'll ask my first question. The Auditor General determined that \$10,372,330 was awarded in connection with not one, not two, not three, but eight cases where you did not recuse yourself to avoid a conflict of interest. Again, I'm quoting from the Auditor General's report. So, if you have an issue with the Auditor General's report, we have other problems.

Also, in an email dated April 2, 2021, sent to Ms. Lawrence and Ms. Verschuren, you informed them that you had accepted an offer to become a member of the board of directors of Recyclage Lithion, which offer was ratified on April 30, 2021. In your email, you stated that in accordance with the code of conduct, you would exclude yourself from any discussion at SDTC regarding Recyclage Lithion. However, Mr. Ouimet, the financing had been approved on March 9, 2021, three weeks before you sent your email.

Are you telling this committee that you had no connection with Recyclage Lithion prior to March 9, 2021, and therefore could not be in a conflict of interest?

**Mr. Guy Ouimet:** The funding for Recyclage Lithion was approved by Sustainable Development Technology Canada in the summer of 2018, prior to my appointment. As for the payments granted in the context of COVID-19, a conflict of interest was identified for all the directors who had taken part in the decision. Looking at the detailed information in all the reports, we can see that it was a difference of legal opinion between the commissioner and lawyers from outside firms. It was felt that the commissioner's position was the preponderant one.



However, the Conflict of Interest and Ethics Commissioner reviewed all the documents and minutes, and dismissed the allegations against me. He did detailed work and didn't stop at certain points—

**Ms. Nathalie Sinclair-Desgagné:** Excuse me for interrupting, Mr. Ouimet, but my time is limited.

Please stop referring to the Conflict of Interest and Ethics Commissioner's report. We've seen it, we've got it. Now we're asking our own questions. That's the job of this committee, which is independent of the Conflict of Interest and Ethics Commissioner. Please answer our questions precisely, because we have a lot of them.

When you started out as a director of Sustainable Development Technology Canada, you already had a connection with Lithion Recycling.

**Mr. Guy Ouimet:** I provided advice to the company before it was approved for funding. I provided advice until the summer of 2018, and Sustainable Development Technology Canada approved its financing in the summer of 2018. I was appointed to the board of directors by the Governor in Council later, in November 2018, following an independent process. The decision regarding this investment had already been made. In addition, I informed the Governor in Council as well as management. I told them that, if this situation was unacceptable, I would withdraw my candidacy. I was told that this was not necessary, that it was normal and that Sustainable Development Technology Canada's enabling legislation required directors to have industry connections. I was told I'd just have to manage the conflict. I always recused myself, I never participated in any decision. In any case, the investment was decided—

• (1145)

**Ms. Nathalie Sinclair-Desgagné:** For—

**Mr. Guy Ouimet:** If, subsequently, certain changes to the contract—

**Ms. Nathalie Sinclair-Desgagné:** Mr. Ouimet—

**Mr. Guy Ouimet:** —required a board decision, I wasn't there.

**Ms. Nathalie Sinclair-Desgagné:** Did you always leave the room or were you ever-present?

**Mr. Guy Ouimet:** Yes.

**Ms. Nathalie Sinclair-Desgagné:** You always physically left the room.

**Mr. Guy Ouimet:** Yes.

**Ms. Nathalie Sinclair-Desgagné:** You did it in every case, whether it was Recyclage Lithion, Nouveau Monde Graphite or Swirltex—

**Mr. Guy Ouimet:** Yes.

**Ms. Nathalie Sinclair-Desgagné:** There are others, like Li-Cycle.

**Mr. Guy Ouimet:** I can reassure you on certain aspects.

Recyclage Lithion is the company involved in the conflict of interest that was discussed. In this case, I always recused myself. I always disclosed this conflict of interest and I never participated in any decision concerning this company.

As for the other companies mentioned, I have no interest in them. As my colleague Mr. Kukucha said, these are companies with which one can perceive indirect links. For example, Li-Cycle is a competitor of Recyclage Lithion. I have no interest in this company, but, as a precaution, if a file concerning it is presented for a decision, I will recuse myself, since my decision could be perceived as being tainted by my interest in Recyclage Lithion. I therefore recused myself.

As for the other files, there is only one other source of apparent conflict of interest, and that is the clients of a sister company of Recyclage Lithion called Seneca, which offers consulting engineering services. I have no interest in or connection with this company, but when it presented files with its clients, such as Nouveau Monde Graphite and enim, I felt that these companies were connected to someone I knew, so I declared my apparent conflict of interest and recused myself. That's what happened.

With regard to the controversial payment related to COVID-19, the sums referred to in all these files are added together, as if they had been paid in the presence of a conflict of interest. It's not a conflict of interest; it's the appearance of a conflict of interest that I declared out of an abundance of caution concerning companies with which I have no connection. That's all it is. Then people come along and lump things together and draw unfortunate conclusions. We shouldn't cry wolf when there isn't one.

**The Chair:** Thank you.

**Ms. Sinclair-Desgagné,** you have time for one very short question.

**Ms. Nathalie Sinclair-Desgagné:** I'll wait for my next turn. Thank you very much.

**The Chair:** All right.

Thank you very much.

[*English*]

Up next is Mr. Desjarlais.

You have the floor for six minutes. Again, if you could speak, as you always do, slowly and clearly, please, that would assist the interpreters. Thank you.

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

Thank you to the witnesses for being present with us today for this important study. As you're both aware, it's of incredible importance to the Canadian public to understand exactly what happened with taxpayer dollars.

It's important to note that there have been two incredible damages, from my perspective, in terms of how the issue of SDTC has manifested in the Canadian public. The first is the incredible damage to the sector of green innovation in ensuring that we have projects, companies, small businesses and medium businesses that actually have support from a government that wants to see real action on the climate crisis. That policy has taken substantial and serious impact because of the extreme mismanagement of SDTC.

The second is that the trust in our institutions is largely compromised when it comes to arm's-length institutions outside the public service. As you know, as a member of Canada's labour party, I'm very concerned about the serious allegations of HR abuses that the whistle-blower brought forward and the very serious lapses related to human resource management there.

It's incredibly disappointing to know that the participation, professionally, of both of you in this has conducted itself this way, largely resolving itself in the disbanding of SDTC outright and the ending of this chapter in Canadian history of having a third party like SDTC. I want you to take full accountability. As board members, on behalf of Canadians, you had public trust. You were entrusted to deal with this with the utmost professionalism. It resulted in the minister largely finally disbanding your work and transferring this to ISED, which I fully agree with. It should have been done much sooner.

Turning to the findings of the Auditor General, Mr. Ouimet, I do want to cite how important it is that you understand the Auditor General's report. In your testimony thus far, you have cited the Ethics Commissioner. Although we do take into consideration all the work of our colleagues, whether it's in the House or in committees, including the ethics committee, it's important to this committee and our own study that you understand the findings of the Auditor General. The Auditor General herself is an independent officer of this Parliament and is responsible for ensuring public trust and accountability, so I'd like you to answer the questions in direct relation to the Auditor General's report.

I'll return now to some beginning questions that I think are important for Canadians to understand—namely, your roles and responsibilities in relation to your participation at SDTC. Can you each take approximately 10 to 15 seconds to describe your roles and responsibilities at SDTC, please?

Let's start with Mr. Kukucha.

• (1150)

**Mr. Stephen Kukucha:** In direct answer to your question, I was a board member for a three-year period. I sat on the project review committee.

To address your statement—if I may, Mr. Chair—with regard to the HR matters that were referred to, I would say two things. One, at no time were any issues brought up to the board for us to consider. In fact, among all the reports given to the board, there were no issues. Two, the independent McCarthy report confirmed there were no issues. Whatever may have been said by the whistle-blower, there was an independent study done by a reputable law firm suggesting those issues were not credible.

**Mr. Blake Desjarlais:** We both know, Mr. Kukucha, that these reports, including the independent report on HR, can be sufficient for some, particularly management. However, this is clear evidence why unions are important. These disputes happen all the time. You can look at the Ontario business registry, the corporate registry of Alberta and the B.C. business registry, where you're from, and you can see how many labour disputes in this country go ignored, including the recent one with the Teamsters.

The fact that the McCarthy report exists.... The whistle-blower gave us a credible challenge to that: Why not release all of the employees under an NDA, then? You have to understand that these employees were subject to a non-disclosure agreement at the time of that report. I'm sorry if I have to be blunt and crass with you in relation to the fact that I don't believe the findings of that report to be fully credible, because there was a significant legal obstacle to those employees testifying truthfully, thanks to the SDTC's NDA requirement.

Mr. Ouimet, would you please describe your role at SDTC?

[Translation]

**Mr. Guy Ouimet:** Yes. I was a director at Sustainable Development Technology Canada, or SDTC, from November 8, 2018, to June 3, 2024. I was a member of the project review committee and a member of the committee dealing with governance and appointments.

With regard to your concern, you mentioned mismanagement.

[English]

**Mr. Blake Desjarlais:** The Auditor General speaks of mismanagement, Mr. Ouimet.

[Translation]

**Mr. Guy Ouimet:** Right. The Auditor General raised findings that SDTC accepted and recognized. However, as I pointed out in my opening remarks, the findings with respect to mismanagement mostly had to do with project eligibility and compliance. What I'm talking about is projects that aren't eligible, that don't meet the criteria for funding agreements or the SDTC's governing legislation. It's not as if management or the board freestyled it or acted outside the parameters.

On the contrary, a structured business plan is submitted to the board every year, approved by the board, submitted to Innovation, Science and Economic Development Canada and approved by the Minister of Innovation, Science and Industry.

We may wonder why the government didn't update the funding agreements or the legal framework annually or periodically. That's a good question, but to say that there's—

[English]

**Mr. Blake Desjarlais:** That's a great question, Mr. Ouimet, but the question I'm curious about is the finding of the Auditor General in relation to your breaches of the act. You know, the Auditor General was very clear that legislation passed by democratically elected parliamentarians to help govern these programs and services, including legislation each of you committed to uphold, was breached. That's the fundamental issue we're discussing today. I understand, Mr. Ouimet, that you want to balance the temper between this issue and the facts, and—

• (1155)

[Translation]

**The Chair:** Mr. Desjarlais—

[English]

**The Chair:** Excuse me, Mr. Desjarlais. Your time is up.

[Translation]

Mr. Ouimet, would you like to speak to that briefly?

**Mr. Guy Ouimet:** Yes. Thank you, Mr. Chair.

I'd like to get back to the issue of harassment. As Mr. Kukucha said, the entire process was carried out diligently by the stakeholders involved. There were several reports. There were doubts about the credibility and independence of some of them. At one point, the minister said that enough was enough and that he was getting the Auditor General involved. A law firm, McCarthy Tétrault, was hired and went through a completely open and very detailed process to get to the bottom of the HR issues.

The report dismissed harassment allegations and human resource issues. Those were management issues. That's what the report says.

Whistle-blowers are people who raise issues. The authorities then conduct an investigation. The whistle-blower's testimony is not the truth. That person's role is to sound the alarm, but the rest is based on the investigation.

**The Chair:** Thank you very much.

We'll move on to questions about this topic.

[English]

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

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

Mr. Kukucha, who contacted you to ask you to be on the board?

**Mr. Stephen Kukucha:** No one contacted me. I applied through the Governor in Council appointment process and followed that process. Approximately two and a half years later, I was appointed. It was not a quick process. I thought that I could bring my skills and experience to the board and add value.

**Mr. Rick Perkins:** Mr. Ouimet, who contacted you to serve on the board?

[Translation]

**Mr. Guy Ouimet:** Nobody contacted me because I'm not associated with the government or politics, and I don't know anyone who is. I applied on my own when I saw the job offers from the Governor in Council. I believed I could contribute to the organization.

[English]

**Mr. Rick Perkins:** Mr. Kukucha, you had—and I don't know if you still do—a small financial interest in Terramera and Miraterra. Is that right? I think they're the same company, essentially.

**Mr. Stephen Kukucha:** Yes, I made a very small investment in 2016, which was five years before my appointment to the board.

**Mr. Rick Perkins:** In your opening, you said that you joined the board in February 2021—

**Mr. Stephen Kukucha:** That is correct.

**Mr. Rick Perkins:** —and that there had been no funding of the companies—mainly this one that you had an interest in—while on the board. However, according to SDTC's records on the website,

on March 30, 2021, they approved \$8 million for Terramera while you were on the board.

**Mr. Stephen Kukucha:** I don't recall making the statement that no funding was made. My understanding is that I joined in February 2021 and, at my first board meeting—I was unaware this was something the company had applied for—they received \$7.9 million, and I recused myself by moving out of the room for that funding decision.

**Mr. Rick Perkins:** In your opening, you said the only thing that was after your appointment was COVID. Now you're changing the story, and Terramera received \$4.5 million before you were on the board.

The Auditor General identified a conflict for you with Rotoliptic Technologies. What's your involvement there?

**Mr. Stephen Kukucha:** The company was Rotoliptic Technologies. At one point, I sat on the board of that company, and I resigned from that position the moment I joined the SDTC board. I had made an investment in them in 2017.

**Mr. Rick Perkins:** You had an investment in them.

What about Ecoation Innovative Solutions?

**Mr. Stephen Kukucha:** Again, I had a very small investment in them that I made in 2017, so if you see a pattern here, most of these investments were made in 2016 and 2017.

**Mr. Rick Perkins:** You have an investment in them; that's good.

Before and during your time on the board, those companies received almost \$12.5 million, of which \$8 million—almost three-quarters of that—happened while you were on the board with one particular company. To me, that goes to the systemic conflict of interest we're seeing that directors had where, 82% of the time, they were voting themselves money for each other's companies.

Mr. Ouimet, why was Swirltex a conflict?

● (1200)

[Translation]

**Mr. Guy Ouimet:** I told the Auditor General that I was not familiar with Swirltex. I have no connection to that company, and I don't know why it appeared in the minutes. We missed that. I'm not familiar with the company, and I have no connection to it.

[English]

**Mr. Rick Perkins:** What about enim?

[Translation]

**Mr. Guy Ouimet:** Lithion Recycling and enim, which I have no connection to, are sister companies. I did in fact declare a perceived conflict of interest, because this is a sister company to a company I was associated with. I therefore recused myself.

[English]

**Mr. Rick Perkins:** What about Nano One Materials?

[Translation]

**Mr. Guy Ouimet:** Lithion Recycling was part of a consortium that submitted the Nano One application. I recused myself from that one as well.

[English]

**Mr. Rick Perkins:** Enim, which is a sister company, meaning it is owned, got \$3 million from SDTC while you were on the board, and Nano One got \$10 million.

Again, it looks like there were a lot of conflicts of interest and financial interests among you and your fellow directors. The Auditor General named nine directors, some of them GIC and some of them not, who had conflicts of interest. Did it not seem unusual? Both of you are experienced directors. Have you ever served on a board where more than 80% of the transactions were conflicted when they came to the board?

Mr. Ouimet, go ahead.

[Translation]

**Mr. Guy Ouimet:** I never calculated the percentage of transactions.

Every time the SDTC board or a committee met to review projects, three or four conflicts might be declared. Most of the time it was perceived conflict and people were very, very careful.

The actual number of investments held by directors does not correspond to the number of perceived conflicts.

**The Chair:** All right.

**Mr. Guy Ouimet:** I personally have no interest in any of the companies that were declared, other than Lithion Recycling.

**The Chair:** All right, thank you very much.

The next speaker is Mr. Drouin.

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

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

I want to thank the witnesses for appearing before us today.

[English]

I'd like to start my questioning with Mr. Kukucha.

Thanks again for being before our parliamentary committee. I know there have been multiple investigations, and you've been called back to another committee.

You mentioned the McCarthy review. We heard some testimony about the McCarthy review from the whistle-blower last week. When the McCarthy review was launched, were you, as a board member, aware that the review was being done with employees?

**Mr. Stephen Kukucha:** The board was made aware that an independent legal firm had been hired and was looking into the matter, but we did not have—or at least I did not have—visibility into that process or what was occurring. In fact, I saw the report for the first

time approximately two weeks ago, or actually last week, when I was advised that I had to testify.

**Mr. Francis Drouin:** Some allegations were made by the whistle-blower—and we've asked for documentation—that somehow the minister had concocted the conclusions of that report. Even though it did not directly report to the minister but to another department, obviously when issues arise with an arm's-length organization or the department itself, it is reasonable that a particular report would be reporting to another department.

The board didn't have access to those documents before the McCarthy review at all, and you've just testified that you saw that for the first time two weeks ago. Is that correct?

**Mr. Stephen Kukucha:** I can speak only with respect to what I had access to, and I did not have access to that. I saw that only last week.

**Mr. Francis Drouin:** Okay. I'm just wondering, if a board member has not seen the conclusions of a report—and I will ask the same question of Mr. Ouimet afterwards—how it is possible that somebody who works for SDTC would have access to the conclusions or seem to think that the conclusions of the report would have been somehow manipulated. I want to remind a certain committee member that waivers were offered to employees, so the NDAs did not apply in the McCarthy review at all. If there were allegations of harassment or whatnot, NDAs were waived for employees. It is important that employees be treated properly and that there be no harassment in organizations, and certainly the SDTC, which is what we're talking about.

If you had no idea about the conclusions of the report or what was in the report, did you receive any official communications from the department or in any other instances since you resigned from the board? Do you know whether your colleagues received a copy previously?

• (1205)

**Mr. Stephen Kukucha:** As far as I'm aware, they did not. The only communication I had from the organization was to advise of this request for testimony and to provide materials, including the McCarthy report.

**Mr. Francis Drouin:** Okay. I know that the McCarthy review was not prepared for the Department of Industry. It was commissioned by the Department of Industry, but in cases like this, it would be normal that the Department of Justice would be responsible for that, especially if accusations are made, whether it's an arm's-length organization that reports to a department or the department itself. So the Department of Justice was responsible for that particular report.

I find it odd that accusations would be made, and I plead again with those who are saying that the conclusions were somehow manipulated to submit evidence, because that is the only way we can move forward on this particular issue. Otherwise, we don't have documentation or proof to move forward on whether or not the McCarthy review was actually manipulated. Until I have proof, that's just a drive-by smear, in my opinion.

[Translation]

Mr. Ouimet, I'd like to ask you the same question. Were you aware of the McCarthy Tétrault review?

**Mr. Guy Ouimet:** Mr. Chair, during the investigation process, SDTC's board of directors commissioned Osler to produce a report about that. It was deemed not to be an independent report because it was commissioned by the board of directors.

When the minister asked the Auditor General to intervene, he asked McCarthy Tétrault to conduct an independent study. The study was not commissioned by the board of directors. Every executive and every board member was examined. The study ran its course, but it was conducted independently of the board of directors. We got the report once it was done. I'm not sure if I was on the board at the time, but I did receive the report. We acknowledged the findings.

**The Chair:** Thank you very much.

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

**Ms. Nathalie Sinclair-Desgagné:** Mr. Ouimet, you mentioned that you did not understand why the Auditor General found there was a conflict of interest in the case of Swirltex.

Briefly, can you give us a bit of information about that?

**Mr. Guy Ouimet:** Yes.

According to the minutes, I declared a conflict of interest regarding Swirltex. I told the Auditor General that it was probably a mistake in the minutes, since I have no shares in that company. I'm not familiar with that company; I don't know what it does. I have no idea what connection I might have to that company. In my opinion, the only possible explanation is that someone made a conflict of interest declaration about Swirltex, and the person taking the notes put the wrong name in the minutes.

**Ms. Nathalie Sinclair-Desgagné:** Do you remember who had a connection to Swirltex or who had a potential conflict of interest?

**Mr. Guy Ouimet:** Sorry, I don't, madam.

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

In your testimony, you said that you always recused yourself when you had a conflict of interest. If I understand correctly, you always left the room, you did not give your opinion and you did not do anything to secure public funds for a company in which you had shares. However, the Auditor General's report identified 90 cases of conflict of interest where the individuals did not recuse themselves. Those are the conflicts of interest that we're talking about today. You were named eight times in the report. My understanding is that Swirltex is a special case, and the Auditor General isn't here today to explain it to us.

Why does your testimony contradict what's written in the Auditor General's report? Can you explain that to us?

• (1210)

**Mr. Guy Ouimet:** Yes.

The first issue is the COVID-19 payment. There was a difference of legal opinion, but the conflicts of interest that we declared previ-

ously were noted by the Auditor General, because we took those files into account when we made our decisions in relation to COVID-19.

In other cases, such as Swirltex, it's very clear that the minutes of, say, an investment committee will indicate that so-and-so declared a conflict of interest. Usually, when a director declares a conflict of interest, they recuse themselves and leave the room or the Teams meeting, but the minutes don't record that. They don't always say that so-and-so is out of the room or back in the room. The minutes just say that so-and-so declared a conflict of interest. The Auditor General can therefore say she has no evidence the person left the room.

Finally, as I said earlier, the Conflict of Interest and Ethics Commissioner and I discussed all the breaches that concerned me. He swore me in, and he swore other witnesses in. He said he was satisfied with that. I understand that you're conducting your own investigation, but there's only one version of the facts. I can't change the facts.

**The Chair:** Thank you.

**Mr. Guy Ouimet:** In addition, administrative lapses are recognized—

**The Chair:** Thank you very much.

[English]

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

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

I now want to turn to a finding of the Auditor General's report. Can you both please confirm whether you've read the report and whether you agree with its findings? Yes or no would be fine as an answer.

Mr. Kukucha.

**Mr. Stephen Kukucha:** I have scanned the report, and it speaks for itself.

**Mr. Blake Desjarlais:** Do you agree with the report?

**Mr. Stephen Kukucha:** It speaks for itself.

**Mr. Blake Desjarlais:** Mr. Kukucha, I think you could probably agree with me that this is not an answer to whether you agree with the Auditor General's report.

Do you agree with the independent findings of Canada's Auditor General?

**Mr. Stephen Kukucha:** As I stated in my opening statement, there were shortcomings that were laid out, and they speak for themselves.

**Mr. Blake Desjarlais:** Would it be okay to say that you partially agree, then, or do you outright reject it?

**Mr. Stephen Kukucha:** I take it for what it is. It's a report of the Auditor General.

**Mr. Blake Desjarlais:** Mr. Ouimet, do you agree with the findings of the Auditor General?

[Translation]

**Mr. Guy Ouimet:** SDTC management accepted the Auditor General's recommendations and provided its responses, which I have seen and which are included in the appendix to the report. It's important to read the report. The facts are presented from one point of view, and, from that point of view, they are accurate.

[English]

**Mr. Blake Desjarlais:** Thank you very much, Mr. Ouimet.

I understand that these topics are sensitive to each of you in your professional and personal lives, but you have to understand that this is a far greater concern. You're largely challenging whether or not the Auditor General is telling the truth in fullness, and that is a problem for me as a member of this committee.

If that's not what you're saying, then why not accept the findings of the Auditor General?

**Mr. Stephen Kukucha:** I'm not challenging the Auditor General or saying that she's lying, whatsoever. In fact, the Auditor General, on several occasions in the report that I saw, gave credit to the way we dealt with the whistle-blower in the special committee and advised that the board was not advised of things at certain times.

Yes, I accept the report for what it is, but I also believe that facts and context matter. To the point that Mr. Ouimet brought up earlier, some of the numbers are presented in a way that suggests that there was arguably a more systemic problem than there may have been. However, I accept the report and take it on its face.

• (1215)

**Mr. Blake Desjarlais:** It's certainly a systemic issue, by a large margin, because it's been going on for a long time.

**The Chair:** Mr. Desjarlais, let me just interrupt. Do you want to hear from Mr. Ouimet again? Without any commentary from you, I'll allow a response from him, if you would like.

**Mr. Blake Desjarlais:** Yes, please, if you have anything of importance to the report, Mr. Ouimet, go ahead.

**The Chair:** Monsieur Ouimet.

[Translation]

**Mr. Guy Ouimet:** The facts were presented to us. We had an opportunity to comment on them and discuss them with the Auditor General, and management had an opportunity to respond. We have to agree. We can't challenge the Auditor General's report once it's tabled, but we can put some things in context. That's what we're doing here today because, with all due respect, an auditor doesn't pay much attention to the nuances.

For example, an auditor may say that there's a mistake in the minutes because they don't clearly state that a person has recused themselves. Even if that person really did recuse themselves and said so, the auditor will say there's a mistake if it's not recorded in the minutes. That person may have only an indirect connection to a company and no interest in it, but the auditor will still say there's a mistake. If that's a conflict of interest, does it count as fraud or a violation of some kind? No, it's an administrative error.

**The Chair:** Thank you very much.

[English]

**Mr. Blake Desjarlais:** But it's mismanagement.

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

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

Mr. Kukucha, in your opening statement, with respect to the improper COVID payments, of which 38.5 million tax dollars improperly went out the door, according to the Auditor General, not to mention 63 conflicts of interest involving board members, in which millions were funnelled into companies that board members had interest in, you said that you relied in good faith on legal advice. Was the legal advice that you received, as a member of the board, from one Mr. Ed Vandenberg?

**Mr. Stephen Kukucha:** Yes, it was.

**Mr. Michael Cooper:** The same Ed Vandenberg sat on the two-person SDTC member council. Is that correct?

**Mr. Stephen Kukucha:** That is correct.

**Mr. Michael Cooper:** You're a lawyer, Mr. Kukucha. Do you not see a conflict in Mr. Vandenberg sitting on the member council, while at the same time providing legal advice to the board and being remunerated for such service?

**Mr. Stephen Kukucha:** There were discussions at the board about the structure of the member council and the challenges with it. My understanding was that management was trying to work with the government to find a way forward with that, but yes, it—

**Mr. Michael Cooper:** Mr. Vandenberg had been providing legal advice to the board on other matters as well. It wasn't just with respect to the improper and unlawful COVID relief payments. Is that right?

**Mr. Stephen Kukucha:** I keep getting muted. I apologize.

Yes, he was providing advice. I recall one—

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

**The Chair:** Mr. Cooper, give me just one second. I'm sorry.

I think what's happening is that when a witness is done speaking and we return to a member, you're being muted. Both witnesses, if you could, unmute yourself when you speak. That's what's happening. It doesn't always happen. Anyway, for today, that's what has to be done.

Mr. Cooper, you have three minutes and 15 seconds. The floor is yours again.

**Mr. Michael Cooper:** Mr. Kukucha, have you read SDTC's enabling legislation, the Canada Foundation for Sustainable Development Technology Act? I presume you have.

**Mr. Stephen Kukucha:** I have not read the entire act. I have read the policies related to SDTC—

**Mr. Michael Cooper:** As a board member, surely you were familiar with the enabling legislation. I find it incredible that you weren't. That's a big problem in and of itself.

**Mr. Stephen Kukucha:** I have a general overview of the legislation, but I have not read it in detail.

**Mr. Michael Cooper:** It sure isn't a very big piece of legislation. It would take all of 15 minutes to go through it.

If you had bothered to read the act, you would have known that subsection 16(2) states, "no member shall profit or gain any income or acquire any property from the Foundation or its activities." That's precisely what was happening in the case of Mr. Vandenberg. Not only was he in a conflict of interest in providing legal advice, but he was breaking the law.

Isn't that right?

• (1220)

**Mr. Stephen Kukucha:** Based on your statement, I will take it at face value.

I would only comment that once we got into the special committee process, I actually flagged for the board and management the issue of Mr. Vandenberg and asked that he be removed, but he was not removed at that time.

**Mr. Michael Cooper:** Again, there were conflicts of interest, money improperly going out the door and reliance, supposedly in good faith, on counsel who was in a blatant conflict of interest and in blatant contravention of the SDTC act. It's just unbelievable that you can come here with a straight face and defend the practices of SDTC and its board in the face of that.

Mr. Kukucha, speaking of law-breaking at SDTC, which you were complicit in, Mr. Vandenberg was part of a two-member council that, under the act, is required to have 15 members and requires five members to achieve quorum, yet this two-person council appointed five directors to the SDTC board. They were all unlawful appointments.

How do you explain that?

**Mr. Stephen Kukucha:** Honourable member, when I joined the board, this system had been in place and operational for many years. I flagged, and the board had discussions—

**Mr. Michael Cooper:** In fact, the Auditor General, in her damning report, which you won't even concede to or accept, said the board you sat on was complicit in this illegal activity. The board supported the law-breaking. Isn't it part of a culture of corruption, self-dealing and law-breaking? Isn't that what was going on?

I would say to you, Mr. Kukucha, that it raises serious questions about why the board would have been complicit in having an unlawful, two-member council. It was all about making sure that Liberal insiders and cronies of board members were appointed as directors so they could get a piece of the action to pad their pockets in a corrupt racket that makes the sponsorship scandal look small by comparison. That's what happened.

**The Chair:** You have the floor, sir, if you want to respond.

**Mr. Stephen Kukucha:** Honourable member, I can only speak to my own conduct. There was no corruption that I directly saw,

was aware of or participated in. Errors were made—we acknowledge those. I did accept the results of the Auditor General's report and, candidly, I did flag for the board the issues with both the members' council and Mr. Vandenberg, but they were not acted upon. As a new member to the board, all I could do was to do my best to raise issues, see if they were dealt with and try to move the organization forward in a positive way. However, I concede that errors were made, for sure.

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

Mr. Erskine-Smith, you have the floor for five minutes, please.

**Mr. Nathaniel Erskine-Smith:** Thanks very much.

I'll stay with you, Mr. Kukucha. You mentioned that you flagged a concern with Mr. Vandenberg or his involvement and his role. I'm just trying to work out a timeline—I'm new to this committee. When did that take place?

**Mr. Stephen Kukucha:** That took place during a discussion related to the special committee, later in 2023. I don't know the specific timing, but it was flagged and no action was taken.

**Mr. Nathaniel Erskine-Smith:** Again, just so I'm clear on the timeline here, you received the whistle-blower call in January—

**The Chair:** I'm sorry, Mr. Erskine-Smith, but just give me 10 seconds. I'm going to give you your time back.

Just to follow up on the request, we have two individuals now, a member and a witness, who are having a back-and-forth. We can have only one microphone open at a time. This is true even when it's on the floor here. While Mr. Erskine-Smith's microphone is open, I ask the witnesses to be sure they're muted. Then, when the member is done, take a second or two, and then it's over to the witness.

It's back to you, Mr. Erskine-Smith. I paused the clock. You have just over four and a half minutes.

• (1225)

**Mr. Nathaniel Erskine-Smith:** I appreciate it—we'll dance with the microphones.

To go back to the timeline, in January 2023 you received the whistle-blower's call. I expect we'll get a transcript of that at some point, although you or SDTC staff will have only a partial one. The board initiated a special committee, which then came back with a report from a law firm in May 2023. Just so I'm clear, was that Vandenberg's law firm?

**Mr. Stephen Kukucha:** Yes, it was. To be clear, that was ultimately a mistake. We should not have hired them, in the sense that Mr. Vandenberg was on the members' council. We were very much focused on moving an investigation forward quickly. That recommendation came forward, and the committee and management were very supportive of that. In hindsight, it was a poor decision, so I absolutely concede to that.

**Mr. Nathaniel Erskine-Smith:** I understand. I appreciate that.

What did that report tell you? Did the law firm flag the same concerns that we then saw through the Auditor General's report, or where did it differ?

**Mr. Stephen Kukucha:** I am looking at my notes for that investigation. Neither we nor the lawyers had all the information from the dossier, which we had requested from the whistle-blower. That report did a series of investigations and interviews with employees based on the allegations we had from the one-hour phone call, including an extensive document search. It did not find any systemic issues but, then, I do not believe we had all the facts available to us and to the government in the dossier.

**Mr. Nathaniel Erskine-Smith:** Obviously, though, there was enough concern in that hour-long phone call that you brought it to the board and a special committee was initiated. What was, in your view, the most damning allegation that the whistle-blower brought forward in the course of that phone call?

**Mr. Stephen Kukucha:** There were baskets of allegations, including misappropriation and misuse of funds, HR allegations... They were all serious enough to be looked at, but any time there was an allegation about misappropriation of government funds, that was absolutely the one I took most seriously. Well, I took them all seriously, but—

**Mr. Nathaniel Erskine-Smith:** I understand.

When it comes to misappropriation of funds, I think it's useful to separate it from the HR concerns. I've read the AG's report. I've read the Ethics Commissioner's reports, specifically the Verschuren report. The Ethics Commissioner does find that there are two violations there: one, abstentions should have been recusals; and two, the blanket approval of COVID relief was improper, and there should have been a recusal there as well. Also, there was an improper furthering of a private interest in that case.

I didn't see any allegations or concerns of misappropriating funds. Were the whistle-blowers' concerns in that regard more specific? Have we not seen them studied by the AG and by the Ethics Commissioner in the same way?

**Mr. Stephen Kukucha:** There was no specificity to the whistle-blower's accusations around misappropriation of funds.

As I said earlier, the AG's report stands on its own with regard to its details and findings.

**Mr. Nathaniel Erskine-Smith:** My last question is in relation to the COVID payments, which I think Mr. Cooper overstated. However, my understanding from the AG report is that it's 63 approvals in a bundle for about \$12 million—regardless, a significant sum of public funds. We have one case where the Ethics Commissioner has now found that there was an improper furtherance of a private interest, because the chair did not recuse herself—as she said she would, actually, when she was first put in that position.

Regardless, what was the legal advice? I've heard that different legal advice has been provided, and so people weren't recusing themselves at that time. What in the world was the lawyer telling you, that a recusal wasn't necessary? What was the legal rationale?

**Mr. Stephen Kukucha:** The legal advice was that because we had previously declared conflicts, and this was funding that was being provided in a basket to management to use at their discretion to top up if there were financial concerns, we did not have to recuse ourselves again if we had previously declared that conflict.

• (1230)

**Mr. Nathaniel Erskine-Smith:** Was it the same lawyer?

**Mr. Stephen Kukucha:** Yes, that's correct.

**The Chair:** Thanks very much. That is the time.

Beginning our third round, Mr. Cooper, you have the floor for five minutes.

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

Mr. Kukucha, you said that as a member of the board you didn't even bother to read the enabling legislation, which would have taken all of 15 minutes. Did you take the time to read the contribution agreements with ISED?

**The Chair:** That was a direct question for Mr. Kukucha.

Mr. Kukucha, did you catch that question?

He might be frozen. We'll just suspend here for a second.

• (1230)

(Pause)

• (1240)

**The Chair:** I'll bring this meeting back to order.

Mr. Kukucha, can you hear me all right?

**Mr. Stephen Kukucha:** Yes, Mr. Chair.

[Translation]

**The Chair:** Mr. Ouimet, can you hear me well?

**Mr. Guy Ouimet:** Yes. I can hear you very well.

**The Chair:** Okay. Thank you.

[English]

**The Chair:** Mr. Cooper, you have the floor for five minutes, please.

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

Mr. Kukucha, you said you hadn't bothered to read the SDTC act. If you had, you would have realized that the legal advice you and the board were receiving was in contravention of the act.

Have you bothered to read the contribution agreements with ISED?

• (1245)

**Mr. Stephen Kukucha:** The contribution agreements were negotiated between management and the companies, so they were all individual projects.



**Mr. Michael Cooper:** You sat on the board, and you were voting yes or no with respect to funnelling money out the door. Had you bothered to read the contribution agreements, you would have learned that when you voted to approve millions of dollars in COVID funding, putting aside the conflicts of interest, it was also in contravention of the contribution agreements with ISED.

You didn't bother to read those agreements, did you?

**Mr. Stephen Kukucha:** The COVID approvals that were made, the second COVID approvals—I was only on the board for the second COVID approvals—came to us with a blanket set of funds with no list of companies, to give management discretion. When I asked management—because I specifically asked the question and other board members did as well—whether or not this was in contravention or whether or not it was approved by government, management confirmed it was approved by government, and there was no—

**Mr. Michael Cooper:** [*Inaudible—Editor*] contravention of the contribution agreements.

You said, or at least Mr. Ouimet and Ms. Verschuren said in their testimony, that the board approved those funds because SDTC's portfolio companies were struggling during COVID.

You know, sir, that this isn't true.

**Mr. Stephen Kukucha:** I do know that many companies were struggling during COVID, so we took it on face value that management had canvassed all the companies—

**Mr. Michael Cooper:** Face value, sir?

**Mr. Stephen Kukucha:** —and had the information—

**Mr. Michael Cooper:** Mr. Chair, it's my time. I'm reclaiming my time.

**The Chair:** Order, gentlemen.

As I said, we're trying to safeguard the interpreters here, as well as maintaining decorum.

Mr. Cooper, you have the floor, please.

**Mr. Michael Cooper:** The whistle-blower testified that at the time of the second tranche of the improper and unlawful so-called COVID relief payments, for which you were then on the board, SDTC had completed a full survey of the total portfolio of SDTC companies and found that every single company, on average, had over 14 months of runway, proving that the companies that received the money didn't need the money.

Would you not have seen that analysis?

**Mr. Stephen Kukucha:** We did receive the analysis. I can't speak to the specific facts you mentioned, but there were concerns with the supply chain. There were concerns with a number of issues. Even companies that I was involved with and that had no involvement with SDTC were also deeply concerned.

**Mr. Michael Cooper:** There were 14 months of runway, and the money went out the door. Sir, it had nothing to do with COVID relief, and everything to do with funnelling money into companies in which board members had interests. That's what was really going on.

Mr. Ouimet, when you last appeared before the INDU committee in December, you stated that at SDTC, “The conflict of interest management procedures are rigorously followed.” Do you stand by that?

[*Translation*]

**Mr. Guy Ouimet:** Absolutely. The procedures were followed, but the documentation was lacking at times. The Auditor General identified that failure and we took note of that.

[*English*]

**Mr. Michael Cooper:** Mr. Ouimet, you keep claiming that the minutes were the problem: not that there were conflicts of interest, not that money improperly went out the door, but that there were inaccuracies in the minutes.

With respect to the minutes, in the “Verschuren Report”, in which Ms. Verschuren was found guilty by the Ethics Commissioner, paragraph 69 says, “Ms. Lawrence stated [that] the minutes were carefully reviewed and amended internally where necessary, and should be considered as accurate.”

Is Ms. Lawrence wrong? Is that what you're saying?

• (1250)

[*Translation*]

**Mr. Guy Ouimet:** I can only speak for myself.

[*English*]

**Mr. Michael Cooper:** I didn't hear the answer.

**The Chair:** He said he could only speak for himself.

You have a small amount of question time remaining, Mr. Cooper.

**Mr. Michael Cooper:** I'll ask Mr. Ouimet if he would apologize to Canadians for the conduct of the board.

There were 186 conflicts of interest and \$38.5 million in COVID relief payments that improperly went out the door, millions of which went into companies of board members. Would you apologize and admit that this should not have happened?

[*Translation*]

**Mr. Guy Ouimet:** No. I acknowledge the Auditor General's findings, but the hon. member's statements are false.

[*English*]

**The Chair:** That brings us now to Ms. Bradford.

You have the floor for five minutes, please.

**Mr. Michael Cooper:** He should read the Auditor General's report, and he should read the Ethics Commissioner's report.

**The Chair:** Order, Mr. Cooper. We've moved on to Ms. Bradford.

You have the floor for five minutes, please.

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

Thank you to both of the witnesses for being with us today. I realize that you've been at our committee before, so I thank you for coming back to this one.

Mr. Kukucha, your opening statement was very detailed, and my shorthand isn't what it used to be. Would you mind providing a printed copy to the committee so that we have that for the record and can review it?

**Mr. Stephen Kukucha:** A printed copy was sent to the committee late last evening.

**Ms. Valerie Bradford:** I see. Okay. I don't think we got it.

**Mr. Stephen Kukucha:** If I may, there was an allegation that I changed my comments in testimony from the opening statement, and I just want to correct that for the record. I stated that the vast majority of funds that these companies received were provided prior to my joining the board. I do not accept Mr. Perkins' allegation that I changed my testimony.

**Ms. Valerie Bradford:** Okay, thank you for that clarification.

Were the McCarthy review findings shared with SDTC's board and its employees?

**Mr. Stephen Kukucha:** As stated previously, I only received them last week.

**Ms. Valerie Bradford:** That's right, okay.

Now, I think many of us around this table are having trouble understanding some of the board's conflicting practices during Ms. Verschuren's chairmanship. The AG has found that in 96 cases, where \$260 million was approved for funding, board members appropriately disclosed their conflicts and recused themselves, but in 90 other cases, with \$76 million in funding, members didn't recuse themselves properly in cases of conflicts.

I'm going to address this to each of our witnesses. Can you please explain the difference in perception between perceived conflicts and actual conflicts? We're wondering why there's this discrepancy in how the board members conducted themselves. Could you maybe explain the discrepancy in following the organization's policies and what you view as the difference between a perceived conflict versus an actual conflict of interest?

**Mr. Stephen Kukucha:** I can only speak for myself, in that an actual conflict would be where I have or I had a direct investment. A perceived conflict would be where I had a relationship within the company or some connection to it or we had reviewed the company previously. That is how I interpreted the difference between those two matters.

**Ms. Valerie Bradford:** Mr. Ouimet, what would your answer be?

[Translation]

**Mr. Guy Ouimet:** My answer is the same.

In my case, I had only one real conflict of interest relating to one company. All the other instances in my files have to do with perceived conflicts or declarations made out of an abundance of caution, as the Conflict of Interest and Ethics Commissioner acknowledged. These were indirect links or knowledge that could lead to a perceived conflict. That was the case for a number of directors.

[English]

**Ms. Valerie Bradford:** I'll continue with you.

Were you ever asked to resign from the board of a company that had previously received SDTC funding?

[Translation]

**Mr. Guy Ouimet:** No.

[English]

**Ms. Valerie Bradford:** How and to whom did you disclose any real or perceived conflicts during the GIC appointments process and once joining SDTC?

[Translation]

**Mr. Guy Ouimet:** I declared the conflict of interest to the Governor in Council in the initial documentation, the application forms and the various documents that have to be submitted. I even declared it in my application letter with the forms. I then discussed it with SDTC management when I was appointed to the board of directors.

• (1255)

[English]

**Ms. Valerie Bradford:** Okay.

I have the same questions for you, Mr. Kukucha.

Were you ever asked to resign from the board of a company that had previously received SDTC funding?

**Mr. Stephen Kukucha:** Yes. As I stated in my opening statement, there was a company called Rotoliptic, which I sat on the board of and was asked to resign from as part of the GIC process, and I immediately resigned.

**Ms. Valerie Bradford:** Okay, thank you.

How and to whom did you disclose any real or perceived conflicts? You just answered about the GIC appointments process, but what about once you joined the SDTC?

**Mr. Stephen Kukucha:** The process to disclose once we were on the board was that, prior to every meeting, we received a list from management, and we sent our responses back to them collectively and to the entire board as well.

**Ms. Valerie Bradford:** Okay.

Mr. Ouimet, last week we heard that due to funds to companies needing to be approved by the board, oftentimes there would be many bulk approval processes where the applications were not even reviewed unless a board member had a specific question around any of the applications. Can you tell us a bit more about this bulk approval process and how these tranches of funding were allocated in such a way?

[Translation]

**Mr. Guy Ouimet:** Mr. Chair, a few years ago, we introduced a type of funding called seed funding, which was about \$100,000 per business. That's much less than the usual funding provided to start-ups. Management set up a specific process, which the board of directors approved. A jury had to approve each project on behalf of the project review committee. The jury was made up of people from across Canada, including management representatives, outside experts and, at times, a member of the board of directors. We approved 10, 15 or 20 projects at a time for \$100,000 in seed funding. At the board meeting, all the projects were tabled and, knowing that due diligence had been done, the board approved the funding amount. This is common practice in other financial institutions, including federal ones.

**The Chair:** Thank you very much.

Next up is Ms. Sinclair-Desgagné.

You have the floor for two and a half minutes.

**Ms. Nathalie Sinclair-Desgagné:** Mr. Ouimet, who were the minutes of the board meetings sent to?

**Mr. Guy Ouimet:** The minutes were sent to the directors, to everyone who was present. I'm sure they were made available to officials from the Department of Innovation, Science and Economic Development, since they took part in the meeting.

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

You're saying you never opened one of those reports, so you didn't realize there were errors.

**Mr. Guy Ouimet:** I always read them and I recognize that mistakes may have been made.

There are actually two kinds of mistakes. What happened with Swirltex was a genuine mistake that nobody noticed. Then—

**Ms. Nathalie Sinclair-Desgagné:** You didn't notice the Swirltex mistake, nor did you notice that—

**Mr. Guy Ouimet:** No, I didn't see the mistake. I saw the minutes, but I missed the line about Swirltex, and I didn't realize there was a mistake.

The Auditor General identified other lapses. As I said earlier, if someone declared a conflict, it was obvious to me that it wasn't on the record whether that person entered or left the meeting. However, the fact that the person declared a conflict indicated to me that they did not take part in the decision, that they left the meeting, but it was not—

**Ms. Nathalie Sinclair-Desgagné:** I understand what you're saying about that, Mr. Ouimet. I'm just trying to wrap my head around this. You're telling me that, in your opinion, to resolve a conflict of interest, the person just has to declare it and there's no need to leave the room.

So, if there were eight conflicts of interest—I'm sure the Auditor General wasn't just making that up—that means there were at least eight different records of proceedings in which you didn't pick up on that important information. You recused yourself when you had a real conflict of interest, and you didn't pick up on the fact some-

one said you had a conflict of interest with a company. You missed all that.

Did you fail to do your job as a director, Mr. Ouimet?

• (1300)

**Mr. Guy Ouimet:** No. I reviewed the minutes of the meeting regularly and every time I declared a conflict of interest, I made a note of it. I know I recused myself and every time I did, I left the meeting room. I never stayed.

**Ms. Nathalie Sinclair-Desgagné:** That's not what I asked you, Mr. Ouimet.

It was also your role as an administrator to review the accounts and verify that the work was done properly and, obviously, that there was no conflict of interest, neither real nor apparent. That is also part of an administrator's responsibilities.

**Mr. Guy Ouimet:** Your point is well taken.

Since the beginning of the fiscal year, we have recognized that the documentation was lacking at certain times.

**The Chair:** Thank you very much.

[English]

Next is Mr. Desjarlais.

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

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

Witnesses, the Auditor General's report says that they found that the SDTC board did not ensure SDTC's "compliance with its enabling legislation." They also found that "the board did not follow the process required by the contribution agreements to approve funding." These are pretty damning statements by the Auditor General.

To evidence this, in her "Findings", paragraph 6.27 states:

For the 58 projects described in paragraph 6.21, we reviewed and analyzed the materials that Sustainable Development Technology Canada had used to screen and assess projects for funding. This included budgets, corporate information, risk assessments, external expert reviewers' reports, and materials and minutes of the related meetings of the Project Review Committee and the board of directors.

Both of you were members of the board.

It continues:

We found that 2 Ecosystem projects were clearly ineligible, as they did not fund or support the development or demonstration of a new technology. While we did not perform a technological assessment of projects, we also found 7 Start-up projects and 1 Scale-up project where, in our view, the foundation's documents did not demonstrate that eligibility criteria were met.... Overall, these 10 projects were approved for \$59 million in funding, of which \$51 million was disbursed as at the end of our audit period.

The Auditor General found that 10 projects, totalling \$59 million in funding, were approved despite not meeting eligibility criteria. Was the board made aware of these projects and the fact that they did not meet eligibility criteria?

Mr. Kukucha.

**Mr. Stephen Kukucha:** My recollection is that the ecosystem projects were approved prior to my joining the board. The one ecosystem project I recall reviewing was the Verschuren Centre, which we actually turned down at the project review committee. I know that I and other new board members had questions about that program that we asked at the board.

**Mr. Blake Desjarlais:** That's a big red flag, you'd say.

**Mr. Stephen Kukucha:** We asked questions at the board about that, because we could not find information online about that either. We probed management with that. Again, as with some other matters, we were assured by the CEO that this was approved by government and that there was written confirmation for that.

**Mr. Blake Desjarlais:** You just trusted the board chair.

**Mr. Stephen Kukucha:** We trusted the management and the CEO who ran the organization. We believed that if there was a different view, the ADM from the government who was sitting in the room would have either approved or contradicted that. There seemed to be unanimity that this was [*Technical difficulty—Editor*] for the purpose of the organization.

**Mr. Blake Desjarlais:** Did the ADM's presence give you false concerns that they were approved or had passed the line?

**Mr. Stephen Kukucha:** At one point, there was a verbal confirmation; at other points, there was no verbal dissent. That's correct.

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

I turn now to Mr. Nater.

You have the floor for five minutes, please.

**Mr. John Nater (Perth—Wellington, CPC):** Thank you, Mr. Chair. I'll be splitting my time with Mr. Perkins.

I just want to get a few questions of clarification for you on the record, Mr. Kukucha.

The conversation of January 27, 2023, with the whistle-blower, how did that occur? Was it over the phone, or was it on Zoom or some other platform?

**Mr. Stephen Kukucha:** The whistle-blower contacted me, and it was an unknown number that came up on my phone. I picked it up. I was at the end of a meeting, so I requested that they call me back approximately 45 minutes later or something like that. When I was in an environment where I could take notes and be attentive, they called me back, and then an hour-long conversation ensued after that.

• (1305)

**Mr. John Nater:** Thanks for the clarification.

To your knowledge, prior to this conversation, had you had any dealings with this individual?

**Mr. Stephen Kukucha:** To the best of my knowledge, I had not.

**Mr. John Nater:** To clarify, then, are you of the opinion that this was the same individual—Witness 1—who testified before this committee, or was it a different individual?

**Mr. Stephen Kukucha:** As I stated in my opening comments, it appeared to be different, just because of the tonality of voice. There

was something in the voice of the two individuals that appeared to be very different to me. That is why I made the statement that I did.

**Mr. John Nater:** Thank you for the clarification.

As a last question on this matter... You did note that you made contemporaneous notes of that conversation. Would you be willing to provide to this committee the notes from your conversation?

**Mr. Stephen Kukucha:** If the committee requested them, I would happily turn them over.

**Mr. John Nater:** I personally would request it as a member of this committee, but we can deal with that as a committee later.

**The Chair:** Let me just pause there. I don't think that's necessary.

Is that something you're prepared to do, Mr. Kukucha, on the request, or would you prefer that we pass a motion on that?

**Mr. Stephen Kukucha:** Mr. Chair, I'm not sure of the law around being compelled to provide information to a parliamentary committee versus my former duties as a board member. I'd need to either seek legal counsel on that or defer to your passing a motion to require that.

I'm prepared to do whatever this committee requires me to do.

**The Chair:** Let me come back to you on that.

Go ahead, Mr. Nater.

**Mr. John Nater:** I'll pass my time to Mr. Perkins.

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

Mr. Kukucha, how much was your initial investment in Terramera?

**Mr. Stephen Kukucha:** In 2016, I made a \$15,000 investment.

**Mr. Rick Perkins:** What is that worth today?

**Mr. Stephen Kukucha:** I do not know. This is a private company. I'm cautious, because it's a private Canadian company trying to do good work. I know that they went through a split of some sort. I could not tell you what that's worth today, but—

**Mr. Rick Perkins:** How about Rotoliptic? What was your initial investment there?

**Mr. Stephen Kukucha:** My initial investment there, sir, was \$200,000.

**Mr. Rick Perkins:** What is that worth today?

**Mr. Stephen Kukucha:** Again, as it is a private company, I do not know the valuation of that, and I would not want to speculate.

Let me say that I think both companies have seen challenges over the last couple of years. Like anything with venture capital, these are risky investments.

**Mr. Rick Perkins:** Okay.

How much was your initial investment in Ecoation Innovative Solutions?

**Mr. Stephen Kukucha:** Again, it was a very small amount of \$15,000, in 2017.

**Mr. Rick Perkins:** I assume that it's the same thing on current valuation.

**Mr. Stephen Kukucha:** That is correct.

**Mr. Rick Perkins:** Okay.

Mr. Chair, I would like to move a motion right now, if I could.

**The Chair:** Just hold on while I deal with this matter with Mr. Kukucha.

Mr. Kukucha, here's how we generally proceed. The request was put to you. You seemed agreeable. Could you check, then, on your ability to provide us those notes? If you cannot for legal reasons, please get back to us. As I'm sure you know, the committee can move to have you submit them, which then elevates it. There are other steps after that. We don't normally go from zero to 60 at first blush. We don't typically need to do that.

As I said, you seemed to be agreeable. If you can provide those notes or get back to us with a detailed explanation as to why you cannot, would that be agreeable for now?

**Mr. Stephen Kukucha:** Yes, Mr. Chair.

**The Chair:** Thank you very much. That matter is settled for now.

Mr. Perkins, you have the floor, please.

**Mr. Rick Perkins:** Thank you.

The clerk can circulate this motion, if she wishes.

**The Chair:** Why don't we hear the motion first, so that I can ensure it's in line?

**Mr. Rick Perkins:** The motion is as follows:

That, with regard to the committee's ongoing study of SDTC, and given that:

(i) the Deputy Secretary to the Cabinet of Privy Council Donnalyn McClymont stated that "The selection processes are application-based. Positions are advertised through notices of opportunity on the Privy Council website." and "As I have said from the outset, we would post a notice of opportunity on our website. We would invite people to apply. We would assess those applications."; and given;

(ii) former Minister Navdeep Bains said that "The process...is an open, fair and transparent process that's publicly available to all individuals. Anyone who wants to apply can do so.... It's open to everyone.", and given;

(iii) Annette Verschuren, former Chair of SDTC, stated that "I never applied for the position of the Chair of SDTC." and that "there were indications that I was requested";

the committee therefore express its deep concern with the contradictions between Ms. Verschuren's testimony and that of former Minister Navdeep Bains and PCO appointments, and therefore agree to:

(a) order the production of PCO's letter of advice to Minister Bains for the Governor in Council appointment of Annette Verschuren, Guy Ouimet, and Stephen Kukucha, in both official languages, without redactions, within 14 days following the adoption of this motion;

(b) order the production of a copy of Annette Verschuren's, Guy Ouimet's, and Stephen Kukucha's application to Privy Council to serve on the board of SDTC, if it exists, in both official languages, without redactions, within 14 days following the adoption of this motion;

(c) order the production of any briefings notes, letters, or memorandums, provided to Minister Bains, former Deputy Minister John Knubley, or Hilary Leftick, from PCO, that were prepared as part of Ms. Verschuren's candidacy as chair, in both official languages, without redactions, within 21 days following the adoption of this motion;

(d) hold two meetings on SDTC, within 14 days following the adoption of this motion, and invite former Minister Navdeep Bains, Donnalyn McClymont, and Hilary Leftick, to provide clarity on the contradictory testimony.

• (1310)

**The Chair:** Just one second, Mr. Perkins.

I'm going to suspend for a second, consult with the clerk and get the motion distributed.

• (1310)

(Pause)

• (1310)

**The Chair:** All right. I'll bring this meeting back into order.

Electronic copies have been sent out to members.

Mr. Perkins, you have the floor, and then I'll turn to a speaking list. Thank you.

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

During her appearance last week at the industry committee, I asked the former chair, Annette Verschuren, when she was called, and who called her, to be on the board. She said, "I don't know exactly the date. It was a couple of times, I think, he [former minister Bains] spoke to me about this, as did his policy adviser". Then I said, "They called you to see if you would do this", and she said, "Yes."

Then I said, "in your interview", they said that "the government approached you. Is that correct?" She said, "That's correct." I asked, "Had you applied before you spoke with Minister Bains, or after?" Ms. Verschuren said, "I never applied for the position of the chair of SDTC." She said that she never applied. Then, she subsequently went on to say, on another question of mine, that she never applied for anything in her life, which is a very egotistical statement.

Then, in a response later on, when I asked her again, she said, "Mr. Chair, I believe the situation was that there were indications that I was requested to consider being an applicant" for this. Therefore, she never applied, yet former minister Bains, when he was before our committee, said that he got a list from PCO with only the names of people who applied, and the head of PCO appointments, who works for the Prime Minister, said that they only provided names of people who applied.

Spontaneously, several days after the fact, Ms. Verschuren changed her mind again, but I believe the testimony she gave before committee when she said, three times, that she never applied and that the government asked her to do this, as they were pushing the former chair, Jim Balsillie, out the door because he had criticized the government in the ethics committee for its lack of attention to privacy breaches, for its surveillance economy and for a particular breach by Facebook. According to previous testimony, the minister made clear, on several occasions, to former president Leah Lawrence, of the green slush fund, that this irritated the Prime Minister and the government, and they wondered if they could not get him to be quiet.

We have all of this contradictory testimony here, and as such, these individuals need to come back and clarify just exactly how all of this happened. The reason is that, in the history of SDTC—and it's more than a 20-year history—there has only been one chair who, when appointed, and during her appointment, was conflicted. Former minister Bains told her—and ADM Noseworthy sat in the ISED meetings—that they would “manage” the conflicts.

We had testimony here today from Mr. Ouimet, and we've had testimony from the former president, who said that once Ms. Verschuren was appointed, Mr. Ouimet came to them and said that he was going to go on the board of this company that he wasn't allowed to go on before because it was a conflict, but now conflicts were okay, so he could go on the board. That company continued to get more money from SDTC while Mr. Ouimet was on the board. For the 82% of all transactions that happened in that audit, where directors were voting conflict of interest money to boards, they had a total, by the way, of \$330 million for that, according to the Auditor General.

No wonder Mr. Kukucha and Mr. Ouimet won't acknowledge the Auditor General's report; they don't like what she found, which was the truth that \$330 million was voted to companies that board members had interests in.

Therefore, this contradictory stuff needs to be addressed. I know, Mr. Chair, that on the original motion on the study, these individuals—former minister Bains, who's now in charge of the highest cellphone prices in the world at Rogers, and the other PCO officials, as well as PMO officials—need to be in this room, in this meeting, to be held accountable for these contradictions as to whether they overrode the appointment process to put a political appointee in place in this manner.

• (1315)

**The Chair:** Thank you.

Before I turn to Mr. Desjarlais and others, I will say this to our witnesses. If you gentlemen could just hold fast for a few minutes, I'm going to see if this is going to take a little while or if it's going to be wrapped up relatively quickly. If it's done quickly, we will come back to you. If you could, please just sit tight for a few minutes as we hear some of the comments from the members. I do have to deal with the motion right off the bat because it is a matter-at-hand motion. It is in line.

On that note, Mr. Desjarlais, you have the floor, please.

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

Thank you to Mr. Perkins for this important motion. I, of course, support this motion. It's important that we ask and exhaust as many of the questions relevant to this very important audit as we can.

However, Mr. Chair, I have a point of recommendation, perhaps, for Mr. Perkins, the mover of the motion.

Today, we heard incredible testimony from two witnesses who largely failed to accept the Auditor General's report. It is incumbent upon me to suggest that the Auditor General be allowed to reply to what I think are instances of an attempt to dissuade the public or discredit the Auditor General and her work by overly stating its broadness or non-application of evidence. I'm not sure if we can in-

clude in this motion the attendance of the Auditor General to clarify statements made by witnesses who have largely obfuscated, I think, the public record on the importance of her findings.

Mr. Chair, would it be okay for Mr. Perkins to amend this to include the Auditor General?

• (1320)

**The Chair:** That is not necessary. The Auditor General has already been included in a previous motion. It is our custom—

**Mr. Blake Desjarlais:** Is she a witness coming forward later?

**The Chair:** Yes. She will have an opportunity.

**Mr. Blake Desjarlais:** Okay. That's perfect.

**The Chair:** As well, the Auditor General has an open invitation to attend any hearing on studies that she and her office have conducted. They generally choose to do so when it's an institution that has been put under the microscope. The OAG will attend at some point as part of these hearings, Mr. Desjarlais.

While your amendment has some support, it is moot and does not need to be considered at this time.

**Mr. Blake Desjarlais:** Is it possible, within the same two-week period in which we're summoning information, documents and witnesses, to have the Auditor General present, or at least invite her in relation to the former witness list she's included on?

**The Chair:** I can't guarantee that. I negotiate with her office about times that are suitable. However, I can assure you the OAG will be appearing. I'm working on the calendar to ensure that the motions this committee has passed are duly respected.

**Mr. Blake Desjarlais:** I appreciate that.

**The Chair:** I hear what you're saying, and I'll have discussions with you.

I'm now going to turn to Mr. Drouin, who requested the floor.

**Mr. Francis Drouin:** I have a quick question.

I know there was a motion adopted on September 5. I'm wondering whether the September 5 motion corresponds to what is being asked here—in the spirit of redundancy.

I salute my honourable colleagues' willingness to get to the bottom of this. I'm assuming that tomorrow they will vote no on non-confidence, since they want to see these documents. I'm assuming they're not going to want to go into an election this time around.

**Mr. Rick Perkins:** I'd love to go into an election.

**Mr. Francis Drouin:** That brings me to this: Why do this if you want to go into an election right away? I question their motivations, if you permit me, Mr. Chair.

I would ask the clerk whether or not the motion adopted on September 5.... We have reason to believe it will answer a lot of the items of the motion being asked here.

**The Chair:** I'm going to ask you to put questions through the chair and maybe make some arguments, Mr. Drouin.

We assess the motions. I'm not sure if you're looking to—

**Mr. Francis Drouin:** I'm looking for non-partisan advice, Mr. Chair, with all due respect. I respect your opinion, but may I consult, through you, with the clerk, in order to see—

**The Chair:** Sure.

Mr. Drouin, you are certainly new, so I will turn things over to the clerk. I can pretty much guess what she is going to say—something about being masters of our own domain.

Madam Clerk, you have the floor.

**The Clerk of the Committee (Ms. Hilary Smyth):** Thank you.

For the committee, I will read the motion adopted on September 5 as amended:

That the committee order the production of the following documents:

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

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

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

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

There could be some overlap here, but it is at the members' discretion to discuss this and come to a decision.

**The Chair:** Mr. Drouin, the floor is yours.

You're welcome to make any amendments to the motion that you see fit if you think that is in order.

**Mr. Francis Drouin:** I'm always here to work with others as well. I'm just wondering if we can park this and wait until we get the information. If it's not satisfactory to Mr. Perkins, then Mr. Perkins could reintroduce his motion and we can move forward on the adoption of that particular motion, but if the documents are to be submitted to this committee by three weeks, we're getting close to the end time, so I'm assuming that documents will be showing up at this committee fairly shortly.

• (1325)

**The Chair:** Thank you.

Next is Madame Sinclair-Desgagné.

[*Translation*]

**Ms. Nathalie Sinclair-Desgagné:** We, on this side, support the motion as well. The contradictions we see between the various testimonies seem very problematic to us. In fact, the contradiction noted in the motion we are debating today is one of them. There have been others, such as who manages Sustainable Development Technology Canada, or SDTC. On the one hand, the deputy minister of

Innovation, Science and Economic Development Canada said that it was the National Research Council of Canada, or NRC, while on the other hand, the director of the NRC said that it was not the council that manages SDTC. Once again, there are tons of contradictions in the testimony, which does not allow parliamentarians to do their work effectively.

We therefore support this motion and hope to move to a vote very soon.

[*English*]

**The Chair:** Thank you very much.

Madam Clerk, call the question, please.

**Ms. Iqra Khalid (Mississauga—Erin Mills, Lib.):** I'm sorry, Chair. I had my hand up.

**The Chair:** I'm afraid the question has been called, Ms. Khalid.

**Ms. Iqra Khalid:** Chair, I had my hand up before you called for that. I find that to be a little bit unfair, Chair.

**The Chair:** I did not see your hand up, Ms. Khalid. I waited... The question has been called.

**Mr. Francis Drouin:** I'm sorry, Mr. Chair. We're talking about five seconds. She said she wanted to speak.

**The Chair:** Mr. Drouin—

**Mr. Francis Drouin:** I've been on other committees with an opposition chair. I've sat on government operations for six years. There's always this collegiality back and forth, of course.

Ms. Khalid said she wanted to have the floor, but you gave her no time. I'm just wondering, how are we running the show here?

**The Chair:** Mr. Drouin, I appreciate your enthusiasm.

I scan the room as members are talking.

**Ms. Iqra Khalid:** Mr. Chair, I swear to you that I had my hand up while Mr. Drouin was speaking.

**The Chair:** Ms. Khalid, you know my practice.

I was even deliberately slow between the end of Madame Sinclair-Desgagné's comment and before calling the—

**Mr. Francis Drouin:** Five seconds, that's—

**Ms. Iqra Khalid:** I thought you recognized me and put me on the list, Chair.

**The Chair:** The question has been called.

**Ms. Iqra Khalid:** No, Chair. I will challenge you on that.

**The Chair:** Ms. Khalid, it is your option to challenge me on that.

The chair has been challenged.

(Ruling of the chair sustained: yeas 5; nays 5)

**The Chair:** Thank you.

We'll call the question on the motion as tabled by Mr. Perkins.

We have a tie. I vote yea.

(Motion agreed to: yeas 6; nays 5)

**The Chair:** The motion has passed.

I'm now going to go back to the witnesses.

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

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

I'd like to turn back to the Ethics Commissioner's "Ouimet Report".

In July 2024, the Ethics Commissioner dismissed allegations that you had contravened the Conflict of Interest Act, given the board's decision to approve COVID-19 payments to companies, including Lithion Recycling Inc., which you held shares in. What percentage stake did you hold in Lithion?

• (1330)

**Mr. Guy Ouimet:** It was 1%.

**Ms. Jean Yip:** Thanks.

The commissioner's decision states that your interest in Lithion was insignificant and that it did not pose a risk of conflict of interest. Can you explain the commissioner's decision as you understand it?

[Translation]

**Mr. Guy Ouimet:** The commissioner applied the *de minimis non curat praetor* principle. In fact, my involvement in the company was so minimal that he felt it could not influence my decisions.

[English]

**Ms. Jean Yip:** Can you explain to this committee how the board approved the one-off COVID-19 payments to the companies in the portfolio in the last month of the fiscal year 2020-21?

[Translation]

**Mr. Guy Ouimet:** Thank you.

As we mentioned a few times, the situation was difficult for businesses. The assistance from the federal and provincial governments wasn't yet available. It was only released after that, from multiple sources. In discussion, management and the board developed a project to increase existing contracts by 5% in order to provide assistance to businesses in difficulty. This project was submitted by management.

It was said earlier that the 14-month average doesn't justify additional assistance, but experienced venture capitalists will tell you that, to ensure the health of a business, an 18 to 24-month runway is required. However, at that time, some companies were at 14 months and were in difficulty.

Management consulted with each of the companies to ensure that it wasn't impossible to save them, in other words, that it was justified to continue to disburse funds to them. That's how the program was approved as a block, without any particular company being mentioned. It was a special program. It was implemented during the pandemic and was approved by government officials before it came into force.

As has been mentioned several times, the conflict of interest issue arises from a problem with the interpretation of a legal opinion concerning the Conflict of Interest Act. I think we all understand that. Furthermore, there was no wrongdoing or lack of good faith on the part of the directors.

[English]

**Ms. Jean Yip:** The whistle-blower testimony states that every company associated with the board members, including the chair, benefited from grants they approved.

Can you speak to this, given you were there?

[Translation]

**Mr. Guy Ouimet:** The legal opinion said that, given the universal nature of the measure, in which no company was singled out, and the fact that the conflicts had already been declared, we didn't need to recuse ourselves. Otherwise, the alternative would have been to hold multiple votes with an absent director each time, which would effectively have been contrary to the intent.

[English]

**Ms. Jean Yip:** Before joining the board of SDTC, you had previously worked as an adviser to the SDTC from 2006 to 2014.

Is that correct?

**Mr. Guy Ouimet:** That is correct.

**Ms. Jean Yip:** That was during the Harper government.

What was SDTC's mandate throughout the Harper years? What type of work was it funding?

[Translation]

**Mr. Guy Ouimet:** SDTC had a similar mandate. The idea was to fund businesses, essentially for demonstration and start-up projects that would have an impact on greenhouse gases.

At the time, I helped SDTC set up a \$500-million investment fund, the NextGen™ biofuels fund. It was an initiative of the Harper government to compete with the U.S. on similar programs. I contributed, as an external adviser, to the structuring of that fund.

• (1335)

**The Chair:** Thank you very much.

[English]

We're going to begin our fourth and final round. I'm going to truncate it slightly. Government and official opposition members will have four minutes, and the third parties will have two minutes for this last round.

Mr. Perkins, you have the floor, then, for four minutes, please.

**Mr. Rick Perkins:** Thank you.

I'd like to go back to the Auditor General report. Maybe I could start with Mr. Kukucha and then Mr. Ouimet.



Mr. Kukucha, some board members had more conflicts of interest than others. One of them was Andrée-Lise Méthot, who is named the most in the Auditor General's list of that. When I look down the list of companies that her company, Cycle Capital, is invested in, it's hard for me to see how she could ever be in a board meeting; she would have been recusing herself all the time.

Did you see her leaving the room a lot?

**Mr. Stephen Kukucha:** Honourable member, I joined the board at a time that I believe was Ms. Méthot's last meeting, so I was not privy to any of the previous work or conflicts she declared.

**Mr. Rick Perkins:** Mr. Ouimet.

[Translation]

**Mr. Guy Ouimet:** Starting in 2018, I took part in board meetings with Ms. Méthot. She was there before I was, and she left before the end of my term.

During the time I was able to observe her behaviour, every time a conflict of interest was declared, she would leave the room or the virtual meeting to recuse herself.

[English]

**Mr. Rick Perkins:** I see Enerkem Alberta Inc., MineSense, Spark Microsystems, Concentric Agriculture, Polystyvert, Vuereal, Cellufuel, Greenmantra Technologies, ChrysaLabs, BorealisWind, Développement Effenco, Equispheres, Global Spatial Technology Solutions, Fractal Systems, GHGSat Inc., Heliene Inc., [Inaudible—Editor], Metamaterial Technologies, Peak Power, Purlucid Treatment Solutions, Terramera, Advanced Intelligent Systems, Anomera, Inc.

That's \$114 million in total, Mr. Ouimet. While she was on the board, the financial interests of her venture capital firm had interest in all this. That's an awful lot of transactions that she left the room for. She probably wasn't in the room very much, then. Is that right? She was out of the room, by the looks of all of these, all the time. That's \$114 million. Do you think it's appropriate that a board member had \$114 million invested in a company she had a financial interest in during her time on the board?

[Translation]

**Mr. Guy Ouimet:** Mr. Chair, I never considered Ms. Méthot's interests. All I can say is that I have observed her behaviour. I remember that she recused herself after declaring a conflict of interest. I can't comment on anything else.

[English]

**Mr. Rick Perkins:** You weren't following her interests. It's pretty hard not to, when they brief you at the beginning of every meeting of the conflicts that each director has, and then go about voting for those projects that that director has, when she has them.

Mr. Kukucha, you referenced that she left the board when you did. Are you aware that she left the board and went to the Canada Infrastructure Bank as a board member?

**Mr. Stephen Kukucha:** Honourable member, I did not track Ms. Méthot's activities post-SDTC and the one board meeting I sat in with her.

**Mr. Rick Perkins:** Are you not aware of Ms. Méthot's testimony here that she got \$170 million from the Infrastructure Bank board while she went over there?

**Mr. Stephen Kukucha:** I was not.

**Mr. Rick Perkins:** There's one last thing, Mr. Kukucha. You hadn't read the act when you got on the board. When I joined the BDC board, I read the BDC Act. It's not a difficult thing. You should always do that when you join a board. Second, you don't seem to know what the contribution agreements were. They are not the agreements between SDTC and the company being invested in; they are ISED-directed limits on what you can spend on.

Did you read the ISED-directed contribution agreements before you participated with everyone else in voting money outside those terms to companies?

• (1340)

**Mr. Stephen Kukucha:** Honourable member, there are two types of contribution agreements. There are those that are made between the companies and the organization when funding is granted, and those were the agreements I was referring to. Yes, I take your point. There is an agreement between the government and the broader organization with regard to funding flowing. That document was not made available to me as part of my onboarding package, so I did not have an opportunity to read that.

**The Chair:** Thank you very much.

Mr. Drouin, we'll go back to you.

You have the floor for four minutes, please.

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

Was Mr. Perkins appointed by the Conservative government on the BDC? I'm just checking.

**Mr. Rick Perkins:** Yes, I was.

[Translation]

**Mr. Francis Drouin:** Mr. Ouimet, as a point of information, you told my colleague that you own 1% of the shares of Lithion Recycling. Is that correct?

**Mr. Guy Ouimet:** Yes.

**Mr. Francis Drouin:** What did the Conflict of Interest and Ethics Commissioner say about that? Did he say that it was big enough to make decisions at Lithion Recycling, or did he just say that you didn't have a big enough stake in Lithion Recycling?

**Mr. Guy Ouimet:** The Conflict of Interest and Ethics Commissioner said that these shares of the company fell below the *de minimis non curat praetor* threshold, which means that this is considered insufficient for it to influence my judgment.

On that basis, he rejected the allegations of conflict of interest.

**Mr. Francis Drouin:** With 1% of the shares of Lithion Recycling, are you called upon to comment on management decisions or grants that the company may decide to seek out? Do you take a position on those issues?

**Mr. Guy Ouimet:** With 1% of the shares, I'm a shareholder, but, as was said, I'm a member of the board of directors. So I am indeed involved in decisions, but I wasn't involved in SDTC's decisions on Lithion Recycling, since the funding decision for the company was made before my appointment.

Then, during my term on the board of directors, there was a change to the contract, in 2019, I believe. I recused myself when there was a change in the contract. I stepped out of the room. With respect to decisions related to COVID-19 payments, I didn't leave the room given the legal opinion we're all familiar with. This one was reviewed by the Conflict of Interest and Ethics Commissioner, who concluded that there was no violation of the Conflict of Interest Act on my part.

**Mr. Francis Drouin:** Indeed, with respect to COVID-19 payments, earlier there were allegations that, 14 months after the fact, the payments had nothing to do with COVID-19, even though the pandemic lasted more than two years. What impact can that have on a business, even 14 months later? What were the sales and needs challenges? What was the environment like during that time?

**Mr. Guy Ouimet:** Let me clarify, Mr. Chair, that this payment did not take place 14 months after the pandemic. I think Mr. Cooper wanted to talk about a 14-month lead. When you consider a venture capital business, the lead is the period during which the business can survive if it doesn't generate revenue, despite the expenses it must assume.

According to the comment made earlier, the average survival of portfolio companies was 14 months. I haven't checked it, but that's what was said. Other factors were considered since all companies were having trouble carrying out their projects. Sometimes the project was cancelled with the partners and so on. As a result, business expenses increased quickly, as did uncertainty and their financial challenges.

That was the justification of the board and management to add 5% to the contracts, which resulted in two payments of about \$20 million each.

**Mr. Francis Drouin:** Thank you very much, Mr. Ouimet.

**Mr. Guy Ouimet:** Thank you.

**The Chair:** Thank you very much.

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

**Ms. Nathalie Sinclair-Desgagné:** Mr. Ouimet, can you please briefly describe the financial health of Lithion Recycling just before, during and after the COVID-19 pandemic?

• (1345)

**Mr. Guy Ouimet:** Mr. Chair, is it relevant to discuss the financial situation of a private company?

**Ms. Nathalie Sinclair-Desgagné:** Well—

**Mr. Guy Ouimet:** My question is for the chair.

**Ms. Nathalie Sinclair-Desgagné:** Mr. Chair, do we need to suspend the meeting?

Mr. Chair, did you hear what happened?

**The Chair:** No, I'm sorry.

**Ms. Nathalie Sinclair-Desgagné:** I lost a lot of time.

**The Chair:** Yes, please start from the beginning.

**Ms. Nathalie Sinclair-Desgagné:** I was asking Mr. Ouimet to describe the financial health of a company that received public funds. Mr. Ouimet asked whether it was relevant.

I think it's up to you to say whether it's a relevant question or not.

**The Chair:** It's a relevant question, yes.

**Mr. Guy Ouimet:** Lithion Recycling is a start-up. It doesn't have significant revenues and must make major investments before it can be successful. It's an integrated lithium-ion battery recycling technology. Investments are being made in two phases. One plant has already been built, and the next project is worth \$1 billion. The company's financial health is therefore assessed periodically. Successive funding is needed to achieve the objective.

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

**Mr. Guy Ouimet:** That's how Sustainable Development Technology Canada initially funded it.

**Ms. Nathalie Sinclair-Desgagné:** My next question is about that.

Do you think the \$400,000 was necessary for Lithion Recycling to survive? Was the company's financial health so fragile that it had to receive funding twice, in March 2020 and March 2021, for a total of \$400,000?

**Mr. Guy Ouimet:** Mr. Chair, when the board of directors of Sustainable Development Technology Canada made the payments related to COVID-19, it did not assess the companies individually. The members of the board of directors were not aware of the financial situation of each company. The approach that was put in place was for programs.

**Ms. Nathalie Sinclair-Desgagné:** Okay.

Do you think it was a good decision to do that and not look at the financial health of individual companies?

**Mr. Guy Ouimet:** I want to make it clear that the board did not examine the financial situation of individual companies, but the management of Sustainable Development Technology Canada received an allocation from the board. SDTC subsequently contacted each of the companies and verified the situation of each of them before authorizing payments, at the discretion of management.

**The Chair:** Thank you very much.

[English]

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

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

Thank you again to the witnesses for being present.

I have asked every witness this question related to the audit as it's been relevant to the public accounts committee, and that's been on the issue of recovery of funds. Taxpayers are hard-working people. They show up to work every single day. They show up without any bonuses or extra paycheques and they pay their taxes. They do it really well. They're trying their best, especially right now, when things are extremely expensive. I have asked this question mainly because I find that there's oftentimes a misjudgment or misvaluing of taxpayers and how much they actually work and contribute to our society.

The Auditor General made this recommendation:

Sustainable Development Technology Canada should reassess projects approved during the audit period to ensure that they met the goal and objectives of the Sustainable Development Technology Fund and all its eligibility criteria.

It's incumbent upon members of Parliament to ask the very difficult question of recovery of funds. I believe, sternly, that the money from projects that were deemed ineligible should be recovered to ensure that the taxpayers get justice in relation to those funds, which were disbursed and approved by a board that allowed for funds under a very direct conflict of the legislation, which enables them to get that money back.

I agree with the Auditor General that we should reassess this, but I would go further and suggest that we need to recover some of these funds. Of course, the victims of this mismanagement at SDTC are taxpayers. They're Canadians. They're small and medium-sized businesses. It's also our environment. It's deeply troubling that this was allowed to continue for so long, particularly under Ms. Verschuren's chairmanship. It was devastating to the small and medium-sized businesses that are doing everything they could possibly do to create innovation, Canadian innovation, toward what is a very serious issue plaguing our society.

Simply put, do you agree that we should not just reassess the projects approved during the audit period that were deemed ineligible, but also begin a process of recovery for those funds?

Mr. Kukucha.

• (1350)

**Mr. Stephen Kukucha:** Honourable member, as I'm no longer a member of the board, I will leave that to the new board to decide.

As I stated in my opening statement, I think a lot of good work was done by this organization, and a lot of deserving companies received funds. I acknowledge your statement, obviously.

I have nothing further at this time.

[Translation]

**The Chair:** Mr. Ouimet, do you have an answer for us?

**Mr. Guy Ouimet:** The findings of the auditors general are recognized in terms of non-compliance. In my remarks, I indicated that all SDTC investments decided by the board of directors while I was there were based on development plans and investment frameworks approved annually by the board, the department and the minister responsible.

The problem is elsewhere, and the Auditor General has recognized that. Indeed, the legal framework has not been updated quick-

ly enough by the government to reflect the operational frameworks approved by the government, so it's an administrative matter.

Let's take the example of an ecosystem. Why are there ecosystems all of a sudden? It was noted that there was an influx of applications in some provinces, such as British Columbia, Ontario and Quebec. In other provinces, the technology development ecosystem was so weak that we said to ourselves that nothing would happen and that those provinces wouldn't receive their fair and equitable share of repayment opportunities.

**The Chair:** Thank you.

**Mr. Guy Ouimet:** In this case, we were saying that we had to create an ecosystem that would bring water to the mill. That's one example.

**The Chair:** Thank you very much.

[English]

We just have two more members to hear from.

Mr. Perkins, you have the floor, and then it's Ms. Khalid, who will end this.

Mr. Perkins, go ahead, please.

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

Mr. Kukucha, I want to go back to how I ended my last session, because something you said astounded me.

Just for folks watching, anyone who's following, this is a complicated issue, the green slush fund. Parliament appropriates money to be spent and transferred to the foundation, as it's called in the green technology space. Over the years, it's been about \$22 billion, but the last batch was about \$750 million. The fence posts, the guideposts, for the foundation's board in spending that are called contribution agreements with the industry department, and they say you can spend Parliament's money on this and only this. The Auditor General found that, in many instances, the board had gone outside of that, particularly in the COVID payments but also in other instances, for a total of about \$58 million that was spent in the five years she looked at. They were outside of the contribution agreements. In other words, they were against the rules that Parliament approved the money for.

You mentioned, Mr. Kukucha, that in the orientation package, when you became a director, they did not give you the contribution agreements to review so that you could understand those guideposts. Is that correct?

**Mr. Stephen Kukucha:** Mr. Chair, to the best of my recollection, they did not provide that. I defer to Mr. Ouimet's testimony that this was legislation that had not been updated, and we were essentially working in a system where it was my understanding, which was provided verbal confirmation both by the CEO and from the ADM present, that we were working within the government's approval.

**Mr. Rick Perkins:** The question then is—and you were both on the investment committee—how do you make these decisions without knowing the parameters? You said that the ADM was there. The Auditor General referred to the fact that the assistant deputy minister, a senior bureaucrat in the industry department, sat in every single board meeting, and we're to believe that the minister didn't know what was going on when he had an official there.

In the Auditor General's report, it says that the board interpreted the official not objecting as agreement that what the board was doing was correct. Did you feel that way?

**Mr. Stephen Kukucha:** On the investment committee, we were aware of the general parameters that we would be making investments around. There were environmental targets; there were GHG reductions, and there was the circular economy. There were a whole lot of criteria that we judged projects by and that the expert reviewers reviewed by. When projects came to the project review committee, we very much had a set of criteria that we reviewed them against, and we worked very hard to do so.

• (1355)

**Mr. Rick Perkins:** You don't know whether those criteria were actually consistent with the industry department's contribution agreements, since you never saw them.

**Mr. Stephen Kukucha:** As stated, I don't recall receiving a copy of that in my orientation material, but that was a very long time ago, and a lot has happened since then, obviously.

**Mr. Rick Perkins:** Mr. Ouimet was appointed long before you.

Mr. Ouimet, did you have access to the contribution agreements at any time from your orientation on the board?

[*Translation*]

**Mr. Guy Ouimet:** Absolutely, yes. I've read the contribution agreement; I'm fully aware of it. I've seen the evolution of the investment plans, as I said earlier.

For example, at the beginning of SDTC—

[*English*]

**Mr. Rick Perkins:** That's my question. Thank you.

You saw them. In spite of that, you still approved money outside the contribution agreements, then, since you were aware of them.

[*Translation*]

**Mr. Guy Ouimet:** No, I approved investments in line with the current government-approved investment plans.

[*English*]

**Mr. Rick Perkins:** You were on the board during the Auditor General's period, and \$58 million was spent outside of that agreement.

[*Translation*]

**The Chair:** I'm sorry, but your time is up, Mr. Perkins.

[*English*]

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

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

Thank you to the witnesses for being here today.

There is no way in which I condone the misappropriation or misuse of public funds at all, whether it is through SDTC or any other way.

I want to give a bit of history before I ask you my questions. Since its creation in 2001, SDTC has invested more than \$1.71 billion in over 500 companies that have generated \$3.1 billion in annual revenues, created 25,400 jobs, commercialized 224 new technologies and reduced greenhouse gas emissions by 25 megatonnes of carbon dioxide annually.

Do you think that the conduct that has occurred here has inhibited or somewhat taken away from the credibility of this program?

I'll ask Mr. Kukucha first, and then I'll go to Mr. Ouimet.

**Mr. Stephen Kukucha:** I can only speak for myself, in that I acted in good faith and we were working under guidelines and an understanding that we were making best efforts to help contribute to the clean-tech companies, helping drive the economy in Canada. It would be a shame if that were brought into question based on what's occurring here. Having said that, we accept the findings of the reports and turn the matter over to the new board and government to continue funding as they see fit.

**Ms. Iqra Khalid:** Thank you.

Mr. Ouimet.

[*Translation*]

**Mr. Guy Ouimet:** As I said, we accept the findings of the reports that have been tabled. I think the current leadership is putting in place all the recommendations.

The results achieved by SDTC over the years are compelling—you referred to them. I'm convinced that they will continue to contribute to the Canadian economy. Obviously, this isn't a good time for the organization and the business ecosystem. However, we hope that it will recover quickly.

I'd also like to point out that no study or report has shown that there was wrongdoing or that money was sent where it shouldn't have been.

I would ask you to take note of that as well.

[*English*]

**Ms. Iqra Khalid:** Thank you.

My understanding is that there is a new process. There is a transition to the NRC with all of this.

Now, talking about misuse of public funds, Mr. Kukucha, did you previously appear at the industry committee on this exact issue?

**Mr. Stephen Kukucha:** Yes, I did.

**Ms. Iqra Khalid:** Were you asked any different questions today than you were asked at that time?

**Mr. Stephen Kukucha:** We've been asked a lot of questions. The tonality of this meeting was obviously fundamentally different than the last one, but I can't be specific. Yes, I've probably been asked several questions. It's been a very long and challenging meeting.

• (1400)

**Ms. Iqra Khalid:** How do you feel, then, Mr. Kukucha, when there has been a very clear and very quick direction from the minister, having understood the wrongdoing and having rectified it, on creating a path forward from it? How do you think these kinds of questions to you help or hurt our democratic institutions and the trust in them? We've clearly outlined today how SDTC has really helped the clean-tech sector.

**Mr. Stephen Kukucha:** Honourable member, facts matter, and context matters, and that leads to truth and ultimately to trust. Our democracy and our institutions will be hurt if we don't follow those processes.

I've tried my best in this hearing to provide context and the facts that I was aware of. I've tried my best to do a good job as a board member to enable the sector. I believe I've done that in good faith and have acknowledged some of the errors along the way.

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

I want to thank our witnesses, Mr. Ouimet and Mr. Kukucha, for their testimony and participation in relation to the study of "Report 6: Sustainable Development Technology Canada".

[*Translation*]

You can submit additional information to the clerk.

For any questions, please consult with the clerk.

[*English*]

Gentlemen, you're both excused.

To my colleagues, I had intended to have committee business in camera. With your indulgence, I can probably get this done very quickly. It's just two outstanding budgets. Could I seek consent to move into that right away? We can do this in public. It's all going to be reported eventually.

**Ms. Iqra Khalid:** What is it about?

**The Chair:** It's two budgets that were sent to you last week. They're supplementary budgets.

The first involves "Report 6: Sustainable Development Technology Canada". We're requesting an additional \$23,250. This is related to the relatively large number of witnesses the committee members have passed motions to hear from. As the clerk was careful to explain to me—because I do try to keep an eye on the purse strings—we're requesting these funds for possible travel. Should witnesses decide to come in virtually, obviously we won't spend these travel budgets and they'll be returned to the central budget.

With your approval, I'm looking for an additional \$23,250 for the study of "Report 6: Sustainable Development Technology Canada", which would bring the full budget to \$25,250.

**Ms. Iqra Khalid:** On that, do you have a tally of how many of our dollars have been spent on this study thus far?

**The Chair:** I do not.

Is that something you could address, Madam Clerk?

**The Clerk:** We don't have the invoices yet.

**Mr. Rick Perkins:** Can I ask a question on that?

**The Chair:** Hold on. I have Mr. Drouin.

I'll come back to you, Mr. Perkins. I'd like to get this done.

**Mr. Rick Perkins:** Okay. I just wanted to know if what was spent today was less than \$290 million.

**The Chair:** I'm going to Mr. Drouin.

Mr. Drouin, you have the floor.

**Mr. Francis Drouin:** Because we know that some members are part of INDU as well and INDU is looking at this, we're just looking for redundancy.

It's 2:05 p.m. We all have to get to question period.

I'd just like to get a tally of how much was spent before we say "yea" blindly, as we are discussing governance and the appropriation of funds.

**The Chair:** I will adjourn this. I will respond that if you want to go back and request from the clerk what budgets have been passed previously.... I believe it's only \$2,000. However, as the clerk says, the invoices have not been submitted yet, so we don't have an exact tally on that.

I'll adjourn, but I'm happy to take your questions.

Ms. Khalid.

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

I'd just like some clarification from you as to how I should better raise my hand in the future, so that I can be recognized. I thought we had made eye contact and you knew I wanted to speak, yet I was not recognized.

I'm just trying to figure out what the best way is for me to raise my hand or to make sure you know I want to speak.

**The Chair:** I think it is to look for an acknowledgement from me or the clerk. That has been the practice.

As a practice—you can agree or disagree with this—I try not to rush things through in a manner that catches anyone off guard. I do wait a few seconds before calling the vote, just in case there is someone who wants to speak. I do that deliberately, on purpose, because I try to read the room in terms of where members are at, but I can also count heads. It is my duty as well to try to conduct this business so that it moves on, in this manner.

It is also one of my hard rules that once I call a vote, I don't retroactively reverse that, because of the precedent that would create. Of course, members are free to overrule me any time should they feel that I'm acting in a manner that is not fair and just to all.

On that, with your permission, I will adjourn, and we'll see you back on Wednesday. The meeting is adjourned.

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