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Chair: Mrs. Jenica Atwin



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• (1555)

[English]

The Chair (Mrs. Jenica Atwin (Fredericton, Lib.)): I call the meeting to order. We're going to be tight on time and to try to get back on track here.

[Translation]

Welcome to meeting number 65 of the Standing Committee on Indigenous and Northern Affairs.

We acknowledge that today's meeting is being held on the unceded territory of the Algonquin Anishinabe people.

Our meeting is in hybrid format, pursuant to the House order of Thursday, June 23, 2022. Members are attending in person or remotely using the Zoom application.

The proceedings will be made available on the House of Commons website. For your information, the webcast will always show the person speaking rather than the entire committee.

[English]

For those participating virtually, I would like to outline a few rules to follow:

You may speak in the official language of your choice. Interpretation services are available for this meeting in French or English. You have the choice at the bottom of your screen or on your console of the floor—no interpretation—English or French. If interpretation is lost at any point, please inform me immediately, and we will ensure that interpretation is properly restored before resuming the proceedings.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in a committee room.

Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. For those in the room, your microphone will be controlled as normal by the proceedings and verification officer.

[Translation]

Please address your remarks through the chair.

[English]

When speaking, please speak slowly and clearly. When you are not speaking, your microphone should be on mute.

With regard to a speaking list, the committee clerk and I will do the best we can to maintain a consolidated order of speaking for all members, whether they are participating virtually or in person.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on November 21, 2022, we are commencing the study of the Office of the Parliamentary Budget Officer's report on the research and comparative analysis of the estimates of the Department of Crown-Indigenous Relations and Northern Affairs and the Department of Indigenous Services.

Joining us today to discuss the report are Yves Giroux, Parliamentary Budget Officer, and Mark Mahabir, director of policy and general counsel for the PBO. Welcome. Thank you very much for joining us today.

You will have five minutes to make an opening statement, after which, questions from the members will follow.

Please begin.

[Translation]

Mr. Yves Giroux (Parliamentary Budget Officer, Office of the Parliamentary Budget Officer): Madam Chair, ladies and gentlemen, members of the committee, thank you for the invitation to appear before you today.

With me is Mark Mahabir, director of policy and general counsel.

We are pleased to be here to present the findings of our Research and Comparative Analysis Report of Crown Indigenous Relations and Northern Affairs and Indigenous Services Canada, which we were honoured to prepare at the request of the committee.

The Parliamentary Budget Officer supports Parliament by providing independent and nonpartisan economic and financial analysis to parliamentarians. As the legislation states, we provide this analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

[English]

Consistent with the PBO's legislated mandate, at the request of this committee, my office prepared an independent analysis of the estimates of the Department of the Crown-Indigenous Relations and Northern Affairs and the Department of Indigenous Services Canada.

Our report presents analysis for the 2015-16 to 2022-23 period. Over this time, financial resources allocated to the provision of indigenous services have increased significantly. To evaluate how effective the organizations providing these services were in using these resources, a quantitative and qualitative approach using publicly available data was employed.

The analysis conducted indicates that the increased spending did not result in a commensurate improvement in the ability of these organizations to achieve the goals they had set for themselves. This was partly driven by the volatility in the departmental result indicators. Many of these indicators were added or removed over the course of the period, preventing results from being collected due to data collection lags. Some indicators lack target values and completion dates altogether. Based on the qualitative review, the departments' ability to achieve the targets specified has declined.

We would be pleased to respond to any questions you may have regarding our analysis or any other PBO work.

Thank you, Madam Chair.

The Chair: Thank you. You have saved us some time. I appreciate that.

We'll begin our first round of questions starting with Mr. Vidal.

You have six minutes.

Mr. Gary Vidal (Desnethé—Missinippi—Churchill River, CPC): Thank you, Chair.

Thank you both for being here today and for the work you've done on this.

You quoted from your executive summary the fact that financial resources allocated to providing indigenous services increased significantly over this period of 2015-16 to 2022-23. You went on to talk about the quantitative and the qualitative component of your report.

For a couple of minutes, I want to just drill into the quantitative part, and I'll come back later and hit some of the qualitative stuff.

Just doing a little bit of looking on my own, if you go back to the 2015-16 and a little bit prior to that even, the range of spending on indigenous affairs, which was through INAC back then, was in the range of \$7.5 billion to \$9 billion over those three years, and by the time we get to 2021-22 that number is about \$29 billion. The supplementary estimates (C) for 2023 say that number is \$58 billion, and the main estimates for 2023-24 start the process for next year at \$49 billion.

In that same time frame, the number of FTEs has increased from about 4,500 to what we're projecting now, about 9,200 for the coming fiscal year.

These are really big numbers and these are really big changes. In the context of the quantitative component of your analysis, can you just speak to the significance or the magnitude of these changing numbers?

Then I have a follow-up on some other parts I want to talk about.

• (1600)

Mr. Yves Giroux: The increases in the numbers of both departments combined are due to the fact that there has been a reorganization, notably, the transfer of some responsibilities from departments other than the old aboriginal affairs department to the now Indigenous Services department and Crown-Indigenous Relations and Northern Affairs. Notably, the first nations and Inuit health branch, which was in Health Canada, has now been transferred to Indigenous Services, but that's a relatively minor factor explaining the increase in overall funding.

Most of the increase in funding relates to the agenda of the current government, which has made a point of increasing funding for services and programs related to indigenous/aboriginal Canadians.

That's the main factor. We could drill down into specific programs, but I think that's probably not what you want me to talk about—

Mr. Gary Vidal: I would love to do that, as an accountant, to be honest with you, but I don't think I have time for that in my six minutes, so let's move on a little bit.

There was a fellow by the names of Ken Coates. I know we're all familiar with Ken Coates. He's a distinguished fellow and director of the aboriginal peoples project at the Macdonald-Laurier Institute, and he's a Canada research chair in regional innovation at the University of Saskatchewan. I think most of us in the room would consider him a relatively non-partisan voice on these issues. We've had him at committee a few times, representing different people here.

He wrote an article in August 2022, which was just a few months after he released a report. His article was specifically in response to your report. He said:

Put bluntly, Canada is not getting what it is paying for—what's worse, the massive spending is not improving lives in Indigenous communities.

He went on to say that Canadians believe:

If Canada spends billions on Indigenous affairs, it must mean that we care deeply about First Nations, Métis and Inuit peoples.

But it does nothing of the sort. While headlines emphasize dollar amounts, the statistics that tell the actual story of Indigenous well-being—around employment, health, housing conditions, suicide rates, violence and imprisonment, language, cultural revitalization—are much more sombre. When spending vast sums fails to make a substantial difference in many communities, the federal response is too often to double down and spend even more, in the absence of understanding what actually works to improve the lives of Indigenous peoples.

My question is really quite simple. Do you agree with that assessment? He was responding to your report.

As a follow up, is this common to other departments, or is it unique to CIRNAC and ISC?

Mr. Yves Giroux: In short, based on the performance indicators that we have analyzed in our report last year, I would tend to agree with Mr. Coates. What we've seen seems to be consistent with his comments, or at least, what we see in terms of performance indicators certainly does nothing to disprove his comments.

As to whether it's common among departments, I would say that it's not common to see a level of increase of that magnitude that is not accompanied by a significant improvement in performance indicators. What we have seen though are performance indicators that are attained or met about 50% of the time. That is not uncommon, but it's usually not accompanied by such a significant increase as we have seen in the area that we are studying today.

Mr. Gary Vidal: Thank you.

I just have a little window to ask one last question. There's an editorial that was published just shortly after your report. You are quoted as saying, "While its increases in funding have been well-intentioned, the Indigenous bureaucracy has had trouble matching spending increases with assessing its performance on how it spends the money." This is a little bit of a follow-up to what I just said. Can you just flush that out a little bit? What did you mean by that when you were quoted as saying that?

• (1605)

Mr. Yves Giroux: If I remember correctly, I meant that the government has increased spending significantly. That's probably an understatement, but it seems difficult to have the bureaucracy spend, and spend it wisely, at the same rhythm as the government. There seems to be a lag between the investments that are announced in May by the government and the capacity of the bureaucracy to deliver, to get results for the target populations at the same rhythm as we see the increase in funding.

Mr. Gary Vidal: Thank you.

The Chair: Thank you, Mr. Vidal.

Now we'll move to Mr. Aldag for six minutes.

Mr. John Aldag (Cloverdale—Langley City, Lib.): Thank you, Chair, and thank you for being here today.

When I read the report, one of the things that jumped out at me was in the conclusion, where you noted that "We must stress again that the differences in spending and human resources levels reported in this research were compliant with the supply process and the budget." To me, that says that although there's increased spending, it's within the allotments that have been given by the federal government.

I'm also wondering about the indicators that are reported. How many of them are voluntarily set by the department? Are any of them legislatively mandated? I worked previously in the federal public service, and I know that some departments and agencies have things that have to be done within mandated, legislated time frames. Do either of these departments have those legislated, or are they all voluntary?

Mr. Yves Giroux: I think the majority are voluntary, but maybe Mark knows if some are legislated. I don't remember any of the performance indicators being legislated.

Mr. John Aldag: We've also seen over the last period that between 2015 and 2023 is when a lot of this work was evaluated. There have been a lot of changes, not only the splitting of the department and the adding of the indigenous health services, but our government also came in with very ambitious goals to do more on reconciliation than any government has done in the history of this country. I think we've heard this time and again. When I go out to meet with indigenous communities, they say that this Liberal government has actually been the most progressive in helping to advance issues that have existed since the beginning of our country.

We're seeing increased investments to try to make progress on these things. I also think that we're probably going to see some slippage in voluntary timelines as the government says.... I was involved with Parks Canada, where we were doing things like establishing national parks, which are really hard to have hard time frames for. I would think that with these departments, where they're involved in things like land claims and reconciliation and relationship building, there are a lot of conversations and there are not hard timelines. You can project that we're going to have x number of land claims settled or other things done within five years, but if things don't come together, that's not going to happen. There would have to be flexibility, I would think, in being able to slip....

The other piece—and if you want to touch base on that, I'd like to—is that I wonder about extenuating circumstances. We had COVID hit during this time period that you've looked at. I know one of the conversations that I often have is that our government said that within our first mandate in the 42nd Parliament we would end all boil water advisories. There has been significant progress made on those, and again a lot of money has been spent. During COVID, many first nation communities had some of the hardest lockdowns in the country. They were saying, "For the protection of our community, we do not want outside contractors coming in."

In your report, when you get into the quantitative data, did any of those kind of extenuating circumstances get looked at? I would think the last three years we've come through have probably caused some delays in achievement of goals, not only in these few departments but also probably across the federal public service.

Mr. Yves Giroux: That's a good point.

We flag in our report that some of the ability to meet the departmental results indicators are more difficult when it comes to indigenous, self-determined services, meaning services that are determined by the indigenous communities themselves. In these areas it's much more difficult for the departments to control the attainment of the targets they have set for themselves because they're dependent in good part on the indigenous communities themselves. We have flagged that it's not entirely within the control of the departments to reach these targets.

• (1610)

Mr. John Aldag: Can you comment on the extenuating circumstances such as COVID? Did we see the same kind of delays happening, not only in these departments but also in other departments you've looked at, because of, frankly, what the world went through over the last couple of years?

Mr. Yves Giroux: It's an issue that we obviously all went through. We didn't adjust some of the targets to take into account COVID, but it's understood. It's widely known that we went through COVID. Depending on the specific indicators, there could be some extenuating circumstances—COVID—that could apply in some instances, but probably not in all. It's left to the good judgment of those who read the reports to determine whether COVID is a circumstance that warrants some forgiveness for some of the indicators or not.

Mr. John Aldag: The report is very factual, but I found it, frankly, to be a bit cold. We had other things happening. The discovery of the missing children in Kamloops is the first example, and that has played out. Again, I don't think any Canadian should be surprised because we've known for generations from indigenous peoples that their children were taken, lost and never came home.

This was something that happened in this time period that got national attention. Again, it caused more investment and resources, but also, I would think, the department has paid attention to it. I didn't see that kind of reflection in here. It is a very tragic human story, yet this is very accountant-focused. I would like to have seen some sort of narrative, but maybe you don't do that in your reports. That was another observation on the report.

Mr. Yves Giroux: That's a very good point, sir.

I'm an economist by training, so I tend to stick to the facts to the extent possible, but that's a very valid comment.

Mr. John Aldag: I'm out of time.

Thank you.

[*Translation*]

The Chair: Thank you, Mr. Aldag.

Ms. Bérubé, you have the floor for six minutes.

Ms. Sylvie Bérubé (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Thank you, Madam Chair.

I wish to thank the witnesses for being here at committee.

Mr. Giroux, in your report you said that there are still discrepancies between actual and planned spending, owing to structural changes at the two departments. You also said that those structural changes were not the only reason for the discrepancies in spending, which could be attributed to “reasons unrelated to the structure of the departments.” Could you elaborate on those reasons? What are they?

Mr. Yves Giroux: Thank you very much.

When I hear the report being quoted like that, I think an explanation is warranted because it far from being clear when read like that.

When the report says there are structural discrepancies between actual and planned spending—and the same thing applies to the number of people employed in the department—, that is because the departments table their departmental plan before the start of the year. Since the budget is usually tabled after the plan, there are often surprises and the departments need additional funds for spending that was not planned when they tabled their plan.

The government offers a wide range of services for indigenous, Inuit and Métis persons. As a result, the initial plan is often changed to reflect new priorities or additional investments that announced in the budget or outside the budget, such as during the fall economic update or in separate announcements. That is what we were referring to in the report when we used that phrase which, I admit, is not very clear.

Ms. Sylvie Bérubé: As to the reasons unrelated to the structure, when you say that the departments make adjustments after the government has tabled the budget, what criteria do you use in according funding?

Mr. Yves Giroux: The government makes those decisions. The departments draft their report on the basis of what they know, whether their report on plans and priorities, their departmental report or their departmental plan. They usually draft it in January or February and table it in March or a bit later, but before the budget is tabled. Should the government decide, during budget proceedings, to make additional investments, that is not reflected in the departmental plans.

As to the criteria we use to determine whether there is a significant discrepancy, we used a ratio scale. That shows us whether actual spending is very close to planned spending, or if it is far off, by what percentage. We did not use specific criteria, such as a 5% or 10% deviation. We showed this on a graph and also presented it in a few tables.

• (1615)

Ms. Sylvie Bérubé: I would like to go back to the structural changes made at the two departments. You said there are still discrepancies between actual and planned spending since those changes were made. Why do you think the habit of making inaccurate forecasts has persisted, even after a number of years and after the departments and their areas of responsibility were separated?

You also referred to the departments' difficulty adapting. How does that difficulty adapting affect departmental spending?

Mr. Yves Giroux: I'm going to start by talking about the incidence and recurrence of gaps between forecasted and actual numbers. As I mentioned, this often has to do with the fact that the government announces new spending or new investments after the departments have tabled their plan. I believe the two ministers would be in the best position to explain why the departments aren't aware of all the resources they will have over the course of a year when they table their plan.

What was the second part of your question?

Ms. Sylvie Bérubé: My second question was about the departments being unable to adapt.

Mr. Yves Giroux: It's hard for the departments to adapt quickly when they receive additional funding. It doesn't seem as easy for them to respond as quickly as other departments do to additional funding and new priorities imposed or requested by the government.

Ms. Sylvie Bérubé: Despite previous years, we're seeing no changes in jurisdiction. Is that right?

Mr. Yves Giroux: Actually, I believe we're seeing some adaptation, but that isn't keeping pace with the additional funding.

Your colleague Mr. Aldag stated that the government has invested heavily in Indigenous communities, which is true, but it seems like the investments are being made before the two departments can adapt. They don't seem to be able to keep their heads above water and meet expectations as rapidly as the government would like.

The Chair: Thank you, Ms. Bérubé.

[English]

Welcome, Mr. Desjarlais. You have six minutes.

Mr. Blake Desjarlais (Edmonton Griesbach, NDP): Thank you very much, Madam Chair, and I want to thank the witnesses for being here as well. I understand that I'm not a permanent member of this committee, but I do respect the PBO's work and, of course, the work that you've done to prepare this analysis.

It's quite clear from the comments by many of the colleagues around the table that there seems to be a clear discrepancy—at least in your perspective—between the amount the government is spending and the actual ability of the government to get those priorities done. You just mentioned that in some ways the priorities are continuous, in the sense that year after year we often see this increase in the priorities of the government to help indigenous people and we also see the finances that are required to do that, but there isn't the actual capability, whether it's in full-time employees or in other means.

Did your report in some ways look at aspects outside of just the number of people who are necessary to get this done? Is there an issue in terms of how the actual division of the ministry played a role in slowing down how these priorities could be monitored or even completed?

Mr. Yves Giroux: It's certainly an issue that the department formerly known as Aboriginal Affairs was split into two and some other parts of other departments were attached or merged with Indigenous Services Canada. That certainly played a role. When there's a major reorganization like that, it tends to consume quite a bit of energy internally—senior management energy—which is diverted from delivering on the core mandate. It certainly is one factor.

Mr. Blake Desjarlais: So you recognize it had a lasting impact. Would you say that from the time the ministry was divided to today continues to have an impact on the priorities?

Mr. Yves Giroux: Our report was tabled last year, so I cannot speak about today. But it seems to still have had some remaining leftover impacts, even when we tabled the reports last year, because some of the performance indicators were still not being met. That being said, it could be due to other factors than just the reorganization.

Mr. Aldag mentioned COVID, which is a very good point, and there could be other extenuating circumstances. However, there still seem to be issues resulting from the reorganization.

• (1620)

Mr. Blake Desjarlais: These issues, I imagine, would continue to persist. You've mentioned in your report that they persist. If those issues continue to persist with organizational management and the inability to continue to have the ability to do the work that's been assigned, and to then continue to do the additional work that's there, there's going to continue to be a gap, don't you agree?

Mr. Yves Giroux: I think the likelihood of there continuing to be a gap is there. It's not insignificant.

Mr. Blake Desjarlais: Who suffers from that delay? Who suffers the most, do you think?

Mr. Yves Giroux: It's obviously the recipients of these services: those who expect to get these services and are in need of these services.

Mr. Blake Desjarlais: I sit on the public accounts committee. I've seen your references. You speak of a report we had: "Report 5—Socio-economic Gaps on First Nations Reserves". When we did that study, of course—and to the benefit of my colleagues here, I hope—we actually were able to determine that there was a funding gap.

I know that your report suggests that there were funding increases, but not all funding increases are particular to the issues that are pertaining to indigenous people. One of those, for example, and something that's a big issue in my province of Alberta, is forest fires. We studied the first nations emergency management, for example, which is governed by ISC. We brought in the deputy minister.

We talked to many of those folks. We asked them clearly important questions about why it is that the government had only assigned \$12 million, for example, to natural disaster prevention across the entire country. It was just \$12 million. When I asked the deputy minister how much it was going to cost to actually see this level of preparedness, she reluctantly admitted that it was in the mark of \$360 million to \$500 million.

We do see, of course, that the amount of money here is increasing in these total portfolios, but is it being targeted in the most appropriate way, the way that would actually see the kinds of programs that would ensure the longer issues that can be stopped, for example, can stop today? Did you go through, for example, the department's planning on individual issues?

Mr. Yves Giroux: Not on every single one of them; however, we did report on access to water and wastewater treatment plants. We also did reports on housing for aboriginal people.

We found that for water and wastewater systems there was sufficient funding for capital spending, but clearly not enough for operational spending. When it comes to housing, we found there was a funding gap to meet the needs of people on and off reserve.

We didn't look at every single one of the components in the aboriginal affairs portfolio, but we looked at a few of them under separate reports and—

Mr. Blake Desjarlais: It's fair to say that it's a mixed bag.

Mr. Yves Giroux: Yes.

Mr. Blake Desjarlais: Some areas are underfunded, like emergency management preparedness for first nations that are experiencing a natural disaster like they are in my province of Alberta, versus, for example, clean water initiatives, which is a different standard of complexity. It's not fair, I think, completely, to say that the government is spending a lot, but I think, to the Conservatives' point as well—they often say this—there's a lot of spending, but not enough results. I don't know if that's exactly the same truth. I think I would disagree with the Conservatives on that point, but I would agree that there seem to be outcome issues.

Although the amount of money that's there is appropriate, let's say—I'll agree with you on that in some respects—the areas to which that investment is targeted are not appropriate. We see that when we see \$12 million for natural resource protections across first nations while at the same time seeing massive investments in some areas that could—and this is now my partisan position—limit the government's liability on certain issues. I want ask you to comment on that.

The Chair: Thank you very much, Mr. Desjarlais. We'll have to move on to our second round.

Mr. Blake Desjarlais: Thank you.

The Chair: We will go to Mr. Vidal for five minutes.

Mr. Gary Vidal: Thank you, Chair.

I think this will actually follow up a bit on Mr. Desjarlais' comments. I want to move onto the qualitative stuff. I told you that I wanted to talk “quantitative”, and we can do that for a long time, but let's move on, because we have only so many slots tonight.

The qualitative component focuses on the departmental results indicators, the DRIs, as you abbreviate them. These indicators are used to evaluate progress towards its goals. That's the whole purpose of this kind of management system. I've been part of that in my past.

You go on to explain some of the reasons and you talk about how some of these are more difficult to achieve and lever because of circumstances, but you also say, “Even if these components are excluded, ISC”—in particular—“still falls short of [its] ability to specify and maintain targets.” That's a clear conclusion you make.

I'm going to come back to Mr. Coates again and quote from his article. He says:

The government can and does change up targets and metrics, making it difficult to determine actual outcomes. But given the vast expenditures, such a conclusion is tragic.

This goes to exactly what Mr. Desjarlais is saying. It's about getting outcomes for the investments we're making. I'm just curious about your comment on Mr. Coates' conclusion on this particular aspect relative to the qualitative component.

• (1625)

Mr. Yves Giroux: I've commented before in general, and I can be a bit more specific here.

Departments can set their own departmental indicators and their own targets. It's surprising to see that out of 20, only four were reached in 2022-23 by Crown-Indigenous Relations and Northern

Affairs Canada—the mix of the two. If a department can set its own performance indicators and its own targets, it's surprising that they cannot meet more than 50% of them.

I agree with Mr. Coates that there seems to be an outcome problem.

Mr. Gary Vidal: Thank you. I appreciate that.

You've already answered one of my later questions because that's exactly where I was going to go. I'm going to go a different angle now.

I have to be honest, when I read your report, the image I had... I'm not sure if you're a sports fan or not, but you go to sports game and you see the Tim Hortons game where they put a marble under a cup, and then they move the cups around and you have to follow the marble and hopefully, if you can keep track of the marble, you win a prize at the end of the day. That's the image I had of what's going on here.

It seems to me that there's an accountability issue and that outcomes are minimized by having the targets and the goals constantly changing, or the time frames, or many of them set as to be determined years down the road. It's like it's a sleight of hand game. I have to be honest. I was a chairman of a board that had that same issue internally with our own management system, and we had to call that out.

Do you think there's an accountability issue that's created by these moving, changing targets that aren't consistent? There's nothing to shoot for if you don't keep the targets and you don't actually have the targets determined yet.

Mr. Yves Giroux: I agree with you.

I don't think it's done on purpose. I think public servants who come up with these indicators genuinely mean to have the best indicators. However, changing them regularly or frequently does not help for accountability and accountability purposes to track a departmental performance over time.

Mr. Gary Vidal: I have one last question for you. I think I have about a minute and a half.

Mr. Desjarlais and I sat at public accounts committee one day, and we had an Auditor General's report on emergency management services, I think.

We've had numerous Auditor General's reports. We have numerous reports from your office. We talk to people on the ground. All of us talk to people in the communities. There's this conclusion that some of these things are not working. They're not working on the ground to improve the lives of people.

We need to find a way to fix that. Yet, when we get the ministers and department officials here, they don't take responsibility for this lack of accountability. Instead, they double down. From my seat, it's like everybody sees that there's a problem, but we won't acknowledge it. We won't take responsibility for it.

I would suggest to you, sir, that truth and reconciliation begins with accepting the truth.

Would you agree with my conclusion that in order to bring about effective change, the minister and the top officials of these departments must be willing to accept the truth of some of the challenges that you so clearly portray in your report?

Mr. Yves Giroux: It's hard to disagree with that.

Mr. Gary Vidal: That was a really quick answer.

I think I'm just about out of time anyway, Chair, right?

The Chair: Yes. Thank you very much, Mr. Vidal.

We'll go to Mr. Powlowski for five minutes.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): I didn't know it was me, but okay.

An hon. member: Well, take your time, Marcus.

Mr. Marcus Powlowski: You're helping me to waste my five minutes so I don't have to actually ask a question.

I'm still trying to get my mind around what you did here. You start off by saying that "The analysis conducted indicates that the increased spending did not result in a commensurate improvement in the ability of these organizations to achieve the goals that they had set for themselves set for themselves."

By the goals, you mean the department results indicators, right? It seems to me that what you're doing is you have a bunch of these targets set up there and you're counting how many times the government hit those targets. Am I right? Some of the times, you actually didn't shoot at the target because you took it down beforehand. You decided beforehand that that wasn't going to be a target. On the other hand, you put up other targets that you haven't had a chance yet to count.

I'm not sure of the significance in this conclusion that the government is inefficient, we're spending more, we're not hitting the targets, when it seem like it's random. We didn't actually start off with these targets and shoot at these targets. Am I wrong with that?

• (1630)

Mr. Yves Giroux: That's one of the issues that we have flagged. Targets changed over time.

There are also issues where we identified that the goal, or the DRI, the departmental result indicator, has a target and a date to complete, but that has changed compared with the previous year. The department changed the timeline for completing or reaching the goal. There are also issues where there's a target but there's no timeline to reach it. We aim for this, but we don't have a timeline to reach it.

There are different issues, but the one you've identified is certainly one of them.

Mr. Marcus Powlowski: When there actually was a target in a timeline and the target didn't change over the time, how did the government do with respect to hitting those targets?

Mr. Yves Giroux: It varied depending on the year. It goes from nine out of 24 in 2018-19 to four out of 14 in 2022-23.

Mark can correct me, or kick me under the table if I'm wrong.

Mr. Marcus Powlowski: These were the targets that remained stable, so you couldn't say that this was a new target or an old target.

Mr. Yves Giroux: By and large....

Mr. Marcus Powlowski: I looked at your report, and I couldn't see what actually are the targets and how they changed over the period of time.

Mr. Yves Giroux: We didn't want to have a very long report by listing each and every one of them, so instead we made reference to the departmental results reports or the departmental publications. They're referenced at the end of the report, in the notes, I think—yes.

Mr. Marcus Powlowski: Can you tell me what are some of the more significant targets? Looking at the body of.... I'm not sure exactly what kinds of targets we're talking about here.

Mr. Yves Giroux: Off memory, I think we're talking about targets such as the numbers for housing built or the number of reserves without a boil water advisory. I'd have to go back to the list to refresh my memory. It's a report we did a year ago.

Mr. Marcus Powlowski: When you look at how the department changed the targets, can you comment on what seems to be the reasoning behind the changing of the targets? Perhaps over a period of time the government's goals have changed. Perhaps we've realized that we ought to emphasize different things, and perhaps what we were measuring didn't really accurately reflect what we wanted it to reflect. Can you comment on the changing nature of those targets?

Mr. Yves Giroux: I probably would need to go back and look at which ones specifically, but that's also a good question for ministers. They would be in a better position to determine why some targets changed.

I can have an indication. I can provide the committee with a list of which ones did change, but the reasons will be a bit more difficult for me to explain. I think the minister or senior officials would be in a better position.

Mr. Marcus Powlowski: Can you explain? You say at some point that "indigenous self-determined services...do not generally have targets specified for them." What does that mean?

Mr. Mark Mahabir (Director of Policy and General Counsel, Office of the Parliamentary Budget Officer): Thank you for the question.

I think on that point it really depends on how long it takes to settle the claim or to become self-governing, so for that DRI, yes, it would be difficult to set a target.

The Chair: Thank you, Mr. Powlowski.

[*Translation*]

Ms. Bérubé, you have the floor for two and a half minutes.

Ms. Sylvie Bérubé: Thank you, Madam Chair.

Mr. Giroux, I'd like to come back to the public service's ability to adapt to additional investments. You mentioned that the public service had trouble meeting the demand. However, according to your report, there have been years when the departmental staff numbers have remained low.

The public service is not meeting the demand. In that case, why are the departments keeping their staff numbers low? Do you know why?

Mr. Yves Giroux: It's probably related to recruitment and staff retention. Expertise is in high demand in a number of sectors, such as health and social services and economic development. So the two departments are probably facing challenges recruiting a skilled workforce that can provide the very wide range of programs and services they have to deliver. It's also a matter of retaining key personnel, who are also in high demand. Those would be two good reasons.

So I don't have the exact reasons, but those would be very good questions to ask both ministers when they appear before the committee.

• (1635)

Ms. Sylvie Bérubé: After reading the report, I also get the impression that the two departments are putting out fires and spending more, while also reducing their staff. Would you agree that aligning human resources with planned budgets could improve the overall management of both departments? Would that help them better achieve their objectives?

Mr. Yves Giroux: That's a good point as well. I believe that the additional investments and expenditures made over the years, that is to say the additional funding allocated to the two departments, have made it difficult to plan their human resources. For example, if they anticipate at the beginning of a year that the funding will be a relatively stable amount of a few billion dollars over the next few years, but then a budget or an announcement provides them with additional funding, that completely or significantly changes their staffing plans.

Additional funding over the years has made it harder to plan, because departments have probably focused their efforts on recruitment, not only to replace people who have left their jobs, but also to fulfill their mandates as they receive additional funds through budgets, fall economic updates or other one-time announcements. Departments are therefore constantly looking for additional resources to fulfill their mandate.

Ms. Sylvie Bérubé: Was it worse in previous years?

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

[English]

Mr. Desjarlais, you have two and a half minutes.

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

My friends, unfortunately this is my last round. They're bringing in the big guns—the honourable member from Nunavut has returned—so I'll have to depart after this.

Before I do, to the Parliamentary Budget Officer, I do want to clarify my point on the important difference between what your re-

port says and what the indigenous services ministry or Crown-Indigenous Relations is doing.

I want to be clear that although significant investments have been made, those targets within the ministry itself have not been allocated—we just previously talked about that—to all of the areas from which indigenous people would actually derive benefit. We've talked about emergency management and the \$12 million. Even though there's a bunch of money elsewhere, there is \$12 million to tackle climate change for indigenous communities. They're critically underfunded.

After reinforcing that point, I do now want to move to the issue you just mentioned, which is the immense lack of human resources. It's no secret that this work is difficult. It's no secret that in the age of reconciliation, as was mentioned by our Conservative colleagues, truth is a big part of that. It's the human resource emergency that is facing Indigenous Services Canada and Crown-Indigenous Relations that is having a disproportionate impact, a direct impact, on the lived experiences of indigenous people. Whether it's housing, whether it was COVID, which was mentioned, or whether it's the existing lack of funding for prevention and for climate change mitigation, there are issues that are critical to the socio-economic outcomes that we're still seeing in indigenous communities.

In your recommendation, in some ways beyond human resource issues, is it fair to say that when it comes to the process of the government requesting finances, they actually make those requests in light of the human resources need? For example, you mentioned that they did the parliamentary budget cycle fine and they went to the ministry. The ministry reported what they needed but it was unable to actually deliver those things.

In your review of those documents, did they cite the actual human resource need in a way that recognized the actual immense emergency in terms of human resource challenges in the ministries?

Mr. Yves Giroux: We use publicly available data. HR was not explicitly mentioned in this publicly available data.

When we released a report last year, I'm not aware that the departments reached out to us and specifically mentioned that HR was the number one issue they were faced with. It is one of the issues they're faced with, but they didn't berate us for not mentioning HR or flag that as inaccurate.

• (1640)

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

We will go to Mr. Zimmer for five minutes.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Thank you, Madam Chair.

Mr. Giroux, thank you once again for attending INAN.

My questions are going to be about Arctic sovereignty.

I spoke to you earlier about your report on the 2%. I have it here in front me. It's called, "Canada's Military Expenditure and the NATO 2% Spending Target." That's what I'll be referring to.

For context, I'm going to read an article. I've spoken with a lot of people from the territories and Nunavut who are very concerned about the Arctic threat of Putin and other nations that see the Arctic as an area to possibly challenge Canada and its sovereignty.

This is from a Reuters article on January 27, 2023, entitled "Putin discusses Russia's claim to giant chunk of Arctic Ocean seabed." It states:

President Vladimir Putin held talks on Friday with top security officials about the status of Russia's efforts to legally expand the outer boundaries of its continental shelf in the Arctic Ocean....

Moscow said at the time it wanted much more Arctic seabed, a move that has implications for Canada and Denmark who [also] have their own claims.

Russia's neighbours in the Arctic have become increasingly concerned about Moscow's ambitions in the strategically important region since it sent tens of thousands of troops into Ukraine in February last year.

It goes without saying that Russia is currently on the move. Where they're going to go next is I think the next question.

In your testimony today—you talked about it already and we've heard it from various members here—the outcomes for this government are a problem. We see it as money thrown at things, but it doesn't necessarily land. Outcomes aren't measured. As we just spoke about, there isn't even a dartboard to throw the dart at. There's no target to even hit.

It brings up a leak that came out of the Pentagon—I was at the Pentagon a few weeks ago—that the Prime Minister said he's never going to meet the target.

This is from the Washington Post: "Trudeau told NATO that Canada will never meet [its] spending goal". It says, "Germany is concerned" and "Turkey is 'disappointed'".

Well, it appears from your report that this promise to never meet the goal is in plain sight too. I'm just concerned about how much longer it is than even this threshold.

Your report, on page 4, says, "military expenditure as a percentage of GDP". In 2022-23, it's 1.33%. Next year it's 1.46%. The next year it's 1.51%. The next year it's 1.54%. The next year it's 1.59%.

The problem is that's the promise. I'll refer you to the estimates. Again, one thing that the northern communities are concerned about is NORAD. The NORAD modernization promise is big, with a lot of fanfare. It's \$4.9 billion. This is what was in the estimates. The promise of funding for North American Aerospace Defence Command modernization and Canadian Armed Forces communications capabilities was for \$4.9 billion. The actual expenditure is \$45,357,526.

You talk about an outcome not being realized. There are billions needed and millions are being spent.

To analyze the situation, this is my question for you: Does the PM's record on military spending give you confidence that spending on Arctic sovereignty and security is on track?

Mr. Yves Giroux: We did that report after Russia invaded Ukraine. There were lots of questions about the NATO target of hitting 2% of GDP allocated to national defence.

We looked at the plans that were known at that time for military expenditures. We found that there was a gap of between \$13 billion and \$18 billion per year for Canada to meet the 2% NATO target.

I can't comment specifically on one area of spending because I'm not a military expert. However, there is a gap between the spending plan and the 2% target.

Mr. Bob Zimmer: Thank you for that.

I have 30 seconds left.

I'll refer to the Auditor General's report on Arctic water surveillance. In the conclusion it said, "We concluded that the federal organizations we audited"—and it goes through them—"had not taken the action required to build the maritime domain awareness they collectively needed to respond to safety and security risks associated with increasing vessel traffic in Arctic waters."

● (1645)

Mr. John Aldag: I have a point of order, Madam Chair.

I'm trying to understand. This is fascinating, but I call a question on relevance to the hearing that we're doing today.

We've invited the Parliamentary Budget Officer here specifically, as the notice of meeting says, "on the Research and Comparative Analysis on the Estimates of the Department of Crown-Indigenous Relations and Northern Affairs and the Department of Indigenous Services". We're not here to talk about the Prime Minister's spending on defence and other things. There's Arctic sovereignty, if it's framed within the context of the study, but I'm not seeing any relevance.

I'm wondering if you could give us a ruling on this.

I know there's not a lot of time left, but—

Mr. Bob Zimmer: Hopefully, I still have a little bit of time left after that.

The Chair: You have about five seconds of your time, but you can reply to that if you'd like.

Mr. Bob Zimmer: I was in the midst of making a comment. I had 15 seconds left on my clock when I was asked.

The relevance is there. I asked the Parliamentary Budget Officer when I came in if I could refer to his report on 2% NATO spending. My role in the indigenous and northern affairs committee is Northern affairs, Arctic sovereignty and northern economic development, which are very relevant to the people of the north and very relevant even to the Parliamentary Budget Officer sitting at the end of the table.

I think it is relevant.

The Chair: Fair enough.

I'll give you your 15 seconds.

Mr. Bob Zimmer: Thank you, Madam Chair.

I'll just finish with this:

Furthermore, the existing satellite services and infrastructure did not provide the capacity that the federal organizations needed to perform surveillance of Arctic waters. Delays in the renewal of satellites, ships, and aircraft risks compromising the presence of these organizations in Arctic waters.

I think this is, again, one of those outcomes that we need to see realized for our own sovereignty and security.

The Chair: Thank you, Mr. Zimmer.

We'll now move on to Mr. McLeod for five minutes.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Madam Chair.

Thank you to the the PBO for appearing and talking to us today.

I'm trying to follow how the report includes the north. I'm the member for the Northwest Territories and I'd like to know how you put your report together. What information is it based on? What information do you gather from the north? Do you include the indigenous communities in the north? That's my first question.

Mr. Yves Giroux: Thank you.

I'll ask Mark to respond to your question because he was much more closely involved in the drafting of the report.

Mr. Mark Mahabir: Thank you for the question.

We used two sources of information for the report. The first source was the government's open government data source, which is online. The second source was the departmental plans of the two departments. Those were the two sources we used.

We looked at the core responsibility for each department, so we did actually look at programs specifically for those in the north. We were looking at the high-level core responsibility for the quantitative, and for the qualitative we looked at the DRIs.

Mr. Michael McLeod: Let me just interrupt you.

Is it possible that your information does not include the north? We have three territories. Almost every territory is majority indigenous but we don't fit in the clear definition that the department has historically used. It's only been since the Liberal government was elected that the north has been getting attention through Indigenous Services and Crown-Indigenous Relations and Northern Affairs.

Is it possible that the north is left out in your information?

Mr. Yves Giroux: The only scenario under which the north would have been left out of our report would be if both departments did not include anything related to the north, which would be very surprising given that it's an important part of their mandate.

If they did not include anything related to the north, then our report would not include the north, but my understanding is that the information they provided did include the north.

Mr. Michael McLeod: It would be interesting to see the information, because we have indigenous communities but they're not reserves; they're public communities. We do have two reserves, and we have settled claims and unsettled claims. We have Métis, and then we have Dene and then we have Inuvialuit.

My second question is regarding the delivery of services. In 2014, the Conservative government of the day cut a significant amount of funding to indigenous people. That included band coun-

cils and tribal councils, but it also included the Department of Indian Affairs, which was just one department at that time. I'm finding, as a person who's indigenous first of all but who has strong relationships with indigenous governments, that they never really recovered and the department never really recovered and so delivery of programs is really challenging because they don't have the resources. Even in negotiating land claims and self-governance, we have negotiators handling many, many, many files and being able to allot only a day and a half of negotiations per month per file. We have 15 claims in the Northwest Territories.

Are you finding that some of the challenges with respect to delivery are coming from the department being under-resourced? I know the finance committee made recommendations because they found in their studies that Indian Affairs wasn't resourced adequately to be able to deliver the programs to even meet some of the challenges in terms of bridging the gaps.

• (1650)

Mr. Yves Giroux: We looked at the departmental funding and human resources at an aggregate level, so I cannot speak to whether they are properly resourced in specific areas such as self-government—

Mr. Michael McLeod: You're saying they're under-delivering, so you should be able to see what some of the causes are of some challenges they're facing.

Mr. Yves Giroux: It's quite clear that they cannot always deliver and use all of the funding they are being allocated, in good part, because it's difficult for them to recruit commensurately with the additional funding they're getting.

As to whether or not they have recovered from previous expenditure restraints or cuts exercises, that's a good question for the ministers.

Mr. Michael McLeod: True—

The Chair: Thank you, Mr. McLeod. You're out of time.

We'll go to Mr. Melillo for five minutes.

Mr. Eric Melillo (Kenora, CPC): Thank you, Madam Chair.

Thank you, once again, to our Parliamentary Budget Officer for being here today.

There are lots of great conversations so far. Part of the problem going this late in the round is that a lot of people have asked similar questions that I would like to ask. I'll just try to flesh out some more details on some things that have been touched on already.

I'll start with the note in your report that says "ISC was less able to set a target" when it comes to the DRIs. Mr. Vidal mentioned this as well.

It seems that Indigenous Services Canada specifically has had more trouble setting a target and meeting its target. I think you spoke to a few of the reasons in terms of the reorganization of the department and some of the new duties it was assigned. This isn't an exact quote, but you said something along the lines, earlier, of the bureaucracy not having the capacity to handle some of those changes.

I'm just wondering if you could speak to it in greater detail and provide some greater context for us on the challenges in ISC specifically when it comes to setting and to meeting those targets.

Mr. Yves Giroux: Indigenous Services was created when the department formerly known as Aboriginal Affairs was split into two: Crown-Indigenous Relations on one hand and Indigenous Services on the other hand. That was also merged with the first nations and Inuit health branch at Health Canada, which is what a former minister of aboriginal affairs used to call the 11th province of Canada. That is, I think, a good description of what it is. It's providing the economic services, social services, education, health, childhood protection and so on to individuals and communities spread across the country.

It's understandable that, with a major reorganization like a department being split in two and then a merger of branches into that new entity, there could be some adjustments needed. I think, in good part, the difficulty in meeting targets or setting targets has arisen not only because of that but also because of the new priorities or the priorities of the government that resulted in an increase in resources to these two newly created entities.

• (1655)

Mr. Eric Melillo: I'd like to stop you there. I do have limited time, so please forgive me.

You mentioned an increase in resources. Obviously the current government, since 2015, has spent a lot of money on a lot of different things. They've definitely increased spending a lot more than the previous government.

The question I have is this: How does ISC compare with other departments in the government that have also seen an increase in resources and not necessarily—hopefully not—the same sort of results in terms of not getting the commensurate increase in outcomes? What is it specifically in ISC, from your findings, that has led to that breakdown?

Mr. Yves Giroux: It's hard to tell, because ISC has seen a significant increase in its resources, as you mentioned, but the majority of departments have a similar record when it comes to meeting their targets on their departmental result indicators. It's a case where a department has benefited from a significant increase in its funding, but the attainment or the targets have not been bettered or have not been met more often than in other departments that have not benefited from the same level of increase.

Mr. Eric Melillo: Thank you.

Just quickly, with the minute I have left, it was mentioned as well by one of my colleagues—I don't remember which one—that obviously there's an increase in resources towards Indigenous Services under this government, but there also have been instances where

ISC has “tended to spend more than what they initially planned and to require more human resources than expected”.

I have about 30 seconds now. Can you speak to that in more depth on what you meant by that?

Mr. Yves Giroux: It's a reference to the fact that the departments had additional resources that were provided to them after they prepared and tabled their departmental plans. That's why they spent more than initially planned.

As Mr. Aldag alluded to, it's through no misgiving and not anything untoward happening in the department. It's additional resources that were provided to them after the start of the fiscal year.

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

We'll now go to Mr. Badawey for five minutes.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Madam Chair.

I guess I have just a comment before asking a question. There's no mention of the first nations and Inuit health services being moved from Health Canada to ISC. Would you not think that it would be important to note that in your report because of the fluidity that happened, especially during COVID?

Mr. Yves Giroux: I thought it had been mentioned somewhere in the report, but maybe it isn't. If it isn't, my apologies, but I thought we described the changes that took place in the one department that was then split into two and the merger of the first nations and Inuit health branch.

Again, it's a report that we tabled a year ago. I read it again today. I thought it was mentioned.

Mr. Vance Badawey: Okay. Thank you. I didn't see it see it in there, but we'll move past that.

I guess the difference today compared to pre-2015 under the Conservative government is that we have worked with indigenous communities shoulder to shoulder to establish, as you mentioned earlier, a bold, ambitious plan that is quite frankly transforming services and, most importantly, is to be self-determined—I want to get back to that in a second—in meeting in partnership with indigenous leaders, in legacy programs, in working to close the gaps for both infrastructure and services like education and health care and in developing more pathways for self-determination, which is, once again, very important.

I guess my question would be, would you agree that once the departments have been merged, as they have been—a major merger, as was mentioned earlier—with adjustments in moving forward in an ambitious manner, as we have since 2015, and of course, the dollars needed to reach community expectations, this is sometimes not expected to happen overnight? It's going to take some time.

Would you agree that it's very important to put that disciplined structure in place for the communities? What I mean by that is to be more disciplined in terms of community planning, official planning and secondary planning to make sure that infrastructure capacity attaches to the official planning when you look at infrastructure, at health care, at education and at housing, and the list goes on.

One, would you agree that it's going to take some time? Two, would you agree that self-determination is important while doing that? Lastly, in terms of the cost attached to it, that of course...it's a lot of money. Nothing was done prior to 2015, and we're taking on an ambitious plan here. Ultimately, do you agree that it's going to take some time?

• (1700)

Mr. Yves Giroux: Well, as I mentioned before, I think the area of Indigenous Services is akin to running Canada's 11th province, depending on its size. We can argue about that, but it's providing the full gamut of programs to communities that are scattered across the country. Does that take time? It definitely takes time, and a lot of resources, so there's no doubt about that.

Before being the PBO, I worked notably at the Department of Finance, but I still have qualities, I promise, and I worked on areas of self-determination and Indigenous Services. From that experience, I can say that self-determination is an important aspect of enabling first nation communities to have better outcomes but, from those years at Finance, it takes a lot of time and energy to do it right. I agree with you on that totally.

Mr. Vance Badawey: Thank you, Mr. Giroux.

I guess there's another question I want to add to the mix. Let's face it: To some extent this is bigger than the country, especially because nothing's been done for over 200 years. On the extent of what we're doing now, this is trail-blazing.

Here we are now, taking on a big bite and working with these communities, but equally as important is not what we're going to have and invest in, it's also what we have from the past. I shouldn't say "we". I should say "they"—these communities. What's equally as important is not just what we're investing in the new, but also important is what we have to invest in to manage the assets that exist. It could be buildings. It could be pipes in the ground. It could be water, sewer, treatment plants and distribution lines. It could be roads, sidewalks and facilities. The list goes on: schools, health care centres.... Again, the list goes on and on.

That said, do you find it equally as important under that disciplined structure that I referred to earlier not only to worry about, invest in and work with these communities to then ensure they have what they need in the future, but also to manage the assets they have now from the past in terms of their legacy?

Mr. Yves Giroux: I don't think I can dispute that.

Mr. Vance Badawey: With the cost of that, once again, I go back to my original question. It's going to take some time.

Mr. Yves Giroux: Definitely. That's why it's important to have indicators that can track progress over time; it's so Canadians can know the government is going in the right direction or the outcomes that are expected are being realized.

Mr. Vance Badawey: Yes, and that is going to take time, as well.

Thank you, Mr. Giroux.

The Chair: Thank you, Mr. Badawey.

Madame Bérubé, you have two and a half minutes.

[*Translation*]

Ms. Sylvie Bérubé: Thank you, Madam Chair.

Mr. Giroux, have you been able to study how much the departments are spending? Has everything that was budgeted for been spent in the years you studied?

If additional funds are allocated and the public service is having trouble meeting its obligations, do these additional funds end up never being spent?

Mr. Yves Giroux: This is an issue that we consider at the end of each fiscal year, or rather when the books for a fiscal year are provided to us. Every year, some departments, particularly those with large budgets, such as Aboriginal Affairs and Northern Development Canada and Indigenous Services Canada, don't spend all the funds allocated to them. That's largely due to the fact that, during the fiscal year, they don't have the capacity to spend their entire budget, which is not unusual for departments. In fact, they are reprimanded very harshly if they spend more than the budget allocated to them, and that forces all managers to be cautious.

The two departments that deal with Indigenous issues and provide services to Indigenous people tend to have more unspent funds than other departments because of the size of their initial budget.

So the answer to your question is yes, and it's a recurring phenomenon.

Ms. Sylvie Bérubé: In the report, you say that it's hard to specify and meet objectives when it comes to services self-determined by Indigenous peoples at the Department of Indigenous Services. Can you give us the reasons for those difficulties?

• (1705)

Mr. Yves Giroux: Yes. These are services often delivered by the communities themselves, and the departments have little influence over them. So achieving the department's objectives largely depends on delivery by third parties, the Indigenous communities. There are many of them and they are spread out over a number of regions. Where the indicators are concerned, it's hard for the department to monitor the ability to meet targets from year to year, since that depends on the communities' ability to deliver services, and the communities face a very wide range of realities.

Ms. Sylvie Bérubé: Do you know what percentage of the communities are saying no?

Mr. Yves Giroux: To my knowledge, that's never happened. That information isn't available in the data we looked at either. The departments, which will likely be appearing later this week, would surely have more details on that.

The Chair: Thank you, Ms. Bérubé.

[English]

Ms. Idlout, you have two and a half minutes.

Ms. Lori Idlout (Nunavut, NDP): *Qujannamiik*, thank you, Madam Chair.

It's strange to speak English in this room when I'm with you people. This makes me appreciate my interpreter, who couldn't be here today, even more.

Thank you so much for appearing before our committee and for looking into what you did based on a motion passed by this committee.

I want to direct my questions to a statement you have on page 15. It says that INAC and Health Canada “exhibited a capacity to achieve the objectives that they had set for themselves.” You noted they have the capacity to set objectives and meet them. You also reported that there's been a failure in their meeting these targets, because they keep asking for not enough, or they keep moving the target. It's no wonder they are struggling to meet their targets, if they keep having a moving target over all these years. You end up saying in your report that they “performed poorly at specifying and maintaining a given objective.”

I want to ask some questions about those performances. Could you explain or describe, first of all, this poor performance?

Mr. Yves Giroux: It's difficult to determine exactly what explains that poor performance in maintaining the same performance targets. It could be changing priorities, so the departments being subject to priorities that change. If that's the case, they have to change the performance indicators they track. Or it could be a realization that the targets they have are not appropriate to get to the desired outcomes.

It's difficult for us to determine that only having looked at the departmental results indicators, the targets themselves, and not having conducted a thorough study about why they chose these specific targets and why they changed.

We looked at their tracking of targets and the fact that some of them had changed, but we did not start the study with a view to getting full-fledged explanations.

The Chair: Thank you, Ms. Idlout.

I want to check with our witnesses as well.

You're doing okay? You have been on the hot seat now for quite a long time. Do you need a break or anything?

Mr. Yves Giroux: That's very nice of you to ask, but I'm good. Mark is good too.

The Chair: Thank you.

We will proceed now to Mr. Schmale for five minutes.

Mr. Jamie Schmale (Haliburton—Kawartha Lakes—Brock, CPC): Thank you very much, Chair.

Thank you to our witnesses. It's a very interesting conversation indeed.

I want to pick up where Ms. Idlout left off, in the area of the indicators and how we have seen in departmental plans through successive years that if targets in certain areas have not been met, the deadline for completion has just been pushed further and further away.

I missed the first little bit. Is it something unique to this department that you're seeing these benchmarks being pushed back? Is this isolated to these two departments, in your experience?

• (1710)

Mr. Yves Giroux: Sadly it is widespread across the public service.

Mr. Jamie Schmale: That's despite the increase in funding that this department has received?

Mr. Yves Giroux: It's irrespective of additional or stable funding that departments receive. It is in virtually—I can't say all organizations, but it's widespread.

Mr. Jamie Schmale: Could it have more to do with the process, especially when you have communities endlessly applying for program funding, and the applications Ottawa takes in kind of go around the cotton candy machine and then funding is dispersed out? Could efficiencies be found in maybe ISC or other places in terms of having more direct decision-making power? This is more policy than anything, but the point is that what you're giving is more of a bottom-up and not a top-down approach to dealing with indigenous communities or really anything, I guess.

Mr. Yves Giroux: I think the issue of departmental results indicators moving from year to year is clearly not unique to these two departments. As I said, it's widespread. How do you fix that? That's a good question. I think it's up to ministers to set targets and to try to make their officials stick to them.

There is a committee of ministers, the Treasury Board. I think these ministers are empowered to impose targets on departments and to force them to stick to them and to have them explain why they can't meet certain targets. It certainly would be an improvement over the process in which these targets and these indicators themselves are determined by officials and almost imposed on ministers who do not have the right tools to challenge these and or to easily suggest changes from year to year.

It's a topic I have raised before. I'm not making any friends in the public service when I make these comments, but I'm here to tell you what I think when you ask me, and that's exactly what I'm doing again today and probably losing the only two friends I had left.

Mr. Jamie Schmale: I'm sure everyone at this table calls you a friend as well.

When you're talking about the mechanics of big government, when you have big government it's hard to have big freedom, so to speak. It's very difficult to move quickly on certain topics or certain priorities. It's a big boat to move.

To your point, rather than talking about endless program funding and endless feeding of this machine, a better way for tax dollars to have more velocity might be to give them to the community and have them decide what the priorities are there, rather than having this back and forth between Ottawa and the indigenous communities—or non-indigenous communities, really, if it's not this department but another department.

Mr. Yves Giroux: It's probably a very good point. I think the government is relatively good at doing stuff routinely, despite what people may think. It struggles when it's asked to do something different quickly. That's where we tend to hit a wall.

If you ask officials to do the same thing over and over again, they tend to get very good at it. However, when it comes to providing services to indigenous Canadians, it's not routine and the same thing day in and day out. Different people have different needs. That's probably where the rubber hits the road.

Mr. Jamie Schmale: That goes to the quote, and I think it was Reagan who said it, that the closest thing to life on earth was a government program. It pretty much explains that.

Mr. Yves Giroux: I have no comment.

Mr. Jamie Schmale: Once it's in, it's hard to get out, because it's there forever.

Okay. Well, that I understand.

How much time do I have, Chair?

The Chair: You have 20 seconds.

Mr. Jamie Schmale: I don't think I can get into anything in 20 seconds.

Thank you very much.

The Chair: Thank you, Mr. Schmale.

I'll now go to Mr. Weiler for five minutes.

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

I'd like to thank our witnesses. In particular, I'd like to thank Mr. Giroux for being here and for his reports on this and other topics. They're always really, really important for the work we do.

I want to pick up on a line of questioning that Mr. Schmale brought up. I may look at it from maybe a little bit less of a libertarian point of view than he does. I know, particularly from speaking to some of my good friends who work in urban planning and do a lot of work with first nations right across the country, that one of the big barriers for accessing government funding is some of the long application processes that are put together for many of these programs. Oftentimes, many nations do not have the capacity or sometimes even the knowledge of those programs that are coming up.

I'm wondering if in the process of putting together your report this is something that came up. Do you see something like that as impacting perhaps some of the results that are being realized from the work in ISC and CIRNAC?

• (1715)

Mr. Yves Giroux: It's not something that came up when we put together our report, but it's something that comes up almost every time we look at specific government programs. The reason generally tends to be that in government, every department wants to have a level of certainty. When they're designing a program, they want to ensure that the recipients are the intended recipients and that nothing goes wrong once the money is out the door. They tend to have an application process that screens out as much as possible applicants who are not eligible.

Then they tend to have accountability issues. They want to know what was achieved with the money they provided. It tends to be burdensome for the applicants. That's not specific to the federal government. It's very common to other levels of government. It's a struggle between giving money in a seamless and efficient way but also ensuring that the money is not wasted on ineligible recipients and there's some accountability as to what the money was used for so that the government can account for that and get results.

Mr. Patrick Weiler: Thank you.

You noted in the report, "Our analysis determined that the number of performance indicators increased after ISC and CIRNAC were created", and you said, "The analysis conducted indicates that the increased spending did not result in a commensurate improvement in the ability of these organizations to achieve the goals that they had set for themselves." I think a few things can be taken from that. I'm wondering if you can maybe explain this to the committee.

To what degree is this not actually making progress in making improvements on the ground, or how much of that is just not reaching what you judge to be much higher goals that these departments are setting than were set in these plans from before?

Mr. Yves Giroux: I don't think departments set much higher goals over time. They probably have increased their ambition, but that's not what struck us as being the main issue when government departments failed to meet some of their targets. I think it has more to do with just a lack of capacity to generally meet the targets they had set for themselves, not because they had a very ambitious agenda. That didn't strike me.

Again, Mark can correct me if it's not the case, because he was closer to some of the details of the report, but I think it was a general lack of capacity to deliver on all of these programs rather than targets that were set at too high a level at the outset.

He's nodding, so that's a good sign.

Mr. Patrick Weiler: Okay, great. I appreciate that.

With regard to my next question, you mentioned in your report that settlements were a big part of the overages in spending. You also mentioned that "several departmental programs increased as a result of provisions made by the federal government" and that this "explains the difference between planned and actual results...both in spending and human resources".

I was hoping you could speak a little bit more to that and how it's reflected in the conclusions of the study, particularly on the settlement side.

Mr. Yves Giroux: I'm not sure whether we have all of the data at the granular level, but it's clear that money set aside and provided to departments for settlements constitutes a good part of the increased spending.

Beyond that, I'm not sure I can comment without asking you for more specific aspects to your question.

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

We're now going to go to a condensed fourth round.

We'll begin with Mr. Vidal for five minutes.

Mr. Gary Vidal: Thank you, Madam Chair.

I want to thank you again for all of your work on this.

I'm going to go back to a couple of things you said. You referred to this in the editorial that I talked about earlier, which you were quoted in.

You told APTN News about the fact that “five years after...the two new federal bureaucracies aren't meeting their own targets for improving the lives of...Indigenous people..”. You said, “They cannot meet their own targets, which is surprising...they're also failing to keep their targets consistent over time.”

Earlier on in your comments, you also referred to the fact that out of the 42 performance targets set by the ISC, “a quarter or less of the results are consistent with the targets... the department” set for themselves.

I want to drill into a solution-based idea for a second here.

We have an Order Paper question that we received an answer to not too long ago, which indicates that 95% of the ISC executive level or above and 92% of CIRNAC at or above the executive level received bonuses totalling about \$5 million in 2021-22. In the response, it clearly states that “Individual performance pay holds executives accountable for individual results and is not related to Departmental Results, which measure organizational goals.”

I referred earlier to an organization I was part of where I have this history of working with the management system that we're talking about here. In my experience, the executive compensation component at our organization was 85% based on the organizational goals and 15% based on the personal performance goals.

This is bigger than just ISC and CIRNAC. I think this is across government, right? Do you think there's some merit in suggesting that we should tie performance, at-risk pay and bonuses, to organizational achievement rather than individual achievement?

• (1720)

Mr. Yves Giroux: I don't see how a majority of executives can have at-risk pay and performance pay if a department only meets half of its targets.

Is there merit...? I think there's more than merit. I think it would be common sense. There might be other issues for why the govern-

ment is not moving in that direction, but it seems to be quite obvious.

Now you've made me answer a question that has definitely made me lose the only friends I had left in government.

Some hon. members: Oh, oh!

Mr. Gary Vidal: I sincerely apologize for that.

However, we're looking to fix things here. We're looking to make the lives of people better. There's an old saying that what you incent gets accomplished. I would suggest to you that we're not incenting the right things with the way we systematically do the at-risk pay and the bonus pay across government.

I have a couple of minutes left, and I'm going to move into the conclusion of your report. I'm going to guess that this is my last shot to ask questions today, right Madam Chair?

We talked a lot about the targets and the goals and all of that. I'm going to be frank. Basically, when I look at this, I would suggest that neither department has been very good at achieving some of these targets. I think you would probably agree, from your comments.

Do you have something specific...? What recommendation would you provide to the leadership of these departments?

In my case, I'm specifically talking about ISC because that's the file I look after or respond to. Are there some specific suggestions you have that might lead to improved outcomes and the ability to assess results in a more positive manner?

Mr. Yves Giroux: [*Inaudible—Editor*] more seriously, you've touched on an important point: tying executive performance to the attainment of corporate targets. These also mean government-wide priorities and targets, so it's a very good first step.

Then, it's about setting themselves ambitious targets. It's good to be ambitious. It's not the end of the world to fail to meet ambitious targets, but it's great to do it. I'm sure these departments are excellent at doing a couple of things, but the performance indicators we see do not clearly indicate that. It would be good to have clear performance targets that are ambitious and reward excellence in these two departments.

It's very hard for me to believe that 95% of executives had a great or an excellent year. We all go through life events that make us have a bad year, every now and then. This suggests that it's seen as an entitlement. It's not just these two departments. I think it's public service-wide.

Mr. Gary Vidal: I'm going to close with this, because I know I have a few seconds: If we tie performance incentives and at-risk pay to department goals, set goals we're consistent with, maintain those goals of what we're trying to achieve and do some things well, at the end of the day, we're going to serve people better than what we're seeing in the results of some of these reports.

• (1725)

Mr. Yves Giroux: I think that should be the penultimate goal of every public servant, and I think it is for the vast majority of them.

The Chair: Thank you, Mr. Vidal.

We will now go to Mr. Powlowski.

I think you're splitting your time with Mr. McLeod.

Mr. Marcus Powlowski: Am I? Okay.

I know the summary says that, despite increased spending, the department hasn't met its targets—the DRIs. However, I'm looking at the DRIs and wondering what this actually means.

I'll give you some of the DRIs.

For the percentage of first nations adults who rate the quality of health care services delivered in their community as good or excellent, the target is 57%. The actual results are 55.2%. However, there's a little asterisk there that says data is five years old, because the data is collected from the first nations regional health survey and that's every five years. They haven't done it in five years.

The next one is the percentage of prior approval requests for medication coverage completed within 24 hours, and the target for that is 100%. What kind of administrator creates a target of 100%? Nobody is going to get to 100%. This might be my somewhat cynical view of administrators: Set a target you can easily meet and, when you meet it, claim success. If I have any criticism, it would be this: Why would you create a target of 100%, which is unachievable? However, they actually met 98.4%. Okay, they didn't meet their target, but come on. That's pretty close.

Another one is the percentage of eligible first nations and Inuit who received at least one non-insured health benefit in a year, which has a target of 74%. In the results for 2020-21, it was 67%, but that's during the time of COVID. You looked at non-insured health benefits like dental and psychological care, which means going from wherever you live to some other community. Who's going to want to do that?

The next one is the percentage of first nations adults who reported being in very good or excellent health, which has a target of 44%. The result was only 38.7%—but, again, it was five-year-old data.

As I go through these, nothing jumps out to me as being very bad, or “We're not meeting the indicators and we spent a lot of money.” What indicators did we go awry on and clearly didn't meet? The ones I'm looking at.... They are hard for me to get too excited about.

Mr. Yves Giroux: You're right. It's hard to be excited about this, and these survey results are from five years ago. For a department that spends billions on health care funding, to use survey results from five years ago that health care is good in your community, or a percentage of eligible first nations and Inuit who received a benefit, that doesn't tell me anything. Are they in good health or not? I think that should be the performance indicator. If you receive a benefit because you're diabetic or suffering from an ailment, that's not a good indicator. If few people receive a benefit in a community, it might be an excellent thing because they're very healthy.

I think that speaks to the problem of not having good performance indicators. For the ones we heard, except for the ones who reported being in good or excellent health.... That, I think, is good. The rest is worth what it's worth, in my humble opinion.

The Chair: Thank you, Mr. Powlowski.

Next is Mr. McLeod.

Mr. Michael McLeod: Thank you.

I have one quick question. It's based on a response you made regarding self-governance. You indicated that you found there weren't enough performance outcomes tied to some of the funding agreements. I'm very disappointed to hear that's how you measure relationships within indigenous nations.

As an indigenous person, I'm hoping that we've moved quite a ways past the paternal attitude from federal governments and provincial/territorial governments and we're working towards a truly nation-to-nation type of arrangement. I would expect that we would come up with funding arrangements such as our self-governing fiscal policy that would allow the indigenous governments to govern themselves and to do it how they see fit, not compared to how we funded band councils and analyzed their performances up to now.

Could you maybe clarify if you're still using the same measuring stick that we've been using for the last 150 years when it comes to band councils and indigenous governments for the new relationships that we're developing and signing agreements with?

• (1730)

Mr. Yves Giroux: Just to be clear, my comment should not have been construed as my opinion on the type of relationship the Crown should be having with first nations communities.

I was responding to a question about specific performance indicators that were a bit more difficult to attain—or to measure, to be more precise—and that was not a comment on the type of relationship at all. I was rather explaining what some of the departmental results indicators were, or some of the wording that explained that in our report was what that was referring to.

Mr. Michael McLeod: One other question—

The Chair: We're out of time, Mr. McLeod.

Mr. Michael McLeod: Okay. Thank you.

The Chair: I'll have to go to Madam Bérubé.

[*Translation*]

Ms. Bérubé, the floor is yours for two and a half minutes.

Ms. Sylvie Bérubé: Thank you, Madam Chair.

Mr. Giroux, earlier you mentioned that the targets didn't always fit the objectives. In your opinion, why are objectives and targets not aligned within the departments? How are targets set? It seems to me that a target should definitely be used to achieve an objective.

Mr. Yves Giroux: I experienced this issue when I was in the public service: It's always difficult to set ambitious targets ourselves. People tend to go towards targets or indicators that already exist, that are familiar to them. Rather than measuring results, people tend to measure the mechanisms used, that is to say what's been produced, how much has been spent or the number of social workers affected, rather than the outcomes they want to achieve, such as the number of healthy people or how many children are thriving in their families.

It's true that the targets set are strange. To remedy that, I believe targets must be set based on departmental objectives. I think ministers need an opportunity to be more involved in setting their targets. House committees like yours could also suggest appropriate targets or performance indicators to departments and agencies.

The Chair: Thank you.

[*English*]

Ms. Idlout, you have two and a half minutes.

Ms. Lori Idlout: Thank you so much.

The federal government has been doing work for about 150 years. I don't know how economics really work, but the federal government has seen inflation a few times, so I'm sure it knows how to, when there's inflation, make sure that when it's setting targets it factors in those kinds of external things that it might not be able to have control of.

Time and time again, we see first nations, Métis, and Inuit communities being made promises; targets are made. For example, one of my communities, Arctic Bay, had an agreement with the federal government—I'm pretty sure it was either CIRNAC or Indigenous Services Canada—that it would fund Arctic Bay for a marine infrastructure project, a small craft harbour.

About three to five years later, that project has not yet been established. The community of Arctic Bay says that it's been answer-

ing all the questions so that this project can go ahead. One of the recent excuses that it's been given is that inflation has made it difficult. The budget that was originally allowed has not been able to be met because of inflation.

I wonder if that's what you mean by these moving targets. At the same time, haven't these types of governments been able to factor in such external factors so that if they sign agreements that allow projects to go ahead, they should be able to do so?

• (1735)

Mr. Yves Giroux: I cannot comment on one specific agreement, but inflation has increased the cost of doing business in many communities. I'm sure Arctic Bay is no different. Inflation has also increased government revenues through more income taxes, more sales tax revenue.

On the one hand, yes, it costs more to repair or build some installations, some assets, but on the other hand, there is more revenue coming in.

You're right. Inflation has been around before, so we should know how to deal with inflation. Blaming inflation.... Inflation is probably a good reason it costs more, but on the other hand, there's more revenue.

When an agreement is signed, usually it tends to have to be honoured, so I can't speak to that specific one. If you get a chance to ask ministers when they appear, I think that would be a very good question to put to the ministers.

Ms. Lori Idlout: In terms of—

The Chair: Thank you very much, Ms. Idlout. We're actually out of time.

On that note, we'll be adjourning for today.

Thank you so much for your time this afternoon and for your testimony. I really appreciate it. We will have the ministers with us on Wednesday.

Thank you very much.

The meeting is adjourned.

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