



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Public Accounts

PACP • NUMBER 040 • 2nd SESSION • 41st PARLIAMENT

EVIDENCE

Thursday, November 27, 2014

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Chair

Mr. David Christopherson

Standing Committee on Public Accounts

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• (1530)

[English]

The Chair (Mr. David Christopherson (Hamilton Centre, NDP)): I call this 40th meeting of the Standing Committee on Public Accounts to order.

Colleagues, you'll know that we're here today to formally receive the fall report of the Auditor General. Prior to commencing that, I remind members that our next meeting will be on Tuesday, December 2, when we will be doing committee business. Also, I'd like to advise you that it's my intent, schedule permitting, to table the draft report, which we just concluded at our last meeting, on Monday afternoon.

Unless anybody else has matters that must come before this committee, I will turn our attention to the matter at hand.

Seeing none, we will do just that.

Welcome, Mr. Ferguson. It's nice to have you here again, sir. I will give you the floor in a moment to give you an opportunity to make your opening remarks. I will also leave it to you to introduce your august delegation.

With that, sir, I will turn the floor formally over to you for your opening remarks.

Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General of Canada): Thank you.

[Translation]

Mr. Chair, I am pleased to present our Fall 2014 Report which was tabled in the House of Commons last Tuesday. I am accompanied by Assistant Auditors General Ronnie Campbell, Jerome Berthelette and Wendy Loschiuk.

We are reporting on seven audits which examined a number of different government activities and programs. As is typically the case with our audits, we found good practices in some areas, and we found some practices that need improvement. One concern that I have in looking at these audits is that departments need to have a clearer understanding of whether the services they are providing are truly meeting the needs of Canadians.

[English]

In the first of the audits we're reporting on, we looked at how the Government of Canada provides assistance in response to the onset of humanitarian crises in developing countries. We found that Foreign Affairs, Trade and Development Canada considers the needs

of affected populations and works through appropriate partners in providing humanitarian assistance in crisis-affected areas.

[Translation]

While we found that Foreign Affairs, Trade and Development Canada can respond quickly to humanitarian appeals and proposals, we also noted that for one third of the projects we examined, responses took three months or longer. There is an opportunity for the department to analyze the timeliness of its responses and find ways to improve response times.

Our second audit looked at the Royal Canadian Mounted Police, or RCMP, Liaison Officer Program. Overall, we found that this program works well to support Canadian law enforcement in combatting transnational crime. Liaison officers are well-qualified and develop good productive working relationships with foreign law enforcement agencies.

[English]

There are, however, some opportunities for improvement. For example, we also noted that in general, the RCMP could not access information on Canadians arrested, charged, convicted, and released from prison abroad. Foreign Affairs, Trade and Development Canada and the RCMP need to work together to identify any additional information that can be shared legally.

• (1535)

[Translation]

Turning now to our audit of mental health services for veterans, we found that Veterans Affairs Canada has put in place important mental health supports. However, in many cases, these supports do not facilitate veterans' timely access to mental health services and benefits.

[English]

Veterans Affairs Canada needs to do more to overcome the barriers that slow veterans' access to services and benefits. These barriers are a complex application process, delays in obtaining medical and service records from National Defence and the Canadian Armed Forces, and long wait times for getting access to qualified health care professionals and government-funded operational stress injury clinics. This means that from the time they first contact Veterans Affairs Canada, about 20% of veterans have to wait more than eight months before the department gives them a green light to access specialized mental health services.

[Translation]

In this audit, we also looked at what Veterans Affairs Canada is doing to increase awareness among various stakeholder groups of the supports it makes available to veterans.

We found that the department delivers a variety of outreach activities that target its existing clients and soldiers being released from military service. However, it could do more to reach other groups who can encourage veterans to seek help, in particular family doctors and families of veterans.

This report also presents our findings about how the Royal Canadian Mounted Police and the Canadian armed forces have managed selected requirements of the government's 2009 contract for integrated relocation services. Overall, we found that the RCMP has improved its financial and administrative controls for relocation files. For example, it has recently introduced national standard procedures that are intended to ensure that RCMP members receive the appropriate benefits, that the requirements of the Financial Administration Act are met, and that relocation files are handled consistently across the country.

[English]

While the Canadian Armed Forces has taken steps to improve the management of the 2009 relocation services contract, we noted weaknesses in the way it verifies relocation transactions. The Canadian Armed Forces should improve its processes to ensure that members consistently receive relocation benefits that meet the requirements of the Financial Administration Act.

[Translation]

For our audit of the support to the automotive sector, we looked at how Industry Canada, the Department of Finance Canada and Export Development Canada managed the \$9 billion of financial assistance provided by the federal government to support the 2009 restructuring of the Canadian operations of Chrysler and General Motors. This financial assistance involved complex transactions, high uncertainty, and tight time frames. These circumstances had an impact on what Industry Canada could do to manage the assistance.

[English]

We found that Industry Canada, Finance Canada, and Export Development Canada managed the financial support to the automotive sector in a way that contributed to the viability of the companies and the competitiveness of the sector in Canada over the short and medium terms. Industry Canada adequately assessed the recovery prospects of Chrysler and GM and monitored the companies' production commitments in Canada.

However, we also identified weaknesses in the way the assistance was managed and reported. For example, Industry Canada had limited information on concessions and on GM Canada's pension liabilities, making it difficult for the department to understand the impacts on the long-term viability of the companies. Also, there was no comprehensive reporting to Parliament of information about the restructuring assistance. This makes it difficult for government to draw lessons for the future from this experience.

[Translation]

This report also includes an audit of the Nutrition North Canada Program. We found that Aboriginal Affairs and Northern Development Canada has not taken enough measures to meet the objectives of making healthy foods more accessible and affordable to residents of isolated northern communities.

● (1540)

[English]

Food costs are significantly higher in the north. It costs on average twice as much to feed a household in Nunavut as it does elsewhere in Canada. One of the problems we found is that the nutrition north program does not identify eligible communities on the basis of need. For example, there are two communities in northern Ontario that are about 20 kilometres apart and are similarly isolated. One is eligible for a full subsidy of \$1.60 per kilogram of food, while the other is eligible for only a partial subsidy of 5¢ per kilogram.

We also found that Aboriginal Affairs and Northern Development Canada has not done the work necessary to verify that northern retailers are passing on to consumers the full government subsidy on eligible foods. If the department was able to verify that this was the case, some of the public skepticism surrounding the nutrition north program could be lessened. This would benefit the department, northern retailers, and the residents of Canada's remote northern communities.

[Translation]

Moving on to our last audit, we looked at the preservation of government records of historical value.

We looked at how Library and Archives Canada acquires and preserves those records, and what it does to facilitate access to them for current and future generations.

We found that Library and Archives Canada is not acquiring all the government records of archival value that it should from federal institutions. Of what it has acquired, 98,000 boxes are waiting to be processed, and some have been around for decades. The backlog includes approximately 24,000 boxes of military records.

[English]

We also noted that Library and Archives Canada spent over \$15 million on a digital repository that was tested, approved, and ready to use but that ultimately was never used. Library and Archives Canada still does not have an integrated system to manage the electronic transfer, preservation, and storage of digital information. Library and Archives Canada has stated that by 2017, digital will be its format of choice for receiving records. However, we found that the institution is not prepared to manage the volume of digital records it will have to acquire, preserve, and make accessible.

The findings we have presented in particular in our audits of Veterans Affairs Canada, the nutrition north Canada program, and Library and Archives Canada underscore the disconnect that happens when departments don't have a clear understanding of whether the services they are providing are meeting the needs of their clientele. When departments do not fully consider the on-the-ground impact of their activities, they are missing opportunities to verify that they are hitting the mark for Canadians.

Mr. Chair, that concludes my opening statement.

[*Translation*]

We will be happy to answer your questions.

Thank you.

[*English*]

The Chair: *De rien.* Thank you.

Now we'll begin the rotation in the usual fashion, starting with vice-chair John Carmichael.

You now have the floor, sir.

Mr. John Carmichael (Don Valley West, CPC): Thank you, Mr. Chair.

Good afternoon to you, Mr. Ferguson, and to your colleagues. Welcome. It is always good to have you here.

I want to state for the record that I'm always impressed with the volumes of information you are able to provide us on oversight, allowing us to do our jobs more effectively. I thank you for that. It is helpful. It generates great discussion, and obviously these reports generate great reaction that makes our government better at doing its job.

With that, I'd like to begin, if you don't mind, by turning to section 5 on the automotive sector. I've been reading quite a bit about the report in the media and hearing lots of input regarding different sections and content of this report. I'd like to address an area of concern that I have and to seek your assistance. That is with regard to the moneys that were earmarked or designated for the pension issue, paragraph 5.46 specifically. In your report you note that, "\$1 billion of the \$4 billion that had been earmarked for GM Canada's pension plans and placed in a separate account was paid instead to the US parent company."

What I'd like to know is whether there were any conditions put in place upon the release of that \$1 billion to the parent company.

• (1545)

Mr. Michael Ferguson: I don't have with me the specific requirements that were related to that. It was put into a trust account, a separate account, but I don't have the specifics of the account with me.

Mr. John Carmichael: Okay. Let me read to you from paragraph 5.46, because I think to the extent that we're here today, this helps us to at least understand what the ground rules basically were:

Industry Canada officials told us—

—that means you—

—that the funds had been set aside in case GM Canada could not meet its commitment to contribute \$1 billion to its pension plans.

I came to understand this was a condition that General Motors had to provide, out of their own funding, \$1 billion of the \$4 billion to the fund. It goes on:

Once Export Development Canada received confirmation from Ontario that GM Canada had contributed to its pension plans, the Corporation authorized the release of the funds to the parent company.

In other words, \$4 billion was provided; \$3 billion went directly to the pension obligations; \$1 billion was provided by General Motors on top of that, with the balance going into a trust fund awaiting clearance from various officials that it could be released for whatever other purpose, and I guess we don't know at this point what that purpose was. To that extent, it's my understanding that the amount of \$4 billion was ultimately put into GM Canada's pension plan.

Am I correct in that assessment?

Mr. Michael Ferguson: I think the point here is that originally it was designed to be very direct, putting the money into the separate account and then paying into the trust fund, \$4 billion. It ended up going through a more circuitous route, but at the end of the day, we were satisfied that the \$4 billion that was intended to go into GM Canada's pension plan did end up in GM Canada's pension plan.

Mr. John Carmichael: Good, thank you.

I remember living through those days, having come from part of that industry. I came from the retail side of that industry, and clearly it was a tenuous time. In my case, my own manufacturer had gone out of business or was on the verge of serious trouble.

You refer in your report to the complexity of trying to keep these businesses together and the impact that they would have had on our economy.

It's been stated that as many as 500,000 jobs were kept intact, if you look at the union workers and manufacturing, the parts companies and suppliers, the dealers and all of the other ancillary industries that were dependent on that industry. They were kept whole because of what this government, the Ontario government, and the U.S. government were able to produce.

I wonder if you would comment, sir, on the outcome of these negotiations and the placements of these moneys and what would have happened to our economy and to this country if the government had not contributed to this fund.

Mr. Michael Ferguson: In terms of what you've described, I think certainly in the audit we noted that it was a time of great uncertainty. It was the economic crisis, so the decisions had to be made within a very short timeframe. There was a lot of complexity. In fact, it was the U.S. government that was leading the negotiations with the parent companies. The Canadian decision was really whether Canada should participate. There was a lot of complexity.

In terms of what we identified as the outcome of the audit, we did say that the funding that was provided by Canada and by the Government of Ontario contributed to the viability and the competitiveness of the industry certainly in the short and medium terms.

In terms of what might have happened had the assistance not been provided, that's not something that is auditable or that we could audit. Certainly when Industry Canada was making the decisions about whether to participate or not, it was very concerned about the economic impact of this sector and the trouble in terms of the economic crisis. I can't speak specifically to what the outcome might have been, but certainly Industry Canada was very concerned about what that outcome might have been.

• (1550)

The Chair: Thank you. The time has expired.

Colleagues, if I might, just before we go on, I want to bring to your attention the fact that we have some guests here today. They are four auditors. Two of the auditors are from Cameroon and two are from Tanzania.

We're honoured to have you here. There really is a worldwide movement of people who care about auditing and transparency and accountability and the oversight work of public accounts. It's through best practices that we achieve the best standards for the people we represent. So thank you for your contribution to auditing, transparency, and accountability, and welcome to our country. We hope that you enjoy your time with us.

Colleagues, moving along, we'll pick up again with Mr. Allen.

You now have the floor, sir.

Mr. Malcolm Allen (Welland, NDP): Chair, before I begin my questioning I'd like to raise something, and I'd appreciate it if you wouldn't dock the time.

There is a document in front of us, I'm not sure from whom. It's a chart. I'm not sure from where the document is actually taken. There's no name on it. I'm wondering if this is meant to be an aid. Is this meant to be tabled? I'm not really sure.

The Chair: That's a fair question.

Madam Clerk, would you help, please?

The Clerk of the Committee (Ms. Angela Crandall): Certainly. Mr. Woodworth had asked me. He provided the copies in French and English. He asked me to distribute it to the members of the committee today here in the meeting room, because it will assist in questions he plans to ask in the committee.

The Chair: It's a document that comes from Mr. Woodworth. He's planning to reference it in his questioning. He asked the clerk if she'd be good enough to circulate it to members before we began.

Mr. Malcolm Allen: That begs the obvious question, is he tabling it as a document that he wishes to bring into evidence, or is it something to simply help us as he goes through his questions?

The Chair: I'll leave that to him when he gets the floor. For now, you asked where it came from and that's the explanation, unless you have a problem with that. It's just there as information and it will become, or not, active as the committee determines as we move forward.

Mr. Malcolm Allen: Fair enough. I think the only thing I would say in response, Mr. Chair, would be that depending on what Mr. Woodworth tells us he wishes to do with the document, I may reserve the right to reply to that at that time.

The Chair: And I will give you the floor at that opportunity and give you the opportunity to make your case.

Mr. Malcolm Allen: I appreciate that.

Mr. Ferguson and guests, thanks for being with us again.

Let me pick up on Mr. Carmichael's comments, because both of us came from the same place albeit at different ends of the scheme. I used to try to make stuff for him to sell. I hope I made pretty good stuff that he could sell.

Getting back to 5.46, in this chapter the last line of 5.46 says "the Corporation"—meaning the Canadian corporation—"authorized the release of the funds to the parent company", which is indeed the U.S. corporation.

Is it correct for me to say that of the \$4 billion—albeit I agree with you there was a bit of a question of how exactly it flowed back and forth for the pension fund—\$1 billion of the \$4 billion that the Canadian government put in that escrow account ended up in the hands of the U.S. corporation? Is that correct?

Mr. Michael Ferguson: One billion dollars was paid to the parent company in the U.S. Again, ultimately, all \$4 billion ended up in the pension plan, but \$1 billion of it went through the U.S. parent company.

Mr. Malcolm Allen: Paragraph 5.47 in the report says:

This finding is important because in the absence of detailed information on the use of the funds, Industry Canada does not know to what extent the federal government's financial assistance contributed to the viability of Chrysler Canada and GM Canada.

The fact that they didn't seem to be able to track it as well as they wanted to, albeit it was convoluted.... I agree with Mr. Carmichael because I was actually in the last Parliament and I remember it well. It was a hectic period and things needed to go very quickly, and I can say the government and the opposition were in agreement and we needed to find a way to do this quickly. There were a lot of jobs at stake and a big chunk of the economy.

This is an after piece rather than a before piece, if I can put it that way. One ought to know at the end of the things what happened and how to track it. At the front end there may have been some weaknesses but that was probably because of expediency and the rush to get it done.

In your sense, is Industry Canada satisfied that it really knows what happens and is it able to ascertain.... Because if it ever got in this place again, would it do it in a similar fashion or not? I realize that's an opinion piece from me. You may not actually want to answer that.

•(1555)

Mr. Michael Ferguson: As I said in response to the earlier question, our conclusion was that the financing that was provided helped assure the viability of the companies in the short and medium terms. I think really the issue that we are raising, what our concern is about, is the longer term, and when you're looking at money being put into a pension plan, understanding the benefits of that pension plan.... Because GM Canada still has the liability for that pension plan, so obviously putting money into a pension plan will help it in the short and medium terms, but we felt Industry Canada needed to have more information to understand the longer term impact of that pension obligation. They needed to really understand the funding position, the benefits and that sort of thing, so that they could predict the long-term impact.

Mr. Malcolm Allen: Let me take you to chapter 3, which is one where we see a lot of issues. If memory serves me correctly, in your opening statement you spoke about two distinct things here in this veterans disability program, the rehabilitation program and the longer disability benefits program, if you will, if I can use those terms.

One seems to work relatively well. That's the rehabilitation program. Is that correct?

Mr. Michael Ferguson: Remembering that what we were looking at was access to the two programs, not the services that are being offered, yes, access in the rehabilitation program was adequate, but in the disability one we felt it took too long.

Mr. Malcolm Allen: It's understood that we're not measuring the outcomes of patient care, and I appreciate the clarification.

Clearly, on the disability side, the sense that you had in this audit was that the timeframe it took to clear people through was longer than it needed be and ought to be shorter. Is that fair to say?

Mr. Michael Ferguson: We also identified that there were obstacles in the way of veterans trying to access the disability program that caused the decision about whether they were going to be able to access those services to take too long.

Mr. Malcolm Allen: In terms of the department's goal of 16 weeks, which is constantly used as a benchmark, can you tell me what that first 16 weeks really means? What does that mean to a veteran who is applying?

Mr. Michael Ferguson: Their standard under the disability program is to process 80% of the applications from veterans within a 16-week time period. We found that they were actually processing about 75% within that timeframe.

In terms of what it represents for the veteran, that's from the point in time that the veteran has been able to actually complete the application form. What we're raising in the audit is that actually, for the veteran, the clock starts earlier than that, if you will, because the veteran has to go through the process of actually getting the application form to a completed state, and what we found was that on average, that was taking an additional 16 weeks, an additional four months, if you will. So it's four months for the veteran to complete the application, and then four months for the department to process the application.

The Chair: Sorry, Mr. Allen, the time has expired.

We'll go now to Mr. Albas.

Mr. Dan Albas (Okanagan—Coquihalla, CPC): I just want to thank you, Auditor General, and your staff for being here today. I appreciate the work you do for Canadians, particularly the challenge function, making sure the government's moneys are being invested properly. It think it's something we all agree with.

I come from a riding in British Columbia, Okanagan—Coquihalla. I'm going to be focusing my comments on chapter 1.

Many agree that Canada should be doing as much or more abroad to help people; many in my riding think we should be focusing at home. But I think all of them would agree that whatever money is spent should be thoroughly reviewed to make sure there is value for money, so I appreciate the opportunity.

One of my questions, and I have several from this particular file, is on the audit scope, 36 projects. I believe that's less than 20% of the average total budget. Why did you select these particular projects? To me, each one would be almost an individual, completely different set of circumstances, for example, whether it is a matching program, whether we're working with the international Red Cross and Red Crescent, where in the world it is, whether it's a dynamic...an earthquake, or a drought.

Why choose these 36? What were the criteria?

•(1600)

Mr. Michael Ferguson: I'll ask Ms. Loschiuk to give you the details, but as I understand it, those were essentially the projects that happened in the time period we were looking at.

I'll ask her to give you the details.

Ms. Wendy Loschiuk (Assistant Auditor General, Office of the Auditor General of Canada): Mr. Chair, in terms of the projects we looked at, we picked our timeframe for the audit and we went back to determine what had been funded out of the international humanitarian assistance envelope, and these were the broad areas that the government funded. These were the crises that happened, so to speak, at that time. Within each of these eight, there was a total of 36 different projects that were funded in order to address the various needs that these represented.

Each of them is different. We didn't pick them to try to get coverage of any particular kind of crisis. We accepted the crisis for what it was and we looked at how the government responded.

Mr. Dan Albas: Thank you.

With DFATD relying on the UN or the international Red Cross and Red Crescent in a large variety of humanitarian areas, how do you feel that your audits are indicative of being able to present a proper snapshot? There are so many different challenges and so many different partners on the ground.

Mr. Michael Ferguson: I think it's clear that any particular crisis that can happen can present its own challenges, but that's part of what the department has to do: react to all different types of circumstances.

What we were looking at here were the eight crises that actually happened in that time period. The types of things we were looking at included whether the department assesses the capacity of the partners it uses, regardless of who those are, and whether it determines the funding on the basis of need. The types of things we were looking at in that particular audit were things that you would expect them to do in any case. Was it timely? Were they meeting their objectives? Those overarching things would be what you would expect them to do in any set of circumstances.

Mr. Dan Albas: Thank you for that.

DFATD does not necessarily have staff beyond maybe some staff at a Canadian embassy, if there is one close by, to be able to give on-the-ground support. In the report, you indicated that DFATD has to properly and systematically assess the capabilities of its partners in order to ascertain that they have the capacity to complete the proposed aid project. Is that correct?

Mr. Michael Ferguson: Yes. Capacity was one of the four criteria, essentially, that we looked at. It was an area in which we found the department was doing a good job of making sure that any organizations it was using as partners to react to a humanitarian crisis did in fact have the capacity to provide the services where they were needed.

Mr. Dan Albas: I will just go to page 5, paragraph 1.16, where it states:

Therefore, in August 2013, the Department began requiring NGOs to submit institutional profiles to confirm that they met all 10 requirements....

Could you explain what the 10 requirements are, as well as what's known as the fiduciary risk evaluation tools, just so the people back home can see your recommendations and what the department has been doing to make sure these things are being properly assessed?

Mr. Michael Ferguson: Again, I will ask Ms. Loschiuk to give us the detail of that part of the report.

Ms. Wendy Loschiuk: Thank you.

The fiduciary risk evaluation tool is an initial tool to make sure that the partner that the department is going to be working with is stable and has a reliable history both financially and regarding delivery. As well, regarding the minimum requirements to be considered to be a partner, there are 10 criteria and they like to assess potential partners to make sure they can rely on them going forward. Those criteria are basically broken into three areas.

There are four that fall under institutional stability. That means they are legally incorporated. They can address the requirements of Canada's anti-terrorism legislation. They are registered as a non-profit, etc. The other areas are financial criteria that they have to meet. They have audited financial statements. They can present those to DFATD, and they have demonstrated that they can manage at least \$500,000 worth of aid at any one time.

Then in the last part, there are some criteria under humanitarian assistance. There they want them to demonstrate that they've operated in this field for five years, that they've done good conduct,

that they understand the countries, that they understand Canada's ODA, and that they can operate and deliver according to the objectives we have for our humanitarian aid.

• (1605)

The Chair: Your time has expired, way expired, but I wanted to allow a fulsome answer.

Moving along, Mr. Giguère, you now have the floor, sir.

[*Translation*]

Mr. Alain Giguère (Marc-Aurèle-Fortin, NDP): Thank you, Mr. Chairman.

I want to thank the Auditor General and his team for coming to present their report.

I would like to go back to paragraph 3.26. I see a problem here, because once the application has been completed, the Department of Veterans Affairs allows itself 16 weeks to examine the application and another 6 weeks to send out the card.

So that means 22 weeks to say “yes” and to send out the “yes” or “no”. Administratively speaking, that seems extremely long, because the application has been completed. I am ready to accept that the government—if we think about Canada Post—is not particularly efficient, but generally, Canada Post is still able to deliver a letter by mail within a week.

So it seems to me that 22 weeks to provide an answer to someone whose application is complete is a little too long. What do you think?

[*English*]

Mr. Michael Ferguson: Well, the standard is 16 weeks to provide a yes or no. Then of course there is the additional six weeks after, which you noted, in order to get the health card. The other thing we noted was that it takes the veteran an additional 16 weeks just to complete the application form. When you look at it from the point of the veteran, it is 16 weeks to complete an application form and then another 16 weeks to get an answer. Then the veterans have to find a health service provider to give them the service they are looking for.

Again, that is under the disability benefit program. When you look at the rehabilitation program, the access is much quicker, but there are fewer people in that program and it's looking at different types of needs.

[*Translation*]

Mr. Alain Giguère: From a purely administrative perspective, these people give themselves 16 weeks to respond to applications. Perhaps that service needs a few vitamins? The application is complete: someone reads it and makes a decision, and then those people give themselves 16 weeks. Once they have decided on a response, be it positive or negative, they have six weeks to send out that response.

Are those delays not clearly unreasonable?

[English]

Mr. Michael Ferguson: I think we have quite clearly said that, in the disability benefit program, we feel it's just taking too long to get to those answers. In the report we've tried to outline some of the obstacles that the veterans face as they're trying to go through this process. For example, the application process is complex, hard for them to understand and be able to complete. It can still take up to four months to get information from National Defence or the Canadian Armed Forces about the medical records of that veteran while they were serving.

A number of obstacles still exist in this process that cause it to take more than eight months for 20% of the veterans. I think we have quite clearly said we feel that's too long.

[Translation]

Mr. Alain Giguère: My second question is on the appeal procedures.

As you clearly indicated, the vast majority of people who appeal a negative decision receive a positive reply. That is what it says in paragraph 3.45 or 3.46. The problem is that sometimes when these decisions are overturned new elements are added to the file. So if you will, the file is completed following the decision.

For some work-related organizations, including the Commission de la santé et de la sécurité du travail, a file is not closed. Before a negative response is issued and the matter is appealed, the person who processed the file re-evaluates it. That avoids an administrative appeal procedure and the need to plead one's case before a higher authority.

Would it not be better for Veterans Affairs Canada to keep the files open, for the processing officer to review his decision himself to avoid an appeal, and to avoid making the administrative process even more cumbersome?

•(1610)

[English]

Mr. Michael Ferguson: I think what we have identified here overall is that Veterans Affairs needs to look at the whole process from beginning to end, including how it makes a decision about an application. The appeals process should also be part of what they review.

Fundamentally though, one of the things we've identified here is the fact that in a fairly significant number of cases where a veteran's application has been denied, that is overturned and the veteran does get access to the benefits. We feel there's an opportunity for the department to try to analyze what they are getting in that appeal process that is causing them to reverse their original denial, and is that something they could cover off in the original process so it doesn't get to a denial and then have to go through an appeal process.

The Chair: Sorry, time has expired. That's good. I just caught that.

Mr. Woodworth, you now have the floor, sir.

Mr. Stephen Woodworth (Kitchener Centre, CPC): Thank you very much, Mr. Chair.

As always, my thanks to the Auditor General and his staff who are here today for their good work in analyzing and finding the gaps in our existing government service.

I want to add a special thanks too. I know the Auditor General will recall that from time to time I've offered suggestions about the media releases that accompany the reports of the Auditor General. I thought the media release that accompanies this report was excellent. I wouldn't have anything to add. I was very pleased to see it.

I will address all my questions to chapter 3, which is the chapter entitled "Mental Health Services for Veterans". As always, I'll begin with the scope of the audit, which I found on page 23, which I understand to be "timely access to services and benefits for veterans with mental illness". Am I reading that correctly?

Mr. Michael Ferguson: The scope—I'm just getting to the final part of it—was looking, yes, at timely access for veterans to mental health services.

Mr. Stephen Woodworth: Very good.

The place where I'd like to start is in relation to paragraph 3.20, which indicates that the rehabilitation program is one of two gateways through which veterans can access Veterans Affairs Canada mental health care support. I just want to make sure that I'm correctly understanding that you found that the rehabilitation program does allow veterans to access specialized mental health services.

Is that correct?

Mr. Michael Ferguson: Yes. In fact, we were satisfied with the way that the department was processing applications through the rehabilitation program.

Mr. Stephen Woodworth: Right.

When you say "satisfied", you were particularly looking at the timeliness of it, so what I would reflect back to you is I understand you to say that you were satisfied that the access to mental health services through the rehabilitation program was timely.

Mr. Michael Ferguson: In fact, in the conclusion in paragraph 3.68 we say we concluded that Veterans Affairs Canada is facilitating timely access for veterans to the rehabilitation program, and then of course we had our concerns with the disability program.

Mr. Stephen Woodworth: Correct. I'm going to come to those in a moment.

First, I want to understand whether I am right that many veterans access both the rehabilitation program and the disability program. Again, I'm looking at paragraph 3.20.

Mr. Michael Ferguson: Yes.

We had identified that 3,600 veterans were receiving disability benefits under both programs.

•(1615)

Mr. Stephen Woodworth: Right. So they're not mutually exclusive in other words?

Mr. Michael Ferguson: That's right.

Mr. Stephen Woodworth: I didn't see anywhere that you might have identified how many disability applicants were receiving rehabilitation services. That's sort of the reverse of what you've quoted here. I see how many rehabilitation service applicants were receiving disability, but I don't see the reverse. Do you have the reverse?

Mr. Michael Ferguson: I believe it's the same thing. There were simply 3,600 who were in both. So if you want to do a Venn diagram, you've got 1,000 over here, 3,600 in the middle, and then the balance.

Mr. Stephen Woodworth: Thank you.

Just let me follow that figure. If, in fact, in 2013-14 there were.... I'm sorry. Let me stop because that's not a yearly figure. That's a cumulative figure. My understanding is that there are 12,554 veterans who are receiving disability benefits and of those, 3,600 are also receiving the rehab benefits. Would that be correct then?

Mr. Michael Ferguson: I believe, and I'll just make sure Mr. Berthelette agrees with me, there were 16,000 in total: 1,000 of them were only in the rehabilitation program; 3,000 of them were accessing both, and then the balance were just in the disability program. The total of those three numbers was 16,000 I believe.

Mr. Stephen Woodworth: Okay.

In that balance who were just in the disability program, do you know how many of them were experiencing mental health issues that required mental health services?

Mr. Michael Ferguson: All of them would be, because all of the numbers we are quoting here are veterans who are accessing these programs because of a mental health condition. There would be other veterans accessing the programs for other reasons, but all of these numbers are veterans accessing the programs because of mental health conditions.

The Chair: Sorry, Mr. Woodworth.

Moving along, we go over now to the Honourable John McCallum, who has joined us. He's not a regular member of the committee, but a veteran of the House.

Good to have you here today, sir. You now have the floor.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair.

I'm a veteran of the House and I would like to talk about veterans.

Welcome, Mr. Ferguson, and to your colleagues.

Since I'm new here, how much time do I have?

The Chair: Five minutes.

Hon. John McCallum: Five minutes, thank you.

I noticed that approximately 65% of the requests that are turned down and appealed are ultimately accepted, and I'm wondering why such a high number. I wonder if it means that the people doing the adjudicating are inadequately trained if two-thirds of them are subsequently overturned, or if Veterans Affairs would have undertaken to train them better, or if there is some other reason for such a high proportion and what they might do to improve it.

Mr. Michael Ferguson: What we say in paragraph 3.46 is that "we found that Veterans Affairs...knows that most successful reviews and appeals rely on new information or testimony presented by the veteran or the veteran's representative". So it's a case of, during that appeal process, new information coming forward. We feel that's something the department needs to analyze to determine whether they should be asking for more of that information earlier in the process.

Hon. John McCallum: It would seem to save time and effort if one could include the information in the first question so that it wouldn't have to subsequently appeal. Did it agree to try to do that?

Mr. Michael Ferguson: I believe the department understands and that it's something it has agreed to. Again, it is really just a matter of trying to understand what is coming forward later on that it's not asking for in the regular process but that might help it in the regular process.

Hon. John McCallum: Thank you.

In paragraph 3.54 you say, "Veterans Affairs Canada does not educate family members on possible signs of mental illness."

Considering prominent cases, such as that of Jennifer Migneault, it would seem a logical thing to do. I wonder if the department explained why it didn't help to educate or inform veterans' families in the past.

• (1620)

Mr. Michael Ferguson: I think, essentially, what we found here was that the department did have some outreach activities in place and it was trying to reach people, but it could still make some improvements and it could reach others, particularly with more of an attempt to educate family members. I also think it is at least as important to reach out to family physicians so that they understand these types of conditions for veterans.

Hon. John McCallum: I've noticed something, most recently during question period today, and in this case it was the Parliamentary Secretary to the Minister of Veterans Affairs who referred to your report as having praised Veterans Affairs. I wonder if you would consider that an adequate characterization of your report.

Mr. Michael Ferguson: I think that, as is the case in just about all audits we have done, we have identified some things the department has done well. In particular, we did say that access to the rehabilitation program was timely, but then we identified that there are some things that need to improve. I think, overall, in this audit, given that most of the veterans are trying to access these services through the disability benefit program, I would say there's still a lot the department needs to do to improve its performance.

Hon. John McCallum: Thank you.

I wonder if the department explained why it doesn't trace wait times at operational stress injury clinics.

Mr. Michael Ferguson: It had some information about wait times, but that wasn't something it was monitoring, I guess, on a systematic basis. It does recognize that's something it needs to do in order to understand whether the veterans are getting access to those services or not, so it has agreed that's something it's going to start tracking.

Hon. John McCallum: I'll leave it at that.

Thank you very much.

The Chair: We are moving along.

Mr. Hayes, you have the floor, sir.

Mr. Bryan Hayes (Sault Ste. Marie, CPC): Thank you, Mr. Chair.

As a member of the Standing Committee on Veterans Affairs and as the son of a father who had a 37-year military career and sisters... cumulatively, I have over 100 years of direct military experience in my family, so I am acutely interested in the mental health services for veterans.

However, I think I'm going to shift the focus a little bit to chapter 4, which deals with providing relocation services. My first question is specific to performance measurement. I understand this is a follow-up audit to an audit that was done in 2006. In 2006, you noted that the Canadian Armed Forces had not developed the tools or indicators needed to assess the performance of the integrated relocation program or that of the contractor. That is what you noted in 2006.

What is your assessment now in comparison to what it was in 2006?

Mr. Michael Ferguson: I think in understanding whether the contractor is fulfilling his responsibility, certainly the Canadian Armed Forces have improved what they are doing fairly significantly.

They are monitoring the level of overpayments and underpayments under the contract. The total of overpayments and underpayments is supposed to be at about 2% and based on our review of the sample they were selecting, it seems as if the error rate is around that 2% for overpayments and underpayments.

They should be monitoring a couple of other things. One of them is member satisfaction. They are doing surveys to monitor member satisfaction, but we feel that the response rate they are getting is not sufficient for them to be able to rely on the results coming in from those member satisfaction surveys.

Finally, we talk about the fact that there's another performance target, that no more than 5% of the files they look at have incomplete data. Again, they are doing work to determine the number of files that have incomplete data, and we found that it does appear that it could be more than 5%.

The good part of that is it doesn't seem to be affecting the dollar error rate, which is at 2%, but it's a risk that it could result in more dollar errors, if you have that level of errors.

•(1625)

Mr. Bryan Hayes: How do you recommend that the response rate for satisfaction surveys be improved so the data can be more effective?

Mr. Michael Ferguson: I think that's always a challenge when you're trying to get responses to surveys. Our recommendation in paragraph 4.69 is that they should consider other approaches to tracking and determining member satisfaction. It may be that they need to augment the surveys they're doing with other things, perhaps

focus groups or something else, to try to get a little more information about the satisfaction level of the members.

Mr. Bryan Hayes: You indicated that the Canadian Armed Forces review approximately 1,000 files per year. I sense that isn't adequate. How many should they be reviewing and has this been communicated to them?

Mr. Michael Ferguson: One of the concerns we had, particularly in the 1,000 files they're reviewing is in paragraph 4.53, in which we say, "Due to the Canadian Armed Forces' sampling approach, only about 75 percent of relocation files in the previous year are included in the population for selection..."

That means the way they are selecting their 1,000 files, because they are selecting from a certain period of time in the year, 25% of the files have no chance of being selected. That's a weakness in their selection process. They need to put in place a mathematically rigorous sample selection process, so they can rely on the results they're getting from the work they're doing.

Mr. Bryan Hayes: Your crew took it upon themselves to review 30 of the 996 files reviewed by the Canadian Armed Forces. Can you tell me the results of your review of those 30 files?

Mr. Michael Ferguson: Again in general, I think what we found was the 2% error rate in overpayments and underpayments was supported by the work that had been done by the department. Again, understanding that we have some concerns about the way they selected their samples, but based on the work they did on the roughly 1,000 files they looked at, it seemed to support the conclusion that the error rate would not be more than 2%.

However, we had some concerns with the fact that the work they were doing was not giving confidence that the number of files with incomplete data was 5% or less. That's where we feel they need to do some more work.

The Chair: Mr. Hayes, your time has expired, sir. Thank you.

Mr. Allen, you have the floor again, sir.

Mr. Malcolm Allen: Thank you, Mr. Chair.

We can do it one of two ways. I've looked at my colleagues, and if they permit Mr. Bevington to take the round without a substitute for him, so be it. If he'd care for a sub, we'll enter the sub for him, and I'll be happy to step out for that period of time. I leave it with him.

The Chair: Are we okay to have Mr. Bevington take this spot?

Mr. Dan Albas: Usually the proper process should be followed.

Mr. Malcolm Allen: No problem. That's okay. I have to make a phone call anyway.

The Chair: Let me clarify here. He just can't vote. Any member can come to a committee and any member can speak if they're given a spot by a duly recognized member of the committee. Correct?

The Clerk: Yes.

The Chair: Mr. Allen, you can defer your spot to Mr. Bevington. You don't have to leave. It's just that he cannot vote.

Okay, we're understood. You're going anyway, and that's cool, as long as you understand you don't have to. Fair enough.

Mr. Bevington, welcome, sir. You're not a member of the committee, but you are another veteran of the House. You now have the floor, sir.

Mr. Dennis Bevington (Northwest Territories, NDP): Thank you, Mr. Chair. I will not attempt to vote at any time.

Thank you to the witnesses. I'm sorry, I didn't catch your testimony, but I've heard a lot, and so have the people of the north. They're very appreciative of the work you did on the nutrition north program. This is something where people were really looking forward to understanding this program, and I think you cast a lot of light on it, and it's really appreciated by everyone I've talked to or heard from.

There are a couple of details that I'm wondering about. When you talk about the communities that are in line for this program, the fly-in communities, do you have a list? Have you created a list of those communities? I know you've given numbers for that, but is there a list available that we could look at? Also, is there a list that would give the rates for each community? I've heard from some people who are looking for that information.

• (1630)

Mr. Michael Ferguson: That information, really, should come from the department; it's sort of at the level of detail of all of the communities and the subsidy rates. It's not something that we have included in our audit report. It's certainly something we would have looked at that the department has, but I think the department is the best place to get that information.

Mr. Dennis Bevington: The next question I have is that you referenced that the department had not established a definition for "affordable food", but I didn't see that you'd made a recommendation that they should do so, or did you make that recommendation?

Mr. Michael Ferguson: I'm not sure that we made the specific recommendation about that. I think, really, what we were looking at there was the overall idea of how they measure their performance under this program. To do that they need to understand what they mean by "affordable", and what the goals of the program are. I think it's rolled up into that whole idea of how they should measure their performance and whether they're achieving their objectives under the program. Part of that would be to understand exactly what they mean by "affordability".

Mr. Dennis Bevington: But they weren't able to give you any information in that regard on what they consider affordability?

Mr. Michael Ferguson: I don't have the exact wording right in front of me in the report, but certainly we did note that they didn't have a definition of "affordable".

Mr. Dennis Bevington: There was a lot of discussion about whether the program had done certain things. One of them was that it was reported that the sales were up, or the product moved was up, by 25%. Can you tell me a little bit more about what you thought or assumed that meant?

Mr. Michael Ferguson: As I understand it, that was that they were looking at the volume that was actually shipped. Over the course of a time period, again I would have to.... In paragraph 6.43 it says:

Department data shows that the weight of items subsidized under the Nutrition North Canada program in the 2012-13 fiscal year had increased by about 25 percent compared with the weight subsidized in the final year of the Food Mail Program.

It's simply a comparison of the weight of what was shipped under the two programs between the 2012-13 fiscal year of the nutrition north program and then the last year of the food mail program.

Mr. Dennis Bevington: Under one program like the food mail program where there were a lot of items that may not have been the same weight or the same description as under the nutrition north program, where things like diapers and a number of other things were not included, would that have changed the relationship do you think?

Mr. Michael Ferguson: What we indicate at the end of paragraph 6.43 is that we haven't audited those numbers. We were just reporting that was what the department said.

This section of the report is about managing the program. The header we have here is that the department has not collected information needed to manage the nutrition north Canada program or to measure its success.

We're trying to identify that the department has certain measures, and one of them is the number of kilograms of food shipped, but that doesn't really help them understand the program.

The Chair: Sorry, Mr. Bevington, your time has expired. You know when you're having fun, time just whizzes by.

Mr. Falk, you now have the floor, sir.

Mr. Ted Falk (Provencher, CPC): Mr. Ferguson, I also have questions on chapter 6. I know you've been working very hard for the last hour, and if you want to deflect the questions to your assistants, I'm okay with that.

Ice cream, bacon, and processed cheese products may be unhealthy. That's not an audit conclusion, I hope.

Mr. Michael Ferguson: What we say in paragraph 6.16 is that they "continue to subsidize certain foods that may be less healthy". That would not have been our conclusion but essentially one that we got from the department.

• (1635)

Mr. Ted Falk: Okay, good.

I want to key in a little bit on the scope and approach of the audit, and then draw some parallels with your conclusion.

At the end of the first paragraph on scope and approach, on page 16 of the report, you talk about all the things you did not audit:

We did not audit the processing of retailers' claims for payment. We also did not audit retailers who received contributions under the Program.

You also did not audit "Health Canada and its nutrition-related educational activities...".

In your conclusion you state that the "Department has not done the work necessary to verify that the northern retailers are passing on the full subsidy to consumers."

I'm looking at your opening statements in which you say that not enough has been done by Aboriginal Affairs and Northern Development Canada to meet its objective of making healthy foods more accessible and affordable to residents of isolated....

Would it be fair to say that we didn't perform enough work to verify it?

Mr. Michael Ferguson: I think that certainly when you look at what we found, we were saying that the department doesn't have the information to know whether the program is achieving what it's supposed to be achieving. I think that's a fair characterization.

Mr. Ted Falk: Yes, and I would agree that, based on your audit findings, the department wasn't able to verify that. But you're not really saying that the program isn't meeting its objectives.

Mr. Michael Ferguson: Again, it's a standard part of program management on the part of a department to be able to demonstrate that a program is meeting its objectives. The department can't demonstrate that, which is the point we're making.

Mr. Ted Falk: Good.

I've looked at your recommendations, and I see that the department has agreed with all of them, and I'm certainly pleased with all those recommendations as well. I think the work you've done here is good.

At the end of the last paragraph, you also say:

We met with selected retailers who received contributions, to obtain their views and opinions. We also travelled to a number of isolated communities in the North, to see stores and meet with residents.

Yet in your conclusion you say:

The northern retailers have attested to the Department that they do pass on the full subsidy to consumers.

To me, that indicates the program is working. You didn't audit the retailers and you didn't audit their payment claims and you clearly state that. But you did meet with them and you did find it noteworthy enough to include that in your audit report.

Mr. Michael Ferguson: Again, the retailers are saying that they are passing on the subsidy, but we feel it's certainly the role of the department to make sure that is the case. Then I think as we say, if the department were to do that, it would help it answer a lot of the questions that are out there about the program, just to make sure that it knows the subsidies are in fact being passed on from the retailers to the consumers.

Mr. Ted Falk: Agreed.

Given the price drop of 5.6% in March 2011 and an average monthly reduction of \$110 on the revised northern food basket, would you not agree that the program is working?

Mr. Michael Ferguson: We feel that the northern food basket is not a measure of the nutrition north program for a number of reasons we state in the audit report.

First of all, the food that is subsidized under the nutrition north program is not the same food that's in the northern food basket, so from that point of view, it's different. Similarly, there are about 30 retailers who are not included in the calculation of the food basket. Also, the information is collected for the food basket, but it's not

verified. The department doesn't make sure that the information it's collecting is in fact the right information.

We feel that there are enough weaknesses in the northern food basket that.... Certainly it can tell you about what's happening—assuming that all the data it's collecting is right—with the items that are included in the northern food basket, but that doesn't necessarily translate into what's happening under the nutrition north program.

• (1640)

Mr. Ted Falk: Thank you.

I think I'm out of time.

The Chair: Yes, that's perfect.

We're back to Mr. McCallum.

You have the floor again, John.

Hon. John McCallum: Thank you, Mr. Chair.

In your introductory comments, you said:

When departments do not fully consider the on-the-ground impact of their activities, they are missing opportunities to verify that they are hitting the mark for Canadians.

Then you also said your findings “underscore the disconnect that happens when departments don't have a clear understanding of whether the services they are providing are meeting the needs of their clientele.”

That sounds like a pretty damning overall conclusion. It's pretty aggregate in nature.

In the case of the nutrition north program, I'd like to mention two cases and then, referring back to that quote, ask if you think that these problems are fixable by simply addressing two specific issues, or if there's a more general problem about the department not really seeing to the needs of its clients.

The first one has been referred to before. You have two similarly isolated towns 20 kilometres apart getting vastly different subsidies. One gets \$1.60 a kilogram, and the other gets 5¢ a kilogram, so 30 times higher in one case for similar towns. That seems to be a pretty fundamental unfairness built into the program.

The second example is that you say there's no verification of whether or not the subsidy is passed along. Well, the government has a subsidy that's not passed along, so it's pretty well like throwing taxpayers' money into the garbage can if the subsidy is not actually meeting the needs of northerners by providing lower food costs but is just kept by the retailer. You say it can't, or won't, or doesn't measure the extent to which the subsidy is passed along.

I'll mention a third case, although I'm not quite sure of the accuracy of this. Apparently it is claimed that food prices are 8% lower, whereas in fact they went up. I'm not sure if that is right, but let me just keep to the first two: vastly different subsidies for essentially two very similar communities, and no evidence by which to know whether or not subsidies were passed on.

Given your earlier statement, isn't that a pretty general condemnation of this program, or are you saying that everything will be just fine if they fix those two specific issues?

Mr. Michael Ferguson: I don't think it's a condemnation of the program per se. I think the way this has come back to me—and I think the nutrition north program and the veterans' one are examples of this—is that sometimes what happens in a government department—not always, but sometimes—is they end up measuring the things that are easy to measure. In the case of the nutrition north program, they measure how much food is shipped because that type of thing is easy to measure. They don't necessarily measure the things that really tell them whether the program is achieving what it's supposed to be achieving. In this case what they need to measure is whether the communities are included on the basis of need and if the full amount of the subsidy is actually being passed on to the consumers.

If they were addressing the need, I think that would improve the program. If they were looking at whether the subsidy is being passed on or not, that may or may not improve the program, depending on what they find. But it would help them better understand the program.

In terms of the 8% that you mentioned, if I can just clarify that, it's in paragraph 6.48. Essentially that was a problem that happened with the annual reporting of the department where in one year, I believe it was the 2011-12 year, they reported that the cost of the revised northern food basket went down 8%. The year after that the cost of the revised northern food basket went up 2.4%, but when the department did its second annual report, it forgot to change the wording in that section of the report. In the second report it again said it went down 8%. We identified it really as a quality control issue. When they were preparing that second annual report, they just used the same wording from the previous year in the second year's report, so it was saying there was an 8% reduction when in actual fact there was a 2.4% increase.

• (1645)

The Chair: Sorry, Mr. McCallum, that's time.

Mr. Woodworth, you have the floor, sir.

Mr. Stephen Woodworth: Thank you, Mr. Chair.

I'd like to continue my questioning regarding chapter 3.

I will refer you to your statement delivered today and on Monday that from the time they first contact Veterans Affairs Canada, about 20% of veterans have to wait more than eight months before the department gives them a green light to access specialized medical health services.

I am given to understand that this statement does not apply to the veterans who accessed mental health services through the rehabilitation program. Am I correct in that understanding?

Mr. Michael Ferguson: The comment we made was about the disability program, not the rehabilitation program.

Mr. Stephen Woodworth: What I want to know about is which veterans it applies to. Does it apply to the veterans who have only accessed mental health services through the disability program?

Mr. Michael Ferguson: I guess it applies to all veterans who have applied for benefits under the disability program. Some of those veterans, as we talked about earlier, may have also accessed benefits under the rehabilitation program, but for all of them who have

applied under the disability benefit program, 20% of them will wait more than that eight months.

Mr. Stephen Woodworth: What I want to understand is whether that figure would be less than 20% if we take into account the reduced times for those who applied under the rehabilitation program.

Mr. Michael Ferguson: No, it wouldn't.

Again, I think the important thing to remember is that the disability benefit program is there and the services that are available under it are services that are dealing with mental health conditions that are chronic and long term, whereas the rehabilitation program is trying more to help the veterans manage more of a short-term condition. These people who are applying under the disability benefit program are trying to access these longer-term services. In the meantime, 3,600 of them get access to the shorter-term services in the rehabilitation program.

Mr. Stephen Woodworth: Those people don't wait eight months, do they?

Mr. Michael Ferguson: No, for the people in the rehabilitation program, the access there is timely.

Mr. Stephen Woodworth: In fact, I noticed at paragraph 3.29 that Veterans Affairs Canada asserts that delays in determining eligibility do not prevent veterans from obtaining mental health services. Did I read that correctly? Is that what Veterans Affairs Canada says?

Mr. Michael Ferguson: Certainly, and of course, everybody who's a resident of a province has access to provincial health care services, including what might be available through the provincial plan for mental health services. Nevertheless, we feel the important point here is that there are specialized services available that the veteran can't access through, say, a provincial system.

Mr. Stephen Woodworth: Some of them access those through the rehabilitation program.

Mr. Michael Ferguson: They access some specialized services available through the rehabilitation program, but that wouldn't necessarily be all of the services that could be available through the disability benefit program.

Mr. Stephen Woodworth: All of the mental health services, however, are available through the rehabilitation program. I think we determined that at the outset.

Mr. Michael Ferguson: No, I don't think the services are all exactly the same under the two programs. Again, under the rehabilitation program the services are more of a short-term nature, helping the veteran manage a short-term condition, whereas under the disability benefit program they're dealing with more chronic conditions. There might be some overlap in the types of services that would be available, but there would also be some differences.

Mr. Stephen Woodworth: The way I see it, people are concerned about veterans being left entirely without support until their disability claim is allowed. The way I hear your evidence, that's not the case. In fact, veterans do have support before their long-term disability claim is allowed.

Mr. Michael Ferguson: Again, many veterans would be able to get access to some mental health services, either through provincial systems or through the rehabilitation program. I think the services offered through the disability benefit program are obviously important or they wouldn't have to be there. They're there for veterans with chronic conditions, so it's still important for them to be able to access those services even if they've been able to access some shorter-term services in the meantime.

• (1650)

Mr. Stephen Woodworth: I'd like to go to exhibit 3.2 in your report, which sets out the relative timelines for disability claims. In that respect, I'd like to refer you to the document that Mr. Allen mentioned earlier, which I prepared. I'll begin by asking you whether or not, with the exception of the percentages that are on the document I prepared, the other information is in fact the detailed numbers behind the graph in exhibit 3.2.

Mr. Michael Ferguson: I think the numbers under the column "VAC" on the left-hand side were the numbers that supported the completion of this graph. I believe the numbers under "Redress" were also numbers that we supplied to you.

The Chair: Sorry, Mr. Woodworth. Time has expired, sir.

We're going around again, so Mr. Bevington, you have another kick at it. Go ahead, sir.

Mr. Dennis Bevington: Okay. Stay away from that voting.

I have a number of questions still.

I want to go back to the communities, because there was something interesting in your report. You said that the department hadn't done the assessments of all the communities. Is that correct?

Mr. Michael Ferguson: I'm just trying to locate exactly where we have it here. My recollection is that it is part of the program for the department to establish whether the communities have the need, so to assess the need of communities, but what we found is that they're not actually doing that.

Mr. Dennis Bevington: In another part of your report you say that the department told you there were 50 communities that could be serviced by this program, and that they estimated the cost of servicing them was \$7 million. If they weren't doing assessments, how did they know what it would cost to service these communities? I am curious about that. They must have done some work on it, and if they had done work on it, had they passed it along to their masters?

Mr. Michael Ferguson: I'm not sure how precise an estimate that is. I think what it's saying is that's what it would be if they were to add 50 fly-in, isolated northern communities. Obviously they have not done the full needs assessment. They were just identifying that there were another 50 fly-in communities that could be considered for the program. Then, I suppose, probably based on the size of those communities and what they know about other communities, they were able to put together a rough estimate of what it would cost.

Mr. Dennis Bevington: But they had never taken it any further than that, so these communities that needed it were not dealt with.

Mr. Michael Ferguson: I will ask Mr. Campbell to answer that.

Mr. Ronnie Campbell (Assistant Auditor General, Office of the Auditor General of Canada): Thank you, Mr. Chair.

There are two things. One is that before paragraph 6.17, at the beginning of the part about the nutrition north program, it says we didn't do an assessment of communities to determine who had the need and who would be eligible. It just went with communities that had usually gone with a food mail program extensively. So when it started the program, it started with those communities and eliminated the rest of those communities. Later on I think it asked what it would cost to bring in 50 of those communities, but it hasn't done anything with that yet.

Mr. Dennis Bevington: If there were communities in need, why wouldn't it have recognized that? Why wouldn't those have been a high priority within the department if the goal was affordable food for these communities and it knew that 50 of them were not getting the subsidy and yet it didn't deal with that? How long did it know about this?

Mr. Michael Ferguson: Well again, as I think Mr. Campbell explained, it just went with the communities that were already part of the food mail program. It has said that one of the things it needs to do is assess communities on the basis of need as a regular part of its administration of this program. But it's not doing that. I think there is no more explanation than that.

Mr. Dennis Bevington: I want to talk about the global number here of \$60 million. If you look back at the food mail program in 2009, I believe it was, the food mail program went over budget and it cost about \$60 million. So here we are in 2014 and we're still only spending \$60 million on a program that's equivalent to the food mail program. Obviously, you're not going to get the same results out of this program as you did out of the food mail program. The money isn't there.

On the other side of it, is it usual for a government subsidy program to be taking 10% for administration?

• (1655)

Mr. Michael Ferguson: I think in paragraph 6.53 we identify that the subsidy expenditures were \$6.2 million more than the program's fixed budget of \$53.9. So it was roughly \$60 million that they spent. In terms of the percentage that should go to administration of a program, we really don't have a benchmark available for this type of program to say whether that's appropriate or not.

Mr. Dennis Bevington: Could you look back at the food mail program and see what the administrative cost for that was?

Mr. Michael Ferguson: It's not something that we did as part of the audit, so we don't have that data.

The Chair: Sorry, time has expired.

Last in our regular rotation is Mr. Woodworth. Please go ahead, sir.

Mr. Stephen Woodworth: Thank you very much, Mr. Chair.

I will pick up on the very last point we were speaking to regarding the specific detailed numbers behind exhibit 3.2. Correct me if I'm wrong, but my understanding was that the figures on the right under the heading "Redress" were the dark blue on the chart, that is, appeal or review. Am I correctly understanding that?

Mr. Michael Ferguson: It is my understanding that is correct.

Mr. Stephen Woodworth: I think I also understood that your auditor, Mr. Berthelette, may have verified at least two out of the percentage figures that I put on this chart. May I just ask which one of them he verified for me, or was it two of them?

Mr. Jerome Berthelette (Assistant Auditor General, Office of the Auditor General of Canada): It was the 90% and the 97% under percentage of VAC.

Mr. Stephen Woodworth: Very good. Those are saying in fact that 90% of the non-appealed Veterans Affairs eligibility decisions on disability claims were made in less than one year. Is that correct?

Mr. Michael Ferguson: That's correct.

Mr. Stephen Woodworth: In fact in that 90% of that category of favourable eligibility decisions, 97% were made in less than two years. Is that correct?

Mr. Michael Ferguson: Yes, 97% would have been within two years.

Mr. Stephen Woodworth: Thank you.

Mr. Chair, I will be asking that the document I prepared with that background verification and the figures, apart from the percentage calculations that originated with the Auditor General, be tabled. If there's an argument about it, though, I'd like to ask one or two other questions first before I proceed to that.

I want to go back to the question of whether or not the mental health support services under the rehabilitation program are any different from the mental health support services under the disability program. I'm looking at the website page for the description of rehabilitation services and I see it includes, "Medical rehabilitation. Health care experts work with veterans to stabilize and restore health to the fullest extent possible." There is also psychosocial rehabilitation, and there's a slightly lengthier description of that.

I don't know if you can tell me today, and I don't necessarily need it today, but I would be grateful for your statement as to how you found the mental health services under rehabilitation to be any different from the mental health services under the disability program.

It may be that a lot of the services in being able to access a psychologist or that sort of thing are the same, but it would have been the duration maybe—

Mr. Michael Ferguson: Oh, fine.

Mr. Stephen Woodworth: —that's different as well. That I understand, but I'm just concerned that the same services are available at an early stage.

While I'm on that subject, I also have a note that Veterans Affairs Canada operates an assistance service, a free telephone counselling and referral service available 24/7, delivered through a nationwide team of mental health professionals.

Did you audit the mental health services that are provided through that program?

• (1700)

Mr. Michael Ferguson: In paragraph 3.19, we identified the various types of services that are available through Veterans Affairs, whether it be the operational stress injury clinics, their case management services, or the Veterans Affairs Canada assistance service, which I think is probably the one that you are referring to. In the audit we did identify that these types of things are available to veterans as well.

Mr. Stephen Woodworth: Right, but isn't that really a gateway service? Doesn't the 24/7 phone call for counselling and referral delivered through a nationwide team of mental health professionals give access to mental health support services for veterans?

Mr. Michael Ferguson: Again, I think the issue we were raising was access through the disability benefits program. Again, we've said that under the rehabilitation program access is timely and we've said here that other things are available, such as the phone line, but being able to get those important services through the disability benefits program is where we have the concern.

Mr. Stephen Woodworth: Understood, but I just want to say that when we look at the global picture, the timeliness of receiving these services is not strictly limited to the disability program, which as you point out is for longer duration services.

Beyond that, I have one last question, if I can squeeze it in.

How did you come up with the figure of 16 weeks in veterans' perception from when they first get interested to when they file their application?

Mr. Michael Ferguson: We did a detailed analysis of the database that Veterans Affairs had that identified when the veteran first contacted Veterans Affairs. We were also able to find the date that the application was accepted as complete and then the date of the final decision. The data existed within the Veterans Affairs database.

The Chair: Sorry, Mr. Woodworth. I let you squeeze in one last one anyway. I was trying to be as generous as I could.

In the interest of trying to avoid any future concerns, for the time being nobody challenged the document. I didn't see any reason to. But as far as I'm concerned, it was tabled for purposes of questioning only at this point. Anything further than that, any further status that you wish awarded, I would suggest we deal with at the time of report writing. I'll listen to arguments at that time and make a ruling then. Right now I don't know your motives, but I'm making it clear that by accepting it here today it has no more status right now than as a document to assist in referencing questions. Again, anything beyond that, Mr. Woodworth, I would entertain arguments at the time, and make a ruling at that time.

Mr. Stephen Woodworth: I have one brief comment in response, if I may. What I shall do is ask the Auditor General to submit to the clerk the same information that was submitted to me, and perhaps in that fashion it will be more acceptable to the committee.

The only reason I submitted it in this form was to give the benefit to my francophone colleagues of having it translated, which I did. I will ask the Auditor General to submit it also.

The Chair: I considered your actions to be very respectful of the committee and meant to be of assistance to the committee, but what I didn't want to do was to inadvertently allow some kind of a precedent setting around the document. What I'm hearing from you is that the information is what you want conveyed and brought here as if we'd asked the question and they had forwarded it afterwards. My concern is to head off an area that we've never been into, which is that members bring their own documents and try, as they've laid them out, to have them incorporated into a report, which takes us down a whole other road. I appreciate your clarification.

We'll ask the Auditor General if he can be of assistance in that regard and provide the information as if you were asking the original questions. That way it will come to us in the usual format.

I look to other members to see if that's acceptable.

Mr. Allen.

Mr. Malcolm Allen: Chair, I appreciate Mr. Woodworth's clarifying his position around asking the Auditor General, which I greatly appreciate, and I would accept that undertaking. I do believe that Mr. Woodworth actually brought the documentation in good faith, as a helping document. The difficulty I raised at the beginning was that it didn't tell me where it was from until he decided to disclose that.

In the future, if someone is bringing a helping document, he or she may want to tell us where it came from and reference the fact that it came from them.

I realize you may have said that verbally, but it's helpful if we put that on it.

• (1705)

The Chair: I don't want this to get too far away—

Mr. Malcolm Allen: No, I'm not going to go too far, because I've accepted the fact—and I will support Mr. Woodworth if he's asking the Auditor General to provide this document from him to the chair, which then makes it part of the testimony. I'm more than happy to accept that.

The Chair: Do you want an opportunity, Mr. Woodworth?

Mr. Stephen Woodworth: If I may say so just very quickly, there was a small miscommunication between the clerk and me, because actually I had asked her to distribute it at the time I was referring to it in the evidence. I didn't expect it to be distributed in advance without explanation.

Thank you.

The Chair: Okay. I think we avoided making a mountain out of what is clearly an anthill.

With that, we have concluded our rotation of questioners, so I will not only thank Mr. Ferguson and the staff for the information that's in front of us, but once again reiterate the importance of their office to Canadians and our appreciation for the kind of work, the professionalism, and the world standard of auditing that they bring to this work.

You have our thanks again.

Committee, for our next meeting, I'm asking each caucus to have made its determination on the chapters it would like to hold public hearings on. Hopefully we can make those determinations and get those meetings scheduled as soon as possible.

Unless there are any last-minute interventions, on behalf of the committee, my thanks to all of you.

The meeting is adjourned.

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