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## **Standing Committee on Public Accounts**

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**Chair**

**The Honourable Kevin Sorenson**



## Standing Committee on Public Accounts

Monday, October 29, 2018

• (1620)

[English]

**The Chair (Hon. Kevin Sorenson (Battle River—Crowfoot, CPC)):** I call the meeting to order.

Good afternoon, colleagues, all those who are here with us in the gallery, and our witnesses. This is meeting 115 of the Standing Committee on Public Accounts on Monday, October 29, 2018.

We're here today in consideration of report 6, on employment training for indigenous people by Employment and Social Development Canada, in the 2018 spring reports of the Auditor General of Canada.

We're honoured to have with us, from the Office of the Auditor General, Mr. Michael Ferguson, Auditor General of Canada, and Mr. Glenn Wheeler, principal.

Welcome.

From the Department of Employment and Social Development, we have Mr. Graham Flack, deputy minister; Ms. Leslie MacLean, senior associate deputy minister and chief operating officer for Service Canada; and Ms. Rachel Wernick, senior assistant deputy minister, skills and employment branch.

Welcome today.

We apologize for our late coming. We had votes in the House. Thank you for your patience and for bearing with us. We look forward to your testimony.

We invite our Auditor General, Mr. Ferguson, to open.

[Translation]

**Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General):** Mr. Chair, thank you for this opportunity to discuss our report on employment training for indigenous people.

The work on this audit was completed in December 2017, and we have not audited actions taken by Employment and Social Development Canada since then.

Many indigenous people face barriers to sustain employment, and have low wages. This audit examined how Employment and Social Development Canada managed two programs: the Aboriginal Skills and Employment Training Strategy and the Skills and Partnership Fund. The common goal of these two programs was to increase the number of indigenous people who had sustainable and meaningful employment. For both of these programs, the department worked

with indigenous organizations across the country that provided training and employment support to first nations, Metis and Inuit clients.

Overall, we found that the department could not demonstrate that these programs increased the number of indigenous people getting jobs and staying employed.

[English]

Specifically, we found that the department did not define the performance indicators necessary to demonstrate whether the programs were meeting their objectives. For example, the department established an annual target for the number of clients employed after receiving services; however, it counted any employment obtained as a successful outcome, whether the work was short time, seasonal, part time or full time. This means that it didn't know how successful the programs were in helping clients find sustainable employment.

We also found that the department didn't do enough to ensure the completeness and accuracy of the data it obtained from indigenous organizations on the results their clients had achieved after receiving services. Notably, the department didn't know whether more than 20% of all clients who received services actually found a job or went back to school.

Furthermore, while the department used employment insurance data to verify whether clients were employed, it was able to do so for only about 10% of the program's clients.

We found that the department didn't analyze the program data it collected to identify trends, problems or good practices that could help indigenous organizations improve their services and results. For example, the department spent \$130 million between 2010-11 and 2016-17 fiscal years on wage subsidies for employers who hired clients for a specific length of time. However, the department didn't track whether these clients continued working after the subsidy ended or whether they found other work.

We also found that the department allocated funding to indigenous organizations under the aboriginal skills and employment training strategy on the basis of 1996 population and socio-economic data that did not reflect the current needs of the population served.

In addition, the department didn't consider individual indigenous organizations' past success at helping clients find jobs as a means to redistribute funds to those that had demonstrated the capacity to achieve better results.

•(1625)

[Translation]

The department supported indigenous organizations by providing them with guidance and administrative direction, and it worked to reduce their administrative burden. However, it did not provide them with sufficient market information to help them determine which services they should provide to help clients prepare for and find available jobs.

In addition, the department did not consistently monitor indigenous organizations to ensure that they fulfilled their obligations under funding agreements, nor did it use the information from the monitoring it did to know how well the programs were working. This means that it missed the opportunity to explore ways to improve program delivery and to identify systemic issues requiring attention.

We made eight recommendations. Employment and Social Development Canada agreed with all of them and has prepared an action plan to address them.

Mr. Chair, this concludes my opening remarks. We would be pleased to answer any questions the committee may have.

Thank you.

[English]

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

We'll now turn to Deputy Minister Flack for his presentation.

Welcome.

**Mr. Graham Flack (Deputy Minister, Department of Employment and Social Development):** Good afternoon, Mr. Chair.

I'd like to begin by thanking the members of the committee for inviting me here. I would like to take you through a quick update on the status of our work to implement the eight recommendations.

I'd like to acknowledge that we are gathered on traditional unceded Algonquin territory. This is particularly significant for these programs, the aboriginal skills and employment training strategy and the skills and partnership fund, which are delivered, as you know, in close collaboration with indigenous partners. As a result, we are co-developing the responses to the recommendations with indigenous peoples, which reflects our commitment to reconciliation and to advancing a renewed relationship based on respect, co-operation and partnership. We're convinced that this collaborative approach will allow our partners to better tailor the programs to the unique and diverse needs of their clients and their communities.

We are applying all of the lessons from the previous programs in the implementation of the recommendations as we shift to the newly announced indigenous skills and employment training program announced in the budget and also as we continue to make improvements to the SPF, the skills and partnership fund.

Recommendation 1 refers to the need for a performance management strategy with clearly defined indicators and targets. Since this spring, we've been engaging with our partners across this country on a distinctions basis to co-develop a new performance management strategy. The new framework focuses on measuring the program objectives to reduce the skills gap between indigenous and

non-indigenous people by 50% and the employment gap by 25%. It includes strengthened indicators and enhanced reporting on post-program results.

We will also provide new tools and training to partner organizations to support their implementation of this more robust approach. We are on track to have that new co-developed performance measurement framework in place when the new program launches in April of 2019.

Recommendation 2 focuses on working in collaboration with agreement holders to identify, collect, confirm and analyze program data. In September, more than 150 people participated in a national data workshop to work through the collection of data and the management and analysis of that information to support results measurement.

Indicators of success are being co-developed to ensure that the outcomes of the program are meaningful to the individual communities and organizations that deliver the program. We are also on track to put the data and tools in place to support improved reporting on results and inform the design of interventions and services by April 1, 2019.

Recommendation 3 refers to funding allocation. As you know, budget 2018 provided additional investments of approximately \$99.4 million per year. We have been working with indigenous organizations to develop an allocation approach for these new funds on the basis of distinctions-based funding streams. Allocations will consider factors such as current employment rates, unemployment gaps between indigenous and non-indigenous populations, and population density and growth. This new allocation model is on track to be implemented by the beginning of the new fiscal year.

•(1630)

[Translation]

Recommendation 4 speaks to the potential for overlap between programs and with the provinces and territories.

While both ASETS and the SPF have the objective of improving indigenous employment, we are confident they are complementary in design and approach. We will ensure the new ISET, like its predecessor ASETS, will also be complementary with the SPF.

With respect to provinces and territories, under the terms of the labour market transfer agreements, we have regular bilateral discussions on program complementarity. We have increased the emphasis on indigenous programming, with specific workshops dedicated to enhancing coordination of efforts. These have already been completed in western provinces, and will be ruled out in other provinces and territories in the coming months.

[English]

Recommendation 5 indicates the need to identify and provide labour market information that will support indigenous organizations in aligning with demand in their regions. This is one of the most challenging areas, given that existing tools are not able to provide high-quality, highly localized labour market information anywhere in the country—not just for indigenous communities, but in any community.

Highly localized labour market information has to be built from the ground up and tested. We have a survey pilot under way in four first nations communities, which will be expanded to 44 over three years. It will collect community-level data and create skills inventories that will better support labour market planning, training approaches and matching clients with available jobs. We will apply the lessons learned from this pilot across the service delivery network.

In the meantime, we've also created distinctions-based working groups to determine what labour market information will be most useful going forward. In addition, building on what we have to do by April 2019, we will link delivery organizations to the existing job bank data.

[Translation]

Recommendations 6 to 8 focus on reducing administrative burden and the monitoring of funding agreements. Further to extensive consultations with partners, we have already begun implementing changes that streamline financial and administrative reporting requirements. In addition, we will be implementing a new risk-based approach.

High-capacity organizations with a strong track record will see their administrative burden from reporting reduced. This will allow us to focus our efforts on organizations with a weaker track record and build their capacity to meet accountability requirements.

Again, thank you for the opportunity to appear before you today.

•(1635)

[English]

If you permit me a small personal note, while I have only been on the job for three weeks, I want to make it clear that I view my role as chief accounting officer not just as being accountable for the actions the department is taking now and will take in the future, but I am accountable to you for all actions it has taken in the past, and I will do my best to uphold that accountability to you for those past actions as well.

I would be happy to take your questions.

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

I have Mr. Massé, but Mr. Arya is—

**Mr. Chandra Arya (Nepean, Lib.):** In view of the remarks by the deputy minister, should we call a halt to this meeting and call the deputy minister who was involved with decision-making and the current deputy minister together?

**The Chair:** I think what we need to do is...I'm going to go to Mr. Christopherson.

Certainly we want to hear these witnesses today, and we'll make a decision based on what we've heard today later, but I don't think I'm prepared to make a decision right now.

Go ahead, Mr. Christopherson.

**Mr. David Christopherson (Hamilton Centre, NDP):** Thank you, Chair.

I just want to add my strong support for the issue Mr. Arya has raised. We've talked about this issue before and we've said that maybe we need to change the policy. Our policy is that we don't normally call in previous deputies, but nothing's changing. I have great respect for what the deputy has said, but as a matter of policy, how many times have we had deputies say to us, "I wasn't there; I can't answer"?

If you can't answer, you can't give accountability. If there's no accountability, there's no democracy. When the time comes to look at this again, I think it's a very good idea. Maybe we should be looking at a policy change to deal with what the government just refuses to do, which is to put deputies in place and keep them there for a while.

**The Chair:** Thank you.

I am encouraged by hearing from Mr. Flack that he is prepared to answer those questions and is prepared to take the accountability of a deputy minister. That is very positive. We'll reserve our decision on whether to go further.

I appreciate, Mr. Arya, your coming forward with that suggestion, and Mr. Christopherson as well.

[Translation]

Mr. Massé, you have seven minutes.

**Mr. Rémi Massé (Avignon—La Mitis—Matane—Matapédia, Lib.):** Mr. Chair, I understand the comments made by my colleagues Mr. Arya and Mr. Christopherson. However, I appreciate that the deputy minister mentioned in his opening statement that even though he has only been in the position for three weeks, he wanted to make sure that he could answer our questions; he also said that he is responsible for questions arising from the Auditor General's report, and for activities in his department over the past years. I appreciate this.

I would also like to thank Mr. Ferguson for his report, which highlights certain concerns and provides the Department of Employment and Social Development with an opportunity to give us some clarifications, on its action plan in particular.

I'd like to start with a question for the department representatives. In his report, the Auditor General mentioned that the unemployment rate in indigenous communities was about 11%. That is, of course, an average, since the unemployment rate is much higher than that in some communities.

I will ask my first question. Can you remind us of what the department is doing to ensure that employment and training programs for indigenous communities will be more effective and better focused on the needs of those communities?

**Mr. Graham Flack:** Indeed, the new program we will put in place April 1 was developed in partnership with those communities, in order to guarantee better results and to help them reach their goals.

As you know, the seventh call to action published by the Truth and Reconciliation Commission of Canada in its 2012 report asked the federal government to eliminate gaps in education and employment between indigenous and non-indigenous communities. The joint strategy should reduce the 50% gap that currently exists in education, and the 25% gap in employment.

**Mr. Rémi Massé:** As you pointed out in your statement, the Auditor General has criticized the data collection methodology and the department's performance indicators. Since you raised that point, please explain how you are going to collect better data to meet the performance requirements over the months and years to come.

● (1640)

**Mr. Graham Flack:** First, the final result should be an increase in employment among those groups throughout the country. However, how will we determine that that increase is truly the result of the programs?

Here is what we can do, and the situations where we expect it to be difficult to perform our verifications. Let's take the example of a person living on the Eskasoni reserve in Nova Scotia, who has registered in his community for a program offered by a partner organization funded by the department. If that person stays on the reserve and takes other training courses there, our partner organization will be able to follow that person's progress over the course of the year. However, if the individual leaves the reserve and goes to Halifax, for example, the partner organization will not necessarily be able to follow the person's journey.

Consequently, it is difficult for us to track things over a five-year period, which would be interesting. It would also be interesting, as the Auditor General suggested, to see the evolution of results over time.

As for those who leave their communities, it won't be easy to follow their individual journeys, except through data collected by the Canada Revenue Agency, CRA. In order to protect the confidentiality of that information, the CRA cannot give us their salary, which it would be interesting to know, in order to follow their progress over two, three or four years. By using the SIN, the social insurance number, we cannot know what happened to the Eskasoni former resident. However, the SIN allows us to link up the various data anonymously and determine the person's level of income after three or four years, once they have taken that type of training.

It is our global methodology to check overall results. Auditing a person's progress over five years is a real challenge. If people leave the community, as they often do, to go to Alberta, for instance, and take another training course in which the department is not involved, it is difficult to collect that information. We found a way of doing that in an aggregate way with individual but anonymized data, that is to say data we cannot access. Those anonymous results will be made available to the department as well as to the communities and researchers who might be interested.

**Mr. Rémi Massé:** Is this the type of solution developed following the consultations I believe you held? In your presentation you said that 150 people had taken part in a national workshop in September.

Was that workshop organized only for the department's employees, or also for the communities?

**Mr. Graham Flack:** It was organized with community partners, and I think that Ms. Wernick was directly involved in this project. Its purpose was to obtain more detailed data about each community, so as to better understand their diverse needs, because the communities differ.

For instance, some of them will say that even though their ultimate goal is to have jobs, they prefer to focus their efforts on those who will soon be joining the labour market. For those communities, the employment rate would be the important figure. Other communities want to concentrate on individuals who are not ready to join the workplace. To those people they will provide literacy classes, for instance. And so those communities will use different criteria than those regarding employment, and will prefer intermediary tools to assess their progress.

● (1645)

[English]

**The Chair:** Thank you very much, Mr. Flack and Monsieur Massé.

We'll now move to Mr. Kelly for the first round.

Go ahead for seven minutes, please.

**Mr. Pat Kelly (Calgary Rocky Ridge, CPC):** Thank you.

Mr. Flack, thank you for coming and, I think, anticipating some of the frustration that happens at this committee when a deputy minister comes and says, "We accept the recommendations of the Auditor General, but since I wasn't there for the period that the Auditor General has covered, I can't explain what happened."

You've expressed a willingness to be responsible for the department and to be accountable to Parliament and to Canadians for the failings or shortcomings of the department.

The floor is yours. Why did this department not collect data properly? Why did it not analyze the data it used, and why can the department not quantify and explain to Canadians the relative success or failure of its programs?

**Mr. Graham Flack:** Do you want me to focus exclusively on the data? Okay.

On the data area, there are areas for which the department had data available that it did not share back with communities when it did the analysis of the data. That should have been done and needs to be done, and it will be done.

There are areas in the data collection, though, as I've explained, where providing longitudinal data, such as how the individual performs over a period of five years.... As I explained, there are challenges, I understand, on how one captures that data, given a highly mobile population. The example I gave was that if you have an individual in an individual community on a reserve who takes a training course in that community, we can capture the data of how they did in the year and how they performed because it's within the year that they took the course. If they subsequently move to a larger community, the organization that's delivering the training doesn't have access to that individual anymore and can't measure it.

Those data things are challenging to collect longitudinally, and the way we are going to go about that, given that we can't directly access the Revenue Canada database to be able to tell you how that individual did after two years, three years and four years—

**Mr. Pat Kelly:** Was this not understood or known to be a shortcoming of the system at the time, or is this something that has only come to be appreciated in light of the Auditor General's report?

**Mr. Graham Flack:** You may wish to ask the Auditor General that. Inside the department, one of the reasons they were not collecting the longer-term data is that they doubted the calibre of that data to accurately reflect what was happening, given the inability of communities on the ground to do that.

The way we have attempted to address this, given that we can't access the CRA files individually because that would breach privacy, is by finding a way to link, through the SIN number, activities in employment and CRA filings, but it's done in an anonymous way. As the department, we will not be able to tell you how the individual did, but what we will be able to do with the anonymized data is take individuals who took this type of training and see what the results and income were for this type of thing—and that has taken time, yes.

**Mr. Pat Kelly:** I will ask Mr. Ferguson, then.

What explanation were you given for the department's failure to collect data and to make use of what data it did have?

**Mr. Michael Ferguson:** I'll ask Mr. Wheeler to respond to that.

**Mr. Glenn Wheeler (Principal, Office of the Auditor General):** Mr. Chair, in our audit work there are a couple of issues that are, I think, pertinent to your question. The first was the issue of the data that the department did collect. There wasn't a lot of work done to assess how reliable, accurate and complete that data was.

It's true that the department was able to use information on EI claimants to determine whether some folks continued to work, but EI data is located within a department. We didn't get into observations about links to information from other departments.

Maybe a related point is that there also exists a lot of other departmental data that could be used as a proxy for success. A good example would be the wage subsidy. The department has spent about \$130 million on the wage subsidy since 2010. On average, that subsidy costs about \$7,000.

What we found is that the department had a lot of information on the number of folks who received services using that subsidy. The program subsidized employers to take on people, but the department didn't then follow on and determine, based on that subsidy, whether the employer kept the worker on or if the worker was able to find

additional work. There's a lot of data that exists that could be used to get a different aspect of—

• (1650)

**Mr. Pat Kelly:** Are you saying that data was not even collected?

**Mr. Glenn Wheeler:** It was collected, but it wasn't analyzed. The department had that data.

**Mr. Pat Kelly:** But that goes to the whole purpose and point of the program to help people become self-sufficient members of the labour force and to have the skills, the training and the experience that one would need to be able to continue to hold a job.

You didn't get a reason—

**Mr. Glenn Wheeler:** Regarding the CRA data? No.

**Mr. Pat Kelly:** Okay.

I want to return to that piece and make sure I understand it correctly. The department did not know whether more than 20% of all clients who received services found a job or went back to school. That means that for four out of five people who participated in the program, the department didn't know what happened to them after the participation in the program finished.

**Mr. Glenn Wheeler:** Mr. Chair, no, it was a situation that for 80% they did know the end result; it was for 20% that they didn't know the end result.

**Mr. Pat Kelly:** All right. Thank you for clarifying that.

Overall, Mr. Ferguson, some reports—and it actually might not have been in this one—have spoken of how the metric for success, if that's even the word for it, has been in too many cases simply how much money was spent, as opposed to the outcome. Are there some broad concerns about simply judging the action of the government based on simply just money expended rather than outcomes achieved?

**Mr. Michael Ferguson:** This obviously is a very important program that the department runs. What we focused on was that the objective of this program was to help indigenous people find sustainable and meaningful employment. We feel that if a program has an objective like that—"sustainable and meaningful"—then there needs to be a way to measure whether the people who participated in the program ended up getting sustainable and meaningful employment. That's why we raise concerns about saying that.... If somebody ended up with a job but it was maybe a part-time job and maybe it didn't last very long, is that really sustainable and meaningful?

The starting point to understand the success of the program is to go back and look at those terms. If that's what the program's intended to achieve, sustainable and meaningful employment, what is sustainable employment, what is meaningful employment, and then how do we track it all the way through?

That's our fundamental concern here. There's a critical objective to this program, and it's really important that the department be able to measure it. Again, if you look at the overall numbers and you see the unemployment levels are higher for this group than the rest of the population, and those numbers don't change, then you wonder whether the program is actually having an impact or not. Without having some measurement for sustainable and meaningful employment, it's not really possible to say what type of an impact the program is having.

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

Mr. Christopherson is next.

**Mr. David Christopherson:** Thank you, Chair.

I have to say that when I found out that the next report, at our next hearing, was going to be on indigenous people, I thought, "Please be a good report. Please", because I'm out of options. I've already gone ballistic. What do you do after that? Now...it's just so sad.

Here's my concern. It would have been a lot easier, as a member of the premier oversight committee of Parliament, to understand if it were one department that just continuously couldn't get its act together. I took some comfort in thinking it was a problem child, it was a challenging ministry, and that we were just not getting it right there.

However, now we have a completely different ministry with the same kinds of results. At some point you start thinking the unthinkable. If it's not the department, is it the subject matter? When you are immersed in enough of this, you begin to understand some of the frustration that exists in the indigenous community, why Romeo did what he did, and why an honourable man like him would say what he said in that place.

The Auditor General, in his spring report and his message to us, said it was "the incomprehensible failure of the federal government"—and that's not just this one, but all of them—"to influence better conditions for Indigenous people in Canada. Our recent audits are two more in a long line that bring to light the poor outcomes of Indigenous programs." Here's another one in the same year.

We can go only so long believing that these kinds of things can build up and build up and that there's not going to be a reaction at some point. I said before that if I were a young indigenous person faced with the history of what has happened to my people over all these decades, let alone the treaties and everything else, given the way I am, I'm thinking I can give a good guess where I'd be on this subject. How long are you going to keep me contained and quiet when this kind of stuff is still going on?

I realize I'm going on, but I don't know what else to do. We ask detailed questions. We get angry. We plead. We think it's one department, and still we come back to the Auditor General's...and I think he phrased it so well, "the incomprehensible failure of the federal government to influence better conditions for Indigenous people in Canada."

We go to this report. I like to look at the focus of the report, as stated in paragraph 6.12 on page 3:

This audit focused on whether Employment and Social Development Canada managed the Aboriginal Skills and Employment Training Strategy and the Skills

and Partnership Fund to increase the number of Indigenous people getting jobs and staying employed.

Right above that, the Auditor General says, "The Department is responsible for monitoring the agreement holders' use of program funds," and yet, in his opening remarks, the Auditor General also had to say "the Department did not consistently monitor Indigenous organizations to ensure that they fulfilled their obligations under funding agreements", blah, blah, blah.

The key thing that was supposed to happen in this program was monitoring, and you failed. Once again, why? Why, why, why do we have consistent failure when it comes to our indigenous sisters and brothers? Why?

● (1655)

**Mr. Graham Flack:** I'll focus on the monitoring question, if that's where you wanted me to start, but I'm happy to go wherever you want.

In the Auditor General's report in paragraph 6.83, they lay out the statistics on how the department did on the timeliness of its financial and activity monitoring.

You can see that monitoring on the core program we're talking about has improved over time and is now at 95%. On the skills and partnership fund, it is only at 50%. That's a much smaller number of agreements and larger agreements.

What I can describe to you is, I think, part of the challenge in how we've done monitoring and how we're going to change it going forward that I think will allow us to get better results.

If you take organizations like the Saskatchewan Indian Training Assessment Group that we've been working with for almost 30 years, you find they have superb data and results, and yet we are monitoring each of these organizations, including that one, at the same level of assumption in terms of their capabilities. We're not using a risk-based approach to monitoring.

In the tax system, the normal way we will do a risk-based approach to monitoring is that if you are a sophisticated taxpayer with a track record of performance, we will not do the intense monitoring for every single year for every single thing. The plan is to take a risk-based approach to monitoring. For those with strong track records and demonstrated track records, we will do less frequent monitoring on an adjusted basis, and that will allow us to focus more resources on those organizations that have lower capacity, because, in many cases, the monitoring ability also reflects the ability of those organizations to give us the data because they have had staff turnover and other issues. Although we've made improvements on this, to make this sustainable over time we're going to take this risk-based approach to monitoring that will give us more resources to focus on the areas where we've had less monitoring.

Does that...?

● (1700)

**Mr. David Christopherson:** It's an answer.

I hear the answer and I hear the sincerity. I've also sat here enough times when it just doesn't happen.

Let me ask a very specific, straight-up question.

On page 5, in paragraph 6.24, it says:

The Department developed a performance measurement strategy for each of the programs to measure and report on results. However, we found that the Department did not fully implement....

This is just as an example, and I'm quoting:

For example, the Department said it would survey agreement holders annually to assess whether it was adequately supporting them to deliver services under the Strategy. It also said it would prepare internal reports annually to inform senior management about the performance of key aspects of the Strategy, such as efforts to help increase the capacity of agreement holders. However, the Department did not fulfill either of these commitments.

You can understand my skepticism when you make promises and they aren't kept. Why were two obvious promises not kept?

**Mr. Graham Flack:** I'm going to need some help on this one, but before I go to that, I understand your frustration and I want to assure you that as public servants, we join to make a difference. We are committed to doing that. As a public servant who happens to have Perry Bellegarde as his neighbour, I have an added incentive, because he explains to me on a regular basis, along with Val, where we aren't holding up our bargain.

Part of the change that we've made going forward is rather than our determining all of the things we need to collect and what we need to do, Rachel has led a co-development process with the indigenous partners to identify for them what data is useful. Part of the challenge is that there have been complaints about the administrative burden of some of the collection we're doing, and you've seen this in the other part of the Auditor General's report. Some of the communities don't feel this is necessary for the things they're dealing with.

In the new performance management framework that we'll have in place in April, one of the differences is that it has been co-developed so that the partners on both sides see the validity in the pieces of data we're collecting and commit to be able to collect that data. That's one way I think it's going to make a difference in terms of the outcomes, because this isn't something that has been just opposed.

Rachel or Leslie, do you have specific information on that paragraph?

I apologize; in my studies I did not....

**The Chair:** Perhaps you can give a very quick answer. We're at eight minutes already; we're a minute and a half over.

**Ms. Rachel Wernick (Senior Assistant Deputy Minister, Skills and Employment Branch, Department of Employment and Social Development):** The performance measurement strategy was focused on quick returns to work and school. What we heard from our indigenous partners is that it wasn't really tailored to the multi-barrier clients with whom they deal.

Fundamentally, most of their clients need several interventions and a lot of emphasis on skills development, starting, as we mentioned earlier, with basic skills and moving through employability skills to get to the point where they're ready for employment or to go to higher education.

There was a fundamental flaw in the way that we were focusing on returns to work and school, because it wasn't allowing our partners to measure progress and real results in improved skills development for their clients.

What we're doing in the new approach is distinction-based and better tailored to clients, because an Inuit youth in the north does not have the same challenges as a Métis urban youth. It's distinction-based, but we're putting in new indicators that will better help us measure the real results that are happening. There are real results happening on the ground. Our indigenous partners develop and design these programs, and they are looking for things that will better capture gained work experience, gained skills, and that people are moving up to where they need to be to access that sustainable employment.

**The Chair:** Thank you very much. We're at 10 minutes. We now go to Ms. Yip for seven minutes.

**Ms. Jean Yip (Scarborough—Agincourt, Lib.):** Thank you for coming. Just to follow-up on that, will indigenous people be consulted again before the final strategy is implemented, as a last check?

**Ms. Rachel Wernick:** Yes. It's a co-developed strategy that the indigenous partners will be agreeing to. We are working at all levels. We also meet with indigenous leadership, and we work through the government's permanent bilateral mechanisms to deal with indigenous leadership. It will be a co-developed and agreed-to approach.

• (1705)

**Mr. Graham Flack:** Just to give a concrete example of that, what that means on a distinction-basis approach is that our Inuit partners may say, for example, "We wish to focus our energies further upstream", which means we need a different set of measures than just employment, because there are going to be multiple steps, given the multiple barriers those upstream clients are going to face before they can get to employment. We'll need measures for those steps. We may have another community that wants to focus for the folks who are closer to employment. For them, the measures we've been using around employment—with the added elements that the Auditor General has rightly stressed, namely durability and sustainability of that employment—would be more appropriate to have initially.

The measures will not be uniform across indigenous organizations. There will be some tailoring to cover the specific goals they are trying to achieve. That will differ based on the clientele they're focusing on.

**Ms. Jean Yip:** I have a question regarding the recommendation in paragraph 6.73 on labour market information. The department indicated it will further improve available labour market information through an extended survey pilot beginning in April 2018. The department states that they "recognize the importance of providing timely, detailed labour market information." However, this information, as the OAG has stated, will not be available until 2022. How can a new strategy be developed if it's not going to be available until 2022?

**Mr. Graham Flack:** I've spent a lot of time digging into this, and as an economist I understand the limitations of statistical collection at a micro level. Let me just walk you through this.

What we want is comprehensive, accurate, timely and cost-effective data. At a micro community level, whether it's a small town or a reserve, this data does not currently exist in Canada, because the labour force survey is not a sufficiently granular tool for statisticians to be able to accurately predict, based on the surveys they do, what the micro labour market conditions are.

This data is not just absent for indigenous communities. If you ask the Government of Canada for the micro labour market data on the community of Canso, we are not able to give you assurance around that because the statistical collection tools do not allow us to have comprehensive, accurate and timely data that will do that.

We have embarked—this was based on funding that came through budget 2015—on a groundbreaking strategy, working with indigenous partners to try to collect that data at the micro level in an accurate way. Not only is that going to take time, but I want to be clear with the committee members that we are on ground where Statistics Canada would say it is going to be very difficult to achieve success.

Why would I say that? A survey will be the dominant vehicle that we use to collect data. If, in a large national survey, you have a low response rate, you can statistically adjust those results to equalize for regional data. If you're at a small community level and 30% of people don't fill out the survey, those results will not be comprehensive or accurate, because you're not able to project based on that data rate.

Another challenge we have is the frequent movement of individuals on and off reserves, which quickly changes the accuracy of the data. In this pilot, we're going to do annual collection—not monthly, which would be much more expensive—so the accuracy of that data will be a challenge. Statistics Canada, with the most expertise in the country in this area, has cautioned us that this is a very challenging endeavour we're undertaking.

The other feature of the endeavour, as you indicated earlier, is that we're doing it with indigenous partners and having them train the individuals to collect the data, because they believe they will get higher response rates if they do that.

I guess we're highlighting that we would love to have this data. No such data exists in Canada for any community. We are trying a pilot that will work through this, but there are real questions around whether at the end of this pilot we will be able to demonstrate that in a timely, cost-effective way, we can get comprehensive and accurate labour market data at the micro community level, because we've never done that before.

We are putting all of our efforts into trying to do this, starting with four communities and expanding to 44, but we have not, with the statistical experts in government and outside, been able to find shortcuts to get this type of data, which does not exist.

The Auditor General is absolutely right to point out that this absence of data in all small communities is a real gap, because if those communities are trying to predict workforce needs, having that

data would be important. Again, I would point out that the data does not exist in any small community anywhere in the country. The statistical tools of the labour force survey are not able to give you that reliable data at the micro level.

This is how we're trying to take the approach, but it is going to take time. I want to be clear with the committee that there is no guarantee we're going to succeed.

● (1710)

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

**The Chair:** You have a minute left, Ms. Yip.

**Ms. Jean Yip:** Okay.

What is the status of the labour market programming overlap among the federal and territorial supports? Are these overlaps being immediately dealt with?

**Mr. Graham Flack:** The first point I would make, as somebody who's done a lot of federal-provincial programming over his career, is that overlap and duplication between federal and provincial programs are not a bug of federalism. It's actually a design feature. When you have two jurisdictions spanning those areas and they are continually adapting their programs, the risk of overlap is always going to be there.

We have mechanisms at the multilateral level with all of the provinces and territories, and at the bilateral level, to try to continually deconflict so that we can always make those programs align in a way that doesn't overlap, but this isn't going to be a situation of doing a study once and then everyone locks their programs in place and it doesn't move. They continually adapt, and we have to do that.

As an example, programs are increasingly introducing innovation elements to their programming and piloting different things at a community level. For that, you can't just deconflict at the program level; you have to look at the community. A program officer in Nova Scotia might be trying something different, but it is similar to something we're doing. We have to get those officers on the ground talking to each other.

I just want to highlight that we do have a process to do this, but it's going to have to be an ongoing process. When the Auditor General pointed out that we said in our 2016 risk profile that one of the risks was overlap and duplication, that will always be a risk in federal-provincial programming.

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

I want to go back to Ms. Yip's question for a moment—not the last question but the one before, when you talked about the pilot projects you had.

From my perspective, it doesn't sound as if you have a lot of confidence in the process you're going through. You state that you're trying the pilot project, but there is no guarantee the data.... When I hear deputy ministers, it's almost as if they're waving the white flag of surrender. Now maybe I'm misinterpreting that, but it seems to me that you don't have a lot of confidence. You've been in the position for three weeks. Has this been designed by somebody else, and you aren't willing to sign on to it? You sound very hesitant.

**Mr. Graham Flack:** No. I have met with the folks who've done the design. We had a half-day session with Statistics Canada last week as well—not on this specifically, but on other elements. I'm confident that our best statistical people have looked at this and come up with the best approach to develop this groundbreaking data. I'm confident that the approach that has been developed has the highest prospect of success in something we have never successfully done in the country, which is collect micro community, accurate, timely, labour force data.

My cautions are that we are also going in aware that issues such as movement in and out of communities can create statistical challenges for us. We are trying to design it with communities in ways that will overcome this problem. For example, we think having indigenous delivery of the survey will increase the survey take-up, as opposed to having Statistics Canada or the department doing it.

**The Chair:** All right.

Mr. Ferguson, are you confident in some of the processes they've talked about today and that they're trying to implement?

• (1715)

**Mr. Michael Ferguson:** I think what you've just heard is that it is extremely difficult to get accurate information at the micro level about jobs, where jobs are available and what types of skills are needed.

They have consulted with the statistical experts in the country in Statistics Canada about how they would go about gathering that type of information. I think at this point what I am hearing is that they're saying they have a way they can try to move forward on this issue, but they are not yet sure it is going to succeed. If there are ways for them to try to do some of that work without trying to do it across the whole country, to try to understand whether they would be able to succeed at it or not, then it would be prudent to take some steps into it.

Maybe it's time for the department to say they know what they would have to do under the Statistics Canada approach, but I think that before they go too far down that road, they should go back to what they are trying to do here. The fundamental piece of their recommendation was to know what types of training these indigenous people need, what types of jobs there are, what skills are in demand, where those jobs are, what skill sets people have, and how we would train people. It's going back to those fundamentals.

Is there any other way to find out what jobs are available and what the skill gaps are? This may be the only approach to doing it. If so, they need to take some initial steps to see whether it can be successful. If those initial steps seem to indicate success, then carry on. If not, take a step back and ask if there's another way they can look at getting this data.

**The Chair:** Thank you both.

Mr. Kelly, I stole some of your time, but go ahead.

**Mr. Pat Kelly:** That's all right. You've generously given it back to me.

**The Chair:** There's been a little extra time for everyone here.

**Mr. Pat Kelly:** I want to return to the accountability aspect. This is a committee for delivering accountability to Canadians.

I appreciate some of the remarks we've heard. There are many other committees of Parliament that can examine different ways we can solve policy issues. There are committees on government operations, human resources, indigenous affairs. This is about accountability for what has happened.

I didn't really get much of an answer in my round. Mr. Christopherson very bluntly and succinctly pointed out that there is no answer to the question of the “why”. I think we probably would mostly agree that every government for the last 40 or 50 years has, in good faith and earnestly, examined the systemic barriers to employment and to better conditions, both on reserve and for indigenous Canadians who live in cities, yet, as has been pointed out, we struggle to answer basic questions about what happened to the money we spent on programs.

I'm going to ask Mr. Flack for another crack at the answer to the “why”, but before I do I want to also say, Mr. Chair, that I will add my voice to support Mr. Arya's point that it would seem we really do need to speak to Mr. Flack's predecessor.

**The Chair:** Go ahead, Mr. Flack.

**Mr. Graham Flack:** Let me unbundle the “why” and give some different categories.

On the question I just answered on the unavailability of labour market data at the micro, granular level, I think the “why” is that no such instruments existed. That's why we didn't collect it. That's why we had embarked, starting in 2016, on a program to try to collect it, but that program is not yet advanced enough to have that data.

In sum, the answer to the “why” is that there were technical limitations on what we could do. We are working through those, but as the Auditor General indicated, we are doing that on a pilot basis to test it—

**Mr. Pat Kelly:** How could that have really come to be a surprise at this point, when we've been struggling for decades with the policy outcomes that aren't being met? How did it take until 2016 to have it come to light that data isn't collected, or that there are difficulties, indeed, such that you are pouring cold water on expectation going ahead and that there are maybe intractable problems of collecting data?

• (1720)

**Mr. Graham Flack:** It's not a surprise, but the centrality of that data in allowing programs to operate on the ground—because that labour market information is critical to how they operate—is the reason we're pushing further on it.

There are other areas where we had collected data, for example, as the Auditor General indicated, where we didn't measure whether it was long-term employment and we just measured whether there were forms of employment. I would characterize that as deficient collection, in that we should have worked to collect more granular data about the length of employment.

Then there's stuff that's in between. The stuff that's in between is, as in my example, this longitudinal tracking of an individual and how the individual did. It's perfectly rational to ask if we can know, for individual A, after five years, what the effect of the intervention was and what the outcomes were. If those individuals are moving outside the zone of the community, that is a very difficult thing to track, which is why I think the department focused on these short-term measures. It's because they were trackable and you could deal with them with the account holder.

There, as I indicated, we've tried to develop a new methodology that maintains the anonymity of the data and will allow us to track that by category.

**Mr. Pat Kelly:** Here's a quick question just for the record.

You said you're three weeks into it, as the current deputy. Where did you come from? Are you from the department?

**Mr. Graham Flack:** I've been at the Department of Finance, the Privy Council Office, National Resources Canada, and most recently the Department of Canadian Heritage, where we did extensive programming regarding indigenous languages, which is I think the closest proximity to this one.

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

We will now move to Madam Mendès.

**Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.):** Thank you, Mr. Chair, and I will cede the rest of my time to Mr. Sarai.

Thank you all for being here.

Actually, I don't really have a question. I'm going to make a statement on Mr. Ferguson's message—not these last reports, but the ones from fall 2017, and on the fact that we tend, as governments, to focus a lot on process and not necessarily on outcomes in how we deliver for people, for Canadians.

I think that when we ask ourselves the “why” of these failures, we have to look very much at the relationship we had with first nations, Métis and Inuit, and how we saw ourselves as the service providers and almost as the supervisors of how it was being done. It's reasonably recently that we've changed this approach and changed the relationship we have with indigenous peoples, and I think that's part of the “why” of the failure. For decades we saw this very much as an “I pay, you deliver” kind of service, and now it's a partnership. It will take some time to correct the way this is done, and I do appreciate the efforts you're making to develop these programs with indigenous peoples by getting them to tell you what they need and what they actually will be able to work with. Perhaps that will be the change that we need to see for the future.

I just wanted to make that statement, and I would like to pass the remainder of my time to Mr. Sarai.

**The Chair:** Thank you, Madam Mendès.

Now we have Mr. Sarai.

**Mr. Randeep Sarai (Surrey Centre, Lib.):** Thank you.

My first question is to you, Mr. Flack.

You were saying that now you're going to use SIN numbers as data but be anonymous in doing that. Was that not available before? That seems like an old way to track where somebody works and to see the success of it. I'm a rookie at this, but there are people who have been here for a while, and this is an epidemic problem. Would that not be a metric that was used before?

**Mr. Graham Flack:** The trick on SIN, the real trick on outcomes, is not just measuring employment but income levels as well, and for that we have to link it to the CRA database.

Now we're not able, obviously, to do that in a direct way, by tracking a specific individual, so the work that had to be done was on linking the information we have on EI and SIN and the CRA database on an anonymized basis that met all the privacy standards. This was not just to give us a global result that would allow us to say of the people in the program that their average income was  $x$ ; the tricky part was working through how the model could kick out for us what the results were after two years, three years, four years, on the income for individuals who had these types of interventions—literacy training, etc.

That was extremely tricky to work through, and that's what has been, in fact, worked through. It isn't just an awareness of employment. That's the other thing. For the self-employed, knowing the SIN number doesn't tell you if they're actually with an employer who's issuing slips to them at work. If they're self-employed it's different. Because of the diverse clientele, we think this linked database is the best way to get at the data that the Auditor General has rightly said we need in order to track not just how we're doing now but how those individuals do over time, but it is tricky.

• (1725)

**Mr. Randeep Sarai:** To the Auditor General, how is this program different from other accountability mechanisms, say, in immigration, with the settlement agencies that do employment training? There is also ESDC, which does it for other non-indigenous actors. Are they tracking in a better way than this program is tracked? Are there best practices they can utilize for them, or is this a problem with all employment training programs?

**Mr. Michael Ferguson:** I can't tell you. I'm not quite sure of the last time we did an audit on this type of program, which says to me that maybe it's time for us to go back and look at some of the others. That would be something to come. I don't have the answer right now.

**Mr. Randeep Sarai:** My last question is this: Is this just an issue of denial, of not wanting to state that the effectiveness percentage of those programs is low, and therefore program directors are trying to find a number that shows a higher success rate, or is it specifically a problem with these types of programs?

I would be more satisfied knowing that an employment program had a 5% or a 10% success rate and knowing it's effectively helping 5% or 10% and is better than the last one, which had a 3% success rate.

Is this just a cultural problem of nobody wanting to admit that it's not a successful program?

**Mr. Michael Ferguson:** I wouldn't put it that way.

The way I would put it is that it's a common problem that we have seen in many government programs. Sometimes the way performance is measured is based on the information that is easy to capture and easy to report, rather than putting together a performance measurement regime that really looks at whether the program has achieved its intended outcome.

We don't make up the objective of the program; we look at what the departments say the objective of the program is. They said that the objective of this program was "sustainable and meaningful employment". If the objective of this program was simply to know how many people manage to get at least part-time employment, then our report would be very different. However, because they said it was about sustainable and meaningful employment, then we wanted to see a performance measurement strategy that would let us know whether it was being successful or not. What we ended up seeing was that there were some things that were being tracked, but, again, they didn't differentiate between somebody getting full-time employment versus part-time employment, so is that really sustainable?

I don't think this is an issue that is unique to this program or this department. I think it's a problem that I've talked about many times in front of this committee, in terms of the way that the different programs measure their performance.

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

We're coming up close to 5:30. However, because we missed so much earlier and we have bells coming again in another half hour, would it be all right with the committee and with our guests to extend this a little longer for some of the people who haven't had the opportunity to ask questions? Are we good with that?

The consensus is yes.

All right. Now I have Mr. Kelly, and then we'll go back to Mr. Arya.

**Mr. Pat Kelly:** Thank you.

Mr. Chair, perhaps in the interest of time, I won't take a full five-minute round.

Mr. Ferguson, being able to accurately judge the success of a program is extremely important. It was mentioned in part of the testimony we heard that there are barriers to employment for indigenous Canadians that are far beyond skills training. At the individual level, people need to have skills to obtain and keep a good full-time job.

I've travelled to the north with the finance committee, where we heard about other significant barriers: absence of roads, absence of all kinds of other infrastructure that impedes economic development in remote communities.

There may be some critics who would say that if programs can't be judged to be successful, then the funds ought to be allocated to other things, such as roads, water treatment systems or airports in remote areas.

What can we really tell Canadians about success that has been achieved in this program, so that Canadians might not demand of their parliamentarians that the money be spent in other ways?

• (1730)

**Mr. Michael Ferguson:** I think that's part of the fundamental question we were looking at when we decided to undertake this audit.

Again, as you said, among the indigenous population there are higher unemployment rates and lower participation in the workforce. There are all of those indications that indigenous people need help getting into the workforce. That's something, as I think the department has rightly said today, that they need to work on, and not on their own but with the indigenous groups and communities as well.

Fundamentally, if there is a program that is intended to help indigenous people get sustainable and meaningful employment—and, at this time, the program was spending about \$300 million a year, and I think we heard today that there will be another \$100 million a year, taking it up to \$400 million a year—we would hope that we would finally see a change in some of the outcomes.

I think the deputy minister did mention some very specific performance measurements that they are going to track now. I think one was reducing the skills gap by a certain percentage, by some very specific measurement.

I think these are the types of measurements that would give us all a better sense of whether this money is achieving what it was intended to achieve, which is sustainable and meaningful employment for these populations. That's what we're looking for.

I can't answer the question about whether there is another approach. What I can say is that we need to have some way of knowing whether the current approach is working or not.

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

We'll now go to Mr. Arya.

**Mr. Chandra Arya:** Thank you, Mr. Chair.

Mr. Flack, how much money has been spent on these two programs in the last financial year?

**Mr. Graham Flack:** The program split is... Do you mean for the previous financial year, or the year to date?

**Mr. Chandra Arya:** When did this program start?

**Mr. Graham Flack:** There were different iterations of this program. In the most recent financial year... I think the program goes back to 2010-11 for the first iteration. Since that period, the total expenditures would have been \$2.4 billion on this program and \$300 million on the skills and partnership fund. Those are the cumulative totals—

**Mr. Chandra Arya:** Sorry; you said \$2.4 billion?

**Mr. Graham Flack:** That is since 2010-11, if I take all of those years together. Right now, before we move into this new funding arrangement, it's just around \$300 million for the main program.

**Mr. Chandra Arya:** Mr. Flack, my riding is Nepean. I haven't had any infrastructure funding there. In fact, there's no federal government funding money there. We have one railway crossing that is required where an accident occurred and six people died. The city can't do it because it's \$100 million. For us, every single million is a very important thing.

Here we have spent \$2.4 billion plus about \$300 million and we don't know if that has been used effectively or if any good has come out of that. Don't you think that it is sort of unacceptable and uncomfortable to hear that number?

**Mr. Graham Flack:** As the Auditor General indicated, instead of tracking the meaningful and sustainable employment with the longer-term measures, for the reasons that I said and the challenges around doing that, the department chose to focus on short-term measures. There were measures that the department was able to assess based on the performance of the program.

• (1735)

**Mr. Chandra Arya:** I'm sorry to cut you off. In the measures—

**Mr. Graham Flack:** For example, \$1,600 incremental income was achieved by those individuals in the program—

**Mr. Chandra Arya:** Sorry; I apologize for cutting you off.

You have some measures. Let's say that you said that with the new framework, you want to measure the objectives to reduce the skills gap between indigenous and non-indigenous people by 50%, and the employment gap by 25%. That's the new target you have.

**Mr. Graham Flack:** That will be the meta-target, but then you have to have specific—

**Mr. Chandra Arya:** For the \$2.4 billion we have spent so far, how much has it come down?

**Mr. Graham Flack:** If we look at the unemployment figures from 2010, you would see that indigenous unemployment in the country has been reduced, but we cannot correlate that with program spending. We would not want to attempt to tell you that we can definitively say it's this program spending that has caused those improvements. That's part of what we're trying to do, going forward.

**Mr. Chandra Arya:** For all the new and old programs combined, how much are we planning to spend this financial year?

**Mr. Graham Flack:** Rachel, what is the split this year?

**Ms. Rachel Wernick:** It's \$342 million in 2018-19 for ASETS.

**Mr. Graham Flack:** Then \$99 million has been added incrementally in the budget that will begin in the next fiscal year.

**Mr. Chandra Arya:** The point is that we have been spending \$342 million. That's for all the related programs, right?

**Ms. Rachel Wernick:** Right.

**Mr. Chandra Arya:** Okay, we are spending \$342 million based on the previous commitments, and we still don't know how effective it is, and now we are putting another \$100 million more onto this. Shouldn't we just hold on to that until we see how to set up something to measure it better before spending it?

**Mr. Graham Flack:** The new framework will be in place in time for the new spending to come online. We are not going to start spending the new money until we have the framework in place. That framework will be in place April 1.

**Mr. Chandra Arya:** You also said that we need quality, highly localized labour market information. I think Mr. Kelly did mention that we had been spending money, \$2.4 billion, all these years. Didn't we get that information? Did we spend any money getting this quality labour market information so far?

**Mr. Graham Flack:** Sure. There was information that... You think of the program as creating the equivalent of an employment office on the reserve. They had market intelligence about what employers were asking for. The Canada Job Bank offered a source of data that allowed us to provide that information, so yes, absolutely, there were sources of information. For the second program, as an example, when they had a big project in the Lower Churchill, they indicated the labour they anticipated they would need, and we had information that could be used to make the judgments about where to go.

What I'm saying is that the type of data the Auditor General said we would all like to have—timely, comprehensive, correct data at a micro-market level at the standards we would be used to if we were looking at, for example, Nova Scotia—has not been statistically possible. I don't want to say there has been no data, because there has been, but there hasn't been the type of comprehensive data we would all like to have, for the reasons I talked about. It is not present in any community, given the statistical limitations.

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

We can come back, Mr. Arya, but your time is up.

Mr. Christopherson is next, please.

**Mr. David Christopherson:** Thanks, Chair.

I have two questions. One, on page 12, paragraph 6.46 of the Auditor General's report says:

We found that Employment and Social Development Canada allocated funding to agreement holders under the Aboriginal Skills and Employment Training Strategy on the basis of 1996 population and socio-economic data that did not reflect the current needs of the populations served. Also, the Department had not updated the formula it used to allocate funding under the Strategy since the formula was established in 1999.

Now the last thing I am is a statistician, but I don't think you have to be all that bright to figure out that using information from the previous millennium is not going to give you the best outcome.

My question is this: How can something that obvious continue? With so many smart and caring people, how can stuff like this go on for decades, with people just saying, "Yes, that's just the way we've always done it."? Help me understand how things like this can be.

• (1740)

**Mr. Graham Flack:** To be clear, they didn't say, "Let's just leave it the way it is." There were two serious efforts made to update the formula, in 2003 and in 2014. As context for why that didn't succeed, let me give you two data points.

The first is that between 1999 and 2016, Parliament voted for the exact same level of funding for this program in every one of those years. There was no growth in the program funding over those almost 20 years. The need for those programs grew dramatically over that time. In an environment with no new funding, when we attempted to update the formula in 2003 and 2014, we worked with indigenous partners and were unable, not surprisingly, to reach agreement with them because, even though everyone's needs had grown, adjusting to the new formula and the new data would mean some would lose funding because that would be the only way to fund the others, whose needs had grown even greater.

The first barrier was that indigenous communities did not accept that there could be any change in the formula. They said there needed to be incremental funding, but for 20 years, Parliament did not vote for incremental funding.

The second challenge, as you are aware, is that decisions on grants and contributions of this order in departments are not delegated to people like me. Ministers make those decisions. I have seen this across a wide range of programs I've dealt with, such as the aboriginal policing program at Public Safety and the culture programs at Canadian Heritage, where you have no resource growth but a growth in the client communities. Not surprisingly—as political actors, I think you would all understand—ministers are reluctant to make changes to a program that will result in some recipients losing funding and others getting more, even though all of their needs have grown.

We did attempt to revise the formula—twice—and were unsuccessful, both with indigenous communities and ultimately with ministers in convincing them to do it, notwithstanding their efforts to do that.

How is that going to change? The new element is that we have \$100 million in new funding. In my experience, that is what it takes to get movement on the new funding, so we are negotiating with indigenous partners on the criteria we are going to use for the new funding to ensure that, as the Auditor General indicates, these factors are taken into account.

I just want to be clear: It wasn't that officials were not trying to do this; it was that indigenous communities did not want to make those changes, given that the changes would involve cuts for them, and that political actors—in my view, not surprisingly, in an environment where they didn't have additional resources—were not willing to do that either. What has changed is the new resources, and that's what we're going to try to do.

**Mr. David Christopherson:** If the audit hadn't come out, would you have done that anyway, taken another stab at it?

**Mr. Graham Flack:** Yes.

**Mr. David Christopherson:** I have to tell you that the idea of saying, "Oh, we weren't able to do it," and then just walking away and leaving it...

**Mr. Graham Flack:** In my experience, when new funding is injected into a program, that is the opportunity for the recipients and the political actors to be willing to consider changes in the allocation formula. Yes, we were going to do that anyway with the new money.

**Mr. David Christopherson:** Thank you.

I have one last quick question, and I'm asking you and the Auditor General to help us.

You've mentioned that you're entering into a pilot project. The Auditor General has confirmed your concern that it's complex and there's no guarantee of success. The one thing that would be horrible is for us to walk away from this, and then four years later the AG goes back in and finds out it didn't work.

Is there a way that at the end—I think you were doing four as a pilot—you could give us an update on that and share it with the AG so that we can be with you as you go through this process, providing whatever assistance we can, but more than anything to avoid, down the road, going through this all again?

This is just not fun for anybody.

**Mr. Graham Flack:** We'd be happy to do that. As I say, we are also continuing to look at alternative sources, but that area of localized, highly accurate data is a tough nut to crack. We would be happy to indicate where we are after we've done the pilot with the four and we'd be happy to share that with the Auditor General as well.

**Mr. David Christopherson:** That might be helpful.

Thank you so much, Chair.

• (1745)

**The Chair:** Thank you.

Do you have another one, Mr. Arya, a very quick one?

Go ahead, sir.

**Mr. Chandra Arya:** Since 2010, 2011, \$2.4 billion has been spent. How many indigenous people were served?

**Mr. Graham Flack:** There were 400,000 clients, with 140,000 finding jobs and 70,000 returning to school, but as the Auditor General indicated in his report, because we did point-in-time measurements, we are not able to give you data on the degree to which the employment was sustained.

That's the information we have.

**Mr. Chandra Arya:** When we started this off, I did request the chair to consider halting this meeting so we could get the deputy minister who was in charge as your predecessor. We've had these issues on and off for quite some time. The Auditor General brought it to our attention and expressed his concern. We had the Clerk of the Privy Council before our committee defending the tenure of the deputy minister, saying it is not as bad as the Auditor General says, and I defended the Clerk of the Privy Council because he produced some numbers.

However, what I've started noticing is that there are some problem departments that the Auditor General has gone back to again and again, seeing no improvements from audit to audit, and it is in those departments that the deputy ministers also keep changing.

Is it that the departments are a problem because the deputy ministers keep changing, or is it that there are problems in the department and that is why the deputy ministers keep changing? I don't know.

This is a major concern to us. Chair, I think we have to consider, going forward, that whenever we invite a deputy minister, we find out how long he or she has been in the position. If the deputy minister has been around for a short period of time, say less than one year, maybe we should also simultaneously invite the previous deputy minister.

**The Chair:** In answer to your question, when I look at the dates, it's my understanding that the previous deputy minister was in the position for two years. I think that's what somebody showed me here. Ms. Levonian was there from May 16, 2016, to October 8, 2018—a little over two years.

**Mr. Graham Flack:** Mr. Chair, I had over four happy years at Canadian Heritage. I believe in long tenure. I think it's critical to an organization, and although I don't—

**Mr. Chandra Arya:** I'm sorry, Mr. Flack; we are not saying that it happens at every single department, but in some of the departments where the Auditor General has found problems over a period of time.

Mr. Chair, I'd like to ask the Auditor General whether it is because there are problems in a department that the deputy minister keeps changing or it is because the deputy minister keeps changing that problems exist in the department.

**Mr. Michael Ferguson:** That's a question I can't answer. I don't know the reason that deputy ministers in some departments change often. My concern, as I've said before, is that we often see deputies changing in key departments like procurement and national defence. In some of those very large departments, we've seen them change quite often.

I don't know the answer to your question.

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

Go ahead, Mr. Massé, quickly.

[*Translation*]

**Mr. Rémi Massé:** Thank you, Mr. Chair.

Deputy minister, I would like to congratulate the team that prepared you for this meeting on their work. Our committee often meets with deputy ministers from various departments who come here and answer difficult questions. I can assure you that the questions we asked you were particularly difficult.

I would also like to say that all of my colleagues and myself greatly appreciated the answers we got, which were often precise and directly related to our questions. I want to emphasize that, since it is to your credit after only three weeks in this position. I think that you were well-briefed on your new files and that you have mastered them well.

I wanted to point that out because from my perspective, you did excellent work. You still have work to do of course, and some sizeable challenges await you. However, I am certain that with the help of your team, the department will be able to meet those challenges. I am sure we will have the opportunity of inviting you again, so that you can update us on the programs you manage.

Thank you.

• (1750)

[*English*]

**The Chair:** Thank you, Mr. Massé.

Since I don't see any other questions, I do want to go back to Mr. Christopherson's question. I was kind of trying to direct our analysts to check an action plan, because Mr. Christopherson asked a question with regard to local data.

I do see that in the action plan that has been brought forward by the department, it has really committed to “improved and tailored labour market information”. It looks like that is maybe “in up to 17 ASETS Indigenous organizations and 60 First Nations”. Is that the pilot project, then?

You're saying it is. That's the pilot project.

With regard to data, it has been addressed in the department's action plan, so I'm hoping that we can maybe have an update on that action plan. I know that sometimes on pilot projects you have to wait until the entirety of the pilot project is finished, but I'm hoping that maybe we can get some measured, achievable goals so that we can see whether there has been achievement or not.

Maybe for the Canadians who are watching out there it sounds as though we've been fairly tough on our witnesses, but when I went through this report, there was a recurring theme, and the recurring theme was the two words “did not”. I went my staff and said, “Listen, count the occurrences of 'did not'.” In every paragraph, the department “did not”: the department “did not collect the data or define”, “the Department did not have information about the nature of those jobs”, “the Department did not fulfill either of these commitments”, “the Department did not establish targets”, “it did not revisit the targets”. It's just in every paragraph: the department did not, the department did not.

In the meantime, we have a government that has, and rightly so, made a commitment. The Auditor General quoted in his report that the government made a commitment three years ago “to reconciliation and a renewed relationship with Indigenous peoples”. When a department “does not” or “did not”, it really takes away from a government direction.

Sometimes you wonder how you gauge a government. Well, you gauge a government on results, and sometimes the departments are the ones that carry out the government's mandate. An announcement by the government of its intentions doesn't matter. When you have 43 instances of “did not” in the report, then yes, I think we can expect another meeting back here at the public accounts committee.

Anyway, I want to thank you for coming.

I agree with Mr. Massé. Mr. Flack, you really seem to have a good understanding of the problems that have happened before your tenure. You were there four years. Some of the other deputy ministers were there two years. I'm of the opinion that when there are that many occurrences of “did not”, maybe that's part of the reason a deputy minister is changed out.

We like it when there's success in every department, and I've told other people this. If an opposition is going to hold a government to account, I think every political party expects that the departments are at least going to be able to carry out the government's mandates. Politically I can question their mandate, but boy, when a department is not really carrying out some of what a government wants, that's not good.

Thank you for coming. Thank you for being up to date on the issue. I can tell you with all sincerity that I hope your action plan

works and that we can see the success, the measured success. I know you have good people in your department, and hopefully we'll see some marked progress moving forward.

● (1755)

Thank you very much, committee, on a very tough report, and we wish all the best to the department in seeing a solution to some of this.

The meeting is adjourned.

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