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Chair: John Williamson



Standing Committee on Public Accounts

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• (1110)

[*Translation*]

The Chair (John Williamson (Saint John—St. Croix, CPC)): I now call the meeting to order.

Welcome to meeting number 37 of the House of Commons Standing Committee on Public Accounts.

[*English*]

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

[*Translation*]

Pursuant to Standing Order 108(3)(g), the committee will begin consideration of the spring 2026 reports of the Auditor General of Canada.

[*English*]

I would like to welcome our witnesses.

From the Office of the Auditor General, we have Karen Hogan, Auditor General of Canada. We also have Jerry DeMarco, commissioner of the environment and sustainable development, along with Markirit Armutlu, principal, Milan Duvnjak, Susie Fortier and Marie-Pierre Grondin, director.

It's nice to see all of you.

Ms. Hogan, you and your team will have the five or so minutes you require. We'll give you the time you feel you need to present your reports today.

Thank you.

[*Translation*]

Karen Hogan (Auditor General of Canada, Office of the Auditor General): Good morning, Mr. Chair.

Thank you for the opportunity to appear before the committee today to discuss our reports that were just tabled.

I want to start by acknowledging that we are gathered on the traditional, unceded territory of the Algonquin Anishinabe people.

With me today is Jerry DeMarco, the commissioner of the environment and sustainable development, who will speak to three of the audit reports that my office presented to Parliament this morning. We are also accompanied by the principals who were responsible for the audits. In addition to our performance audit reports and

as is our usual practice, we have also provided Parliament with copies of our special examinations of the National Capital Commission and of the International Development Research Centre, which were made public since our last tabling.

I will begin with our audit of initiatives that have been described by the Government of Canada as the new fiscal relationship with first nations. The government committed to co-developing initiatives with first nations partners, including increasing the predictability and flexibility of federal funding, to support reconciliation and the gradual transfer of services to first nations.

[*English*]

Overall, we found that Indigenous Services Canada did not effectively implement, monitor or assess the initiatives it committed to. While the department introduced 10-year grants, and while payments were aligned with funding agreements, it did not consistently monitor whether grant recipients remained eligible for funding. More than \$6.5 billion in grants has been distributed, but the department did not know whether grants were achieving intended outcomes, including reducing socio-economic gaps between first nations and other Canadians.

Important initiatives to truly transform the fiscal relationship between first nations and the federal government remain largely undeveloped. For example, Indigenous Services Canada did not implement a framework to establish mutual accountability between first nations and their citizens, and between first nations and the department.

Also, the department did not meet its key commitment to support the development of first nations financial management capacity to avoid financial default.

[*Translation*]

The new fiscal relationship initiatives are an important part of Indigenous Services Canada's mandate to gradually transfer services to first nations. The department needs to improve how it implements and delivers these initiatives to meet its commitments to help improve socio-economic outcomes and advance reconciliation.

I will now turn to our audit of accessibility in seven federal organizations.

Overall, we found that all had fostered accessible workplaces for employees with disabilities, with key areas for improvement remaining.

All organizations we examined had made progress in the representation of persons with disabilities in their workforces. We found that promotion rates across employee groups were comparable and that all seven organizations had accessibility practices in place, such as executive champions and networks for persons with disabilities.

[English]

While I am encouraged by the progress to date in representation and the commitment to accessibility, there is still room for improvement in how accommodations are delivered and employees with disabilities are engaged. For example, we found that employee networks were not consistently consulted on the implementation of decisions affecting them.

In addition, while all organizations had measures in place to address workplace barriers, processes to deliver accommodations need to be improved. The time required to respond to employees' accommodation requests ranged from an average of 24 to 310 days. Inconsistent data collection limited the ability of organizations to identify recurring issues and systemic barriers.

Federal organizations have a duty to ensure that all employees can participate fully and equally in the workplace. Building on the progress made to date requires ongoing focus on accessibility and efficient processes.

I will now turn it over to the commissioner of the environment and sustainable development to summarize the next three reports.

• (1115)

[Translation]

Jerry V. DeMarco (Commissioner of the Environment and Sustainable Development, Office of the Auditor General): Thank you.

The reports I am presenting today focus on the federal government's efforts to address global challenges posed by climate change and avian influenza. To better protect Canadians now and in the future, stronger action is needed to adapt to our rapidly changing world.

Our first audit focused on flood hazard mapping, which is becoming increasingly important as Canada's climate changes. We can no longer rely only on present-day data to prepare for floods. We also need to plan for future climate scenarios, including changing precipitation patterns. This is especially timely, given the significant flooding seen in many regions of Canada this spring. Flood hazard maps are a tool to inform residents, developers and infrastructure planners of the risks of flooding in a given area.

[English]

We found that Natural Resources Canada, Environment and Climate Change Canada, and Public Safety Canada were slow to produce and share the flood hazard maps needed to protect communities and support climate change adaptation.

Natural Resources Canada did not ensure that mapping efforts prioritized higher-risk areas. Many maps remain incomplete, and much of the existing mapping information is not practical or usable.

The department is also not on track to make all maps currently in production publicly available by the target year of 2028.

We also found that Public Safety Canada's planned flood risk awareness portal did not integrate climate change considerations or allow information to be easily updated as conditions change. This means that information in the portal will not reflect changes to flood risks over time.

Climate change projections and easily available flood maps are needed to reliably inform long-term planning decisions, such as where to build homes or develop infrastructure. Canadians face escalating risks and higher disaster recovery costs in the absence of up-to-date information.

[Translation]

In our next audit, we found significant gaps in the Treasury Board of Canada Secretariat's oversight of the greening government strategy to strengthen the climate resilience of federal services and federal assets, which are valued at about \$100 billion.

We found that the framework to track progress was weak. Also, despite repeated commitments, the secretariat did not publicly report on climate resilience in the eight years that followed the strategy's launch in 2017. These gaps hindered decision-making and accountability.

At the organizational level, the audit examined how National Defence, Public Services and Procurement Canada, and Fisheries and Oceans Canada assessed climate risks and acted to enhance the climate resilience of their assets, services and activities. Together, these three departments manage more than two-thirds of the federal government's physical assets, such as buildings and bridges. We found that they had made limited progress in translating risk assessments into meaningful action.

[English]

This lack of progress has clear environmental and financial consequences for Canadians. As Canada warms at twice the global average, accelerating efforts to protect federal assets and services will sustain communities and save taxpayers money over time. For example, small harbours, which directly support more than 45,000 jobs, are vulnerable to the impacts of climate change and require immediate repairs and reinforcement.

• (1120)

Our final audit assessed the federal response to avian influenza. An outbreak of the disease began in Canada in 2021, and there were concerns the virus could mutate and become more easily transmissible. While Environment and Climate Change Canada, the Canadian Food Inspection Agency and the Public Health Agency of Canada took action to prevent and manage outbreaks of avian influenza, we found that they need to improve on planning and documentation, and the management of human vaccines, to better prepare for future threats to public health and vulnerable wildlife.

[Translation]

For example, the Canadian Food Inspection Agency successfully implemented procedures to eliminate the virus from all 47 premises in our audit sample. There were, however, some weaknesses in the agency's documentation of its activities.

We also found that Environment and Climate Change Canada redirected funding to expand its surveillance of migratory birds following the 2021 outbreak, but without dedicated funding, this activity may not be sustainable. In addition, the department did not target surveillance on the virus's impact on at-risk species that are or could become threatened, endangered, or extinct.

[English]

Finally, with respect to preparedness, we found that the Public Health Agency of Canada secured vaccines for people at higher risk of exposure, such as farmers and veterinarians, but purchasing decisions were not supported by sufficient analysis. This led to an oversupply. More than 95% of the purchased vaccine doses expired before they could be used.

I will now turn it back to the Auditor General.

Thank you.

Karen Hogan: Thank you.

Across these audits, a consistent pattern emerges. Programs are in place, funding is being delivered and risks are known, but weaknesses in implementation and monitoring affect the achievement of results. This is not a new pattern. I raised similar concerns at the midpoint of my mandate last year about long-standing issues in how federal programs are designed, delivered and measured, including in areas affecting first nations.

[Translation]

Our audit of the new fiscal initiatives shows that when a department does not act on its commitments intended to address long-standing issues, it falls short on delivering critical outcomes, such as advancing reconciliation.

Our audit of avian influenza also highlights similar issues in a different context. I am concerned that despite experience from past public health events, including COVID-19, gaps in planning, data and decision-making have not been addressed and continue to affect preparedness.

This concludes our opening remarks. We would be pleased to answer any questions the committee may have. Thank you.

The Chair: Thank you very much to you both.

[English]

We'll now begin our first round, which will consist of three members having six minutes each.

Ms. Kusie, lead us off, please, for six minutes.

Stephanie Kusie (Calgary Midnapore, CPC): Thank you, Chair.

Thank you very much, Auditor General, for being here today with your team.

You've expressed, in your opening statement, the exact frustration my Conservative colleagues and I are feeling here today. As well, Canadians should be feeling it here today in terms of consistent problems that are not being fixed.

I'm going to focus today on accessibility in the public service.

The summary includes statements such as: There are ineffective "processes to handle the volume of requests"; they "did not consistently collect data about the requests"; and not all "organizations" tracked "resolution times".

On page 14 of this report, it mentions:

Missing date information. At the Public Service Commission of Canada, 90 records did not include the date when accommodation requests...were submitted or when they were addressed.

There was an:

Inconsistent approach to record a request closure. At the Canada Revenue Agency, dates recorded as closed sometimes included monitoring periods after the accommodation was provided. We found that this made the closing date an imprecise indicator of accommodation request resolution.

Missing type of accommodation. At Employment and Social Development Canada, 14% of the records were missing the information describing the measure implemented. This limited the analysis of requests by type of solution implemented.

On page 16, exhibit 4 states:

The organizations that had informal goals or tracked timeliness to address accommodation requests had faster resolutions

No kidding.

Auditor General, I'm going to go back to your GC Strategies report, which was issued almost exactly a year ago today plus a month. It was June 10, 2025. In a committee meeting, you said, "The findings of this audit echo those of previous audits that also showed deficiencies".

A year later, you are saying that you are finding deficiencies. We are referring to a report from a year ago that said there was a pattern of deficiencies here specifically in GC Strategies and how public servants applied federal procurement rules.

You have said, time and time again, that the government need only follow and apply the rules, or in this case, the processes. Again, the public service seems incapable of doing so under the leadership of the government.

When will this government learn from your reports and apply the recommendations of the reports throughout the public service? It's beyond frustrating at this point, since we seem to repeat the same process of you coming here indicating your frustration and disappointment in the actions of the public service under this government to carry out what should be simple processes, rules and regulations. Can you respond to that, please?

• (1125)

Karen Hogan: You raise many examples, and I'm not sure which ones to pick to answer. I guess what I would focus in—

Stephanie Kusie: There are so many, unfortunately.

My apologies for interrupting.

Karen Hogan: —on is that there are two different situations here. In responding to a health crisis, the government, over many years, has lived through different crises, whether it is H1N1, SARS or the COVID-19 pandemic. We saw that we were repeating recommendations to resolve issues of data- and information-sharing among the provinces, territories and the federal government to be better prepared, to take the time to invest in preparedness and to use fulsome data to make decisions. We saw some of those same concerns being repeated when we looked at avian flu.

It's very different when you look at accessibility in the public service, however. This is a journey that began once the accessibility act was in law in 2019. We saw some progress, but issues that you raised there, however, are about accommodation.

Many departments have not put a formalized structure around duty-to-accommodate requests. That's why we're seeing very varying outcomes there.

This is something as basic as removing a barrier to ensure that a public servant can participate fully and equally in the workplace. Waiting almost 300 days is way too long. I would expect that every department and agency will look at this report on accessibility, look at themselves and see if they need to make progress.

I can tell all of the committee members here that I put my own office through the same questions. We have areas that we can improve in, very much like the departments we audited. In some cases, we're doing better, but I think it's about every deputy head fo-

cus in on what they can improve within their organization when it comes to accessibility.

Stephanie Kusie: On a similar note, page 18 of the report states, "A critical factor influencing these disparate experiences was identified as the individual's direct supervisor and immediate line of management." This is seen consistently across satisfaction in jobs, this primary factor, but as well, it was reported that there is "a lack of meaningful engagement" outside of required touchpoints in terms of the evaluation of this program across departments.

What this really speaks of to me is leadership: having compassion and care for these individuals, for this community. In both of these quotes that I've just given, there seems to be a lack of this. What does this say about the leadership of this government relative to these accommodations of this community?

• (1130)

Karen Hogan: I would like to clarify that accessibility is not a program. Every employer has a responsibility, a duty, especially in the public service, to ensure all employees can participate fully and equally in the workplace.

You're absolutely right that a supervisor has the biggest impact on an individual in a workplace; the person you report to every single day. What we found is that there were varying degrees of awareness across supervisors about accessibility concerns, especially if a disability was an invisible disability. We saw that departments didn't consistently require training in this area. That's just a first place to start.

More importantly, the government had put in place an accessibility passport, which was supposed to be a tool that employees could use to support a dialogue with their supervisor. However, there is very inconsistent application or use of the passport and a lack of awareness among many supervisors. That passport is supposed to help a person as they might move around the public service to not have to keep repeating what that they need, so that every employer and supervisor knows how to support them better.

I think the public service is at the beginning of this journey, but it is time now to invest some time and energy into making sure that the experience of every employee, whether they identify as having a disability or not, is equal and level, and that they can fully participate.

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

Next is Ms. Tesser Derksen, please, for six minutes.

Kristina Tesser Derksen (Milton East—Halton Hills South, Lib.): Thank you, Mr. Chair.

Thanks to the whole team for being here today to once again answer our questions. It's now my third time participating in the release of new reports, and I feel like I'm starting to get the hang of it a bit, so bear with me while I go through some questions.

I want to address my colleague Ms. Kusie's comments about recurring themes, which I've also noticed. Certainly, it's frustrating as elected people when we see the intention of policies at a high level not necessarily filtering down and impacting people the way they're meant to. It really speaks to, I think, the rubber hitting the road, and the impact and the implementation not quite reaching the goals that we always intend for them.

That being said, I want to be fair in noting that there are improvements made in different areas over time and that we're constantly working to better ourselves. The work you do, Ms. Hogan, at your office with your team, is so critical to making sure that those departments are held accountable and making sure that they're constantly improving.

I want to reference first the “New Fiscal Initiatives With First Nations” report, specifically with respect to the default prevention and management policy. Your report noted that the first two levels of what I would call “accountability oversight” had been removed. Do we know why those have been removed?

Karen Hogan: Those were removed so there would be more flexibility and control by first nations in how they might navigate certain financial difficulties. The last level was left in place as an interim measure, where they would bring in a third party to help manage if there were a significant financial default. It was really to give the responsibility and the power back to first nations communities.

Kristina Tesser Derksen: Okay. When you say that it's giving responsibility and power back to first nations communities, I would interpret that as the overarching goal of self-governance of first nations communities and an important step in that way. Would it be fair to say that those levels that had been removed were contravening the principle of self-determination? Was that the impression you had?

Karen Hogan: I think that would be a question to ask, why it was repealed, but the default prevention and management policy was then supposed to be replaced.

I think what it was supposed to be replaced with is even more important. It was meant to create and bolster capacity in first nations communities. While they removed what many first nations communities might not have appreciated about the policy, they haven't taken the step that will really make a difference, which is making sure that capacity to avoid financial management issues, or default, is bolstered in communities. That's one of the commitments that is largely undeveloped right now.

Kristina Tesser Derksen: Okay. Thank you for that.

I want to talk a little bit as well about the mutual accountability framework. One of your findings had said that in regard to replacing the First Nations Financial Transparency Act with a mutual

accountability framework, you found that ISC had not created the framework, basically.

I think in your report you also referenced that some first nations were not necessarily satisfied with the draft, and that it didn't quite engage first nations to the extent that it should; it wasn't adequate in engaging them in them being the drivers of those outcomes.

Can you comment a little bit about that and how you see the delay in what appears to be maybe a breakdown in the negotiations and how that's affecting the implementation of improvements?

• (1135)

Karen Hogan: This is an area where we actually saw some collaboration with first nations partners and the department. They were co-creating what a mutual accountability framework would look like.

I would give you a visual that looks like a triangle. You would have first nations being accountable to their own citizens, but then also having first nations and the government being accountable to each other, so a nation-to-nation type of accountability.

The first step was to create a way to measure what that would look like, so how you would measure if socio-economic gaps had closed. There was a lot of dialogue and discussion, but then the department went away and came up with measures. I think that's where the first nations said that they wanted to help define how to measure what closing a socio-economic gap might look like, and that it shouldn't be a one-size-fits-all type of solution.

It was a step in the right direction but then a step back to the usual way of doing things. I think that's why we saw it being paused and stalled.

Kristina Tesser Derksen: It's very valuable insight.

I want to turn to Mr. DeMarco and your flood hazard mapping report.

When I was a municipal councillor, I sat on the board of our local conservation authority, and we engaged quite a bit with flood plain mapping. Very dense parts of our community exist within flood plains, so we always had questions from developers and people wanting to make changes to properties.

We engaged with some lidar technology to establish new mapping and ended up expanding the flood plain to a significant extent.

In your report, in the overall message portion, you note that Public Safety Canada has a portal to help identify flood risks, but that the portal does not consider climate change projections, which is surprising. Your report notes that the risk ratings are based on “present-day assumptions” related to flooding. Would you mind indulging me in explaining what you mean by present-day assumptions?

Jerry V. DeMarco: Canada's climate is changing, and it's changing more rapidly than the global average. Historically, we could plan for floods by looking back and looking at history and records. We used to say there's a 100-year flood line, and that was based on history.

But with our climate changing, we need to, as best as possible, create scenarios about what the future may look like and plan for that, instead of just looking back. The fact that the portal is being produced, and that we are trying to democratize this information and make it accessible to Canadians, is good, but if it doesn't have the capability of being updated easily, and it doesn't have the capability for users to select climate-change scenarios in the mapping, then its utility is limited. It is more like what we've been doing in the past, in terms of looking back to plan for the future. There's nothing wrong with that in a relatively stable climate, but with a changing climate we need to factor in as much as possible, recognizing that there is a degree of uncertainty in future rainfall patterns and future flooding along rivers and lakes.

I would have expected that the portal, being an initiative undertaken at a time when Canada recognizes the need to adapt to climate, would have that capability.

The Chair: Thank you.

I'm afraid that is the time, Ms. Tesser Derksen.

[*Translation*]

Mr. Bonin, you have six minutes.

Patrick Bonin (Repentigny, BQ): Thank you, Mr. Chair.

Thank you, Auditor General, commissioner.

A year ago, the Bloc Québécois conducted a study to quantify, among other things, the costs of climate change for individuals and governments. In our view, it is very clear that, regardless of what happens on the international stage, even if we ignore climate change, its impacts will not go away.

Commissioner, you note in your report today that the costs of the impacts of climate change are rising, particularly with regard to flooding, that adaptation costs are likely to increase, and that the government has once again, in many respects, made commitments without achieving the expected results in terms of adaptation and resilience.

You produced a report last year on the adaptation strategy. Based on your analysis, I understand that the government, through its lack of seriousness regarding the fight against climate change, crises and their impacts, is increasing the bill that will be passed on to Canadians in the coming years. And that's not even counting the repercussions. There will be human tragedies, among other things.

In short, what the government isn't doing—or isn't doing well enough—right now will come at a cost. Is that your assessment of the situation?

• (1140)

Jerry V. DeMarco: It is true that investing now will lower the cost of adapting to climate change for future generations.

The national adaptation strategy, which was the subject of an audit we published a year ago, states that every dollar spent on adaptation and resilience measures can generate savings of \$13 to \$15. This is only an estimate, but it gives an idea of what we can do now not only to adapt, but to save money for future taxpayers.

If we act immediately and more quickly, we will be more resilient and ensure better value for money for Canadian taxpayers.

Patrick Bonin: What do you think about the fact that, in the 2026-27 budget, Environment and Climate Change Canada is cutting spending on climate change adaptation by nearly \$530 million compared to 2024-25? These are essentially cuts; only \$37 million remains for adaptation.

You say it will cost more if we don't invest today. So, does it concern you that the government is investing \$530 million less in climate change adaptation?

Jerry V. DeMarco: In last year's report, one of our findings was that it was difficult to arrive at an overall figure for adaptation measures, so I can't comment specifically on the figure you just provided.

However, we need sufficient resources to adapt. If we act now, it will be less costly in the future.

Furthermore, we need a system to determine whether the measures are yielding good results. According to today's report, there is a lot of analysis, but not many results regarding the resilience of federal assets.

Patrick Bonin: I understand that you don't want to comment on the specific figure of \$530 million, but speaking in general terms, if the government is cutting funding compared to what it used to invest in adaptation, do you think that's acting responsibly?

Jerry V. DeMarco: The government is responsible for making budget decisions.

We want to see results and ensure that it uses the funds effectively to protect federal assets and build resilience, as well as to protect Canadians.

That said, the government is the one that makes the choices when it comes to how much—

Patrick Bonin: I'm sorry to interrupt, but I don't have much time. Thank you.

I understand that the federal government has identified more than 1,600 critical assets. Of these, 275 are at significant risk, yet you say that only 3% of these assets have a resilience plan in place—one that would enable the government to achieve results in terms of risk reduction. Furthermore, it has pushed back its targets. Previously, resilience plans were required by 2022; now, it says this will be by 2035, with no interim targets.

Do you consider this responsible? Isn't there a risk associated with delaying the requirement that these assets be resilient?

Jerry V. DeMarco: As you can see in exhibit 8 of our report, this represents only 3%, even though there are more than 1,600 critical assets in total. We even had to enlarge the chart in exhibit 8 so that we could see the 3% portion representing the critical assets that have a resilience plan in place.

Of course, the government needs to pick up the pace when it comes to risk assessments, resilience plans and the implementation of those plans. That is the result we need to achieve.

• (1145)

Patrick Bonin: The 3% figure involves the assets.

Can we infer that the same applies to services and activities—namely, that only 3% of them are covered by a resilience plan?

Jerry V. DeMarco: Perhaps Ms. Grondin could address the service-related questions. None of our exhibits cover services.

Marie-Pierre Grondin (Director, Office of the Auditor General): This wasn't assessed in the same way. We focused specifically on critical assets. As for services, we took a more comprehensive approach to evaluating the implementation of measures.

All in all, what we observed overall was fairly slow progress when it came to moving from the information and analysis stage to concrete actions on the ground.

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

[English]

We'll now begin our second round, which will consist of five members with various times.

[Translation]

Mr. Deltell, you have five minutes.

G rard Deltell (Louis-Saint-Laurent—Akiawenhrahk, CPC): Thank you very much, Mr. Chair.

I'd like to greet my colleagues.

Welcome, everyone.

We are here, at the Standing Committee on Public Accounts, first and foremost to ensure that taxpayers' money—that is, the billions of dollars they pay in taxes—is well invested and well managed.

Unfortunately, today we have another scathing report from the Auditor General. Sadly, this report concerns first nations. Once again, the program in question is very ambitious and has very laud-

able goals, but the results are slow in coming. The results are one thing; the management is even worse.

The Auditor General's report reveals that, while \$6.5 billion has been spent over the past 10 years on first nations, no audits were conducted, there was no monitoring and the program was not properly assessed.

To quote the Auditor General, "More than \$6.5 billion in grants has been distributed, but the department did not know whether the grants were achieving intended outcomes...". Listen carefully to what comes next: "...including reducing socio-economic gaps between First Nations and other Canadians."

This government has spent \$6.5 billion over the past 10 years, and we are unable to clearly assess the positive outcomes for first nations.

Ms. Hogan, how can we convince Canadians to continue paying taxes and assure them that they are getting their money's worth?

Karen Hogan: When it comes to new financial initiatives for first nations, I think it's important to note that this isn't new money. It's the same money in a different form and under a different name. Furthermore, the transformative elements of the relationship are missing or underdeveloped.

The government has committed to using the community well-being index to assess whether the socio-economic gap between first nations communities and Canadians has been addressed. In our view, this index is not the right tool to use. First, it doesn't cover the 10-year grants on which the initiatives are based. This index is only provided every five or six years.

We have recommended that the government use the full range of information it already collects on indigenous communities and identify better targets for assessing outcomes. I expect that, every time a dollar is spent, the public service will consider its accountability to taxpayers.

G rard Deltell: Actually, let's talk about the public service and every dollar spent.

Paragraph 15 of your report states the following regarding a policy: "Department officials told us that they did not have sufficient funding to implement the policy or for capacity development support for First Nations."

Auditor General, last week we learned that this government spent \$24 billion on first nations, representing an 85% increase since 2018, and officials say they don't have enough money.

What is the problem? Is it that we're not managing things properly, or is it that we're not efficient enough?

Karen Hogan: I think there are many underlying causes. When we review programs for indigenous communities, we often find that a lot of money is being spent, but there are no measures in place to assess whether the intended outcomes are being achieved.

One of the government's key commitments in transforming its relationship with first nations was to provide better support to build their financial management capacity. However, this element is missing. That is what the excerpt from the report you just read refers to.

Last year, in my mid-mandate message, I called on the government to truly transform the way it works with indigenous communities, and I had high hopes for the new fiscal initiatives. However, I believe it has fallen short. It has succeeded in providing flexible and predictable funding, but it has failed to truly transform the relationship and assess whether socio-economic gaps are narrowing.

• (1150)

G rard Deltell: Ms. Hogan, thank you so much for sharing your testimony.

You look at every single page, every dollar that is spent, and your conclusion is clear: After 10 years under this government, we haven't seen the results we would have hoped for.

For all those who pay taxes and want to help first nations, unfortunately, the system isn't working. The first victims of this mismanagement and this abysmal accountability are the first nations themselves. I can't say it enough: I'm very proud to represent the Wendat. Wendake is in my riding. It is an extraordinarily dynamic community in economic terms, one that takes charge of its own destiny and is open to all other first nations and, of course, to non-indigenous people. There are people who want this to work. There are people who are willing to invest themselves to make it work. However, after 10 years under this government, it's been nothing but disappointment.

The Chair: Let's move on to the next speaker.

[*English*]

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

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

Thank you for coming back for the spring reports. It's very nice to see you here today, Mr. DeMarco.

My question is in regard to the avian flu. The audit showed that there were 870,000 doses of avian flu vaccine and 95% of these doses were not used. They expired by February 2026. What happened there?

Jerry V. DeMarco: Avian flu was not easy to predict. The federal government was faced with an emerging risk, and they decided to move quickly to acquire doses for at-risk individuals, such as farmers and veterinarians, without having conducted much of an analysis as to how much was really needed. They purchased 500,000 doses, and a small portion of those were being used. There was not that much uptake.

Before they were ready to purchase more doses, they did complete a more detailed analysis. They determined that they only needed 300,000 doses in total, yet they purchased another 370,000

on top of the 500,000 that had already been purchased. They had an extreme oversupply. When those doses expired just two months ago, 95% had gone unused.

Jean Yip: Why was there a duplication in ordering? Was the tracking not there?

Jerry V. DeMarco: Perhaps, if we were to return here with the departments alongside us, they could help explain their course of action. However, even in hindsight it is questionable as to why they were increasing their inventory when the existing inventory was being used at such a low rate. Why did they do that? The department is in the best position to answer that.

It's easy to look at the past and talk about the mistakes that were made, but as Auditor General Hogan mentioned, these aren't one-off mistakes in terms of the management of vaccines, going back to COVID, SARS, H1N1 and so on. Let's learn from these instances and do a better job, before the next emergency, to be ready. That's the focus of our recommendation in this audit.

Jean Yip: Perhaps it was good that they were conscious of a need for the vaccine, and the concern was there.

You mentioned learning from this. What are some of the learnings that could be applied for the future?

Jerry V. DeMarco: In particular, we'd like the Public Health Agency of Canada—and this is our recommendation number 72—to improve its systems and procedures regarding vaccine stockpiles, including on their use and distribution, and to collaborate more by implementing a plan, with provinces and territories, to secure data-sharing agreements for monitoring vaccine use so that they have a better handle on the uptake rate and so on, as well as being better able to manage the safe distribution and storage and to minimize wastage.

The agency has agreed to that recommendation. It remains to be seen whether they will act on it in a way that prevents our office from having to do another report of this nature the next time there is a large procurement of vaccines.

• (1155)

Jean Yip: Thank you.

Ms. Hogan, one of the report's findings is that Indigenous Services Canada has not yet developed a mutual accountability framework. However, this finding did not come with an accompanying recommendation. Can you elaborate on why this is?

Karen Hogan: I'm a firm believer in not issuing recommendations that say, "Do what you already committed to do."

Here, there is a commitment to co-develop a mutual accountability framework. They've begun that work. It stalled a little because first nations communities wanted to be the ones driving what the outcomes would look like. It's not one-size-fits-all for first nations communities.

I believe they know what they've committed to doing, and they need to act on it.

Jean Yip: In terms of accessibility in the public service, what is the most important recommendation for all seven organizations to implement?

Karen Hogan: I can tell you that there has been good progress when it comes to fostering a workplace that is accessible to individuals with disabilities, but we highlighted two areas that need to be worked on.

The first is having better consultation with peoples with disabilities. The principle in the accessibility act of "nothing about us without us" needs to become almost second nature in the day-to-day of all departments and agencies.

The second is improving the process that is there to accommodate individuals so they can fully and equally participate in the workplace. A workplace should be designed as accessible by default. In the absence of that, and in the interim until everyone can get there, duty-to-accommodate processes are how individuals are supported. We saw varying degrees of how those requests were handled, from 24 days to over 300 days. That's a really long time to wait for someone to just be able to participate in the workplace.

The last thing I will tell you is that, while we only audited seven departments and agencies, I expect that every deputy head would be looking at the recommendations and our results here. We are all part of the public service, and everyone can learn from some of these findings and recommendations to improve their workplace.

The Chair: Thank you. That is your time.

[*Translation*]

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

Sébastien Lemire (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chair.

Auditor General, Commissioner, thank you for your excellent reports, which highlight tremendous needs.

I'd like to focus on the one about bird flu, given that the Public Health Agency of Canada intended to purchase 800,000 doses of vaccine before conducting a needs analysis. It purchased 500,000 doses in August 2024, and then, in February 2025, it finally determined that it only needed 300,000. What baffles me is that, for no apparent reason, the agency still purchased an additional 370,000 doses in March 2025, just a year ago.

How do you explain the Public Health Agency of Canada making this additional purchase? One of the major issues is how much it cost. A quick search using artificial intelligence tells us that a dose costs between two and seven euros. So we're talking about \$2 million to \$10 million that was essentially wasted.

First, Mr. Chair, would it be possible to ask the Public Health Agency of Canada to provide us with a written breakdown of the

total cost of the contract for these vaccines? I understand that the contract is confidential, but there are still cost components involved.

So, if 95% of the doses were thrown away, is that due to poor planning and an inability on the part of the government to make accurate estimates?

Jerry V. DeMarco: In the early stages of the process, there wasn't much certainty, and the agency made decisions quickly. As I said, the fact that it purchased an additional 370,000 doses even though it knew that the first 500,000 doses purchased weren't being used much is hard to explain. However, it's not up to us to explain it; that's the agency's job. Maybe they'll come here to do it.

As I said before, how can we learn from this situation to better prevent and avoid waste in the future? That's at the heart of our recommendation.

• (1200)

Sébastien Lemire: That's an excellent question. That said, we've been through a pandemic, and I remember Justin Trudeau talking about his stockpile of some 10 million vaccine doses to ensure we had every possible chance. In the end, we clearly haven't learned any lessons from that. I'd be curious to know how much money was wasted on those millions of doses that weren't used or that we paid for but couldn't use.

How is it that we don't have the IT capabilities to manage the distribution and tracking of vaccine supplies after having lived through the pandemic?

Jerry V. DeMarco: It's disappointing to have to come to the same conclusions that we reached years ago.

It is the agency's responsibility to learn from these various emergency situations and prepare for them now, rather than waiting for the next emergency.

The Chair: Thank you very much.

[*English*]

Next, we have Mr. Stevenson for five minutes, please.

William Stevenson (Yellowhead, CPC): Thank you, Chair.

As a CPA, having the Auditor General and her team here is like Christmas for me, so I'm happy to have you here.

We have five reports and there's far too much information for us to ask about in five minutes. That's why we're all over the map here today with various questions.

I'm going to focus on the indigenous financial initiatives part of it.

We've had previous conversations about how, in 2016-17, they were to have the co-developed eligibility criteria be included. Could we possibly have that list sent to us in writing?

Have those criteria changed? When I look at your information, approximately 30% of the indigenous groups across Canada are actually participating in this 10-year planning. Has it evolved over time or will it be evolving, or is the eligibility part fixed?

Karen Hogan: Thank you for your kind words. I can tell you that my kids aren't happy when mom shows up, but at least you are here.

I already have the eligibility criteria in writing. They're included in paragraph 23 in our report. They were co-developed with first nations colleagues in the department.

Two were initial eligibility criteria. The organizations needed to have a financial administration law or bylaw to govern their finances, and then they also had to meet certain financial performance measures. The decision was that this would be evaluated by looking at audited financial statements. Then there were ongoing criteria, where a set of audited financial statements needed to be provided to the First Nations Financial—

William Stevenson: Are those the annual requirements?

Karen Hogan: Yes, they needed to be provided annually to the First Nations Financial Management Board, which would assess whether or not certain metrics were met, like a debt-to-equity ratio, and so on.

William Stevenson: They are separate from the annual requirement versus the initial one.

Karen Hogan: That's correct. The initial one was to apply for the grant and get it. We looked at all 191 applicants, and they were all eligible for the grant.

The annual monitoring is where we see some gaps. The First Nations Financial Management Board would take the financial statements and then provide a summary report to the government indicating whether the financial indicators had been met annually. That's where there have been gaps, with only 40% of the files having reported every year. Others had gaps of a year here or there, and six that we looked at had no reports whatsoever.

William Stevenson: In your review of those, were any of the groups ever removed from the program because they failed to follow or didn't meet the criteria, or has any of their funding or anything ever changed with regard to that?

Karen Hogan: None of the organizations whose files we reviewed were removed from the program. When we asked Indigenous Services Canada and the First Nations Financial Management Board why there were files missing, they explained to us that it was due to a lack of capacity in some of the first nations communities to create financial statements on an annual basis, and then a lack of access to auditors to audit those. This speaks to the importance of really building up that capacity that is needed in first nations communities to continue to meet the ongoing requirement.

• (1205)

William Stevenson: Other than getting more information, were there any consequences for any the participants when they didn't meet the criteria?

Karen Hogan: The program wasn't designed that way. I would say this was a co-development on deciding that these were going to be measures that could be met.

If it's not working for first nations communities and the department, then I would encourage them to sit back down together and see what it would take to make sure that mutual accountability—which is a two-way street from first nations to the government, and vice versa—is created and maintained.

William Stevenson: Further down, you talked about the community well-being index, how it's not a good measure and that it's only every five to seven years. If it's only every five to seven years, what were they evaluating their outcomes on—or were they evaluating their outcomes at all—based on what you were finding there?

Karen Hogan: This was one of our findings: that they weren't assessing whether the initiatives had met their intended outcomes.

At the outset, the departments at the community well-being index had a metric they would use to see whether the socio-economic gap between first nations communities and other Canadians had been closed. This is a metric that's done by Statistics Canada. While it's broken down between indigenous communities and other Canadian communities, it was last issued in 2021.

It's been seven years—

William Stevenson: It's pretty hard to evaluate whether they've done a good job or not if you can't have—

Karen Hogan: This is exactly why we recommended an annual assessment.

There's a lot of information already collected from first nations communities. The department needs to figure out a better way to determine whether this grant, which can't be targeted by the community well-being index, is actually making a difference.

The Chair: Thank you. That is your time.

Mr. Ma, you have five minutes, please. You'll finish it up here today.

Michael Ma (Markham—Unionville, Lib.): Thank you, Mr. Chair.

Thank you to the folks here from the Office of the Auditor General.

My questions will be focused on the flood hazard mapping.

Commissioner, your report includes a number of constructive recommendations, so thank you very much. Can you speak to the importance of flood hazard mapping where flooding is the most common and costly natural disaster?

Jerry V. DeMarco: As you see from the first exhibit in our report, it's not only the most costly. You'll see that the cost to the federal government for flood relief has been escalating quite rapidly over the last few decades.

In order to try to get a handle on that, why not plan better for the future and try to avoid the construction of new infrastructure, new housing and so on in areas that may well, with climate change, become hazard areas? The whole point of this is really about being safe rather than sorry with respect to new infrastructure.

We have a lot of infrastructure that's already prone to flooding, and there are different programs in place to deal with that, but this, really, is about investing the resources now in preventing future disasters resulting from the construction of infrastructure in areas that we should have avoided.

If flood mapping produces good, high-quality maps that are usable for all users—whether that's a new homebuyer, a housing developer or a public infrastructure planner—what we would see is newer information that doesn't just look at the past in determining where we shouldn't build but also does scenario planning into the future to try to predict as much as possible—there's a lot of uncertainty—which areas to avoid in order to be safe rather than sorry.

Michael Ma: To that point, do you feel the department could use newer or more advanced tools, including the possibility of AI, to help with that prediction of weather changes?

Jerry V. DeMarco: With respect to the information that's supposed to be available to Canadians through the portal, Public Safety Canada does need to upgrade what type of information is made available. Right now, the portal that's being launched as we speak—there's a shell of it that has come up on the Internet in the last couple of days—doesn't have the capability for users saying, “Okay, with a change in climate, what should I plan for?” It just looks back. Whether they use AI or any other tools, it is possible to incorporate that information, even if they are subject to uncertainty. That would be one area of improvement.

With respect to the regulatory maps—the more detailed, higher-resolution maps that Natural Resources Canada is helping to fund—we already know that Environment Canada can assist in that process by providing data that would help incorporate climate change considerations into what we call regulatory-level mapping.

• (1210)

Michael Ma: Thank you.

Could you describe how federal departments are working with the provinces and territories on flood hazard mapping, and why that collaboration is essential for the success of this?

Jerry V. DeMarco: On the positive side, the fact that the federal government is assisting in this endeavour is a good thing because

land-use planning is primarily a provincial and territorial matter. The federal government has stepped up and has said that it's going to assist with this, with the funds that we're talking about in this report. That's good, but that's not an excuse to do it inefficiently or in a way that doesn't triage high-risk areas or incorporate climate change.

Our report is all about accelerating these efforts in a way that will create reliable and actionable information on which Canadians can rely in planning major purchases—for example, buying a house, which may be the most important financial decision that a family makes. It would be shame if, 10 years down the road, that area is deemed to be flood-prone, but it wasn't known at the time of purchase. Accelerating these efforts will make it better for everyone.

Michael Ma: That's great. Thank you.

In your view, how important is it to have a coordinated national approach—you touched on this a bit—such as this program to ensure consistency in coverage across a large-geography country like Canada?

Jerry V. DeMarco: It's a balance. We recognize that there are different standards across the provinces and territories, but there should be a bare-minimum level of accessible information for Canadians. That's the theory behind Public Safety's portal, but the portal, as I mentioned, doesn't incorporate climate change and is difficult to update.

I am happy to see that the recommendation to improve that portal has been accepted. In the response from Public Safety, you can see that they are embarking on a more open source tool that will be more useful for Canadians in the future. It remains to be seen what that will look like. All we have right now is their response. If we come back for a hearing, perhaps the department can provide more of an explanation as to what their intentions are with a revised portal.

Michael Ma: Thank you.

The Chair: Thank you very much.

Thank you to the witnesses for their testimony and participation in relation to the 2026 spring reports of the Auditor General of Canada.

I'm going to excuse the witnesses and suspend this meeting. We'll come right back in camera as quickly as we can.

Witnesses, you're excused. Thank you again, and have a great day.

We're suspended.

[Proceedings continue in camera]

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