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# Standing Committee on Public Accounts

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Chair: Mr. John Williamson

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#### **●** (1010)

[Translation]

The Chair (Mr. John Williamson (New Brunswick Southwest, CPC)): I call this meeting to order.

Welcome to meeting number 108 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 is meeting today for its study of the 2024 reports 2 to 4 of the Auditor General of Canada.

[English]

I would now like to welcome our witnesses. From the Office of the Auditor General, we have Karen Hogan, Auditor General of Canada; Mélanie Joanisse, director; David Normand, principal; and Glenn Wheeler, principal.

I appreciate you all coming here today.

I know, Ms. Hogan, that you have opening remarks. The floor is now yours. Thank you.

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Thank you, Mr. Chair.

I am pleased to be here today to discuss three reports that were just tabled in the House of Commons.

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

[Translation]

This area is also known as Ottawa. I express my gratitude and respect to all indigenous peoples who have contributed to shaping and safeguarding the beautiful lands they call home throughout Canada.

With me today are Glenn Wheeler, David Normand and Mélanie Joanisse, who were responsible for the three audits.

Two of the audits I will be discussing today focus on programs supporting Canada's indigenous peoples. The third, which I will cover first, examined the design and implementation of the national trade corridors fund. This fund is intended to improve the move-

ment of goods across the country by strengthening the network of roads, rails, airports and seaports. Fluid and resilient transportation systems help foster trade through imports and exports, and contribute to Canada's economic health.

[English]

We found that Transport Canada did a good job of designing and implementing the fund. The department gathered and used evidence on the status and performance of transportation corridors to identify bottlenecks and other fluidity constraints. This evidence-based approach supported the selection of projects that would address known gaps in infrastructure.

However, because of weaknesses in Transport Canada's monitoring and reporting on performance, it was unclear whether projects were having the intended impact. Infrastructure programs like the national trade corridors fund take years to produce results. This time factor makes it all the more important to have a robust system to track performance so that Transport Canada can show the extent to which the funds have contributed to improving the fluidity of Canada's transportation infrastructure.

[Translation]

Turning now to our audits of programs intended to support Canada's indigenous peoples.

The first focused on housing in first nations communities. We found that Indigenous Services Canada and the Canada Mortgage and Housing Corporation had made little progress in supporting first nations to improve housing conditions in their communities.

ISC and the CMHC are responsible for working with first nations to meet their housing needs by 2030. Over the past five years, they have spent close to \$4 billion to build new homes, repair existing ones and increase first nations' capacity to manage housing.

We found that in 2023, 80% of needs were still not met. The percentage of homes that need major repairs or replacement remains largely unchanged, despite the effort that has gone into building and repairing homes.

#### • (1015)

[English]

In 2021, the Assembly of First Nations estimated that \$44 billion was needed to improve housing in first nations communities, and the needs continue to grow.

We found that the department and the corporation had not prioritized communities with the greatest needs. First nations communities with the poorest housing conditions received less funding than communities of the same size with better housing conditions.

Mould in first nations homes is a long-standing health hazard, and we found that Indigenous Services Canada and the Canada Mortgage and Housing Corporation still do not know the magnitude of the problem. In fact, the department and the corporation are currently not following the strategy they developed in 2008 to address this problem, and neither could explain why the strategy was no longer in use. There is no plan in place to tackle this issue.

This is the fourth time since 2003 that we are raising the alarm about unsafe and unsuitable housing in first nations communities. Adequate housing is a basic human need. After four audit reports, I can honestly say that I am completely discouraged that so little has changed and that so many first nations individuals and families continue to live in substandard homes.

The findings in our last audit report on the first nations and Inuit policing program are equally concerning. Overall, we found that neither Public Safety Canada nor the Royal Canadian Mounted Police, RCMP, worked in partnership with indigenous communities to provide community-based proactive policing services. They did not collect enough information to know whether the program was achieving its intended results, including whether the requirements set out in policing agreements were being met.

### [Translation]

We last audited this program in 2014, 10 years ago, and again this time, we found critical shortcomings in how it is being managed. While funding has significantly increased over the last 10 years, we found that \$13 million of funds related to the 2022-23 fiscal year went unspent. This is concerning in the context of a program intended to support the safety of indigenous communities.

We found that Public Safety Canada did not have an approach to allocate funds equitably to communities. The department told us that it relied on the provinces' or territories' readiness to fund their share of the program and on past funding received by communities to determine the amounts allocated.

# [English]

We found a lack of consistent engagement and partnership with communities. For example, many agreements are automatically renewed with terms of 10 to 15 years. This means that engagement with communities can be deferred for a very long time.

We also found that because of staffing shortages over the past five years, the RCMP has been unable to fully staff the positions for which it receives funding under the program's agreements. This leaves first nations and Inuit communities without the level of proactive and community-focused policing services they should receive.

Time after time, whether in housing, policing, safe drinking water or other critical areas, our audits of federal programs to support Canada's indigenous peoples reveal a distressing and persistent pattern of failure. The lack of progress clearly demonstrates that the government's passive, siloed approach is ineffective and in fact contradicts the spirit of true reconciliation. A fundamental shift is urgently needed to drive significant progress in providing proper support to indigenous families and communities across the country, especially those most in need, which currently are too often left behind.

# **●** (1020)

#### [Translation]

By failing to take meaningful action to achieve a full transfer of authority and determination of first nations, the federal government's approach is not aligned with delivering on its commitments to support the self-determination of Canada's indigenous peoples. It is important to understand that these are not legacy issues that live in the past. They are ongoing and perpetual, with direct consequences that people experience on a daily basis, and they stand in contradiction to Canada's commitments to truth and reconciliation.

This concludes my opening remarks. We will be pleased to answer any questions the committee members may have.

#### The Chair: Thank you.

[English]

You've given us, again, a lot to consider, Ms. Hogan.

We will turn now to our first round, with Mr. Nater for six minutes, please.

Mr. John Nater (Perth—Wellington, CPC): Thank you, Chair.

Thank you, Auditor General Hogan and your team, for joining us this morning and for these audits.

I want to pick up on something you mentioned in your opening comments and in the report about the 2008 mould strategy, which is apparently no longer being followed. You mentioned that neither department could indicate for what reason that stopped being followed. Do you have an indication of when that seemed to occur? Do you have any speculation as to why that simply ceased to happen?

**Ms. Karen Hogan:** As I mentioned, we've done four audits on housing in first nations communities, and a recommendation to develop a strategy to address mould issues came from our 2006 audit. When we did a follow-up in 2011, we saw that the mould strategy wasn't being completely followed, so it has been like this since then.

Our audit started in 2018. You need this strategy and a plan to know how to address the problem, but what's even more concerning is that neither the department nor the Crown corporation could tell us the magnitude of the problem. If you want to properly finance, fund and support communities to address it, you first need to understand the magnitude, gather that information and then have a plan to fund it and tackle it.

**Mr. John Nater:** To follow up on that exact point, you noted in paragraph 2.29 that only one of the regional offices was collecting data on this matter. Going beyond that, how much of a concern is there about data collection more generally? Is there a concern that data, not just on mould but also on other issues, isn't being collected from communities across the country?

**Ms. Karen Hogan:** A common finding in both the policing report and the housing report is that data isn't being gathered. When you contrast it with the national trade corridors fund report, which we also released today, you will see data was used to make well-informed decisions. That's really what's needed to help support first nations communities.

Capacity is another place where Indigenous Services Canada had not been gathering data. It was only recently that they surveyed many communities to find out if they had a housing manager who could help them to understand and manage their housing issues across their community. Very few communities responded, and even then it was clear that smaller communities were less likely to have a dedicated resource or the capacity to apply for funding, even to help identify the extent of problems like houses in need of repair or mould in those communities.

**Mr. John Nater:** To that end, paragraph 2.37 notes, "Overall, we found that, among communities of similar sizes, communities with the poorest housing conditions received less targeted funding than those with better housing." That certainly seems contradictory to what one might expect or hope to see in that situation.

Would you attribute how funding gets allocated to the lack of capacity, the lack of a housing manager and the lack of infrastructure on the ground?

**Ms. Karen Hogan:** The way the program is structured is that a first nations community has to apply for funding. If you're less likely to have a housing manager or have awareness of funding programs, you're not going to apply and you're going to receive less.

We actually targeted and looked at some of the smaller communities with fewer than 100 housing units, and we found that when a community had self-assessed that more than 75% of its homes were in need of repair or replacement, those communities on average received less money than those that had better housing conditions. That kind of analysis of their data is not being done by Indigenous Services Canada, and the department doesn't really understand the needs of all the communities. A well-informed decision starts with

gathering data from everyone and then making your funding allocations accordingly.

(1025)

**Mr. John Nater:** I certainly think a theme we're seeing throughout the report is the need to gather data.

I want to follow up on using old information and old data. In paragraph 2.33, you note, "We found that the [CMHC] relied on data from Canada's 2001 Census in its formulas for allocating annual funding to its regional offices for its First Nations new home and repair loan programs." The year 2001 was certainly a long time ago, and it's somewhat concerning that data from so long ago was being used to inform decisions in 2023 and when this audit was completed in 2024.

This is a two-part question. First, why do you see it as a concern that such old data is being used? Second, could you speculate as to why CMHC may have been using data from over 20 years ago to make its decisions on this matter?

**Ms. Karen Hogan:** CMHC uses a funding allocation program to allocate funds to their regional offices and provinces. The 2001 census data hasn't kept up with changes in the population for many years.

When CMHC updated their analysis by using the most current 2021 census data, they discovered that some provinces had been underfunded over the years while other provinces had been overfunded over the years. The Crown corporation couldn't tell us why. One of the likely reasons is that it would mean perhaps removing historical funding given to a community in order to fund another based on population growth or people having moved to different provinces versus others.

I think it's an excellent question to ask the Crown corporation if you have the opportunity.

The Chair: Thank you. I'm sure we will.

Turning now to Mr. Chen, you have the floor for six minutes, please.

Mr. Shaun Chen (Scarborough North, Lib.): Thank you, Mr. Chair.

Thank you, Auditor General, for this report.

In your report, you indicate a number of facts and findings, one of which is that there was "no meaningful improvement in housing conditions in First Nations communities." For the period between 2015 and 2022, you indicated that "the percentage of homes in need of major repairs decreased from 20.8% to 19.7%", but the homes that "needed to be replaced increased from 5.6% to 6.5%."

This, to me, would indicate that there are more homes prohibitive to repair than there are those that need general repairs, which are, at least percentage-wise, receiving more repairs.

Can you shed further light on why there are more homes that cannot be replaced, yet there seem to be more homes that are receiving repairs?

**Ms. Karen Hogan:** I might ask Mr. Wheeler to add on regarding the split.

What I would offer up first is that back in 2021, the Assembly of First Nations, with Indigenous Services Canada, developed an estimate of what it would cost to repair and replace homes to help close the housing gap in first nations communities. They didn't have a plan, however, over the years to determine how they would fund that.

They've spent \$4 billion over the last five years, but without having a plan, you don't know how you're going to finance this investment going forward and make the decision on allocating your funding for repairs and renovations.

I don't know, Glenn, if you'd like to add anything to that.

Mr. Glenn Wheeler (Principal, Office of the Auditor General): Just as a point of clarification on exhibit 2.4, I think a better way to look at it would be to look at the variation between 5.6% and 6.5% in terms of housing needing to be replaced. Those houses are beyond the point where undertaking repairs would be economically feasible and would allow people to continue to live in the homes. The 20.8% to 19.7% change reflects housing in need of major repair. Those houses can still be lived in, but they need major repairs to roofs, flooring or foundations. It doesn't make sense to compare them. They're two different things.

However, there's a larger issue of why you don't see an improvement, perhaps. Even though, for example, over 11,000 new houses were built or were in the process of being built in the period in which we undertook our audit, as time goes by, houses that are in need of major repairs but are not repaired can no longer be lived in.

There are a bunch of different things happening that lead to the trends you see in our report.

#### • (1030)

#### Mr. Shaun Chen: Thank you.

The Auditor General makes a number of recommendations in this report. I could not help but note in reading the report that the responses from the various departments were in agreement with the Auditor General's recommendations, with the exception of the recommendation found in paragraph 2.39, which reads, "Indigenous Services Canada and the Canada Mortgage and Housing Corporation should work with the First Nations communities with the poorest housing conditions to ensure that they receive the support they

need to improve housing conditions." The report indicates here that the response of each entity was "Partially agreed".

Auditor General, are you satisfied that there is only partial agreement with your recommendation, and could you tell us a bit more about what you heard back?

**Ms. Karen Hogan:** Obviously, no, I am not satisfied that they have partially agreed. We think our recommendation would improve the situation for first nations communities within the current policy framework.

The department and CMHC disagreed with us because they feel the program is one of applying for funding, so it is up to communities to identify their needs and then submit an application to receive the available funding. It is our view that when you have a capacity issue and some communities are unable to apply, those that are likely in the greatest need or have the poorest housing conditions aren't accessing the funding. Our recommendation was about improving access and creating awareness that funding exists to help support communities to address mould problems or to replace or build homes.

It isn't about being passive. It's about recognizing that some communities need different supports and might need to be aware of a program and apply for it, whereas other communities are more self-sustaining and can apply without the support of the department. It's about tailoring that approach, instead of just saying, "Well, the program is an application one. Please identify your needs and apply."

**Mr. Shaun Chen:** Based on your experience and the expertise you have developed in examining a wide range of different programs across different government departments, what types of initiatives could the departments employ to be more proactive and reach out to communities that don't have the capacity to access funding for housing? Could you elaborate with your knowledge on this area?

Ms. Karen Hogan: First off, be aware of which communities aren't applying or don't have the capacity. If you look at many of our previous reports—whether they be about water, emergency preparedness or, here, housing and policing—they're all about programs that require communities to apply. For example, the CMHC has 13 different housing programs, so a community has to figure out which of the 13 it may be eligible for and apply individually to each of them. That is very complex if you don't have a dedicated housing manager.

In my view, the approach the government is using is passive and siloed, and it hasn't been working over the last two decades. It's been 20 years that we have been looking at housing. It's time for a fundamental shift in how Indigenous Services Canada approaches these types of programs with communities if the goal is really to support them in self-determination. They need the knowledge, the awareness and the authority to have access to the funding. Some communities just need more help in knowing about the programs that exist.

• (1035)

The Chair: That is your time, Mr. Chen.

[Translation]

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

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

I'd like to thank the Office of the Auditor General for its three reports. It's no surprise that two of them are devastating.

Madam Auditor General, as was mentioned a little earlier, we've seen little to no progress for two decades now. However, the situation on reserves is more than alarming. Earlier, you briefly shared your views with us. Basically, what's the problem? Is the federal government incompetent? Is it a lack of will? Is it true that the approach needs to be adapted, but in concrete terms, how can it be adapted to resolve the situation quickly?

**Ms. Karen Hogan:** I don't think current policies and practices have kept pace with the evolution of the federal government's commitments. Existing policies predate commitments to reconciliation and self-determination. Fundamental changes need to be made to the structure of the programs.

**Ms. Nathalie Sinclair-Desgagné:** When you talk about policies, are you talking about the Indian Act, which was created in 1876, and the promises that were made at the time of Confederation, or are you talking about more recent policies?

It's true that promises were made more recently, but they're still about 10 years old. In addition, there are strategies dating back to 2008 that have not been followed. People don't even know why.

It integrates a number of things, whether it's public safety or housing construction, and it speaks to a deeper issue, which is what I'm getting at. What is the federal government doing or not doing? What is it deciding not to do when it should be done? Is it lack of competence or lack of will? What's the problem?

Ms. Karen Hogan: When it comes to the design of the housing programs or the first nations and Inuit policing program, the policy dates back to 1996. Transport Canada said that the policy was outdated and that it wasn't flexible. Departments are aware that their internal processes and policies aren't working. Staying passive by saying that we're going to support communities when it comes to self-determination, but that we're going to wait for them to make requests when they don't have the capacity or the skills to do so amounts to almost a breakdown in the dialogue aimed at determining the exact needs of the communities.

Ms. Nathalie Sinclair-Desgagné: You mentioned earlier that there should be a change, because we can see that it's not working.

No one here is going to dare say that it's going to end up working. There's a well-known quote that says only fools do the same thing over and over again, hoping for a different result. That's the case this time.

You talked about the overall change in approach that needs to be made by the federal government. Can you tell us more about that?

**Ms. Karen Hogan:** Given my mandate, I don't comment on government policies and decisions. I can only look at the public service and how it does things. The approach to supporting self-determination and reconciliation by taking a step back so as not to impose itself on communities doesn't help communities in need, meaning those that are smaller, that don't have the capacity or that may not be aware of programs.

Changing the approach without changing the way things are done won't help the communities. It will depend on the policies that need to be updated based on the recent commitments made by the government.

**Ms.** Nathalie Sinclair-Desgagné: We see in your report that Quebec is doing a little better. There's still progress to be made, obviously, but when it comes to the proportion of housing that needs to be changed or repaired, Quebec is doing better. Why?

**Ms. Karen Hogan:** I think it's a difficult subject. It depends. There are some programs where the funding is decided in conjunction with the provinces and territories. Often when it comes to policing programs, the government respects the wishes of the province or territory. There's also a limited amount of money allocated to the provinces, and it goes back to the communities that have the ability to put their hands up to try to receive money. In Quebec and British Columbia, the communities are often larger and have more capacity to submit applications.

**●** (1040)

**Ms. Nathalie Sinclair-Desgagné:** Okay, but there's also the issue of building the capacity of indigenous communities. If they are to organize themselves and be able to ask the federal government for money, their capacities must first be strengthened.

A financial ecosystem has developed in Quebec, particularly through the NCCC, or the Native Commercial Credit Corporation, and the NACCA, the National Aboriginal Capital Corporations Association. We see that there are organizations that are present, that can help communities and that, like caisses populaires, are taking action to help certain communities to develop.

I know that's not the focus of the audit, but it would still be interesting to look at the impact of the various organizations, which would help to explain why there are so many differences across Canada, and why some provinces are doing better than others.

The Chair: Do you have a question, Ms. Sinclair-Desgagné? Time is short.

**Ms. Nathalie Sinclair-Desgagné:** In light of your audit, Madam Auditor General, do you think the housing finance network could be a possible solution for certain first nations groups?

Ms. Karen Hogan: Obviously, if there are more organizations willing to support indigenous communities, they will have better chances and greater success. We didn't look at all the other agencies, since we can only look at the federal government. I can tell you that the Quebec City regional office within Indigenous Services Canada has made capacity-building a priority, and has received increased funding for it. I think this is a long-term approach because building a community's capacity fosters its self-determination, which is better than simply giving money to fund some project. It's the long-term vision that's best.

The Chair: Thank you very much.

[English]

Next is Mr. Desjarlais. You have the floor for six minutes.

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

I want to thank the Auditor General for this important report.

We're experiencing the consequences of systemic racism. It's clear. Decades of irresponsible consecutive governments have led to the Auditor General's comments this morning. How irresponsible can consecutive governments be to lead to the deaths of individuals because they're first nations? That is ultimately the discussion we're having today.

The consequence of not having houses in northern Alberta and living outside in minus 50-degree weather is death. There are the numbers coming out of Alberta. For instance, in just the city of Edmonton, over 3,000 were houseless, an increase that was larger than and paled in comparison to every year prior.

This continuous lack of care, lack of responsibility and lack of trust continues to plague Canadian society. I'm disturbed by the findings of the Auditor General. I want to thank her team for conducting such a report and for the decades-long work of the Auditor General's office to continuously raise the alarm.

I've been here for just over two years, and we've seen a number of reports with a failure of Indigenous Services Canada to provide the kind of quality homes and quality living that Canadians expect. It's just not there.

There is a huge systemic problem, and the Auditor General, in just a few months from now, will come back to this table to speak about another atrocity that continues with this government's endless ignorance of systemic racism within Indigenous Services Canada. What we'll see is perhaps another decade of policy that results in the deaths of my relatives. It's simply unacceptable. We need accountability. We need change.

I need my colleagues to be serious about this, to understand this. It is the most fundamental issue in our society. If we can't help those who we've come into treaty with, what kind of country is Canada? We are not honourable partners. We're failing, and we've been failing for generations. It's just not acceptable.

For Alberta, if we turn our attention to the report, under "Inequitable funding for the communities with the poorest housing conditions", paragraph 2.34 says:

According to an analysis by the Canada Mortgage and Housing Corporation in 2023, the impact of not updating its formulas resulted in First Nations in Alberta, Saskatchewan, and Manitoba being significantly underfunded and therefore not receiving their equitable share of funding. For example, in 2022, the Alberta region received about \$19 million in funding.

This is pennies. It goes on:

Had the formula been updated to use recent census data, this region would have received about \$35 million. The corporation determined that this region had been underfunded by more than \$140 million from 2008–09 to 2022–23.

How can a cabinet minister sit around a table and approve a budget without even asking a question about how the condition of their number one partner is supposed to be? What kind of government do we have? It's a government that doesn't care, is benefiting from the systemic racism they've inherited and is complicit in the deaths of my relatives. It's not acceptable.

I know that as soon as I'm done here today in this discussion, this topic will continue to not be discussed. It will continue to be pushed under the rug. Ministers will continue to say that they did a really good job. The opposition will continue to move on their schedules, and indigenous people will be left without a home at the end of all this.

Who benefits and who loses from these continuous decisions that hurt communities? It's a fact that since 2001, we've been using a 2001 census for the formula for indigenous communities. How unfair is that?

Someone has to be held responsible for this. Someone has to apologize. Someone has to take accountability for such gross neglect.

# • (1045)

Neglect has resulted in a major catastrophe. The fact is, we couldn't even update a formula to provide equity for my region in Alberta, and in Saskatchewan and Manitoba. One of the simplest things you can do—just look at the formula and make sure it's updated—wasn't done. What gross neglect this is.

In addition to this, we have a lack of knowledge in smaller communities of these programs. How are they expected to provide cooperation to the government when the government is the one sitting on its hands waiting for someone to put their hand up to say that an issue they told the government about in the 1980s, or even stemming further back, is still going on? The mould, the collapsed houses and the lack of clean water are still happening. Why do they have to continually say that every fiscal year...to get to the same fact? Communities are running out of time, running out of resources and running out of hope.

**The Chair:** Mr. Desjarlais, you're almost out of time. Do you have a question for the Auditor General? I don't want to cut you off, but....

Mr. Blake Desjarlais: I don't have any questions-

The Chair: Okay, that's fine.

**Mr. Blake Desjarlais:** —Mr. Chair, because it's very clear to me that the Auditor General understands the systemic issue that's present to Canadians.

I want to see accountability. I need to see our colleagues join together across party lines to get to the bottom of this. We need to have accountability, and we need clarity as to what we should tell folks who have no home, have lost their home or have no hope of ever getting one. When we don't supply support for first nations communities at home in their communities, they end up in urban centres and they end up in a tragedy.

**The Chair:** Thank you, Mr. Desjarlais. We will come back to you shortly.

**Mr. Blake Desjarlais:** Mr. Chair, I'll continue my responses, but I want you to know that I hope we have support on this committee to investigate this issue seriously to get to the bottom of it.

Thank you.

The Chair: Thank you very much.

We're beginning our second round.

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

Mr. Arnold Viersen (Peace River—Westlock, CPC): Thank you, Mr. Chair.

Most of my questions will be about the national trade corridors fund report from the Auditor General. I want to thank the Auditor General for being here today.

The report is generally okay. You say they're doing a reasonable job in assessing the need and making good decisions on where to go with it, but we're not getting a follow-up at the end. One of my criticisms of this government is that they generally make their measure of success how much money they spend on a project, or on anything, not on whether we get any results. This seems to be another one of those cases.

Would you agree with that, or would you say they are getting the results but are not managing to measure them, essentially?

**●** (1050)

Ms. Karen Hogan: Well, I would offer up that this program has committed almost \$4 billion to infrastructure projects to help the

fluidity and resiliency of transportation corridors, but very little has been spent so far—only around \$700 million or so, or about 20%. There are very few projects—I think only 30—that have been completed out of the 181 that have been approved so far, so it is still early days.

What we did find when it came to results measurement was that Transport Canada did not include good measures to look at outcomes. They were measuring what I'll say are outputs, like the number of roads or an extra port added. They recognized that and have designed new measures for the outcome. They're using them now in some of the newer agreements that are signed—the most recent nine agreements include those new ones—but it's not too late to go back to make sure that going forward, Transport Canada gathers the information to know whether or not the funds invested will improve the fluidity of the corridors.

These projects are lengthy, and it will take time to show results, so you need to track trends over many years. It's time to make sure recipients of funding understand their commitment back to the government to demonstrate there's been improvement in the corridors.

**Mr. Arnold Viersen:** Were you satisfied that when they started the program, the government had a reasonable baseline? I noticed that what they were trying to achieve was to "improve the flow of goods and people in Canada", "increase the flow of trade in and out of Canada" and "help the transportation system to...withstand the effects of climate change".

To improve and increase these numbers, we need an understanding of what the baseline is. If we're just adding a new airport, is that increasing...? Did they have a good baseline when they started?

**Ms. Karen Hogan:** We found that they used a lot of data over many sources and were well informed as they designed the calls.

This program so far has been rolled out with seven different calls, and each call targeted a specific need, whether it was seen as a bottleneck in transportation corridors or a gap when it comes to making sure that infrastructure is climate-resilient. They did a good job of having evidence to support the calls, and then even having open and transparent criteria to select the recipients who would be eligible for the program. It was well designed and well informed by data, which is different from what we're seeing in our indigenous reports, where data is often not gathered and decisions aren't well informed. However, in the corridors it was a great example of well-informed decision-making.

**Mr. Arnold Viersen:** I'll jump to the policing report for one minute. I don't remember exactly which paragraph it was in, but you said the RCMP did not collect enough information to make a reasonable assessment as to the impact of the program.

Were you able to reach out to communities and get their assessment? The RCMP could come back and say they didn't collect the information, but communities are generally satisfied with what's happening. Were you able to collect enough information to get an assessment as to whether this program was working?

Ms. Karen Hogan: I can point to a couple of findings in our report.

The RCMP wasn't tracking, and one of the main requirements of the agreement is to dedicate a police officer a hundred per cent of the time to a community. The first nations and Inuit policing program is meant to supplement core policing services that are already available in the province or territory. It is supposed to be proactive and community-based, so respecting the culture and traditions of the community. They could not show us, or very few of the detachments could show us—I think it was 38%—that they were tracking that a resource was spending a hundred per cent of their time in the community.

I think one of the more important things is that many of the positions that are funded were going unstaffed. In the last year it was 61, so even if we had reached out to those communities, 61 police officers were expected to be in communities across the country but are not there because of a staffing shortage. The issue isn't just about not gathering the data. While that's important, it's about also having the resources to meet the needs under the agreements that have already been signed between the federal government, the province or territory and the communities.

• (1055)

The Chair: Thank you. That is your time, I'm afraid.

I'll turn now to Ms. Yip. You have the floor for five minutes.

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

Thank you to the Office of the Auditor General for coming so early this morning and tabling the report, and also for your work on these spring reports.

I'm perplexed that there's so little progress on improving housing conditions for first nations. Why is it the fourth time we are looking at the same issue?

**Ms. Karen Hogan:** I echo your sentiments. I'm rather discouraged that it's been 20 years and there is little progress despite the amount of money that has been invested.

I will point to some of my predecessors. I can tell you that Sheila Fraser, at the end of her mandate, said that the failures of the government in meeting the needs of first nations communities were unacceptable. My predecessor, about five years later, said that they were beyond unacceptable. In my view, these strong words are not driving the change that is needed.

I'd like to see a fundamentally different approach taken by the government to address the issues, whether they're around safe drinking water, emergency preparedness, housing or policing. The approach of being passive and siloed and having communities apply doesn't appear to be working. We have two decades' worth of information to show you that it isn't working on the housing front.

The other thing I would offer up is that there was an estimate of how much money and effort it would take to close the housing gap in communities. Indigenous Services Canada and CMHC didn't have a plan on how to fund that long term. You don't need to fund it all in one year, but you need to have a plan to fund it long term to support communities in creating the capacity to build and repair.

The absence of that plan means that some progress is being made, but it's just not keeping pace when 80% of the needs remain unaddressed.

**Ms. Jean Yip:** You mentioned that communities need to apply for funding with applications. Why are some communities not applying? What are some of the barriers?

Ms. Karen Hogan: I think it really would depend on the community, but what we looked at was capacity and whether communities had a dedicated housing manager. A housing manager in a community would help the community manage all their housing, identify issues and have an understanding of the needs for rebuilds, repairs or mould. Without having that knowledge, you're unable to apply for programs that may be available.

I think the approach of the government of waiting for a community to put up their hand isn't proactive. Being proactive would help increase access by making communities aware of the funding programs out there and helping them navigate how complex they might be.

Just to give you an example under housing, the Canada Mortgage and Housing Corporation has 13 programs that indigenous communities can apply to. First you need to figure out which one you might be eligible for, but then you have to apply individually for the programs you need. That's really complex if you don't have a dedicated resource or if you're not even aware of the availability of this funding.

**Ms. Jean Yip:** How can the government be more proactive or increase the uptake in participation in these communities?

Ms. Karen Hogan: We talked about the fact that the department and the Crown partially agreed with one of our recommendations, and it was stemming from the approach they're taking. In my view, the approach has not kept pace with the commitments of the current government. In order to support reconciliation and self-determination, it isn't just about funding programs and providing resources. It's also about ensuring that communities create the knowledge, the capacity and the skills to take over some of the programs that are being offered by the federal government.

It's about focusing on that other side too, the need to help create the capacity and knowledge within communities. That would hopefully drive a change, but it means that the approach to all of these funding programs needs to be looked at in a holistic way and find a different way forward.

**●** (1100)

**Ms. Jean Yip:** Just to switch gears here, can you explain how the first nations policing program is set up?

**Ms. Karen Hogan:** Sure. The first nations and Inuit policing program was designed in 1991 and amended slightly in 1996. The program has mainly two funding mechanisms. In tripartite agreements, the federal government will come together with the province or territory and an indigenous community to provide supplemental services to core policing services that might already be provided in the province or territory. Under that agreement, the RCMP will be the service provider and provide the policing services.

The second major agreement would be a self-administered agreement. The federal government and the provincial government come together with a community, but the funding goes to an indigenous or Inuit police service itself. It's the community itself that is providing the police service. It's a cost-sharing program, which means the federal government brings 52% of the funding to the table while the province or territory will typically bring about 48%. The way it's set up is that even if the federal government increases its funding available to these agreements, the province or territory needs to find its share in order for more money to be funnelled to communities.

That's a quick overview of how it's structured.

The Chair: Thank you. That's the time.

[Translation]

Ms. Sinclair-Desgagné, you have three minutes if you need it, because the last two interventions were long.

**Ms. Nathalie Sinclair-Desgagné:** Thank you, Mr. Chair. I will instead give my speaking time to my colleague Mr. Desjarlais, because he has a lot to say, and rightly so.

The Chair: Very well.

[English]

Mr. Desjarlais, the last two members went a little long, so it would appear that you have six minutes. It's over to you, please.

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

I want to address my next series of questions in three parts, part one being the underfunding aspect that we find on page 10 of your report.

Which region consistently had the highest proportion of housing units in need of replacement and major repairs?

**Mr. Glenn Wheeler:** That was the Alberta region. In Alberta, 28% of houses were in need of major repairs and 11% were in need of replacement.

Mr. Blake Desjarlais: How much did that region receive in

**Mr. Glenn Wheeler:** We have an average set out in exhibit 2.5 over the period of 2008 to 2023. In 2022-23, it received only \$19 million

Mr. Blake Desjarlais: Should the government have used correct information, not old, outdated census information from 2001, which was over two decades ago? If it had used more recent information, like the most recent census we just conducted, how much funding would the Alberta region be entitled to?

Mr. Glenn Wheeler: As CMHC points out and we echo in our report, if the 2021 census data had been used, the Alberta region

would have received approximately \$140 million over the period of 2008 to 2023.

**Mr. Blake Desjarlais:** Is it fair to say that's a major deficit for housing, on top of the existing cost that accumulates per year from additional persons, let's say, or even more repairs? We're simply speaking about past deficits when you cite \$140 million. Is that correct?

**Mr. Glenn Wheeler:** If the formula had been updated, it would have been \$140 million more.

**Mr. Blake Desjarlais:** Is there any other program that you know of across the federal government where an older census document, like that of 2001, is being used for formula production today?

Mr. Glenn Wheeler: I'm not aware of any other examples.

**Mr. Blake Desjarlais:** This may be one of the only instances where we're using old information and old formulas, which result in a very real prejudice. Wouldn't you agree?

• (1105)

**Mr. Glenn Wheeler:** If the updated census had been used, as we say in the report, the amount of funding that would have flowed to first nations in Alberta would have been significantly higher.

**Mr. Blake Desjarlais:** What do you think the impacts of not funding these projects are, from your discussions with the departments?

**Mr. Glenn Wheeler:** It's a case where in any particular region, there are houses that need to be repaired or renovated, and if there aren't sufficient funds, not all of the houses that need to be repaired or renovated are repaired or renovated.

As we point out in the report, at any point in time, about 19% of houses on reserves need to be repaired and about 6% or 6.5% should be replaced.

**Mr. Blake Desjarlais:** I'm moving on to my second topic about indigenous communities and the passive nature of the federal government.

We've heard comments from the Auditor General in relation to the passivity of the government in not having a hands-on approach to what is a really dire housing crisis across North America, most particularly in indigenous communities. When we don't have an active approach to these circumstances, in some instances smaller communities, which at times, the report suggests, have higher need, are receiving less.

Can you describe how you came to that discovery?

Ms. Karen Hogan: We decided to look at the smaller communities that had less than 100 housing units. We divided them between those that had self-assessed that 75% or more of their homes needed major repairs or replacement.... We found that, on average, those communities received less funding than the other communities that had self-assessed they had lesser housing need.

It isn't an equitable allocation when you're not aware of the needs across all of the communities and then you see those in most need not getting their funding. I would argue that it even goes against one of the United Nations' sustainable development goals of reaching those who are furthest away and bringing them forward first.

# Mr. Blake Desjarlais: Thank you for that.

In the early 1980s, there was a famous elder from Alberta, Harry Daniels, who said that the federal government's approach to supporting indigenous people is much like that of a person giving bread: The federal government requires an indigenous person—and at that time he used the word "Indian"—to ask for the piece of bread, and then he will break off a piece to determine how much.

In addition to that comment, he said the government only holds a few pieces of bread, forcing many of the nations to compete. This competition for a few dollars at the federal level results in larger nations that have more capacity having more access, and nations with less capacity—without a housing manager, for example—not getting anything.

I'm reminded of that comment. It was in the late 1970s and early 1980s that he made it, during the constitutional round table. There was a commitment by the government at that time that they would address this terrible approach. As a result of those dialogues—and many elders from across the Prairies will remember this famous elder's comments—he said we needed to change the approach, that the federal government could not continue to hold the breadbasket and ask first nations to beg for it, and that it was time they showed us where the bread was made and made a commitment to making bread together.

What a remarkable contribution to ideology and dialogue Mr. Daniels had at that time.

Are there any other comments you would like to share with us, Ms. Hogan, in relation to what kind of future you see for Canadaindigenous relations?

**Ms. Karen Hogan:** Just speaking to your comment about bread and making the analogy to funding, we did look to see whether there was an equitable allocation of funding.

You've previously asked questions about the Canada Mortgage and Housing Corporation using outdated data, which was missing 20 years of demographic changes. As we looked at it, it wasn't resulting in an equitable allocation. I will also tell you that Indigenous Services Canada's data, as we talked about around the homes, shows the communities with the poorest needs getting less money.

I think the focus was on giving funding to either shovel-ready or quick-to-complete projects, instead of really assessing the needs individually. That's why our recommendation to both of them was to look for and identify the communities most in need and to make sure they're getting their share in order to help them move forward.

In my view, it is a fundamental shift that is needed, rather than this passive application approach we're seeing right now.

#### (1110)

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

I'll turn now to Mr. Nater. You have the floor for up to five minutes.

Mr. John Nater: Thank you, Mr. Chair.

I will just pick up on your last comments. It does seem outrageous that when it comes to something as fundamental as a roof over one's head, we're using old data. We're seeing examples that the communities most in need are the ones getting the least funding. It really does seem out of sorts that this is happening in Canada and in indigenous communities. It really does seem outrageous. I just offer that as a comment.

It flows from what we've seen in your audits today about the real lack of documentation or lack of data to support what's happening on the ground. One of the things that caught my eye was in paragraph 2.49 of the housing report, which states:

Specifically, the department had documentation certifying that only 8 of the 22 (36%) projects to build new housing units we examined met the building code standards. Similarly, we found that the department had documentation certifying that only 9 of the 22 (41%) repairs to existing units we examined met building code standards.

It seems like a real concern, from my perspective, when we're talking about the building code. It's not necessarily implying that they didn't meet the building code but that there wasn't documentation confirming they met the building code.

How did you come to that conclusion? Was it simply that they didn't have the documentation, or was it that the documentation wasn't readily available? Where did that come from?

Ms. Karen Hogan: It came from a few things.

I will start off by offering up that poor-quality housing is a contributor to the growth of mould. Hence, making sure that repairs and new builds meet at least the national building codes, or the stricter requirement of communities that have those, is important. It's a requirement in many of the funding agreements between the government and the communities.

The communities could ask for housing inspections to be done. We saw that less than 1% of the new homes or builds were being inspected. The communities told us about the lack of access to individuals who could do those inspections. However, really, as you say, it doesn't mean that the builds didn't meet the codes. It's that the government doesn't have proof that this requirement within the funding agreement was being met.

If I my turn my comments to the Canada Mortgage and Housing Corporation, some of their programs, when it came to repairs, did not require any of that proof, whereas new builds did require that proof.

It's about consistency, then, to ensure that federal money is going towards good, strong builds to help ensure that homes last longer and that mould doesn't begin to develop in those homes.

Mr. John Nater: With the interconnectedness—if that's a real word—of those challenges, where you see the mould and you see the poor quality of inspections, lack of inspections or lack of documentation confirming the inspections, it does all seem to be linked. The challenge of having inspectors available to do some of those building inspections is certainly important.

I think I have time to move on very briefly to the first nations and Inuit policing program audit.

Something that jumped out at me was in paragraph 3.24, which talks about "the funds transferred to the RCMP" and whether they "were being used for program costs or on other policing services." You note, "According to Public Safety Canada, the department last performed a review in 2018–19 of RCMP expenditures to ensure that funds were used for the program. However, the department could not provide documentation of this review."

It really surprises me that the department claims to have conducted a review but has no documentation whatsoever of said review. Could you elaborate on that? Was it simply that the department said, yes, of course they reviewed it, but then there was no report provided, no paper copy of anything that happened with that review?

Ms. Karen Hogan: To me, it's always concerning when we hear that something happened and there's no proof that it happened, but what's more concerning is that it hasn't happened since. Public Safety Canada is managing the first nations and Inuit policing program, and part of good governance would be to ensure that the funds you provide to a service provider, even if it is your federal partner in the RCMP, are used as intended. It's a good governance process that we would have expected to see happen, and it's one of the many reasons why we said that Public Safety Canada is really poorly managing the program. There are some critical gaps in how they're managing it.

• (1115)

Mr. John Nater: I certainly think this committee has had some experience with the portfolio under Public Safety Canada, and I suspect we'll probably be hearing from them again as we review this audit.

I thank you for your time today and I appreciate your thoughts.

The Chair: Thank you, Mr. Nater.

I'll turn now to Ms. Bradford for five minutes.

**Ms. Valerie Bradford (Kitchener South—Hespeler, Lib.):** Thank you, Mr. Chair. I'll be sharing my time with MP Shanahan.

First off, I'd like to look at the national trade corridors fund report.

Your report indicates that Transport Canada has already approved its project performance monitoring. Was this change made before or after your audit?

Ms. Karen Hogan: The change was made during the period under audit.

**Ms. Valerie Bradford:** Do you think the changes are enough, or do they still need to do more in this area?

**Ms. Karen Hogan:** The changes are being incorporated into new contribution agreements, so the most recent nine agreements we saw included those new requirements. However, the recommendation still stands that they need to figure out how to do this for all of their projects.

There is a clause in all of the agreements saying that recipients need to provide performance and outcome measurements. Given the long-term nature of the projects to be completed and the time it will take for these kinds of infrastructure projects to show that, over time, fluidity has improved, Transport Canada has the opportunity now to fix that going forward so they can gather better data and have a much more robust performance measurement framework in place.

**Ms. Valerie Bradford:** Do you think they have a plan in place? Is there a tool or something in place that will address that?

**Ms. Karen Hogan:** They at least changed their performance measurements and made them consistent across projects.

I'll see if David wants to add to that.

Mr. David Normand (Principal, Office of the Auditor General): Sure.

During our audit period, we saw that the department was taking steps to improve the way they monitor the successes of their projects. In exhibit 4.7, there is a list of the core project-level performance indicators that they need to put in place. As we just said, these new indicators were applied to nine projects so far, but of the 116 that are currently under way, another 107 need to be adjusted to take into account these performance indicators.

Really, the consequence of this so far is that by not applying the proper project-level indicators, the department has been unable to demonstrate, basically, the outcomes of the program overall because they don't have the information they need to show results for the whole program.

**Ms. Valerie Bradford:** Due to the nature of these projects going on for years, how does your office assess whether the department is doing enough in these areas?

**Ms. Karen Hogan:** That will come down to whether we decide to follow up on this as a full audit. As this committee is well aware, we have an online database where we do follow-up on past audit measures and recommendations. We might put that in there to follow up on it, but it will be years before projects are completed. So far only 30 out of the 181 that have been allocated funding have been completed, so this is a long-term outlook before you can see some real, concrete improvements.

Ms. Valerie Bradford: Thank you.

Brenda, go ahead.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much.

I want to take a moment to thank the Auditor General and her team for the overview of these three reports. I think we've all been struck by the fact that two of the three reports concern systemic long-standing issues regarding Indigenous Services, and I for one—and I think I share this with other colleagues here—would like to see this committee devote an important part of its time to studying these reports.

Auditor General, in the past, we've had upwards of seven, eight or 10 reports tabled by your department at any one time. Why is it that we're only seeing three reports at this time?

#### • (1120)

**Ms. Karen Hogan:** There are a few contributing factors to the number of reports being released today.

As you know, in February, my office released a report on Arrive-CAN, and we have three more reports coming in May. We've spread out some of our reports that are typically all tabled in March in order to respond in a nimble fashion to requests from the House of Commons to audit certain matters. There will be about seven reports, if you look, between February, today and May coming under my banner.

I will also tell you that we've devoted more time to environment and sustainable development work. The commissioner of the environment and sustainable development in the past would issue throughout the year probably five or six reports. He is on track to releasing 10 this year. It's just about making sure that we are focusing on matters important to Canada and spreading them out. You'll see some of his reports next month.

Mrs. Brenda Shanahan: Auditor General, thank you for that work. I think the independence and professionalism of your office are without par. Without the work of the Auditor General's office, we would not have the attention to these issues that we should have.

The Chair: Thank you.

Ms. Hogan, I have a question from the chair, something I don't indulge in often.

I'm curious. I often listen to these meetings and try to pick out what's unique. By design, your office does not comment on policy, and I think that makes a lot of sense; you're there to look at results. However, your comments today stating that we need a rethink suggests that the policy is not working.

I'll ask you to comment on my observation. The policy is not working, so this would imply that doing the same thing over and over again for years ahead is going to result in the same thing. It's going to end up with the same results, which means more disappointment.

Could you address this, please? This puts us on terrain where I think this committee and lawmakers at large have to consider a policy rethink when it comes to housing policy in first nations communities. Can you respond to that, please?

**Ms. Karen Hogan:** I'm sitting here, after 20 years of findings from my office across four different reports, and showing you that the housing gap persists. It's clear to me that in those 20 years, which is really an entire generation of indigenous people, the improvement in housing hasn't been concrete.

It is time to rethink the approach, but I would tell you that it extends beyond just housing. There are previous audit reports I have issued on safe drinking water, on emergency preparedness, on access to health practitioners and on the first nations and Inuit policing program. They all have the exact same model: They are within a certain federal entity and a community needs to apply to multiple programs to access funding. That isn't really supporting, in my view, reconciliation and self-determination, where you really need to understand the needs, the cultures and the traditions of communities and tailor how you support them.

It's not just about resourcing programs and providing funding, but about ensuring that there's a transfer to first nations communities, and we're not seeing progress in that transfer, at least through these two programs, toward self-determination.

The Chair: Thank you.

You certainly wouldn't say this, but I will: One definition of insanity is doing the same thing over and over again and hoping for different results. I think you proved today that, over 20 years, that's exactly what we've been doing. It's time for a look. I'm sure this is a topic the committee will be investigating.

I thank you and your colleagues for being here today.

I will now adjourn this meeting and remind colleagues that we're back at 3:30 after question period to continue our study on Arrive-CAN.

Thank you. I'll see you all later.

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