GOVERNMENT RESPONSE

Mr. John Williamson, MP
Chair
Standing Committee on Public Accounts
131 Queen Street, 6th Floor,
House of Commons
Ottawa ON K1A 0A6

Dear Mr. Williamson:

Pursuant to Standing Order 109 of the House of Commons, I am pleased to provide a Government Response to the Standing Committee on Public Accounts' Twenty-Fifth Report entitled, *Processing Disability Benefits for Veterans*, which will be tabled in the House of Commons.

I have read your report with interest and value the observations made. I would like to take this opportunity to thank you and the members of the Standing Committee for your dedication to studying the processes for disability benefits applications for Veterans in order to support the well-being of Veterans and their families.

The Government trusts that this response demonstrates its commitment to reduce processing times for Veterans to receive the disability benefits they are entitled to in order to support their families' well-being. The attached Government Response addresses the Report's recommendations and provides a progress report for each recommendation. Final reports on specific recommendations will be provided to the Standing Committee on Public Accounts by June 15, 2024.

Sincerely,

The Honourable Lawrence MacAulay, PC, MP

c.c.: Cédric Taquet, Clerk, Standing Committee on Public Accounts

Government Response to the Twenty-Fifth Report of the Standing Committee on Public Accounts Entitled: Processing Disability Benefits for Veterans

The Government of Canada has considered the Twenty-Fifth Report of the Standing Committee on Public Accounts (PACP) entitled: "Processing Disability Benefits for Veterans". In this report, the Committee studied Report 2, of the 2022 Reports 1 to 4 of the Auditor General of Canada. The Government would like to thank the members of the Committee for their study and wishes to inform them that it is pleased to accept all of their recommendations.

The Government is pleased to provide a response (which also consists of the progress reports) to each of PACP's recommendations and to highlight the significant efforts that have already been made, and that continue to be made, by the Government to address the concerns. The Government will provide final reports, with further details on the status of specific recommendations to PACP, by 15 June 2024.

PACP Recommendation 1

That, by 15 June 2023, Veterans Affairs Canada and the RCMP present the House of Commons Standing Committee on Public Accounts with a progress report about establishing a formal costing process and determining the right level of funding, and how that funding is directed, as required to process applications from RCMP Veterans in accordance with its service standard. A final report should also be provided by 15 June 2024.

Government Response and Progress Report

The Government agrees with this recommendation.

The newly amalgamated joint RCMP–VAC Member Injured on Duty Steering and Oversight Committees, work closely together since their initial meeting in April 2019, to improve governance, and effective management including putting more robust processes in place to support the forecasting of financial requirements related to disability benefits. These processes include developing an application-based costing framework which takes into account not only the number of forecasted applications but also the anticipated complexity of each application. This framework will help in determining the right level of resources and funding required to process both CAF and RCMP applications.

A final report on the costing framework will be provided to PACP by 15 June 2024.

PACP Recommendation 2

That, by 15 June 2023, Veterans Affairs Canada provide the House of Commons Standing Committee on Public Accounts with a progress report about how it has improved the consistency and accuracy of reporting its performance against its new standard, and demonstrating improvements with quantifiable metrics. A final report should also be provided by 15 June 2024.

Government Response and Progress Report

The Government agrees with this recommendation.

As of 1 April 2022, VAC updated how it defines the processing times for the purpose of its service standard. The processing time starts when an application and all necessary documents have been received, and ends when the final decision is made, and now includes the calculation, verification and issuing of a payment if the decision is favourable. Previously, processing times showed the time between when VAC received a complete application and when a decision is made. VAC will provide the updated methodology and a report on performance against the service standard by 15 June 2024.

The VAC service standard for processing disability benefits applications is for 80% of decisions to be made within 16 weeks for First Applications and Reassessments; and 12 weeks for Departmental Reviews (the clock begins when the Department has received all the information needed to make a decision). In 2022-23, 55% of disability benefits First Applications have been completed within the service standard compared to 46% in the last fiscal year. By summer 2023, the Department expects to have cut the number of applications which do not meet the service standard (i.e., backlog) to about 5,000, provided application intake levels stay consistent. If the number of applications received remains stable, VAC aims to meet the service standard in 2023-24.

A final report on this recommendation will be provided to PACP by 15 June 2024.

PACP Recommendation 3

That, by 15 June 2023, Veterans Affairs Canada provide the House of Commons Standing Committee on Public Accounts with an interim progress report about addressing weaknesses in the quality and organization of its data, including steps to ensure adequate training of department staff in proper data management. A final report should also be provided by 15 June 2024.

Government Response and Progress Report

The Government agrees with this recommendation.

VAC implemented several initiatives in recent years to make application processing more efficient but recognizes that it has been challenged to demonstrate any resulting improvements statistically, given the lack of quality data available to support these initiatives.

In June 2020 the Department published a strategic direction document for improving wait times entitled, *Timely Disability Benefits Decisions: Strategic Direction for Improving Wait Times*. This document outlined the measures being taken to make faster disability benefits decisions and

reduce the backlog. The Department updated this document, which was published on the Department's website on 3 March 2023, to reflect current progress and to chart a path forward. Since the release of the document in June 2020, VAC has made progress on a number of the initiatives such as the Service Health Record Search Tool and the Veteran Benefit Team structure. These initiatives will support VAC in making swifter decisions. VAC will continue to develop and refine its ability to access data that will allow for effective reporting and better-informed decisions related to process improvements.

Training of departmental staff in proper data management is not required as the source of VAC's data quality and organization challenges are related to processes. Currently, VAC collects data from two operating systems – the legacy Client Service Delivery Network (CSDN) and the new GCCase. While significant modernization was achieved through the Department's Pension for Life project and the introduction of GCCase, complex components of the program remained in CSDN while other benefits/programs remained out of scope for modernization at that time. As a result, users must navigate multiple systems and data is de-centralized across multiple systems making it more complex to align data in support of departmental reporting. GCCase will gradually replace the existing CSDN user interface as programs are updated and modernized, which will support data centralization, data collection plans and create an accessible, consistent and less complex user and reporting experience when processing the Department's benefits and programs.

Treasury Board Secretariat has been working on the Renewal of the Data Strategy for the Federal Public Service which were recently released in April 2023. VAC will be developing a new VAC Data Strategy guided by the Data Strategy for the Federal Public Service that will respond to the Department's needs for reliable, accurate, current, and readily available data required for program monitoring.

In addition, VAC has been building validated datasets and creating a data lexicon to ensure that all VAC employees who use data for reporting and program monitoring, have access to reliable and valid data.

A final report on VAC's actions in addressing weaknesses in the quality and organization of its data will be provided to PACP by 15 June 2024.

PACP Recommendation 4

That, by 15 June 2023, Veterans Affairs Canada provide the House of Commons Standing Committee on Public Accounts with an interim report about working with central government agencies to establish a sustainable long-term resourcing plan for processing disability benefits applications in a timely manner, including its business case for establishing this plan. A final report should also be provided by 15 June 2024.

Government Response and Progress Report

The Government agrees with this recommendation.

Between 2015-16 and 2022-23, Veterans Affairs Canada experienced a 61% increase in disability benefits applications reaching almost 73,000 in 2022-23. This includes applications from still-serving and former RCMP members which have nearly doubled as a proportion of the overall application intake. The intake levels led to a significant increase in the number of applications awaiting a decision, and in particular, in the number of applications over the Department's service standard, often referred to as the backlog, which reached a high of over 23,000 applications by May 2020.

In December 2020, the Standing Committee on Veterans Affairs (ACVA) released a report entitled "*Clearing the Jam: Addressing the Backlog of Disability Benefit Claims at Veterans Affairs Canada*" that offered 16 recommendations, all of which the Government generally supported. The report noted that the increase in the volume of applications at VAC was due to many factors, including new benefits and changes to existing benefits; heightened awareness about VAC's services and benefits; the growing demand for mental health services; the increase in medically releasing Veterans; and staff reductions.

The additional resources of 350 term employees hired in summer/fall of 2020 have been instrumental in reducing the backlog. These new team members began making decisions in January 2021, and by 31 March 2022, the Department had reduced the backlog by approximately 50% compared to the spring of 2020. To maintain this momentum, on February 23, 2022, the Government announced funding of $139.6 million over two years to extend the temporary positions as part of the action to reduce processing times for disability benefits applications at VAC. The Department is also developing more efficient application and decision-making processes using digital technologies. By summer 2023, the Department expects to have cut the number of applications waiting longer than the service standard to about 5,000, provided application intake levels stay consistent. If the number of applications received remains stable, VAC aims to meet the service standard in 2023-24. VAC's efforts remain focused on maintaining the resourcing already in place to make timely decisions and continue its progress to permanently solve the issue.

A final report on this recommendation will be provided to PACP by 15 June 2024.

PACP Recommendation 5

That, by 30 June 2023, Veterans Affairs Canada provide the House of Commons Standing Committee on Public Accounts with a report about 1) the key results of its Gender-based Analysis Plus assessment; 2) how it is identifying the specific characteristics and needs of First Nations, Inuit, and Métis Veterans, in light of their unique accessibility needs and history of exclusion from Veterans benefits; 3) how it is identifying the specific characteristics and needs of Veterans who identify as Black or People of Colour; and 4) identifying the specific characteristics and needs of 2SLGBTQQIA+ Veterans.

Government Response and Progress Report

The Government agrees with this recommendation.

1) Key results of its Gender-based Analysis Plus assessment

VAC recognizes the diversity of our Veterans and their unique characteristics. The 16 December 2021, Mandate Letter of the Minister of Veterans Affairs makes specific commitment to "ensure the benefit system and services are responsive to and meet the needs of underrepresented Veterans, including women, LGBTQ2, racialized and Indigenous Veterans. This will include the use of disaggregated research and data to provide tailored programs and services." In line with the Minister's mandate letter commitment, VAC applies a Gender-based Analysis Plus (GBA Plus) lens to ensure that its benefits and services meet the diverse needs of all Veterans and their families. GBA Plus at VAC also includes considering additional intersecting factors such as service branch, rank at release, length of service, deployments, Regular Force and/or Reserve, and time since release, as all these factors play a key role in Veterans' lived experience and its impacts.

VAC established an Office of Women and LGBTQ2 Veterans in July 2019 and formally announced in March 2020 to identify and address systemic issues specific to women and LGBTQ2 Veterans; integrate GBA Plus into the work of the Department; and advance gender equality, diversity and inclusion for Veterans. Since its creation, it has worked to support the further integration of GBA Plus into all areas of work across the Department.

In April 2020, VAC released its first GBA Plus Strategy which reinforces the commitment to GBA Plus in all areas of the Department from research to policy, to service delivery, to audit and evaluations. This work includes supporting mandatory GBA Plus training for all VAC staff.

VAC is currently in a multi-year modernization of two tools that are used to support decision making for disability benefits: the Entitlement Eligibility Guidelines (EEG) and the Table of Disabilities (TOD). It is anticipated that this work will be completed by December 2024. These tools are being reviewed to ensure that they continue to be based on up-to-date health related evidence and provide for consistent, efficient and swift decision making. A GBA Plus methodology has been developed specific to this work and is being applied to the revisions of the EEG and the TOD to ensure that these tools consider the diverse health related experience of female, male, and gender diverse Canadian Veterans. This work has already resulted in publishing a new EEG for Sexual Dysfunction in January 2022, that provides inclusive guidance for decision makers for these types of conditions for females, males, gender diverse Canadian Veterans, and those who have experienced sexual trauma related to service.

2) How it is identifying the specific characteristics and needs of First Nations, Inuit, and Métis Veterans, in light of their unique accessibility needs and history of exclusion from Veterans benefits;
3) How it is identifying the specific characteristics and needs of Veterans who identify as Black or People of Colour;
4) Identifying the specific characteristics and needs of 2SLGBTQQIA+ Veterans.

PACP expressed a concern that the OAG report did not provide an assessment of Indigenous Veterans' claims processing time which may impact various groups, especially Indigenous

Veterans. The Department has partnered with Statistics Canada to assist with identifying the specific characteristics and needs of equity-deserving Veteran groups, including First Nations, Inuit, and Métis Veterans; Black or People of Colour Veterans; and 2SLGBTQQIA+ Veterans. For the first time in 50 years, the 2021 Census included a Veteran identifier question. Specifically, the 2021 Census identified: Veterans' demographic characteristics of age, sex, gender, language, geography; Indigenous status, race, and ethnicity; marital status, family structure, and child care; health and mental health conditions and disability; and employment and housing status. According to the 2021 Census, there were 23,075 Veterans (5.2% of the overall Canadian Veteran population) who identified as Indigenous. The Census also identified that nearly one in six Veterans are women. Women Veterans represent the fastest growing segment of Veterans in Canada.

VAC is collaborating with Statistics Canada to use the information from the 2021 Census of Population to gain valuable information about Canada's Veteran population. Analysis of these results will increase the Department's knowledge and understanding of the unique needs of women and First Nations, Inuit, and Métis Veterans, and Black or People of Colour Veterans.

Several other Statistics Canada surveys, such as the Canadian Veteran Health Survey 2022, the Indigenous Persons Survey 2022, and Canadian Survey on Disability 2022, have targeted data collection from equity-deserving Veterans. Furthermore, the 2020 and 2022 biannual VAC National Client Survey contained gender, Indigenous, and visible minority indicators which allows VAC to disaggregate and analyze responses by subpopulation. This will assist the Department in identifying the specific characteristics and needs of First Nations, Inuit, and Métis Veterans; Black or People of Colour Veterans; and 2SLGBTQQIA+ Veterans, gain insights into these groups' participation in VAC benefits and services as well as their experiences, and guide future research.

In 2023, VAC hosted the Women and 2SLGBTQI+ Veterans Forum to continue to provide an opportunity for VAC to elevate the experiences of underrepresented Veterans and encourage conversations and linkages with stakeholders that respond to the needs of women and 2SLGBTQI+ Veterans. This Forum built on the 2019 Women Veterans' Forum, the 2022 Women Veterans Virtual Series, and the 2022 LGBTQ2 Veterans' Roundtable.

Through the Veteran and Family Well-being Fund, VAC supports innovative projects and research that respond to the needs of diverse groups of Veterans including women, 2SLGBTQI+, homeless, and Indigenous Veterans.

The Minister of Veterans Affairs signed the letter of understanding between VAC and the Assembly of First Nations on 12 April 2023. A joint working group is being established to map out next steps and priorities for addressing the issues and topics identified in the letter of understanding.

PACP Recommendation 6

That, by 15 June 2023, Veterans Affairs Canada provide the House of Commons Standing Committee on Public Accounts with a report about 1) average disability claims processing times

for female and Francophone Veterans and how that compares to the overall average processing time for all Veterans; and 2) the steps taken to address the differences in disability claims processing times for female and Francophone Veterans, compared to the overall average processing time for all Veterans.

Government Response and Progress Report

The Government agrees with this recommendation.

VAC is committed to achieving results on objectives outlined in the Minister of Veterans Affairs' 16 December 2021, Mandate Letter. These include responsibilities to continue to reduce wait times and ensure Veterans and families receive decisions on applications in a timely manner, as well as support disaggregated research and data to better meet the needs of underrepresented Veterans including women, LGBTQ2, racialized and Indigenous Veterans.

At VAC, GBA Plus plays a significant role in shaping inclusive and accessible programs, policies, and services. The Department reinforces the consideration of intersecting identify factors as part of GBA Plus in the design of VAC's policies and initiatives and advances equality and inclusion for all Veterans. In the past, there had been a lack of focus on intersectionality, with inadequate attention given to factors other than gender. This is no longer the case and VAC is supporting a more fulsome intersectional analysis approach to its work, as well as enhancing 'hands on' training for staff to be able to apply GBA Plus in the performance of an intersectional analysis using tools like facilitated learning and case studies.

In the last quarter, ending 31 March 2023, the average turnaround times for First Applications was 27 weeks for male applicants and 29 weeks for female applicants. By comparison, at the end of the audit period in September 2021 the average turnaround time was 43 weeks for male applicants and 44 weeks for female applicants. In September 2021, the Department established a team dedicated to processing applications from female clients. This team has developed the expertise needed to ensure VAC continues to address barriers and has contributed to significantly reducing processing times for female applicants, and maintaining gains made in closing the gap in processing times between male and female applicants. Though processing times vary from quarter to quarter, it is expected that turnaround time will continue to improve, and parity will be achieved between male and female applicants.

In the last quarter, ending 31 March 2023, the average turnaround time for First Applications was 28 weeks for Anglophone applicants and 25 weeks for Francophone applicants. This represents a significant decrease in wait time from the time of the audit. For comparison, at the end of the audit period in September 2021, the average turnaround time was 41 weeks for Anglophone applicants and 57 weeks for Francophone applicants. VAC continues to focus both French and bilingual staff on processing of French applications, which is resulting in improvements in turnaround time overall, as well as a significant reduction in the gap between Anglophone and Francophone applicants.

On an annual basis, the gap in average processing time between male and female applications

was reduced from 7 weeks in 2019-2020 to 1 week in 2022-23. Similarly, the gap in average processing between Anglophones and Francophones First Applications was reduced from 15 weeks in 2019-20 to 5 weeks in 2022-23. In the last quarter of 2022, the average decision times for French applications was 3 weeks faster than English applications.