

Ministre des Services  
aux autochtones



Minister of  
Indigenous Services

Ottawa, Canada K1A 0H4

The Honourable Kevin Sorenson, P.C., M.P.  
Chair, Standing Committee on Public Accounts  
House of Commons  
Ottawa, Ontario K1A 0A4

MAR 27 2019

Dear Mr. Sorenson:

Pursuant to Standing Order 109, I am pleased to respond on behalf of the Government of Canada, to the 54th Report of the House of Commons Standing Committee on Public Accounts, entitled *Report 5, Socio-Economic Gaps on First Nation Reserves – Indigenous Services Canada, of the 2018 Spring Reports of the Auditor General of Canada*.

In spring 2018, the Office of the Auditor General of Canada (OAG) released *Report 5, Socio-Economic Gaps on First Nations Reserves – Indigenous Services Canada*. The audit noted that, First Nations have significantly lower socio-economic well-being than other Canadians. Socio-economic well-being can be measured by tracking indicators in areas such as education, income, and health. Closing socio-economic gaps means improving the social well-being and economic prosperity of First Nations. Of the 94 Truth and Reconciliation Commission Calls to Action released in 2015, many of them refer to the socio-economic factors discussed in the OAG audit.

Indigenous Services Canada (ISC) was created in 2017 with a mandate to improve the quality of services delivered to Indigenous peoples. The Department is working to close socio-economic gaps and ultimately ensure that Indigenous peoples have control over their services and programs. In 2018-19, to close the socio-economic gaps that continue to exist, the Department identified five interconnected priority areas: health, education, children and families, infrastructure, and a new fiscal relationship.

These five areas have all received significant investments through recent federal Budgets to address persistent socio-economic gaps. Examples of investments include:

- Budget 2016 provided \$8.4 billion to improve the socio-economic conditions of Indigenous peoples and their communities. This included a \$2.6 billion investment in primary and secondary education on reserve; \$554 million to address immediate housing needs, and \$1.8 billion to support clean drinking water on reserve.

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- Budget 2017 provided \$3.4 billion to advance reconciliation, improve quality of life, and support Indigenous peoples to seize opportunities in the economy. This included \$828 million to improve health outcomes for First Nations and Inuit and \$4 billion to build and improve infrastructure in First Nations and Inuit communities.
- Budget 2018 took further steps towards reconciliation by investing in priority areas, including \$1.5 billion in Indigenous Health; \$1.5 billion in First Nations Child and Family Services, and \$173 million for clean and safe drinking water on reserve.
- Budget 2019 proposes to invest a further \$4.5 billion over five years, beginning in 2019–20, to continue efforts to close the gap between the living conditions of Indigenous peoples and the non-Indigenous population. As an example, Budget 2019 proposed to provide \$78.9 million over seven years, starting in 2019–20, with \$13.7 million per year ongoing, to permanently fund the Surveys on Indigenous Peoples and the First Nations Regional Health Survey. These surveys provide important information on education, health, employment and language proficiency. This is information that is needed for decision-making in First Nations communities and for designing programs and services tailored to community needs.

The impacts of these investments and other investments will be realised over the medium and long term. Through the co-development of appropriate and relevant data measurement tools and indicators with Indigenous partners, the Department will be better able to track ongoing improvements to socio-economic conditions for First Nations and more effectively measure the progress being made to close socio-economic gaps and improve the well-being of First Nations.

The Government would like to thank the members of the Committee for undertaking such a comprehensive study. ISC recognizes the need to continue to improve socio-economic well-being for First Nations, and the need to have the necessary data measurement tools in place to ensure that we can properly report on improvements being made.

***Recommendation 1 – Regarding measurement of well-being on First Nations reserves: That Indigenous Services Canada submits to the House of Commons Standing Committee on Public Accounts: 1) a first progress report on consultations and decisions regarding the National Outcome-Based Framework by 30 April 2019. This Framework should be developed in cooperation with First Nations and include measurements of those aspects of socio-economic well-being that First Nations have identified as unique priorities, such as language and culture; 2) a final report on this Framework by 30 April 2020; 3) a reporting baseline on the socio-economic gaps between First Nations and non-Indigenous Canadians by 30 April 2021; and 4) starting in 2023, an annual report on socio-economic gaps by June 30 of each year.***

The Spring 2018 Report of the OAG entitled "*Report 5 - Socio-economic Gaps on First Nations Reserves*" found that ISC did not have a comprehensive picture of the well-being of on-reserve First Nations compared with other Canadians as measured by the Community Well-being Index, and indicated that while the index includes important measures of well-being (education, employment, housing and income), it does not include critical variables such as health, environment, language and culture.

ISC agreed with the OAG recommendation, highlighting in its response that the Department would build on the Community Well-Being Index by co-developing, with First Nations and other partners, a broad dashboard of well-being outcomes that will reflect mutually agreed-upon metrics in measuring and reporting on closing socio-economic gaps.

The Department agrees to provide progress reports to the Standing Committee on Public Accounts on the development of the National Outcome-Based Framework however the timelines for providing the reports could be affected by the co-development process with First Nations. It should also be noted that while the Department intends to report periodically on progress in reducing socio-economic gaps, the frequency of reporting will be subject to the national survey cycle and timelines agreed upon with First Nations through co-development.

The Community Well-being Index was designed to provide simple, yet robust community level comparisons that were not available through the United Nations Human Development Index. The Community Well-being Index will continue to be an important part of understanding socio-economic disparities between First Nation and other Canadian communities, and is best positioned alongside a broader dashboard of indicators such as the National Outcome-Based Framework.

The notion of a National Outcome-Based Framework initially responded to a July 2016 Memorandum of Understanding (signed by the Minister of Indigenous and Northern Affairs and the National Chief of the Assembly of First Nations) concerning the development of a new fiscal relationship. It called for parties to jointly produce options and recommendations, including appropriate metrics and indicators for closing socio-economic gaps between First Nations and non-Indigenous Canadians. The Government and First Nations partners are working together to establish a new fiscal relationship that moves towards sufficient, predictable and sustained funding for First Nation communities. Through the signing of the Memorandum of Understanding, a process was established to achieve this goal.

In 2017-18, officials from ISC and the Assembly of First Nations co-developed guiding principles that would support the drafting of a National Outcome-Based Framework. These initial guiding principles included the co-development of a limited number of mutually agreed upon common outcomes, leveraging national surveys to allow for comparisons between First Nations and non-Indigenous Canadians, an evergreen dashboard to reflect continuous refinements moving forward.

Subject to co-development, the proposed Framework includes a set of global indicators reflecting various aspects of well-being, including health, education, culture, labour force activity, housing and infrastructure, water, land, safety and justice. The proposed Framework aligns with the internationally recognized United Nations Sustainable Development Goals and leverages existing data sources, including national surveys such as the Census and the Regional Health Survey so as to not create additional reporting burden on First Nations and to allow for a baseline comparison between First Nations and non-Indigenous Canadians nationally and across regions in closing the existing socio-economic gaps.

The Department has been working in partnership with the First Nations Information Governance Centre for over 20 years to support the collection of health and socio-economic data in First Nation communities, including funding the First Nations Regional Health Survey. These survey data are compliant with the First Nations concept of Ownership, Control, Access, and Possession (OCAP™) and created by First Nations for First Nations, and will be leveraged wherever possible as a potential data source for the proposed National Outcome-Based Framework.

The National Outcome-Based Framework is intended to be a key mechanism of mutual accountability to ensure the new fiscal relationship is delivering results by measuring progress in closing the socio-economic gaps between First Nations and non-Indigenous Canadians – a shared responsibility. The Framework will be instrumental in measuring and reporting on overall progress towards closing socio-economic gaps for all First Nation communities – consistent with the mandate of the Department and a key priority for the Government of Canada. It is also intended as a co-developed framework with high-level common outcomes and indicators that could lead to periodic joint reporting on progress in reducing socio-economic gaps at the national and regional levels and will be used as a general reporting mechanism for all First Nations, consistent with the recommendation of the Auditor General of Canada. The Framework would also be a key tool to help drive the important shift from compliance to outcomes based reporting – putting the focus on what matters. First Nations governance of data is a sensitive and meaningful issue for many First Nations and the Department is cognizant and respectful of First Nations' OCAP™ over their information.

With this dashboard, First Nations and the Government would have a tool to comprehensively measure a broad range of socio-economic gaps that exist between First Nations and non-Indigenous Canadians. This would include indicators of languages and culture, to track trends in areas identified by First Nations as being particularly meaningful in terms of reconciliation.

The Department is transforming how it funds First Nations through support of a new fiscal relationship with First Nations under the *Indian Act* and establishment of a new approach to grants up to ten years for core services available to individual First Nations operating under the *Indian Act* who have met a set of co-developed eligibility criteria including: meeting certain financial performance ratios; and passing Financial Administration Laws – under either the *First Nations Fiscal Management Act* or the *Indian Act* – that meet standards co-developed with the First Nations Financial Management Board and the Assembly of First Nations. These grants support a shift from compliance-based reporting to minimum outcome-based reporting while leveraging the United Nations' 2030 Sustainable Development goals.

In summer 2018 the Department began engagement with the Assembly of First Nations and the First Nations Information Governance Centre in a preliminary review to seek comments and input on the guiding principles and the proposed Framework. More recently, on January 9 and February 6, 2019, the Department had the opportunity to present the Framework as well as proposed pathways for engagement to the Assembly of First Nations and Indigenous Services Canada Joint Advisory Committee on Fiscal Relations. This committee was established in 2018 to ensure that First Nations across the country could provide regional input as well as to engage technical experts to provide advice on the New Fiscal Relationship co-development process moving forward.

The Department is committed to continuing to work collaboratively with First Nations partners, the First Nations Information Governance Centre and other key partners such as Statistics Canada in completing this Framework in 2019-20.

***Recommendation 2 – Regarding the collection, use and sharing of education data concerning First Nations' peoples living on reserve: That Indigenous Services Canada provide the House of Commons Standing Committee on Public Accounts: 1) a first progress report on regional education agreements that have been reached or are being negotiated, and on their content by 15 June 2019; 2) a second progress report on the same subject by 30 June 2020; and 3) a final report on all of the regional education agreements that have been reached and on national education targets for kindergarten to Grade 12 by 30 June 2021.***

The Auditor General found that education results for First Nations students have not improved relative to those of other Canadians. The Auditor General recommended that the Department collect, use and share data with First Nations appropriately to improve and accurately report on education results.

The Department agrees with the recommendations of the Auditor General and continues to work with First Nations and other partners to identify renewed education goals, measures and data collection strategies. The overall objective is to replace the current performance measurement model with regional, First Nations-led measurement and accountability approaches that will independently collect, assess and make publicly available performance information on First Nations education. This includes negotiating new results frameworks with First Nations through Regional Education Agreements, while respecting the principle of First Nations control of First Nations education.

The Department will strive to provide a series of annual progress reports on the Regional Education Agreements that have been reached or are being negotiated by June 15, 2019, and by June 30, 2020. A final report on all of the Regional Education Agreements that have been reached and on national education targets for kindergarten to Grade 12 will be submitted by June 30, 2021.

In 2017, as part of its commitment to a renewed, nation-to-nation relationship with Indigenous peoples, the Department engaged with First Nations partners in an effort to jointly develop a new Education Results Framework. These discussions informed the development of the Re-Aligned Interim Results Framework that was confirmed for 2019-20. The Re-Aligned Interim Program Reporting Structure represents the best estimate of the types of indicators that may be selected by First Nations within their Regional Education Agreements, as well as those that will be retained by the Department for national reporting and those that have been established in the first regional agreement (in British Columbia).

The Department is transforming how it funds First Nations elementary and secondary education, adopting annually updated, data-driven regional funding formulas. This approach aims to create a more financially stable environment for First Nations education, enabling better quality and more consistent supports for students, schools, educators, communities and First Nations education organizations – conditions that help improve student outcomes.

At the same time, the Department is moving towards regional program reporting structures under co-developed Regional Education Agreements, which will shift data collection and reporting toward First Nations control, resulting in meaningful data being collected and reported to their communities. The Agreements outline the minimum reporting requirements and data that must be provided to the Government of Canada so that the Department can maintain national performance measurement on core national indicators. The data provided will also be used to publicly report on three K-12 Departmental Results Framework indicators.

The objective of Regional Education Agreements is to respond to the education goals and priorities set by First Nations, which includes the development of regional results frameworks. To date, the Department has successfully negotiated the renewal of a Regional Education Agreement with First Nations in British Columbia. This tripartite agreement with the Province of British Columbia includes a regional program reporting structure that responds to the education goals and priorities set by First Nations.

The Department will continue working with First Nations to support them in creating educational systems that will be successful for First Nation children and youth on reserves. In 2019-20, the Department and First Nation partners will build on the success of recent agreements: the British Columbia Tri-partite Education Agreement, the Manitoba First Nations School System, and Maskwacîs Education Schools Commission Agreement. These agreements deliver services to over 180 First Nations in British Columbia, Alberta and Manitoba.

The Department will regularly redefine meaningful education results with First Nations as new mutual accountability mechanisms and regional program reporting structures in regional education agreements are established.

Furthermore, the education transformation process currently underway has reduced the reporting burden to First Nations with a shift away from proposal-based programs and their associated reports. To further decrease the amount of data that First Nations are required to provide the Department, annual data collection processes are being streamlined with some data now collected at the aggregated school level rather than by student.

***Recommendation 3 – Regarding Reporting on First Nations’ Education Results: That Indigenous Services Canada provides a final report on adjustments to its Education Information System to the House of Commons Standing Committee on Public Accounts by 30 June 2022.***

The Auditor General found that the Department did not provide access to or regularly share its education information or the results of data analysis with First Nations. It was recommended that the Department work with First Nations to collect, use and share data to improve and accurately report on education results.

The Department agrees with the recommendation and continues to invest in relationships with First Nations to manage data related to education, including ongoing collaboration to identify meaningful education results will improve the current approach.

The Department acknowledges the Report of the Standing Committee on Public Accounts and agrees to provide a final report to the committee on adjustments to the Education Information System by June 30, 2022.

The Education Information System is an information technology system that was designed to provide the Department with the ability to analyze and report on education data, to reduce the reporting burden to First Nations, and to provide a reporting mechanism back to the funding recipients. The Education Information System also provides the Department with the capacity to extract and use data for purposes such as reporting on performance indicators, informing program decisions, and developing policy to improve education outcomes for First Nations students.

Although more progress is required, the implementation of the Education Information System eliminated the manual reporting process and has helped reduce the administrative reporting burden for First Nations. Reports may be uploaded in PDF format or data may be directly transferred using compatible school information systems. Between 2013-14 and 2017-18, the number of First Nations that reported using the direct data transfer method went from 266 to 810, representing a 300% increase.

In 2010-11 and 2011-12, the Department co-led a joint working group with the Assembly of First Nations on data governance within the context of the creation of the Education Information System. During those meetings, First Nation partners voiced strong concerns about the protection of data, and asked to implement the principles of OCAP™. The 2011 departmental data collection policy references OCAP™ and recognizes the responsibility of protecting the data. The Department is currently exploring opportunities in which education data can be owned, shared, controlled and in the possession of First Nations.

The Department is currently working to pilot an initiative in 2019 that will enable First Nations direct access to their Education Information System data so that they may extract and generate their own reports in real time. First Nations have been engaged in defining the type of reports required, the testing process, and the implementation schedule.

In closing, I would like to reiterate that the Government is committed to a renewed, nation-to-nation relationship with Indigenous peoples. The Government thanks the Committee for their interest and recommendations. I trust that this response demonstrates ISC's commitment to addressing the Committee's recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Seamus O'Regan", with a long horizontal flourish extending to the right.

The Honourable Seamus O'Regan, P.C., M.P.  
Minister of Indigenous Services