



Reports of Standing and Special Committees on Bills and Other Matters

**Standing Committee on
Oversight of Government Operations and Public Accounts**

***Report on the Review of the
2010 Report of the Auditor General of Canada to the
Legislative Assembly of Nunavut on
Human Resource Capacity in the Government of Nunavut***

**3rd Session of the 3rd Legislative Assembly of Nunavut
March 2011**

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Mr. Speaker, I have the honour today of presenting the report of the Standing Committee on Oversight of Government Operations and Public Accounts on its review of the 2010 *Report of the Auditor General of Canada to the Legislative Assembly of Nunavut on Human Resource Capacity in the Government of Nunavut*.

Mr. Speaker, since April 1, 1999, every report of the Auditor General to the Legislative Assembly has been referred to a Standing Committee for review. Witnesses from appropriate Government of Nunavut departments, Crown corporations and agencies have been invited to appear in public to account for their responses to the Auditor General's recommendations and the concerns of MLAs.

The Standing Committee held its hearings on the Auditor General's 2010 report from September 27-28, 2010. These hearings were open to the public and news media to observe and were broadcast on local cable television.

Witnesses from the Office of the Auditor General, the Department of Human Resources, the Department of Education and the Department of Executive and Intergovernmental Affairs appeared before the Standing Committee. The transcripts from the Standing Committee's hearings were subsequently posted to the Legislative Assembly's website in both Inuktitut and English.

The Auditor General's report presented fifteen specific recommendations. These recommendations addressed the following thematic areas:

- Planning;
- Staffing;
- Training and Development; and
- Human Resource Tools.

Mr. Speaker, I am pleased to note for the record that the Standing Committee concurs with the recommendations of the Auditor General and notes that the government itself substantially agreed with all of the Auditor General's recommendations.

I also note that the Department of Human Resources presented an Action Plan in response to the report of the Auditor General at the commencement of the Committee's hearings.

Mr. Speaker, the issue of the Government of Nunavut's lack of human resource capacity has been a recurring theme in recent reports of the Auditor General to the Legislative Assembly.

For example, in her 2009 report to the Legislative Assembly on the financial management practices of the Government of Nunavut, the Auditor General observed that:

“In our view, the underlying cause of the Government’s lack of progress on our previous recommendations is its limited human resource capacity. Simply put, there are not enough qualified financial staff to properly carry out basic financial functions.”

The Standing Committee’s hearings on the 2010 report of the Auditor General allowed Members to engage in a dialogue concerning the fundamental challenges facing the government in this area, including such specific issues as the distinction between training and education. As the Auditor General observed during her testimony to the Standing Committee:

“I think increasingly in governments in Canada, governments are requiring a university education. I would say even, for example, if you take our office, we require either accounting designation or a master’s degree. So the requirements are increasing over time, and will only continue to increase. So it is troubling when you see that there is a very low rate of students completing high school. So there has to be much more emphasis on having students complete high school and then going on to post-secondary education.”

Mr. Speaker, the government’s own statistics support the Standing Committee’s view that improvements in educational attainment constitute the long-term solution to the issue of human resource capacity and achievement of the government’s obligations under Article 23 of the *Nunavut Land Claims Agreement*.

For example, the 2011-2014 business plan of the Government of Nunavut indicates that while less than 25% of beneficiaries in the territory have obtained a degree, certificate or diploma from a university or college, approximately 60% of beneficiaries between the ages of 25 and 64 have not graduated from high school.

The Standing Committee recognizes that the Department of Human Resources itself does not have the mandate or resources to improve overall educational outcomes in the territory. Nonetheless, our hearings provided an important opportunity for witnesses from the departments of Human Resources and Education to address areas where collaborative action would be useful. The Standing Committee also notes the role of Nunavut Arctic College in this area. The Standing Committee also notes the importance of pre-employment training initiatives being accessible to residents of smaller communities, as well as residents of regional centres.

Mr. Speaker, the challenge of meeting the Government of Nunavut's obligations under Article 23 of the *Nunavut Land Claims Agreement* was a major theme of the Standing Committee's hearings. It is important to acknowledge that while significant progress has been made since the creation of Nunavut in 1999, the path ahead is a long one.

According to statistics in the government's quarterly Inuit Employment Reports, a total of 925 beneficiaries were employed by the government in June of 2001. By June of 2010, this number had increased to 1,524. This represents an increase of almost 65% in less than a decade.

However, it is also important to note that ground has been lost in some occupational categories in recent years. For example, in June of 2008, 18 beneficiaries were employed in the executive category. By June of 2010, that number had dropped to 14. In June of 2008, 34 beneficiaries were employed in the senior management category. By June of 2010, that number had decreased to 29. The Standing Committee notes, however, that there have been some moderate improvements during this timeframe with respect to beneficiary employment in the middle management and professional categories.

Mr. Speaker, for a number of years, the Government of Nunavut had a target of achieving 85% Inuit employment across all occupational categories by the year 2020. In her report to the Legislative Assembly, the Auditor General candidly noted that "it is clear that representativeness will not be achieved in each occupational category by 2020." During the Standing Committee's hearings, the government's lead witness ultimately conceded the accuracy of this observation following repeated questioning on the point.

The Standing Committee notes that the new GN-wide Inuit Employment Plan contained in its 2011-2014 business plan indicates that the government has set an interim target of 53% Inuit employment by March 31, 2012. However, this target is a government-wide figure; the government does not anticipate meeting this percentage in the executive, senior management, middle management and professional categories.

It is also important to note that the government no longer appears to have a clearly-defined target date for when fully representative levels of Inuit employment across all occupational categories in its departments, Crown corporations and agencies can or will be achieved.

During the Standing Committee's hearings, Members sought to obtain clarification with respect to when the government anticipates being able to achieve fully representative levels of employment across all occupational categories. Testimony from the government's lead witness suggested that the Department of Human Resources does not anticipate being able to develop a more realistic projection for when this goal can ultimately be achieved until the

year 2015. As the government works towards setting a new target date, the Standing Committee notes the importance of being competitive with other employers in Nunavut, including companies in the expanding mining sector of our economy. The Standing Committee also notes the observations in the report of the Auditor General concerning such issues as the availability of housing for employees.

Mr. Speaker, as I noted earlier, the Standing Committee fully recognizes that achieving completely representative levels of Inuit employment across all occupational categories in the GN is a significant challenge. I will illustrate this point by using the government's own numbers.

According to the government's most recent, publicly-available employment statistics, the GN had a total of 3,910 positions in its departments and major Crown corporations and agencies as of June 30, 2010. As of that date, a total of 1,524 beneficiaries were employed by the government.

In order for fully representative levels of Inuit employment across all occupational categories to be achieved, a total of 1,800 new beneficiary employees would need to be hired, assuming a fully-staffed public service. This also assumes that the government would not lose any of its existing Inuit employees, which is not a realistic assumption, given that the government's most recent *Public Service Annual Report* indicates that the annual departure rate for employees leaving the GN is close to 20%.

It is also important to note that there are, at present, approximately 1,500 non-beneficiary employees of the government. In the long-term, the achievement of an 85% level of Inuit employment in a fully-staffed public service would mean that the government would require approximately 900 fewer non-beneficiary employees than it currently has in its workforce.

Mr. Speaker, a related issue concerns the ever-increasing size of the public service itself. According to the government's quarterly Inuit employment reports, the number of positions in the GN grew from 2,818 in June of 2001 to 3,910 in June of 2010. This represents an increase of approximately 40%. During the same period, however, the government's overall vacancy rate consistently remained between 20-25%.

It is important to recognize that when the overall number of positions in the bureaucracy increases, so does the gap between the number of beneficiaries currently employed by the government and the number of new beneficiary employees required to achieve a representative public service.

During the Standing Committee's hearings, Members questioned why the government continues to add new positions when it cannot fill almost a quarter of its existing ones. Although the responses that Members received from the

government's lead witness did not convince them of the wisdom of this practice, Members recognize that this is a government-wide issue that the Department of Human Resources cannot address unilaterally.

Mr. Speaker, as I noted earlier, the report of the Auditor General presented fifteen specific recommendations to help the government improve its human resources management and, ultimately, strengthen its capacity. A significant number of these recommendations were focused on processes, practices and procedures.

In some areas, the government's success in implementing these recommendations will be clearly measurable. For example, the report of the Auditor General noted that it currently takes approximately 318 days to fill a vacant position through the government's job competition process.

As a number of Members have noted, this causes frustration on the part of constituents who have applied for employment with the government. As the Auditor General stated during the hearings, "the staffing process has to be much shorter and more responsive." Reducing this length of time would be a measurable achievement, as would increasing participation and completion rates for training programs.

The Standing Committee also notes the importance of considering the differences that exist between processes for hiring positions at the headquarters level and positions in communities. The Standing Committee also emphasizes the importance of ensuring that Nunavut beneficiaries who are unsuccessful in applying for positions receive clear information concerning the reasons for why they were unsuccessful.

The Standing Committee notes that ongoing evaluation of the government's success in meeting such specific objectives as updating the government's Priority Hiring Policy, which expired in March 2010, developing a new GN-wide Human Resources Strategy, introducing a new *Public Service Act*, developing a legislated system of whistleblower protection and bringing forward changes to the government's transfer assignment and direct appointments processes will also occur in the context of the Standing Committee's annual consideration of the proposed main estimates and business plan of the Department of Human Resources.

Although the Action Plan presented to the Standing Committee by the Department of Human Resources presented a number of planned timelines and activities in response to the recommendations of the Auditor General, Members were of the view that many of these timelines are not sufficiently ambitious and many of the activities not adequately described in a way that will allow for progress to be meaningfully measured.

For example, as I noted earlier, the government no longer appears to have a target date for when it hopes to achieve a fully representative public service. Although the Standing Committee recognizes the importance of setting realistic goals, it cannot accept the contention that a new target cannot even be determined until the year 2015.

Mr. Speaker, I also wish to note with regret that the Standing Committee was disappointed with the quality of a number of responses from the government's lead witness during its hearings. For example, Members noted that although the Government of Nunavut had issued a news release on September 15, 2010, which announced that the Cabinet had "agreed to cut down on duplication in the Government of Nunavut, contribute to capacity building, and re-profile vacancies," witnesses appeared unprepared to fully explain these decisions, despite their obvious relevance to the subject matter of the Standing Committee's hearings.

The Standing Committee was also extremely disappointed at the government's outright refusal to answer questions on a specific matter that emerged during its hearings.

In a recent court filing related to Nunavut Tunngavik Incorporated's lawsuit against the federal government in respect to implementation of the *Nunavut Land Claims Agreement*, the GN stated that the Government of Canada has "refused to provide to the Government of Nunavut the necessary funding ... to allow it to develop and implement the necessary training and other measures required to increase Inuit participation in government employment to a representative level. To the extent that the Government of Nunavut has been unable to comply with all of its obligations in respect of Article 23, that is a result of Canada's failure to comply with its funding obligations."

Mr. Speaker, if it is the Government of Nunavut's position that its capacity problems are caused by a lack of federal funding, it is incumbent on the government to be candid with Members of the Legislative Assembly concerning its position on what those funding levels should actually be.

Mr. Speaker, a number of themes and issues emerged from the Standing Committee's review of the Auditor General's report. Accordingly, the Standing Committee recommends that the Government of Nunavut address the following critical areas for action:

1. The importance of providing ongoing, formal reports to the Legislative Assembly on what specific actions are being taken to improve the human resource capacity of the government and an accounting of how their effectiveness is being measured. The Standing Committee recommends that the next report on the status of the government's action plan in response to the recommendations in the report of the Auditor General be tabled in the

Legislative Assembly on the first day of the fall 2011 sitting of the House. The Standing Committee further recommends that this report, wherever possible, present clear measures of progress in achieving such goals as reducing the length of time required to fill vacant positions. The Standing Committee further recommends that this report account for what specific collaborative initiatives have been taken by the Department of Human Resources, the Department of Education and Nunavut Arctic College. The Standing Committee notes that the government's success in achieving measurable progress will help guide future deliberations concerning the question of whether the government's current model of centralized human resources management continues to be appropriate. The Standing Committee further notes that the results of the government's current functional review of decentralization, which are anticipated to be provided in mid-2011, will also benefit the consideration of this issue.

2. The importance of accelerating the Government of Nunavut's timetable for the setting of a new target date for achieving a fully representative level of Inuit employment across all occupational categories in its departments, Crown corporations and agencies.
3. The importance of reviewing the long-term sustainability of annual increases in the number of positions in the territorial public service.
4. The importance of timely tabling in the Legislative Assembly of key departmental documents, including the government's *Public Service Annual Report* and its quarterly Inuit Employment Reports. As of February 25, 2011, the 2009-2010 *Public Service Annual Report* had not yet been tabled, although the fiscal year had ended eleven months earlier. As of February 25, 2011, the most recent publicly-available quarterly Inuit employment report was for June 2010. The information in these documents is essential for ensuring that Members of the Legislative Assembly and the public are kept informed of the government's actions and outcomes in the area of human resource management.
5. The importance of clarifying, in its response to this report, the Government of Nunavut's position concerning federal funding levels in relation to the territorial government's obligations under Article 23 of the *Nunavut Land Claims Agreement*.

Mr. Speaker, I will conclude by noting that the Standing Committee, pursuant to Rule 91(5), formally requests that the government table a comprehensive response to this report within 120 days.

I would also like to take this opportunity to note that the Standing Committee looks forward to considering the Auditor General's 2011 *Report to the Legislative Assembly on Nunavut Child, Youth and Family Programs and Services*.

Mr. Speaker, I move that the report of the Standing Committee be received by the House.

Thank you, Mr. Speaker.

Number of beneficiaries needed to achieve 85% overall Inuit employment target across the Government of Nunavut, assuming 100% of positions filled in each occupational category¹

Occupational Category	Total Positions	Vacancies	Filled	Beneficiaries Hired	Gap: # of new beneficiary employees needed to achieve 85% target
Executive	39	6	33	14 (42%)	19
Senior Management	160	30	130	29 (22%)	107
Middle Management	448	88	360	100 (28%)	281
Professional	1,291	272	1,019	263 (26%)	834
Paraprofessional	1,410	346	1,064	736 (69%)	463
Administrative Support	562	145	417	382 (92%)	96
Total	3,910	887	3,023	1,524 (50.4%)	1,800

¹ Employment statistics as of June 30, 2010, from the Government of Nunavut's publication *Towards a Representative Public Service*.