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PROCESSING DISABILITY BENEFITS FOR VETERANS

Report of the Standing Committee on Public Accounts

John Williamson, Chair

**FEBRUARY 2023
44th PARLIAMENT, 1st SESSION**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

has the honour to present its

TWENTY-FIFTH REPORT

Pursuant to its mandate under Standing Order 108(3)(g), the committee has studied Report 2, Processing Disability Benefits for Veterans, of the 2022 Reports 1 to 4 of the Auditor General of Canada and has agreed to report the following:



PROCESSING DISABILITY BENEFITS FOR VETERANS

KEY FINDINGS OF THE AUDITOR GENERAL OF CANADA

- Although Veterans Affairs Canada (VAC or the department) made some improvements, overall wait times did not improve.
- The department's service standard was to process applications within 16 weeks of receiving all of the information required to process them, for 80% of the applications. The Office of the Auditor General of Canada (OAG) analysis showed that in the 2020–2021 fiscal year, the department met its service-standard target 39% of the time.
- Women waited longer than men for a benefits decision on a first application—47 weeks for women compared with 38 weeks for men. This also represented an overall deterioration for both groups from the results of the Ombudsman's report, which reported that women waited 31 weeks for decisions, while men waited 23 weeks.¹

1 Office of the Auditor General of Canada (OAG), Processing Disability Benefits for Veterans, Report 2 of the 2022 Reports of the Auditor General of Canada, [At a Glance](#).



SUMMARY OF RECOMMENDATIONS AND TIMELINES

Table 1—Summary of Recommendations and Timelines

Recommendation	Recommended Measure	Timeline
Recommendation 1	Veterans Affairs Canada and the RCMP should 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.	15 June 2023 and 15 June 2024
Recommendation 2	VAC should provide the Committee 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.	15 June 2023 and 15 June 2024
Recommendation 3	VAC should provide the Committee 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.	15 June 2023 and 15 June 2024

Recommendation	Recommended Measure	Timeline
Recommendation 4	VAC should provide the Committee with an interim report about working with central government agencies to establish a sustainable long term resourcing plan for processing disability benefit applications in a timely manner, including its business case for establishing this plan. A final report should also be provided.	15 June 2023 and 15 June 2024
Recommendation 5	VAC should provide the Committee 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 Metis 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) how it is identifying the specific characteristics and needs of 2SLGBTQQIA+ veterans.	30 June 2023
Recommendation 6	VAC should provide the Committee with a report about 1) average disability claims processing times for women 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 women and francophone veterans, compared to the overall average processing time for all veterans.	15 June 2023



INTRODUCTION

The VAC Disability Benefits program provides tax-free compensation for the effects of service-related injuries or illnesses on the lives of veterans and their families. Veterans must apply to VAC to confirm eligibility for the benefit.²

Due to the large number of applications waiting for a decision, and the long wait times to obtain them, this program has been the subject of attention of parliamentarians, media, and veterans' organizations. VAC's "service-standard target for processing an application is to make a decision within 16 weeks of receiving all of the information required to process the application, in 80% of cases. Processing an application refers to the steps the department takes to determine whether an applicant is eligible for benefits, and if so, the type and amount of benefits the applicant is entitled to," referred to in this report as the "adjudication process."³

As of 31 March 2021, a total of 43,227 disability benefit applications were awaiting a decision, including first applications, reassessments, and departmental reviews. This included 15,214 backlogged applications, which are completed applications that were awaiting a decision for longer than the 16-week service standard. Although this backlog decreased by about one third from the prior fiscal year, it was due in part to the decrease in applications during the COVID-19 pandemic.⁴

In the 2020–2021 fiscal year, VAC disbursed \$2.2 billion in disability benefits to more than 131,000 veterans. Whether a veteran is entitled to benefits depends on the degree to which their condition is related to their service and the amount depends on the severity of the condition and its impact on quality of life. This is determined through VAC's assessment of medical information.⁵ Two different types of tax-free benefits are available:

Pain and suffering compensation—This benefit came into effect on 1 April 2019. It can be a lifetime monthly payment or one lump sum payment and applies to current or former members of the Canadian Armed Forces (CAF) with service after 1 April 1947 (but not Korean War veterans).

2 *Ibid.*, para. 2.1.

3 *Ibid.*, para. 2.3.

4 *Ibid.*, para. 2.4.

5 *Ibid.*, para. 2.2.

Disability pension—This is a lifetime, monthly payment based on the extent of the veteran’s diagnosed medical disability and whether it is related to their service; it can increase if the applicant has any dependents. This benefit applies to Second World War veterans, Korean War veterans up to the Korean Armistice of 1953, current or former members of the RCMP, and current or former Canadian Armed Forces (CAF) members who applied for disability benefits before 1 April 2006.⁶

In 2022, the OAG released a performance audit whose aim was to determine whether VAC “was taking appropriate actions to reduce wait times for veterans to receive the disability benefits they were entitled to in order to support their well-being.”⁷

On 21 October 2022, the House of Commons Standing Committee on Public Accounts (the Committee) held a hearing on this audit, with the following in attendance:

OAG—Karen Hogan, Auditor General of Canada, and Nicholas Swales, Principal

VAC—Paul Ledwell, Deputy Minister; Jonathan Adams, Acting Director General, finance; and Trudie MacKinnon, Acting Director General, Centralized Operations Division

RCMP—Nadine Huggins, Chief Human Resources Officer⁸

Table 2 provides a glossary of the key terms used in this report.

6 Ibid.

7 Ibid., para. 2.6.

8 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 21 October 2022, [Meeting No. 33](#).



Table 2—Definitions

Veteran	A current or former CAF or RCMP member, according to the scope of the audit for this report.
Adjudication	The process that begins when a veteran contacts VAC to apply for disability benefits. Department staff assess and make a decision on a disability benefits application. The process concludes after the decision has been communicated to the veteran and the benefit payment has been processed.
Reassessment	The process that veterans can request if the disability for which a veteran is receiving benefits worsens and medical evidence can support that there has been a change in the condition. If the reassessment confirms that the condition has worsened, the disability benefit is adjusted accordingly.
Departmental review	The process that veterans can request if the veteran disagrees with the decision from their first application or reassessment and has new evidence to present. If there is an error in fact or law, a departmental review may be conducted.
Coronavirus disease (COVID-19)	The disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).
Median	The value at the midpoint of a group of values. For disability benefit application times, it represents the point at which half the applications took less time and half took more time. (In contrast, an average is the total of all values divided by the number of values. Averages can sometimes lead to inaccurate conclusions if there are extraordinary values known as “outliers.”)
Gender-based Analysis Plus (GBA+)	An analytical process that provides a rigorous method for the assessment of systemic inequalities, as well as a means to assess how diverse groups of women, men, and gender-diverse people may experience policies, programs, and initiatives. The “plus” acknowledges that gender-based analysis goes beyond biological (sex) and socio-cultural (gender) differences and considers many other identity factors, such as race, ethnicity, religion, age, and mental or physical ability.

Source: Office of the Auditor General of Canada, [Processing Disability Benefits for Veterans](#), Report 2 of the 2022 Reports of the Auditor General of Canada, Definitions.

FINDINGS AND RECOMMENDATIONS

Wait Times for Decisions

The OAG analyzed data on first applications and reassessments to determine the median time elapsed between key recorded milestones, such as the date the application was received by VAC and the date the benefits decision was made. It also analyzed files for which a decision was made during the 18-month period from 1 April 2020 to 30 September 2021.⁹

VAC's service standard is to process 80% of applications within 16 weeks of receiving all of the required information. OAG analysis showed that in the 2020–2021 fiscal year, the department met its service-standard target 39% of the time.¹⁰

VAC took a median of 39 weeks to process a first application for disability benefits. Notably, this did not include the several weeks from the first date the department recorded an application in its system to the date that the department began processing the application. In some cases, the department had to follow up with the veteran to get additional information or contact other parties to obtain medical records before it could begin to process it. Consequently, veterans who submitted their first application had to wait a median of 48 weeks before receiving a decision. Furthermore, applicants who requested a reassessment had to wait a median of 22 weeks prior to receiving a decision.¹¹

In 2014, the OAG released an audit on [Mental Health Services for Veterans](#) that found that in a one-year period, 75% (2,160 of 2,893) of decisions on first applications for mental health conditions were processed within 16 weeks. In contrast, for this current audit¹², the OAG found that only about 41% (3,802 of 9,277) of decisions on first applications for mental health conditions were processed within 16 weeks. This represented a significant deterioration in processing time between the two audit periods. Much of this deterioration can be explained by the increase in the number of applications received. VAC processed nearly twice as many applications in the 2020–2021 fiscal year compared to the 2013–2014 fiscal year; however, applications tripled

9 OAG, [Processing Disability Benefits for Veterans](#), Report 2 of the 2022 Reports of the Auditor General of Canada, para. 2.17.

10 Ibid., para. 2.19.

11 Ibid., para. 2.18.

12 This audit also looked at operations over a one-year period, from 1 October 2020 to 30 September 2021.



over the same period and thus decisions for 5,475 cases were not made within the 16-week service standard.¹³

To identify bottlenecks in the adjudication process, the OAG reviewed application files that took longer to process. It selected 33 files that had been delayed at particular steps of the process for a significant period of time and found that bottlenecks occurred for several reasons, and that some files were delayed for multiple reasons:

- the applicant did not submit all the required information and did not respond in a timely manner to VAC's requests for information;
- applications were mismanaged and file processing was delayed because of human error; e.g., an application was not tracked properly and not included in the appropriate processing queue for several months; and
- staff shortages.¹⁴

Additionally, VAC had to obtain medical information about applicants from National Defence or the RCMP. Both organizations had agreed to provide the department the requested medical information within 30 days. However, the OAG found that in the 2020–2021 fiscal year, the department had difficulty obtaining this information, in part because of the COVID-19 pandemic. According to VAC data, the time it took to obtain this information was improving in the 2021–2022 fiscal year. Yet, the OAG found that the RCMP still was not meeting the standard that it had established. In fact, for RCMP applicants, VAC received medical information in 85 days in the 2020–2021 fiscal year and in 35 days from 1 April to 30 September 2021. On average, the department received medical information for CAF applicants in 67 days in the 2020–21 fiscal year and 23 days from 1 April to 30 September 2021.¹⁵

The OAG also found the following:

- applications from francophones were processed in 46 weeks, while those from anglophones took 38 weeks; although this represented an improvement for francophones (but a deterioration for anglophones), this variance between the two communities continues.

13 OAG, [Processing Disability Benefits for Veterans](#), Report 2 of the 2022 Reports of the Auditor General of Canada, para. 2.20.

14 Ibid., para. 2.21.

15 Ibid., para. 2.22.

- Women waited longer than men for a benefits decision on a first application—47 weeks for women compared with 38 weeks for men. This represented an overall deterioration for both groups as well as the continued variance between the two groups.
- RCMP veterans had to wait significantly longer for benefits decisions for first applications (51 weeks) than CAF veterans did (37 weeks).¹⁶

Consequently, the OAG recommended that “Veterans Affairs Canada and the RCMP should work together to establish a formal costing process and determine the right level of funding needed for processing applications from RCMP veterans in a timely manner.”¹⁷

In its Management Response and Action Plan, the department stated that the “Centralized Operations Division will work with the Finance Division, the RCMP, and central agencies to establish a formal costing process for the RCMP to fund VAC to administer their disability benefits,” and that this will be done “before the VAC/RCMP Memorandum of Understanding is renewed in 2023.”¹⁸ Furthermore, the RCMP’s Management Action Plan supported VAC’s proposed actions and stated that over “the last two years, the RCMP and VAC have been working closely together to improve governance and put more robust processes in place to support the forecasting of financial requirements related to disability benefits. These processes will be expanded to include a specific costing framework related to the processing of applications.”¹⁹

At the hearing, Paul Ledwell, Deputy Minister, VAC, further clarified this as follows:

We are working now on that costing. I can tell you that it will be coming forward in short order so that we can properly consider not just how we respond to this immediately, but how we sustain a response to this for the next several years. That is under way. We will have that in place by March 2023.²⁰

Similarly, Nadine Huggins, Chief Human Resources Officer, RCMP, added the following:

16 Ibid., Exhibit 2.3.

17 Ibid., para. 2.31.

18 Veterans Affairs Canada, [Management Response and Action Plan](#), p. 1.

19 Royal Canadian Mounted Police, [Management Action Plan](#), p. 1.

20 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 21 October 2022, [Meeting No. 33](#), 1325.



We are working quite diligently at senior levels within the organization to make sure that we are paying attention and doing a better job of forecasting what the costs of the program will be. As [Mr. Ledwell] mentioned, we do expect that, toward the end of the fiscal year, we will have an opportunity to have a better line of sight on that costing framework going forward.²¹

Therefore, the Committee recommends:

Recommendation 1—on establishing a formal costing process

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.

Clarity and Accuracy of the Service Standard

As stated previously, VAC's service standard was to process 80% of disability benefit applications within 16 weeks of receiving all required information. This standard was published on the department's website; however, it has not achieved this target since the 2014–2015 fiscal year. As a result, this service standard does not provide veterans with a reasonable understanding of the processing time. Moreover, VAC provided the current average wait time on its website for only the most common types of applications.²²

Specifically, the OAG found that VAC did not always calculate its performance against its service standard consistently and accurately. For the end date, it used the date that the benefits decision was made. In some cases, this date did not include the assessment step that followed the benefits decision. (This step determined the severity of the condition, including its impact on the veteran's quality of life.) The end date also did not include the time it took for the veteran to receive the first benefits payment, which meant that applicants were waiting longer than VAC had reported publicly.²³

21 Ibid.

22 OAG, [Processing Disability Benefits for Veterans](#), Report 2 of the 2022 Reports of the Auditor General of Canada, para. 2.32.

23 Ibid., para. 2.35.

In light of these considerations, the OAG recommended that in order to “provide useful waiting-time information for veterans, Veterans Affairs Canada should review the end date it uses to calculate the period under its service standard so that it can report consistently and accurately on its performance against this standard.”²⁴

In its action plan, the department stated the following:

For the 2022–23 fiscal year, Centralized Operations Division (COD) will clarify the definition of “processing time” for the purposes of calculating the service standard for Disability Pension/Pain and Suffering Compensation applications. The processing time will start when an application and all necessary documents have been received, and end when the final decision is made (if favourable, this includes the payment being computed and verified). COD will provide the updated methodology and a report of [the] service standard results as evidence that this action has been completed.

Per Treasury Board’s April 2020 Policy on Service & Digital, Integrated Planning and Performance are reviewing our service standards. Service standards will be revised to ensure they include a mix of quality dimensions (timeliness, accessibility, accuracy) as well as standards for each delivery channel (online, phone, in person, mail). Recommendations from the previous review will be considered as part of this exercise. Once approved, the revised suite of service standards will be published on VAC’s external website.²⁵

At the hearing, Paul Ledwell informed the Committee that as of 1 April 2022, this recommendation has been implemented, and thus, the calculation of processing time now includes “the date when a payment was actually received by the veteran.”²⁶

Notwithstanding this development, the Committee nevertheless makes the following recommendation:

24 Ibid., para. 2.36.

25 Veterans Affairs Canada, [Management Response and Action Plan](#), p. 2.

26 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 21 October 2022, [Meeting No. 33](#), 1305.



Recommendation 2—on accurately reporting against performance standards

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.

Poor Data Quality and Organization

VAC implemented several initiatives in recent years to try to make application processing more efficient. However, because of the poor quality and organization of its data, neither the OAG “nor the department were able to measure whether and to what extent each initiative improved efficiency and helped reduce wait times for veterans.”²⁷

At the time of this audit, VAC had implemented some initiatives from its 2020 strategic direction document, *Timely Disability Benefits Decisions: Strategic Direction for Improving Wait Times*. It also implemented other activities to try to help improve application processing efficiency; e.g., “senior management held regular meetings with stakeholders and partners to coordinate information sharing. The department also used historical data in its forecasts to predict future application volume.”²⁸

Additionally, VAC only had performance indicators and targets to measure progress for 2 of the 16 initiatives in its strategic direction document. Furthermore, it did not have indicators or targets to measure how its efforts in these areas affected wait times.²⁹

The OAG also noted that VAC improved the processing time from a median of 49 weeks for the 6-month period from 1 April to 30 September 2020 to a median of 23 weeks for the same period in 2021. However, this still exceeded the department’s service standard of processing 80% of the applications within 16 weeks.³⁰

Although VAC used a dashboard that allowed managers to monitor how many applications were at a particular stage of processing, this approach needed

27 OAG, *Processing Disability Benefits for Veterans*, Report 2 of the 2022 Reports of the Auditor General of Canada, para. 2.43.

28 Ibid., para. 2.45.

29 Ibid., para. 2.46.

30 Ibid., para. 2.49.

improvements, such as a tool that would allow managers to see how long a single benefits application had been at a particular stage of processing.³¹

The department stated that it might extend the terms of some of its employees if it did not gain efficiencies from its process improvements by 2022. The OAG determined that it is critical that VAC have the appropriate data to determine whether its actions have improved efficiency and reduced wait times. (To this point, department officials informed the OAG that they had begun work to improve data reporting capacity.)³²

Consequently, the OAG recommended that “Veterans Affairs Canada should address weaknesses in the quality and organization of its data. This would allow the department to better monitor the Disability Benefits program and use the data to inform decision making about efficiency improvements.”³³

In its Management Response and Action Plan, the department stated that it issued a final report for the 2019–2022 data strategy for 31 March 2022. VAC reported that it made significant progress and was able to:

- Create clear roles and responsibilities and supporting governance to tackle data issues within the department (e.g., a Chief Data Officer and an Executive Data Stewards Committee)
- Make significant improvements to our data warehousing to support disability processing reporting. This includes merging data from the two processing systems and the needed relationships to provide holistic reporting.
- Create common definitions of disability processing steps and components to standardize reporting, and enable detailed reporting with respect to processing.
- Create a standardized data set for disability processing, allowing detailed reporting on processing and statistics surrounding the program.³⁴

31 Ibid., para. 2.50.

32 Ibid., para. 2.51.

33 Ibid., para. 2.52.

34 Veterans Affairs Canada, [Management Response and Action Plan](#), pp. 3–4.



The action plan also reported that the development of a data dictionary for data stored in the data warehouse is in progress. Phase 1, which included the development of an ETL application (Extract, Transform, Load) has been completed and Phase 2 includes the following:

- Pull attribute data from source systems and store in data warehouse
- Develop a Data Dictionary user interface that is sourced from ETL application above as well as attribute data in Phase 1.³⁵

Lastly, the action plan explained that “Enterprise Data will expand the Disability Benefits dataset to include the ability to report on application stage history to allow for analysis on processing bottlenecks. The work involved to deliver this functionality will include the addition of GCCase and Client Service Delivery Network medical codes to the dataset by application stage.”³⁶

At the hearing, Paul Ledwell provided the following:

[We've] taken a number of initiatives around this, acknowledging that the data is an area that we need to improve in terms of both our understanding and our use, and then its application. We've created a data stewards committee through the work of our chief digital officer. We've identified objectives with respect to this program to ensure that we are tracking the right data, that we are reporting on that data and that we're reflecting on the impact of the work that's being done, again, in a consistent manner.

This is an area that we've taken very seriously. We will have more to report on this after this fiscal year, and each and every fiscal year that is ahead of us.³⁷

Therefore, the Committee recommends:

Recommendation 3—on the quality and organization of data

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.

35 Ibid., p. 4.

36 Ibid.

37 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 21 October 2022, [Meeting No. 33](#), 1325.

Reliance on Temporary Employees

Budget 2018 funding allowed VAC to hire 168 term employees to address its growing backlog of disability benefit applications. Later, in July 2020, “funding was approved to extend these employees’ terms and to hire and train another 350 term employees until March 2022 to process the most common application types.”³⁸ VAC’s “goal was to reduce the backlog to approximately 5,000 applications by 31 March 2022. The backlog included 16,307 disability benefit applications as of 29 September 2021. The department expected that efficiencies from process improvements and digital enhancements would significantly reduce the backlog after that date.”³⁹

The OAG found that the number of processed applications was under the target for the 2020–2021 fiscal year, with 52,619 applications processed and a target of more than 70,000. According to VAC, this missed target was due to the challenges stemming from the COVID-19 pandemic. Moreover, the department only received the funding for new hires in July 2020, and these employees required proper training before they could begin working on adjudications. Notwithstanding this, according to departmental data, because the department received fewer applications in 2020–2021, the backlog reached a low of about 15,000 applications by 31 March 2021. (The backlog increased again after that time.)⁴⁰

Lastly, although the new funding allowed VAC to retain its term employees, many of them were actively searching for other positions with more job security; thus, the department lost 43 of them between November 2020 and September 2021. It “estimated that these departures resulted in approximately 5,000 fewer applications being processed during this period.”⁴¹

Consequently, the OAG recommended that “Veterans Affairs Canada should work with central government agencies [i.e., the Privy Council Office, Treasury Board of Canada Secretariat, and Finance Canada] to establish a sustainable long-term resourcing plan for processing disability benefit applications in a timely manner. This plan should consider

38 OAG, [Processing Disability Benefits for Veterans](#), Report 2 of the 2022 Reports of the Auditor General of Canada, para. 2.53.

39 Ibid.

40 Ibid., para. 2.55.

41 Ibid., para. 2.56.



the number of applications the department expects to receive and the efficiency it expects to gain from its process improvement initiatives.”⁴²

In its action plan, the department stated the following:

The additional resources hired in summer/fall of 2020 have made a big impact. These new team members began making decisions in January 2021. 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 action to reduce processing times for disability benefit applications at Veterans Affairs Canada. The Department is also developing more efficient application and decision-making processes using digital technologies. By the end of March 2022, the Department expects to have cut the number of applications waiting longer than our service standard in half (from about 23,000 to 11,500) and to about 4,000 by January 2023.⁴³

The action plan also reported the following:

[We] are committed to continue working with Central Agencies to explore options to obtain long-term resources in the future. Stabilizing our workforce is critical to making timely decisions, continuing our progress and permanently solving the issue. We will provide our business case as evidence that we continue to work towards a sustainable long term resourcing plan.⁴⁴

At the hearing, Paul Ledwell confirmed that the department was able to reduce the backlog by 41% since the end of the audit period, bringing the number the number of applications that take longer to process than the service standard to 9,687, exceeding its target of 11,500,⁴⁵ and added the following:

42 Ibid., para. 2.57.

43 Veterans Affairs Canada, [Management Response and Action Plan](#), p. 5.

44 Ibid., p. 6.

45 House of Commons Standing Committee on Public Accounts, *Evidence*, 1st Session, 44th Parliament, 21 October 2022, [Meeting No. 33](#), 1305.

So far this fiscal year, 56% of disability benefits first applications have been completed within the service standard, compared to 46% in the last fiscal year. Again, our objective is to get to 80% by June 2023, assuming intake remains stable.⁴⁶

Therefore, the Committee recommends:

Recommendation 4—on a sustainable long-term resourcing plan

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 benefit applications in a timely manner, including its business case for establishing this plan. A final report should also be provided by 15 June 2024.

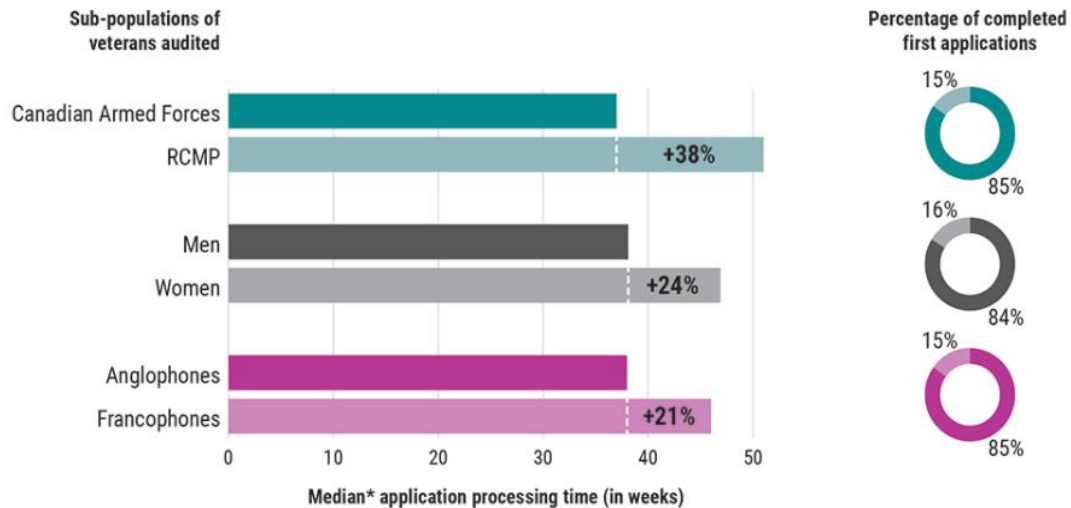
Additional Considerations

Certain members of the Committee were surprised and very disappointed upon learning about the different processing times across various veteran sub-populations, namely women and francophone applicants. Figure 1 highlights some of these variances.

46 Ibid.



Figure 1—Variance in First Application Processing Times for Different Groups



* Median: The value at the midpoint of a group of values. For disability benefit application times, it represents the point at which half of the applications took less time and half took more time.

Source: Office of the Auditor General of Canada, [Processing Disability Benefits for Veterans](#), Report 2 of the 2022 Reports of the Auditor General of Canada, Exhibit 2.3.

Furthermore, there was concern that the OAG audit did not provide an assessment of Indigenous veterans’ claims processing times. And although the Deputy Minister informed the Committee that the latest census includes an identifier about veterans (and that we now know there are approximately 23,000 Indigenous veterans in Canada), some members are still very concerned about how data gaps might impact various groups, especially Indigenous veterans. Given that the department is in the process of conducting a GBA+ assessment, the Committee recommends the following:

Recommendation 5—on identifying the needs of diverse veterans

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 Metis 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 2SLGBTQIA+ veterans.

Recommendation 6—on the variance in processing times for certain veterans

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 women 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 women and francophone veterans, compared to the overall average processing time for all veterans.

CONCLUSION

The Committee concludes that although Veterans Affairs Canada implemented initiatives to improve the processing of disability benefit applications, its actions did not reduce overall wait times for eligible veterans. The department was still a long way from meeting its service standard and the implementation of initiatives to improve this was slow.

Additionally, quality data to measure improvements was lacking. Furthermore, measures to increase funding and hire additional employees were only temporary. The overall result was that veterans waited too long to receive benefits to support their physical and mental health, as well as their families' overall well-being.

In this report, the Committee has made six recommendations to help the department improve its administration of the Disability Benefits program. All of Canada's brave and selfless veterans surely deserve better.

APPENDIX A LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Department of Veterans Affairs	2022/10/21	33
Jonathan Adams, Acting Director General, Finance		
Paul Ledwell, Deputy Minister		
Trudie MacKinnon, Acting Director General, Centralized Operations Division		
Office of the Auditor General	2022/10/21	33
Karen Hogan, Auditor General of Canada		
Nicholas Swales, Principal		
Royal Canadian Mounted Police	2022/10/21	33
Nadine Huggins, Chief Human Resources Officer		

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 33 and 46](#)) is tabled.

Respectfully submitted,

John Williamson, M.P.
Chair

Conservatives demand accountability for Veterans Affairs service failures

Conservative members of the committee demand action to ensure veterans get the disability benefits they deserve.

Therefore, Conservative members recommend:

- **Recommendation #1 That Veterans Affairs Canada (VAC) study the effects of automation to improve service time for veterans' disability benefit applications.**
- **Recommendation #2 That Performance, At-risk, and Bonus compensation for VAC executives be withheld until such time as the backlog of disability benefit claims has been cleared and the departmental service-standard target for assessing future applications is consistently met.**

Background:

The Auditor General's report shows a department in crisis.

VAC's internal service-standard target for processing disability benefit applications is that they make a determination within 16 weeks of receiving all required documentation necessary to process the application in 80% of applications.¹ At the time of the audit, the median wait time for a decision on first-time applications for disability benefits was 39 weeks – more than double the service standard.² This means that half of all first time applications were even worse than that, and the average wait time VAC was 10 months for a decision on first applications.³ This is not a new problem, as several oversight bodies have recommended measures to VAC to help improve application processing for veterans over the last seven years.⁴

Based on documents provided to the Office of the Auditor General by VAC, the decision process for the Disability Benefits program is as follows: VAC receives the application and documentation, then then request service health records for the veteran, and when those records are received, the application is verified for completeness and sent to an adjudicator who determines whether the disability is related to the veteran's service and approves or denies the benefit claim.⁵ As of 2021, there were a total of 43,227 disability benefit applications at various stages of the process including 10,290 that were deemed complete but had not had

¹ Reports of the Auditor General of Canada to the Parliament of Canada – 2022, *Report 2 – Processing Disability Benefits for Veterans*, p. 2

² *Ibid*, p. 3

³ Ms. Karen Hogan (Auditor General of Canada), verbal testimony, Standing Committee on Public Accounts, Meeting 33, October 21, 2022, just before 1305

⁴ Reports of the Auditor General of Canada to the Parliament of Canada – 2022, *Report 2 – Processing Disability Benefits for Veterans*, p. 3

⁵ *Ibid*, p. 5

an adjudicator assigned, and 15,214 backlogged applications.⁶ Since the audit period, 9,687 applications remain over the service standard. Further, in this fiscal year, 56% of disability benefits first applications have been completed within the service standard – an improvement from the previous year’s record of 46%.⁷

There appear to be two key elements associated with the backlog and significant delays in processing times: the time between an application being deemed “completed” and its assignment for adjudication, and the time taken by the adjudicator in assessing a completed application. The introduction of automation and AI technology into the adjudication process should help ease the workload for the adjudication staff and allow them to focus on only the most complex cases. Furthermore, both the Auditor General’s report⁸ and witness testimony⁹ outlined weaknesses in data collection and management associated with the disability benefit application process, including mismanagement and misplacing of veterans’ applications as a result of “human error”¹⁰. The introduction of automation and AI technology into the application process will minimize the capacity for human error while improving data collection and management.

Adding to their failure in getting disability benefits to veterans, according to the Treasury Board, Veterans Affairs Canada only met 13% of their departmental objectives.¹¹ Despite the failure of the Liberal government and the department to meet their objectives, VAC executives received an average of \$13,757 in Performance Pay, an additional \$13,181 in “At-risk” pay, and a still-further \$4,560 in Bonus pay for the 2020-2021 fiscal year (the last year’s results that are currently available).¹² This represents a total of nearly \$2.4M in undeserved bonuses paid to VAC executives in a single year.¹³

To continue to give over \$30,000/year in bonuses to VAC executives while veterans wait for a year or more to receive their necessary disability benefits is unfair. To reward executives for the abject failure of their departments is simply poor practice.

⁶ Ibid, p. 3

⁷ Mr. Paul Ledwell (Deputy Minister, Department of Veterans Affairs), verbal testimony, Standing Committee on Public Accounts, Meeting 33, October 21, 2022, 1305-1310

⁸ Reports of the Auditor General of Canada to the Parliament of Canada – 2022, *Report 2 – Processing Disability Benefits for Veterans*, p. 13

⁹ Mr. Paul Ledwell (Deputy Minister, Department of Veterans Affairs), verbal testimony, Standing Committee on Public Accounts, Meeting 33, October 21, 2022, 1340

¹⁰ Reports of the Auditor General of Canada to the Parliament of Canada – 2022, *Report 2 – Processing Disability Benefits for Veterans*, p. 8

¹¹ Treasury Board of Canada, Departmental Results, from GC Info Base, <https://www.tbs-sct.canada.ca/ems-sgd/edb-bdd/index-eng.html#infographic/dept/139/results>

¹² Results of the Performance Management Program for Executives 2020-2021, [Results of the Performance Management Program for Executives \(EXPMP\) for 2020-2021 - Canada.ca](#)

¹³ Ibid