



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Indigenous and Northern Affairs

INAN • NUMBER 052 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, April 6, 2017

—
Chair

The Honourable MaryAnn Mihychuk

Standing Committee on Indigenous and Northern Affairs

Thursday, April 6, 2017

•(0845)

[English]

The Chair (Hon. MaryAnn Mihychuk (Kildonan—St. Paul, Lib.)): I call the meeting to order.

We are here to talk about default prevention and management policy. I would like to, first of all, acknowledge that we're on unceded Algonquin territory, particularly at a time when Canada, from all parts of it, is starting to understand the truth, and to work through reconciliation. Thank you so much for coming.

Pursuant to Standing Order 108(2), the motion adopted on February 21, 2017, the committee resumes its study of default prevention and management policy. This morning we have two groups for the first panel, the Swampy Cree Tribal Council from Manitoba, and Andrew Yesno from Matawa First Nations Management.

Welcome. The way that it works is that each group gets 10 minutes to present, and then there is a series of questions afterwards. One of the two groups will take the first round.

Chief, welcome.

Grand Chief Nelson Genaille (Grand Chief, Swampy Cree Tribal Council): [*Witness speaks in Cree*]

[English]

I acknowledge you. I'm the chief from the Sapatoweyak Cree Nation. I'm also the grand chief of the Swampy Cree Tribal Council. My community is on the Treaty No. 4 territory.

My grandfather was a headman, so we sort of know the first instincts about entering into the treaty. It was the white person bringing what was promised.

A lot of time has passed. I'm here with my fellow chief from the north, Mathias Colomb Cree Nation.

There are two stories as to how we got to be where we are. My story would take a long time to understand. There's the story of the colonizers when we entered the treaty, and what the true intent of it was supposed to be.

Default management—it's not our way. Our default management was living off the land and continuing to live off the land. We're still two worlds apart. From my understanding, from my headman and my grandfather, it was to allow people to come into our territory to exchange, provide, and give us hunting stuff—nets, traps, shells—and to continue and to allow you to be in our Sapatoweyak territory.

Management is a little unique to us. From our understanding, annual contributions are given to us as grant money for the resources extracted from our territory. There should be no management services with regard to what's in default and what's not in default. We should be the ones sitting here and asking you, "What are you doing to our land? What's the remediation doing to our land?" We should be doing that, but I guess we have to follow this way of government, Canada's corporation, in exchange for what we could do.

As the grand chief of the Swampy Cree Tribal Council, I'm a person elected by a grassroots people. I'm on my second term. My predecessor is sitting beside me. Chief Arlen Dumas was there before as grand chief. They are to help and assist communities that are not reporting correctly or not reporting on time. This is what happens to us annually.

When we do general reporting, on social services for one thing.... I used to be a welfare administrator in my community. We were given an annual budget. It's supposed to be a dollar-per-dollar ratio. I'm being advanced the money to distribute. That's doing my job. I work alongside my provincial counterpart. Working with them, we collaborate on what's eligible and what's not eligible. At the end of the day, my counterpart, who works for the town, doesn't have to comply with anybody, under the province. It is a provincial act.

It's the same thing with the O and M services in the communities. Twenty years ago, in 2006, they stopped. My community didn't stop growing. Already 20 or 21 years now have passed. I'm still using the same numbers from back then.

In essence, why are we underfunded? That's the first question. Why are we underfunded? I should be asking you that question.

As a business in Sapatoweyak Cree Nation, we expanded our economic development using TLE. Now as a community, I get the benefit. But I had to explain to the previous government what I wanted, which is economic development, to prosper and to develop businesses outside my territory.

On the reserves currently, what we call my community, it's still housing. I'm housed on this surveyed piece of property, not for me to come out but to live in that little settlement. This is not what my grandfather envisioned. My grandfather envisioned us continuing to live off the land, so that we wouldn't be dependent on anybody. That's what my grandfather wished for me.

●(0850)

A lot has changed in regard to providing services—technical services, advisory services.

As grand chief of the Swampy Cree Tribal Council, I used to see economic activity to provide external services to the member bands of the eight communities we service. In 2014, that was downscaled to a bare-bones \$500,000 to deliver the same programs and services to the communities that required help. You can't do it, physically. My staff had to do double duty, but there were limits to what they could achieve. That's a method of trying to fail. You don't prescribe that to somebody just to watch them fail. Here I was thinking that we'd be contributing to the economy of Canada.

I'm going to give it to my fellow chief, Chief Dumas, to provide a supplementary commentary to our issue at hand.

Chief Arlen Dumas (Chief, Swampy Cree Tribal Council): Thank you very much, Grand Chief, and my thanks to all of you for inviting us to be witnesses.

I'm Chief Arlen Dumas from the Mathias Colomb First Nation.

I took the liberty of listening to all the other witnesses and presentations given here in front of this committee. I would like to sum up of those comments.

The message we'd like to deliver today is that this intervention policy is a punitive measure. It's all about control and has nothing to do with transparency or accountability. The further the government chooses to go along this line, the more harm it does to the communities from a first nations perspective. I take a look at my community. We are survivors of this intervention policy. It was initiated because of government interference and the government's opposition to the different stances we had taken as a community and as a nation in Manitoba and in Canada.

Because of that, we were reprimanded and subjugated for a decade. With that happening, as a fairly young leader in my community, I can tell you that from the day I was born until 2000 there were never any suicides in my community. We were forced into intervention in 1998, and we had our first community suicide in the year 2000. After that, we had a rash of them.

I was raised in a very opportune time when I was able to go to school and have these wonderful opportunities bestowed upon me. When I left my community, there was a great sense of hope. When I returned home in 2002, you could feel the despair in the air, simply because of this false narrative that we were unable to manage our own affairs. We went from being the beacon in the 1980s and early 1990s to being people who couldn't manage their own affairs, according to a false narrative perpetuated by the governments of the day. Essentially, that's what I'm here to present today, and I'll respond to some questions later.

I feel that in this co-management and intervention, a lot of focus was put upon third parties, but it doesn't matter, because the second you move into this paradigm, it's a punitive experience. It will dictate whether or not you can complain about your contribution agreement, whether or not you can choose a different financial analyst, or whether you can complain that your population formulas were frozen from 1982.

In 1982, my community's population was 1,000. We're now well over 3,500 members, with the same amount of money. The issue is the chronic underfunding. It's not lack of reporting, transparency, or leadership. The fact is, we're chronically underfunded in all aspects of our community funding. In the time that we were in co-management, we didn't build houses and we weren't able to develop our infrastructure. In fact, the rules and mechanisms that exist within that infrastructure were very punitive to our communities. Once we get out of co-management, we hear that our lift stations have not been maintained for 10 years, that our infrastructure hasn't been maintained for 10 years, and so on and so forth.

It's also how the programs are laid out. We might get \$300,000 to work on our housing stock, but then we're told we're not going to get any more money until that's paid off. My resources are already so slim. I ask how I'm going to do this, and they tell me I just can't manage my affairs. That's the reality of the issue.

I'm not sure how much time I have, but I'm looking forward to your questions a little later.

●(0855)

The Chair: Thank you, Chief.

That takes up the first 10 minutes and now I'm moving it over to Andrew and it's your turn to present.

Mr. Andrew Yesno (Manager, Financial Advisory Services, Matawa First Nations): Good morning, everyone. Thank you very much.

Meegwetch, Madam Chair, for the opportunity, and committee members for allowing us to be here today.

My name is Andrew Yesno, and I am the manager of the financial advisory services for Matawa First Nations Management based out of Thunder Bay. I've been there since 2015. I'm a member of the Eabametoong First Nation and a former bank manager of that first nation as well.

Matawa First Nations is a tribal council. We have nine member Ojibway and Cree communities. We provide a variety of advisory services and program delivery to our members. We are committed to quality assurance and are responsive to our communities' needs. We have embraced a quality management system, which we continually monitor and try to enhance. We are ISO 9001:2008 registered, and with this system it promises that we provide quality, accountability, and transparency through our enhanced planning, our policies, procedures, and processes, along with appropriate documentation and resources.

In my particular department, financial advisory services, we are available to help provide our member first nations management or leadership in administration by delivering governance and financial advisory services. These services provided include working with the band, finance and program managers, and various administrative staff, and we try to address their financial needs, personnel management needs, governance needs, and to assist where we can in capacity development. We assist them with policy development, financial planning, and try to give them the support we can for the preparation of funding proposals for different community-driven initiatives not of our own.

We maintain a collection of resources, and we continually update them, on governance, management, documentation, template codes, policies, procedures, work instructions, and basically information on best practices.

Our current status right now is that five of our first nations are remote communities. They are accessible only by air or by a continually unreliable winter-road seasonal network. Six out of our nine communities are currently under default management. In previous testimony that I've read it's been said to this committee many times what the reasons are, the factors, and my colleagues here mentioned as well why this has occurred. They are remoteness, lack of own source funding, lack of capacity and its development, the reporting burdens, lack of financial literacy, and of course overall, woefully inadequate funding. The list can go on and on.

Communities that fall under default management are faced with a heavy burden and that includes the additional costs of an RAA or a third party manager, and that stretches out what's already a thin band of support funding. Our particular communities of Matawa surround an area commonly referred to as the "Ring of Fire". It's been described as one of the most promising mineral development opportunities in Ontario in almost a century. The estimates have suggested that within this area lie a multi-generational potential for chromite production, as well as significant production of nickel, copper, platinum, and other precious metals.

Faced with such enormous potential development with figures in the billions, it's clear that our communities need to have the capacity to move forward to be able to deal with this, if we are to have an active role in proceeding. We lack the expertise and are insufficiently funded to get it. Until then our communities will continue to engage both the province and federal government for solid commitments and adequate funding to see our nations become prosperous.

As a tribal council, as mentioned we have also seen our funding cut. In 2014 the previous federal government changed its policy surrounding first nations tribal councils funding and cut core funding to services being provided to the communities such as financial advisory services, in the thinking that other national organizations would be there to fill in the gap such as AFOA, or FNFMB. In our region, although attempts were made, that has never really materialized and the void is still there.

● (0900)

It's our organization's position that tribal councils have always been underfunded, right from the start. We have always argued that as tribal councils, we were doing the work of three to four

bureaucrats for every one tribal council staff member that INAC had before this program even began.

The current system has been a failure. First nations across Canada are spread out over large geographic territories. Many are remote, and this is not adequately addressed in the current funding model. Five out of our nine communities are remote. Return airfare costs range from \$420 return to fly to our closest community to over \$1,200 to fly to our farthest. It's inconceivable that we are expected to deliver proper services equally to our members when faced with the costs of travel in the north. The formula does not work for tribal councils such as ours.

We feel that member tribal councils should be directly involved and properly resourced to provide training right at the community level. This will require adequate resourcing for both tribal councils and first nations. The current tribal council funding program was created over 35 years ago. Federal programs typically undergo program review every five years. Despite a major review of the program in 2002-04, the tribal council funding has not undergone any significant modifications since 1986, with the exception of the significant cuts in 2014-15.

It's our belief that a new review should be conducted, taking into account the modern challenges and complexities that face tribal councils across Canada. It should not be an INAC-led, top-down approach, but should be in collaboration with existing institutions, tribal councils, and at the grassroots level, hearing from the communities themselves.

Thank you, Madam Chair, for your time.

● (0905)

The Chair: Thank you.

Thank you very much for your insightful words and the description of your communities.

We'll open up the session to questions from the members of Parliament. The first round goes to MP Michael McLeod.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Madam Chair.

Thank you to the presenters. I come from the Northwest Territories, and I work a lot with the band councils. Even to this day, as an MP, I have a lot of discussions with the aboriginal population in my riding. I was very happy to hear your presentations. At the same time, I can relate to your situation. Almost every band council in my riding is in a deficit situation, unless they're in a land claims...have settled land claims and self-government.

I certainly agree that the funding was insufficient right from the start. I worked as a band manager way back. At that time there were two pots of money, one for core funding and one for the band manager. When we'd get together, it was a standing joke that our salaries were more than the core funding. Over the years I watched the funding cuts happen, and they pretty much brought any council business or activities to a standstill. They were barely able to keep the lights on. I met with one of our chiefs yesterday. He talked about one of our band councils being \$750,000 in deficit, with just no way out. It's a similar situation to almost every other band council in the north.

I want to poke at this a little bit, at the root cause. We talked about insufficient funding, but maybe that was the case all the way through. We didn't have tribal councils in deficit situations, even though when we first started the funding was insufficient. What are maybe some of the causes of that? Is it maybe because of financial administration? Could it be that we don't have the resources within our funding to properly manage and report, with the large amount of reporting that's required? As well, Chief Dumas talked a little bit about the inability to participate in economic development.

Perhaps I could get you to expand on some of these issues, starting with Mr. Yesno.

Mr. Andrew Yesno: Like you mentioned, from the beginning the funding has been inadequate, but the burden that is put on our communities, our tribal councils, has increased and grown. The world has evolved, and we've had to go along with it, but staying with the same small pot of money, we are expected to do more with less.

Thinking back to when I was a band manager, asking INAC for assistance was so complex and we had so few employees. We asked if they would be able to transfer funds directly to education rather than flow through the band. They said, "We're not your accountant. You do that". I said, "You've cut our funding. We don't have the capacity to do that on top of everything else you're asking us to do". The response was, "Well, there are cuts everywhere". Basically, they said to suck it up. That kind of attitude just doesn't go well. We need to be able to work together from both sides.

The amount the funding has increased is just minuscule compared to what the needs are and what salaries are. We want to hire competent staff. We want to have CAs and a CFO to be able to have confidence that we can do the work and the reporting that's needed.

We have CMHC these days. We have first nations and Inuit health. There's education funding. There's provincial funding transfer payments. It just goes on and on, and we have the same small band staff.

Mr. Michael McLeod: We'll move on.

Mr. Dumas.

Chief Arlen Dumas: I'd like to reiterate a couple of my other statements. It's a fact that we are chronically underfunded. As I said earlier, in 1980 our population was just 1,000 people. Now we have 3,500 and the same annual budget to administer all of our programs in the community. Our social program alone has a budget of \$6 million a year. We're permitted one and a half people to administer a \$6-million budget. If you were to take a look at a different

organization that had a \$6-million annual budget to operate, you'd be surprised to see how many finance people it would take to efficiently manage that amount of money.

It seems that all of these initiatives come from a wrong-minded approach, and the reality is that we're underfunded and understaffed.

• (0910)

Mr. Michael McLeod: We're running out of time, so I just want to quickly move into—you're here now—what you would recommend the government do to change this.

Chief Arlen Dumas: Get rid of this policy and give people—

Mr. Michael McLeod: Which policy?

Chief Arlen Dumas: The intervention policy. Also give people adequate funding to administer what it is we need to do. Cease with the lack of transparency talk. Cease with the mismanagement talk and come to the truth of the matter. If everybody had had full disclosure back in 1982 when communities started negotiating education agreements and health agreements and the federal government at the time had said, "Okay, this is what it's going to cost you to operate, and this is what we're going to give you", we'd all be in a far better place. We would have invested in our economies. We would have participated in the surrounding economies, like we're displaying today. But instead of doing that, people said, "Well, if you can't manage your funds, then you're unable to do it", but nothing could be further from the truth.

The fact is that there have been co-managers and intervention for the last decade, and we've had these alleged experts managing our affairs for the last decade, and we're still not any better. This is a testament to the fact that it's a wrong-minded approach, and it won't work. Only we know what needs to be done, so we may as well be allowed to do that.

The Chair: You have 20 seconds.

Mr. Michael McLeod: One of you could perhaps give us your recommendations.

Mr. Andrew Yesno: I'd echo exactly what Chief Dumas said, but I'd also say that you need to do a thorough review of tribal council funding and the way that is set up. It hasn't been done. There have been reports and recommendations made over the last 30 years on how to change it, but no modifications. None of them have been adopted. We have to take a fresh, new look at it.

The Chair: Thank you.

Questioning now goes to MP Viersen.

Mr. Arnold Viersen (Peace River—Westlock, CPC): Thank you, Madam Chair, and thank you to our guests for being here today. This is an important topic.

At the last meeting, I said that it seems as though, if you trip the wire of entering into the first levels of default prevention management, you begin the long process of circling the drain to ending up in third party management and you therefore never even get out of it. The last witness we had here talked about their tax bill. It started out at \$214,000, and because the third party managers never paid it, it's now nearing \$1 million. Because they don't control it, they can't even pay that tax bill if they want to, so there are definite problems here.

Would you propose a solution? Default management is in every government ministry. I know back home there is a county near my riding where the Ministry of Municipal Affairs stepped in and removed the entire county council and then starting managing that particular county because there were significant issues there. The basic policy is that if money is not being managed or if services are not being provided, those kinds of things, that is essentially a tripwire for any level of government.

Now you're saying that you don't have enough funding, and that definitely could be the case, or in your case, with one and a half people to manage \$6 million, it could definitely be.

Would you agree with me that there should be some sort of accountability structure? I'll go back one step further to something I call the golden rule. The golden rule typically means to treat others as you would like to be treated. However, I like to say the golden rule is that he who holds the gold rules, essentially. When that happens, the person holding the gold is going to say, we're not appreciative of the way this is being managed and we're going to pull it back and put in a different method. That's what's happening here.

What would be your solution? The rules are always there for the anomaly, right? When everything is going well, everything is going well. When you enter into default management, you begin the long process of circling the drain.

What would you propose? We all have to admit that, at some point, if somebody is being fraudulent or something such as that, we have to take care of that. We need to take care of that. We're not saying that's always the case, but if that is the case, we need to be able to take care of the fraud that's happening there. One of the tripwires is that the auditor has flagged concerns about the financial statements, right? That could be flagged because he suspects that there is fraud. Rather than putting you into default management, what would your solution be to say, we suspect fraud in this particular area, so how do we bring that to light and find out where that fraud is taking place?

That rule is now happening and we have a whole bunch of communities falling into default management, not for fraud but for another thing. However, we still need a rule to deal with fraud.

• (0915)

Chief Arlen Dumas: I'm not sure what your question is, but I would like to answer it because you triggered a statement that I'd like to respond to.

Fraud is a very specific thing and I would encourage anybody who discovers fraud to persecute that person to the fullest extent of the law. However, the reality of the issue is that from a first nations perspective we have to audit ourselves. We have to report ourselves many times over, and if you're going to compare apples, you may as

well compare apples, not oranges. Municipalities and provincial budgets are far different from ours, right? If we're going to compare things, we need to compare them to the truth of that, to that extent.

In my opinion, fraud is fraud and that should be prosecuted.

Mr. Arnold Viersen: I apologize if I triggered something. That's not the intent here.

What I'm getting to is that we need a policy of some sort. What sort of policy would you design?

We're going to hear from Charmaine Stick right after you guys. Maybe it's even a local band member who says, "Hey, something is going on and we want some resolution here", or "Education services are being provided in this community and are not living up to the standard". If somebody wants to change something, often in most communities there isn't an alternative. There isn't a second school that you can send your kids to. There's one school. What would be your alternative to default management?

One alternative that I would think of is a voucher system. If people are saying that this wire has been tripped, rather than putting the money into the band council or into third party management, can we put it directly in the hands of the people in your nation?

Have you thought at all about what would be the alternative?

The Chair: We only have time for a short response of one minute. Go ahead.

Grand Chief Nelson Genaille: It's a historical treaty answer to the question. As I mentioned before, my grandfather entered the treaties, right? When we did that, we put the onus on Canada and on Her Majesty to look after the best interests of our resources. When you look at default management, I look at who we vested our interest to: the Queen and with Canada. When I look at the big deficit of Canada, you inherit that deficit. It seems like you're not able to support and accommodate our growth and interests.

As a community, I'm an Indian Act chief. My audits are all good, excellent audits, but I don't get the recognition to say that I'm doing a good job. It comes down to the fact that I have been there for a long, long time. Section 74 does that. It strips you away to do that. A person who is certified to be an account manager becomes chief, then two years later, they're gone. He was a good Indian Act chief, but in the best interests of 74, he got removed.

When you look at better management services, I have a business in an urban setting. It's a business and I make a lot of money from that business. I don't see anybody coming back to me and saying to the town of Swan River, we're providing back and we're giving back. I don't see that happening. When I see a community defaulting and a co-manager taking over the interests of that band, they're not going to get out of it. You're going to sink deeper and deeper in that hole.

• (0920)

Mr. Arnold Viersen: Yes. We've established that—

The Chair: We're over time. Sorry.

An hon. member: You do not get to respond unless the Chair—

The Chair: Maybe we need a conversation about parliamentary rule reform.

Some hon. members: Oh, oh!

The Chair: Okay. I'm sorry I opened that.

MP Romeo, save us.

Mr. Romeo Saganash (Abitibi—Baie-James—Nunavik—Eeyou, NDP): *Meegwetch*, Madam Chair.

[Member speaks in Cree]

[English]

Since we started the study, because there was a lot of talk about chronic underfunding throughout the country in indigenous communities, and given the population growth of the indigenous population, and given the fact of the snail's pace of the “increases” in funding for communities, I get the impression that we'll be getting more and more of this third party management in the communities. That's a side comment.

The purpose of the study is to improve this policy. I don't know if we can improve something that is, from the outset, undesirable for many indigenous communities, but if that is possible, we'll see. Nevertheless, one of the things that escapes me is the fact that, even if we get the communities out of the third party management, they're still under this archaic Indian Act. Is that a challenge in itself to remain under the Indian Act or does this improvement also require a change in the government system of the communities?

We had the Algonquins of Barriere Lake here on Tuesday and they'd prefer article 3 of the UN Declaration on the Rights of Indigenous Peoples as a form of governance. I'd like any or all of you to comment on that.

Chief Arlen Dumas: I believe there needs to be a complete overhaul of the system and that as a nation we need to come to terms with the fact that we need to find a new way forward. However, whatever that path becomes, we'll have to have a meaningful contribution from the indigenous governance in our country. They need to recognize that, and how we're going to move forward.

Unfortunately, I don't think we would be able to completely remove ourselves from the Indian Act yet, because of the paradigms that exist. Unfortunately, that seems to be our only caveat in influencing how this nation moves forward. I think that part of the conversation that needs to change is not to discuss fraud, but talk about the reality of the fact that my community could only fund 20

people to go to post-secondary school in 1980, but now I have 150 people who want to go to post-secondary school, and I can only pick 20.

Of course, the government of the day perpetuates this false narrative of our inability to manage ourselves and creates opportunities for disgruntled people to have media attention and criticize their governments. That's not the path forward, so I think we need to figure out new ways of moving forward in a meaningful way, in a transparent way, by all means. We would all be better served by it.

Grand Chief Nelson Genaille: I look at this funding model that's given to us based on membership. It just doesn't work. It's always going to be subject to failure. I look at my territory as an example. If I could get every taxpayer in my territory to pay me directly, I'd be happy, but it doesn't come to me, it goes to Canada. If I have a student coming out of my territory going to a town, INAC pays \$13,500 for my student. For the same student to stay in my school, I'm funded \$4,500. That's a big discrepancy in funding; it's subject to failure. How am I supposed to educate my children properly when I'm not given that status? Operation and maintenance, housing-wise, it's the same thing. There's a backlog of 275 houses in my community. People want to live in the community.

I have to go outside and do my external economic activity, which I have to fight for just to get a licence to operate. I shouldn't be having that fight. If I'm able to do business, allow me to do business. I have a proponent called Manitoba Hydro coming through my territory selling resources to the States, neighbouring communities, and provinces, I don't get anything out of that. When I look at the treaties, I'm supposed to be benefiting from the resources. As I said, in my community we're doing an excellent job balancing budgets. I'm a good Indian Act chief. It's not a compliment to say, “We'll increase your budget to help satisfy your underfunded areas”.

• (0925)

Mr. Andrew Yesno: Quickly, I have a lot going through my head at the moment, but I'm thinking back. I had to leave my community at the age of six. I was moved out to Thunder Bay. My parents wanted me to get a better education, and I grew up there and went through high school. They bought a house, they paid their taxes and supported me through college and university. Every year I'd go back for a spring hunt, for a fall hunt, trapping, setting nets in the winter, and I never forgot that part. I still do it to this day, and I'm going there in a couple of weeks. The thing is, not everyone has the means to do that. As you were saying, it's a broken system. It was meant to keep us where we are today. It was meant to fail. It has to change.

The Chair: Questions now move to MP Rusnak.

Mr. Don Rusnak (Thunder Bay—Rainy River, Lib.): I sit here frustrated a lot of the time. Just saying “chronic underfunding”.... I've said this before and I got in trouble for it, but I don't think that, when I get in trouble for it, people understand what I'm saying, that we've become beggars in our own land. That's not what the treaties were designed to do.

I liked what the grand chief said about Manitoba Hydro going through the traditional territory, or the people living in our traditional territories, and about reimagining how we get the resources to do what we need in our communities. I think that's the answer, but it may not be the answer for all communities.

I guess my first question is, do we add more money to a broken system? That's exactly what this Indian Act system is, a broken system. How do we get out of the system? That's a huge question, so I don't know who wants to start.

I'll ask Andrew Yesno first.

Mr. Andrew Yesno: You mentioned that it's a broken system. It has been underfunded. If you throw more money into the pot, it's just going to continue. Are we going to keep it growing?

We have one first nation that is not in default prevention, but one of the comments they made to me was, "If you were to throw another program or a large project at us, we don't have the capacity to handle it, and it may be the project that sinks us." Even though they don't happen to be under co-management or a third party, they're treading water right now just to stay out of it. They are a road-access community. They do send people for training; oftentimes they don't return. They'd rather stay in the city. They have to look after themselves as well.

Yes, I think a bridge needs to be created to go from being under the Indian Act to creating something new, an entirely new structure. That's going to take a lot of work that we can't do just sitting around talking here.

● (0930)

Mr. Don Rusnak: One of the things Romeo and I have talked about is the increase in funding. This government has increased funding by 27% over any other government. I call it an investment in our first nations communities, but it's not incumbent on the government to tell first nations how they are going to spend it. That's what has been done for far too long. Programs are being developed in Ottawa and then everyone has to fight for what dollars are out there.

How do we, as indigenous communities, develop a system, a path forward? I know it's not going to be a pan-aboriginal approach. I know that northern Manitoba has a lot in common with northwestern Ontario, but not a lot in common with southern B.C. or the Inuit, so there need to be different solutions in different parts of the country. How do we get there? How do we start?

Chief Arlen Dumas: This is what I think needs to happen. We actually have to have a fulsome discussion, and we have to have a proper understanding of the things that we are discussing. We can say that the system is broken, but maybe it's not. The system is chronically underfunded.

As I said, the Mathias Colomb Cree Nation are survivors of this paradigm. However, it's because of a combination of our own source revenue and because of our entrepreneurial spirit that we were able to get ourselves out of co-management. However, other communities are still punitive, and in fact, it still affects us negatively because, to this day, I'm still paying for the sins of the past, of co-managers. We mentioned earlier about these triggers. We have to keep in mind, "What does that mean?"

When you change auditing firms, one auditor doesn't agree with the other auditor's number, so he's going to give you a qualified opinion. It doesn't mean anything about how you're actually operating. It doesn't mean anything about whether you're under or over budget. It's a matter of two different professionals having a disagreement of opinion, so they're going to give you a qualified opinion and the Department of Indian Affairs is going to say, "Well, you're in intervention then." It has nothing to do with the communities. The system overall needs to be assessed and looked at.

The Department of Indian Affairs gets \$8.5 billion annually. If you broke that up and gave us our money, I'd get \$350,000 every year, but because of the bureaucracy and because of all these things that exist, as an individual, as a beneficiary to that budget, I think I get maybe 50¢. If we're going to talk about the system, then let's talk about the system. Where are the real fractures? Where is the real breakdown in the system that needs to be examined? It's not our fault. The communities are always blamed, "Oh, they don't have capacity." We have capacity; just let me enhance it. I have all the capacity in the world. Never before have I had more educated people in my band membership. Just unshackle the chains so we can look after ourselves.

I hope I'm answering your question. We truly need to have the proper discussion in the proper way.

Mr. Don Rusnak: Obviously, you're talking about the department and that's another discussion. Negotiation with the government—and I have had this conversation over and over again with both....

I'm probably going to run out of time here.

The Chair: You have 16 seconds.

Mr. Don Rusnak: I'll continue at another time.

The Chair: But don't give up, MP Rusnak. Don't give up.

MP Viersen.

● (0935)

Mr. Arnold Viersen: Thank you, Madam Chair.

I would like to point out right at the outset that this motion that we're discussing today, that we're questioning, was brought forward by the Liberals to discuss this policy and how we change this policy. When my questions are kind of pointed, I want to talk about this policy. We can talk about the funding and everything that leads to this, for sure, but this isn't what I wanted to talk about at all. I voted against talking about this motion. I want to talk about what I think are much more important things than default management. It seems like a fairly niche issue that a lot of bands are in, but the fact that they get into it isn't because of the policy itself; it's because of a whole bunch of other things. I want the success of first nations as much as anybody.

We're here today to talk about the default management and to perhaps propose alternatives to it. That's what we need to be discussing. I'd like to start out by addressing a comment made by the grand chief about balanced budgets.

You have to balance your budget. The Government of Canada doesn't have to balance a budget, so perhaps we should put the Government of Canada in default management. I will be totally—

Chief Arlen Dumas: I'll second that motion.

Voices: Oh, oh!

Mr. Arnold Viersen: Although I don't want to start circling the drain. I've seen what happens when first nations are in....

When the other chief talks about the sins of the past and having to deal with that, that's exactly what we're going to be dealing with. Our children and grandchildren are going to be saddled with this debt so we can live high on the hog today, and they can pay for it later. I totally understand where you're coming from on that. I rant about that all the time. I will second your motion that we should put the government under default management indefinitely.

Beyond that, to get back to my line of questioning earlier, the money has to be accounted for in some way. There are these tripwires that are there. If these tripwires were to stay the same as they are.... I see there are big advantages in trying to reduce the reporting load that is placed on the bands. To me, it seems you are the most audited and reported folks in this country. There's no doubt about that. We could talk about those things, but that's not what the motion is about today. The motion is about the third party management policy and how we change that.

Do you have unique solutions?

I know that in the past study on suicide, we heard that pretty much everybody in every community is on Facebook. There might be avenues to communicate through Facebook. I know that every first nation person has an ID card with a bar code on it. There might be abilities to transfer the funds right to their ID card.

Have you thought of that at all in terms of, if you trip one of these wires, what can we change to get...? Rather than bringing in a third party manager, what other things could we do?

Grand Chief Nelson Genaille: This is the question that.... Auditing firms, companies, they help and assist with reporting requirements with agencies, funders. They're the demise of their own operation.

Basically, if they put me in third party management, it's giving themselves a job to do that. That's basically what it is. The funding we get is grant funding to look after our people. We're trying to explain to you that we're being underfunded.

Mr. Arnold Viersen: Then you go in third party management and you lose another 10%.

Grand Chief Nelson Genaille: Lose another 10% and then you're still caught in that system. Give me economic dollars to operate my own business. Currently in O and M, I'm funding myself for the operation and maintenance of my homes. Same thing with education. I had the luxury of providing sponsorship to people who want to go out and get educated. I have to do it from my own source funding. When do I get my money back from the Government of Canada for underfunding me? That's the same question I had for Minister Bennett.

For six years my business was waiting for operation. Six times six, that's \$36 million I lost. When do I get that back? In regard to default management, it's the reporting requirements. You have to jump through hoops and open the doors. By the time you're done opening the door, it's fiscal year-end basically.

● (0940)

The Chair: Next—

Mr. Arnold Viersen: You're hard on me here.

The Chair: I think I'm equally hard on everyone.

MP Anandasangaree.

Mr. Gary Anandasangaree (Scarborough—Rouge Park, Lib.): Thank you.

Welcome this morning.

Mr. Yesno, you indicated that six out of nine communities that you serve are under default management. Can you indicate to us some of the challenges that these particular communities face now and the challenges of getting out of third party management?

Mr. Andrew Yesno: Four out of those six are remote first nations. They have no access to outsource outside resources, outside funding, other than what comes in through INAC or from the province, and that's all basically just piecemeal.

The other two are road-access communities, which are near larger communities that are off-reserve. They don't have access to collecting taxes, or the ability to create economic development.

Three of our communities right now are involved in a pilot project, which is funded by INAC under the strategic partnerships initiative. One of them, Neskantaga, has been under co-management for nearly 16 years now. In the past year, starting in June with this pilot project, we took a new approach in that the department, along with ourselves at the tribal council and along with community leadership, formed a working group that met regularly to try to determine what was the best way to get them out of it.

The system hasn't worked. It's been 16 years of paying MNP and their predecessors a quarter of a million dollars a year of their band support funding. How are you supposed to get out of it? It's like you mentioned. It's going around in a circle down the drain.

Sixteen years is a long time, and the leadership has said it has to stop. We have to change as well, and it's going to take both sides. That's why we came together. In that time, they've hired a new band manager. They have adopted new financial policies, a new HR policy, a new organizational structure. They've met with their community continuously. They developed a new management action plan, and they have been de-escalated, and now they are managing themselves. We did that in less than a year.

It is because of this funding. It's given us the flexibility, and that's what we need. You can't just say, okay, this is your education pot. This is your health pot. This is your band support funding pot, and you cannot mix, otherwise, you fall into default. Getting this sum of money has given us that flexibility to know where we can direct it. What we have accomplished in less than a year is pretty amazing, after 16 years of being in default.

We're just starting our second community, Marten Falls First Nation. Our third will be Webequie, and we're hoping to repeat that success. If this model works, why can't it be applied all across the country?

Mr. Gary Anandasangaree: You're suggesting that rather than putting communities into default management there's a proactive approach to bring all the parties together and provide additional resources in the interim. Is that what you're suggesting?

Mr. Andrew Yesno: Absolutely, and I think if there's willingness on the community's part to also support that from the leadership and from a strong administration, we've proven it can be done.

Mr. Gary Anandasangaree: We've heard a fair bit about the limitations of accessing additional funding when an organization is under default management. For example, CMHC for housing, and so on.

Grand Chief, you had indicated there were 265 housing units that your community needs.

Grand Chief Nelson Genaille: I'll give you an example of the ministerial order guarantee. If I was in default management I wouldn't be eligible for CMHC. I wouldn't even be considered. That's a downfall.

If I was to be given a rent regime in my community, and I have 235 houses.... CMHC is giving that money to communities to run and operate. If I was to be given that formula and a rent regime to seek that, I would get extra revenue to do that. I would be operating my own housing. However, I'm not at liberty, and I'm not given that.

• (0945)

Mr. Gary Anandasangaree: During the time you were under default management, what's the loss in infrastructure to your community?

Just in houses, as an example. How many houses should we have built?

Grand Chief Nelson Genaille: I have 1,200 members living in my community, and we have 230 houses. That's how many people are living in those houses. All you have to do is do the math on that.

The Chair: Time is so short, sorry.

This is a system that is very difficult to have a conversation about and move it beyond, but given the structure that we have you did a fine job representing the serious issues that you presented. We want to thank you for your co-operation. That ends our session.

Grand Chief.

Grand Chief Nelson Genaille: I have a final comment. Back when treaties were signed, my members were given five dollars apiece. What was the math at that time, when I was able to afford

something, to today's date, 2017? Give me that interest. Up that five dollars to that amount.

The Chair: To a cost of living....

Mike.

Mr. Mike Bossio (Hastings—Lennox and Addington, Lib.): Chair, some really valuable information has been shared here today, and I would really encourage you to submit a brief as well, because a lot of the stuff couldn't be captured. If you could do that so we could have that as part of our witness testimony, that would be very much appreciated.

Chief Arlen Dumas: Let's get rid of this archaic concept and build a true nation-to-nation relationship, and we'll all be better.

The Chair: Hear, hear!

You have sympathetic ears here.

Thank you so much for coming out. Safe travels. *Meegwetch.*

Chief Arlen Dumas: Thank you. *Ekosi.*

The Chair: We're going to suspend for a few minutes, and our other presenters will come forward. We also have a couple of pieces of committee business we'll try to wrap up at the end.

• (0945)

_____ (Pause) _____

• (0950)

The Chair: We want to hear from each group. We have three people representing three distinct organizations. We want to move on, and we need to save five minutes for committee business at the end of today.

Pursuant to Standing Order 108(2) and the motion adopted on February 21, 2017, the committee resumes its study of default prevention and management policy.

We have three witnesses. Dawn Madahbee Leach is from the National Aboriginal Economic Development Board. Terry Good-track is from AFOA, and Charmaine Stick is presenting as an individual. Each presenter will have 10 minutes to present.

I'm going to suggest that we start with you, Dawn, please.

Ms. Dawn Madahbee Leach (Interim Chair, National Aboriginal Economic Development Board): Good morning, everyone. Thank you for the invitation to speak here today. I'd like to introduce myself. My name is Dawn Madahbee Leach, and I am the interim chair of the National Aboriginal Economic Development Board. I am from the Aundeck Omni Kaning First Nation on Manitoulin Island, and for nearly 30 years now, I've been the general manager of the Waubetek Business Development Corporation.

I'd like to acknowledge that we are gathered on the traditional territory of the Algonquin and Anishinaabe peoples.

As you may know, the National Aboriginal Economic Development Board is an advisory board made up of first nations, Inuit, and Métis business and community leaders from across Canada. The board was formed in 1990, and members are appointed by orders in council. The board has a mandate to provide strategic policy advice to government on how to best promote indigenous economic development and how to respond to the unique needs and circumstances of indigenous people in Canada. I am happy to be here today to share the board's thoughts on default management and prevention policy.

Though we may not know all the process details of this policy specifically, my board colleagues and I have seen first-hand how third party managers or management impacts our communities. I also want to add that I reviewed some of the previous presentations to your committee, and the presenters have eloquently explained the root causes of this default issue and provided some great recommendations.

I am sure we have all by now memorized the Prime Minister's much-quoted commitment, "No relationship is more important to me and to Canada than the one with Indigenous Peoples. It is time for a renewed, nation-to-nation relationship with Indigenous Peoples, based on recognition of rights, respect, co-operation, and partnership."

In January of this year, our board released its statement on the United Nations Declaration on the Rights of Indigenous Peoples. This document sets out a standard to be achieved in the spirit of partnership and mutual respect that marks Canada's stated commitment to reconciliation. The declaration describes 46 articles by which the international community and Canada as a signatory can work to achieve indigenous socio-economic equality and end the systemic racism that has limited the development of indigenous and non-indigenous peoples for far too long.

Among the articles and of particular interest to the national board is article 3 that states, "Indigenous peoples have the right to self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development." Indigenous self-determination is foundational to the national board's vision of vibrant indigenous economies that are characterized by economic self-sufficiency and socio-economic equality with the the rest of Canada.

It is the view of the board that a nation-to-nation relationship is only possible where indigenous people reassert jurisdiction over their lands, resources, and people. The existing default management prevention policy is an anathema to our vision. This regressive, designed-to-fail policy must be eliminated and replaced by practices that actually result in improving outcomes for first nation communities.

In February, the national board hosted the first of a series of conferences on reconciliation and economic development. Minister Jody Wilson-Raybould spoke at the event and shared with us the words of the late Nelson Mandela who said, to paraphrase, beyond the necessary healing and truth telling, reconciliation actually requires laws to change and policies to be rewritten.

That's why I'm here today to tell you that this policy of default management needs to be rewritten. It doesn't work. In fact, it hurts the communities it's supposed to help because it increases financial hardship on reserves and does nothing to build financial capacity or financial literacy.

One of the published objectives of the policy is to support community capacity development so that communities continue to increase their ability to self-manage and prevent default and default recurrence.

● (0955)

The on-the-ground reality is much different. First, third party managers are appointed with no requirement or incentive to support a community's ability to self-manage. In fact, a perverse incentive exists for third party managers to keep a long-term contract going. Third party management is an opaque process that can sometimes go on for decades, but leaves first nations with no more capacity at the end of the process than they had at the beginning. This has actually become an industry unto itself, and is exactly why approximately 25% of our first nations are still currently undergoing some form of the default management process.

Second, first nations are required to pay for a recipient-appointed adviser or third party manager from their band support funding envelope. Reallocating needed resources for third party managers only increases the financial hardship of the community, further limiting revenue-generating opportunities. The lack of dedicated funding to assist in default management results in exactly the opposite of what capacity building and support means, and works at complete cross-purposes from what the policy intends.

As mentioned—and I know you have heard from my colleagues at the First Nations Financial Management Board—there is a new audit and evaluation of the policy coming out soon, which will give you many more specific reasons why the policy doesn't work. I want to spend my time proposing a few solutions.

First of all, the default management process should be run by first nations institutions. These institutions, including the First Nations Financial Management Board and AFOA, have the mandate to do the work and a commitment to building the capacity, financial management skills, and self-determination of indigenous peoples that is lacking in the current approach. I also want to mention that the First Nations Market Housing Fund also provides an element of capacity building to establish policies and processes.

Third party managers should be first nations individuals who are trained and certified to do the work, and accountable to the community. The First Nations Financial Management Board can undertake the education of these people, provide the oversight to ensure that the work is done in a reasonable time frame, and ensure that knowledge remains in the community. We have our own institutions, and they should be supported in doing the work to help our people. I think that if there is a new industry that exists, at least our people could be part of it in delivering the service.

Second, there needs to be an increased emphasis placed on financial literacy and financial management capacity. In some remote indigenous communities, there are no banking services and poor Internet connectivity, which means that people have literally no exposure or opportunity to learn even simple things like how to read a financial statement. There is a lot of talk about the need for indigenous education and training, and financial literacy and management must be part of that conversation.

Again, our first nations institutions should be supported to help. They are already doing some of the work, but they could be doing more. For example, AFOA Canada is a non-profit organization dedicated to enhancing indigenous finance management practices and skills, and you'll hear more about this with the next speaker. The excellent work of this organization and other indigenous financial institutions like it should be strengthened and used to their full measure.

My third recommendation is to increase the financial management component of the comprehensive community planning process that is part of INAC's partnership approach to community development. These plans have been proven to build capacity and contribute to community resilience, but there needs to be an emphasis on financial management as part of this process. It will go a long way towards building the financial literacy and capacity that is needed.

Finally, I would like to draw your attention to an approach to first nation community financial review by the Ulnooweg Development Group. They work at training the chiefs and councils to better use and understand their community financial information. It is so key to train the chiefs and councils. They prepare a reliable set of standardized and streamlined multi-year financial data. They put it in charts and explain it, so the communities know how much they can lend and what kind of financial commitments they can make. The objective of the process is not to turn chiefs into financial experts, but to build their financial capacity.

•(1000)

I just want to summarize by saying that moving forward in the spirit of reconciliation, rewriting laws and policies means making sure that we are always working together to make sure that policies are not punitive or regressive—

The Chair: Thank you.

Ms. Dawn Madahbee Leach: —but that they are modern and innovative.

Thank you.

The Chair: I'm sorry. The committee has certain timelines and we do want to hear from everyone.

We are moving on to our second witness, and that is Terry Goodtrack.

Mr. Terry Goodtrack (President and Chief Executive Officer, AFOA Canada): Good morning, *kola*. Hello, friends.

I would like to recognize that we are on the unceded territory of the Algonquin Anishinaabe people. Thank you for inviting me to speak today on the federal government's default management and prevention policy. My name is Terry Goodtrack. I'm a member of the

Wood Mountain Lakota First Nation in Saskatchewan. I'm the president and chief executive officer of AFOA Canada.

Today I would like to focus my comments on three areas: one, who we are at AFOA Canada; two, current initiatives that we're undergoing at AFOA Canada; and three, AFOA Canada member input into the default prevention and management policy.

AFOA Canada was founded in 1999. We're a national, not-for-profit, non-political organization with nine chapters across the country. We are a membership-driven organization. We have 1,508 members. AFOA Canada exists because years ago aboriginal people recognized the need for certification and training programs for financial managers, aboriginal administrators, and elected leaders. Over the past 18 years, we have created numerous products built around the pillars of effective financial management, good governance, leadership, and wealth management.

AFOA Canada is proactive. We look at the big picture and the long term. We focus our work of education, research, training, and certification on forging a community of financial and management professionals. AFOA Canada has two professional certification programs, which are recognized and respected in the fields of finance and management. The certified aboriginal financial manager certification, or CAFM, for short, identifies the holder as a highly qualified professional, up to date on the latest and best financial management practices. We align and create a pathway for our certified members toward a chartered professional accountant designation with CPA Canada. We have 596 CAFMs across this country.

Our second designation is the certified aboriginal professional administrator designation, or CAPA, for short. The focus of this certification is first nation senior administrators, CEOs and chief operating officers of indigenous communities, and their successors. We've created a pathway from our CAPA designation to university undergraduate and graduate programs. We have 51 CAPAs across this country. Shortly, we will be embarking upon an elected leader certification program.

Turning to our current initiatives, to maintain these certifications, our CAFMs, our CAPAs, and soon our elected leaders certification, AFOA Canada has a number of capacity-building workshops. Last year, AFOA Canada and its chapters trained over 2,000 people. For example, we have workshops in financial management, community governance, strategic planning, performance measurement, human resource management, and developing an effective management action plan for first nations, to name a few.

In the past four years, we have been working on financial literacy projects for community members. This includes a dollars and sense program for youth in elementary, middle, and secondary schools. We've also completed a workshop on retirement planning for aboriginal Canadians. In addition, we have been piloting financial literacy workshops in four Ontario first nation communities, whereby we coach local teams of volunteers to deliver workshops on access to banking, building savings, and taxes and benefits.

We hold an annual conference for our members every year. The theme of our conference this past February was "Aboriginal Economy—Building a Stronger Future", and 1,140 delegates attended. Our next conference is October 2 to 5, 2017, in Vancouver, British Columbia. The theme is, "Building Sustainable Communities by Strengthening International Networks". It's our first inaugural international conference.

Turning to the default prevention and management policy, in August 2016, AFOA Canada was approached by INAC to gather input on the impacts of financial policy and legislation on first nations across Canada. AFOA Canada conducted online surveys. We held focus groups with our members in Halifax, Montreal, Saskatoon, Winnipeg, and Vancouver. At our AFOA Canada annual conference in February, we presented the draft of our report, including the recommendations, and integrated the written and oral feedback into the final version. This report captures the lived experiences of first nations communities as they interact with federal financial policy and legislation.

I'll now provide you an overview of the findings and recommendations specifically as they concern the default management and prevention policy, and I'll start with the general themes. The first theme, obviously, is funding levels, in particular the need for more capacity development funding. AFOA Canada is very involved in this work.

- (1005)

We see financial and management education and certification as vital investments. We need to be proactive, putting more focus on prevention, and not only prevention of default, which I would say is a minimal standard, but also promotion of excellence in financial management. Without these types of investments in capacity building and supports, the cycle of managing poverty rather than prosperity will continue.

We need to set communities up for success and not for failure. If we invest in these communities, it will pay dividends to the Canadian economy in the future, which is something my colleague Dawn speaks about very eloquently.

A second theme is collaboration based upon a nation-to-nation relationship, which, our members assert, should be the main focus of policy and legislative changes. A commitment to working with first nations as governments, for example on fundamental issues of capacity, is simply a recognition that first nations are partners in a shared public purpose. That purpose involves caring for children, promoting healthy communities, educating future generations, and other priorities that matter to Canadians.

The third thing is reciprocal accountability. The focus groups as well as survey comments agree that the role and reach of a third

party manager or recipient adviser should be revised to better serve first nations. We all agree that accountability is important. The principle of reciprocal accountability stresses that the crown should be accountable to first nations just as first nations are held accountable to the crown through their funding agreements. Mutual accountability fosters two-way communication.

Our focus groups told us that INAC must be accountable to first nations if the relation is truly to be nation-to-nation.

In the case of a first nation designated as high risk by INAC, accountability could take the form of an obligation to work with that community so that it may move to a lower risk designation.

Investments in capacity building, collaboration, and reciprocal accountability—these are the three overarching themes.

Turning to our recommendations, the first recommendation focuses on prevention and ensuring that where a community is in default, actual capacity building is delivered to community management. Our members stated that, in communities in default, investments are required to prevent further decline. With today's level of reporting and auditing, we can spot potential defaults through trend analysis. This means we can also address the underlying issues, deficits in specific areas due to management capacity issues, or perhaps even federal policy decisions.

Secondly, our members also stated that there ought to be clear and meaningful metrics by which we can measure and assess the progress of third party managers and recipient advisers. Manager-level mentorships through the period of third party management should be mandatory. There appears to be no incentive for third party management to move a community out of this level of intervention, as Dawn mentioned in her speech.

Thirdly, funds should be allocated to the hiring of qualified, long-term first nation employees or the extensive training of existing staff. These are long-term investments that look far beyond the short-term and mid-term crisis.

Fourthly, in the short term, timelines for third party managers and recipient advisers need to be well defined. We recommend a target of one to five years, depending upon the severity of the default issue. The goal should be to ready the community for financial sustainability at the end of the prescribed time frame. Again, meaningful and concrete metrics should be in place to monitor progress toward this end. In some cases, a recipient adviser has never been in a first nation prior to taking over a community's finances. Focus-group participants noted the lack of collaboration and cultural sensitivity among recipient advisers and third party managers.

Fifthly, our members therefore recommend investments in cultural training for third-party managers. As a matter of principle as well as practicality, we recommend a shift of focus from punitive measures to capacity building, collaboration, and mutual accountability.

When a first nation is flagged and the general assessment is medium-to-high risk, the crown ought to have a positive obligation to provide capacity funding and to work with the first nation to strengthen the financial management processes. This is a proactive, not reactive, measure. A risk assessment helps identify the areas where improvement is possible, even necessary, and where transformative change can begin.

Governing these initiatives, there should be a clear and transparent implementation plan setting out the roles and responsibilities of the partners on the principles of a mutually respectful and mutually accountable nation-to-nation relationship. First nations are your partners in a shared public purpose.

As a CEO in AFOA Canada, I can't overstate the importance of investing now in tomorrow's financial and management professionals.

●(1010)

The Chair: Thank you, Terry.

I am going to ask members to consider putting in an earpiece. Ms. Stick is going to be speaking in Cree. We have a translator who will be available if you need assistance.

Ms. Stick.

Ms. Charmaine Stick (As an Individual) (Interpretation): Hello. I thank you all for inviting me here today. My spirit name is Eagle Fire; Charmaine Stick is my English name. That was the name given to me when I was born. I am thankful to the Creator for allowing us to come and sit together. It's nice that you finally listen to us, not only for all people but for the first nations and the leaders. I'm not speaking on behalf of myself. I'm not only speaking for my reserve but for all people.

At Turtle Island, as it is called, money is being misspent many times. How many days are we given money? You can give us all the money and you can allow the chiefs and leaders to use it in any way, but sometimes it doesn't work that way because there is no financial transparency and accountability. When they brought in the financial act, under the leader, Stephen Harper, it was nice. He was trying to do the best for us.

We would not be sitting here talking, discussing, dialoguing about the money. This emerged and arose from the financial transparency act, and being able to talk about it. We would not be sitting around

here asking questions. We would have known already where these dollars had gone and how they were misused, and it's not only us and the leaders, because you are all leaders as well, even Indian Affairs. That's where money is also misspent. It's not just us.

Sometimes chiefs come and tell you about various issues but some do not tell the truth. As I sit here today to tell you about this event, as you're looking for financial transparency and accountability, I also look for these.

I starved myself for 13 days, while sitting down in my village, in the main area, all the time. The chief always drove by to get to the band office. He never thought anything of my sitting there starving, and didn't even check on me. Finally, he came to check on me, and I talked to him.

"Why are you sitting here?" he asked. I told him it was because there was so much mismanagement on reserve. Dollars were being misspent, and he was hurting his people. With the situation as it was on the reserve, he did not think anything of me. They are playing with us. They are mistreating us and it's because he wants the leadership. He wants to be rich, not for my children, my grandchildren, just for him himself. He wants to be rich.

●(1015)

As I sat there, he finally came to talk to me. He asked me why I was sitting here. What did I want?

I told him to teach us how the money is being spent. We know it's being misspent.

He didn't like it. He was angry, and then he told me again to never mind, to starve myself, but it's for nothing. I wouldn't see anything.

[English]

Then he said to go ahead and starve myself to death.

[Witness speaks in Cree with interpretation, as follows:]

Then he said this to me. I know he doesn't think anything of the people.

[English]

He puts himself above everybody else.

[Witness speaks in Cree with interpretation, as follows:]

He puts himself before the Creator and Mother Earth. He thinks highly of himself and the laws don't apply.

[English]

He doesn't follow any laws.

[Witness speaks in Cree with interpretation, as follows:]

That is, he is making his own laws. That's how a person is affected in a community when you're given money and no rules are applied, not even to be observed. Indian Affairs should be watching to tell him how they are misspending the money.

When I started asking questions, I phoned Indian Affairs. I told them how bad the situation is on our reserve. Money is being misspent. What were they going to do? Didn't they know? They said they knew but they couldn't do anything.

I asked why. I was told because of our chief, Wally Fox. A big government department is scared of one man. Why? You should be watching over us. You have a role and responsibility when you send money to the reserves.

If we were to follow the financial transparency act, we would know already where the money went. We would not be sitting here.

[*English*]

You would have made your own laws, your own rules, regulations...how to fix your mistakes, or how to fix where you guys went wrong, or what was lacking and where.

[*Witness speaks in Cree with interpretation, as follows:*]

But you haven't been doing that for two years already. When they stopped.... The government, Minister Bennett...what are they doing now? Are they working at anything? They have 5,000 employees at Indian Affairs. After two years, still nothing. Why?

I am truly happy to be invited here. I thank you all, even though there is still much to talk about but I am unable to. I cannot speak on this, the time is limited to 10 minutes.

•(1020)

The Chair: *Tansi.*

We're going to have time for about three rounds of questions before we'll have to break.

We're going to open questioning with Mike Bossio.

Mr. Mike Bossio: That was very moving testimony. Thank you for sharing your story with us.

As Don said earlier, this can be such a frustrating exercise. Since the beginning, since I've become part of this committee, more and more I've seen that the treaties we negotiated under the crown were never negotiated with the intent of actually fulfilling them in the first place. This is another case that is evidence of that fact. The more and more we hear from the different organizations....

We find ourselves revisiting the same question every generation. For a generation we've done nothing to assist first nations people. Since the 1980s everything has been virtually frozen, and meanwhile your populations continue to grow. The funding never, ever met the growth of that population and the needs of that population, even though at that time you were already behind the eight ball in trying to deliver services, in trying to deliver a decent living for your communities. Third party management is just another extension of that punitive, abusive practice of a paternalistic governing class.

At the same time, I see so many communities that are rising from these extremely difficult circumstances and showing the rest of the country and other indigenous communities that there are pathways available. Those pathways are community-driven pathways, with community-driven priorities. They seize control of their own destiny, and that's what gets them there. Just under third party management, there's the First Nations Financial Management Board, the First

Nations Tax Commission, the First Nations Finance Authority, AFOA, the Matawa, and even the Swampy Cree Tribal Council, where they're starting to build indigenous solutions.

I don't fault the previous government for wanting to try to find transparency and accountability, but once again, it's a paternalistic way of moving forward with it. I think we have enough evidence now to show that first nations communities can do it if they have the will to do it.

I guess I want to put that to you. Should we blow up third party management, as with so many other things, and focus on finding first nations solutions, not necessarily reserve by reserve but nation by nation? I think we have a generational opportunity to find those solutions.

I'd like to put it to you, Charmaine, Dawn, and Terry. Do you agree that this is really where the solutions need to come from?

•(1025)

The Chair: Do you want to share that question?

Mr. Mike Bossio: Please.

The Chair: We have about three and a half minutes.

Ms. Dawn Madahbee Leach: I'll respond to that.

For sure, I really do believe we have the solutions already. I know you're charged with looking at this policy, but I think if you had the involvement of people like Terry, Harold, Manny, and the whole group there, they could give you some really good ways on how to change that whole process and policy. I think they know it more directly. They're in the field. They work with all of the people. We could easily do the kind of work that needs to be done. It could help address some of the issues of some of the community members.

I've seen in the transcripts already a number of solutions, and they're really great. I think you have a lot to go on already. I think you're starting to get at the root of the issue and understand it. We have already the capacity to develop those solutions, and you have people who can help with this whole process.

Mr. Mike Bossio: Charmaine, I'd really like to get your view on it. I agree with you that in one sense there needs to be financial accountability and transparency, but it needs to be community driven. You're one of those key community members who are shining a light on it and will bring it about. Our government in one sense is saying that we agree with you, but it needs to be the community who drives it forward. Would you agree?

Ms. Charmaine Stick: Yes, I would.

In terms of third party management, I've become aware of a few communities who are under third party management. The only way I can put it in perspective for you so that you're able to understand it is to ask you if you would send a pharmacist to go out and do the job of an oil hauler and expect the pharmacist to know what it is and how to deal with that job. You already know what to expect and what will happen. Nothing will work.

In other words, you need to start looking at communities and finding out who the smart ones are, the ones who can replace all these other people who come in and tell us how to take care of our own business, when we know how to take care of our own business. We know where we're going wrong, but we need somebody from the inside to help us get out of the rut we've been in.

Mr. Mike Bossio: It's better for that to be a first nations organization rather than INAC.

Ms. Charmaine Stick: Yes, because as I said, we know where we're going wrong.

I'm not going to go over there and say that I can do your job better than you can.

Mr. Mike Bossio: You probably could.

Some hon. members: Oh, oh!

Ms. Charmaine Stick: I'm not like you. I don't know what your job is about. You know...?

Mr. Mike Bossio: Once again, given....

I'm sorry, Terry. I would like to invite you to finish that thought.

Mr. Terry Goodtrack: I believe in communities addressing the issues they have. I liken it to my past position. I used to work for the Aboriginal Healing Foundation. One of the successes we had there was that we worked with communities, and the communities did the program design in accordance with what the survivors and the intergenerational people wanted.

We developed a program design, and in the instances where it didn't work, we were able to quickly change and modify it at the healing foundation, and to create a new work plan and new program design with them to ensure that.... I would say that was one of the key reasons the Aboriginal Healing Foundation was very successful in its 15 years. It was an aboriginal institution working with aboriginal communities and the community members.

The Chair: Thank you.

The questioning goes to MP Stubbs.

• (1030)

Mrs. Shannon Stubbs (Lakeland, CPC): Thank you, Madam Chair. It's a pleasure for me to be here to sit in on this committee.

Just so my colleagues understand, I want to thank all three of the witnesses for being here, and I am going to spend my time allowing Charmaine to speak. I represent the area of the Onion Lake community, where she is from, which overlaps into the Alberta side. With respect, and with thanks to you, I will be focusing on letting Charmaine speak more to her perspectives and her stories.

Charmaine, here's what I want to start with. First of all, I think it's important that we all acknowledge that after the financial transparency act was brought into law, the vast majority of first nations communities complied with the common-sense requirements of publishing their financial statements, their leaders' compensation, and their expenses. Those are the parameters under which all of the MPs here operate, as do many other elected representatives at their levels of government. Right across the board, more work can and should be done on financial transparency.

You alluded to having to go to the department multiple times to find the information about the spending in your community. Five months ago, I sat on this committee when the minister responded to several questions about specific instances and spending disparities and concerns around where funding is going in first nations communities. She stated a number of times that the solution was to call her office, or to call the department, or to call the police, or to call a lawyer. What do you think about those comments?

Ms. Charmaine Stick: Is this Minister Bennett you're talking about?

Mrs. Shannon Stubbs: Yes.

Ms. Charmaine Stick: First of all, you were put there, employed to work for me to watch over our people. You know what I'm doing. You know what I'm going through. You have all the utilities. You have everything. You can fly over to Onion Lake and come see me, but how come I have to contact you? You work for me. You work for our people. You should be coming to see me. Why do I have to go to you? Why should I call you? You work for me, so you come find me. You want to know what's going on? Come look for me. I'm not going to chase you around, you know. You get paid to take care of us. I'm somebody with a big issue that's been ongoing for so many months. Come see me.

As for the RCMP, I've tried. I even tried to take my band to court to try to charge them for fraudulent cheques that were made under my name, that I found out about on my own, and they couldn't do anything. The RCMP tried—they made it look like they tried, but they didn't.

Three times I ended up getting arrested because I asked for documentation or because I went too far with my questions. I got arrested in front of my kids in front of the band office. In front of my kids—my kids had to see me get arrested. I wasn't drunk. I wasn't violent. Those are things that people like me have to deal with in order to try to get.... We are asking the same questions you are asking, but for us it is at such an oppressive and hurtful level that we.... You know, it has happened for so long because people don't want to get that kind of oppression.

In some instances, in some communities out there, elders get their power cut off. Their water gets cut off. You know, that's just so that the person will not talk. They do whatever they can to keep them quiet. If not, then they get handed a big cheque. They say, "Be quiet. Don't talk about this. Here's your \$10,000 or \$50,000." That's their solution, their band-aid, to hide their mistakes.

Mrs. Shannon Stubbs: When she was asked in question period about your fight and your leadership for fiscal transparency, I know the minister said that you saw the information you requested "in a public meeting", but of course, the act does require the information to be published on a website for all community members to be able to access. I don't know if you want to share your comments about how or in what way you saw that information and whether or not the information is published.

Do you think that most first nations people have the ability, means, or knowledge to know who they can go to for assistance—to call the department, to call our office, or to have the means to call and hire a lawyer to get this information to which they're entitled?

• (1035)

Ms. Charmaine Stick: In most cases, they say that they're available, but they are available to a certain extent. They'll only give you what they want you to see. They don't give you the whole.... If you want to read a novel and you ask them for a novel, they'll take out the pages that they don't want you to read, and then they'll give you the book. By the time you get it, you only have 10 pages to the whole novel, and you're like, "Where's the....?" You can't get the story. You can't get to the bottom of it. You don't know what happened, you don't know the in-between, and you don't know the end.

For her to say that it's so easy, it isn't. It's not. Just because our leadership or our people say it is.... You know, to say one thing is different from the actions that we receive. It's not just, "Come to the band office, and we'll give it to you." No, it's not like that.

The documentation—the financial reports—that I was given wasn't from the band office. It wasn't from them. They were anonymously given to me by band membership people who worked in different departments but did not want to be named. You know, I don't even tell anybody where I get what paperwork.

The Chair: You have five seconds.

Mrs. Shannon Stubbs: I'll take it, since other people also went beyond time.

If we get an opportunity, maybe you can address this after. I understand you did tell the CBC that the people of Onion Lake were misled on two areas. First, oil and gas revenues for the band were twice as much as band members were told. Second, the leadership stopped the development of 60 housing units, claiming there was no money, but just over a year ago, members were told there was money available. Maybe you could address that if you have a chance.

The Chair: Mrs. Stubbs, you have exceeded the length of time available, and you've gone on longer than anyone else. I'm sorry, we might have to continue the conversation after the official part of this questioning, because we will not have enough time for Mr. Saganash's series of questions.

This will be the end of our questioning because we're running out of time, so please go ahead.

[*Translation*]

Mr. Romeo Saganash: How much time do we have?

[*English*]

The Chair: We have seven minutes, according to our rules, and then we need a couple of minutes to do a little bit of committee business.

Mr. Romeo Saganash (Interpretation): Charmaine, I will also tell you that I understand. As I hear you, I understand you. Thank you. Your story affects my heart, and I understand you. It's highly thought of and you are doing well.

I thank you for speaking the Cree language in this setting. Thank you very much for doing so.

[*English*]

Madam Chair, those were just words of thanks for allowing Charmaine to speak in Cree. It's nice to hear my language here. Although I didn't understand 100%, I got a good 75% of what she said. I think it's an important recognition on the part of the chair and this committee to allow Charmaine to speak in her language, so thank you for that.

I want to go on. Dawn, you spoke about the UN Declaration on the Rights of Indigenous Peoples, and I want to take the opportunity to mention that I do have legislation before the House stating that, as a legislative framework in any future legislation and policy development, we should act in accordance with the UN Declaration on the Rights of Indigenous Peoples, which is coming up for debate some time in September, on the 10th anniversary of the adoption of the UN declaration.

I invite your organization to endorse Bill C-262, as many other organizations have, and even many non-indigenous municipalities have, and as the Truth and Reconciliation Commission has called for.

You spoke about jurisdiction. UNDRIP also contains a statement on access to our own resources for our own development, which I guess is part of your mandate to promote economic development for the communities. That framework is important. When a government endorses an instrument like the UN Declaration on the Rights of Indigenous Peoples, every policy development or legislation should use that as a framework, and I invite the government to do that.

"Reconciliation" is a word that was used by the Supreme Court way before the Truth and Reconciliation Commission of Canada was established. Back in 1984, in the Haida Nation case, the Supreme Court talked about reconciliation, and this is what the Supreme Court had to say:

Treaties serve to reconcile pre-existing Aboriginal sovereignty with assumed Crown sovereignty, and to define Aboriginal rights guaranteed by s. 35 of the Constitution Act, 1982.

Those are the words of the Supreme Court of Canada, not mine. Do you agree that should be the basis of our discussion in this country?

• (1040)

Ms. Dawn Madahbee Leach: Absolutely. When you look at our website, you can see our statement on the United Nations declaration and see how everything needs to flow from there. I think we need to look at that wider picture.

When you look at a policy like this, you need to look at how it applies to that declaration. That's why I referenced it in my speaking points.

Going forward, it's so important. Of course, the Royal Proclamation of 1763 looked at that, too. There is a lot of information there where it reaffirms our rights. It reaffirms what the relationship should be. We now know that we're starting to work on this nation-to-nation relationship and on having something prescribed like this default management policy.

I want to say that we have some solutions that are offered. We have the capacity. We have people who know what to do to help address these issues. We have the aboriginal institutions to do all of this, and they know about UNDRIP. They know how we need to work on this. We know how to mediate some of the issues that Charmaine has addressed. We can help through that process, instead of going to a lawyer or the politicians.

We could build a process ourselves that will help better mediate the transparency and accountability and put processes in place for each of the communities to have a group that would help with that. I think UNDRIP is all about recognizing our jurisdiction. What we need to do is exercise that.

Mr. Romeo Saganash: I have a quick question, then, to Terry.

I don't know if you are aware, but in 1984 legislation was negotiated between the Government of Canada and the Cree in northern Quebec. We negotiated the Cree-Naskapi (of Quebec) Act, in which you find provisions of transparency and accountability, where chief and council have to present yearly audited financial statements to the community, not to the ministry and not to the government, but to the community members. Are you aware of that legislation? Have you looked at that experience?

Mr. Terry Goodtrack: I haven't looked at that one specifically, but when you talk about local accountability I believe it's around what I call four dimensions.

One is certainly what I call public services transparency, disclosure, and redress: transparency in the operation of the organization, which is known through policy frameworks; disclosure of the information; and redress of some of the appeal mechanisms.

When you look at performance, there's an ability there to see how the organization is performing according to key indicators and goals that have been set by the community through a comprehensive community-based planning process that goes on more than the term of a particular election. Financial is really important, and the blending of those two is really key.

But I think the final dimension in this, which is what I call professional, is insurmountable in all our institutions in Canada, not just first nations. The idea there is not only about conflict of interest but about building the professionalism of a group in terms of ethics, conflict of interest, and so forth.

I'll just complete with this. Earlier there was a discussion about fraud and that kind of stuff. The fraud examiners speak to the notion that in any organization 20% of its people do not-so-good things, 20% to 30% are highly ethical, and the middle part just depends on the tone at the top, and so forth. The future of our institutions, all of ours in Canada—first nations or public—should be based upon ensuring that we turn the 20% who do undesirable things into the ones who do desirable.... I think that's the future.

Thank you.

• (1045)

The Chair: *Meegwetch.*

Yes.

Mr. Arnold Viersen: As Mike mentioned earlier, I also invite these guests to submit briefing notes. I know that things discussed today and you'd probably like to add some things to your comments, so you're welcome to provide us with written notes, as well.

The Chair: Thank you so much for coming out. We appreciate your comments and take them to heart. There is an opportunity to present online, and that too will be published.

For the committee, do I have your blessing to discuss these issues openly, or are we going to move into camera?

All right. There are three issues.

The first one is that I understand there is an agreement that we will not be sitting next Thursday. Are there any objections?

Secondly, we have a request to add Pam Palmater to the agenda for next Tuesday. That's functionally possible in the second session of that day we sit. Is there any objection?

Mr. Michael McLeod: What organization is she from?

The Chair: Romeo, this was your recommendation.

Mr. Romeo Saganash: I guess she would appear as an individual, as usual. She's a regular to this committee. Also, she would be relevant because in her former employment for the AFN she was the government intervention policy analyst.

The Chair: Are there any objections?

Okay. She'll be invited to appear in the second part.

Finally, we must have our vision of travel for the full year next year in by the next meeting because it must be submitted by May 4 for the whole year. If this committee wishes to do any travel next year, we must submit the budget.

In addition, it will be very tight for us to get two reports out this spring, so when we meet in May we're going to start looking at the suicide study, which you have in your inboxes. Please have a look at that, and we'll try to make that as efficient as possible.

Mr. Michael McLeod: I just have one comment on the travel budget for next year. We still haven't decided what we're studying next, so it's going to be very difficult to do so.

The Chair: That's why we're paid the big bucks.

We'll put in an estimate, but if you have a desire to go to a particular community, we'll have to allocate something.

The meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>