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Chair

Mr. Chris Warkentin

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• (1710)

[English]

The Chair (Mr. Chris Warkentin (Peace River, CPC)): I would like to call this 43rd meeting of the Standing Committee on Aboriginal Affairs and Northern Development to order. Today we are undertaking a review of Bill C-27. Today we have with us the minister, as well as his officials from the department, INAC, and also a representative from the justice department.

Minister, thanks so much for being here. We know you have a hectic and busy schedule, but we certainly appreciate the time you've taken for us today. We'll turn it over to you, and then we'll begin the rounds of questioning.

Hon. John Duncan (Minister of Aboriginal Affairs and Northern Development): Thank you very much, Mr. Chair.

It's been one of those days, so I do apologize for the ten minutes that I kept you waiting.

I'm pleased to be joined by Karl Jacques, who is from our justice department; Brenda Kustra, the DG for governance with my department; and Andrew Francis, who is CFO in corporate accounting for the department.

I'm happy to speak to Bill C-27 and to respond to your committee's questions. As I indicated when Bill C-27 was first introduced last fall, the First Nations Financial Transparency Act is one of a series of initiatives that will help to build stronger, more self-sufficient first nations communities. It complements Bill S-6, the First Nations Elections Act. Both are important pieces of legislation that will strengthen transparency and accountability in first nations governments and will help to empower first nations people.

The first nations residents want and expect transparency from their elected representatives. Like all Canadians, they want assurances that funds are being used to improve their communities' quality of life and economic opportunity. We believe that first nations citizens should have access to the financial statements of their governments and information on the salaries of their elected officials, as do other Canadians.

Democracy depends on citizens being able to call their elected leaders to account to ensure they represent the community's best interests. Under current Indian Act policy, first nations community members may ask for financial information relating to their band. However, the first nation is currently not legally required to release this information. As a result, each year my department receives requests from first nations individuals looking for this basic information, which we believe they should be able to access directly

from their band. I would much prefer not to be the middleman in responding to these requests.

Mr. Chair, Bill C-27 would directly address this issue by requiring first nations governments to publish annual audited financial statements and a schedule of the salaries and expenses of their chiefs and councillors. This would ensure that first nations community members have the necessary information to make informed decisions about their governments. It is important to note that this bill would not set salary levels for chief and councillors, rather it will remain the responsibility of the first nation to set the appropriate level of remuneration for elected officials. Bill C-27 will simply provide for the public disclosure of financial information that would allow the membership to decide if levels of compensation are appropriate.

A real or perceived lack of transparency and accountability from first nations leaders can also erode investor confidence and impede a community's ability to take full advantage of economic development opportunities. Ultimately, this delays or destroys job opportunities and economic progress for the first nation community and its members. On the other hand, we know that increased transparency and improved financial reporting leads to increased investor confidence and ultimately a stronger economy. That is why it is essential that such information be easily accessible, not only to first nations residents, but also to the broader Canadian public.

The publication of financial information will make it easier for analysis and comparisons to be done by a wider group of people, including academics, the media, economists, investors, and the general public, as is the case with information provided by other governments in Canada.

• (1715)

A question that came up during second reading of this bill was whether the public disclosure of financial statements of band-owned businesses would undermine their competitiveness. The simple answer to this is no. Bill C-27 would not require each individual business owned by the band to publish its detailed financial statements. Instead, Bill C-27 would require the publication of the audited consolidated financial statements of the first nation as a whole, which would include any entities controlled by the first nation, including band-owned businesses. I emphasize that this is in accordance with generally accepted accounting principles and rules that already apply to government-owned businesses across Canada. These statements are highly aggregated and should not reveal any proprietary information that would undermine their competitiveness.

We are reviewing the language of the bill and are receptive to clarification, consistent with matching the spirit and intent of the bill.

I also want to take this opportunity to be absolutely clear on the fact that this proposed legislation would not create any additional paperwork for first nations governments. They already produce audited consolidated financial statements each year, which are audited by independent, accredited professional auditors, as a requirement of their funding agreements with my department. This bill is not requiring anything new.

Similarly, what we are asking of chiefs and councillors is no different from what we ask of ourselves as parliamentarians. For example, the Government of Canada posts its financial statements on the Internet, and all of us, as members of Parliament, now fully disclose our salaries and special allowances to the public, as required under the Parliament of Canada Act and the Salaries Act. Canadians can easily access this information and more, since the Federal Accountability Act has increased the public's access to information about government activities.

Provincial and territorial governments have adopted similar practices, and the vast majority of them have legislation that requires municipal governments to make these documents public as well.

In short, first nations governments are the only governments in Canada that do not currently have a legislated requirement to make basic financial information public. This bill proposes to address this gap.

Now, many first nations are already posting their financial statements. I'm familiar with a number of first nations that are practising financial transparency and accountability. However, not all first nations communities have taken these steps. This bill will ensure that all first nations citizens can expect the same access to financial information in their communities.

As an example, since the private member's bill on this issue, Bill C-575, in the last Parliament, my department has been monitoring how many first nations post their financial information on the Internet. In March 2011, for example, 291 first nations had community websites, and only 13 of these disclosed salary and/or honoraria information. In September 2012, there were 403 first nations with websites, and 19 of those disclosed salary information. This demonstrates that a growing number of first nations see the benefits of being open about this information.

We expect that once this bill becomes law, and posting financial information becomes the norm for first nations, as it is for all other governments in Canada, many first nations will not only meet the expectations of the legislation but will surpass them. These are the communities that will benefit most from this legislation.

• (1720)

Mr. Chair, Bill C-27 fully addresses the point that not all first nations have websites. A first nation will not be required to have its own website as a result of this bill. If a first nation were not able to publish the information electronically itself, it could ask another organization to post it on the community's behalf. Alternatively, the first nation could ask my department to post the information on its behalf. However, we should be clear that having these documents published on a website does not fulfill a first nation government's

obligation to make copies of financial information available to its members. Although we continue to make progress on increasing Internet connectivity in first nations, many first nation members still do not have easy access to the Internet. As a result, first nations will need to find ways to make this information available to their members who do not have Internet access. Many already do this either by distributing printed copies to households or by making the information available in readily accessible locations in the community, including band offices.

As I mentioned at the outset, my department receives many requests each year from first nations members seeking assistance in obtaining basic financial information from their own government. First nations citizens should not have to go to the minister for this information. It would be more appropriate for first nations citizens to obtain this information directly from their band councils. This bill would provide first nations with the tools they need to access this information and ultimately lessen my role as the minister, which is consistent with my desire to lessen ministerial intervention in what should be community-based decision-making.

Mr. Chair, this bill does not propose radical measures. They are the minimum that citizens should expect in a democracy. First nations residents have the same expectations in this regard as other citizens, other Canadians.

Bill C-27 will result in increased public trust, both from community members and Canadians at large. This will translate into increased business opportunity. This bill will help to assure potential investors that they can safely enter into joint financial agreements and business undertakings with first nations. This will contribute to social and economic improvements in the lives and livelihoods of first nations members.

Mr. Chair, I'm happy to have had this opportunity to speak to the committee. Bill C-27 is a landmark bill that is long overdue. It will bring many benefits to first nations communities and encourage self-sufficiency.

I would be pleased to answer questions at this time.

The Chair: Thank you very much, Minister.

We'll now turn to Mr. Genest-Jourdain, for seven minutes.

[*Translation*]

Mr. Jonathan Genest-Jourdain (Manicouagan, NDP): Mr. Chair, let me suggest right from the start that we adjourn 10 minutes later, given the late start.

Mr. Minister, I have three questions for you, including one that is rather technical. I would ask that you respond to that one in writing, if possible.

Last January, you announced with great fanfare a new relationship between the Crown and aboriginal communities across the country. Is a unilateral piece of legislation, which is excessively paternalistic, consistent with your definition of a new relationship and particularly with the aspirations of communities in terms of the self-determination of the peoples and their governance?

Furthermore, have you assessed any adjustment measures to address all the disparities observed in aboriginal communities across the country? Of course, those disparities have to do with remoteness and position on the map, but also with financial knowledge and literacy.

We have to understand that a number of communities, including Uashat, where I come from, have very low literacy rates. Many communities in northern Canada, north of the 52nd parallel, and even farther north, simply don't have access to the Internet. A very large segment of the population has a rather limited financial knowledge. The majority don't even have their high school diploma. Are there any adjustments or processes that make it possible to ensure that all those peoples, those communities, are actually going to become familiar with the information that is being provided to them?

I am now going to read you the technical question. As I said, I would rather receive an answer in writing.

• (1725)

[English]

Does the department believe that the Privacy Act and Montana decision continue to apply? If so, how does the department reconcile these considerations with the proposed legislation? If not, could the department please explain what changes have occurred to make these considerations no longer valid?

Hon. John Duncan: Could you read the first part of the...?

The Chair: There's some uncertainty about when you began the question. Please do that again, Mr. Genest-Jourdain.

Mr. Jonathan Genest-Jourdain: You want me to read it once again?

Does the department believe that the Privacy Act and Montana decision continue to apply? If so, how does the department reconcile these considerations with the proposed legislation? If not, could the department please explain what changes have occurred to make these considerations no longer valid?

Hon. John Duncan: Thank you very much for those questions.

On your first question, regarding the bill and what you're calling unilateral action, we had, in the last Parliament, Bill C-575, which of course received considerable debate and also considerable public discourse. This led to a resolution at the Assembly of First Nations that was an endorsement of the principles behind Bill C-27, as I read it in hindsight. Transparency, accountability, and reporting to the membership were all principles endorsed positively at the AFN assembly.

To take it a little bit further than that, the United Nations has stated that good governance flows from accountability and transparency.

All of these things lead us to the position that this legislation has received considerable exposure in terms of the rationale for it. It has received considerable support. It's a measure that all governments are subscribing to and that all citizens of Canada deserve.

Given all of that, I think that responds to your question about why this legislation is before the Parliament of Canada.

In terms of adaptation measures, there is nothing in this legislation that requires any degree of reporting that isn't already reported. The difference is that this reporting is now public information and there's a legislated requirement that it be provided to the members of the first nation. It doesn't require adaptation. As I said in my speech, those requirements we can facilitate, if there is no website. They are very simply to address at the local level.

No new financial resources are actually required here. No new financial literacy is required, because all of this is information that is currently provided to the department on an annual basis.

In terms of the Privacy Act, I could respond to the question, but I think Karl can actually put it in words better than I can.

• (1730)

[Translation]

Mr. Karl Jacques (Senior Counsel, Department of Justice Canada): To answer your question, I must say that you are right; the Montana decision said that financial statements are confidential. However, we must remember that it had to do with an access to information request. That information was deemed confidential under the legislation. There is a confidentiality exemption when it comes to the disclosure of information.

Under section 68, documents published are no longer governed by this legislation. As a result, when a document is released to the public at large, the Access to Information Act no longer applies. Obviously, documents that are not released, for example under another piece of legislation or agreement, would still be subject to the Access to Information Act.

[English]

The Chair: Thank you so much.

We'll now return to Mr. Richards, for seven minutes.

Mr. Blake Richards (Wild Rose, CPC): Thank you, Mr. Chair.

Minister, thank you for being here. I want to commend you for bringing forward this piece of legislation.

I would like to also take a moment to commend Kelly Block, who is sitting here with us today. I know that her previous private member's bill, in a previous Parliament, was obviously an inspiration for portions of this bill, so I want to commend her as well.

I thank you for bringing this important legislation, and I thank you for being with us.

I think this legislation is obviously just another manifestation of our government's deep commitment to accountability and transparency. I think if you look at everything, from the Accountability Act that was brought in when Prime Minister Harper was very newly the Prime Minister, right through to today, that commitment to accountability and transparency is well documented. So thank you for this piece of legislation.

I want to get right to questions for you. I'll start with a couple of questions. I want you to respond to both, if you can.

I'd like to allow you an opportunity to tell us a little bit more about why there's a need for this legislation. Then tell us a little bit about the benefits of this proposed legislation for first nations.

Hon. John Duncan: The manifestation that displays itself most prominently on the need for the legislation is the fact that we get ongoing requests from band members for financial information for their band.

I know questions have been asked about how many requests we actually get. It's not information that we track, but obviously we can do a retrospective analysis. We've done some looking at it, and it appears that on an annual basis we're getting around 250 requests from band members for information. The requests usually arrive along with some allegations of inappropriate behaviour, which sometimes creates other situations, but the mere fact that we have to deal with these—and I sometimes have to intervene—I think is problematic. Obviously we don't have this situation with many of the first nations, but we have it with enough that I think this situation is unacceptable.

The other thing that comes forward is that it's very instructive to talk to some of the leaders who have been very open with their financial reporting. This has led to investors inquiring about their circumstances and has led to investments. I believe your witness list includes Darcy Bear as one of the chiefs who will be here, and he states quite clearly—I don't think I'm putting any words in his mouth—that if they had not been practising accountability and transparency, they would not have been able to attract the investor confidence they have managed to attract. It's also a form of internal discipline. All governments do it, and they do it for a reason.

I think those are the main points that I would make.

• (1735)

Mr. Blake Richards: Thank you.

To whom does the legislation apply? Does it apply to all first nations bands? Would it apply to those that have a self-governance agreement?

Hon. John Duncan: No, it does not apply to self-governing first nations, of which we have 34 across the country. I'm told that the number of first nations that this would apply to is 582, for those of you who like dealing with real numbers.

As I mentioned before, all of those are currently reporting to the department. We deal with each first nation based on grant and contribution agreements, and we have accountability provisions built into those grant and contribution agreements. It puts the department in a very difficult situation, an indirect situation, from the standpoint that we have the information, but our only mechanism to effect

change has to be done between the two parties. It's not the way open government operates.

To me, the more time moves on, the less comfortable this is for the department and the less realistic it is for the community of first nations governments across the country.

Mr. Blake Richards: The bill wouldn't require individuals to go to court to be able to access this information, would it? What is the process for individuals to be able to access this information?

Hon. John Duncan: If one of the 582 first nations fails to post the information, anyone could ask the court to require the band council to publish it. I would expect that would never happen, because under our funding agreements we wouldn't continue to fund unless this information was forthcoming. If there was a delay in the information forthcoming, I would anticipate that the department and the first nation would work out the details to lead to seamless program delivery.

The answer is yes, court is the eventual place one could go, either as a band member or as the minister. The legislation does make that possible, but I would never realistically expect this to get that far.

• (1740)

The Chair: Good. Thank you, Minister.

Ms. Bennett, you have seven minutes.

Hon. Carolyn Bennett (St. Paul's, Lib.): Thanks very much.

Following up on my colleague from the NDP, at the crown-first nations gathering there was a commitment to reset the relationship. Constitutionally, Minister, you have the duty to consult as well, as Canada signed the UN Declaration on the Rights of Indigenous Peoples, which insists on free prior and informed consent on things that relate to them.

You said you consulted on the private member's bill or that you heard.... Can you tell us why you did not consult first nations on this new legislation, even though you're constitutionally obliged to do that?

Hon. John Duncan: I don't agree with the premise of your question. I think I explained quite well that there's been much public dialogue, discourse. There have been expressions of support for the legislation and for the details of the legislation.

Hon. Carolyn Bennett: Sorry, I should have said that this bill goes way beyond what Ms. Block's bill did in terms of the real confusion and the concern out there as it relates to first-nations-controlled businesses. This isn't an aggregation of own-source revenue, as you said in your opening remarks. First nations are very concerned.

You skipped question period in order to go to the Whitecap Dakota and make the announcement on this bill, and now Darcy Bear has sent you a letter saying he's concerned about how this could affect first-nations-owned businesses.

Will you accept the amendments that Chief Darcy Bear has given to you?

Hon. John Duncan: Yes, I think I said in my speech that it was not the intent of the legislation to create a circumstance as described in Chief Bear's concerns, but we'll look at the bill. We are looking at the bill in terms of the language, and we're quite prepared to change the language to clarify it to make sure that the spirit and intent of the legislation match his concerns. That's not an issue. We're quite open to clarification of language.

Hon. Carolyn Bennett: You've had that letter for over six months. I had hoped you would have been able to come before this committee and tell us how this will be straightened out. There is huge concern with the way it's written now. Why would a member of council set up a business? Why would a businessman run for council? That puts them at a disadvantage.

As I said to your officials before, people are concerned as to why you would go even further on this bill than the private member's bill without consulting first nations, and particularly in your opening remarks, without agreeing that the bill is flawed. What are the solutions? What are the government amendments that you are going to bring forward to prepare us to hear future witnesses?

Hon. John Duncan: Well, you will be hearing from Chief Bear and his financial adviser, as far as I know. We're quite prepared to deal with the language.

I do reject, once again, the premise of your question. For example, if an independent businessman running for council—

Hon. Carolyn Bennett: When were the consultations on this bill with first nations? You did not consult with first nations.

Hon. John Duncan: —has a private business and wishes to contract to the first nation, their private business is their private business. That has nothing to do with the reporting requirements of this bill. It would be excluded from the requirements of this bill.

You don't have to study the bill very much to realize that, so I don't appreciate your suggesting that this bill includes provisions that it simply doesn't include, in order to generate opposition from people who have been misled.

There is nothing in this bill that other—

• (1745)

Hon. Carolyn Bennett: My thought, Minister, is just to repeat what first nations are saying to me.

Hon. John Duncan: There is nothing in this bill that other governments don't require, and there is nothing in this bill that isn't already being reported. In some cases, those who are reporting publicly are already reporting more than what we are asking for. Just out of self-interest, they have decided they wish to do that.

Hon. Carolyn Bennett: Can you tell me why you didn't consult with first nations before you tabled this bill, and also on the proposed education bill? People are very upset.

You said you had reset the relationship with first nations, and you're raining down this legislation without consultation.

Hon. John Duncan: I can tell you, Carolyn, that there is no education legislation. I have put this in writing. We are going to engage in intensive consultation before there is any first nations education legislation.

I've already responded to your questions about why this bill is before the House of Commons and I think my explanation was quite clear.

Hon. Carolyn Bennett: My colleague mentioned the Montana decision, and it's very clear that the Access to Information Act does not require it to be subject to public disclosure. The chief and council must report to their bands, not to the public.

Could you tell us again, how do you think—as my colleague asked—it's any different now from when it was before the courts? Do you think this bill will satisfy the courts? What has changed from the last time this went to court?

The Chair: I do apologize. There is only time for about a 20-second response, but if somebody has that, that would be....

Hon. John Duncan: Once again, I'll defer to Karl to give a 20-second response.

Mr. Karl Jacques: I'll try my best.

Again, just to situate the Montana decision, it was based on an access to information request. Once the information is published, the Access to Information Act doesn't apply any more, so that information becomes public. There is no confidence, no disclosure that could be made, because it's already out there.

The Chair: Thank you very much.

We'll turn now to Mr. Rickford for seven minutes.

Mr. Greg Rickford (Kenora, CPC): Thank you, Mr. Chair.

Thank you, Minister, for being here today.

Minister, in your presentation here today I think it was pretty clear what the audited consolidated financial statements would include for a band, and we know them to be things that are currently already reported on.

With specific reference to chief and council, salaries, wages, commissions, bonuses, fees, honoraria, dividends, monetary and non-monetary benefits would be reported. In fairness, the issue that has come up is with respect to a scenario in which the expenses of the said first nations leaders have to do with a band-owned or band-operated business, or to the extent that a council member is involved in a business.

You've suggested a strong willingness to address any residual issues if there are any. Can you characterize for us what they would have to report on the audited consolidated financial statements as a result of these businesses?

Hon. John Duncan: Yes, I can.

As I've said, this information is already provided in their consolidated financial statements to the department, and the standard with respect to what information is provided in these statements is determined by generally accepted accounting principles. I'm not an accountant, but there are generally accepted accounting principles; there is a handbook. My colleague, I'm sure, could define it quite well.

Information that would be disclosed in the schedule to the financial statements—and this is the salary portion—includes the salaries, wages, commissions, bonuses, fees, honoraria, dividends, and any other benefit the chiefs or councillors are receiving. The expenses of first nations leadership, such as transportation, accommodation, meals, and hospitality, would also be reported. They would be required to disclose remuneration paid to them by any entity controlled by the first nation. If a member has a private business, that's not included.

This reflects current practice, as first nations are already required to report the remuneration and expenses paid to chief and councillors separately as part of their requirement under the current funding agreements with the department.

• (1750)

Mr. Greg Rickford: Thank you, Minister.

It's safe to say that remuneration earned from band-owned businesses, then, is captured in those consolidated financial statements. Can you explain why remuneration from entities controlled by first nations is covered in this bill?

Hon. John Duncan: I can, and I'll probably get Andrew to round it out because of his detailed knowledge.

The purpose of this clause is to capture the schedule of remuneration, any monetary or non-monetary benefits earned by first nations elected leaders as a result of their activities as leaders of their communities. Many first nations establish corporations that are partially or wholly owned by the first nation. Often chiefs and councillors serve as directors of band-controlled entities and may receive per diems or expenses or some other form of remuneration. Given that the band is the owner of the corporation, and the corporations may be sole-source providers to the band, it is appropriate that members be provided with an accurate and complete picture of the remuneration received by elected leaders.

Did you want to add anything to that, as the CFO for the department?

Mr. Andrew Francis (Director General, Corporate Accounting and Material Management, Chief Financial Officer Sector, Department of Indian Affairs and Northern Development): Mr. Chair, the minister did a very good job in responding to that question, but just to be more specific on first nations in general, when they do their financial statements they follow a common government reporting model, which is there to structure the way any government would do the bare basics, in terms of GAP.

Within that model...and I think the businesses you referred to would fall under government business enterprises. Those are the types of businesses that could roll up under a government entity and that are the most like a private entity. For instance, they're a bit separate. They'll service outside clients, beyond the first nation. There will be a separate legal entity. There are a bunch of accounting considerations to be given as to what would be considered a government business enterprise. When those are consolidated, the bare minimum requirement is to consolidate them on the equity basis, which basically means the net loss or profit is just brought into the equity portions. When the first nation reports on those subsidiaries, they don't report the books for that company within the financial statements.

That said, the minister earlier commented that there were a number of financial statements that are already in the public domain. A number of those go beyond the requirements of transparency of the bare bones of GAP, which is interesting.

Mr. Greg Rickford: Do I have more time, Mr. Chair?

The Chair: Well, I think it's over, just because if you ask a question you'll be out of time, so we'll turn now to Ms. Hughes for five minutes.

Mrs. Carol Hughes (Algoma—Manitoulin—Kapusking, NDP): Thanks very much.

I find it interesting that we're talking about accountability and transparency. It's something we haven't seen much of lately.

You talked about ongoing requests from band members as what enacted this, but you said that you don't have numbers. If we only went by ongoing requests and looked at the ongoing requests for funding for education or parity for the child care workers, those haven't been acted on, yet we choose this one here.

I want to clarify something. You've often used the word "clarification" as opposed to "amendments", so I just want to make sure that the word "clarification" means that you're open to amendments and that you will certainly make some amendments to this document.

In addition, the AANDC website says:

The Tribal Council Funding program funds tribal councils to provide advisory services to their member First Nations and to administer other Indian and Northern Affairs programs. Tribal councils are institutions established voluntarily by bands. In 2006-07, the program transferred \$44.9 million to 78 tribal councils serving 471 First Nations. Five advisory services have been devolved to tribal councils: economic development; financial management; community planning; technical services; and band governance.

Can you tell me how the announced cuts to tribal councils' funding will affect the ability of smaller bands to meet the requirements of this legislation?

• (1755)

Hon. John Duncan: Thank you for the question.

On the question of clarification, yes, to clarify, I mean that it will require amendments to clarify.

On the question of tribal councils, one of the things that became very clear—more clarification here—is that we had not actually looked at the overall spending for our aboriginal regional organizations or our tribal councils for essentially three decades.

We did that; there's been a lot of change during that timeframe and there's been a direction towards more and more community-based decision-making.

In terms of the ability of small communities to meet the intent of this legislation, I don't think there's any question that they can meet the requirements of Bill C-27 because essentially they already are, as I've said in my remarks.

Mrs. Carol Hughes: If financial management and band governance advisory services were devolved to tribal councils, why were they not consulted about this proposed legislation when it was introduced as well? There's no consultation with the first nations, there's no consultation with the tribal councils, and I know that the tribal councils are pretty up in arms with respect to the cuts. I know that Chief Shining Turtle certainly has been sending you quite a few e-mails on this, as have other chiefs, and I'm wondering why they weren't consulted either.

Hon. John Duncan: If you look at the fact that we are the senior government in the country and have budgetary obligations that are basically universal and flow to the provinces, to the territories, and to all kinds of organizations, when we went through an essential budgetary exercise, my prime responsibility as minister was to ensure that community-based services were unaffected. We ended up with the second-lowest reduction in funding of all federal government departments. That is testimony to the fact that we have a strong commitment to our responsibilities in aboriginal affairs and in northern development. This is not a question that belongs in any area other than decision-making that must be taken by a senior level of government, and I think we did it quite responsibly.

● (1800)

Mrs. Carol Hughes: I just want to make a statement here. It's with respect to the fact that the aboriginal communities are already underfunded. They shouldn't have been cut at all.

The Chair: Ms. Hughes, your time is up. We were just giving time for the minister to finish in response.

Having cut him off, I will now move to Mr. Wilks for his five-minute round.

Mr. David Wilks (Kootenay—Columbia, CPC): Thank you, Chair. Thank you, Minister, for being here today.

Before I get to my questioning, I just want to say that as a former mayor, I fully understand the full disclosure of financials. Sometimes when they are done—in fact, all times when they are done—they resolve many problems before they become problems. Certainly, the burden placed on elected officials is minimal, is expected, and is certainly not intrusive.

Having said that, will the proposed legislation create any additional paperwork for first nations?

Hon. John Duncan: No. This bill will not create additional paperwork.

This whole question of reporting burden is actually an interesting question. We, as a department, have been looking at earlier criticisms from the Auditor General and others about the level of reporting burden that was in existence before this legislation ever came along. We have launched a reduced reporting initiative. That started in fiscal 2010-11. Informal usage of reports at that time was actually quite a gargantuan number. It was 4,800 reports. At the end of fiscal 2011-12, the number had fallen from 4,800 to 800, which is a reduction of more than 80%. Formal reports have been reduced from 141 to 111 in that same timeframe.

In addition, we have pilot projects in 10 communities where, rather than reporting to the department, the community reports directly to its own citizens. My department extracts from those

reports the information we require internally. There has been actually quite a bit going on to reduce the reporting burden.

A year ago, we standardized the reporting of the annual consolidated financial reporting.

Am I correct, Andrew?

Mr. Andrew Francis: Yes, you are.

Before we had an extensive year-end reporting manual. I wouldn't say that it was overly repetitive, but we did bring it down to what was absolutely necessary for capturing some of the programs to ensure that we could go back to Treasury Board, for instance, and say that terms and conditions were met. There has been a lot of energy and creativity to find, look at, and experiment with ways to reduce the reporting burden.

As the minister said, we have some pilots going on right now, and our task has not ended. We continue to further explore ways of reducing the reporting burden.

Hon. John Duncan: What we essentially have now is standardized reporting. This has made the audit function actually more standardized as well. This has created more competition among the audit houses. This is creating a good result. We expect that this will make comparisons easier. It will make reporting easier. It will make the audit function more straightforward. Presumably, the layman will be able to cotton on to what all this reporting actually means, with a little bit of study.

The Chair: Thank you, Minister.

We are tight for time.

Mr. David Wilks: Sure.

You have answered most of it.

Beyond the bill, what has been done to date to reduce the reporting burden on first nations?

● (1805)

Hon. John Duncan: In actual fact, I think we've responded pretty comprehensively to that.

The individual we put in charge of that project was a senior official, a former regional director general from British Columbia. It was someone who had been in the department his entire career. I think there's still some work forthcoming. Just because we've reduced it by 80% doesn't mean that we're finished.

The Chair: Thank you, Minister.

We'll turn now to Mr. Bevington for the last five minutes.

Colleagues, we do have some housekeeping business to deal with. I know we're pressing on some people's schedules, but right after Mr. Bevington is complete with his five minutes, can we move into some future business? Thanks so much.

Mr. Bevington.

Mr. Dennis Bevington (Western Arctic, NDP): Thanks, Mr. Chair, and thank you, Mr. Minister, for appearing in front of us on this particular bill.

I am a little confused by some of the things you've said here. I'd like to understand what you consider the relationship between the federal government and first nations. Is it nation to nation? Is it government to government? Is that the relationship you see?

Hon. John Duncan: Yes, I think we very much have a government-to-government relationship. That is very apparent, even in multiple documents we've jointly signed.

Mr. Dennis Bevington: Okay.

Some of your argument for taking this particular tack with first nations is based on provincial and territorial governments having adopted similar practices. The vast majority have legislation that requires their municipal governments to do so as well.

Did the federal government insist on the provinces providing financial disclosure practices, or was that something they came to themselves under their understanding of what they need for their government to run properly?

Hon. John Duncan: If you're referencing municipal governments....

Mr. Dennis Bevington: No. I'm referencing provincial and territorial governments. Municipal governments are creatures of those two bodies.

Hon. John Duncan: That's correct.

No, we had no role to play in the—

Mr. Dennis Bevington: You had no role to play in that.

Hon. John Duncan: —transparency and accountability of the provinces and territories.

Mr. Dennis Bevington: But you didn't make a choice for those governments, did you? And you're making a choice for these governments, first nations governments, about how they should portray themselves in the public eye, open to every single Canadian.

Now you say that what we're asking of chiefs and councillors is no different from what we ask of ourselves as parliamentarians. Chiefs and councillors are not parliamentarians. They're not elected by the public of Canada. They are elected by first nations people. They have a different relationship than what a parliamentarian has with the public of Canada. Don't you agree?

Hon. John Duncan: Sure.

Mr. Dennis Bevington: Well then....

Hon. John Duncan: I'm not sure what you're suggesting, though.

Mr. Dennis Bevington: I'm going to the basic principle.

Hon. John Duncan: Are you suggesting that they don't report publicly?

Mr. Dennis Bevington: The basic principle of this bill, I think, is what turns off most first nations. They expect that they will make the

rules for their conduct, just as other governments make the rules for their conduct.

What you've done is taken a very paternalistic approach to this, in that you've said that these are the rules by which you will govern yourself. That's the problem that I think the AFN referenced as well in their opposition to this legislation. They want to be treated as governments. As governments, they would expect that they make their rules for disclosure, not the federal government.

The federal government has some financial accounting requirements that are from a relationship between the aboriginal government and the federal government. For those to be made public should be the responsibility of both parties, not an individual party, as you have put forward with this legislation.

Hon. John Duncan: Dennis, we have 34 self-governing first nations across the country. Under their agreements, they have their reporting mechanisms. For the other 582 first nations, the Indian Act is silent on transparency and accountability.

We are bringing the 21st century to first nations governments, whose citizens and members are currently asking the department for information that should be coming from the first nations governments themselves, in some cases.

This is inappropriate. We have an obligation, as the senior level of government, to ensure that those Canadian citizens have the same rights as other Canadian citizens.

● (1810)

The Chair: You have about 20 seconds. We could certainly use that for our next witness.

Mr. Dennis Bevington: I would say quite clearly that if moving into the 21st century means we're going to make more decisions for first nations, I think it is the wrong attitude. I think we have to treat first nations as governments, just as we treat the provinces and territories as governments, and the relationship should be encouraged in that direction.

The Chair: Thank you, Dennis.

We appreciate those comments, but I don't think there was a question in that.

Minister, we do want to thank you for your time today. We certainly appreciate it. We know you had a busy day and we are thankful you were able to be here and to stay for the extra time as well.

Colleagues, we'll suspend for a matter of three minutes to clear the room. We'll move in camera then and deal with our housekeeping committee business, and then we'll be free to go.

[Proceedings continue in camera]

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