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Chair

Mr. Chris Warkentin

Standing Committee on Aboriginal Affairs and Northern Development

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• (1535)

[English]

The Chair (Mr. Chris Warkentin (Peace River, CPC)): Colleagues, I call this 46th meeting to order. This is the Standing Committee on Aboriginal Affairs and Northern Development. Today we are undertaking the continuation of our review of Bill C-27.

For my colleagues' sake, as well as for those who are attending here today, I want you to be aware that we have been notified that there is a possibility of a vote in the House of Commons, which will require all members of Parliament to return to the House of Commons for that vote once it begins.

To accommodate that vote—and, Dennis, if you would just jump in here and maybe listen—I would seek the consent of committee members to undertake something that is a bit unusual. We would hear the testimony from our first witnesses, have 10 minutes of that, and then we would bring to the table the remaining witnesses who have arrived for the second hour, just to ensure that we get on the record the testimony of all the witnesses we have here today. It would be unfortunate if we didn't at least get that on the record, considering the fact that many of our witnesses have travelled a considerable time to be here. I will see if there is consent to undertake that type of a set-up.

We will begin the questioning before the bells, if that can happen. If not, we'll possibly come back after the vote, depending on what the timeframe looks like. We'll cross that bridge when we get there.

Is there consent to move forward on that?

Some hon. members: Agreed.

The Chair: Okay, let's do that.

We want to thank our witnesses for being here. We have two witnesses from the First Nations Financial Management Board: Mr. Calla, who will be bringing forward testimony, as well as Ms. Point.

Thank you so much for joining us. We appreciate you taking the time to bring testimony to our committee in review of this important bill.

We'll turn it over to you for 10 minutes, give or take, and then we'll accommodate additional witnesses. We'll give some direction once you've completed the opening statement.

Mr. Harold Calla (Chairman, First Nations Financial Management Board): Thank you, Mr. Chairman, and thank you for the opportunity to be here today.

You may recall that the First Nations Fiscal and Statistical Management Act was passed in 2005 with all-party support. It was a bill that was designed to create an opportunity for first nations to access long-term public debt, to increase their revenue rates and capacity, and to be in a position where they were certified for their financial management practices and financial performance.

The world that the first nations find themselves in today is considerably different from that of previous years. Changes in generally accepted accounting principles, the need to engage the capital markets, and the opportunity to consider more complex business opportunities, both on and off reserve, require first nations to utilize skill sets that may not be currently present within the administration of many of the communities. Financial and business acumen are playing a significant role in the success or failure of engagement with the economic mainstream. Moving to the process-based decision-making model contemplated in FMB standards supports the community in the pursuit of its goals and objectives.

We have reviewed Bill C-27, and Shayla has worked over the weekend to prepare a schedule that looks at the provisions of the bill and at FMB standards.

I realize you may have just received that, but it would be appropriate at some point—at your leisure, if you're trying to get to sleep at night—that you read that.

Voices: Oh, oh!

Mr. Harold Calla: I think it is important that you look at it.

The chart sets out the differences between the two. The most significant difference is that under the FSMA, a first nation chooses to pass its own financial administration law and agrees to have the Financial Management Board determine whether they're compliant. This particular legislation focuses on audits and salaries of councillors.

I should say that I did serve on the board of CMHC, and I've served on other boards where this kind of information is reported on regularly. You may be a bit surprised about what I'm going to say.

First of all, an audit is a look at history. It's a reactive statement, and it's not designed to be proactive in informing and supporting future decisions. While an audit is a necessary and important part of the overall financial management system, there are many other elements of a financial management system that should not be lost in this discussion.

All orders of government are accountable. Within the federal system, the need for an increased emphasis on oversight within budgeting and forecasting has been recognized as a best practice with the establishment of a parliamentary budget officer. This is an example of an evolving world and perspective of what practices and standards should become as part of the overall financial management system. Good financial management practices should not be defined solely by political objectives. Good financial management should be driven by the needs of all stakeholders and should inform them.

In the case of first nations, this should include the financial results of the transaction activity it undertakes for the delivery of programs and services that a first nation is mandated to deliver. Although an audit does contain notes, these notes are generally a clarification of financial facts. An audit does not make qualitative observations or recommendations, nor does it give a clear indication of future direction.

An annual report—and you should look at the definition in our standards of what that might be—does contain an audit, which is an essential part of a financial management reporting system. But it goes beyond that to respond to the inquiries of stakeholders and membership. It gives a more complete picture of the affairs of the nation. An annual report could be designed to respond to many of the overlapping reporting requirements currently facing first nations administrations in their relationship with funding agencies and could look at both the past and the future. I believe this approach is of interest to membership and all stakeholders.

On the issue of reporting salaries, the legislation has not mirrored best practices that give confidence in the private sector to the lending and capital markets. I would direct you to FMB standards on this matter to assist you in evaluating the differences.

The purpose of measures that support financial reporting or being accountable and transparent should create confidence in all stakeholder groups in the financial management capacity of the entity and give an indication of their fiscal capacity. It is always better when stakeholder groups, in this case our communities, are able to establish the accountability and transparency framework that they wish to establish for their community. It is best that these are guided by best practices and standards that are consistent with the expectations of other orders of government within Canada.

• (1540)

I think it's important to ask whether it's appropriate that first nations are being asked to be held to a higher standard. That's a question for you.

It is best if communities pass their own laws and agree to independent oversight by third parties. This is the concept developed by the First Nations Fiscal and Statistical Management Act, and it is currently being explored by 58 of the approximately 100 first nations that have become scheduled under the act.

It is our hope that in time, every community in this country will see the benefit of passing its own financial administration law, consistent with FMB standards, to assist them in managing their financial affairs in an accountable and transparent way. Doing so will support risk management as communities move to implement strategies to support their social, economic, and financial goals.

In coming here today, I feel compelled to point out that while this legislation deals with some of the issues, good financial management, transparency, and accountability is a topic much broader than the four goalposts of this legislation.

Thank you.

The Chair: Thank you very much, Mr. Calla. We certainly appreciate that opening statement.

Colleagues, as we had determined, because of the possibility of a vote in the House, we will now move to the additional witnesses we had planned to hear in the second hour.

I should ask, Mr. Calla, whether you are available to stay through the next hour and a half if need be.

Mr. Harold Calla: Yes, I am. I have an eight o'clock flight, and if I'm allowed to take it, I will.

The Chair: We will be absolutely sure that you're able to do that.

According to our list, we have Mr. John Paul, who comes from Membertou First Nation.

I don't want to rush you into your opening statement, John. Are you prepared? Would you be able to begin?

Mr. John Paul (Member, Membertou First Nation): I'm good.

It's a pleasure to be here. I'm very pleased to come here today to represent our chief, Chief Terrance Paul, from our community of Membertou, which is my own community. Accountability, transparency, and disclosure of information to our people is very important to our leadership and all members in the community, whether it be elders, youth, young mothers, or children. Over decades our community has provided full disclosure of our complete audit, and more recently on our website, at www.membertou.ca, the complete details of compensation to all the members of council.

We do this because we believe in informing and maintaining a strong trust relationship with the entire community. Such information is essential so that all members, both on and off reserve, clearly understand what our council is doing to make their lives better and benefit all the members of our community. The legislation, Bill C-27, An Act to enhance the financial accountability and transparency of First Nations, will have no impact on our community because we already make these disclosures as a matter of practice. We provide all this information on our public website, which is accessible to our community members and to the general public.

I do have concerns that the process will be imposed on me and others, even though we already do this. I think such strong action does impact the relationship between our community and the federal government, in particular the fairness of treatment, where everybody states that we are first nations and have a government-to-government relationship.

Secondly, I wonder about the degree to which such actions will ensure supporting our efforts to achieve self-reliance and economic independence for our community and our people. For the communities that have made this disclosure as a matter of practice for at least five years and that have strong governance and accountability, has any thought been given to perhaps exempting them from the provisions of this new act?

Another key issue is the considerable work our community has done, beyond certain land section provisions of the Indian Act, to move under the First Nations Land Management Act to further control our future. On finances, our community continues to be ISO certified, and additionally, our first nation has made further efforts to be certified by the Financial Management Board and thus to move on to access long-term financial capital from the First Nations Finance Authority.

All of this work we have done as a first nation I believe clearly demonstrates our high standard of governance and accountability. I feel we are a government and do all the things needed to build trust, credibility, and confidence in the way we work for the best interests of our community.

In addition to what we do publicly, our first nation community must also still comply with all the detailed reporting requirements as decreed by the Aboriginal Affairs and Northern Development Canada reporting handbook, developed by AANDC alone, as per the conditions of the five-year multi-year funding agreement that we have signed with AANDC. The time my staff has to spend to complete these obligations is significant and is done at our own first nation's cost. These reporting requirements and the need for documentation seem to have increased, even though a few years ago the Conservative government committed to an improved funding relationship. The continual and increasing reporting burden on our first nation must be addressed.

This act addresses only issues of audit disclosure and disclosure of compensation of councils. Nowhere does the act help address the short two-year timeframe of councils under the Indian Act system or the issue of providing pensionable earnings for first nations leaders who have dedicated their entire lives to the service of their communities.

All the information required by the new act is already being provided by the first nations in Canada to AANDC, as per their existing funding agreements over years and decades. Only last year the issue was pushed to the forefront, and now a bill will require all first nations to comply or INAC or AANDC will release the information, and as a last resort, all funding will be stopped.

● (1545)

Has anybody fully looked at the implications of stopping all federal funding and the implications of cancelling a funding agreement for a first nation, or at the people in the community

who are depending on these basic services, such as educational, social, infrastructure, and health services?

From my perspective, the real issue that needs action is the urgent need for full recognition and implementation of our aboriginal and treaty rights. These rights, not addressed, will continue to be real liabilities to governments.

From the starting point of our rights, our first nations communities and people would, I feel, have the needed tools to move over time from the current heavy reliance on federal funding and programs towards real economic self-reliance, at a pace that they would decide as a government. It is clear that in many of our communities high levels of poverty persist, and the lack of hope and no clear future is what all first nations leaders have to deal with every day.

The existing reserve system was created a very long time ago. The reserves were supposed to be temporary solutions to the Indian problem; we were supposed to migrate and be assimilated into society. This did not happen, and we continue to thrive and grow as a community and a people.

In our community of Membertou, we must look inward and beyond our community to get enough skilled and educated employees to do all the work that is required for the delivery of services and to pursue many aspects of business and economic development. In Membertou, we support all the community members who have pursued lifelong education and training for employment, to give each person the much-needed knowledge and skill set to succeed.

To the community of Membertou, building economic self-reliance and having a strong, accountable government are keys to ensure that we achieve the long-term goal of ensuring the well-being and continued improvement of the lives of all our people.

Thank you. *Wela'lin.*

● (1550)

The Chair: Thank you, Mr. Paul.

I should just point out to those who are listening today that we had a wonderful opportunity as a committee to visit the home community of Membertou.

Mr. Paul, we thank you for your time that day as well, and again for coming today.

Colleagues, I've been informed that the vote has been held off, so there is no necessity for us to worry about that now.

But now that we have proceeded in this fashion, I think what we'll do is continue through the opening statements of all witnesses, and then we'll open up to several rounds of questioning from members. Because we've started this way, I think it's best that we continue.

We'll turn now to our representatives from the Norway House Cree Nation. Today we have Mr. Paupanekis, as well as....

I know I'm pronouncing that wrong—I'm being informed by my colleague. I apologize.

We'll turn it over to you now for your opening statement.

I'm always happy to be corrected, because my own last name is often not pronounced correctly.

Mr. Clarence Paupanekis (Councillor, Norway House Cree Nation): Thank you, Mr. Chair.

Honourable members, thank you on behalf of Norway House Cree Nation for this opportunity to present on the proposed legislation, Bill C-27, An Act to enhance the financial accountability and transparency of First Nations.

My name is Councillor Clarence Paupanekis. I'm the finance portfolio holder for Norway House Cree Nation. Chief Ron Evans was unable to take part in today's proceedings; however, he thanks the committee for the invitation and sends his regards to each of you.

As one of many progressive and forward-moving first nations, Norway House Cree Nation, through its chief and council, has worked diligently over the past year and a half to develop an accountability framework, establishing sound financial management and administrative practices and providing good governance, accountability, and transparency. In doing so, Norway House Cree Nation has undertaken strategic planning, internal reorganization, centralization of finances—including the implementation of financial processes to ensure accountability—human resources and capacity building, and social and economic development analysis as well as assessments.

These exercises have been extremely critical in ensuring that we have the human and financial resources necessary to accomplish the many tasks and goals set out by our leadership as part of our strategic planning process and in response to the mandate for Norway House Cree Nation that our membership has given us.

That being said, we have secured the necessary professional capacity, with the necessary skills and experience in the areas of finance, strategic planning, policy, and external relations, to move our community forward.

It is imperative to note, however, that we did this on our own. We have brought in our own team and developed our own financial and strategic plans and have already made great strides, both in social and economic development and in putting our financial house in order.

Chief Darcy Bear, in his presentation to the standing committee last week, reiterated these same sentiments, stating that it is absolutely necessary that first nations obtain their own human resources and professional capacity. The accomplishments of his community speak to the importance of doing so.

These measures ensure that first nations establish sound financial and administrative management so that we can move forward in implementing social and economic development initiatives, including business ventures and partnerships as well as capital projects, that will allow us to generate own-source revenues and meet the needs of our community.

Furthermore, they allow us as first nations to move forward in establishing our own financial management laws, in enabling us to enter into the First Nations Land Management Act under which we have our own certified land managers, to develop land codes, and to negotiate self-government agreements, among other important initiatives.

In order to do any of the latter, a first nation must have both financial and political stability as well as credibility.

It has been recognized that one of the major setbacks for first nations is the constant turnover in leadership, which not only causes instability in our communities, but also causes setbacks in both social and economic development opportunities because of the constant need to re-establish relationships and partnerships, which are critical to providing strong leadership and governance and to accomplishing the tasks before our leaders as well as to establishing opportunities for our membership.

We are hopeful that Bill S-6, the First Nations Elections Act, which is a community, grassroots-led initiative that first nations across the country were engaged in and were consulted on, will be passed by the House of Commons this session so that we can begin to remedy these ongoing issues.

The elements of this bill will establish the necessary foundations to assist us in developing strong accountability frameworks pertaining to elections held for those first nations who are governed by section 74 of the Indian Act—one step further in moving away from the Indian Act—as well as in implementing the mechanisms needed to address issues surrounding election processes and concerns among the membership about ineffective leadership. Further to this, Bill S-6 will remove the authority from the minister of AANDC to oversee first nations elections and appeals.

With respect to Bill C-27, although the intent of the bill with respect to enhancing accountability and transparency for first nations is good, we cannot support the bill in its current form. Like others who have come before the standing committee, we agree that several amendments are required before the legislation can proceed in the House of Commons.

● (1555)

Furthermore, consultation with first nations on the development of this bill has not occurred. However, this is our opportunity to provide input and address our concerns regarding the current reading of the bill. It is imperative to note that first nations members across the country have been asking for greater accountability measures from their governments, and this bill is seen as a response by the Government of Canada for those who have not yet implemented and demonstrated accountability and transparency to their membership.

We agree that accountability and transparency, both of which are pillars of good governance, are important. We as first nations government, as any government, should be required to have mechanisms in place to ensure financial accountability. However, we should be responsible for constructing our own accountability frameworks.

Bill C-27 has received much criticism from first nations as it currently reads, not because of its accountability and transparency implications, but rather due to certain elements of the bill, which would see first nations reporting much more information above and beyond the expectations of public sector accounting principles and standards.

Yes, the reality is that first nations communities receive federal funding, and as such, we have an obligation to be accountable for such funding. However, the reporting mechanisms currently in place continue to overburden our communities, as was articulated by the Auditor General in her 2006 report. This could potentially risk delivery of programs and services our communities are responsible for.

We as first nations should retain the right to choose our priorities and define our financial accountability mechanisms. Our focus should be on ensuring that the funding is in fact used in the most effective way to deliver the programs and services for our people and not spent on the numerous reports that are required to justify the funds we receive, which barely meet the needs of our community.

Furthermore, we should not be held more accountable than federal, provincial, and municipal governments are, and we certainly should not be forced to publicly disclose our audited financial statements on the Internet. It should be left to the individual communities to decide how their audited financial statements should be disseminated and to which of its stakeholders, and not for the government to dictate.

Our practice in Norway House Cree Nation is to hold a community meeting to share our audited financial statements and explain in simple terms what the financial statements read. This information is put in a format that is easily understood by our committee members. Furthermore, our membership can request a copy of the audited financial statements from the band office and members of our council and our CFO. They are all accessible to answer any questions and address any concerns regarding the statements.

Furthermore, we have implemented stringent internal financial approval and reporting processes that ensure that all directors, program managers, and administrators are accountable to our management team and CFO, who in turn report to chief and council on all financial matters. These reports are made on a regular basis to the chief and council at our monthly council meetings, and in turn are reported at our community meetings.

With respect to the disclosure of salaries for chief and council, we agree this information should be disclosed to our members. Like Whitecap Dakota First Nation, we have also done a review of all salaries across our organization and have implemented a competitive and equitable salary grid to keep our people employed within our community.

The expectation to provide a separate annual schedule of remuneration that includes the details of salaries, wages, commissions, bonuses, fees, honoraria, dividends, and expenses paid by the first nation, and any entity controlled by the first nation, to the chief and/or council in their professional and personal capacity should remain internal information. Internal financial accountability with respect to prohibiting double-dipping with respect to travel and honorarium regarding committees, boards, and businesses should be at the discretion of the community. Thus, remuneration should remain consistent with the definition as outlined in the Income Tax Act.

• (1600)

It should also be noted that travel, and expenses related to travel, should not be associated with one salary, or wages, as it is a separate matter. Travel, especially for those who live in remote and isolated communities, continues to be costly, especially to urban centres where business meetings are most often held. Where possible, our community finds every opportunity to hold meetings within the community to reduce travel-related expenditures.

With respect to the public disclosure of private enterprises or band-owned business entities, we also agree that the public disclosure of this information could jeopardize potential partnerships and business ventures by inadvertently scoping in entities. Again, generally accepted accounting principles should be followed here, and first nations should not have to publicly disclose any more information than is the public standard.

Lastly, with regard to alternative mechanisms for dispute resolution, as well as enforcement, this should also be left to each individual community to determine and implement. Our funding agreements in their current form already contain provisions to deal with these matters. What this bill should do is support community-driven processes and provide the tools and mechanisms to support capacity development. This is what our communities and leaders should continue to seek: fairness, equity, and respect through government-to-government relationships.

We all need to be reminded that if our first nations communities prosper, we all prosper. If we work together, we can achieve great things for our communities, provinces, territories, and for our country as a whole.

Thank you again for this opportunity to address Bill C-27.

Ekosani.

The Chair: Thank you so much.

Finally, we have representation from Sawridge First Nation. Today we have with us Chief Roland Twinn, who is the chief there but is also the grand chief of Treaty 8, which is the area I also represent, or a part of Treaty 8 is in my riding.

We do want to welcome you here today to make your opening statement as well.

•(1605)

Chief Roland Twinn (Chief, Sawridge First Nation): Good afternoon, esteemed members of the standing committee.

I received a letter just yesterday from the chiefs of the Lesser Slave Lake Indian Regional Council in support of my submissions to this table and the proposed amendments.

First, thank you for the invitation to appear before this committee.

I believe the Sawridge First Nation is in a position to make a significant contribution to your deliberations, based on our actual experience. I have a 20-minute presentation, but I will respect your wish to have a five-minute presentation at this time. I present to you the balance of my presentation so that it may be translated into the French language and distributed to the members of the committee.

We are opposed to the passage of this bill because we believe it will be counterproductive to your goal to increase accountability and transparency in first nations governance. If the bill is to be passed, we have suggested amendments that might improve it somewhat. We are suggesting that Parliament encourage the government to take a different path leading to improved governance.

Sawridge First Nation is a part of Treaty No. 8, as well as the original negotiators and signatories to Treaty No. 8. In addition to being an elected chief of the first nation, I'm also Grand Chief of Treaty 8 First Nations of Alberta, which includes all of northern Alberta.

Pursuant to our right of self-government, the Sawridge First Nation is governed by its own constitution. It was adopted after several years of very hard work by the members themselves. The constitution was adopted by a referendum in which 65% of all adult members participated. Over 95% voted in favour of adopting the constitution.

Legislatively, we are governed by a general assembly. Every adult member of the first nation is a member of the legislature. The committee has been sent a copy of the business before the assembly in recent months, so you will see our approach to good governance.

Our executive branch is our chief and council. It reports to the assembly and answers questions raised by the members.

Our constitution calls for an elected audit and compensation committee, which makes recommendations to the assembly regarding compensation and benefits of all officials and staff of the first nation. Those are set by the assembly.

It calls for council to table a budget for approval. Financial reports are also reported. All financial records are available for review by any member.

We have a governance act. It has conflict of interest provisions. As an example, I had to provide to our assembly disclosure that a company had offered me two very good hockey tickets. With my having made that disclosure, the assembly passed a resolution telling me to enjoy the game.

Voices: Oh, oh!

Chief Roland Twinn: So even as far as a couple of \$100 tickets go, I have to present that to the membership.

The members of the Sawridge First Nation have provided themselves with standards of accountability and transparency that go far beyond those available to the people of Canada. We have gone far beyond what the bill before the committee calls for. It is ironic that representatives of the Canadian people now are going to impose requirements telling Sawridge how to provide good governance.

Our chief, council, and officials are paid from the first nation's own money. No so-called taxpayers' money goes toward our governance. I say "so-called taxpayers' money" because our business generates far, far more tax revenue—which goes to both federal and provincial governments—than the much smaller amount we receive from them.

Proud as we are of our own accomplishments, we say that we have done nothing that any first nation can't do. The potential is there. The realization of that potential is the real accountability that we as leaders owe to our people. The way the federal government can enhance that potential is not by requiring disclosure; it can help reverse the history it has caused over the decades by providing encouragement, rewarding initiatives, and promoting best practices.

The approach taken by Bill C-27 simply reinforces the "great white father knows best" syndrome, rather than releasing the potential of our people. It will cause resentment rather than building relationships. But worse, it could place us at a serious competitive disadvantage. The bill would make legal something that the courts have ruled is illegal. The bill before you is not a step toward accountability and transparency, but rather is a regrettable step backwards in having good governance by first nations.

•(1610)

Thank you.

The Chair: Thank you very much, Grand Chief.

We'll turn it over to my colleagues now to begin the rounds of questioning.

We'll go to Mr. Genest-Jourdain for the first seven minutes.

[*Translation*]

Mr. Jonathan Genest-Jourdain (Manicouagan, NDP): Good afternoon, Mr. Calla.

Is the simultaneous interpretation working?

[*English*]

The Chair: I apologize. I should have informed the witnesses that we do have direct translation on channel 1, I believe. It will be the English channel.

[*Translation*]

Mr. Jonathan Genest-Jourdain: Mr. Calla, I will ask you several questions at once which deal with the interaction of Bill C-27 and the First Nations Fiscal and Statistical Management Act.

In your opening presentation, you indicated that a certain number of communities support the First Nations Fiscal and Statistical Management Act, and had passed laws in that regard. Could you tell us exactly how many communities did just that?

In fact, I would like to know whether, in your view, Bill C-27 would apply to first nations which have endorsed the First Nations Fiscal and Statistical Management Act, and which had passed laws in that regard.

Further, do you think there is a risk of inconsistency between the application of Bill C-27 as worded and the application of the First Nations Fiscal and Statistical Management Act? This is another question to find out whether there is any potential inconsistency in the application of these two pieces of legislation.

I also have questions regarding the true scope of the First Nations Fiscal and Statistical Management Act and Bill C-27. Again, in your opinion, does the First Nations Fiscal and Statistical Management Act go farther than Bill C-27?

[English]

Mr. Harold Calla: I think I'll get all the questions.

There are presently, according to Shayla, 98 first nations communities scheduled. If you're going to do anything to help us, let's get the Governor in Council moving. It is not pleasant to see the time it takes to get scheduled under this act, so one recommendation I'm making here is to get them moving.

Of those 98 that are currently scheduled under the act, we are actively involved with 58 of those communities. As well, 16 of those have financial administration laws, and I expect by the end of the year we'll have close to 30 with financial administration laws.

There is considerable interest in this now because of the significant consultation and accommodation that is taking place in first nations communities across the country. I would like to note that many in Quebec are now coming forward to participate in this initiative because they need access to capital, and it's going to facilitate these consultation and accommodation negotiations.

They are prepared to engage in the development of financial administration laws, to look at financial performance. We not only provide a financial administration law, we certify financial performance and financial management systems, and over a period of time we determine compliance with those financial management systems, which are the rules by which you govern your financial affairs.

This act does not go as far as our standards go in many different areas. If I can refer you to the schedule—page 4 of the chart—you can see where, in our particular case, we're not just looking at the salaries of the chief, we're looking at related families and contracts and those kinds of things. These are the kinds of rules and provisions that are consistent in what I will refer to as the commercial marketplace. If you're a part of a corporation, these are the kinds of rules you need to be governed by.

In our view, it doesn't go further. Where we're different is that we believe—as has been expressed by some of the other individuals here today—these should be measures brought forward by the

community under their own laws. That's what the First Nations Fiscal and Statistical Management Act contemplates.

• (1615)

Ms. Shayla Point (Senior Manager, Legal and Corporate Services, First Nations Financial Management Board): If I could just add, in my view, the difference between Bill C-27 and the First Nations Fiscal and Statistical Management Act is simply that a first nation that chooses to participate with the legislation does so by requesting to be scheduled, as Mr. Calla has indicated. This is entirely optional legislation.

We are working with several first nations. There are 633 first nations in Canada, and 98 of them have requested to be scheduled to this legislation, so it is an option that many of the first nations wish to proceed with. But Bill C-27 would apply to all first nations without having first nations wanting to make this governance decision on their own. I point that out as a major threshold difference between the two.

I want to draw your attention to the chart. I created it, so I can understand it, but for you, the first column here, Bill C-27, simply sets out every provision in Bill C-27. I endeavoured to take a look at all the standards we have created.

We have standards for the Financial Administration Act, standards for the financial management system, and we have a set of documents that are available on our website. I have looked at the specific standards from our documentation and tried to link them to what Bill C-27 is asking for. That's what the first column is: what Bill C-27 requires. Column two shows where FMB requires similar objectives for legislation.

Of course, they are not going to be identical, and as Mr. Calla pointed out, there are instances where our standards go further than what is required in Bill C-27. There are also instances where our standards do not go as far as Bill C-27.

Mr. Calla pointed out remuneration. On my chart, on page 7 under the schedule of remuneration, I've referenced certain standards for you to look at and consider later. This is where we go further. Where we don't go as far, for example, is with respect to disclosure and publication of documents on the first nations Internet site. Our standards do not require publication of these documents on the Internet site. So there are several differences where FMB standards go further and some where they don't go as far.

I invite you to look at this chart. I put considerable effort into aligning these two pieces of legislation and our FMB standards.

[Translation]

Mr. Jonathan Genest-Jourdain: Thank you for your explanations.

My next question is for either one of you, or whoever feels he can best answer the question.

Would you like to see Bill C-27 amended in any way? Are there any marked improvements which should be brought to the attention of committee members?

[English]

Mr. Harold Calla: We don't have enough time.

The Chair: Unfortunately, that's probably the case, seeing that Mr. Genest-Jourdain's time has expired. He did have an important question, but a lengthy question, so I'm certain he'd be interested in getting feedback in another round of questioning.

I'll turn now to Mr. Wilks for the next seven minutes.

Mr. David Wilks (Kootenay—Columbia, CPC): Thank you, Mr. Chair.

I mentioned to Chief Twinn that I sure hope those hockey tickets were for the Vancouver Canucks; otherwise it would have been a disappointing game—not that I'm at all partial to any team.

Mr. Calla, in December of 2011 you referred to the Osoyoos Indian Band, who recently received certification from your organization. I believe this was a quote, that:

Osoyoos understood the need to demonstrate accountability and transparency in building the trust and confidence of the private sector, capital markets and their membership.

Certainly building the trust of a first nations membership is obviously important. Could you please tell us why it is necessary for first nations communities to build the trust and confidence of the private sector and capital markets?

• (1620)

Mr. Harold Calla: First nations communities are in need. If that need were going to be satisfied solely through the first nations relationship with Canada, it would have happened by now. First nations are finding themselves in a position where they need to engage with the private sector to meet the needs of their communities. In fact, you want them to engage; Canada needs first nations to engage.

I keep asking the question, when do you want us to be able to contribute to the gross national product, not just to the gross national expenditure figures?

I come from the Squamish Nation, in North Vancouver. What many of you may not realize is that the Squamish contribute, according to my son the economist, \$1 billion a year to the north shore economy.

You need first nations to engage in the economic mainstream. First nations need access to private sector capital to do that. There isn't enough government money in this country. I don't care where you come from; 80% of the investment in this country comes from the private sector and not from government. So positioning first nations to access private capital is an essential element of moving forward in terms of responding to the needs of our communities. First nations, through acts like the First Nations Fiscal and Statistical Management Act and the First Nations Land Management Act, have developed means by which they can take control of their own destiny.

The Indian Act and the Department of Indian Affairs, or whatever they call themselves now, were never designed to take risks. You know yourselves that if you're going to function in the mainstream economy, it's all about managing risk.

Why do first nations need to do this? It's because they need to access capital, and their members, who are becoming more familiar

with engagement in the economic mainstream and with reading financial statements, want to know what's going on.

Mr. David Wilks: Feeding off that, with regard to that first question, what kind of information related to first nations finances would help build this trust and confidence, in your view?

Does Bill C-27, by making the audited consolidated financial statements and the schedules of remuneration more accessible to the private sector and capital markets, help achieve this?

Mr. Harold Calla: I think having the financial statements available does.

I understand the need to have a schedule of remuneration. I sit on boards, and if you look at an annual statement, you'll see what I get paid as a director. I understand those things. But with respect, I don't think this bill addresses the issue of compensation the way it needs to be addressed.

If the issue you're trying to get at is the so-called nepotism that occurs from time to time, or that is alleged to occur from time to time, this doesn't encompass it all. If you look at the private sector, it's family, it's contracts. As I read this legislation, I could have a company and I could have a family member, but it's not captured. With great respect, that part is not as well defined as it is outside, in the private sector. I think that is not there.

When you're developing a business relationship, there are two things people want to understand. One is that you can fulfill your obligations as a partner. That becomes important to understand, and I think for those reasons, financial statements help give people an indication of that. Now, there is an issue of commercial sensitivity. I don't want to get into an accounting definition here, but we have to be very sensitive about what we're asking first nations to disclose. The issue I have with this legislation is that you're asking first nations to report by going down into the subs, which you do not ask anybody else to do.

I think it reaches too far in some respects and it doesn't reach far enough in others, because it doesn't define what it is.

Mr. David Wilks: Thank you.

Leading from that, then, could the legislation relating to a first nations financial situation be validated by a neutral observer, and would this help attract private investment?

• (1625)

Mr. Harold Calla: I can tell you that the private sector has responded to Membertou, as an example of who has come forward. The banking syndicate is in place to provide them with 2.5% money.

Being certified and having this independent certification is invaluable. Even those communities that have a financial administration law and are looking at financial management system certification have made their commercial bankers aware of those kinds of things and have received financial terms that they previously couldn't get.

Mr. David Wilks: Thank you very much, Mr. Chair.

I've finished my questions.

The Chair: Thank you, Mr. Wilks. Your time was nearly expired anyway.

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

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-sor, Lib.): Chief Twinn, this will be a bit of a lengthy introduction to a question, but I'm going to try to get through it as best I can.

Mr. Calla spoke earlier about being functional in the mainstream economy and how Bill C-27 addresses this.

There are two things. There's the Montana decision and your own decision regarding—I'll just go into it briefly:

...confidentiality of financial statements is protected because they are often consolidated statements that contain reports on private businesses owned by First Nations.

I think, Mr. Calla, you were referring to those just little while ago:

In that case, the Court held that audited financial statements, in particular statements dealing with band generated revenues, provided to the government under the *Indian Act* constituted confidential information within the meaning of paragraph of 20(1)(b) of the *Access to Information Act* and therefore need not be disclosed to the public.

I guess you know what I'm getting at. What kind of a situation does Bill C-27 put you in as far as the sensitivities outlined here vis-à-vis privacy?

Chief Roland Twinn: Although I'll try to be brief, it's not a simple answer.

It could give competitors an unfair advantage when it comes to some of our businesses. We have a company that does brushing and clearing. I'm sure some of the larger companies that are competitors would love to be able to see where we are financially so they could put their bids in place based on that.

As well, even if Bill C-27 does make these public, so what? There are no remedies in C-27 for any wrongdoing. It's information. Basically, somebody could complain about improper business or remuneration, but there are no remedies for that. There's where we also have a problem.

Some of the things that we do as first nations, especially now with the right for consultation within the traditional territories.... We enter into agreements with some of the pipeline companies, the resource development companies, and they require us to sign confidentiality agreements as to what we are getting through the agreement. This would make it public knowledge.

Mr. Scott Simms: Sorry, I don't mean to interrupt. So these confidentiality agreements are exposed now, according to Bill C-27?

Chief Roland Twinn: The confidentiality agreement may not be exposed in its entirety, but any financial contributions would be, which could cause disruption when it comes to negotiations with the oil companies. They don't want Sawridge to know what kind of a deal they struck with Bigstone. But if we put it out in the public on a public website, they're going to know, and it could cause a disruption. For instance, if I am a better negotiator than the next first nation, I will get a little better deal. That's out in the public.

Mr. Scott Simms: Mr. Calla mentioned—and I'd love to get your opinion in just a second—"functional in the mainstream economy".

Would you say that this runs counter to being functional in the mainstream economy?

Chief Roland Twinn: Most definitely. It puts on an extra onus, and it kind of paints a picture, again, that first nations are unaccountable or untrustworthy. Our nation has been in business since 1972, and we've never had any problems. We are in the mainstream economy. That's why we went to the court in the first place, because that disclosure wanted to be put out there so that every hotel chain in the world could see where our hotels are.

This is not proper business, in my opinion, and I'm not a professional.

Mr. Scott Simms: Thank you, Chief Twinn.

I didn't mean to exclude anyone else. My apologies.

Mr. Calla—perhaps anybody else—would you like to weigh in on this as well?

Mr. Harold Calla: One of the realities that I don't think anyone disputes is that you have an obligation to disclose your financial statements to your members. I don't think you are.

I would like to suggest that once you put it into your membership's hands, it is in the public domain. I can tell you that at home, as soon as some financial information gets out, it's in the local newspaper, if it's to their advantage and can sell copy. So let's be realistic and understand that the moment you respond to an obligation that I accept as delivering your financial statements to your membership, it's in the public domain. They are part of your public. And they will distribute it and use it however they see fit.

If we had enough time, I have about a 45-page memo on the PSAB, the Public Sector Accounting Board, talking about consolidation or modified equity approaches to accounting. I don't know how many of you read financial statements, but as an accountant I have to study them before I can even comment on them, they have become so complex.

I am concerned about the commercial sensitivity of those things. To the extent that your financial information shows a need, if I can characterize it as that, it can be capitalized on. But, with respect, that's no different than in the private sector. Public companies produce financial statements. Everybody knows. I don't see anybody running out to buy stock in some of these companies that have found themselves in a difficult time. It becomes part of the public domain.

I understand that. That's why I said we have to be careful about what we're asking. I do not support this notion of going down into subsidiaries or entities that are owned. These are band financial statements. I can understand that. And except for how they're recorded in the band's books, I don't think this legislation should touch anything beyond that.

• (1630)

Mr. Scott Simms: Okay.

Mr. Paul.

Mr. John Paul: I think it is quite sensitive, and we have tried to operate in a transparent way. We do things based on a cost model. When you go too deep into the details, as Harold says, you put yourself at risk. What's the sense of putting your community at risk financially because of information that you're asking for? What are you going to use it for? What is the government going to use the information for? What are the benefits of having some of this information go to the government and made public? At the end of the day, these complicated things about PSAB, from our community's perspective, are about telling the story of what you're doing with the resources and tools you have, including the companies that the community owns.

You're managing these companies for the community, for their best advantage, to generate profit, to generate jobs in the community. That's why you have these things. You don't create them for tax purposes or other purposes; you create them to benefit the community. A lot of these things that are created are to benefit the community, and you have to understand that.

The Chair: Thank you very much, Mr. Paul.

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

Mr. Greg Rickford (Kenora, CPC): Thank you, Mr. Chair, and welcome to all of the witnesses here today.

A special welcome to you, Clarence. I lived in Cross Lake and Norway House for extended periods of time. I'll let the committee know, for whatever it matters, that I love the Cross Lake Islanders. Best wishes to you guys. I coached them for a little while as an assistant coach. Best wishes to the North Stars in the KJHL, a great hockey team and a wonderful community.

There are two things, first of all, with respect to the previous line of questioning. I think it's worth noting for our witnesses today, and perhaps for the members, that some of, if not a lot of, these concerns on the business component side with respect to some of the clauses are under serious consideration for amendment. They have been dealt with by a previous witness here at least as a proposal to consider. As far as we know, they address many of the substantive concerns on the business side of things.

Second, Harold, you were just about to go down a path that I've been getting at with the witnesses with respect to that, and that is around obstacles, and not just the obvious ones. We've heard from community members who have been uncomfortable in a community forum, raising or challenging their chief and council to issue financial statements.

I believe part of this success goes to what you were starting to get at, and that is some of the other obstacles that might be there. Specifically, you're an accountant who can read certain financial statements, and some of us may have that sophistication, but not all.

So my question would be along these lines to you, Mr. Calla, and perhaps, Roland, you might want to chime in on this, and Clarence, certainly. What are some of the barriers you faced in terms of putting financial information out there and having it sufficiently understood by communities? This is a broad question, in some sense, because it deals with financial literacy, and it also deals with perhaps some of the process issues of actually having it accessible to community members.

Can you comment on those in the rest of my time, and if you gentlemen could share that, that would be great.

• (1635)

Mr. Harold Calla: Thank you for the question.

I don't have five copies or 50 copies, but I'm going to leave with you an annual report of the Squamish Nation. It contains the audit. It does not contain, in this edition, the version that will have salaries in it, but it is prepared and the membership does have it.

This is a much more meaningful document for a member and stakeholders to look at. It's proactive. It's not reactive to a historical record of transaction activity. It talks about what you want to do for the future, what investments you've made, and what successes you're enjoying. One of the things we don't talk about is performance.

The complaints you have heard from time to time, and we hear them all the time, are: What have you done for me lately? Are you making wise investment decisions? How are you managing your risk? Do you have too much debt? But, more importantly, where are we going and what are we doing?

I would like to ask the question, and I'm going to ask it here because this is really where it has to be asked. What is the end game for Canada on the aboriginal file? What do we want? We have to sit down as aboriginal people and figure out what we want, and it might not be different in all of the places.

I think this is a much more meaningful document that can get to the membership. Yes, you can look at this financial statement, but I always like to tell the story about my great aunt. When I said I was coming to Ottawa to talk about fiscal relations, she looked at me and said, "Which one of our relations is named fiscal?" That's the gap you're dealing with between two generations. So that reality has to be faced as well. I think this kind of thing is important.

What we'd like to see is not Bill C-27; we'd like to see every first nation in this country pass a financial administration law under our standards. Those standards were developed and they're COSO standards. They're consistent with the COSO framework, which is an international framework on control management of finances that was developed after all of the fiascos in the last 15 years.

Mr. Greg Rickford: Thank you, Mr. Calla.

I want to hear from the other two gentlemen, if I may.

Go ahead, Roland and Clarence, for a minute or so each, I think.

Chief Roland Twinn: Through our process, we present the audit. Through our financial administration act, the members have the ability to bring their own financial people in and review the books of the first nation. If they have questions and they are not comfortable with the answers they are getting at the assembly, the audit—it's not just an audit, you have to produce a budget at the beginning of the fiscal year. Any time that members feel they do not understand or they have issues, they have the ability to stop the budget before it moves forward. They can bring in accountants and lawyers, and we will open the books up to them.

That was a demand of the membership. That's where our financial administration act is. If there is a conflict, we have conflict of interest rules. We have dispute resolution laws within our governance act. The mechanisms are there. We have yet to have anybody give a very strong opposition to anything. We have had some very pointed questions, asking for some explanation of the numbers. We have been able to do that.

Everybody seems to have been satisfied for the last two...we're coming up on our third budget, and it's our second audit to be presented to the assembly since we passed our administration act and governance act after 2009.

• (1640)

Mr. Greg Rickford: Thank you. These are helpful things.

Clarence, go ahead.

Mr. Clarence Paupanekis: Thank you.

I can only speak from our Cree Nation's perspective in terms of being accountable and transparent to our first nations citizens. As I mentioned in my presentation, our practice is to have an annual general meeting and to explain as best we can to the membership what the financial statements entail. That itself can turn into a marathon session, because you have a greater mix of people who understand them well. You have former politicians sometimes who seem to be really astute and ask a lot of questions. There are those things. We do that.

The other day, I received a call from a band member asking for previous years' audits. I said, "I will get them to you as soon as I get back to the community next week." We try to provide the documents when people request them. As I said, we have an audit scheduled for November 7 for the administration of our trust. We're preparing for that as well. There are going to be people coming and asking questions about our trust and how we administer that.

Mr. Greg Rickford: It's just a function of posting these under any kind of certification with the board. It's an ability to have a forum for the questions to be asked as follow-up, and for a simplification of particular line items so that this bill, or any other kinds of transparency exercises that bands go through, can be understood by its members. Is that a fair statement?

The Chair: Mr. Rickford, you are out of time. I think you have launched into another dialogue as well.

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

Mr. Dennis Bevington (Western Arctic, NDP): I have a brief comment.

The parliamentary secretary has suggested that we could amend this bill. We have problems with the disclosure of private business information. We have problems with putting it on the Internet. We have problems with the government-to-government relationship this bill infringes on. And the new one is, we're not even getting the right information to the members of the band with this information. If you characterize this bill as a thoroughbred horse, it has three broken legs. The best thing to do with it would probably be to shoot it. It's not going to work for you.

With the Financial Management Board you have and the 98 bands that are interested in participating—I have a couple of questions.

How long has it been in place? Could this have been moved forward more quickly with more resources attached to it by the Government of Canada? Are there ways we can enhance the turnover of bands to financial management acts? Is it possible to accelerate the process?

Mr. Harold Calla: Yes. The legislation was passed in 2005. To give you an example of some of the challenges in dealing with the Governor in Council and the political process, we didn't get a board until 2007. We went 27 months before we had a board, and then we had to begin doing the work. This has never been done anywhere else in the world. All of these things had to be tested to be consistent with practices that will be recognized, so it's taken a lot to get off the ground. It's taken a lot for communities to begin to examine why they need it. As I mentioned earlier, the consultation and accommodation requirements for first nations to cross the country to participate in these major initiatives has caused them to look at how they can arrange financing to acquire the equity in these initiatives that they want to acquire. So there's an interest now that wasn't there before.

I think that having the opportunity to get economic assets that you can put into the mainstream to help your community is the biggest incentive for first nations communities to move down this road. Even within the department, they've gone through a major revision in terms of their assessment of risk and readiness to accept federal funding. I heard out of the east that we've become a proxy for the assessment process for the department now. That's a very positive step. There's another incentive for first nations to want to become certified by the Financial Management Board and to reduce the burden on the department for doing these kinds of things.

We have been—and you probably won't hear this from anybody else—adequately funded by the department since we were created to be able to undertake the work that we're doing. That's going to start to get stretched as this take-up of the initiative grows. We have grown. I would say there are 20 first nations waiting in the queue to be certified by the Governor in Council. As this grows we're going to be stretched.

Remember, this legislation was passed with all-party support. Everybody understood the need for this initiative, and we are being responded to.

• (1645)

Mr. Dennis Bevington: Chief Twinn, I think I've been staying in your facilities for about 30 years, driving up and down the Mackenzie Highway, so I appreciate you being here today. I know the long-term business record of your first nation.

My question to you is, do you think this act will slow down the ability and the desire of first nations to move on to this Financial Management Board? Is it going to create such reporting structures that many of the smaller ones are going to be overwhelmed with this?

Chief Roland Twinn: We are not a member of the Financial Management Board. What we've done, we've done under our section 35 Canadian Constitution rights, and we have done this for ourselves. Our laws are not static, they're not set in stone, and as the sophistication of membership and their requirements happen, there will be amendments. As far as we're concerned, there are several items. We have probably six or seven amendments to Bill C-27 that could allow us to do our business as we have for the last 30 or 40 years. They're in my submission here.

As far as slowing other first nations down is concerned, it's my opinion that we have to allow first nations to do things for themselves. We cannot be dictated to and say this is great for everybody. We cannot be painted with that single brush that Canada likes to paint first nations with. I'm not speaking against the Financial Management Board and the financial management act. If that is the choice of the first nations, they can do so. However, some of the things in Bill C-27 may be contrary and create an opposing interpretation, even within the nation.

I believe if we allow the membership to deal with accountability in terms of what they want, as evidenced by what's happened with our nation, they will require a high standard of accountability and transparency. When it comes to hockey tickets, I can't even get a pair of hockey tickets from a company without going to them and saying, hey, look what I've got, and offering it to the membership. That's how accountable they want us. I think our accountability standards are so much higher than what Bill C-27 does, because we also offer remedies.

The Chair: Thank you, Chief.

We're going to turn now to Mr. Seeback, for five minutes.

Mr. Kyle Seeback (Brampton West, CPC): Great. Thank you, Mr. Chair.

I've listened to the testimony today with an enormous amount of interest.

Mr. Calla, I'm a person who can't do numbers. That's why I became a lawyer.

Voices: Oh, oh!

Mr. Kyle Seeback: I think I speak on behalf of most lawyers when I say that numbers scared us, so we decided to do something else.

I want to go back to what you were talking about in terms of the system you work with under the financial management act. I think you said there are 633 first nations—actually, I think Shayla made the point—and 98 are sort of trying to get into the system, while 17 have passed their own financial administration laws.

I have a bunch of questions on that. With regard to the 98 that have applied, what was the length of time? How long did that stretch over?

Mr. Harold Calla: Now, 98% have applied since the act came into force in 2005. The scheduling started probably in about 2007.

Membertou's our star. They did it in basically eight weeks. It can take 18 months. This is driven by the first nation in terms of their commitment to put the resources that are needed into it.

One of the clarifications I want to make is that what's being asked for in this act, that you produce an audit available to your membership, that you comment on salaries—they're part of FMB standards.

• (1650)

Mr. Kyle Seeback: I do see that. I understand the parallels. I haven't had the time to go through the summary yet. We got it today, and I browsed through it. But I do understand the parallels.

The distinction that I seem to see in this is that for people who want to go under the First Nations Fiscal and Statistical Management Act, that's an opt-in program, as you've correctly described it. So people who opt in can go through and they can pass a financial administration law that's going to require a certain amount of financial disclosure that's somewhat similar to what's in our legislation.

I understand that. And I understand why you also think that's a great system. I think it is as well. You have lots of first nations that have applied.

Last week in committee, though, we heard from people...including Phyllis Sutherland, who was saying that she's not getting financial information, and she's requested it. She's had to request the information from the minister. We've heard that from other first nations as well. And the minister said, when he testified, that there are lots of first nations who get in touch with him saying, please, help us, because we can't get any information.

So I understand what you're saying, but I think the problem is that there's probably going to be a number of first nations that aren't going to apply to be under your management.

Would you agree with me there?

Mr. Harold Calla: Yes—unless they're incented to do so.

Mr. Kyle Seeback: What I see is a gap. It's great that we can have some first nations go through that and do that. I understand it. The same with first nations land management, the FNLMA; that's a great system for some first nations.

I think what you've heard from the parliamentary secretary is that we are open to some discussion on this, obviously. I'd love to.... You said you had lots of recommendations.

Mr. Chair, I have only a couple of seconds left, I assume.

The Chair: You have a minute and a half.

Mr. Kyle Seeback: Okay.

Noting that some first nations aren't going to go through the first nations statistical management act, what do you see as things that could be improved upon in this legislation?

Mr. Harold Calla: I believe it is not about the audit. It is about the financial management system and financial performance.

Again, there's a whole binder back there. We have spent five years developing a framework that would provide accountability and transparency into first nations communities that would not just focus on the historical.

It's too late. You know, it's like the Auditor General: the ship's out of the barn here.

Mr. Kyle Seeback: Understood. I recognize that. The challenge is that we can't force people to go through your system, and some people, you've admitted, aren't going to.

So if we're going to try to have something else—

Mr. Harold Calla: That's a decision you made, though.

Mr. Kyle Seeback: —to provide some financial disclosure, which we think this legislation will....

I know you talked about going down into the “subs”, or whatever you called them, but what else do you think might need to be improved?

Mr. Harold Calla: Well, first what I'm going to say is that you're making a choice, as government, through this legislation, on how you're going to approach the issue. You've chosen a bill, Bill C-27. You might have chosen to suggest that maybe everyone should pass a financial administration law that's been certified by the Financial Management Board. That's within your purview, isn't it? I think that's more encompassing.

When I look at this, it doesn't respond, I think, to the increasing need of members to understand what's going on. Never mind what happened; it's what's going on today.

The Chair: Thank you, Mr. Seeback. Your time has expired as well.

We're going to turn now to Mr. Gravelle. Welcome to our committee. You have five minutes.

Mr. Claude Gravelle (Nickel Belt, NDP): Thank you, Mr. Chair.

I'm not a regular member of this committee, so my questions may not be as technical. But I am interested in knowing this, and this question is directed at anyone here. If one of your councillors is a teacher, for example, on your reserve, would he or she have to declare their salary also? And if one of your board members has a business outside of the reserve, would he or she have to declare their wages?

•(1655)

Chief Roland Twinn: As far as the council in our acts is concerned, I believe we have to expose all of our incomes. The private sector is a little bit of a grey area for a part-time council member. The chief is most likely going to be held under much more scrutiny, because our council is part-time. As part-time...we don't pay them enough to make a living on, so they necessarily have to have full-time jobs, but that is not disclosed if it comes from the private sector.

All moneys they get from the first nation have to be disclosed. One of our council members may work for one of our entities. They have to disclose that in our audits.

Mr. Claude Gravelle: If I hear you correctly, if he works outside the reserve, he doesn't have to declare that income.

Chief Roland Twinn: Yes.

Mr. Claude Gravelle: Right.

Were you consulted on this bill?

Chief Roland Twinn: No.

Mr. Claude Gravelle: Was anybody consulted on this bill?

Chief Roland Twinn: No.

Mr. Claude Gravelle: As a government to government...do you think that is correct? Do you think that is right?

Chief Roland Twinn: I believe it's a fallback to the old ways. We are governments, as asserted. I do believe consultation with us should be required of anything that could affect our aboriginal and treaty rights. I do believe that if you're going to make laws to govern people, they should have an input. How that input is given should be open and transparent, and it should be in a fair manner and cover as many people as possible.

Mr. Claude Gravelle: Would you also like to comment?

Mr. John Paul: I would say that we do have clear rules, in terms of the policies and procedures of the council, that actually describe how you would have to go about disclosing all the information, whether or not you are a council member—including a business person in the community. You would end up having to disclose that information to the community through some means, telling people that you are doing business in the community.

You have to understand, we're also governed by conflict of interest rules as well that also do not permit people, families or individuals, to take unfair advantage of information and so on. At the end of the day, it's really about trying to get everybody, chief and council and the entire community, to understand the rules and procedures they're going to follow and accept, as well as the penalties if you don't follow them.

In our case, if you don't want to follow these rules, you aren't going to be on the council. It's very simple.

I think another piece of it that was kind of talked about is that communication to the members is an ongoing process—daily, weekly, monthly—and you have to spend the time and effort and resources to do that, including the annual report. It's not just an annual report. You have to tell people what you're doing all the time, because as a politician in a community you're accessible 365 days a year, 24 hours a day. Whether it's your window, or the curb, or the baby's sick, or something, it doesn't matter. Sometimes they don't distinguish between calling the nurse or whatever; you're the chief, or you're the leader in the community, so they want your help, they want your assistance. That's really the way it is.

I will say more about process. Part of why we went into the FMB was because we already went down the road of ISO certification, to create standards and process and improvement in what we did. This was only in line with exactly what we were trying to do anyway, so when the FMB came along—we knew it was there—we said we'll move it up another stage, and we directed the staff to get all the stuff done to fulfill those requirements too. We are dealing with the banks, we are dealing with the private sector, we are dealing with the community, so the more you have documented in the process, the more information you produce to clearly explain and document this stuff, the better off you'll be.

At the end of the day, in communities, the staff and the leadership serve the people in the communities. Whether they're on reserve or off reserve, it doesn't matter. You still serve those members the best way you can.

•(1700)

The Chair: Thank you, Mr. Paul.

We'll turn now to Mr. Boughen, for five minutes.

Mr. Ray Boughen (Palliser, CPC): Thank you, Chair.

Let me add my voice to those of my colleagues in welcoming the panel. Thank you for giving us your time and energy this afternoon.

I have three questions, and then some dangling ones at the end. I'm not sure we'll get through the three of them, but we'll give it a run.

My questions are hinged around the International Organization for Standardization, ISO, certification and current practices, first of all.

Membertou has been ISO certified since 2002, and the Membertou website claims that makes it the first aboriginal government in the world to become ISO 9001 certified. Can you please tell us how the certification came about and why you felt it was necessary to become certified?

These questions are for any members of the panel.

Mr. John Paul: I think one of the biggest challenges we face is trying to build a relationship with the non-native business community in Atlantic Canada, even in our local area. It was decided a number of years ago to create a corporate entity to look at corporate activities, to build and educate the business community about what we do.

During that process, one of the things that was identified as a fundamental basic requirement was ISO certification, in order to secure certain types of procurement, or contracts, or activities. At that point the community, the chief and council, decided to do that and use it as a tool to do two things. One was to put it forward as a standard that we follow like other private sector companies in the country. The second was to improve our own processes internally in terms of just doing things better; ISO is about documenting and doing things better. If you're in a community, that's what you want to do.

I think doing that really helped us in building relationships with companies that didn't know Membertou from a hole in the wall. Some of the companies we talked to said, "Well, where is Membertou? Is it near Toronto? Is it in B.C.? Where is it?" Nobody knows where Cape Breton is sometimes. We had to really nail that part down to make sure people understood where we're from.

I think it took a long time to get through the process, but at the end of the day, it really energized all the staff who worked for the band, almost 500 or 600 people now, to work on improvement—not just improvement of the business side of our activities or the corporate side of our activities, but the community side of our activities.

It's very interesting what we do, not just on the business side for ISO, but on the community side for ISO, to improve the quality of service to community members. That's a critical part of this whole process. That's the big reason we ended up following it and

achieving that standard. We believed at that time that it must be okay; if it's a world-recognized standard, somebody must recognize it somewhere. So you go down that road, you get it done, and you apply it.

It does take a lot of work. It takes a lot of time and effort of the staff, talking to the community, talking to a lot of people about really trying to take the concept of ISO and actually implementing it in a community context. It's quite interesting how it gets applied in things we do relative to the community, whether it's health services, social services, housing. Whatever it is, those rules of improvement apply, and the processes are documented for everything.

When I tell the story, I always say, what if the band manager or the finance guy who's been working here for 20 years gets hit by a bus next week? Somebody else can just pick up the file, pick up the manuals, and figure out how to do it.

•(1705)

The Chair: Mr. Boughen, I do apologize. You broke in there, but we're out of time.

We're going to turn now to Mr. Cash for five minutes.

Mr. Andrew Cash (Davenport, NDP): Thank you, Mr. Chair, and I'd like to thank all of you for being here.

Your deliberation today has been very enlightening for me and very meaningful. Because you touched on some of this earlier, Mr. Paul and Mr. Calla, could you give us a more detailed sense of some of the ways in which you'd like to change this, some of the amendments that you'd like to bring forward here?

Mr. Harold Calla: The one suggestion I would have is that remuneration needs to be looked at, and the definition of it. I think this is clearly one thing that needs to be done, to ensure that it's consistent with practices in the non-aboriginal world—I don't like using that term, but it's a term you might understand. I think this needs to be reflected upon.

It's a requirement to produce an audit. I think it's burdensome to expect that a first nation community is going to have to put an audit on a website that it may or may not have for ten years. I don't see the merit of that. It's not something that is needed, quite frankly.

Subject to those two provisions, I'd like to add a whole bunch, talking about financial management systems and financial performance. If you take our standards and want to replicate them in the law, we'd be pleased. You have a binder at the back that's about three inches thick, English and French.

Mr. Andrew Cash: Mr. Paul.

Mr. John Paul: In terms of looking at the remuneration issue, as Harold said, you have to look at standards.

One thing we did as part of work with Membertou and other communities in the Atlantic area was to go to the international Hay Group to put a value on the job of chief and to look at setting what the benchmark should be, based on the role as assessed by the Hay Group, an independent body that is world-renowned and recognized—to make those determinations and set those benchmarks based on the role of the chief, not based on who it was or on anything else.

We did the study, we shared it with all our communities, and it's very interesting that many of the communities are using that information to make determinations on what range they feel is acceptable, based on the actual role of the chief.

The other issue, as Harold said, is to decide how far you're going to go into the detail of the subsidiaries. The only thing I would say is, don't create harm for our communities based on something that you believe is supposed to help us. You can't create more harm for us or eliminate business opportunities because of something you're trying to achieve; that doesn't make any sense.

If you want us to get out of poverty, if you want us to become economically self-reliant, help us. Help us do it in a way that ensures that the business side of the things we do is done using the general standards of everybody else, but don't put us out there basically with no clothes on and let everybody take advantage of us. Part of the big problem we run into is that in the business world not everybody is a saint. I wish it were the case that they are, but it's not. There are still people out there who would in some cases take advantage. Community people and communities are well-minded, very trustworthy people in some cases; they trust people for who they are and what they do. But I think that in some cases bad things happen. The issue Harold was talking about concerning financial performance is something that really needs to be figured out, in terms of what it is.

The other issue that I mentioned earlier is that we have to figure out a way to eliminate the paper burden of reporting requirements. As I mentioned earlier, in spite of our being ISO-certified, in spite of our being FMB-certified, we still have to deal with the reporting guide, which is very thick, from the department—the Aboriginal Affairs and Northern Development reporting guide.

You ask the question, and you have to wonder.... I tell our CFO and the other guys, just fill out the paperwork and send it in. God knows, somebody has to read it there—I hope. It's usually thousands of pages long.

For the community, having the tools and the commitment of the leadership to communicate and get the right information out all the time is essential. Communities can figure out how to come up with the best ways to do it that are considerate of our values, considerate of our culture, and considerate of the different stakeholders you deal with in the community. It could be the opposition, it could be the different interest groups in your community, but you have to figure out how to deal with them all, because they're not going anywhere.

• (1710)

The Chair: Thank you, Mr. Paul.

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

Mr. Rob Clarke (Desnethé—Missinippi—Churchill River, CPC): Thank you, Mr. Chair. I have a couple of things, being myself a first nations person.

I thank the witnesses for coming here and testifying today. This is very important, not just for me, but also for my band members and my home first nation in Muskeg Lake, and also for all first nations across Canada.

We all have a responsibility and we're all elected. But what we've heard goes from one extreme to the other: there are first nations that are accountable to their band membership, but then there are the ones that just disregard the band membership, blatantly not providing any information or any type of financial transparency to their band members.

That's what I find really disheartening. We look here at the issues that are facing first nations, and at the challenges. At times there's no accountability. They're spending at their own rate.

I've seen first nations—for instance, in Saskatchewan, Beardy's first nation. Under one administration they were in the black; now, currently, they are in the red, overspending and not being accountable to the membership.

I look at Clarence—and thank you very much.... I'm going to ask you a couple of questions, and I hope I have my notes all in order.

Here is one of the points I have. I was just talking to my first nations chief, Chief Tawpisin in Muskeg. He says that membership assemblies' auto-presentations are placed on the website's members' section. That's how they transmit their information to the membership; they use the website.

Also, they take an extra step. For first nations members off reserve, they travel to Edmonton, Saskatoon, and Prince Albert, and through band meetings on the home reserve.... They provide that information to the band members. All they're doing is transferring the data from the auditor's statement at their meetings to their website.

I find it a relief to know that first nations people, especially my band membership, have this opportunity to look at it and do their own examination to see where the funding is going.

Clarence, you mentioned program funding. I have an example here from one of the first nations in Saskatchewan, which is very concerned.

They made a request for \$140,000 in funding for the children and community programs, to be utilized by the band through the school—I'm not going to mention what school, but it was approved by the Department of Indian and Northern Affairs—in a reinvestment fund; however, to the best of her ability and knowledge, those funds have not been available for the school's use—and this person is the one who wrote and made the funding request—and there has been no accountability.

That's why we're trying to look at the first nations individuals here. I expect first nations individuals.... If the funding is available and it's being allotted for that community, it should be given.

Clarence, you made a statement in 2010 in a *Winnipeg Sun* article. You were quoted as saying that:

It's very disturbing that salaries could be as high as what has been reported when the majority of the leadership are making an average of \$60,000 per year.... It really paints a negative picture when there are many chiefs making good efforts to provide the best leadership for their communities.

In your opinion, if first nations governments disclose this information and provide the opportunity for first nations to demonstrate that the leaders are receiving such a high remuneration, are they outliers?

I'm hoping you can address that question.

How much time do I have left?

• (1715)

The Chair: You only have a minute left.

I think you may want to rephrase that question, Mr. Clarke.

Mr. Rob Clarke: Okay.

In your opinion, will having all first nations governments disclose this information provide an opportunity for first nations to demonstrate that the leaders receiving the remuneration are being accountable?

You can answer that question.

But Harold, I have one further question that I hope you can answer as well. You mention your best practices. How do you compel first nations to start complying? There are going to be blatant attempts not to comply. What suggestions do you have?

Clarence, you can answer. And Harold, if you can, answer that question as well.

The Chair: I think, Mr. Calla, if you're prepared....

Mr. Harold Calla: I think I can.

We're not saying that there don't have to be consequences. But with respect, the issue you just raised is a management issue. It's not going to be resolved because you tell somebody how much salary you got. Financial management systems deal with process management types of actions. That's why we're saying that the Financial Management Board has to develop standards that address those

kinds of issues. Yes, there must be reporting, and yes, there must be consequences.

The money whip has been used by the federal government for hundreds of years. Where are we today? We're no better off than we've ever been. So maybe we had better get them to think about why they want to do it for themselves, not why they want to do it to satisfy Ottawa.

The Chair: Clarence, did you have a follow-up? The time has now expired, but I want to give you an opportunity to respond to the question.

Mr. Clarence Paupanekis: If I understand you correctly, I think you're asking how we hold chiefs and councillors accountable if this bill isn't passed.

We're not against being accountable and transparent. I think that's something I mentioned earlier. We do what we can for our Cree Nation, our membership, in terms of providing the information that's available. We have our annual audit. It's made available to them.

I can't speak for other first nations, but it's been mentioned that amendments are required. From our perspective, as a Cree Nation, we're not against it, only portions of it. It should be fair to our community, our first nations, and all first nations in general.

The Chair: Thank you very much.

I want to thank each and every one of you for coming and for staying longer than we had asked you to stay. We've overrun what we had planned in terms of a timeframe, but I think we got a lot of important discourse happening here today. We want to thank each of you for your contributions.

Colleagues, we will suspend this meeting and come back for a couple of minutes on future business.

[Proceedings continue in camera]

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