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Chair

The Honourable MaryAnn Mihychuk

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•(0845)

[English]

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

Welcome, everybody.

I acknowledge, given that our Prime Minister and the people of Canada have called for a process of truth and reconciliation, that we're on the unceded territory of the Algonquin people.

I wish to welcome you to our standing committee as we hear about the management of our communities and how we can benefit them, and an old system of default management commonly known as third-party management.

I do want to thank all of you for travelling here to present before us. We're honoured.

Pursuant to Standing Order 108(2) and the motion adopted on February 21, 2017, the committee is resuming its study of default prevention and management policy. We have three presenters. The first presentation will be for 10 minutes by the First Nations Tax Commission, Clarence T. Manny Jules, chief commissioner and chief executive officer.

Welcome. *Bonjour.*

Mr. Clarence T. Jules (Chief Commissioner and Chief Executive Officer, First Nations Tax Commission): Good morning. I'm Manny Jules, the chief commissioner of the First Nations Tax Commission. Thank you for this opportunity to appear before this committee. Your study on INAC's default prevention and management policy is important and timely.

This government has committed to a new fiscal relationship that provides stable revenues to our communities, and improves infrastructure services and outcomes. Strong financial management, transparency, and accountability are key elements of a new fiscal relationship.

As you know, I've been working toward a new fiscal relationship for over 40 years. I was co-chair of the national table on fiscal relations from 1998 until 2001. We have always known that a new fiscal relationship needed first nations institutions. That is why we advanced and implemented the First Nations Fiscal Management Act also known as the FMA.

That act was passed in 2005, and it created four institutions to support a new fiscal relationship, one of which was the First Nations Tax Commission. One of the other institutions created was the First

Nations Financial Management Board. Its chair, Harold Calla, has done a great job of building that institution for accountability and management. I know that his observations and work will be extremely valuable to your study.

However, I want to focus my comments on the first objective of your study, issues and challenges that affect financial management in our communities. It is important, because I believe you're asking about the root causes of our financial management issues.

To begin, the foundation of all governments is land and tax jurisdiction. The methods used to apply these fundamental jurisdictions determine economic success or failure. When these jurisdictions are used, they create governance and public institutions that grow economies to the benefit of all citizens. Trust then rises in government and institutions. When they are used to benefit some but not all citizens, economic disparity rises and trust in government and institutions declines. As stated in a recent book, the use of these jurisdictions is why some nations fail while others succeed.

First nations people had these jurisdictions before contact. There was no requirement for a royal proclamation or treaties if indigenous populations didn't have title and tax jurisdiction. We used these jurisdictions well. It has been estimated there were more numerous than Europeans at the time of contact. Of course, the introduction of guns, germs, and steel, per the book title of the same name, changed that.

Colonization took our land and our tax jurisdiction. As stated in 1841:

The Indian occupies valuable land unprofitably to himself and injurious to the country. He gives infinite trouble to the government and adds nothing either to the wealth, the industry, or the defence of the Province

It ultimately resulted 35 years later in this passage that remains in the Indian Act today, that reserves are:

a tract of land, the legal title to which is vested in Her Majesty.

We fought to get our land back. In 1910, my ancestors, the chiefs of the interior tribes of British Columbia, wrote the following to clarify their land claim position:

We stand for the obtaining of a permanent and secure Title (to be acknowledged by the government as such) of our ownership of our present reservations, and of such lands as may be added thereto.

Canada became frustrated with our efforts to raise money by collecting taxes, so in 1927, the Indian Act was changed to take away our tax jurisdiction. It said:

Every person who...receives, obtains, solicits or requests from any Indian any payment...for the purposes of raising a fund or providing money for the prosecution of any claim...shall be guilty of an offence...

The express purpose of these policies was to create dependency. As the following quote from Hansard in 1918 indicates:

Well, the Indian may be satisfied and he may not. My personal view with regard to the Indian is that he is the ward of the Government, and being a ward he is bound to accept the treatment given him.

We have been fighting for our lands and tax jurisdiction ever since, and we've had a number of victories: the Supreme Court recognition of our rights and title in several decisions, including most recently the Tsilhqot'in decision; the 1982 Constitutional recognition in section 35; the United Nations Declaration on the Rights of Indigenous Peoples; the 1988 amendment to the Indian Act; the passage by Parliament of the First Nations Land Management Act in 1999; and the passage by Parliament of the First Nations Fiscal Management Act in 2005.

● (0850)

It is clear that this government wants change. Last month, the Minister of Justice and Attorney General of Canada, the Hon. Jody Wilson-Raybould, said the following at a conference here in Ottawa:

As a government, we recognize that the fundamental purpose of section 35 is reconciliation of the prior occupation of Indigenous peoples with Crown sovereignty. And we are fully committed to fulfilling the constitutional promise made to Indigenous peoples in 1982...reconciliation actually requires laws to change and policies to be rewritten...if we are to get rid of the Indian Act, we need to determine how First Nations transition away from band government to something which is reflective of the proper title and rights holder...Only Indigenous peoples can determine their institutions and shape their future.

The Minister of Justice is right. She is also wise enough to know that this change will be hard. We need to overcome historical mistrust. We need to convert our rights and title to governance, institutions and jurisdictions. We need to rebuild our governments and our nations. Most importantly, we need to restore the foundations of governments and economies: our land, our tax, our jurisdictions, our institutions.

Over time, our fundamental jurisdictions have been legislated away, and they must be legislated back. We know how to do it. When the First Nations Fiscal Management Act was implemented in 2007, we were unsure how successful it would be. Fast forward 10 years, and over 200 first nations are now using the FMA. It is now the most successful indigenous-led, optional jurisdiction initiative in Canadian history. The FMA works.

It works because we led and designed it. It works because it expanded our tax jurisdiction. It works because it provided us access to capital just like other governments. It works because it grew our economies. It works because it built our capacity, and proved that we can exercise our jurisdiction on our lands. It works because it provides the necessary first nations institutional bridge to restore the jurisdictions that were taken away.

Just as important, it works because parliamentarians, like the members of this committee, in the past listened. They heard our petitions and engaged our vision. They tested our reason. They read and challenged our technical presentations. They confirmed our resolve, and then, in the end, they made legislative changes. This is what reconciliation looks like.

As the Prime Minister has said:

If we are to move forward in the nation-to-nation relationship, we have to try new things, to take risks even. Some of what we try will work, some of it won't. Some of it will work for some nations, but not others. But we can't be afraid to try. Part of rebuilding trust, includes being willing to try together.

Therefore, the key to improving financial management in our communities is to build on this successful model. This parliament must restore the jurisdiction that previous parliaments legislated away.

I look forward to working with you to erase this past injustice. Accordingly, I have seven recommendations to accomplish this.

First, Harold Calla is the chair of the First Nations Financial Management Board. His recommendations to prevent defaults and improve financial management must be implemented.

Second, we need more tax jurisdiction. Our communities have asked for a better version of the first nations goods and services tax, the aboriginal resource tax, and tobacco tax jurisdictions.

Third, we need a revenue based on a fiscal relationship, not one based on government transfers. First nations do not more dependency.

Fourth, we need to expand the First Nations Management Act to include our new tax and financial management jurisdictions, and to remove the constraints of the Indian Act.

Fifth, we need two new fiscal management act institutions. We need to have the first nations statistical institutions focused on a new fiscal relationship, and a first nations infrastructure institution that helps first nations build more cost effective and sustainable infrastructure.

● (0855)

Sixth, our land must be registered in our own land registry system. We need title to our lands. Interested first nations need the proposed indigenous land title legislation and proposed first nations land title registry.

Seventh, we need the capacity to implement our jurisdictions in a manner that grows our economies, and we need an excellent first nations public service. We need to expand the access to education and training at the Tulo Centre of Indigenous Economics.

Thank you.

The Chair: Thank you very much.

We're going to move on to our second presenter, Mr. Harold Calla, executive chair of the First Nations Financial Management Board. With him is Suzanne Trotter, director, capacity development and intervention, who is a Métis from Manitoba.

Harold.

Mr. Harold Calla (Executive Chair, First Nations Financial Management Board): Thank you Madam Chair.

Thank you for giving us the opportunity to appear before you.

I want to remind everyone, because sometimes we forget, that this legislation, when it was passed in 2005, was passed with all-party support. This is not a partisan issue. We've never come to these committees and not made people aware of that. We have some real issues—you all are familiar with them, and we don't need to repeat them here—and they require some attention.

Intervention is a symptom of a whole array of problems. This situation is not going to be solved overnight. The reality is that our communities became frozen in time. We were divided up into 633 Indian bands from among the nations that we had. It's now a problem that you have to deal with. Part of the challenge we're seeing in British Columbia and other places is the desire to reconstitute those nations, to get some critical mass.

Intervention comes about as a consequence of not being allowed to engage in the economy, to grow, to be in business, and of not having government powers. I think it's really important that you understand that this is what I mean when I say we became frozen in time. We became wards of the government in a dependency-based economy, and we've been fighting since the 1960s to move away from that.

Now, I'm an accountant by training and a member of the Squamish Nation in Vancouver. I understand the need for good financial management, but I also understand, quite frankly, that if you don't develop capacity in the areas of economic development and start talking about wealth management, you are not going to be successful. The cycle of dependency continues.

The challenges that you're going to hear about from the people who are going to speak to you later facing those who become involved in trying to support these communities are very difficult. We do not want to become better managers of the poverty that exists in our communities; we want to be in a position to share the experiences we all have from our communities and provide them to those who haven't had the benefit of that experience because of their location.

We're in a unique time in this country in which the northern communities have the opportunity, through their engagement in the major resource development that's contemplated in this country, to be the beneficiaries of a wealth transfer. We need access to the capital markets. You're going to hear from Steve about that. That's a fundamental issue.

I always like to ask: does anybody ever think there's going to be enough transfer funding to take care of the issues? I was at the Senate committee last year. Housing and infrastructure need between \$20 billion and \$30 billion. Where is all of that money going to come from, if we don't engage the private sector, if we don't engage in business and economic development? To do so, we have to be credible partners. We have to be credible governments; we have to be able to manage wealth, manage debt, and understand and communicate with our people.

A lot of what we do—and Suzanne does a great job of this—is building financial literacy in these communities. I always tell the story about my coming many years ago to Ottawa and having to leave on a Sunday. We were at a family gathering, and I said,

“Auntie, I have to leave; I have to go to Ottawa to talk about fiscal relations.” My great-aunt turned to me and said, “Which one of our relations is named 'Fiscal'?”

Voices: Oh, oh!

Mr. Harold Calla: That's where we're starting from.

Why is financial management important? Minister Bennett came to me over a year ago and asked, “Will you help us look at intervention?” I said we will, but only if it involves capacity development; only if it involves our being able to get those communities through the door to certification and access to capital; only if it means that you're going to invest resources to allow them to develop community and economic development plans and will not be punitive towards those who opt in.

What we have today is a challenge, which you'll hear of next. How do you get out of third-party management? You use discretionary money to offset the deficits until the financial ratios look good. That's the first thing.

● (0900)

What has to happen is that the whole system has to change within the department, and people have to be empowered. The system has to change. The ratios have to change. We have to start looking at different ways in which we're going to achieve this success and this turnaround, and we should not force everybody to wait until we have somehow found the cash to balance the deficit and then start. We have to start from the very beginning.

We're enjoying success in the pilot projects that have been supported by this government. That is telling us what path to move forward on. It's about working with the private sector, working with the people you're going to be hearing from next. And it's about developing the means for capacity development and the means to provide an opportunity for many to get access to the centres of excellence capabilities they can't now access.

The Financial Management Board has supported the capacity development of 31 communities in the northern energy corridor in British Columbia. It has been supported by the government, by the previous government, and continued by this current government. What we've been able to do is to bring together increased capacity for those people who are already involved, who are being consulted on how they would respond to these energy projects and what they would do with a \$40-billion project. There's a huge difference in the capacity that's required to do those things, and part of the challenge that many of our communities face is their discomfort in how to even approach these issues. You just back away. We all suffer: Canada suffers and our first nations' communities suffer when that happens.

Part of the solution that you're going to discover here is the need to invest in capacity development. I appeal to you to not be swayed by the notion, “Well, you want more money. It's at an increased cost.” You're going to face increased costs if we don't do this, because the cost of the social net is going to go up. We can't build healthy communities on the backs of welfare and shelter allowance. We need to build communities that can engage in the mainstream economy, that can contribute to the mainstream economy.

Think for a moment, and look at the gap that exists between aboriginal and non-aboriginal communities. As we develop wealth, where are we going to spend it? We're going to spend it in our communities. Who is going to benefit from that? Every Canadian.

Yes, there are some pretty significant issues. There are some policy issues within the department that they're willing to work at, and we're starting to work with them, but this concept of institutional development in an optional way has to become the model that we move forward with.

I think this paternalism—perhaps well intended by the Indian Act and the Department of Indian Affairs—and paternalistic attitude have to change. We have to build on developing our institutional infrastructure. We have to have our equivalent to your central agencies. We have to be able to talk to the Department of Finance, to Treasury Board, to the PCO. We have to be in those arenas to talk about the solutions, and first nations institutions are the best way for that to happen.

I really appreciate the support that we've been given to engage in this pilot project. We think it will become a model for the future, and we hope that you will, too.

Thank you.

• (0905)

The Chair: Thank you very much.

Our third presenter, from the First Nations Finance Authority, is Steve Berna, chief operating officer.

It's all over to you, Steve.

Mr. Steve Berna (Chief Operating Officer, First Nations Finance Authority): Thank you, Madam Chair.

Committee members, thank you very much for your time this morning.

My presentation is going to focus on up-front safeguards. The First Nations Fiscal Management Act is a modern-day equivalent to what provinces and municipalities have enjoyed for a long time.

Chartered banks, when they lend money, lend it based on a collateral approach. The problem with collateral is that it is a post-problem solution. In other words, something occurs to a first nations budget, either through overspending or a default on a loan, and then the collateral comes on.

When the First Nations Fiscal Management Act was created, it was the result of a desire that first nation chiefs, councils, and members set up a solution whereby safeguards would be put in place before problems occurred. My presentation is going to focus on what we've established by way of up-front safeguards, so that intervention is not needed and economic growth can occur.

Our mandate under the First Nations Fiscal Management Act is to create a structure that allows first nations communities from coast to coast to voluntarily put up their hand and get scheduled according to the act. When that occurs, they have to knock on Harold's door first. There's a process before they can become a member and there's a process for acquiring loans. The reason for this is that we borrow as a pool. Right now there are 207 or 211 first nations, depending on

how many are pending, and that's fully one-third of the first nations across Canada who say they would like to use this model. The approach is that every first nation that joins has to meet the same high-jump requirements. They have to meet certain financial ratios and economic ratios; they have to have budget, finance, and audit committees; and they have to maintain surpluses, or close to surpluses, as we monitor them each year.

There's a process to becoming a member. This is a holistic approach. We don't just provide a loan and hope it gets repaid. It's a holistic approach to take communities and improve their internal capacity, to monitor them, and to provide safeguards on loans going forward.

We do not work in a vacuum at FNFA. All of our processes are vetted by rating agencies prior to loans going out. You've probably heard of Moody's and Standard & Poor's. The loans are vetted by our own legal counsel, who has to give an opinion on the loans. They are vetted by our banking syndicate's legal counsel. The banking syndicate is the six chartered banks and the capital markets divisions of those banks. The loans are also vetted by investors.

We have a whole process with checks and balances prior to our board's even putting up their hand and having a unanimous vote on whether a loan goes out. That's what I mean by a holistic approach. We make sure everything is okay and then give a loan. We do not take collateral, by the way. We focus on up-front safeguards and work from there. It's a different approach, but it's a modern-day approach.

We have mechanisms to establish safeguards to prevent loan defaults. Our board is made up of chiefs or councillors from seven different provinces, and they must be unanimous in both accepting a member and in approving a loan. Having a unanimous board requirement means that up-front safeguards must be very strong.

We have over 200 first nations. There's very strong support in the west. The idea was centred in the west originally and fluctuated through there. Since 2012, when first nations were allowed to use their own revenue sources to support loans, growth has been from Alberta eastward. We now operate in 8 out of 10 provinces—we have none in Newfoundland, and none in P.E.I. We have one territory in the Northwest Territories. So it's fairly well distributed.

The acceptance of the First Nations Fiscal Management Act is increasing, not only in terms of numbers—69 in 2012, and 207 at the end of 2016—but also in terms of the rate of increase, which is growing. This is presenting us not only with a happy story but also with challenges on our staff to accommodate as they line up in front of the door.

● (0910)

Page 6 has a breakdown of our loans right across Canada since 2014. The first nations we have lent to have used their own monies. I want to make sure that's clear. These are not monies from Canada that have been leveraged into loan; these are their own-source monies. Where they have needed community priorities to be completed, they have looked at their budgets and worked with us to make sure their own monies can support these loans going forward.

Page 7 is a summary of what they've done with the monies we have lent. As of right now, we have lent \$343 million. There's another \$77 million pending, and that's in the last two and a half years. There have been 71 new houses built and 30 remediated, and that's with their own monies. They have built a new school rather than wait for Canada to find the cash, pay as you go. They've built wellness centres, recreation centres, administration buildings, paved roads, etc.

With a lot of these communities, if you look at them today, as a result of their own monies being leveraged through the First Nations Fiscal Management Act, they're starting to look like towns. That's the whole goal of this.

The other objective is economic development. Where they're seeing economic projects they can participate in, they are also borrowing for those purposes. We have done five green energy projects: run of river, solar, and wind projects. Mashteuiatsh in Quebec has participated in the largest wind project in Canada, and we lent money for that about four months ago. The projects are not just for infrastructure or buildings, but also for economic development, which then can be leveraged into future loans.

There was also a purchase of land. When we lend for land, there are no restrictions on the community. They can go straight into putting it into reserve status. If a bank lends, they put a collateral against it and it is tied up. It cannot be added to reserve. That's one of the reasons we do not take collateral. There are safeguards in place, but there are also benefits in place.

On page 9, if you ask where the first nations get their monies to leverage, each province has revenue-sharing agreements with the communities within their provincial boundaries. We contacted each of those provinces a number of years ago and asked if they would be willing to work with us to set up a structure for loans that would help prevent loan defaults. Each of those provinces put up their hands and said yes, we will, because the monies will then be spent back in their provinces for their projects.

It's a simple program. Where the first nation used to receive money directly from the provinces, the provinces have agreed to take those monies. The first nation has sent them a letter requesting that they do that and transfer those monies directly into a trust account. That trust account is run by a Canada-wide organization called Computershare, and Computershare does two simple things with the monies. They ask FNFA what is required to pay the loan—this is an upfront safeguard—and we get the money to cover the loan payment. The balance within 48 hours is transferred back to the first nation to spend it however they want under their budget. It is called a revenue intercept approach. It was agreed to by Bay Street and Wall

Street; it was agreed to by investors, and it was agreed to by first nations.

Now with regard to the benefit of that, if you go to page 10, these types of revenues that are intercepted can now be leveraged. FNFA sends a letter to each chief and council that outlines, based on each community's revenue streams, what amount they can borrow. That letter is like a line of credit. Chief and council then know under the safeguards upfront that they can spend to meet community priorities up to their borrowing capacity. This allows them not just to do one year at a time, but to do multi-year planning and multi-year projects.

Page 11 is a summary of what this looks like. I have one more page after this. Right now, the provinces—and some little bit from Canada—send \$70 million into the trust account. We keep about \$11 million of that. The other \$59 million goes back to the community to spend how they want, but when you have a coverage ratio of 7.14 times—in other words, seven times more money being intercepted than needed to pay the loan—that upfront safeguard of revenue intercept means no loan defaults.

● (0915)

We have been operating loans for five years now and have never had to call upon Harold's shop for help.

On the last page, we lend at below the bank prime rate. By having these safeguards up front, we do not have a profit motive. Our loans are actually a rates below what the banks' best customers get at prime.

We also have long-term programs that allow the loans to match the maturity of the assets. You have a process whereby the loan is being paid over the asset life. This is a modern-day solution, but one set up to meet the needs of first nations to allow them to grow and also to ensure that there are no problems once the loan is given.

Thank you, Madam Chair.

The Chair: Thank you. That's fascinating.

Now we're going into the rounds of questions. I'm going to ask members to try to be specific about whom you're asking. The first round of questions goes to MP Massé.

Mr. Rémi Massé (Avignon—La Mitis—Matane—Matapédia, Lib.): Thank you, Madam Chair.

Thank you, everyone, for participating in the work of our committee.

I'll be asking my questions in French.

[Translation]

As I said, I am very pleased that you are taking part in our work today, which is very important. The default prevention and management policy was implemented to address major financial management issues for first nations communities.

To help us mere mortals, can you tell us, based on your experience, what are the three main problems that first nations communities face in the management of their financial resources?

This is for Ms. Trottier or Mr. Calla.

[English]

Mr. Harold Calla: Go ahead, Madame Trottier.

[Translation]

Ms. Suzanne Trottier (Director, Capacity Development and Intervention, First Nations Financial Management Board): First, we see that the communities do not have enough funding. This makes it very difficult for them to avoid defaults. They actually have to use their own funds to pay the third-party manager. It is very difficult.

Second, it is often the case that isolated communities have problems in other areas. That could mean health problems, or problems between an elected council and a cultural or hereditary council.

Third, these communities do not have access to training to develop their skills. They do not have the necessary funding.

Mr. Rémi Massé: Thank you, Ms. Trottier.

What is the reason for this lack of funding?

This matter was raised in previous testimony. The lack of funding that is mentioned often is a basic problem.

Is the lack of funding due to the government not transferring the funds or not transferring enough?

Is it related to the ability to generate sufficient revenues?

I am trying to understand what the underlying problem is.

● (0920)

[English]

Mr. Harold Calla: I think we need to recognize that we have the fastest-growing demographic in the country. Fiscally, we have been in a period of restraint in this country. Funding levels have not kept pace. There hasn't been any economic development.

Many chiefs and councils find themselves stretched to the limit. They face many difficult decisions no different from the kinds of decisions you have to face, and they have to make decisions not in Ottawa, but in their communities. Is it health? Is it housing? What do you do?

There is insufficient transfer funding, absolutely, but more fundamentally, there aren't the incentives and the opportunity to generate own-source revenue, to generate tax revenue.

We have to look at this solution from two lenses. One is, yes, there does need to be an adjustment to transfer payments—there is no question about that—but just as important, we need to deal with

issues like additions to reserve. Why does it take forever? Get these lands into reserve and allow communities, particularly many of those that have TLE lands, to put those lands in urban centres to work. We need to be in a position where the concept of bringing taxing jurisdiction into communities is becoming more of a reality in an expanded way. These are pretty fundamental discussions that need to take place. There are many elements to the solution, if I can call it that, and we say yes to increased transfer payments, particularly to invest in the capacity development that's required so that they're in a position to understand how to engage in the economy.

We're in a unique position in the financial management board, because we have five years of financial statements for about 100 first nations in this country. To give the certificate to that first nation so they can go to Steve, we have to issue a financial performance review. We see a lot. In particular, we really need to help communities that have not been exposed to business opportunities before and support them in developing that own-source revenue. That's what I think is the ultimate solution here.

Mr. Rémi Massé: Thank you.

Maybe I'll ask you one last question, Mr. Calla. You've mentioned many times that capacity development is one key component. I would like to hear more from you in the minute we have left. Explain to us a little more what you mean by that. What is needed more concretely in terms of capacity development?

Mr. Harold Calla: Structure: how do you make business decisions? I had the great opportunity to serve on the boards of CMHC and FortisBC. You need that corporate structure. You need to understand it. We often refer to it as moving to process-based decision-making from personality-based decision-making, so that you have the checks and balances that are needed.

Human resources in and of itself is a challenge for many communities. We go through our certification processes, and they will get through them, but you can't just walk away from them, these communities in the north, once they're certified. I've spent a lot of time with these communities in the northern corridor just in discussing this. How do they engage in a conversation with Shell Canada? What do they need to do? What kind of capacity do they need?

We've been supported by government in doing some of this work. We've created a coalition, and that coalition is providing tools to the 31 communities instead of those 31 communities each trying to do it themselves. That's what we mean by capacity.

When we look at this solution, some of that aggregation has to be part of the policy changes that are made—the ability to aggregate.

The Chair: Thank you.

Our questioning now moves to MP Cathy McLeod.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Madam Chair.

Thank you to all the witnesses, and thank you to all your organizations that are doing really great work out there. We appreciate that.

We know we have a system that is not working. We've heard some great suggestions, and I'll ask each of the witnesses a particular question. If you were to say that there was one short-term recommendation you would want to see in our report, and one longer-term one, what would they be?

Perhaps I'll start with Steve and work my way down.

• (0925)

Mr. Steve Berna: Let's start with Harold and you can work your way up.

Voices: Oh, oh!

Mr. Steve Berna: Sorry.

Mr. Harold Calla: I think the most important thing is to recognize that there's got to be change. I say that and it doesn't seem like a lot, but it is the most fundamental problem when you get in here, and it's not just change in this room, but change within central agencies in this city. There's got to be change, there has to be investment in that change, and it has to be done through first nation institutions.

Mr. Clarence T. Jules: There are a number of recommendations I could make, but my focus is on land and taxation. The first thing is to pass a piece of legislation to recognize our own title to our own lands, which are now held by Her Majesty. In that way, we would have an orderly expansion of our land base.

The other thing we have to be able to look at is an aboriginal resource tax so we can share in the bounty of all the tax revenue that's collected within our treaty and traditional lands and be able to build infrastructure on our own without dependence on the federal government.

The third item is the creation of a first nations infrastructure institute. One of the problems we have in building infrastructure is complete dependence on the federal government for its building and ongoing maintenance. If we had an aboriginal resource tax, we would be able to fill in that function as well.

Training obviously is an important component of all of this. That's why I recommend looking at the Tulo Centre of Indigenous Economics. We need a trained, professional public service.

Mr. Steve Berna: I'm going to take a bit of a different approach. In the short-term, right now, we have 207 or 211 first nations. That means there are another 400 first nations that are not part of it. The geography or land base in Canada is huge. The ability to travel to communities within our budgets is limited. I really think you need some kind of forum, either provincially or federally organized, where you can educate the communities that there is a new process, because 211 first nations have heard it and some 400 still need to hear it. Then they can make choices on whether they like the new path or not. There are definitely safeguards that not only protect the community members when the current council is in power, but when there's a change those safeguards stay in place for subsequent councils as well. Then you don't need intervention.

In a long-term approach, I think communities need qualified chief financial officers, because they are not like municipalities that simply collect taxes, pay the bills, and look after infrastructure. First nations are getting into economic development, and that is a whole

different set from what an accountant needs. You need a chief financial officer.

So what is needed is education on what is possible as a change, and let's find a way to get qualified CFOs in their communities to make decisions going forward.

Mrs. Cathy McLeod: Thank you.

My next question is for Mr. Calla. You talked about your pilot projects. Can you use an example and tell me what you're doing and how you're getting to where you need to be?

Mr. Harold Calla: I defer to the expert.

Ms. Suzanne Trottier: Thank you.

I won't give any names as examples, if that's okay, but we're working with a community in Manitoba, one of the flooded communities. There's a big willingness—and that's one of the critical elements that we see as a key to success, the willingness, the tone at the top from the council, from the elders in the community. We start with that. We start with communicating with the community members as well. It's very important that they be aware and onboard with what this new framework is, this new approach. It's important that they understand that we are a first nations organization run by first nations for first nations. That really is what I think we bring to the table, that we can say things to our clients that other institutions such as INAC cannot say.

We then work with them in starting to build the capacity. We start, as Harold said, with processes, governance structures in place. I'm making sure that everyone understands roles, responsibilities, getting a finance and audit committee in place, getting them the expertise that Steve was talking about. That is how we start and then we work through. It's an internal control framework. It's based on best practices, COSO, the Committee of Sponsoring Organizations, and we work through that. There's training, hands on. We have staff on the ground there working with them very frequently. It goes through that process, so there are certain milestones that have to be achieved. We have a work plan, a capacity development plan. That's how we're doing it.

• (0930)

The Chair: You have about 50 seconds left.

Mrs. Cathy McLeod: Okay.

I know I've had this conversation with you before, Manny, but why do you want to call it an aboriginal resource "tax" instead of "dividend"?

Voices: Oh, oh!

Mrs. Cathy McLeod: It's just that the word "tax" is...

Mr. Clarence T. Jules: Obviously taxation is a fundamental jurisdiction, and dividends are something you get with a business agreement with a corporation. Our governments need tax jurisdiction to be able to take care of themselves. Right now there's a complete dependence on transfers from the federal government that will never, ever maintain the quality of life that we're choosing. We won't be able to build business-ready infrastructure. Even with the murdered and missing women inquiry, all of the results of that will require more funding from the federal and provincial governments.

If we had tax jurisdiction within our treaty and traditional territories, we would be able to devise programs that met our own needs.

Mrs. Cathy McLeod: Thank you.

The Chair: The next questions go to Pierre-Luc Dusseault.

Welcome to our committee.

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Madam Chair.

Thank you to all our witnesses today.

[*Translation*]

Let me say first of all that the discussion this morning is productive. It will certainly be informative to the committee. Moreover, it will help the government put words into action and build a nation-to-nation relationship. To do this, the first nations will, however, need greater independence, in my opinion.

Mr. Calla, Ms. Trottier, would you recommend the First Nations Fiscal Management Act of 2005 as a starting point, and then making changes to it?

Or do you think a complete overhaul is needed to modernize the financial management of first nations reserves?

[*English*]

Mr. Harold Calla: That is a great question. For many, they'd like a revolutionary approach: let's get rid of the Department of Indian Affairs and let's do all of these things. I think that while that's an emotional response and an ultimate goal, we don't want to set ourselves up for failure.

An important part of this conversation is that we can't wait to move forward until all 634 first nations in this country are able to move forward. Those who are ready have to be allowed to move, and we have to invest in the capacity development of those who are not able to move forward today.

Yes, there has to be a change, but the fundamental change is changing the dynamic of the fiscal financing relationship. I know there are conversations going on now with the AFN—I'm going to some of those this afternoon—around some of these issues. We need predictable, securitizable revenue streams, wherever they come from.

Cathy, in response to your question, we want both dividends and tax. We want equity. We'll buy the equity, but we need to become part of the mainstream.

The Chair: I'm sorry, but you need to respond to Pierre-Luc.

Mr. Pierre-Luc Dusseault: No, that's perfect.

The Chair: All right.

Mr. Pierre-Luc Dusseault: On the wealth management issue, you also called it capacity management. With the transfer you receive from government, do you have any capacity to invest and do wealth management, or is it prohibited at that point in time? Are you looking at the right under the law to be able to do that, to do wealth management with the money you receive?

Mr. Harold Calla: The money we receive is for programs and services. You can't use it for other than that. There's a whole raft of reporting requirements that are required to the various departments on the use of those funds. We do get some upfront cash to cover expenditures, but it's very minimal. There's really no investment opportunity. There is for your own-source revenue, but not for government transfers. There's not enough.

● (0935)

Mr. Pierre-Luc Dusseault: So you want to change that in order to be able to do that.

Mr. Harold Calla: I think we'd like to. I mean, what does reconciliation mean? What is nation-nation going to mean? I don't know what those things are. To me, it has to be a sharing of the wealth in the context that people sought at the time the treaties were signed.

Mr. Pierre-Luc Dusseault: Maybe part of that would be empowering you to be able to leverage your own taxation—but that's probably a question for Mr. Jules.

I'm wondering if you want to see a similar approach to what we have with the provinces, municipalities, and even school boards. In Quebec, for instance, we receive some invoices from school boards for tax purposes, because they want us to pay taxes. Are you looking at a model similar to that, where your own independent government is able to tax on your land and lever the monies that can be used later, I guess, to do a kind of wealth management?

Mr. Clarence T. Jules: This government is committed to a new fiscal relationship; it can't be based on program transfers. In order to do that, we need jurisdiction that extends beyond our reserves into our traditional territories and into our treaty lands. That means that both the federal and provincial governments will have to vacate, in an orderly fashion, tax jurisdiction so that our first nation governments can occupy it, with all of the other constraints that go along with good governments—transparency, accountability, having appeal mechanisms, etc. Only when that situation happens will we be able to live on this land getting benefits from business development and empowering individuals to participate in what I call the bounty of the land.

The leadership has to come from the federal government. If they're true to their words in saying that they want a new fiscal relationship, it can't be based on programs, because you can't lever them; you can't get into more economic development.

A good example is the amount of infrastructure that we require on our lands. The total costs range anywhere from \$40 billion to \$45 billion. There's no way this government or any other government will be able to write a cheque for that. The only way that I feel it will happen is that first nations have the jurisdiction to leverage it on their own, using their own resources and tax jurisdiction to accomplish it. Otherwise we're going to be completely dependent on government forever, and that isn't why we're here.

The Chair: There are about 40 seconds left.

[*Translation*]

Mr. Pierre-Luc Dusseault: What about the possibility of first nations benefiting financially from natural resources development on reserves?

[*English*]

Mr. Harold Calla: Maybe I'll start.

May I?

The Chair: Keep it very short—15 seconds.

Mr. Harold Calla: It's exactly what we're doing in British Columbia with all the major resource development. We've been in the Ring of Fire communities as the Financial Management Board, building literacy to do exactly that. We believe it's from this that the wealth has to come in our communities.

Concerning environmental assessments, the whole process is changing. We've had some great success in this town this week with Environment Canada and NRCan.

The Chair: We'll move to MP Mike Bossio.

Mr. Mike Bossio (Hastings—Lennox and Addington, Lib.): Thank you very much. This has been a very enlightening conversation. I really have appreciated the testimony and the presentations.

The questions we've asked, in not just this study but in many studies, are really around jurisdiction, long-term stable funding, community-driven priorities. You've hit on something here, in particular on the economic piece of it.

You have 211 communities. Many of the communities we see are still wrestling with the jurisdictional piece, aren't they? Most of them are fighting to get the rights to their own jurisdiction. I can see that one of the challenges of getting to that full exercise of jurisdiction is the distrust of finally getting your jurisdiction and now having to give it over to FMA.

How have you been able to deal with that conundrum of wanting your jurisdiction but then giving this economic piece of it over to FMA? From that, how do we bring in those 400-plus other communities that aren't involved right now, feeding off the success that you've already achieved?

● (0940)

Mr. Clarence T. Jules: I'll start.

The jurisdiction lies with the communities. All we are doing as the Mohawk saying goes, is "clearing the path". The ultimate jurisdiction is within the communities, with their own jurisdiction.

We facilitate it. That's why these institutions were created. It's optional legislation. We're not forcing this on anyone to participate.

Mr. Mike Bossio: The challenge, though, is that once they do participate, they're embedded within it and have to follow the guidelines. I understand it, but because of the levels of distrust that exist today among everyone—because as you said, they've been frozen in time and shut out.... We've tried to rip their cultural and historical souls out of them completely, and now we're finally moving towards reconciliation and then are going to offload that.... Do you know what I'm saying?

Mr. Clarence T. Jules: It's the same argument that Canada became a federation. Essentially, that is correct. What we hope to achieve is to have more communities participating, because we become stronger, ultimately, when more communities join.

Mr. Harold Calla: The financial management board. If it's taxation, he's the first one in. He always likes to say he was six foot six when he started.

Voices: Oh, oh!

Mr. Mike Bossio: So you were seven feet.

Voices: Oh, oh!

Mr. Harold Calla: No. The height he's losing, I'm getting.

We go into those communities and I'm often in front of the membership—the chief and council, and administration. When we talk about Manny being a former chief, I'm a recovered politician from the Squamish Nation. I served in many places in our nation. You have to gain their trust. We have to go in and they have to see us as aboriginal people who have walked in their shoes, and that's how it starts. There's a community here in Ontario that took five years and four visits, and they've just borrowed. St. Theresa Point has borrowed and been certified. We have a community in the Arctic, but you have to go and have to have a presence there. It's not a phone call. You show up and you be there; and you have to gain their trust, and ask them some pretty tough questions. Are you happy with where you are today? If you are, I guess you're going to stay there. If you're not happy—and most people aren't—we say, well, what are you going to do that's going to change it? Are you going to wait for somebody, or are you going to do something yourself? What does section 35 mean?

We can say those things because I'm a status Indian from the Squamish Nation. We lived it. Others cannot. That's the difference. That's why you need first nations' institutions led by first nations so that we can go in and say some tough things, share our experience, and say, we will leave, but we're not going to leave you by yourself. We're going to help you.

We've been very grateful for the support we've received from government to continue to do that. I hope you will see the success of that investment in what we're doing, and continue to make that investment, because we will get everybody eventually.

Mr. Mike Bossio: As you're making that investment, are you finding in these 100-plus communities that now have the financial capacity we've been talking about that it is a case of build it, and they will follow? They will come. Are you finding this is becoming a reality, just like osmosis, as a result of their being involved in this?

Mr. Harold Calla: Yes. What's really amazing to us at the moment is that we always saw the financial management board as a follow-on institution to the tax commission and the financial authority, but the communities are now coming to us first. We now have, I would say, one-third of our communities coming to us, scheduled to the act. They want to go to the tax commission, they want to borrow, but they know that they don't have their financial house in order and are coming to us first, and starting to get themselves organized. I think that's the change.

● (0945)

Mr. Clarence T. Jules: We're able to develop standards and regulations that individual communities don't have the resources to do. As you know, they change and fluctuate so often that they get a bigger bang for the buck working with the institutions. It's making sure that there are trained personnel to be able to take on the responsibilities, making sure that there are standards and regulations they will be able to deal with on a daily basis.

Mr. Mike Bossio: What I love about this is the governance driven by first nations. It's driven by you, created by you, run by you, and to me that is what is needed.

How do we—

The Chair: You have 15 seconds.

Mr. Mike Bossio: Oh, crap.

This has been initiated and has been successful, but how do we get now to the next level? Where do you take the success next, beyond the financial level towards health, education, housing, etc.? Do you know what I'm saying? You've created the impetus, the catalyst.

Mr. Clarence T. Jules: I believe we have to create a first nations infrastructure institute. That's critically important for housing, for sewer development, and potable water.

The Chair: Okay.

We've run out of time, unfortunately. We're engaged on this and would like to spend more time with you, but we do have another panel, and we have obligations to wrap up. I'm so sorry that we have to cut off the debate.

I do encourage you to continue to submit your comments through the website. We're very interested, obviously, in bringing forward good recommendations to the government and to Canadians on an issue that is very important to your communities and to us as parliamentarians.

Meegwetch. I appreciate your attendance, and I wish you all the best. Thank you very much.

We'll take a short break, and then reconvene with the second panel.

● (0945)

_____ (Pause) _____

● (0950)

The Chair: Welcome, everybody.

We have two groups, Meyers Norris Penny, MNP LLP. I think that's what it is called. Somebody was asking, what is MNP? You're very prominent in Manitoba, so that was an easy answer to give. We also have BDO Canada, along with representatives from both organizations.

Thank you for taking the time to travel. We appreciate it and your expertise working with our communities in some very challenging situations. We're looking forward to your submissions,

We're looking at default prevention management and ways to improve the system. We're going to start with 10-minute presentations. I understand that the opening remarks will first come from BDO. I have Harry Lake and Jacques Marion.

Mr. Harry Lake (Partner, Consulting, BDO Canada): Thank you, Madam Chair. Good morning.

My name is Harry Lake. I am a partner with BDO Canada. I lead the aboriginal consulting services nationwide for BDO. Before we begin, I want to thank the standing committee for inviting BDO to present today.

As an introduction, BDO is one of Canada's leading accounting and advisory firms in the mid-market with more than 100 offices across Canada. We're leaders in aboriginal consulting and advisory services, of which default management makes up approximately 10% of the aboriginal services we offer.

With me is my colleague, Jacques Marion, who is a partner in BDO's Winnipeg office with more than 20 years working with first nations in the capacity of third party manager, co-manager, and as trusted adviser.

In our presentation today, we're going to cover our perspective on why first nations end up being in default management, the industry that provides default management services, the key success factors that we see for default remediation, and the items we think you should consider when assessing alternative models for default management.

Mr. Jacques Marion (Partner, Consulting, BDO Canada): On why first nations end up going into default, first nations operate in what is probably the most complex financial ecosystem in the world. There are unique and complex accounting and reporting requirements for their numerous sources of funding, which necessitate equally complex integrated accounting and reporting systems.

As a result, the skills required to effectively lead in this environment and undertake the associated financial accounting and reporting activities are well beyond what would be required in most other sectors. To give a frame of reference for the skills required, it typically takes BDO more than two years to fully train an experienced CPA to be able to manage first nation agreement accounting and reporting.

In the first nations that are subject to default management, financial management capability issues for the political representatives and band office staff are usually core factors to the financial distress. This can be present as a lack of understanding of the terms and conditions of the program funding agreements when funding decisions are made. Internal controls and protocols are either not established or not followed or enforced as stipulated in the existing policy framework.

First nations under default management are often in remote geographical regions with limited economic opportunities. Without outside sources of revenues, these first nations are constantly forced to make difficult choices with the limited resources provided by the various sources. These simply aren't enough. There simply isn't enough funding to address the band priorities.

Compounding this is that the funding from separate agreements, including CMHC, first nations and Inuit health, employment, and training, provide very little administrative support, which in turn stretches the existing administrative funding provided by INAC.

While in default management, first nations have additional costs—the third party, or expert resource—which are taken from their already-stretched band administration funding. Overall funding is further reduced due to the inability of a first nation to receive outside funding while in intervention. That's specifically geared toward CMHC and housing infrastructure projects.

We thought it might be useful to provide an overview of the first nation default management industry. INAC periodically issues an RFP for third-party management services, to which private sector firms such as BDO respond. The evaluation criteria have been largely based on years of experience undertaking default management services. Selection for the standing offer does not look at past performance of the firm and the success they have had at getting first nations out of third-party management.

INAC regions select the firm that will provide third-party management from the approved pre-qualified MERX vendor list. Several other national firms and a variety of regional local firms provide third-party management.

Recipient-appointed advisory support, co-management is much more wide open. The criterion for being a co-manager is simply an accounting designation. First nations are able to select their own co-manager, and there's little quality control to ensure they are acting in the best interest of the first nation or the crown.

National firms such as ours have an incentive to help first nations out of third-party management and recipient-appointed advisory services. Given the range of services we provide, it is far more advantageous for us to successfully move first nations out of third-party management, and then help them pursue ventures and provide audit and tax services, than it is to provide the short-duration default management services.

The smaller regional local firms don't have the same incentives, as they often have default management services as their sole business line, with some sole operators and proprietors having a single first nation in default management as their only client.

On key success factors for default remediation, the effect of the imposition or enforcing of intervention on the first nation can't be understated, and the degree of willingness of the first nation leadership to participate in the remediation is a key driver of the speed and longevity of success. Successful default remediation involves significant leadership capacity improvements across the areas of federal government, program terms and conditions, reporting, and the broader first nation financial ecosystem, which requires stable and willing leadership.

● (0955)

For the most successful implementation, BDO implements their own cloud-based accounting system, configured to meet federal government reporting requirements for first nations. With both first nations and BDO having access to the financial management and reporting systems, this enables both parties to work together more easily for efficient capacity-building through financial monitoring. In addition, the cloud accounting system allows for remote and more cost-effective on-going monitoring and support to reduce the chance of first nations returning into default management.

Mr. Harry Lake: In order to improve the approach to default management, we feel that the following items should be considered:

First is a single funding agreement. The federal government needs to simplify the management and administration for first nations by moving to a single funding agreement with a single set of financial and performance requirements. This would dramatically reduce the financial and leadership capacity requirements that are put on often remote first nations and would help reduce the number of first nations that end up in default.

Second is to increase the qualifications of the expert support that's provided. We need to increase the qualifications of organizations providing default management services such as ours beyond the current requirements. This is particularly, though not exclusively, for the expert management support. These qualifications should include access to an appropriately configured cloud accounting solution to allow for efficient and ongoing remote support at low cost. Strengthening the qualifications of the co-managers will help reduce the number of first nations that end up going into third-party management. The federal government should also look at establishing a performance framework for organizations such as ours who provide default management services, and should influence those procuring the default management services to do so based on past performance rather than number of years in a job.

Third is to limit the additional burden on first nations that are already in default. The federal government should look to reduce the punitive nature of default management by having first nations only pay a portion of the default management services from their band funding, with the remaining being paid by the federal government. In addition, given that first nations in default management are accessing expert financial professional services, they should not necessarily lose their access to other available funding, specifically the CMHC funding for housing. Funding for housing should be available on a case-by-case basis, based on the level of debt and the financial capacity of the combined first nation and default management team.

Fourth is to implement a capacity-building program. A structured capacity program for both first nation leaders and band administration should be established to increase and maintain the financial capacity of first nations. This program should not only comprise traditional training curriculum but also on-going support and monitoring. It should be appropriately funded to help bridge what is a substantial capacity gap.

Last is to ensure that all parties involved in default management have a vested interest. We need to ensure that they have a vested interest in resolving the remediation. That could mean structuring deliverable or outcome-based contracts for default management organizations or selecting organizations that have other incentives to support getting first nations out of default.

I want to thank the committee for the opportunity to present.

At this point we'll pass it over to our colleagues at MNP.

•(1000)

The Chair: Thank you.

We'll turn it over to you, and you can decide how to split your time.

You get 10 minutes to present.

Mr. Clayton Norris (Vice-President, Aboriginal Services, MNP LLP): Thank you.

Good morning. Thank you for the invitation to present to the committee this morning. It's an accounting morning, so I hope everybody has had a few cups of coffee.

The Chair: We're riveted. Don't worry.

Mr. Clayton Norris: We've got some pretty interesting things to talk about.

We're honoured to be here and on the unceded territory of the Algonquin people.

My name is Clayton Norris. I'm the vice-president of aboriginal services with MNP. I'm joined by my colleagues, Robert Campbell and Kenny Ansems. Rob is our national director, and Kenny is our provincial director for British Columbia.

I'm of Cree-Dene descent from Alberta. MNP has over 70 indigenous employees who are part of our team across Canada. What we will reflect today is not only our firm's commitment and perspective from working in the communities but also us as aboriginal people. MNP is a national firm that provides accounting, advisory, and tax services. We've been in business for 60 years. Over

the last 25 years, we've been developing a specific practice working with the needs of first nation, Métis, and Inuit communities.

In our journey, we've developed substantial and long-standing relationships that have tremendous value to us as a firm and to our practitioners personally. Our dedication and commitment to the indigenous community has culminated in MNP's being one of the largest providers of professional services in Canada. Two years ago, MNP made a business decision to transition out of providing third-party management services because we felt there was a better way to provide our services and expertise to aboriginal communities. We've looked at alternatives, and we feel there are new approaches that can accomplish more in a prescribed period, create hope, increase commitment levels, build a stronger team, develop capacity, and move communities ahead.

I'm going to ask Robert to continue. He's spent most of his professional career working with aboriginal communities.

Mr. Robert Campbell (Director, Aboriginal Services, MNP LLP): Thank you, Clayton.

Hi, Robert Campbell is my name. I'm from Kinosao Sipi and a proud member of the Cree nation. I am also proud to be a partner at MNP.

I'd like to start by saying that the purpose of the current policy has merit, as it is designed to ensure "continued, uninterrupted provision of programs and services for the health, safety and welfare of Aboriginal community members." That said, we can all appreciate that well-intended efforts do not always result in a positive outcome.

We understand the root causes that have sent a host of aboriginal people and communities down a very difficult path, and we empathize with them. These conditions were not of their own making or design and are often a direct result of a host of actions taken post-colonization that have harmed, diminished, and marginalized the people. This also continues to speak to the need for reconciliation, and this very discussion is part of that journey.

The aspect of this policy that needs more focus is default prevention. There is limited evidence that early warning signs get noticed. Just sending out the audit review letter and commenting that ratios are declining, with limited follow-up, is not effective. The signs should be detected well in advance, and this unfortunate outcome would not be required if these indicators were properly evaluated. I expect most would agree that a prevention approach is much healthier, as opposed to the reactive nature that exists today.

MNP partnered with a tribal council to examine this more closely, and the path to and from intervention was very clear. There are no secrets, as the indicators are well known. Capacity, policy and procedures, reporting, budgeting, and commitment are all parts of the fundamental consideration.

We need to understand the root causes that have sent a host of aboriginal people and communities down a very difficult path, and we need to continue “supporting demand driven capacity development in Aboriginal communities in a sustainable manner”.

The true solution is a local, membership-driven, and community-supported one. Outside resources can only have a supporting role and need to evolve to simply providing the typical financial and management support required by any other Canadian community. Yet capacity-building also takes resources, and these are limited. The fact that the default prevention and management process is conducted out of the community's existing band support budget is absolutely punishing.

I believe we can all appreciate that these first nations are already suffering and that their finances are in a state of jeopardy, and yet we put them in a more precarious state by putting more financial pressure on them. This also creates resentment towards the provider and funder, who is simply doing a job within the parameters of the policy.

First nations are heavily reliant on the professional and institutional development fund, as it is one of the few mechanisms to support this type of work. It is not even close to sufficient in meeting the needs and demands of first nations across Canada. To make a real difference, there must be different options and more financial and management support.

This committee is exploring whether the current policy has been effective. The current policy speaks of creating “a flexible range of strategies that is as least intrusive as possible”, yet much of this effort has developed into something that is very intrusive and rigid.

We also know that the policy goal “to develop and maintain a cooperative relationship with recipients” can be difficult, given the genesis of the relationship. We see that in the policy, the use of management development plans is “strongly encouraged”, and yet many items in these plans cannot realistically be acted on, given current capacity levels and resources.

In our experience, there have been examples of communities successfully de-escalating from third-party management to self-sufficiency. The key success factor is having leadership and membership understanding and supporting measures to fix the situation. Transparency is important for nation members to understand the current financial situation and the challenges of managing and deciding on very limited resources. This includes understanding the budget process, having and enforcing sound financial policy and procedures, and required reporting for funders, investors, and most importantly nation members. These are the fundamentals that some communities have adopted, and they are now moving forward.

Not every community has the same experience. Because of influences such as geography, political and staff turnover, and lack of governance and financial capacity, a community can linger in a state of required intervention based on the existing policy.

●(1005)

The default management policy should be a temporary measure to ensure the delivery of essential services and programs; however, it can take many years to financially recover. Our intentions are to support and move to de-escalation as quickly as possible to help address their unique situation.

We believe that the financial management capacity of the community is one of the essential building blocks towards health and eventual prosperity. We constantly see that this is not improving in many communities. For support to be effective, it has to rely on the ability of the community as a whole to understand the reality and ramifications of the situation. This must be complemented by acceptance and a commitment to make the changes required to address the problem.

Lastly, it must be supported by a real effort to build capacity. The real measure of the effectiveness of any default prevention and management policy lies in the ability to build capacity. This is the crux of the current problem and what needs to change moving forward. You see, there is often a sentiment that service providers don't build capacity and don't have a desire to build capacity. I can't speak to other providers, I can only speak to our experience. We want to build capacity and we want communities to move forward. MNP would prefer to work with communities that are healthy and looking at more significant projects and programs. The intervention relationship is not healthy nor enjoyable for either party. We do not relish the situation. That is why it often ends negatively and can have lasting effects that reduce our ability to provide more meaningful services in the future.

With capacity-building come process and policy procedures as part of the formula for success. There are all kinds of documentation and best practices for internal controls, and best practices available through all types of groups, such as AFOA Canada and the First Nations Financial Management Board. This is just the first step.

These, of course, are only words on paper unless they are adopted and adhered to, and this is part of the challenge. There's a lot of paper out in the first nations, but none of it has purpose unless the community supports and implements this policy. When provided with up-to-date financial information, self-government rules, and policy that is supported and understood by members, this paper becomes a practical tool to manage and support first nations government programs and services.

In conclusion, the government needs to focus more on default prevention; develop a more realistic plan to assess and address capacity in these communities; and begin funding prevention services out of new money, and not the band support budget, which only further harms these communities. Finally, the government must also commit new money and resources to address capacity-building for aboriginal communities in need.

We want the best for the people. I want the best for my people. I pray that this discussion contributes to the improved health and condition of our communities.

Thank you very much. We'd be happy to answer any questions.

● (1010)

The Chair: Thank you.

The questioning now begins, and the first questioner is MP Michael McLeod.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Madam Chair, and thank you to the presenters today.

First of all, I want to note that it's very refreshing to see many aboriginal people involved at the professional level. The previous presenter who had the floor, Ernie Daniels, is from the Northwest Territories and was a colleague of mine for many years. I see Clayton here presenting and so many aboriginal people taking part in this discussion who are familiar with our history and the challenges we are up against.

As you know, we now have probably the largest number of indigenous MPs in our history. I think we all agree that we have to look at completing the circle. For too long we have been sitting on the outside. The country moved forward, and we sat on the sidelines.

I spent almost seven years as a band manager, so I've seen the challenges that are faced in a community. The band manager's job description does not exist. You do everything and anything that has come in your direction, from loose dogs to people dying in the community who need support. It's very challenging, given the resources.

I took notice of a number of things that were said, including about default prevention. I know for a fact that in the last 10 years we've seen many cuts at the band council and tribal council level, which have almost taken away any ability from decision-makers to deliver any types of programs or services to move forward, other than to keep the lights on. In many cases, somebody had to be laid off, either the chief or the band manager. Even though there's a lot of talk about how much chiefs make, there are still many chiefs who work for no pay at all, and we should recognize that.

If things are going to change, and we are going to complete the circle and talk about reconciliation, we also have to talk about economic reconciliation. That has to be a big part of where we go. I want, therefore, to ask you to talk about how to raise revenues.

We heard from the previous presenters about taxing people, our own membership, a discussion that often takes place in the land claims or self-governance negotiations. However, royalties have not been mentioned as much as I thought they would be, in terms of

where we need to go. We have many resources on our lands. When we signed the peace treaties, we didn't expect to give them all away.

Maybe we could talk about that a little bit as a source of funding for our governance, because we need good governance, but we can't get it unless we have money.

Mr. Clayton Norris: That's a really good question. When it comes to default management prevention, we talked about the ability of a first nation to finance their long-term debt using the existing models that have been providing support. It not sufficient, most times, to pay for some of the back debt. We have been working with a completely different client on exactly that issue.

When it comes to resource-sharing, royalty-sharing, or tax—whatever you'd call it—what doesn't exist right now in Canada is a valuation of the indigenous title and right. If there's a linear project that's coming across a farmer's land or that impacts another community, there's a methodology that's typically used to provide a financial or other benefit to that landholder. Within first nations in Canada, there does not exist such a model for the sharing of these royalties.

Whether you call it a royalty, a tax, or a participation—and I think Mr. Calla spoke about it earlier—our first nations clients want equity. But these projects are also coming across the backyard through the traditional territories, which the Supreme Court has said is part of the title and right of those communities, whether it's treaty, unceded, or ceded land. There are various versions of it, but I think it's really important that we start to look at and reflect on the fact that indigenous title right has value, in order to get more communities to participate in the economy, to allow for infrastructure development, health, housing, and the social programs that are in such dire need.

● (1015)

Mr. Michael McLeod: I'll ask this question to both presenters.

Our communities' ability to build capacity in our communities doesn't seem to be working very well. I don't see many of those who are coming through to provide the management staying in the communities. These are not the most attractive places to live, in some cases. In my case, the communities are remote, housing is sometimes virtually non-existent, the pay is not that great, and so we have a high turnover.

In my experience, the communities that do the best usually have their own people in the management field. We're not, however, getting many people attending colleges and universities and coming back to the community. It's always somebody who has worked a long time as a bookkeeper or helping as an assistant.

How do we change that? Maybe we could go over that question.

The Chair: A quick response please, as we have only one minute left.

Mr. Harry Lake: In terms of increasing the capacity of that first nation, you might think about looking beyond geography. There's enough modern technology that might allow members of that first nation to do the first nation's work from a remote location using some of the more modern accounting systems, cloud accounting, and that sorts of thing. So it becomes a little bit geographically agnostic, if that makes any sense. If people get trained and they decide to leave, they still have the ability to contribute and work for that first nation, possibly remotely.

The Chair: If they have broadband.

MNP, you've got 30 seconds.

Mr. Clayton Norris: On the capacity development side, I think it's important to recognize that there are fewer than 60 CPAs from indigenous communities across Canada. We need to change that as a profession. We need to encourage youth to seek careers in the business and finance professions, by supporting the Martin Family Initiative to mentor and get those students to think that accounting is cool and business is fun and that there are many opportunities from that. We as a profession need to get better at encouraging the youth within those communities to seek that profession.

I think that organizations like AFOA with their CAFM program, which is a bridge to the CPA, have been doing a good job in moving that forward, but I think we can do more as a profession to encourage youth to get into what we do as accountants and business people.

The Chair: Good.

The questioning now goes to MP David Yurdiga.

Mr. David Yurdiga (Fort McMurray—Cold Lake, CPC): Thank you, Madam Chair, and also I'd like to thank the witnesses for joining us this morning.

My first question will be for BDO Canada. When a first nation community is placed under a third-party management agreement, what is the new role for the chief and council, and what are the types of limitations imposed on council?

Mr. Jacques Marion: I think the role for chief and council really doesn't change much from the political perspective. It's mostly administration that changes. There's a lot of collaboration, and in providing the third-party services there's always a tie-in from the chief and council in the approval process of any of the expenditures or allocation of resources.

So there continues to be an involvement. The political involvement that a chief and council are responsible for with their membership continues. There's a diminished role when it comes to administration and financial allocation of resources based on the agreements put in place by the stakeholders.

• (1020)

Mr. David Yurdiga: I'm just curious because the funds are obviously limited and some hard decisions have to be made. I'm looking at the housing crisis in most first nation communities, and there's also the issue of water treatment and the need to provide clean drinking water for the community. So do you play a role in helping the chief and council decide exactly what the priorities should be? This is very hard decision, when there are two equally important priorities. So would you give a business case, and can you describe the process?

Mr. Jacques Marion: Absolutely. The chief and council ultimately make the fundamental decisions that affect their members, based on the reasons they were elected by their members, to look after, steward, and decide the priorities that the particular communities deem necessary to implement.

Our role is to facilitate that within the structured funding agreements, which are very restrictive, by ensuring that the essential services are provided to the members, such as for water and housing. One of the restrictions in housing, though, is access to it. When first nations are in third-party management, they're not able to access CMHC-subsidized housing, which is a really important aspect for communities in need. It's one of the top three priorities we see across the nation.

Mr. David Yurdiga: Thank you for that.

There's another thing I'm curious about. With all these checks and balances, when you're part of a third-party management group, who is checking your progress? Does the federal government have a role to ensure that you are carrying out your duties as per the contract?

Mr. Jacques Marion: Absolutely. There are what are called "monitoring sessions". I do notice a very large difference from region to region. After each engagement that we have, we ask regions to provide us with a ranking or rating of our services. It's different, again, and not standardized across the regions. The forms that we've seen are different from region to region, but there are ongoing quarterly or monthly monitoring sessions with the department. However, they fall short in not having repercussions for the practitioner. We find there should be far more punitive measures implemented on third-party managers who aren't delivering the services in keeping with the agreement's intent, and meeting the health and safety needs of the members.

Mr. David Yurdiga: During the process when a first nation community is going into default management, how is a manager selected? Is there a tender process? Is it a flat fee? Are the organizations certified and then selected by first nations or is it INAC that picks the management group to look after that first nation community?

Mr. Jacques Marion: When it comes to the third party, INAC at the regional level picks the practitioner that is going to deliver the third-party services.

There's a framework for TPMs. A call-up is put out to pre-qualified firms that qualify through the MERX process for procurement for services. There's a long list of qualifications in terms of the documentation that's provided to Canada for them to put you on that pre-qualified list. From the pre-qualified list, the different regions, through a call-up process, award the contract.

Mr. David Yurdiga: Can the first nation community say it doesn't want the third-party management coming to look after the community? Does it have any role to play in the selection of the manager?

Mr. Jacques Marion: I think there's a certain amount of influence, and I think it varies from region to region, depending on how each region implements and interprets the framework. There is not necessarily anything visible from our standpoint that we could point to and say that a community really was involved in the selection of a TPM. It's done through the procurement process.

• (1025)

Mr. David Yurdiga: What happens if a first nation doesn't comply with your direction? What happens if they say, "No, we're going to do this", and it's contrary to your commitment to the federal government to ensure they manage their resources wisely?

Mr. Jacques Marion: We can't execute the request. We provide a response to the individuals who are requesting that we operate outside of the agreement. We have a discussion with the leaders, the administration, and whoever is involved in putting forth a request that doesn't comply. We have a lengthy discussion in trying to ensure that everybody understands the agreements in place and the reasons why we need to implement them in a compliant manner.

The Chair: You have five seconds.

Mr. David Yurdiga: Five seconds?

Well, thank you for joining us this morning.

Voices: Oh, oh!

The Chair: That was a good wrap-up.

We're now moving to Pierre-Luc Dusseault.

Mr. Pierre-Luc Dusseault: Thank you, Madam Chair.

I have a quick follow-up for you, Mr. Marion. In the end, who pays for your services? Is it the first nation community or the federal government?

Mr. Jacques Marion: It's taken out of the band support funding from the community resources, as both firms indicated in our presentations today. We find that quite punitive, because it disseminates the capacity at the local level, which you're trying to bolster with your involvement, right?

Mr. Pierre-Luc Dusseault: Yes. They are in financial difficulty and—

Mr. Jacques Marion: It creates—

Mr. Pierre-Luc Dusseault: Even more difficulties?

Mr. Jacques Marion: Yes. It creates even more of an obstacle for building capacity that's going to have a sustainable effect on the intervention process.

Mr. Pierre-Luc Dusseault: What would be the solution to that?

Mr. Jacques Marion: It would be to have funding outside of the band support provided for the intervention services of an expert resource, so that it's not punitive, you're able to collectively work with the first nation administration in finance to build the capacity, and there would be a residual basis of knowledge that's developed before your exit.

Mr. Harry Lake: To add to Jacques' point, there is a concern. The counter-argument to that is that bands will voluntarily go into default management so they can get expert support. Probably the likely longer-term solution is some type of cost-sharing, I would have thought.

Mr. Pierre-Luc Dusseault: Thank you for that.

We were talking about the expertise to manage complex financial questions in the first nation community. If we give more power for taxation or for capacity development or wealth management, as we spoke of earlier today, do you see the expertise there to do that, to leverage more, and to maybe pay for MNP? Is there the expertise inside the first nations communities to leverage taxes, manage wealth, and those kinds of things?

Mr. Robert Campbell: Certainly when we talk about first nations as a whole, we see a lot of examples where absolutely tremendous capacity is available. When we're talking specifically about those who are in a third-party condition, obviously they have a variety of limitations right now.

I believe in my heart that the communities do have it. It's a matter of being able to draw it out of them and/or attracting people back from the community who were part of the community, but who—to Michael's part earlier—don't find a role for themselves now. I think if more innovative activities are occurring and more opportunity is being presented through those kinds of channels, then you'll find more of us heading home to be part of those exciting new developments.

Mr. Pierre-Luc Dusseault: Maybe from each of you, what would be the one best solution to avoid being in default management and third-party management?

Mr. Robert Campbell: It is purely a matter of knowledge.

There are many factors, but if there were one thing.... You know, if you have limited resources—and you see lots of examples—if someone just doesn't have the knowledge right now to be able handle that condition, it's very difficult. Another person could have a lot of knowledge and have the same level of resources and eke by. There's certainly not enough funding at all for first nations. Knowledge is the key.

• (1030)

Mr. Clayton Norris: I'll just add to Robert's comment.

I think the foundational piece to that is a healthy, safe community. There's nothing we can do as accountants or financial providers without a healthy, safe community.

Mr. Harry Lake: I would echo what Mr. Campbell said on the capacity side. These first nations operate, we tend to say, one of the most complex financial ecosystems in the world. We take experienced CPAs with 10 years' experience, and it takes them two years to get trained on how to do this stuff. It is well beyond what you would expect in terms of complexity in other industries.

I think it's trying to reduce that complexity and increase the capacity. As well, a lot of these first nations don't have enough own-source revenue to survive. It doesn't matter how good your accountant is, if the business is not viable, you're going to continually struggle.

I think you have all three things happening.

Mr. Pierre-Luc Dusseault: Have you at some point recommended some changes to the 2005 First Nations Fiscal Management Act? Are you in any way recommending some changes or tweaking to that act, or entirely reforming it?

Mr. Robert Campbell: If the opportunity is there to reform it, that's what I think would be the best thing to do.

To Harold Calla's points earlier, I think we have to build up from scratch now. However, that's a monumental task. I think there are some modifications that can be made now that would be the path of least resistance, perhaps in the early days, to address the very difficult situation out there. For those of us who spend time in those environments on a regular basis, it saddens us tremendously. We see this all day long. It breaks my heart to witness it.

I think there are actions that can be taken quickly, but are not being taken. It's not complex; it's just hard to implement. The answer is easy; the implementation is hard.

The Chair: You have 40 seconds.

Mr. Pierre-Luc Dusseault: Have you published any ideas or recommendations to change the act?

Mr. Robert Campbell: As far as the act is concerned, there are so many pieces in there. I referenced a few pieces throughout my presentation. I referenced the work we did with a particular tribal council in looking at intervention. Very simple steps take you into the situation, and the counter-steps to get you out are sort of right there.

I guess it's available; we just have to do it.

Mr. Pierre-Luc Dusseault: Yes, is there—

The Chair: We only have three seconds.

Questioning is moving to MP Don Rusnak.

Mr. Don Rusnak (Thunder Bay—Rainy River, Lib.): Thank you for coming today. I'm going to echo my colleague Michael McLeod.

Seeing indigenous professionals, I think we need to encourage that more. It's going to be one of my first questions.

I know you started to answer, but I will ask both firms. What are your firms doing in terms of indigenous recruitment and helping indigenous students get into the field?

Mr. Clayton Norris: Seeing that my competitors are here and we're competing....

Voices: Oh, oh!

Mr. Clayton Norris: What we're doing, as I mentioned earlier, is supporting the Martin Family Initiative. I have over 35 team members, and we're expanding that to about 50, mentoring high school students to encourage them to get through to high school and then encouraging them, most importantly, to look at business and finance careers. We're supporting every single chapter of AFOA Canada, as well as the national chapter, and we submit to *The Journal of Aboriginal Management*, or JAM. What I've now realized is that we need to promote accounting and math—those related subjects in school—to junior high school students to expose them to it. When they're making a decision going into grade 10, they need to

take their grade 10 so that when they go for a BComm after their high school is done, they are able to get into business and finance.

Rob can talk about some of the games we've developed for the youth.

Mr. Robert Campbell: Briefly, we deliver financial literacy programming in the school system. We've delivered it at elementary, middle school, and high school levels, where we do both the literacy piece but also encourage people to explore this as an avenue of a profession where many are not exposed to it. In our communities, that's often the challenge: there's no exposure. Through this, they see people such as ourselves who come from those communities and are in these kinds of jobs. We do a lot of outreach into the university and college systems. We have a fairly large workforce of aboriginal people inside our company as a whole. Those are some of the things we try to do.

● (1035)

Mr. Don Rusnak: I'm absolutely thrilled that you guys are involved in the Martin Aboriginal Education Initiative. I was myself. It is a great program.

Mr. Harry Lake: Not dissimilar to our competitors, we're also involved in the Martin Family Initiative, AFOA, and *The Journal of Aboriginal Management*.

We've started to have conversations to work at the high school level in a lot of the same opportunities that they talked about. In addition, we've initiated a \$30,000 scholarship at the University of Ottawa for business students. It's a pilot this year and we're hoping that coupled with an internship it will be able to help grow things from the bottom up.

Mr. Don Rusnak: One of the questions that I want to get to, which I was talking about with my colleague Mr. Massé, relates to something that I think Mr. Norris had said, that your firm, MNP, is no longer involved in third-party management and why the company made that choice.

Then I'll ask BDO why it's still involved in it.

Mr. Clayton Norris: We recognized several years ago that, of the 175 communities we work with, only five are in some form of intervention, co-management, or third-party management. We have two current third-party arrangements that we're transitioning out; they're going to the default process this summer.

We just recognize and thought that this is not the best alternative for what we're trying to do on a long-term basis for our business. We want to work on the larger projects and some of the exciting things on the economic development side. In my opinion, because of the relationship and how it starts from inception, there's no way any service provider can continue with something positive. We just said, enough, we can focus our limited resources on developing a solution. That's what we've been working forward to and that's what we're putting out April 1 with the technologies that exist under cloud accounting, but layered into that is a capacity and training program that is as more important than the technology. Technology is not the solution; it's the training, the capacity development under the individual learning plans and the community learning plans that we've put forward in our platform. That's why we're getting out and transitioning into an alternative.

Mr. Jacques Marion: With regard to intervention, when I started 20 years ago, less than 20% of my staff was aboriginal; currently, over 55% is. Of the 55%, among of the staff who work with all the individuals involved in the intervention engagements, all of them come from the various communities we participated with in boosting the capacity, in order to leave a certain amount of residual knowledge so that the community can sustain the work that was done for prevention.

Mr. Don Rusnak: One of the interesting things that I believe Mr. Lake had said is that you don't let the professionals in your firm get involved in third-party management unless they've put in 10 years. Is that correct?

Mr. Harry Lake: Based on our hiring, and Jacques will be able to reinforce this, there are CPAs who typically end up being manager level or above after about 10 years of experience, and certainly from there they would have a two-year training program to get up to speed.

Mr. Don Rusnak: Okay. Do you mean, in order to get into third-party management, because it's so complex?

Mr. Harry Lake: Yes.

Mr. Don Rusnak: Okay.

That just struck me because we're asking people, such as the guy walking down the street in front of the band office, to do this work, and sometimes paying them very little. I guess the answer's obvious. It is not appropriate and not the way to do it.

Mr. Harry Lake: It's not just at the band management level, but also at the leadership level.

You're freshly elected. These rules are complicated.

I tried to explain some aspects of the aboriginal ecosystem to my colleagues, and I decided to make a presentation deck. I stopped at 90 pages in trying to explain it.

Mr. Don Rusnak: So the system needs to change.

They're nodding, for the record.

Voices: Oh, oh!

A voice: Is that yes or no?

Mr. Don Rusnak: They're nodding "Yes," for the record. I apologize.

Voices: Oh, oh!

The Chair: Accountants don't say much, right?

We're moving to the final round of questions, and that's going to be by MP Viersen.

•(1040)

Mr. Arnold Viersen (Peace River—Westlock, CPC): Thank you, Madam Chair, and thank you to our guests for being here today. It's much appreciated.

One of the things we've heard repeatedly in this study, but also in studies going back, is the term "capacity-building".

It's a great term. Everybody likes to use it, but I guess, perhaps, if we could just go through that a little bit from your perspective and explain it. Could you give me the top three things that you do to build capacity? I'm looking for nuts and bolts on this.

What is a capacity-building? It's a nice term, and we all mean it, but it's like trying to boil the ocean, in terms of what capacity-building actually means.

When you do third-party management, part of your job is to build capacity. What are the top three things you start to work on?

Mr. Clayton Norris: I think Rob and I will co-answer this question. From a nuts-and-bolts perspective, we have 60 training programs that we have designed and developed for delivery in communities for specific needs, such as accounts payable, budgeting, and process items.

We recognize that many of our clients come from remote areas. They're not going to be able to go into a centre to do a two-year business diploma or degree, so we've developed customized programs for that, up to a five-week, fully-certified bookkeeping training program. That's a nuts-and-bolts answer.

Robert.

Mr. Robert Campbell: As well, of course, we assess the individuals who are working within the finance function inside the community, to determine their current level of awareness, understanding, interest, or even desire.

We find people who are in those roles because they were that person walking down the street. One lady the other day said, "I was hired to be the receptionist. Now I'm the head of finance." She had no desire. She didn't even realize it, until one day she came to work, and they said, "You're the head of finance."

Given that reality, we do one-on-one coaching. We do group coaching. We bring people into our offices. We go to the community, and we use external providers, aboriginal colleges like Yellowquill in Winnipeg, and others, to provide that.

Mr. Arnold Viersen: I get the impression, though, that the term “capacity-building” is like trying to boil the ocean.

Mr. Clayton Norris: Sometimes it is, but I think you can take it down, as you said, to the nuts and bolts. When we look at our new cloud accounting model, we think it's great. Everybody looks at it. It's a cloud accounting model. It's a system.

However, we work with the individual to ask, “What are your competencies? What have you done in training? What's your background? What do you want to do going forward? What's your intention in this career?”

Then, we create a learning plan for that individual that we customize. We say, “Okay, you need to attend AFOA courses,” or “You need to go to a community college,” or “We can help you with some of these processes that you may be having difficulty with, such as accounts payable and accounts receivable.”

We also look at it from an intervention perspective in terms of default management if the community doesn't understand the budget process and is not aware of what it means for the reporting, as we've seen in many communities. We've also gone to chief and council, and to band members, to explain why the government is looking for the information and why the finance department may say no. We get the community involved, not just the individual. Those are the tactical things that we do.

Mr. Jacques Marion: We have very much the same type of plan. We use education and training plans. We have an arsenal of all the different task lists that are required to generate financial statements. We find that one of the best internal controls in communities is to

have them generate financial statements as frequently as possible. You can't really monitor what you're not measuring.

The agreement process as well is one of the components we need to add when we talk about capacity, and exactly what the governance model understands—the program delivery agreements from Canada, whether it's Health Canada or INAC, what they mean, and exactly how the funding can be utilized and tied into a systemic approach with a cloud-type system so that you can give remote support as required.

It's always necessary to have education plans for the different individuals. It's hard to turn an electrician into an accountant in six weeks. It's a difficult task. When we talk about capacity, the reality of it is very much as Robert mentioned earlier, that the receptionist becomes the head of finance overnight. That's the kind of transition that she's certainly not prepared for. She doesn't necessarily have the background for it. Developing a plan to do something like that over a 24-hour period is a pretty challenging task.

●(1045)

Mr. Arnold Viersen: Thank you very much.

The Chair: That concludes our meeting and this round of the committee business.

I want to thank you very much for coming out. *Meegwetch*. We appreciate your comments, your wisdom. You're in the business, so your presentations and comments will be taken very seriously. We really appreciate them. Thank you very much.

The committee will come together again on April 4.

Thank you very much.

The meeting is adjourned.

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