

SAGKEENG SHENANIGANS

Almost as a case study, the author of "First Nations? Second Thoughts" wades through the fiscal irregularities of aboriginal self-government in Phil Fontaine's former First Nation Reserve.

by Tom Flanagan,
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The Sagkeeng First Nation, a.k.a. the Fort Alexander Indian Reserve, sits astride the Winnipeg River where it flows into Lake Winnipeg. Although it's a remote location, Sagkeeng has been generating plenty of Manitoba newspaper headlines in the last three weeks.

First came the news that 80 staff members of the Virginia Fontaine Addictions Foundation had been spotted on a week-long cruise in the Caribbean, accompanied by Paul Cochrane, the assistant deputy minister of Health Canada in charge of the First Nations and Inuit Health Branch. Mr. Cochrane claims to have paid his own way, but expenses for everyone else – about \$115,000 – reportedly had been covered by the proceeds of bingo games held on the reserve ostensibly to raise money for school children's textbooks and scholarships.

Then a 1997 audit by Health Canada, released to the press by way of collateral litigation, revealed massive financial irregularities in the Addictions Foundation. There were the usual travel and expense-account abuses, including trips to Las Vegas and Honolulu, as well as an expedition of 30 staff members to

Far more costly than the junkets, however, were financial practices such as billing Health Canada \$210 a day for empty beds and the sweetheart consulting contracts reportedly given to companies controlled by members of the board of directors. In one egregious case, the foundation agreed to rent trailers (which it had already partially purchased) for \$50,000 a month from a board member, even though they should have rented for only about \$5,000 a month, according to the company that originally sold the trailers.

The worst scandal of all was that Health Canada, after receiving the audit, did not require serious corrective action to be taken. The findings of this audit would have led to complete replacement of the management of any normal organization, but in the secretive world of aboriginal self-government it was considered judicious to hush the whole thing up. As is usual in these cases, the Department of Justice advised that prosecution would be pointless because, after so many records had been destroyed or never kept, it would be impossible to obtain convictions.

Now that the audit has gotten into the public domain, Health Minister Allan Rock has gone into damage-control mode, ordering a forensic audit. Meanwhile, ADM Paul Cochrane has been on personal leave since late August. But it is probably too late to document the whole sordid story. Twenty years of records have

reportedly disappeared, the foundation's board of directors is refusing to turn over surviving records to new auditors, and Mr. Rock has now agreed to begin the audit at July 1 of this year. Don't hold your breath waiting for any charges to be laid.

Although this might sound like just another routine example of

the waste that permeates aboriginal self-government, it is potentially a much bigger story because Sagkeeng

is the home of Phil Fontaine, the recently deposed National Chief of the Assembly of First Nations. Mr. Fontaine was the chief of the Fort Alexander band in the years 1972-76; later, after graduating from the University of Manitoba and working for the Department of Indian and Northern Affairs, he served as Grand Chief of the Assembly of Manitoba Chiefs from 1989 to 1997.

In 1994, Manitoba's First Nations, under Mr. Fontaine's leadership, signed a framework agreement to transfer virtually all functions of the Department of Indian Affairs to the Manitoba Indians themselves. Manitoba was supposed to be the showcase for the Liberal government's policy of aboriginal self-government, which the Cabinet formally endorsed the next year.

The results of the framework agreement mock the idealistic expectations. Manitoba is rapidly becoming a First Nations financial wasteland as reckless spending drives bands into bankruptcy. With nine of 62 reserve communities now under external trusteeship, the province leads the nation in that dismal statistical category. Sagkeeng itself, with an annual deficit of almost \$1 million and an accumulated deficit of more than \$12 million, is one of the reserves under third-party administration.

It is time for observers to start connecting the dots. Far from being an isolated occurrence, the Sagkeeng scandal is an everyday illustration of aboriginal self-government as it exists in the real world. The legacy of Phil Fontaine's cozying up to the Liberal government is an unworkable system. With inadequate controls on the expenditure of public money, waste flourishes everywhere. The whole story, if it could ever be told, would make the Liberals' jobs fund fiasco look as innocent as little kids collecting Halloween candy. But the truth is almost impossible to discover because Indian reserves have been exempted by judicial decision from Access to Information.

The Sagkeeng shenanigans are an election issue in Manitoba, but aboriginal self-government also deserves to be made a national issue. Unless and until Canadian public opinion is roused against the abuses, the rip-offs will continue.

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