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First Nation at heart of fishing conflict loses control of its fiscal affairs

The First Nation embroiled in a violent dispute last summer with Fisheries officials over East Coast lobster has lost control of its finances. Officials for the federal department of Indian and Northern Affairs broke the news to seven councillors for the Burnt Church band during a four-hour meeting Monday in Miramichi, N.B.

The chartered accounting firm Deloitte & Touche will take over the band's fiscal affairs for the foreseeable future as it works with band leaders to get finances back in order. "It was an emotional meeting," Indian Affairs spokesman Steven Outhouse said from Miramichi.

"It's such a difficult decision to put people into third-party management and it can be somewhat disheartening. "There are no allegations of fraud or any sort of criminal wrongdoing with the money. They're a government that's been trying to provide services to their constituents and have gone into a deficit situation."

Indian Affairs takes tighter control of First Nations that run deficits exceeding eight per cent of their annual budgets. Burnt Church receives \$9.2 million a year from the department to run various programs on the reserve. Deficits "significantly higher" than eight per cent have been run for several years, and less intrusive management efforts haven't worked, said Outhouse. Indian Affairs decided to step in when the band's most recent audit was received in January, he added. Audit details are confidential.

"It has absolutely nothing to do with the fishing situation from last year," Outhouse said. About one-quarter of Canada's 633 First Nations are under some form of remedial management because of deficits, and more than 25 have lost direct control of their finances.

Many aboriginal leaders blame fiscal shortfalls on government under-funding, but acknowledge there are isolated cases of mismanagement and corruption.