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Chair

Mr. Bruce Stanton

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• (0900)

[Translation]

The Chair (Mr. Bruce Stanton (Simcoe North, CPC)): Good morning, members and witnesses. Welcome to the 22nd meeting of the Standing Committee on Aboriginal Affairs and Northern Development.

[English]

We welcome three officials from the department today. This morning we have Michel Roy, senior assistant deputy minister for treaties and aboriginal government. Also, we welcome back Patrick Borbey, assistant deputy minister on northern affairs; and Mary Quinn, the director general, social policy and programs branch.

Members, you'll recall that this is principally a continuation of our review of the Auditor General's report for 2009, but in our last meeting we also made reference to the report of 2008. There were some outstanding questions in that regard.

We're going to start off with comments from our three witnesses this morning, and then we'll go to questions from members. Members, because we have two sessions today, each one hour, we'll keep the questions to five minutes.

Let's begin.

Monsieur Borbey, do you wish to begin? Thank you very much.

Mr. Patrick Borbey (Assistant Deputy Minister, Northern Affairs, Department of Indian Affairs and Northern Development): Thank you, Mr. Chair and members of the committee. It's a pleasure to be here with you today to talk about our progress in responding to these reports from the Auditor General.

You've already introduced my colleagues. Michel will be speaking about claims implementation issues, and Mary will be addressing the department's continuing efforts to improve first nations child and family services.

[Translation]

The reports of the Auditor General are taken very seriously at Indian and Northern Affairs Canada and are appreciated for the guidance and constructive analysis they provide on our performance in carrying out our department's mandate. They serve to confirm where we are on the right track and point out where we need to focus our efforts in the delivery of programs and services and the fulfillment of our responsibilities to aboriginal people and the residents of the north.

I'd like to speak briefly regarding two matters: our evolving role in the Yukon post-devolution and our work in support of the regulatory regime for land and resources in the Northwest Territories. These two issues both relate to essential elements of the government's integrated Northern Strategy, on which our department plays the leading role. They fall under at least three pillars of the strategy, those being economic and social development, environmental protection and improved governance. And, of course, our efforts in these areas also serve to support the fourth pillar—exercising our sovereignty over the north.

[English]

Even in these times of uncertainty over the economy, the north offers tremendous potential for economic development. Empowering the territorial and aboriginal governments of the north will not only provide northerners with greater control over decisions directly affecting them, it will also give them a greater stake in the development taking place in and around their communities. By ensuring that regulatory systems in the north are efficient and effective, we can eliminate barriers to development while at the same time ensuring that development is sustainable.

With regard to chapter 8 of the Auditor General's report of November 2003, which dealt with transferring federal responsibilities to the north, I would like to describe how INAC's role in the Yukon has significantly changed since the devolution of federal responsibilities for the management of land and resources to the territorial government in 2003. That transfer was significant for the territory in that it meant the assumption by the Yukon government of most of the remaining provincial-type authorities once held by the federal government. In terms of its responsibilities and jurisdictions, the territorial government now closely resembles a provincial government and has taken an important step in its political evolution. Concurrently, our department's role in the territory has also undergone a transformation. In working on the implementation of 11 Yukon first nation land claim and self-government agreements while continuing to provide services to six Indian Act bands in the Yukon and northern B.C., INAC has felt its role being influenced by the convergence of the aboriginal and northern agendas, as well as the self-government and Indian Act agendas.

● (0905)

[Translation]

We continue, however, to carry out residual responsibilities with respect to resource management in the Yukon. We are fully participating in the Yukon Environmental and Socio-Economic Assessment Act review. We are also very much involved in promoting sustainable resource development and in contributing significantly to economic development in the Territory with federal support for geo-science, infrastructure and skills development initiatives and will continue to do so in the future.

INAC's chief role is now focused on intergovernmental collaboration and the strategic use of federal influence to support strategic outcomes of economic and political development. An interesting example of this post-devolution shift is with respect to establishing co-management regimes for the remediation of abandoned mine sites with Yukon government and affected first nations. Relying on strong intergovernmental relationships, successful implementation of these projects not only ensures sound environmental stewardship but also provides economic and business opportunities while strengthening local political development in the north.

[English]

From here we're looking ahead to effecting similar transformations in the other two territories where discussions on and preparations for the transfer of federal authorities are under way. We intend to profit from what we've learned from our devolution experience in the Yukon. In fact, these valuable lessons have already informed and improved our approaches to devolution in the Northwest Territories and Nunavut.

Another area of interest to the standing committee is INAC's response to chapter 6, which focused on the development of non-renewable resources in the Northwest Territories. INAC has made significant progress in many of the areas identified by the recommendations in this chapter, and I appreciate the opportunity to provide a brief overview of our key achievements.

Working in partnership with the NWT boards, we have completed a report on best practices of institutes of public governance, a report on NWT board training needs assessment, and a general orientation binder for new board members. To complement these practical, user-friendly documents, we initiated a board training program that provided training to over 160 board members and staff in 2008-09. The program provided essential skills and knowledge that the boards need to effectively manage renewable resources, ranging from administrative law and the management of hearings, to technical courses in mining and regulation.

The department has also coordinated and supported the piloting of a multi-year strategic planning exercise that has been successfully completed by four boards, and other boards have shown interest in undertaking it. On the recommendation to create an ongoing process of consultation between the heads of the boards and the senior officials of the department, the NWT Board Forum was created. It meets twice a year and is a well-respected and well-attended venue for executive dialogue on inter-board and intergovernmental resource management and development issues.

One tangible new initiative of the NWT Board Forum, supported by the department's secretariat, is a new board website. The website provides a single public portal to the resource management system in the NWT, with links to appropriate government sites and other useful sources of information.

[Translation]

Regular board reporting and communications have also improved, with many boards now issuing quarterly or monthly newsletters which identify completed activities, authorizations issued and future plans.

Of course, the development and management of non-renewable resources is not static, and to ensure the Department remains current with evolving sustainable development needs, we established the Northern Regulatory Improvement Initiative to deal with operational and strategic needs. Through this initiative Minister Strahl commissioned Mr. McCrank to review the regulatory systems across the north and provide recommendations. Using his "Road to Improvement" report, OAG Audits and other information, the Department is now preparing a comprehensive plan for advancing concrete changes to the regulatory regimes in the north which we hope to begin implementing this summer. One objective of this initiative is to help clarify the evolving roles and responsibilities of Boards consistent with the associated Acts, Regulations and Land Claim Agreements.

● (0910)

[English]

I would note that we have already started implementing many of Mr. McCrank's recommendations, notably in the areas of capacity-building for boards and their members, eliminating unnecessary duplication between the Nunavut Impact Review Board and the Canadian Environmental Assessment Agency, and funding for the cumulative environmental impact monitoring program in the NWT. We're also working on the development of Nunavut resource management legislation and water regulations.

INAC will build on these achievements and the ongoing work in this area, not only because they demonstrate our responsiveness to the recommendations of the Auditor General, but because we are strengthening our working relationship with the boards, aboriginal groups, and stakeholders; the quality of non-renewable resource management in the NWT; and of course our overall accountability and transparency to Canadians.

Thank you very much.

I will certainly be pleased to take questions later on.

The Chair: We'll carry on now with Mr. Roy and then Madam Quinn.

We're at about the nine-minute mark for both of you, so if you can work it through to about 15 or 16 minutes that will be great.

[*Translation*]

Mr. Michel Roy (Senior Assistant Deputy Minister, Treaties and Aboriginal Government, Department of Indian Affairs and Northern Development): Thank you very much, Mr. Chair. I too wish to thank the Committee for the opportunity to appear before you and for your interest in the progress we are making in addressing the recommendations of several Auditor General of Canada Reports concerning the implementation of Canada's modern treaties.

Please allow me to provide a little context.

Since 1975, Canada, aboriginal Canadians, 3 provinces and the 3 territories have entered into 22 such agreements that cover a wide range of subject matter such as lands, resources, water, and environmental considerations and often contain substantial self-government provisions.

The north has been the most fruitful region of the nation for such agreements. These innovative arrangements afford aboriginal citizens of the territories major roles in the political, economic, and environmental affairs of the north and of the nation, including ownership of significant parcels of land.

We have 11 self-governing first nations in the Yukon with attendant land claims agreements.

In the Northwest Territories, four aboriginal organizations have comprehensive land claims agreements, the Inuvialuit, Gwich'in, Sahtu-Metis, Tlicho.

The Tlicho Agreement of 2005 includes self-government provisions and we are in active negotiations with the others on self-government arrangements.

Article 4 of the Nunavut Land Claims Agreement (1993) with the Inuit of the Eastern Arctic led to the creation of the territory of Nunavut, which recently celebrated its 10th anniversary.

Thus far, the 22 agreements Canada has concluded with first nation signatories affect more than 40% of Canada's land mass. I use the word concluded loosely because as we have learned, treaty negotiations are not about conclusion but rather about creating new relationships. You have heard these comments many times here in the committee.

I will be pleased to speak to questions the committee may have concerning: the OAG Report of 1998 which examined Comprehensive Land Claims Agreements to that point—both the negotiation of agreements and their subsequent implementation; the 2003 OAG report concerning devolution in the north which also included recommendations regarding agreement implementation; and the 2007 Report on the implementation of the Inuvialuit Final Agreement of 1984 with Inuit Canadians of the Western Arctic.

As you are aware, these reports along with others such as the Senate Standing Committee Report "Closing the Loopholes", the Land Claims Agreement Coalition Model Policy and our own recent internal evaluation have served to point out some of the challenges we are facing in implementing these agreements. They have given us a great deal of direction on how to improve our relationships with

aboriginal treaty and self-government groups. From Canada's perspective, we believe that we have done a fair job at completing the one-time or time-limited tasks that are necessary to get these new governments and government institutions up and running. We acknowledge that we need to now shift the focus to developing the relationship with these groups. In particular, we need to find a way to improve our means of resolving disputes.

In 2008, TBS issued Contracting Policy Notice 2008-4 amending contracting policies to improve the obligations to monitor and report contracts under comprehensive land claims agreements. It also fulfills specific commitments made within some Comprehensive Land Claims Agreements (CLCAs) for the federal government to monitor and report on its contracting activities in CLCA regions. I am pleased to report that INAC was chosen to lead this project and we are well underway to be able to issue the first reports, as required in the second quarter of the year.

On this issue of monitoring, INAC is modernizing and enhancing our obligation tracking system to be able to track and report more efficiently and with greater added value on the progress of federal implementation. We believe this will continue to improve the way we conduct our business in a way consistent with the past recommendations of the OAG.

In fact, we are asked to report back to the Office of the Auditor General on the progress we are making and the challenges we encounter in responding to the recommendations.

• (0915)

I welcome your questions.

Thank you very much, Mr. Chair.

The Chair: Thank you.

Ms. Quinn.

[*English*]

Ms. Mary Quinn (Director General, Social Policy and Programs Branch, Department of Indian Affairs and Northern Development): Thank you, Mr. Chair and members, for inviting me to appear before your committee.

[*Translation*]

I welcome the opportunity to bring your members up to date on our continuing efforts to improve First Nations Child and Family Services on-reserve.

[*English*]

Since the Auditor General's report of May 2008, we have been working very closely with the provinces and first nations to improve child and family services for first nations children normally resident on reserve. I wish to assure the committee that we recognize the seriousness of the matters raised in the Auditor General's report.

I'd like to talk briefly about how the first nations child and family service program works. We do not work alone. Provinces have jurisdiction over child welfare, both on and off reserve, and in some cases, the provinces have delegated their authorities to first nations child welfare agencies and first nations staff. This explains why we've been focusing a lot of our attention on being provincially comparable and have been working with provinces and first nations agencies so that the agencies can adequately meet provincial legislation and standards while meeting the requirements of our funding agreements.

[*Translation*]

As well, the department works with first nations providing funding to first nations, their child welfare agencies and the provinces to cover the operating costs of culturally appropriate child welfare services on-reserve including the reimbursement of maintenance costs related to children brought into care.

[*English*]

The budget has doubled from more than \$193 million in 1996-97 to roughly \$523 million in 2008-09. Beginning in budget 2005, a roughly 8.5% increase in the operations formula was committed. As well, there was a commitment of roughly \$1 million for agency self-evaluation and an additional \$15 million to pay for rising maintenance expenditures. This was an additional investment totalling roughly \$25 million.

The first nations child and family services program is under renovation and is therefore currently in transition as we move towards what we call an enhanced prevention-focused model. This is a model that focuses on prevention rather than on an out-of-home care bias. Budget 2006 marked the beginning of this transition with a financial commitment, starting in Alberta, of incremental funds of \$98 million over five years.

The next step came in budget 2008, in which an additional \$115 million was provided over five years to the provinces of Nova Scotia and Saskatchewan, along with first nations agencies, to implement the new model. Most recently, Canada's economic action plan has announced a further \$20 million over two years to additional jurisdictions to join in this model.

To put it in perspective, this year alone \$49.5 million in incremental funding will flow to the first nations child and family services agencies in five jurisdictions. Our commitment will increase to a total of \$61 million annually by 2011, and we have more provinces to work in.

I would say that under this model, the Government of Canada is committed to providing the necessary funding for first nations child welfare, which will be provincially comparable, to support early intervention and prevention-specific services that work to reduce the number of apprehensions. The model has two components. The first is the development of tripartite accountability frameworks. This involves the federal government, the provinces, and the first nations agencies or organizations. This is where we develop common goals, visions, and performance measurement standards and where we speak to issues such as culturally appropriate services and provincial comparability.

● (0920)

[*Translation*]

The second component involves working directly with first nations child welfare practitioners and provincial officials in developing a funding model that is specific and comparable to the particular province we are working with and meets the needs identified by workers at the front line.

[*English*]

While work is under way on this renovation and shift to the enhanced prevention model, the other track we're working on is program management. In the Auditor General's report, she's raised issues in both areas.

I'm just going to briefly sum up in one minute, if I may.

The Chair: That would be great.

Ms. Mary Quinn: We have taken a number of measures in terms of reporting and compliance to improve our activities.

I want to note, as committee members will know, that Ms. Crowder's motion on Jordan's Principle was adopted by the House in December 2007, and we are continuing to work with provinces and partners on Jordan's Principle.

The Chair: Excuse me, we're having a problem here with the audio.

[*Translation*]

Mr. Roger Gaudet (Montcalm, BQ): It's fine now.

[*English*]

The Chair: Okay, carry on. Just a short summary, then we'll go to questions.

Ms. Mary Quinn: While we're working hard towards the enhanced prevention model, which focuses on prevention rather than putting the bias on the apprehension and protection of children, we're also moving on the project management side. So with respect to the issues that the Auditor General has raised on compliance and monitoring and reporting, we are in the process of implementing some activities that we hope will bear fruit and give us the evidence and results that people expect of us.

In closing, I wanted to acknowledge Ms. Crowder's motion and the work that the federal government and departments and members of the first nations have been doing on Jordan's Principle.

Thank you. I'd be pleased to answer any questions.

[*Translation*]

The Chair: Thank you very much.

We'll now go to questions from members. Let's start with Mr. Bélanger.

Mr. Bélanger, your speaking time will be only five minutes because this morning's meeting is only one hour long.

Hon. Mauril Bélanger (Ottawa—Vanier, Lib.): Thank you, Mr. Chair.

[English]

Madame Quinn, I wanted to follow up on the March report of the Standing Committee on Public Accounts. Are you familiar with that one?

Ms. Mary Quinn: Yes, I am.

Hon. Mauril Bélanger: There were a few recommendations. One of them was about the funding formula. It recommended that we go away from an assumed fixed percentage—what was it, 6%?—because it varies from zero to twenty-something. What's happening there?

Ms. Mary Quinn: There are three aspects of the funding formula under the tripartite agreements. The 6% applies to one of those three aspects. It is done as a national average. The second aspect of the funding formula concerns the prevention services. In this new area, we sit down with provinces and first nations to see what is needed in the way of culturally appropriate prevention services. The third area is maintenance. Maintenance is produced on the actual number of children in care. As to the 6%, we know that the Auditor General has raised it and the public accounts committee has continued to raise it. We believe, with the three provinces and first nation organizations we've worked with, that the funding formula is workable and effective.

Hon. Mauril Bélanger: You mean the current one?

Ms. Mary Quinn: I mean the one for the three-party models. I'll get to another one, without trying to complicate this too much. We will have an evaluation of the renovated model starting late in 2009. We will look at the results of the evaluation and continue talking to the two new provinces and the first nation organizations that will join the model this year.

The previous funding model would apply in the five provinces where we're not under renovation. It takes in the 6% feature, and it has some limited capacity for prevention. But what we're really working towards is the new model, because it has business plans and flexibility and offers the same ability for the first nations agencies. We think it would be the better and more effective way to go.

Hon. Mauril Bélanger: In your second example, are you suggesting that you're getting resistance from the provinces about changing the funding formula?

• (0925)

Ms. Mary Quinn: No, we haven't had any resistance from the three provinces where we've developed new agreements.

Hon. Mauril Bélanger: I understand a bit how the system functions. And if you're currently negotiating new funding formulas, the likelihood is that there will be more funding required. Do you have any projections? What's the outlook, and is it being included in the estimates?

Ms. Mary Quinn: Once the minister announces the two additional provinces that will be joining that model this year, we'll have five provinces. Then we'll be halfway, plus the Yukon Territory, to our goal of having all the provinces under the enhanced model. Based on the funding that has occurred so far and the amounts that have been announced in previous budgets and in the economic statement, we have a round number in mind about what it should cost. But until we sit down with the provinces and see what kinds of

services they offer, because the models are quite different in the provinces—

Hon. Mauril Bélanger: Are you prepared to share that number?

Ms. Mary Quinn: I would rather see if I can do that. I don't think we've made it public yet.

Hon. Mauril Bélanger: We won't tell anyone.

Ms. Mary Quinn: I know.

The government will be responding to the public accounts committee. I also have things to leave until the government responds, and I can't speculate where they'll come out on that.

Hon. Mauril Bélanger: In your discussions with the provincial authorities or representatives and the aboriginal communities, what is the feedback you're getting from aboriginal communities?

Ms. Mary Quinn: I have to say I haven't been around for all those discussions, but I have to say that some of the communities, where they have small agencies, are quite happy with the 6%. Now, the 6% is an average, so there are some above, but there are many below. Where there are small agencies, they are very keen on the new model because it provides them with sustainability. They do a five-year plan, so they're not dependent on funding that comes year by year and they can engage and recruit staff and they can retrain them. So the sustainability issue is huge for them to be able to offer quality services.

Hon. Mauril Bélanger: In all your work—and this applies to Monsieur Roy and to Mr. Borbey again—in the minute or so that's remaining, or perhaps some night when you can't sleep and you wish to put your thoughts to paper, can you share with me how the concept of honour of the crown applies to your relations and your work on a day-to-day basis with the aboriginal communities?

The Chair: Just give a short response, if you can.

Hon. Mauril Bélanger: I don't think it's possible to have a short response to that, Mr. Chairman.

The Chair: I realize that.

Ms. Mary Quinn: If I could—

Hon. Mauril Bélanger: It's a seed I'm planting here.

Ms. Mary Quinn: I will just say in a nutshell then that the honour of the crown is in front of us every day, as are the fiduciary responsibilities of the federal government in terms of how we work to achieve better outcomes for first nations and aboriginal people in the country.

[Translation]

Mr. Michel Roy: In the context of negotiations with aboriginals, we really try to promote the interests of both parties, not to secure the greatest advantage for ourselves, as is the case in employer-employee type negotiations.

The Chair: That's good.

Mr. Lévesque, you have five minutes.

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Thank you, Mr. Chair.

Good morning, Ms. Quinn, Mr. Roy and Mr. Borbey.

In July 2008, Quebec passed a new child protection law. For a number of months now, the first nations of Quebec have been requesting additional funding to help them adjust to that law.

Can you tell us where you stand in the negotiations with Quebec on this matter?

Ms. Mary Quinn: Pardon me.

The first nations have requested a timeframe, haven't they?

Mr. Yvon Lévesque: They've requested assistance in adjusting to the new act in Quebec.

Ms. Mary Quinn: We discussed this matter with the first nations and the Government of Quebec, but it's an act of the Government of Quebec. The federal government can do nothing with regard to the request for a timeframe.

However, I can tell you that there are four pilot projects, including two in the Abitibi-Témiscamingue region. The purpose of those projects is to reduce

[*English*]

the rate of children in care.

It's not an answer to the extension that's desired by first nations, but we're certainly starting to try to attack the issue of prevention.

We have been discussing with a number of provinces the new enhanced model about which I was speaking before. And in future months—or I can't say whether it will be next year—we hope, as we move from five provinces to ten, that when all provinces are under the new model there will be more funding for prevention services.

● (0930)

[*Translation*]

Mr. Yvon Lévesque: Are you telling us that the fact that the Government of Quebec has a Child Protection Act should exempt the department from certain expenditures? Do you have no provision to assist, for example, the first nations of Quebec in adjusting to that act?

[*English*]

Ms. Mary Quinn: I would say it's not a discharge from expenses, but child welfare is the jurisdiction of the provinces. They do have the legislation, they do delegate the authorities, and they do set the standards. Where we come in is on funding the services, but we don't have a mandate for those services.

In terms of whether we should help fund the first nations in Quebec, we're talking to a number of provinces in addition to the three provinces where we have provided the incremental funding, and if there is incremental funding this will come out in a budget, in a future budget. At that point we would be able to fund the first nations so they can do more prevention services.

When the agencies can do more prevention services, then they will be better able to deal with the new law in Quebec that sets a mandatory timeframe before which children should be adopted. We're very much pressing on the prevention model because we know this will help, but we're not quite there yet in terms of the decisions or when any incremental funding might become available.

[*Translation*]

Mr. Yvon Lévesque: So you're telling me that Quebec isn't one of the three provinces that are currently the subject of your study for possible supplementary funding.

[*English*]

Ms. Mary Quinn: The three that exist, where we have agreements, are Alberta in late 2007—and we just started this model in 2007 with implementation—and Saskatchewan and Nova Scotia in 2008. There is money in Canada's economic action plan for two additional provinces. These haven't been announced. We would like to continue, if we can. There are many forces out there beyond us, but we would like to continue doing two provinces a year and, by our estimates, have the new model working by the end of fiscal year 2012-13 in all provinces.

[*Translation*]

Mr. Yvon Lévesque: That means that Quebec will once again have to wait before it can obtain assistance so that the first nations can implement the act as planned in Quebec.

The Auditor General told us about seven essential factors in the implementation of her recommendations.

Those seven factors included:

- the importance of coordination among federal organizations delivering similar programs;
- the need for meaningful consultation with first nations;
- the value of developing capacity within first nations communities;
- the importance of establishing first nations institutions;
- the potential for conflicting roles of Indian and Northern Affairs Canada in its relations with first nations;
- the necessity for an appropriate legislative base for first nations programs.

How are you monitoring those factors?

[*English*]

The Chair: Monsieur Lévesque, we're really over time here, so put your question and then we'll get a brief response.

[*Translation*]

Mr. Yvon Lévesque: How are you applying those factors in the implementation of those recommendations?

[*English*]

Ms. Mary Quinn: Thank you.

Some time ago, the Auditor General did a very thoughtful report, as always, where she raised these seven factors that apply to all of the work across the department. We agree largely with these factors. In some cases, they affect one program area more than another. For example, on child and family services we don't have legislation. But in terms of building capacity and institutions and coordinating and providing prevention in programs, so that we don't end up with the result of not having prevention, that's exactly what we are working on with the provinces and first nation agencies, to develop these frameworks among the three parties.

● (0935)

The Chair: Okay, we'll have to leave it at that.

I know it's difficult to get all these questions and responses in. We'll try to give you as much latitude as we can.

Let's go to Madam Crowder.

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Thank you, Mr. Chair, and thanks for coming before the committee.

I think it's unfortunate we only have an hour to deal with this range of the Auditor General's report, so I'm going to start—it's probably no surprise—with family and child services.

When you were before the public accounts committee, or whoever was before the public accounts committee, I think the issue came up around comparability. In a written response to that committee, the response touches on provincial comparability, which I'm still not clear about. Does INAC recognize the studies that were done in 2000, under the national policy review, that estimated federal child welfare funding was 22% below provincial funding levels, and the Wen:de report in 2005 that found a minimum of \$109 million per year in additional funding was needed to account for the shortfall? Those were two comparability studies to the province. Is the department using those studies?

Ms. Mary Quinn: We're very aware of those reports; a lot of work went into those reports.

I'll be brief, because I know there's not a lot of time. In terms of the Wen:de report, our assessment of the report is that it's very useful in terms of the work it did. It raised issues such as how funding formulas should be adjusted for remoteness, what's needed in terms of information technology and in dealing with small agencies.

Our assessment is that the Wen:de report had a bit of trouble itself in dealing with provincial comparability because the information isn't always readily available. It's only when you sit down with the provinces that you can actually get that information.

Ms. Jean Crowder: Are you currently, across the board, looking at provincial comparability? Because of course there is that human rights case that's wending its way through the system, which involves alleged racism, because first nations children are funded in many provinces at a far lower rate than they are if they're in provincial care.

Ms. Mary Quinn: That's correct.

In terms of the complaint being before the tribunal, in Alberta, Nova Scotia, and Saskatchewan, where we have the new models that we've written into the framework and into the business cases, we've dealt with the comparability issues.

Ms. Jean Crowder: But that's not across the board at this point.

I'm sorry, I'm rushing through this because I have only five minutes.

Ms. Mary Quinn: Across the board we have information, for example, on caseworkers' salaries and such, but we have more work to do in that area for the provinces not under the new model. I'd just conclude by saying that even though we have three provinces under the new model, we're in discussions with quite a number of provinces and are gaining a lot of information through that. I'll just finalize by saying that the government would likely have more to say to this when it responds to the public accounts committee.

Ms. Jean Crowder: In B.C., I understand there's an informal agreement in place, and in B.C., according to the B.C. Auditor General's report, 51% of all children in legal care are aboriginal. Has the comparability been done in British Columbia?

Ms. Mary Quinn: We have had some informal discussions with the Government of British Columbia, and we do have some information, but not all of the information. For example, in the provinces there are entire ministries of child and family services, so there are some challenges and complexities in terms of dealing with all the different kinds of provincial legislation and the variety of services they offer.

Ms. Jean Crowder: Essentially, when half of the children in care are aboriginal, it seems as though it should be a priority to sort that out. When you talk about the complexity, I understand there was a national advisory committee on first nations child and family services funding. Can you tell me what the state of funding is? That was funded through the Assembly of First Nations, I believe.

Ms. Mary Quinn: I'm certainly aware of the national advisory committee. We have provided some support for some of their meetings. In terms of ongoing funding, I'd really have to get back to you on that.

Ms. Jean Crowder: Could you get back to me on that? Because I understand that the funding has been cut, and that's one of the advisory bodies that could certainly deal with the child welfare.

I want to touch on Jordan's Principle just for one moment. Jordan's Principle was unanimously adopted in the House of Commons. I understand that there is a cross-ministry committee looking at implementation. Can you comment on the state of that committee? I'm not sure that it's making much progress.

● (0940)

Ms. Mary Quinn: I think when my colleague from Health Canada was here some time ago she mentioned that committee. There's a steering committee between Health Canada and Indian and Northern Affairs Canada. This committee meets about every four to six weeks. We largely keep up to date with the case conferencing that's going on. The case conferencing is being done at the community level of practitioners, medical people, first nations, the province, and us.

Ms. Jean Crowder: If I may interject, the representative from Health Canada said that first nations were fine with that case conferencing approach, and I subsequently followed up, and there has not been adequate consultation around that approach. I have sent a letter to Health Canada indicating the lack of support for that approach. In fact, case conferencing was used for Jordan River Anderson, and it failed to resolve the jurisdictional disputes. So are you looking at something beyond case conferencing?

Ms. Mary Quinn: I think the difference is that the case conferencing in this instance is very much with the child-first principles, so the services are provided, and the disputes between the province and the federal government or with Health Canada or us will take place later. I understand that my colleague from Health Canada will be getting some additional information from you, and we'll certainly look at it.

The Chair: Unfortunately, that's about it, Madame Crowder.

I'll say to members that if we don't get through all that we want to do today, of course we're having a subcommittee meeting early next week, and if members feel that we need to explore this further, there's the ability to do that.

We'll move on to Mr. Duncan now for five minutes.

Mr. John Duncan (Vancouver Island North, CPC): Thank you very much.

I'm not going to go on with child and family services. I think I'll give Mary a break here. Northern economic development is something this committee has thought a lot about. We've had quite a few witnesses before the committee.

I'm just wondering if you could describe what the effect of TBS contracting policy notice 2008-4, which is referenced in your presentation this morning, is and when and how that would be reported. Is this really the response to better monitoring compliance with contracting provisions contained in these final agreements? I actually hadn't heard of this notice before your presentation today. It seems quite significant.

Mr. Michel Roy: Thank you for the question.

Yes, it's quite significant in terms of the progress being made. Treasury Board released that contracting policy in June 2008. It's an amendment that brings clarification to the obligation to monitor and report contracts under comprehensive land claims agreements.

Implementation of these changes took effect April 2009, so it's actually quite new in terms of implementation. It was announced in June 2008 and implemented in April 2009. It grants the INAC deputy minister specific responsibility for the holding and reporting of data on the federal contracting activities in land claims areas.

To accompany this policy, we developed a training tool on the web for all of the contracting officers of the federal government so that they understand the obligations we have under those land claims agreements and everybody is aware of them. We now have a system in place to monitor and report back on the contracting issues in relation to the land claims obligations.

Mr. John Duncan: That reporting back is available on the website?

Mr. Michel Roy: The first report will be available next October.

Mr. John Duncan: Will it be reported just to Parliament or will it be publicly available?

Mr. Michel Roy: It will be publicly reported. It will be on the web.

Mr. John Duncan: Okay. Very good.

In your presentation, you talked about devolution in the Yukon and about how the Yukon closely resembles a provincial government at this point. I'm just wondering what significant things are still "undeveloped" in the Yukon; they closely resemble but are not there yet.

• (0945)

Mr. Patrick Borbey: There are some differences between a territorial jurisdiction and a provincial jurisdiction. Those are basically constitutional differences. The territories are still instruments of federal laws. That's a fundamental difference. The Constitution would have to be amended to give the Yukon or another territory the same status as a province.

So there are some differences there. The other differences are related to the land claims and to the obligations under land claims and self-government agreements. The federal government, therefore, continues to be a party to the resource management sector, for example, through the land claims, including responsibility for the act that the Yukon has to manage those responsibilities. The minister continues to be responsible for appointments to the board. For example, a review of the act is ongoing right now. It's a tripartite review.

So there are some residual responsibilities. The minister also continues to be responsible for contaminated sites that predate devolution. As I mentioned in my remarks, we're working with the Yukon government and first nations on remediation of those sites.

The Chair: Mr. Duncan, you have time for one more brief question.

Mr. John Duncan: Very brief?

The Chair: Yes.

Mr. John Duncan: Well, carry on, then, because I know that Mr. Albrecht will be carrying on my theme.

The Chair: Okay.

Monsieur Bélanger.

[Translation]

Hon. Mauril Bélanger: Thank you, Mr. Chair.

Mr. Roy, with the chair's indulgence, I'm going to set my documents aside and explore with you the concept—and I hope that's the right word—of the honour of the Crown.

I thought I understood that a directive had been sent to all departments on how to apply this concept in deliberations, discussions and exchanges with the aboriginal communities. It was a draft at that point. Has that document been finalized?

Mr. Michel Roy: I couldn't answer you. I apologize, but I never received that document.

Hon. Mauril Bélanger: In your day-to-day work, how is the concept of the honour of the Crown applied?

Mr. Michel Roy: In our day-to-day efforts, as I am responsible for negotiations and implementation, as I said earlier, the idea is really to always aim for a balance between the interests of the aboriginal groups and those of the federal Crown in negotiations. We also have to ensure that the aboriginal groups are well-informed and advised by experts, that they don't necessarily rely solely on the federal government's point of view, but that they seek out their own expertise.

For example, when we negotiate with them, we make sure they have legal services. If appraisal studies have to be conducted, we make sure they get the required expertise. In a ratification context, we withdraw to ensure that the first nation or aboriginal group has all the independent opinions needed to make an informed decision.

Hon. Mauril Bélanger: To what extent are you responsible for ensuring that they have the necessary opinions as well as resources to obtain those opinions? Do you have to check to see that they have what it takes?

Mr. Michel Roy: Yes.

Hon. Mauril Bélanger: How do you proceed?

Mr. Michel Roy: We don't take responsibility as such for the content of the opinions they receive, but we ensure that they have advisors. We even give them funding so that they can pay the advisors, for the expertise they need.

Hon. Mauril Bélanger: Who selects them?

Mr. Michel Roy: They do.

Hon. Mauril Bélanger: Are there any limits on the resources you must deploy?

Mr. Michel Roy: We have to negotiate a work plan. There are nevertheless certain limits to what we can fund.

Hon. Mauril Bélanger: Does that apply to all negotiations you undertake?

M. Michel Roy: Yes.

Hon. Mauril Bélanger: I imagine the Department of Indian and Northern Affairs is more sensitive to this concept than other departments.

Mr. Michel Roy: I would say that all federal colleagues understand the concept of fiduciary responsibility toward aboriginal groups.

Hon. Mauril Bélanger: There have been some incidents in which aboriginal communities felt obliged to go to court to get judgments.

Why is that the case? Had the fiduciary responsibility you describe not been respected?

• (0950)

Mr. Michel Roy: No. I would say instead that those cases often involve a disagreement over the interpretation of an act or an obligation, in particular. When interpretations of the parties vary somewhat, that can result in us going to court. There may be disagreements over interpretation regarding the implementation of treaties or agreements signed in the past or quite recently.

Hon. Mauril Bélanger: I'm going to ask you a question on a matter that is not in your field, Mr. Roy. I'll understand if you don't answer. If the Chair interrupts me, I'll understand as well.

You may recall that, not long ago, Public Works Canada put nine government buildings up for sale, including two in Vancouver, if my memory serves me. An aboriginal community intervened on the basis that the honour of the Crown was not being respected. Consequently, those two buildings had to be withdrawn from the sale process. Do you know what I'm talking about?

Mr. Michel Roy: Yes, I know what you're talking about, Mr. Bélanger. However, I wouldn't say that was a matter of non-respect of the honour of the Crown. In my opinion, it's due more to the fact that the treaty negotiation or land claim involving the majority of first nations is underway in British Columbia. If negotiations are quite advanced when federal properties become available, those properties can in principle be set aside in order to settle a land claim.

Hon. Mauril Bélanger: Does the honour of the Crown apply only in the context of a negotiation?

Mr. Michel Roy: Not at all. It applies to all government interventions.

Hon. Mauril Bélanger: Everywhere, at all times?

Mr. Michel Roy: Always.

[English]

The Chair: That's it, Monsieur.

Hon. Mauril Bélanger: Fine.

The Chair: We'll now go to Mr. Albrecht for five minutes.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Mr. Chair.

Thanks to our witnesses.

I also will not be focusing my questions on Mary Quinn, but I'm very supportive of the notes here, where it talks about increased emphasis on the enhanced prevention approach. I certainly applaud that. I think that move is welcome and long overdue.

Mr. Borbey, on page eight you talk about the elimination of unnecessary duplication between the Nunavut Impact Review Board and the Canadian Environmental Assessment Agency. We're all aware that many times duplication in environmental assessments can lead to undue delays. I'm just wondering if you can expand a bit on some of the initiatives that have been taken. If there have been obstacles in moving forward on getting rid of those duplications, where has the resistance come from, or is there good cooperation on all sides to move these projects ahead?

Mr. Patrick Borbey: Thank you.

This case, in particular, became obvious to us a couple of years ago as a result of some of the projects that are making their way through the Nunavut regulatory system. This was an issue where the CEAA did not correspond with the text of the land claim. Once we found that issue did apply in a particular case of one project, we engaged in discussions immediately with Nunavut Tunngavik Incorporated, which is the signatory to the land claim, and with CEAA to find a way to resolve the issue. We came up with a temporary solution in order to prevent a situation where you might have one project and two assessments. It's the principle of one project being subjected to only one environmental assessment.

We got an interim arrangement, and then we negotiated an amendment to the land claim successfully, which was done last year and approved by all parties. We're now embedding that change in the legislation that we're developing for the Nunavut regulatory system.

So that's an example. There are not other examples that I'm aware of where there is that kind of blatant duplication, but we have to be very conscious of that possibility. We also know that changes to the MVRMA are required to ensure that once a project such as the Mackenzie gas pipeline project has gone through the environmental assessment, when it goes into the next stage, the permitting stage, the clauses under the MVRMA cannot allow that project or parts of the project to be thrown back into environmental assessment.

So we've already made some changes there to the exemption list under MVRMA, and we're looking at other ways to assure that certainty.

• (0955)

Mr. Harold Albrecht: Does the principle you're working on in relation to these two, Nunavut and Canada's Environmental Assessment Agency, apply to other territories and/or land agreements as well, or is it simply that one that you're focusing on right now?

Mr. Patrick Borbey: Now that the Nunavut case is resolved, there are no issues in Nunavut. It basically is resolved.

It's a fairly simple situation, because you have one single set of regulatory instruments, legislation, etc., applying over the whole territory—one aboriginal organization, one land claim. In the Yukon it's the same thing, one overall agreement. It's in the NWT that it's more complicated, because we do have a number of land claim signatories and there is a certain amount of complexity there that we had to work through.

Mr. Harold Albrecht: Okay, thank you.

Also, the question of economic development, as Mr. Duncan indicated, has been high on our priority list for some time, and I know it is on yours. Can you just comment on some of the economic development measures in the Inuvialuit region over the last while and what kind of progress we're making on those?

Mr. Michel Roy: Economic development has been an element of the agreement that we have there. We sit down with the other signatories, the Inuvialuit and the Northwest Territories, and we all agree to work together on a more flexible approach, if I could say that, to evaluate, to assess what is going on right now in terms of economic development. The government invested \$400,000 there, with the Inuvialuit, to do some studies and research to try to define ways of getting better results in terms of economic development, and that's going on. The first phase is done now, so the group will sit down together again and discuss the second phase of this approach.

Mr. Harold Albrecht: Do we have some concrete examples of how that has actually been progressing over the last couple of years, or maybe examples of what you see on the horizon? I don't need them now, but I'd welcome some concrete examples of successful projects.

Thank you.

Mr. Michel Roy: Okay.

[*Translation*]

The Chair: I now hand over to Mr. Gaudet.

Mr. Roger Gaudet: Mr. Chair, I don't often sit on the Standing Committee on Aboriginal Affairs.

Ms. Quinn, in your document, you state:

The Government of Canada is committed to providing the necessary funding for first nations child welfare that is provincially-comparable to support early intervention and prevention-specific services that work to reduce the number of apprehensions while building better overall outcomes. The Enhanced Prevention Focused approach includes two main components. The first is the development of Tripartite Accountability Frameworks that comprise shared goals, outcomes and performance measurement indicators, as well as clearly defined roles and responsibilities of each of the three parties.

The Chair: Mr. Gaudet, can you speak more slowly, please?

Mr. Roger Gaudet: That's too fast? All right.

You state this a little further on:

The second component involves working directly with first nations child welfare practitioners and provincial officials in developing a funding model that is specific and comparable to the particular province we are working with...

My question is simple. There are no results suggesting that services have improved. I heard this morning—and I don't remember whether it was on the radio or television—that 500 aboriginal women disappeared every year, some of whom were killed. Currently we only hear about administration. We invest money in tripartite agreements and all kinds of things like that, but we never get concrete results.

I have been sitting as a member for six years now, and I have never stopped hearing the same things concerning aboriginal people. How is it that there are never any tangible, visible results? We ceaselessly invest money, but it seems to me that everything goes into administration, meetings and so on. I'd like to get an answer from the three witnesses.

Thank you.

Ms. Mary Quinn: Your question is definitely very important.

[*English*]

Any time the department hears or is involved in serious issues involving first nations children, we certainly take it as a priority concern, whether it's in child and family services or in education or in family violence prevention situations, and we try to work with partners as much as we can to prevent those situations.

In terms of results, the formula for the provinces that aren't in the new model has a bias towards protection—that is, in terms of taking children out of their home because we don't have the capacity or the providers aren't able to provide services to keep them in the home if it's a safe situation. That decision of a caseworker to leave a child in the home or to take the child out of the home is probably one of the most serious anyone would ever take, because if made well it will be of benefit, but if a child is left in an unsafe situation it is certainly going to harm the child, the family, and the community. So these people have an extremely important job to do.

And the prevention, as was demonstrated by the Province of Alberta itself, when it moved to a prevention model for its citizens.... Alberta is seen as one of the more advanced provinces. They don't take that status for granted because the situation is too complex and touchy.

But to answer your question, I would say we really need to get the prevention model for child and family services into as many areas as we can. We hope to do that by 2013. We would love to do it sooner, but we have three provinces. The minister indicated at the committee that he hoped we would be moving very soon into more provinces. And if things go according to plan—but it depends upon fiscal situations and other conditions—we hope to keep moving province by province until we have them all. And when we have prevention, we hope to see better results.

• (1000)

The Chair: We want to give some time for the other two to respond to Mr. Gaudet's question, so please continue, Monsieur Roy or Monsieur Borbey.

Monsieur Gaudet.

[*Translation*]

Mr. Roger Gaudet: The federal government is the trustee of aboriginal people. True or false?

[*English*]

Ms. Mary Quinn: In the case of child and family services, it's an area of provincial jurisdiction, and it's the provincial legislation for child welfare and the provincial ministries that, if they choose to, delegate their authorities and mandate to the agencies. And where the federal government comes in is to fund the services. So the two of us are involved. But in terms of the delegation of authority, that's provincial.

If there is an issue of compliance, the federal government and the provincial government will look at it, because there is sometimes not a strict line between whether there's a compliance issue solely on funding or how that might affect the delivery of a service.

So it is a rather complex area in the way both governments are involved, but at any interpretation, both levels of government—and obviously the first nation communities themselves and members—are extremely concerned because there is no bigger issue than that of vulnerable children and how to improve their situations.

The Chair: Okay, and we'll need to leave it at that.

Merci, Monsieur Gaudet.

Members, we're going to take a brief suspension while we change over for our next witness. As I mentioned earlier, members, if there is a desire to continue this area of study, then that will be open to the subcommittee when we meet early next week.

We'll suspend for three minutes.

• _____ (Pause) _____

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• (1005)

The Chair: Members, let's continue. I realize the time is short here this morning, and I appreciate your understanding in that regard.

For our second hour we welcome representatives of the First Nations Finance Authority. We're glad we were able to make this happen for you this week, as I understand you were in the nation's capital. So we welcome Chief Joe Hall, the chair of the authority; Deanna Hamilton, the president and CEO; Steve Berna, the COO, chief operating officer; and finally, Tim Raybould, the senior policy adviser.

As is customary, our guests here this morning have ten minutes for opening comments and then we'll go to questions from members, with each question and answer period being approximately five minutes.

So we'll lead off, I assume, with Chief Hall. Merci.

• (1010)

Chief Joe Hall (Chairperson, First Nations Finance Authority): Thank you, Mr. Chairman, and good morning to everybody.

First of all, I want to tell you how pleased we are with the opportunity to address the committee this morning. Certainly we understand the challenges that arise in trying to accommodate so many groups, and we are appreciative of that.

There are many challenges in first nations communities, not the least of which is the ability to generate wealth and economic development activity in the communities so that they can develop the good governance required to take care of all the amenities.

In 2005 the passing of the Fiscal and Statistical Management Act was the beginning of an important move in Canada for aboriginal people. This act enjoyed full party support, and we're very grateful for it. I look at the act as a starting point for providing the tools that first nations communities need to access the market the way other governments do in this country. In the absence of these tools, first nations communities are reliant on federal funding. Their ability to improve their infrastructure and participate in the economy is very limited. In the changing world of today, first nations communities are in a position to generate different streams of revenue, and they are going to be looking for tools to leverage those funds, to take advantage of the opportunities to build greater infrastructure and capacity in their communities.

So with the passing of the act in 2005, our work started, and there's a lot that remains to be done. Our mandate is to assist first nations and aboriginal communities in this country, and we take that mandate seriously. We have assembled a good team to assist those communities in improving in their way of life. Our mandate is not for one specific group of communities. We look to serve all communities in this country, small and large, no matter where they're located.

This is an opportunity to access markets as other governments do. We see advantages for all communities, no matter where they are—especially the ability to access affordable capital at the same rates as anybody else in this country. In moving forward, we're trying to activate another critical part of the act that was passed in 2005. This would enable us to utilize other revenue streams in order to leverage funds for these communities. This will provide greater opportunities for first nations communities, and we look forward to that reality.

What needs to happen is straightforward. We need to assist communities that have other revenue streams. We need to see a speedy passage of the regulations contained in the act passed in 2005. These regulations would allow us to utilize other revenue streams and to leverage those funds. Our calculations suggest that these funds would leverage into a \$3 billion capital fund that we could access to help those communities.

In these economically difficult times, we see that the ability to leverage these funds would reduce the pressures on the federal government to cash-finance projects. The pay-as-you-go method is not the best approach. We see that we can leverage funds so as to be able to build ten schools instead of one in a region, and this is very important.

We all woke up yesterday morning to find out that the economic situation in Canada is graver than we first thought. So we need to see these regulations passed so that we can move forward with this.

• (1015)

We also need to have the government put in place an economic stimulus leverage fund of \$100 million that would allow us to go to the markets with a good credit rating—and certainly my colleague will talk about the importance of that—so that we can access those funds. We see this as an investment in Canada to essentially reduce the number of people who are at the door right now looking for capital projects that are desperately needed in their communities.

For this initiative, we've enjoyed support across Canada: the Atlantic provinces, the Six Nations, the Kahnawake, the B.C. Summit, Tsawwassen, Westbank, and the Yukon. I know that you've spoken previously both with Chief Mike Smith and with Chief Mark Wedge from Kwanlin Dun and Tagish. We too have spoken with them, and they certainly support this initiative to access these funds.

I'm going to close by saying that the importance of us putting this toolbox on their doorstep whenever they enter into impact benefit agreements or receive federal funds is that we have now a tool that all other governments have, not only in this country but across the world, whereby they can access and leverage their existing funds and use the market to get affordable capital to do the necessary work in their communities.

At this time, I'd like to turn it over to my colleague, Steve Berna, the chief operating officer for our First Nations Finance Authority.

Thank you.

Mr. Steve Berna (Chief Operating Officer, First Nations Finance Authority): Thank you to the committee for the chance to speak today.

The First Nations Finance Authority is modelled after a very successful operation in B.C. called the Municipal Finance Authority.

It's been in operation since 1970 and in 39 years has never had a default on payment from any of its members, which is an absolutely sterling record.

The controls that are in place for the Municipal Finance Authority were put in place for the FNFA through the regulations that we're looking for support for to have passed. I worked at the MFA for sixteen years, nine years as director of finance and seven years as its CEO. During that time we borrowed \$10 billion to \$12 billion on the capital domestic and international markets for B.C.'s local governments, transportation facilities, utilities, and regional hospital districts. The same model that works in B.C. will work across Canada for first nations.

There are two things that made it a sterling record in B.C. First, the act that allowed the MFA to operate said that all revenue streams for municipalities can be leveraged to support debt—all revenue streams. Second, they had about \$110 million in equity. The equity is extremely important to get a credit rating, and it's extremely important for investor confidence when you're doing debenture issuance.

The purpose of the \$110 million is that it sits on a shelf. It is not accessed unless one of your clients that you've lent money to does not pay when it's due. When the money has not shown up, you pull money out of the \$110 million and pay the bondholder, so there's no default. It is a slush fund and a buffer zone. It is something for the credit-rating agencies when they say, "If a client does not pay, where will you get money to pay the bondholder?"

What we are asking for is feedback from the rating agencies, the banking syndicate, and the bond market. If we have \$3 billion to borrow for first nations projects, which is what our estimate is, based on consultation with them, the markets are saying to us that \$100 million like MFA has will get us the credit rating to provide the debenture issuance that we need to do.

So it's not a number pulled out of the air; it's based on historical fact out of B.C. Alberta has a similar model, backed up by the province. They have about \$150 million in equity. It is something that is extremely important.

As for the opportunity cost of not receiving the \$100 million, there are projects ranging from independent power projects to schools, hospitals, roads, and sewer and water, which will lead to private investment and job growth. If the money is not forthcoming, we will not be able to borrow for the first nations that are looking to do these projects right now.

When the tap cuts off on the credit side, it is usually the first nations that get cut off first, and right now that's happening. The projects have stalled all the way from Squamish's port authority, which they're trying to develop, to the independent power projects, both in the west and in Ontario and Quebec.

Estimates based on the numbers we have are that there's \$2.1 billion in other revenues right now that first nations are willing to leverage. Some has already been financed. We have the opportunity to refinance that at lower rates. The \$2.1 billion in revenues will support about \$3 billion in debenture issuance, which will translate into job growth of very close to 100,000.

• (1020)

The Chair: Okay, that's it. Thank you, Mr. Berna and Chief Hall.

At this point we'll go to questions from members.

[Translation]

The first question will be asked by Mr. Bélanger.

Hon. Mauril Bélanger: Thank you, Mr. Chair.

[English]

We're just going to keep going, if you don't mind, Mr. Berna, because I haven't read this. I just got it.

I just want to understand. You're in a co-op model?

Mr. Steve Berna: Yes.

Hon. Mauril Bélanger: It's not for me to tell you what expressions not to use, but I certainly don't use the expression "slush fund".

Some hon. members: Oh, oh!

Hon. Mauril Bélanger: That's just a thought. We don't have any. But you could call it a guarantee or whatever, which is what it is.

That \$115 million—you have it now?

Mr. Steve Berna: No, we do not.

Hon. Mauril Bélanger: That's what you're asking for?

Mr. Steve Berna: Yes—it's \$100 million.

Hon. Mauril Bélanger: It's \$100 million. And you think it will leverage \$2 billion?

Mr. Steve Berna: We think it will leverage \$3 billion.

Hon. Mauril Bélanger: You think \$3 billion. How does that compare to the banking leverage?

Mr. Steve Berna: Banking leverage is very similar. Banks around the world leverage differently. That's why some are in more trouble than others. Bank leverage in Canada is somewhere around the 20-times area on that.

Hon. Mauril Bélanger: You're going 30 times.

Mr. Steve Berna: We're going 30 times, but it's not a parallel scenario, because the banks take what you put on deposit as people and turn around and lend out 20 times. There is no other revenue stream backing that up. The reason we can get 30 times leverage from the rating agencies and the banking syndicate is that we have \$100 million and leverage it out, but we also have the revenue streams that they're using to repay the debt. So the equity from the \$100 million—"slush fund" is a term that rating agencies use, so it is a funny term—sits there. It is actually the revenue streams plus the equity that allows the 30 times leverage.

Hon. Mauril Bélanger: So what is the revenue stream?

Mr. Steve Berna: The property tax regulations have been developed. They're done. Fifty-two first nations are working through the process right now, which will come through our door in the next 12 to 18 months due to a debenture. They're done. They're much smaller in size. The other revenues are anything that are stable revenues. You could have gaming. You could have impact benefit agreements. You could have federal transfers under agreements. You could have contracts revenue, leasing revenue, oil and gas revenue, or fishing revenue. It's any revenue stream other than property taxation that is stable and lawful in nature.

Hon. Mauril Bélanger: Will you be audited? Who will audit this?

Mr. Steve Berna: It will be KPMG.

Hon. Mauril Bélanger: Will you be taking deposits?

Mr. Steve Berna: No. We're not a private bank like that.

Hon. Mauril Bélanger: Will you be inspected or audited by the bank inspection agency in Canada as a federal authority?

Mr. Steve Berna: Our operations will not be. The operations are audited by KPMG. In my previous life at the Municipal Finance Authority, when the province allowed us to build up the equity that we needed to access markets, the province put in place an area that said they had the right to come in, to make sure the \$100 million was being looked after properly. They did that up until about 1995 and then had confidence. So it is up to you. If you want some—

Hon. Mauril Bélanger: What I'm trying to get at here is the financial institutions inspector general or something like that. All banks—not credit unions, because they're provincially incorporated—and other financial institutions, trust companies, and you name it that have a federal charter are subject to and have to comply with the rules.

Will you be subjected to that?

Mr. Steve Berna: No. We're subject to the rules under our act, which was created and which calls for an audit by an independent audit firm.

Hon. Mauril Bélanger: Okay. I'm just surprised that you'd go to 30 initially and that you wouldn't go to 20.

•(1025)

Mr. Steve Berna: That's not our number; that's from the banking syndicate. We have supplied letters to the Minister of INAC, and it's also based on feedback from the investors about what they're comfortable with. Thirty times is not unusual. The MFA is up to 70 to 80 times right now.

Hon. Mauril Bélanger: I'm staying on the side of prudence, these days especially.

I'm involved with a small foundation. It's possibly one of the very few foundations in the country that hasn't lost a single penny in this last year because we're not into anything risky. So that's my nature. When you're starting out, I would have thought that if you were going to err, you would err on the side of prudence. I would have thought 20 would have been a good place to start. But that's just my opinion.

Mr. Steve Berna: The 30-times leverage is not something that would happen in year one. If we received \$100 million, it's most likely we would borrow \$200 million to \$300 million in the first year, a factor of two or three times.

The second year, depending on client demand, we might end up with \$400 million or \$500 million. So the \$3 billion would be developed over probably a five-, six-, or seven-year period. It would not happen in year one. Market confidence would allow it to grow as the years progress.

[Translation]

The Chair: Thank you, Mr. Bélanger and Mr. Berna.

Mr. Lévesque, go ahead, please.

Mr. Yvon Lévesque: Thank you, Mr. Chair.

Ladies and gentlemen, I'm going to give you time to put on your headsets.

Mr. Chair, I hope you haven't started your stopwatch.

[English]

Ms. Deanna Hamilton (President and Chief Executive Officer, First Nations Finance Authority): Sorry, I apologize.

The Chair: Of course. *Bien sûr.*

[Translation]

Mr. Yvon Lévesque: Can you hear the simultaneous interpretation?

[English]

Ms. Deanna Hamilton: Yes, thank you.

[Translation]

Mr. Yvon Lévesque: Mr. Chair, the FNFA is a non-profit corporation, isn't it? You are protected by a federal statute. Do you have an obligation to prepare an annual report?

[English]

Mr. Steve Berna: Yes.

[Translation]

Mr. Yvon Lévesque: You aren't required to publish it on the Internet.

[English]

Mr. Steve Berna: The obligation is not there, but we do it anyway, for transparency sake. It is fully accessible on our website.

[Translation]

Mr. Yvon Lévesque: I checked your site. You produced annual reports from 1995 to 2002. Those reports are available on the Internet. There have been no reports since 2002. Is there some reason why you've done that? Does that undermine your funding efforts?

[English]

Ms. Deanna Hamilton: We posted it up until then because we were in the process of approaching legislation. It will be posted. In fact, I will certainly look into that upon my return and see why it hasn't been.

[Translation]

Mr. Yvon Lévesque: To what extent do you represent the first nations of Quebec?

[English]

Ms. Deanna Hamilton: We are working with a gentleman who is very fluent in French and has been working with the French first nations. I am very happy to say we are finding an awful lot of support there, especially for the other source revenues. The other source revenues are something I think first nations right across this country are willing to put up and be able to leverage.

I just want to tell you how excited I am that finally first nation governments will have the same opportunity as other governments in Canada to be able to do exactly what their neighbours do for the same advantages.

•(1030)

Mr. Steve Berna: In 2008 and 2009, our year-end that just finished, the focus was on the 52 first nations that were doing property tax. The first nations in Quebec aren't interested in that.

What we have done since April 1 this year is put into our budget and our agenda for this year a focus on the other revenue streams. When the Quebec first nations learned that the other revenue streams were not a method of forcing them to do taxation, but were allowing them to build their economies on their own terms with their own revenue sources, they agreed to allow us to look at their financial statements, the same as they did in the Atlantic area. There are five of them. And they've also agreed to provide letters of support, should we ask for it.

So last year, property tax; this year, other revenues. And Ontario and Quebec have become interested this year because the agenda is not tax-based this year.

[Translation]

Mr. Yvon Lévesque: If I understand correctly, before this year, the first nations of Quebec, and perhaps those of Ontario as well, didn't work together with you.

[English]

Mr. Steve Berna: That's correct, because the focus was at that time property taxation. They were not interested in property taxation. The moneys we received this year allow us to focus on the other revenues, which is where their economies will be built from.

[Translation]

Mr. Yvon Lévesque: Do you have to have an agreement with the AFNQL, for example? Does every nation do business with you? Or is it the association of first nations from a given area that does it?

[English]

Dr. Tim Raybould (Senior Policy Advisor, First Nations Finance Authority): Thank you very much.

By way of answering your question, and also focusing on the north, there are many first nations and aboriginal groups across Canada who can use the First Nations Finance Authority. Some of the focus originally was on property tax because a number of first nations are collecting property tax. That's not the case in Quebec; I think there are only one or two first nations that are collecting property tax in Quebec. But the objective of the organization, and particularly for communities that have self-government of land claims agreements—so it's important in northern Quebec—is for communities that have stable revenue streams to be able to leverage those revenue streams in a safe way in a manner that is consistent with how other governments raise revenues for their public purposes. So we see the Quebec first nations as being integral and apart.

But to answer your question, no, we don't need a territorial or provincial organization to support the FNFA. It's national in nature by the legislation.

The Chair: That's all the time we have. I'm sorry. Thank you very much.

Merci, Monsieur Lévesque.

Now we'll go to Madam Crowder.

Ms. Jean Crowder: Thank you.

Thank you very much for coming today.

I was a municipal councillor in British Columbia and am very familiar with the MFA and what an important resource it was to municipalities in order to be able to lever in other dollars to do some of the infrastructure building.

I notice that in your brief and also in the supporting documentation you're talking about the need for regulations. I think you're well aware that the regulations don't have to come before Parliament, so what's getting in the way of having the regulations developed and implemented?

Ms. Deanna Hamilton: It's just to secure the time of the bureaucrats to be able to finalize the regulations. It's already drafted; the final strokes just have to be put on it and then it goes through the system, of course, through the Department of Justice, etc., to be finalized. The draft is with the Department of Indian Affairs at this time.

Ms. Jean Crowder: The process right now is it has to go through the Department of Indian Affairs, then go to the Department of Justice—

Ms. Deanna Hamilton: That's correct.

Ms. Jean Crowder: —then be gazetted and all that stuff?

Ms. Deanna Hamilton: That's right.

Ms. Jean Crowder: So the Department of Justice hasn't been at the table throughout the drafting process, then?

Ms. Deanna Hamilton: It has been. A gentleman by the name of Paul Salembier has been working on the file with us. He is under contract to the Department of Indian Affairs to do that, from the justice section. But now it would still have to be formalized through the regulation process.

Ms. Jean Crowder: What will the regulatory process allow you to do that you're not doing now?

Ms. Deanna Hamilton: Right now, we have the legislation, which has all the bases in it, but the regulation will allow it to be able to apply to all sorts of revenue, versus the one place under the FSMA that everybody had a hand in, property taxation. So it may look like a property taxation bill, when in fact it is for many other purposes, as long as you have the regulation that can be supported by the documentation.

• (1035)

Ms. Jean Crowder: So under the current system, can you look at other sources of revenue?

Ms. Deanna Hamilton: Yes, all sources of revenue.

Ms. Jean Crowder: You can currently do that. So what's the difference—

Ms. Deanna Hamilton: No, not unless we have the regulations.

Ms. Jean Crowder: Okay. The point I'm making is that currently all you're able to do is look at property tax.

Ms. Deanna Hamilton: That's correct.

Ms. Jean Crowder: The regulations would allow you to expand that revenue base—

Ms. Deanna Hamilton: That's right.

Ms. Jean Crowder: —in order to lever additional funds, which seems like a very good thing.

Ms. Deanna Hamilton: Yes.

We are ready to do the property taxation now, but what we're now doing is expanding on our other mandates, which is the other revenues, and also for other people with arrangements other than property tax—for self-governing, treaty, and other groups to be able to take their regulation and fit it. There is a provision to link those two, so then we'd be able to provide them the services as well.

Ms. Jean Crowder: Yes, because many bands have other revenue streams, and it would seem like a really viable way to lever in additional money, like most other governing bodies are able to do.

Ms. Deanna Hamilton: Yes.

Ms. Jean Crowder: Did you have something to add to that?

Dr. Tim Raybould: I think it's important, since we're talking about the north and economic development, to point out that in the north we have the land claims and the self-government agreements, and all of those self-government agreements make provisions for public finance. But in order for that to actually be effective, given the economies of scale, those communities—as do the communities in the south—really need to pool their borrowing and go to the markets collectively.

One of the regulatory powers under our act allows us to make the FNFA applicable to communities that are not Indian Act bands, communities that are self-governing, communities with modern treaties—predominantly the northern first nations, northern aboriginal groups, who are not first nations, and also to communities in the south that have modern treaties. So Tsawwassen is one of our clients, one of our members that needs this regulation in order to be able to use the FNFA.

Ms. Jean Crowder: Yukon would be another.

Dr. Tim Raybould: Yukon would be another, and that's where we've been focusing our attention in the north so far, the Yukon, where those communities have been self-governing for a number of years and see the benefit of pooling with communities in the south and other northern communities.

Ms. Jean Crowder: What could the committee do that would be helpful to you? This all seems practical good sense, especially since it's modelled on other models that have been so successful, like the MFA. What can the committee usefully do to support you?

Ms. Deanna Hamilton: There are two things we need. We need to be able to complete that regulation as quickly as possible, because we do have first nations right now across the country, as we've said, who are willing to use this now and leverage their own source revenues.

The second thing we need is the stimulus fund. The stimulus fund is a very good investment, because it will not only encourage first nations to take a hand in their economic development and their own infrastructure, but any time you have something to manage, such as economic development, you will also grow your capacity in your governance.

The Chair: Thank you, Madam Crowder, and thank you, Ms. Hamilton.

Now we'll go to Mr. Duncan.

Mr. John Duncan: Thank you, Mr. Chair.

To build on what Jean Crowder was saying, page 10 of your document, with the pie chart, demonstrates quite clearly why you want to expand beyond the property tax regime into other source revenues, because of the dramatic expansion of revenues in the other source category. That's quite a stark contrast.

I did hear you make an earlier presentation in which you talked about—I guess this question will be for Steve—how you went to the financial marketplace and designed a way in which this scheme would operate in reverse, as opposed to.... I wonder if you could describe that again for the benefit of us all.

Mr. Steve Berna: Sure.

I've dealt in the financial market since 1991, and it's very clear to me that when you're building regulations you'd better build something that the end-users—the rating agencies, the investors—like. We did not build this upon our dreams in the hope that the end-users liked it. I started almost a year ago, last June, contacting the rating agencies, Moody's, Standard & Poor's, contacting the banking syndicate—which are departments of the chartered banks who are the sales staff who go out and sell to the investors, Great West Life, pension funds, etc. I also talked to the investors and said, "What do

we need to make this successful, so that when we go to do our first debenture, you will buy it?"

The feedback that we received was incorporated into building the regulations. They build in very specific controls that ensure that when we make a loan, the moneys to repay the loans will be captured, put into accounts where they cannot be accessed for inappropriate purposes, and when it's time to pay the investors back, the money will be there.

We started with the end-users and incorporated their needs and worked forward from there.

• (1040)

Mr. John Duncan: For clarity, the \$100 million stimulus fund.... Let's assume there was a default and money would come out of that fund. Is there a built-in mechanism to top that up from the borrowers?

Mr. Steve Berna: The rating agencies will always look at what you have as security or equity. The second thing they will look at is what happens when something goes wrong. Is there a mechanism in place that will rectify the problem?

If we have a member who defaults on a loan payment to us, the first thing we will do is make sure that the bondholders get their money. No default happens. The second thing we will do is work with the first nation that defaults. Step number one is to identify the problem and ask if they can solve it themselves within a short period of time, if they can pay us back so we can replenish that equity fund. If they can't, the act gives us the powers to get into either co-management or third-party management of their revenues. That parallels the models in B.C. and Alberta, where if a municipality defaults, the minister of municipal affairs has the power to become the mayor in council to look after the revenues.

So we have very strong powers to co-manage or third-party-manage the revenue streams to make sure the moneys are repaid.

Mr. John Duncan: Can we assume that FNFA would not necessarily lend to any applicant? Would there be certain governance or other provisions that you would like to see in place before you approve an application?

Mr. Steve Berna: The FNFA's board has the final vote or the right to say no to a loan request. When you have a cooperative borrowing model you are only as strong as each member within that cooperative area. The revenue streams that a first nation will identify to repay the loans are not in shadow. They are looked upon by their auditors, and there is a stringent test in section 9100 of the handbook for auditors, the CICA, that outlines the steps that must be followed to make sure the strengths and weaknesses of that revenue stream that they're going to use to repay the loan are looked into. The auditors will provide a report to the board saying that these are the strengths and weaknesses. Our board will then have the right to say yes or no to that loan request based upon what the report says.

The Vice-Chair (Ms. Jean Crowder): You're out of time. Thanks, Mr. Duncan.

Mr. John Duncan: Oh, I wondered where you went. You've been waiting to say that.

The Vice-Chair (Ms. Jean Crowder): I have been.

We'll go to the Liberals for five minutes.

Hon. Mauril Bélanger: Chief, or Madam Hamilton, I would just like to further explore one of the questions I raised in a previous meeting earlier this year. It was regarding the capital budget of the department. Today I got the whole list. It's about a billion dollars of annual capital expenditures. Are you expecting to tap into that in any way, shape, or form?

Ms. Deanna Hamilton: The figure that we've given you with this pie chart is actually a percentage of the total. We did it as an example of what we would be able to do with say 20% of that budget. But it's more than what you could do with the budget, because now it's being spent on shovel-ready projects and in cash on a yearly basis. You'd be able to actually take those dollars now, today, and put in ten schools instead of one school, ten community centres instead of one. You'd be able to multiply those. You wouldn't be paying any more; you would just be able to leverage and pay for that yearly over the period of the loan.

• (1045)

Hon. Mauril Bélanger: I understand that.

First of all, when this was set up in 2005, we weren't into the situation we're in today around the world. So it wasn't created for a stimulus objective. Do we agree on that?

Dr. Tim Raybould: From a first nations perspective, we are catching up. So we're looking at doing things that would actually create a stimulus. We've always been looking at ways to stimulate economies on a reserve.

Hon. Mauril Bélanger: I understand that, but it's not a stimulus to try to counter a recession. It is an attempt to do more, to have a better infrastructure across the country on reserves.

Dr. Tim Raybould: Absolutely, and—

Hon. Mauril Bélanger: It's not an emergency situation driven by a recession.

Dr. Tim Raybould: That's right.

Hon. Mauril Bélanger: Okay.

So to what extent are you hoping to tap into this billion dollars annually?

Mr. Steve Berna: I can provide the numbers.

The \$1 billion in capital that INAC spends is not what we're tapping into. They have a subheading called "major capital". The major capital fund has \$240 million in it as of last year's budget. That fund is not stable, because it is accessed for emergency issues. So what we said to INAC is our act allows us to securitize federal moneys. If you took 20% of that \$240 million, or \$48 million each year, you could borrow nine times that amount in today's bond market. That's based on the current interest rates and current principal amounts you have to repay. So what we're looking at is \$48 million from INAC, not anywhere close to that billion-dollar mark. Forty-eight million dollars every year would provide enough money for us to pay the principal and interest payments on about \$432 million in bonds at today's rates.

Hon. Mauril Bélanger: Will the various communities across the country be obliged to deal with you, not the banks?

Ms. Deanna Hamilton: It will be by choice. It will be for the ones that want to do this.

Hon. Mauril Bélanger: Could they possibly—as would anybody who is a bit paranoid, as I am prone to be from time to time—envisage a situation in which INAC would say, "First go there before you come knocking at our door"?

Mr. Steve Berna: If you look at section 3 of the act, it says that nothing the FNFA does abrogates or derogates INAC's responsibilities.

Hon. Mauril Bélanger: I understand that. But that doesn't preclude the fact that INAC could decide that if they say they'll do it, INAC could say, "We're not abrogating our responsibilities, but first you must go there and talk to them to see if you can get some money from them." Is that something that's been contemplated? Is that something you would encourage?

Chief Joe Hall: I think probably the answer is that certainly we are looking to serve all communities in Canada. I think the answer to the question is that we had to keep it optional, because there were communities and the federal government that weren't prepared to do that. They would be doing a bit of a flip if they were to suggest for a moment that now you have to go there. We're not going to turn away anybody.

Hon. Mauril Bélanger: I understand. You have no choice but to make it optional. You cannot force. But INAC could say, "Before you come to us, go there just to check." Is that being contemplated, do you know?

Chief Joe Hall: I don't think that....

Hon. Mauril Bélanger: I should ask the department.

The Vice-Chair (Ms. Jean Crowder): You're out of time now.

Hon. Mauril Bélanger: I'm out of time again.

The Vice-Chair (Ms. Jean Crowder): Thank you very much.

We'll go to Mr. Rickford for five minutes.

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

I just have a quick comment. Steve and Tim, you bring incredible complementary strength to this organization. I had a nice discussion with all of you yesterday, except for Chief Hall.

I'm going to try to focus my points on Deanna and Chief Hall. I want to congratulate you on your hard work on what I think is a great opportunity for first nations across Canada. There's where I'm going to come in.

You mentioned something interesting just a couple of minutes ago about nations that want to, and I'm concerned about the ones that can. I think we spoke at length about that yesterday.

I have just three quick points that I'll leave open for you to comment on. Yesterday we talked about infrastructure and about perhaps looking at enhancements to infrastructure projects. Steve, earlier your comments were about projects that I believe enhance infrastructure in the communities. But they are also key economic development projects for the nations so that they can participate more fully in their regions and perhaps in the national economy. I gave you a couple of examples in our discussion yesterday. Just narrowing this or focusing it, if you will, I am concerned—if that's the right word, but it might be too strong—about the strategies for working with communities whose revenue streams may not be as robust as some of the communities that could almost immediately participate in the kind of model being proposed here.

It goes without saying that the capacity to enjoy good governance in economic development, to have accountability that is driven by the nations, be it through this organization, if you will, and some relief from having to rely exclusively on major government departments for things like infrastructure, or certainly enhancements, are all great aspects of what you're advancing here.

Could you comment on two things? First, some of the other economic development projects that really go to helping out the nations—we talked about grocery and retail in some parts of the country—I think need to be developed more, with a stronger presence by the nations. Second are strategies for working with communities that don't have the revenue streams that, say, Westbank or some of the other nations might have.

Thank you.

• (1050)

Chief Joe Hall: Thank you for your question. I think it is a good question, because it actually gets to the point behind why we need to see an expansion, why we need to see these regulations passed—so that we can actually go to other revenue streams.

Mr. Greg Rickford: Right.

Chief Joe Hall: Every community has revenue streams of some sort, federal transfers of some sort, that essentially may be the sum total of funds that they receive.

I come from a small community in southern British Columbia—I'm chief of the Tzeachten First Nation—and on our board we have very close ties to all sorts of communities, no matter what size they are. Certainly we have a mandate to provide a service to all of them.

There's a catch-22 that I think is important to understand. Right now, being ready to provide services for communities that have property taxation is a good thing, but there are communities that are not in that position. The catch-22 that I'm talking about is that in order to generate sufficient wealth to get sufficient portions of a bond issuance, you need to spend money to get there. So in order to build a strong, diversified property taxation base, you need to do some investments in order to get there.

That catch-22 can be overcome, I guess, by helping those smaller communities in different areas have access to affordable capital on the market. The attraction here, as I said in my opening comments, is that those communities....

We were in the same boat. We had to pay the full bank rates, and were not eligible to get affordable capital. We had to pay the full rates for any structural amenities that we did.

At any rate, these communities, no matter where they're situated, are going to benefit from lower rates, because they'll be participating in a bond issuance.

Mr. Greg Rickford: Perhaps I can just interrupt you for one second, Chief, because you're heading to an area that's of primary concern to me.

In northwestern Ontario, obviously, we have Wasaya Airways, which has done a great job of LLP partnerships with first nations. We have a couple of forestry initiatives that Pikangikum, Wabigoon, and Eagle Lake are in. It's that access to credit, where their revenue streams from, say, Rama, and from the government—

The Chair: You're out of time there, Mr. Rickford. You can put the question and finish up, and then we'll....

Mr. Greg Rickford: Sorry.

Hon. Mauril Bélanger: I know the feeling.

Mr. Greg Rickford: Yes, but sometimes you get to ask the question, even at the end.

But that's all in the past. I'll stop there.

The Chair: Did you have a question, though?

Mr. Greg Rickford: No, that's fine, Mr. Chair. I want to respect the rules of the committee.

• (1055)

The Chair: Monsieur Lévesque.

[*Translation*]

Mr. Yvon Lévesque: Do you believe that the settlement of land claims will facilitate your fund-raising among first nations?

[*English*]

Ms. Deanna Hamilton: Yes. Any source of revenue whatsoever that they have, any secure source of revenue, it's possible for them to leverage.

[*Translation*]

Mr. Yvon Lévesque: Thank you.

[*English*]

The Chair: That's it? Okay.

Mr. Payne, do you have a quick question as well?

Mr. LaVar Payne (Medicine Hat, CPC): I do.

The Chair: Then you're up next.

Mr. LaVar Payne: I thank you very much, Mr. Chair. I'm actually surprised that I'm going to get in a question today.

First of all, I'd like to thank the witnesses for coming.

Secondly, I think what you're doing is very admirable. I can see that there are very good possibilities for helping out the first nations and being able to generate revenue for those first nations.

My question is around the property taxes. I'm not sure I understand what that involves. Is it on businesses that are coming in, is it on homes? Maybe you could expound on that for me just so I have a clear understanding of the property taxes that are involved.

Ms. Deanna Hamilton: The taxation is any type of taxation that a first nation is able to raise. For instance, in my own community, the taxation is on the businesses, the residential.

Any type of tax that is normally collected by a local government is able to be leveraged. It's a certain percentage of that, of course, that would be available for leveraging.

Mr. Steve Berna: With regard to residential, that's usually the people who are non-community members who choose to live on the reserve.

Mr. LaVar Payne: Could you maybe expound on that a little for me? These are non-community members?

Mr. Steve Berna: It's usually not taxation on the first nation members themselves. It's the people from outside of the community who come to live on the reserve lands who pay the property taxes. Those rules are legally required to be quite complex to protect the ratepayers.

Mr. LaVar Payne: Okay. Thank you.

That's good, Mr. Chair. Thanks.

The Chair: Thank you, Mr. Payne. And thank you very much to our witnesses.

Oh, did you have a...?

Ms. Jean Crowder: It's not about the witnesses, but could I make a point?

The Chair: Yes, we have time. Go ahead.

Ms. Jean Crowder: I wonder if it would be beneficial to the committee for the chair, on behalf of the committee, to write to the

minister to ask about the state of the regulations, since it seems to be the piece that's getting in the way. Generally, across the board, we support ways to contribute toward economic development. So I wonder if the committee could write to the minister just to ask about the state of the regulations and the stimulus package.

The Chair: Is there agreement to proceed in this fashion?

Hon. Mauril Bélanger: Yes.

The Chair: Okay, we'll do that, then. We'll prepare it. Will we bring back a draft to let you have a look at?

We'll go ahead and essentially reflect the wishes of the committee members here today.

Hon. Mauril Bélanger: If you don't reflect...

The Chair: Of course. You'll be there to make sure we do. Of course, I would expect nothing less.

Again, thank you very much for your attention here this morning and your presentations. Safe travels back.

To members, before we go, I'll just add that we're back here Tuesday morning. We have the First Nations Education Council here for a full two hours. We'll prepare for that.

For subcommittee members, there will be a meeting between one and two o'clock on Monday. We'll get Monsieur Lemay's proper notice out on that, Monsieur Lévesque.

Have a great finish to the week and weekend. We'll see you next week.

Thank you very much.

The meeting is adjourned.

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