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## **Standing Committee on Finance**

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**EVIDENCE**

**Thursday, October 5, 2017**

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**Chair**

**The Honourable Wayne Easter**



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• (0850)

[English]

**The Chair (Hon. Wayne Easter (Malpeque, Lib.)):** We'll call the meeting to order.

Welcome to the witnesses. As you know, these hearings are pre-budget consultations in advance of the 2018 budget.

For the witnesses who are here, I never looked at my iPad this morning, so I don't know whether any of you had sent in submissions prior to August. If you did, we thank you for that, because they will be part of the consultations and recommendations. They will be looked at and considered as well.

For the witnesses who are here to make a formal presentation, before we start we will take a few minutes for anybody who wants to make a one-minute statement. There are three people lined up; two of them are the same person for different organizations.

For the benefit of the witnesses as well, the open-mike session will consist of one minute or two, depending on how many people we have, for them to make their point. We don't ask questions; they just put their statement on the record and it is considered.

Pamela, we'll give you one minute for each organization. Welcome. The floor is yours.

**Ms. Pamela Murray (As an Individual):** Thank you.

A vital and active seniors community will be a great benefit to Canada's economy. I applaud the government's efforts to promote a healthier diet. If this is done aggressively and in line with science, it will reduce health costs in future years. Please devote as many resources to this effort as possible.

As a beginning point, a healthy diet could be implemented in long-term care facilities, nursing homes, hospitals, and hospital cafeterias. Also, restaurants could be required to offer this as an alternative on their menus. However, the most important thing would be to promote public awareness of a healthy diet. If health care costs are seen to be high and increasing, the government should be taking these steps to decrease health care costs.

In Finland over a 20-year period, heart attacks and strokes were reduced 60% by switching to a certain kind of salt that balanced potassium and sodium. Why can't Canada do that?

Seniors also need guaranteed access to medication and adequate seniors housing.

Thank you.

**The Chair:** Thank you, Pamela.

Does that cover both organizations or just one?

That's number one. Okay, we'll give you a whole minute's break while we go to Andy Wong, and then we'll come back to you.

**Mr. Andy Wong (As an Individual):** The proposed rules are not really closing loopholes. I don't know why the word "loophole" is used. What we're trying to do now is to have a tax policy shift.

Due process requires that when there's a tax policy shift, as a minimum there should be appropriate consultation. While I recognize that this is part of the consultation process, we're not having appropriate consultation now. As a minimum going forward, I would ask that any implementation be delayed. The implementation date of July 18, 2018, for part of the proposed rules is just too soon.

The accountant body that I informally represent is confused by the rules. It becomes a question of how reasonable our tax planning for clients should be. Do you want us to be aggressive? Do you want us to be conservative? Tell us what you want in terms of what's reasonable, because we don't know what reasonable is in terms of the criteria developed so far by the government. In a sense, we're in the dark right now as to how to determine for sure how to serve our clients and not be caught a few years later having run afoul of the rules because CRA doesn't agree with the way we interpret them.

What we're doing is a major tax policy change. We should perhaps step back even more and ask, why don't we have tax reform? Why don't we see how we want to tax Canadians, as individuals or as family units? Right now, we are all over the map. When it comes to pension income, it's as a family unit because of the pension split; for other things, it's as an individual. Step back and figure out how we want to tax Canadians.

Assess whether, in fact, passive income is eroding entrepreneurship in the country. Sure there's passive income in CCPCs. We know that; the numbers prove it. However, is that impacting business in Canada or is it supporting business in Canada? We have the facts, but what we need are the results based on the facts. We don't have those results or proposed results.

At a minimum, let's step back. Let's slow down the implementation dates that are proposed. Better still, let's go back to the beginning and have a tax reform study. That would serve us better as Canadians in terms of transparency and due process.

Thank you.

• (0855)

**The Chair:** Thank you for that, Andy.

We've heard a lot on that issue. We had two sets of hearings last week in Ottawa on the small business tax proposals separately, and we heard a lot on the road, so I thank you for that.

Pamela Murray, I've never heard from you before. Welcome.

**Ms. Pamela Murray:** Thank you.

I am an accountant in public practice in Yellowknife. I am appalled by the impact the current income tax changes will have on small business in Canada. What I'm going to say is based on what a colleague, Jason Stephan, says, and I agree with him.

The after-tax economics of starting or growing a family business in Canada will be less attractive. Also, with diminished retained profits in small private corporations, there will be less investment and employment in Canada.

The tax changes in concert with other significant tax increases will make Canada uncompetitive vis-à-vis other jurisdictions for individuals and families to start and grow a family business. That includes competition from the U.S. with upcoming tax reforms.

Exporting jobs and businesses out of Canada is not good tax planning.

Thank you.

**The Chair:** Thank you very much, Pamela.

As I told Andy, we did have hearings last week. I would mention that the Minister of Finance put out a press release yesterday. There are five points in it that suggest where they are going. Look at it and if you have any comments, send them in to them and to us. The government hasn't said where it's going definitively yet. We're open to hearing any constructive feedback on those five points, and we'll send the message along. All of the members on the committee would.

Thank you very much for the open-mike presentations. We'll turn to the official panel with submissions.

From the Government of the Northwest Territories, we have David Stewart and Sandy Kalgutkar.

Welcome. The floor is yours.

**Mr. David Stewart (Secretary to the Financial Management Board/Deputy Minister, Department of Finance, Government of the Northwest Territories):** Good morning, and welcome to Yellowknife. Thank you for providing us with the opportunity to speak to you today on behalf of the Government of the Northwest Territories.

I know that our premier and our minister of finance would have liked to be here with you today, but as many of you would know, our government operates as a consensus form of government. One of the features of this is a mid-term review on the performance of cabinet by all of the members of the legislative assembly, which happens to be taking place today. This difference in governance is a reminder of

how varied our country is and how different the N.W.T. is from southern Canada.

Let me start with some background about the Northwest Territories. The N.W.T. is Canada's third largest jurisdiction by land area and third smallest by population. Our 44,000 residents reside mainly in the N.W.T.'s 33 communities, with these communities ranging in size from less than 100 to over 20,000 in Yellowknife, the N.W.T. capital.

Our GDP is approximately \$3.7 billion, and our economy is largely fuelled by the diamond industry and other resource extraction activities. With that said, we have other important sectors like tourism, construction, business support services, and retail and wholesale trade.

Our communities are diverse. While our overall employment rate and average income level appear to be strong, in many of our smaller communities, the employment rate is less than 50% among working age adults, and a significant percentage of families make less than \$30,000 annually.

The reality of low or modest income is exacerbated by the high cost of living. It is difficult to easily capture the impact of cost of living in our communities, but I will provide an example.

Yesterday I looked and noted that you could buy a small jar of strawberry jam in Ottawa for \$2.99. In Ulukhaktok a small northern community without road access, that same jar of strawberry jam costs \$12.79 according to a recent survey of retail prices.

While I won't run down a litany of statistics, we can report that our education outcomes, population health indicators, crime rates, and housing conditions significantly lag behind national averages and are generally worse in our smaller communities.

Like many governments, the Government of the Northwest Territories, or GNWT, has faced fiscal challenges in recent years. We responded to this challenge by taking actions to better align our expenditures with our revenues. However, the challenge of expected slow growth in revenues over the medium term means that we need to continue to manage spending to fund new programs and services, and to respond to increases in demand for the cost of delivering programs and services.

Despite these fiscal pressures, we still want to make investments to achieve our collective vision. We fully recognize that our focus on managing our financial resources must still leave room to make investments in our population and our infrastructure, to realize the potential of the N.W.T.'s economy.

We need the federal government to understand that we are different from the provinces, and we need to have the flexibility to participate in federal initiatives in a manner that makes the most sense for northerners. One way the federal government can reflect the uniqueness of the N.W.T. is by moving away from per capita funding models towards a base-plus approach.

If tomorrow the federal government decided to invest \$500 million in social housing and it was allocated on a per capita basis, the N.W.T. would get \$600,000 of that. Given the high cost of materials and transportation, that would mean we would be able to build a single duplex in one of our small communities.

Turning more directly to your questions on improving Canadian personal and business productivity, there are a number of areas that we would like to highlight. In terms of measures that would help make Canadians more productive, we would absolutely agree with the focus on education and training. As we all know, the skills and abilities required are increasing in our labour market. As noted for the N.W.T., our education outcomes are generally lower than for the rest of Canada, so measures related to education and training must be flexible to be effective in the north.

Upgrading is often a required step for northern students wanting to improve their chance of labour market success. Strictly limiting programs in the way they are implemented or in client eligibility leads to making programs less effective in the N.W.T.

Organizations like the N.W.T. Mine Training Society have achieved enormous success in the field of training, not only because of the courses offering skill development but because of their other supports like courses in life skills and personal budgeting, and the provision of job coaches to ensure participants stay on track. Again, in the N.W.T., looking beyond traditional approaches for skills development and training, and providing flexibility greater than what would be envisioned in a southern urban setting is critical.

● (0900)

I was pleased to see housing mentioned in the material sent to us as a type of measure that may help make Canadians be more productive. It is hard to stay focused on employment, education, or training when living in substandard housing. The reality of the Northwest Territories is that housing conditions in our smaller communities continue to present significant challenges. Investment in housing is critical to building community capacity. Housing also provides training employment opportunities in our smallest communities and creates a legacy infrastructure in those communities. Housing in the N.W.T. is an essential piece of infrastructure for Canada to maintain sovereignty in the Arctic and to support the north's economic development.

The GNWT looks forward to working in partnership with provinces, other territories, and the federal government to develop a national housing strategy that will address the priority actions and specifically allow for the flexibility for provinces and territories to address gaps and to strengthen the housing continuum relative to their own jurisdiction.

I'd like to now address the issue of how the federal government can help N.W.T. business be more productive and competitive. Our first priority is to encourage the federal government to work with GNWT in advancing key strategic infrastructure investments designed to support resource development, diversify our economy, and lower energy costs, which in turn will reduce the cost of living and operating businesses. These investments are critical to unlocking the potential of the N.W.T. We have been encouraged by the investments in infrastructure that have been announced, and as these programs are more fully developed and implemented, we believe they could be an important factor in advancing some of our areas of priority.

The N.W.T. and all of Canada will capture significant economic opportunities through the construction of three strategic road corridors: the Mackenzie Valley Highway from Wrigley to Norman

Wells, the Tlicho all-season road, and the improved access to the Slave geological province, where most of the diamonds sit.

The N.W.T. has thousands of megawatts of undeveloped hydro potential. There are many potential projects, the Taltson project being one of them. This is a hydro project in the southern part of the N.W.T. and, in the context of the pan-Canadian framework on climate change, the Taltson project would help reduce Canada's greenhouse gas emissions by 360,000 tonnes, would rely on existing water storage with no new flooding, and would build on a long history of working with aboriginal governments, as it would be a partnership.

A second priority would be to improve economic development and competitiveness as it relates to settling outstanding land, resource, and self-government agreements and to ensure that there is predictable, efficient, and integrated service for making decisions around land use.

I won't go into a whole lot of details on this, but in conclusion, let me say the N.W.T. has much to offer in helping to shape the future of Canada. We have a long history of working in partnership with aboriginal governments to achieve mutual goals. We have a long history of working with Canada on our shared priorities. We have new sources of energy, metals, and minerals to power Canada's economic growth.

Thank you, Mr. Chair.

● (0905)

**The Chair:** Thank you very much, Mr. Stewart.

We'll go to questions after all the panellists.

From the Northwest Territories Association of Communities, we have Ms. Brown, CEO.

Welcome.

**Ms. Sara Brown (Chief Executive Officer, Northwest Territories Association of Communities):** Thank you very much.

We'd like to thank the Standing Committee on Finance for the opportunity to appear before you as part of your consultations and preparation for the 2018 budget.

The NWT Association of Communities represents all 33 communities in the N.W.T., from the smallest of Kakisa, with a population of 52, to Yellowknife, with a population of approximately 22,000. We advocate on behalf of our members, deliver programs, share information, and provide numerous member services.

This submission focuses on three major priorities for federal action in the upcoming budget: infrastructure funding and climate change, increasing the supply of housing, and restoring tax exemptions for expense allowances paid to municipally elected officials.

First, on infrastructure and climate change, it has been very heartening to see additional funding being allocated to municipal infrastructure in the last few federal budgets, especially the allocations that are base plus. We would strongly encourage this to continue and to be enhanced.

Great inroads have been made in ensuring that additional funds are allocated to the north and, for the most part, many of the new infrastructure programs have been evolving to embrace many of the recommended parameters that you will find in detail in our written submission.

Building communities in the north is important for local, social, and economic sustainability. A recent study completed by the Conference Board of Canada's Centre for the North showed that, for every \$1 million invested at the community level, 13 jobs are created as compared to roughly half that for federal and territorial direct spending.

In this time of climate change, many additional expenditures will be required as well in order to ensure the sustainability of communities and the territorial economy. Climate change is both a challenge and an opportunity in the north. The NWTAC has completed a study showing that the fiscal impacts of permafrost decay alone on public infrastructure will be in the order of \$1.3 billion. This will prove to be an additional burden, but it will also be an opportunity in the future.

Given the role this region plays in national sovereignty and supporting resource development, these investments should be seen as critical to nation building.

These improvements will result in equalization of regional opportunities, reduction of geographically based obstacles to improve standards of living, and comparable economic development. Construction and service industries will benefit from the ability of municipalities to effectively access and spend funds in the northern economy and provide training and management development opportunities. Northerners' standard of living will be increased by the improvement of community services.

As well, programs that encourage the development of territorial projects, which will encourage trade, including highway development projects like the one undertaken for the Mackenzie Valley Highway, will have significant impacts on economic development and will increase the resilience of communities on that route to climate change.

The second priority is increasing the supply of housing. In the majority of N.W.T. communities, heavy reliance upon public housing is required as a result of high unemployment and the lack of a private housing market. Relative to the rest of Canada, more N.W.T. residents live in crowded conditions, and their houses are more in need of major repair. The percentage of households in core need stands at 12% in communities considered to have a private housing market and 42% in non-market communities. The N.W.T. Housing Corporation routinely reports waiting lists for housing units in excess of 400 applicants.

Although we have seen some progress on this front in recent budgets, more needs to be done. Progress on overcoming the deficit of affordable, adequate, and available housing in the N.W.T. cannot

be achieved without a renewed federal commitment to fund the construction and renewal of social housing. Chronic homelessness and inadequacy of housing must be eliminated through proven strategies and tax incentives, or other measures must be used to stimulate new rental and affordable housing construction. Special territorial funding transfers are required to preserve and renovate existing social housing units. This funding will also serve as a stimulus to the local economies where houses are being constructed and maintained.

● (0910)

Finally is the restoration of tax exemptions for expense allowances paid to municipally elected officials. Recruiting candidates to run for municipal council is a challenge in the N.W.T. Often, many positions are acclaimed or have no candidates at all. The loss of the exemptions for expense allowances paid to municipal elected officials will exacerbate this challenge. The removal of this exemption may stress municipal budgets in order to ensure that salaries do not drop.

Thank you again to the committee for this opportunity to present our perspective to you.

**The Chair:** Thank you very much.

I don't know what the loss of exemption for expense allowances is, so maybe you could explain that later.

Turning to the Northwest Territories/Nunavut Council of Friendship Centres, we have Mr. Rabesca, Mr. Bird, and Ms. Caudron.

Welcome.

**Ms. Shari Caudron (Board Member, Northwest Territories/Nunavut Council of Friendship Centres):** Thank you for this opportunity to speak to you on behalf of the Northwest Territories/Nunavut Council of Friendship Centres.

The challenge posed for solutions can be summed up very easily. The friendship centre movement addresses all challenges with solutions, delivers programs and services across the nation, and provides solutions to all seven pillars of the federal anti-poverty strategy. We serve the needs of our communities, families, and individuals.

Friendship centres bridge the gap in government programming. When people do not know where to go, they come to the friendship centres. Our clients know we are a safe, friendly, supportive, non-judgmental, and welcoming environment for people of all races, colours, and creeds. We bridge the gap between the indigenous and non-indigenous communities. We live to serve. We are your solution.

Our organizations give youth, seniors, and communities a voice. We provide advocacy services and youth centres, address homelessness, embrace newcomers, build trust, and address the issues posed. We are your front-line workers who are passionate about what we do. Where government is missing a solution, we provide it. We take one dollar and stretch it into 10 dollars. We are your front-line workers who know the grassroots and are not doing it for the money, I can assure you. We do it to serve our clients and to help them succeed.

Friendship centres have the infrastructure in place to assist all Canadians, indigenous and non-indigenous, be more productive in the Canadian economy. We know our clients. We love our clients, and we do what we can to help them succeed.

The Northwest Territories/Nunavut Council of Friendship Centres is part of a much larger picture, and the resources of best practices we have access to. We have access to 122 friendship centres across Canada. We can pick up the phone and ask a centre, "How did you do this?" That centre will provide us with their proposal, funding access, and feedback on measurements of success. Our national office is a phone call away. They will do everything to connect us with programs that have been successful, so we do not have to reinvent the wheel.

Friendship centres are your solution for making Canadians more productive, a few examples of how we can help, and I can assure you, we could do more if we had the financial support to provide frontline solutions for the people we serve.

We have recommendations for federal measures to assist Canadians to be more productive, one of which is research into homelessness at a local level is needed. One of the biggest barriers to success for friendship centre clients is homelessness. It is not just the people you see on the streets. It's the clients you don't see. They come to us. Many of the people we help are the hidden homeless or couch surfers. This issue is a lot like an iceberg. We only see a small portion of the homeless on the street. The majority of them are hidden. These are the people who seek out services from friendship centres.

A three-step transitional and affordable housing strategy would provide the support clients need to transition to employment. These would be new energy-efficient facilities.

Housing first construction would focus on clients who are hard to house and persons struggling with addiction. The bottom floor of the facility would provide programs and services that meet the needs of the clientele. These services would be optional. Eventually, the clients would realize that this is a safe, supportive place with the potential to change their lives.

Housing for seniors and persons with disabilities would be a separate energy-efficient structure built to meet their needs. It would be fully staffed and have a community and recreation space, and transportation services.

Affordable housing would be a newly constructed and energy-efficient building for the working poor. In the Northwest Territories the living wage is \$20.68 per hour, and that is just to be able to live. Include a recreation centre and support systems such as affordable child care within the building.

We recommend grassroots training to employment initiatives open to people of all ages to be delivered through friendship centres, and long-term funding agreements for 122 friendship centres across Canada to deliver life skills, essential skills, and industry certification with on-the-job training opportunities. Measurables would include clients transitioning to employment, returning to school, or becoming self-employed. There would also be ongoing follow up with clients.

Once a member of a friendship centre, they will always be part of the friendship centre movement. I've been part of the friendship centre movement since I was 13 years old.

Justice clients need transitional supports and transitional housing after being released. We recommend providing programs and services within this transitional housing to provide the support for clients to make smart choices and transition into employment and healthier lifestyles.

In terms of health, we recommend collective databases for friendship centres to share best practices in health and wellness. The Northwest Territories/Nunavut Council of Friendship Centres has had Health Canada funding to provide reconciliation support to communities across the north. An increase in funding would allow us to increase this service, which is in need.

● (0915)

On transportation to and from hospitals for seniors, persons with disabilities, and all people, a local transit system would assist people seeking medical attention as well as accessing employment and education.

Business development and enhanced economic development provide the supports to friendship centres with a national proven record of success to provide business incubators and support for small businesses, entrepreneurship training, and start-up funding with fewer restrictions. Some people have brilliant ideas yet lack the credit or the finances for start-up. As well, an institute of technology located in Hay River, with a focus on the marine industry and with modern technology to train our people for their jobs and keep the wages in the north.... We can develop enhanced job creation strategies with regard to environmental cleanup. The north is littered with uranium and other toxins that are increasing health care costs. Let's clean this up and create jobs.

In closing, the friendship centre movement can provide the infrastructure and supports to help our citizens be more productive, to contribute to the Canadian economy, and to contribute to the wellness of our communities. Friendship centres are your solution. Just give us the support we need.

Thank you.

• (0920)

**The Chair:** Thank you for all three presentations.

We'll go to six-minute rounds, and we'll turn to Mr. McLeod first.

**Mr. Michael McLeod (Northwest Territories, Lib.):** Thank you, Mr. Chairman.

Thank you to all the presenters today. They were very interesting presentations, ones I've heard before. I think I've belonged to all three of your organizations at one point in my life.

There are some serious issues that are being brought forward here. The economy is a big one, and that's something we always strive to improve. There are signs that things are getting a little bit better on the tourism side. We saw all the tours when we came in. We see in the papers that there are no hotel rooms available in Yellowknife, and hopefully that's going to spread out into the communities. Mining is doing not bad. It looks like we maybe have another mine on the horizon.

Throughout my travels, in every community I go to and every meeting I attend, the subject always ends up around housing. People are saying they can't go to work if they have no place to stay, that they can't get up in the morning if there are 16 of them in the house and they can't go to sleep or their children can't go to school. All these issues just keep coming back.

Once the discussion hits housing, there is no room at the table for anything else. It's a huge issue for us. It's a crisis situation. In 2015, when I was elected, we were getting \$1.8 million a year from the federal government. The year after that, we went to \$10 million. We are now at \$13 million.

I want to hear from all of you because you all mention housing and how serious that issue is.

Maybe we could start with GNWT.

**Mr. David Stewart:** The member is exactly right. Housing, particularly in our smaller communities, has significant problems associated with it. It's the adequacy of the housing units. There are crowding issues, and there are affordability issues.

When you and I buy a house in a larger community, we expect we will have an opportunity to be able to resell it and maybe have it appreciate in value. There really is no private sector market, so the role of social housing in our communities is much different from what you see in the south. The problem is not shelters and those sorts of things, although those are an important part of it. It's the houses people live in and, in many of our communities, it's the majority of housing. The decline in funding that the territorial government has received has meant that all of our investments have been just to maintain the status quo.

I think Sara mentioned the huge waiting lists we have. We continue to have a fairly young population, which means the demand is there for more housing. As well, our seniors population is getting to the point where it's extremely difficult. With that price quote I gave you, you can imagine what it's like to try to get services in small communities to do maintenance and those sorts of things. The result of all that has meant that our home ownership units are starting to suffer really heavily as well.

There's a significant need for investment and ongoing funding to be able to make sure we can continue to provide those. Housing really is the core of a strong, healthy community, and if we don't have those, it's hard to imagine how those communities can carry on.

**Mr. Michael McLeod:** Can we get Sara to talk about housing a little more too?

**Ms. Sara Brown:** Certainly it's a big issue. As Michael mentioned, any time we sit down, housing is always at the top of the list.

Even though it's not formally a municipal responsibility, we know it impacts so many aspects, even health. If you are in a crowded household that's inadequate, with people sleeping in shifts and those sorts of things, that starts to affect health outcomes and people's ability to get to school or work. It's a day-to-day occurrence in the communities. It is absolutely critical.

However, by making those additional investments, it is also an opportunity to be doing training and stimulating those economies. That happens at a local level, which, as I mentioned, has twice the impact that it does when things are delivered at a territorial or federal level.

**Mr. Michael McLeod:** Through my travels this summer, I heard somebody mention that they wanted to talk about the economy. I wanted to talk about environmental issues, but the guy said, "When you're living in poverty, you don't have a conscience for those types of things." I think that's true.

It has become very evident that one of the things we need in the north is more investment in infrastructure. We signed some bilateral agreements with the territorial government recently, but some larger projects have been mentioned. Maybe you could talk about those things, and then I'll have one more question for the friendship centre.

Regarding the requirement especially for transportation infrastructure, how important is that in the north? Only so many communities have roads. That's one area. You also mentioned Taltson.

• (0925)

**Mr. David Stewart:** Mr. McLeod is absolutely right. We have quite an infrastructure deficit in the north, and transportation infrastructure is one of those areas. There has been a long-standing priority to put a highway up the Mackenzie Valley. It's an area that's rich in particularly oil and gas. In these communities, the cost of living is extraordinarily high, which of course would be impacted by that as well.

We've been making investments. We've done things in partnership with the federal government, but it is certainly a high priority.

Regarding the road to the Slave geological province, as I mentioned, that's the area that's most rich in diamonds and other minerals. Without road access on a year-round basis, exploration becomes more difficult. The cost of operating becomes more difficult. In our exploration expenditures, you see the challenges from some of that lack of infrastructure in the north.

Then finally there's the Taltson project, and other roads that are priority as well.

The Taltson project is really quite an opportunity for Canada. It will link our hydro system with southern Canada. We have enormous potential there, but until we have the way to actually get that electricity generation into southern markets, all the potential in the world isn't going to change a lot. It's an area that I know is a high priority around climate change, and it's one where we would do not just a partnership of the federal government and the territorial government, but partnership with aboriginal governments. That's one that should be attractive to everyone.

**The Chair:** Mr. McLeod, you have time for a very quick question.

**Mr. Michael McLeod:** Okay. I have just a quick question for the friendship centres.

We've just completed a study on suicide crisis situations in indigenous communities across Canada. I sat on the committee that did that study. In the study it was pointed out that communities really want to see cultural centres, family centres, or friendship centres. They feel that there should be one in each indigenous community across Canada. Is that something you would agree with?

**Ms. Shari Caudron:** Absolutely. We deal with suicide on a regular basis. We're there for our clients, so we can satellite out from our other friendship centres straight across the north.

As I said, we address all seven pillars of the anti-poverty strategy. We know our clients. We're the front-line workers, and they begin to trust and support us.

We had one attempted suicide in August, and that young man is now working full time and he sees a counsellor on a regular basis. It's that intervention that we're able to do and to provide the supports at the local level.

**The Chair:** Thank you, Michael.

Mr. Albas.

**Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC):** Thank you, Mr. Chair.

Thank you to both of our speakers today for their contributions at the open mike. Obviously this is an issue that the government is well seized with, and they should be. I do hope that they listen to your comments in regard to both the damage that it could do and the opportunity to go back to the drawing board.

I also want to thank each witness for coming forward today. Hopefully we're getting a chance to have a good understanding of all the issues.

Mr. Stewart, there is a lot of discussion in your presentation about different roads, roads that connect communities, as well as roads that connect to resources. Which, in your government's view, is the priority right now? Is it in the development of more economic activity or is it in connecting communities?

**Mr. David Stewart:** I think those go hand in hand for the most part. Take the Mackenzie Valley Highway, for example. There are several communities along the Mackenzie River that would be connected as construction takes place there moving from a winter road system to an all-season road. That would enormously help those communities, but it would also help with the economic development of significant oil and gas reserves and potentially other minerals in that area.

It's similar with the other roads. Probably the infrastructure project that has the most direct tie to the economy is related to the Slave geological province, which, as I mentioned, is where most of the diamonds are. When you think back to who the people are who are working on that road, who those people are who are employed by those projects, they're the residents of the Northwest Territories. That has linkage to communities and to having the income to be able to support themselves in those communities. I think we have both priorities.

We also recognize that many of these projects take a very long time to get completed. The Tlicho road is in environmental review now. Between the reviews that are necessary and then the construction, it's probably a five- or six-year process. Something like the Mackenzie Valley has been going on for years, similar to the Slave geological province.

We think we can do all of those various projects, but we're talking about a 10- to 15-year horizon, not all being rolled out in the next few years, just because of the nature of the reviews and wanting to do them in an environmentally sustainable way as well as just the sheer size of those kinds of projects.

● (0930)

**Mr. Dan Albas:** Thank you for the answer.

In regard to mining, I am fortunate enough to have two mines in my area. They are very important economically, but also for the employment they provide. I certainly can appreciate that there are opportunities, but they also require electricity. Obviously in British Columbia we have hydroelectricity, and we have benefited for many years from investments in the past where we've had cheaper power, which has allowed many of these projects to become viable.

In regard to development of those resources, you say you have a few hydroelectric projects. Where do they stand? How far along are you in identifying projects that could power such economic development?

**Mr. David Stewart:** In terms of electricity, certainly there are some opportunities to connect mining projects to the grid. It's often very expensive. With our existing diamond mines, for example, there was a proposal, which was fairly well developed, to take power from the Taltson system and move it up to our current diamond mines. By the time that proposal got fully developed and was moved along, the diamond mines had already put in generators, and much of their useful life was already being used. They had already made that investment.

I think the lesson we learned from that is we have to get in earlier. If it means putting in temporary power in the interim, providing that power to those mines, and then eventually trying to see if we can connect them to the hydro grid, it is a better way of going. As you would know with mines in your riding, you don't always know where they're going to be, so you have to plan both sides of that at the same time for a mine that gets into development, and make sure that we can provide the electricity for them.

It's certainly a feasible project, but we really have to have a long-term, stable customer to be able make it worthwhile to make that investment, whether it's through a partnership or other types of arrangements.

**Mr. Dan Albas:** Both mines in my riding are significant taxpayers, not just provincially, but also to the communities that are nearby. Recently the province re-scoped it so that one of the communities, Princeton, would get greater funding. I certainly appreciate the impact you have on communities, and that takes me to Ms. Brown.

Ms. Brown, thank you again for coming today.

Speaking about Princeton, a wonderful little town, I've heard concerns in the Similkameen that the government, basically without any consultation, moved forward with the remuneration issue with one-third of municipal remuneration. What I'm hearing in British Columbia is that they've extended it to four years, so fewer people are stepping up—I'm not sure what it is here to serve on your local council—and there are concerns that the rural areas, which don't have a tax base and whatnot, are going to suffer, not just from people not standing for office because of the various challenges, but also that it's going to cost them more.

Can you maybe explain that a little bit more and what you'd recommend? Are you recommending that they maintain the exemption right across Canada?

**Ms. Sara Brown:** Yes, absolutely. I know this is a position that's been taken by most of the associations across the country, that this removal will create significant barriers to people participating in local government. Basically, they've enjoyed tax exemptions on one-third of their income without having to file expenses. It was just understood that this amount will be allowed for them, and it will have a very significant impact across the country in recruitment for municipal council.

**Mr. Dan Albas:** Yes. I started in municipal council, and maybe that's a reason to suggest that we don't want more people getting into it. However, I do appreciate, particularly in rural and remote areas, that it makes it that much more difficult.

Last, I'd like to go to Ms. Caudron.

Thank you very much for your presentation. My wife actually worked at a friendship centre for a number of years, so I certainly know the love you have for your clients, but also the great challenges because the needs are constantly changing.

You talked about entrepreneurship and how helping people move into steady, stable employment is a good thing. Having housing is also important.

British Columbia offers a micro business program that helps people with fewer than five employees to specifically get to that next stage. Do you offer any of those services, or are you looking to do those kinds of partnerships?

• (0935)

**Ms. Shari Caudron:** It's interesting that you mention that. I actually was on a staycation in B.C. for 15 years, so I'm aware of many of the programs that are there. We have brought up the aboriginal BEST program. We haven't put it on yet, but we are working directly with them to set that up within our centres.

There are some services in the north with regard to entrepreneurship, but they're a bit challenged at best. That's why I like to spearhead within our organization to get our youth involved. We did

a program on manufacturing and tourism recently, and in that particular program, they ended up creating their own jobs. This is for multi-barrier clients. We're dealing with addictions. We're dealing with disabilities. Every time I would travel, I would bring something back. They had these lanyards. They made a bunch of them, and GNWT started buying them. They made \$7,000 within the first two months. We keep it beneath our wing, so they're working directly in our centre, but they have their own budget and their own accounts and wage. They learn the skills in order to manage their own business.

However, yes, we certainly would like to have an incubator within our centre to support small businesses.

**Mr. Dan Albas:** Thank you for what you do.

**The Chair:** We'll wait until Francesco is back.

We usually do a round of introductions so you know where our folks are from across the country. Maybe we'll do that, and then go to Mr. Dusseault.

I'm from Prince Edward Island, from the riding of Malpeque. I have been a member of Parliament for a fairly long while.

You likely know Michael pretty well, but if he wants to say anything, he can go ahead.

**Mr. Michael McLeod:** Yes, I think everybody knows me. I've worked with most of you.

My name is Michael McLeod. I'm the representative on this committee for the Liberal government. I'm actually the newest member of this committee. I was appointed very recently, in September.

[*Translation*]

**Mr. Greg Fergus (Hull—Aylmer, Lib.):** Hello, my name is Greg Fergus and I'm the member for the riding of Hull—Aylmer, which is located near Ottawa but on the Quebec side. I'm a member of the Liberal Party, and I joined the Standing Committee on Finance in January.

[*English*]

**Mr. Dan Albas:** I am Dan Albas from Central Okanagan—Similkameen—Nicola, British Columbia. I am very happy to be here in Yellowknife. I haven't been here before, and I appreciate everyone's presentations.

**Mr. Pat Kelly (Calgary Rocky Ridge, CPC):** I am Pat Kelly, the member of Parliament for Calgary Rocky Ridge. Likewise, I'm happy to be here, although this is my second visit to Yellowknife. My previous visit was also on parliamentary business. It's great to be back.

[*Translation*]

**Mr. Pierre-Luc Dusseault (Sherbrooke, NDP):** Hello, my name is Pierre-Luc Dusseault. I'm the member for Sherbrooke, in southeastern Quebec. I belong to the NDP.

Mr. Chair, would you give me the opportunity to ask questions?  
[English]

**The Chair:** Yes, go ahead. I think we've used all your time, Pierre.

[Translation]

**Mr. Pierre-Luc Dusseault:** My first question deals with the Northwest Territories' hydroelectric potential. You mentioned potential hydroelectric dam projects. I'd like to know more about how far along these projects might be. What kind of support could the federal government be offering in order to tap into this hydroelectric potential and eventually even export some of that energy, cleaning up our energy sources in the process? As we all know, hydroelectricity is a very clean energy source.

[English]

**Mr. David Stewart:** Again, I just want to make sure that we welcome all the members to the Northwest Territories. We are always very happy when people visit us here, so thank you for doing that.

In terms of our hydroelectric projects, the Taltson project is probably the largest in terms of the potential to export. It is going to be quite an expensive project, and we think it has some real potential for the new Canada infrastructure bank. We're hoping to see some fairly good guidelines come out of that, which will give us some flexibility to see if we could advance that project through that type of an arrangement.

It also is a project that has considerable front-end work that needs to be done in terms of the planning and the environmental assessments. We think the federal government can have a role there.

The final one on the large projects that I would mention is that we have a federally imposed borrowing limit in the GNWT of \$1.3 billion for long-term debt. We have had some success in recent years in being able to get that increased. We have the second highest credit rating from Moody's and have had that for 11 years, but if we're going to be able to partake in and advance some of these very large infrastructure projects, we're going to need to look at that issue. We need to make sure that our debt is affordable within our fiscal arrangements without being so restrictive that we have to pass up opportunities.

There are a number of other hydro projects out there. Some of them are large projects, but there are also mini projects. We have projects very close to small communities that aren't accessible by road and could do exactly what you said, replace electricity generation from oil-fired generators but also potentially heat. We think there is some role for that in some of the various infrastructure pots as well. We think there are lots of partnerships there, and there are a few of those throughout the N.W.T.

● (0940)

[Translation]

**Mr. Pierre-Luc Dusseault:** Thank you.

The issue of borrowing limits is indeed important. It was Mr. McLeod, or maybe another member from the territories, that brought it up. Perhaps we will return to it later.

Ms. Brown, you spoke of climate change as a sizeable challenge. I think everyone can agree on that. You also spoke of opportunities. Can you elaborate further on these opportunities you speak of and on what the federal government could be doing to help you seize them?

[English]

**Ms. Sara Brown:** Thank you very much.

The most obvious way for that to be an opportunity is for appropriate funding to cope with it. That would mean stimulus to the economy as well. If we're dealing with the replacement of buildings and the replacement of infrastructure, that becomes a stimulus in itself, and I think there is a lot of opportunity there.

We do have some change happening, particularly in the southern N.W.T. as well as with respect to agriculture. That, combined with a lot of federal and territorial programs fostering agriculture, I think means that there are some great opportunities there as well.

[Translation]

**Mr. Pierre-Luc Dusseault:** That's an interesting point. There could indeed be new opportunities in agriculture.

I didn't know much about Friendship Centres before. What is their funding structure?

You mentioned that your main challenges are funding and lack of resources. What's the main thing the federal government could do in support of your funding structure? What type of investment could it make?

[English]

**Ms. Shari Caudron:** Right now we receive core funding from INAC, which is currently being held up. An increase in that funding would be significant. My local centre receives \$137,000 per year, which is not enough to cover the staff, infrastructure costs, or anything beyond that, so what we do is apply for additional funding from the federal government.

I thank you. The Soaring Eagle Friendship Centre received \$1.276 million over a period of three years to do training to employment through the skills link program. We look to other sources to access it. The funds we receive from the GNWT are pretty much insignificant.

We do our best. We do fundraisers as well. We've had no increase in our funding since the 1980s, so we've stretched as much as we can. We've also received support from CanNor. My centre actually got renovations done.

The federal government does support us. We have received Health Canada funding, but again, this is not enough to address all the issues we address at the local level. We work on a one-on-one basis. At the end of the day, the way we look at it is that if we've helped one person, we've done our job, so...a significant increase and for the long term. To do training to employment is another aspect.

When you look at the seven pillars of the federal anti-poverty strategy of ESDC, we're dealing with all of those. We're dealing with health. We're dealing with housing. We're dealing with training to employment. It's not just one factor. We deal with it all, and on an individual basis.

I hope that provides some clarity.

● (0945)

**Mr. Pierre-Luc Dusseault:** Yes, sure.

**The Chair:** Sorry, we have to stop there. We'll go to Mr. Fergus.

[Translation]

**Mr. Greg Fergus:** Hello everyone. I would like to thank you all for hosting us in Yellowknife. I have to say this is my first time in the Northwest Territories. I knew, even before the plane had landed, that we would get the warmest of welcomes.

My question is for Mr. Stewart and Mr. Kalgutkar. It deals with affordable housing and housing in general.

This morning, I took the time to do a bit of jogging around Yellowknife. It's apparent that construction and infrastructure costs must be through the roof up here. Transporting building materials all the way here must be very expensive already, not to mention having to dig into solid rock because of the absence of loose ground.

As you have mentioned, I would imagine that our—

[English]

base-plus funding

[Translation]

—formula must be critical to the Government of the Northwest Territories. Could you tell us more on the subject so that it may appear on record?

[English]

**Mr. David Stewart:** Thank you for that, and I do have to give the federal government credit, because there are many programs that use a base-plus approach. What that essentially entails is a base level of funding for all jurisdictions for an initiative, and then allocating the remaining funding on more of a per capita basis. It obviously would result in more funds for large jurisdictions, but it ensures funding for the smaller jurisdictions. The territories, and some of the smaller Atlantic provinces feel the same way, often don't have enough to be able to implement programs in a way that has a large impact.

For us in the north, as you mentioned, the cost of delivering programs is often much different from what it is in southern Canada. Also, we're a very large territory, so the economies of scale that might be available in other places just aren't available in the north.

The idea behind base-plus funding is really to provide a base level of funding to every jurisdiction and then allocate the remaining amount. In terms of the value I quoted in my opening comments,

with about 40% of the population you can imagine how much Ontario would get out of that kind of model, not that Ontario doesn't need funding but their rounding is more than our funding. With small adjustments by some of the large jurisdictions, it can make an enormous difference for the smaller jurisdictions.

[Translation]

**Mr. Greg Fergus:** This brings us back to the subject that was broached by Ms. Caudron, Mr. Rabesca and Mr. Bird.

I started my career in the field of affordable and co-operative housing in the South. If we hope to address the myriad issues and concerns of young people and families in need, I know how important it is to tackle the issue of housing first. Everyone needs a place to live.

Could you explain what housing represents for groups, like yours, that offer a whole range of services to communities in the Northwest Territories

[English]

**Ms. Shari Caudron:** We recognize that housing is the primary issue.

We deliver programs pertaining to employment. One of the biggest issues we found, and it's a barrier for our students, is that they are homeless or they're couch surfing. We have predators in the community who target them, and so they end up couch surfing in the wrong places. That leads to addictions, and addictions lead to suicides. They go down that path.

If they had student housing or if they had some place that was safe for them to stay, we could prevent more addiction issues. We could prevent them from falling over. We have drop-in centres for them so that they can make productive choices. We have youth centres for them to participate in activities. But for them to have housing is a significant issue.

If they have no place to live, if they don't have that stability, they will go down the wrong path. We can provide all the supports we want, but if they don't have a safe roof over their head, then there's not a whole lot we can do. They will come in the next day and spend time at our drop-in centres. They will spend time with us or just stop in for coffee because they have no place else to go.

Setting up housing, even student housing for our friendship centres so that... You don't want to call it homelessness. People you'll deal with will say, "Not in my backyard." They don't want to see a homeless shelter.

The way I look at it is student housing or participant housing. We have multiple houses in the Northwest Territories that are sitting there empty. What I see is we do the renovations and put house parents in there. Now there is a safe room for them to stay in. They always have a roof over their head. Then they're able to make productive choices.

● (0950)

**The Chair:** Thank you.

Mr. Kelly.

**Mr. Pat Kelly:** Thank you all for your presentations, and that includes members of the public who have come here today and those who made statements at the beginning of our meeting.

I was struck by the way it has been put, that there is the ability to engage in true nation building through investment in infrastructure in the north. This is a way to, perhaps, frame the challenges of living in the north and the potential that the north has.

I'll start with Mr. Stewart. I'll ask you to perhaps use some of the time to make the case to the rest of Canada, through our committee here and through giving advice to the committee, and then through the committee to the government on its policy, that it's not just about helping people who live in the north, many of whom need help, need access to employment, need better services, and indeed need the basics of life, shelter, and the ability to cope in a high-cost environment, but there's also a case to be made for all Canadians to invest in the north.

**Mr. David Stewart:** Thank you for that.

There are two elements that I'd like to talk about very briefly.

One is the economic potential of the north. There is huge resource potential. The reality is that our economy is relatively weakly developed, or immature. What this means is that when we do a mine in the Northwest Territories, when we do an oil and gas pipeline or a project, the economic benefits often accrue out to provinces in the south. There are particularly huge impacts in places such as Ontario and Alberta, which provide a great deal of our goods and services. What's good for the north in terms of opening up that economic potential of both our mineral and our oil and gas sectors is often very good for the rest of Canada. That transfers over to things like federal taxes, and those sorts of things, both corporate and the overall personal tax.

Again, in terms of development in the north, although we prefer that mines and those kinds of developments hire locals, often they hire people from southern Canada, as well. So it is helping those economies, as well. That's one element.

The other side of it is the issue around sovereignty. If Canada wants to be known as a northern country and exert itself in the Arctic, having strong communities is the best way of doing this. Strong communities mean having affordable housing. It means having an economy where people can live. I think that's a huge part of the argument to the rest of Canada as to why investing in the north is a worthwhile endeavour.

● (0955)

**Mr. Pat Kelly:** I'll ask Ms. Caudron to elaborate a bit further.

You made an excellent case for the sheer immediate day-to-day urgency around access to adequate shelter, that it's difficult to really focus on anything past having adequate safety and having an adequate roof over your head.

You spoke about the absence of a true market in shelter in many communities. It's not as in larger centres where a home has value; it can be sold by somebody who is moving on, and a newcomer to the community buys it. This is not the reality of a remote community. Clearly, poverty in places is part of why there's no market in housing.

Can you talk about how we can get beyond this? These are problems that have been seemingly intractable for decades, but perhaps take a few minutes to tell us about strategies to overcome long-term poverty in remote communities.

**Ms. Shari Caudron:** As I mentioned, you're looking at three different pillars on that. One is the hard to house. That just needs to be a facility so that they have a roof over their head, a place to go home to every night. Another part of it is for seniors and persons with disabilities. They can't afford to purchase homes, and they become dependent upon the system. The system puts them in places that are not necessarily acceptable.

We have a number of federal houses that are sitting empty that probably need asbestos abatement done on them and multiple renovations, but the potential to utilize these facilities and have the funding to make it work through our centres could start to alleviate some of these issues we have in the smaller communities. If not, then we'd need the construction of a new facility, because currently the one we have in Hay River where most people are placed is—I don't know if you have ever been to East Hastings, in downtown Vancouver, but the first four floors of this place are a replica of what you see there. We have a population of 3,600. We have high crime rates, prostitution, everything. When they fall off the grid, when they are couch surfing, they fall into that group, or when they come out of treatment they get put into that same facility where they are surrounded by drugs and alcohol.

It's on multiple levels, but if we can just get them right before they're homeless, get them when they come to us, and get them into a safe place, then we can provide the ongoing supports. We do counselling. We do programming. We do just about everything to address those needs.

It's not just the house. It's the ongoing supports we need for them. We need to help our youth. We're losing them. We have a gap between the ages of 20 and 29. It's a lost generation. The friendship centres are able to provide those supports for them, but we just don't have the funding to be able to do everything we possibly can.

**The Chair:** As bad as East Hastings is, at least they get supports. You likely don't have that. I've spent some time there in a previous life as solicitor general.

Mr. Sorbara, please introduce yourself. You weren't here when we did that.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Excuse my absence, Mr. Chair.

I'm Francesco Sorbara. I represent a wonderful, as I always say, dynamic riding—but every riding in Canada is dynamic including the one that Michael represents—of Vaughan—Woodbridge, which literally borders the city of Toronto. You can walk from the city of Toronto across the street to my riding.

I will have to say, though, I grew up in northern British Columbia in a town called Prince Rupert where I know the aboriginal indigenous community very well. There are a number of communities around it from the Haida, Tsimshian, Gitga'at, Gitwinksihlkw, the Nisga'a, and I can go through the rest of the names.

There's a big basketball tournament held there every year, and there's the fishing industry. Also, unfortunately, it's where Highway 16, otherwise known as the Highway of Tears, is. As a kid I used to fish along the Skeena River with my family, and so forth, so I'm very familiar with it.

I have two questions. Please re-emphasize how important the friendship centres are. I know they exist in Prince Rupert and I know they exist in downtown Toronto. The friendship centres are an outreach avenue for kids to go to.

For the Northwest Territories in general, how important is the idea of sustainable economic development? If you look at the province of Manitoba, it seems to have been able to get on to sustainable economic development. It's kind of stable. Here we're benefiting from diamond exploration and tourism.

I know you guys have talked about base versus per capita funding, and I get that, but please talk about those two avenues, the friendship centres and sustainable economic development for the north, please.

• (1000)

**Ms. Shari Caudron:** If you start building that dam, I'll help you build your workforce. That's what we do. We find out where the projects are in the long term. With the training that we do we train for specific jobs. We're not only doing the training; we're also providing them with counselling, appreciation, and kindness. Sometimes that's all people need. We can certainly contribute to the economy by not only bringing in federal funding to deliver to our centres but also when we look at these larger projects we want our local people in those jobs.

With regard to the marine industry up here, 80% of those jobs go directly to people from the east coast and west coast. Why are our local people not getting those jobs? It's because they don't have the training to do it. We have used our skills link funding to develop the marine training program and we're taking them down to BCIT because we've developed a partnership with them. That \$2 million that's going into that port and wages that have been leaving the north every year. I'm building a workforce to keep that money in the Northwest Territories.

**Ms. Sara Brown:** Certainly, strong, viable, communities are very much reliant on having sustainable economic development. When your workforce isn't employed, you just can't function so it is absolutely critical. That's where a lot of the initiatives that have been discussed by everybody here are so critical to ensuring that viability and sovereignty as well.

**Mr. Francesco Sorbara:** Mr. Stewart or Sandy.

**The Chair:** I think Anthony wants in at some point, too.

Go ahead, Mr. Stewart, and then Anthony.

**Mr. David Stewart:** Thank you.

In terms of sustainability, I think for the GNWT it really involves finding ways to do development in a manner that balances both the

environmental protection and the protection of our lands with the development that creates the jobs and the opportunities that people need. Resource extraction and mining has been a foundation of our economy. It is a foundation and we need to build from that to take advantages of those opportunities but also to diversify.

Mr. McLeod talked about the tourists. You can't help but see the expansion of the tourism industry. We're getting loads and loads of individuals from China and Korea as well as our more traditional markets in Japan. You need the diversification but you can't ignore your base as well. It's to do it in a way that times those projects to make sure that it's sustainable in the longer term and to have the people be able to take advantage of those opportunities with training and the labour market. Also, the diversification side I think is the other side of the fence.

**The Chair:** Thank you.

Mr. Rabesca will have the last word in this round.

I think you wanted in.

**Mr. Anthony Rabesca (President, Northwest Territories/Nunavut Council of Friendship Centres):** My name is Tony Rabesca. I'm a Tlicho person.

Some of the issues I heard here today are very important for our communities. In the past I worked with CMHC and we did research on what I call "strong like two house", based on building a house based on traditional knowledge and based on modern technology. We did some research and found out that one of the things we were missing was the community voice and the elders and the youth.

In the past, when the house was built, it used to be open. People looked at each other, listened to each other. Elders spoke and the young people listened. But today, you look at the house and everybody has their own doors. Youth have their own doors. They close the doors. They slam the doors. In the research that we did in the past, CMHC supported the project. We did a workshop with elders, and the community and the youth and then we listened to how we could build a home based on this research.

We worked with the technology and an architect to build a house. One of the things we found out about was that because of the past, back in the 1940s with the residential schools, we needed to look at bringing back the traditional knowledge of what is a home. When we asked the elders what is a home, the elders said, "Our home is our land. Our land is our home." Based on that, we looked at some of the things from the past.

The University of Alberta came to see us and asked whether we could work together. The University of Alberta is now working on a project based on our project. They're looking at more portable homes. They're more open. We're working together on some of the projects.

Like I said, there's use in doing research for understanding how to build a home based on "strong like two" that could be energy efficient and at the same time is based on community ownership. If you have these two together, it makes it a lot easier understanding what is a home and it makes the community feel more...because it's the ownership that's very important but at the same time it's about working together.

• (1005)

**The Chair:** Thank you, Francesco.

I have just a couple of questions, please. We're a wee bit over time.

On your point, Tony, where is CMHC on assisting with that kind of housing or do the rules and regulations prevent you from doing so? What's the story there?

**Mr. Anthony Rabesca:** I was working with the project but I got promoted. My partner was the architect. We were working together. He got promoted and now he works as a professor at a university in Alberta. We're working together.

The model that we put together, they're still using today. CMHC still uses the model and they're very aware of how the "strong like two" house can make a big difference for communities, especially in aboriginal small communities. The research done was based on what supported the elders and the youth.

**The Chair:** Thank you.

David, I have a couple of questions on the base-plus funding.

That doesn't apply to the health accord, does it? It just applies to the infrastructure. What areas does it apply to? We're in the same boat in Prince Edward Island. If you don't have that base funding, you're just are completely out of the picture. I understand that. If you don't have the base to establish those fundamental costs, then the per capita is so little you can't even get started.

**Mr. David Stewart:** Thanks, Mr. Chair.

My understanding is, yes, it is being used on some of the infrastructure investments that have been announced recently.

You're right that on things like the CHT, the social fund, and even the territorial health fund, they're not always done on a base plus, it's more of a per capita kind of basis. Prince Edward Island is absolutely in the same boat as we are on that.

**The Chair:** It's Nunavut, Yukon, Northwest Territories, and P.E.I., I think that are....

Okay, on the Taltson project, where is that? I'm looking on the map and I can't find it. Where is it located, and what is its potential?

**Mr. David Stewart:** The Taltson project is very near the town of Forth Smith. It's right near the N.W.T. border with Alberta and Saskatchewan. That's where the three of them come together, within a few hundred kilometres. When I say very near, it's in the northern context of very near, but it's down in the southeast corner of the N.W.T.

On the potential, the initial expansion that's envisioned is to go to 60 megawatts of electricity. The potential is there to go up to 200, with further development. We can see it as a long-term, run-of-river

project that has lots of potential to provide power to southern Canada.

• (1010)

**The Chair:** Also it would fit in with the climate change initiative and so on.

When you were talking, I couldn't help but think where Quebec and Manitoba would be if they hadn't invested those monies many years ago in hydroelectric development.

**Mr. David Stewart:** Absolutely.

We've been talking with both the Government of Saskatchewan and the Government of Alberta, and I think part of their interest is because of the need to go to cleaner energy sources. That provides it, compared to coal-burning types of facilities.

**The Chair:** Yes, I've been to the gold mines in Yellowknife, That was quite a few years ago.

With that, thank you all for your presentations. We appreciate your taking the time to come and to answer questions.

We'll suspend for five minutes and then go to the next panel. The next panel is now up to six, so we're going to be tight in questions.

The meeting is suspended.

• (1010)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1015)

**The Chair:** I call the meeting back to order.

Welcome to the witnesses. For those who did make a submission prior to the mid-August deadline, I thank you for doing that. It is on our iPads. The points made in those submissions will be considered as part of the pre-budget consultations, as well as the comments made today.

Just to give you a little perspective of the makeup of the finance committee, this is not the full committee. We travel with seven members rather than the full committee. I will ask members to introduce themselves so you know where they come from and why they might think about things from a different perspective.

I'm Wayne Easter. I'm the member of Parliament for the riding of Malpeque in Prince Edward Island. I have been up in this area probably three times before, once as solicitor general looking at security at the diamond mines and that kind of stuff, so I have some familiarity with the area.

We'll turn to Mr. McLeod, the sitting member in the area. He probably needs no introduction.

If you want to do a quick introduction, Michael, we'll go around the room and then go to presentations.

• (1020)

**Mr. Michael McLeod:** Thank you all for coming. I look forward to your presentations.

As you know, my name is Michael McLeod. I'm the member for the Northwest Territories, and I represent the Liberals on this committee. I'm the newest member of this committee. I was appointed in the middle of September. Prior to that, I was on the natural resources committee and also the indigenous affairs committee. This has been an interesting committee to be on and I'm really enjoying my time here.

**Mr. Francesco Sorbara:** Welcome, everyone. It's great for me to be here in Yellowknife for the first time, and I look forward to your presentations. I represent the riding of Vaughan—Woodbridge, which literally sits right at the top of the city of Toronto. You can walk from one side of the road to the other and be in either one. I've been on the finance committee with the chair since day one, and it has been quite the learning experience.

[Translation]

**Mr. Greg Fergus:** Hello, my name is Greg Fergus and I am the member for Hull—Aylmer, a riding located right beside Parliament, on the Quebec side.

This is my first visit to Yellowknife, but I should mention that my eldest daughter has been here on two occasions. She stayed for three months once as part of the Katimavik program, and then again for three months when as a university intern. She loved Yellowknife, and she talks about it all the time, so I am very happy to be here.

[English]

**Mr. Dan Albas:** My name is Dan Albas. I'm the member of Parliament for Central Okanagan—Similkameen—Nicola in beautiful British Columbia. It's the first time I've been here, so thank you.

Mr. Chair, every time you remind our witnesses this is not the full committee, it's almost like Groucho Marx saying, "If you don't like these finance committee members, I have others."

**The Chair:** Some days we think that.

Pat.

**Mr. Pat Kelly:** I'm Pat Kelly. I'm the member of Parliament for the riding of Calgary Rocky Ridge, the northwest suburbs of the city of Calgary. I'm happy to be here and look forward to the presentations.

[Translation]

**Mr. Pierre-Luc Dusseault:** Hello. My name is Pierre-Luc Dusseault. I am the member for the riding of Sherbrooke, in southeastern Quebec, and I represent the New Democratic Party in the House of Commons. I am happy to meet you all here, in the Northwest Territories.

[English]

**The Chair:** Thank you, members.

Mr. Erasmus, we will come to you when we do presentations.

We have quite a number of witnesses. We've been adding them as the morning goes along. If we could get witnesses to try to hold their presentations to about five minutes, it will give us a little more time for questions.

We'll start with Mr. Tuyishime, from the Fédération franco-ténoise.

[Translation]

**Mr. Jean de Dieu Tuyishime (Executive Director, Fédération franco-ténoise):** Mr. Chair, members of the committee, good day.

I'd like to thank you for inviting the Fédération franco-ténoise to outline the priorities of francophones living in the Northwest Territories, in preparation for the next federal budget.

Since its inception in 1998, the Fédération franco-ténoise has been the voice of Northwest Territories francophones before the federal and territorial governments and their various agencies. The federation also provides a whole range of French language services to the community.

According to the latest census data, francophones whose mother tongue is French account for 3.04% of the general population, whereas slightly above 10% of People of the North have the ability to speak French.

In light of the general community development plan, a product of consultations with Franco-People of the North, and given their understanding of the realities on the ground, the federation and francophone organizations and institutions are in a unique position to implement innovative solutions for enhancing the vitality and supporting the development of Franco-People of the North.

First, in order to invest in these organizations' capacity to carry out their mission, we need to embrace the "by and for" approach, which allows communities to decide for themselves what their needs and priorities are and to make recommendations about where government investments earmarked for their development should be targeted.

Second, we need to give community organizations and institutions the means to provide services specifically designed for the communities they serve.

Third, we need to ensure that every decision and action involving these communities is based on facts.

Fourth, we need to establish strategic partnerships with minority francophone communities as well as with majority language communities.

Fifth, we need to assess the real impact of the situation on francophone citizens.

Let us return to the issue of the steps the federal government could take to help Canadians be more productive. The Government of Canada announced major investments in the fields of infrastructure, digital media, early childhood and youth employment. This represents meaningful action and reflects sound priorities. That said, just because a federal program is offered to everyone, in both official languages, does not mean that it will benefit minority francophone communities.

We recommend that the next budget include initiatives specifically designed to allow minority francophone communities to benefit from investments.

When we talk about our inadequate or non-existent social infrastructure and community centres, when we say there aren't enough resources for French language programs, then we'd certainly be remiss if we let this opportunity to strengthen the francophonie in the Northwest Territories pass us by.

To us, infrastructure funding could mean having a community centre in Yellowknife, or French language daycare centres—both of which are desperately needed across the territory—or affordable housing, which would allow our communities to maintain or increase their demographic weight by ensuring francophone migration and immigration.

In light of all this, I believe that the federal government could really make a difference in our communities by reviewing its investments in social infrastructure and by adding measures tailored to the realities of minority francophone communities.

•(1025)

Funds intended for digital media, including specific initiatives intended for small communities like ours, could help our media organizations, including community radio stations and newspapers, transition to newer technologies as well as promote high speed Internet access in our communities. Similarly, the government could create mechanisms using some of the funds already invested in the youth employment strategy in order to help our local youth find jobs.

The message I want to leave you with today is that enhancing the vitality and supporting the development of Franco-People of the North communities and indeed of all minority francophone communities across the country, as required by the Official Languages Act, can often be achieved through existing programs and investments.

Thank you.

•(1030)

[English]

**The Chair:** Thank you very much.

Turning now to the Northwest Territories and Nunavut Chamber of Mines, we have Mr. Vivian, president, and Mr. Hoefler, executive director.

I know that you went to great lengths to get your document translated so that it could be before members during your presentation.

The floor is yours.

**Mr. Tom Hoefler (Executive Director, Northwest Territories and Nunavut Chamber of Mines):** Thank you very much, Mr. Chair, and members of this committee for inviting us to appear. Please accept our kudos for coming north to Yellowknife for this meeting.

My name is Tom Hoefler. I'm the executive director of the Chamber of Mines. I'm joined by Gary Vivian, our president, who is also chair of the largest northern exploration consulting company. We represent the N.W.T. and Nunavut minerals industry, so we will be speaking on issues of interest to both territories.

We've provided a deck for you, as the chair mentioned, and we'll paraphrase it in the next five minutes. There are a number of key messages we want to leave with you today in the hope that they will find their way into the budget.

First, our minerals industry is the largest private sector contributor to the economies of both territories. In a strong market year, our diamond mines contribute nearly half of the N.W.T.'s GDP. Gold and iron mining too are now growing along a similar path in Nunavut.

Most importantly, our industry continues to make significant strides with socio-economic benefits. This is game-changing, we would say, as we've made some of the most significant economic contributions to indigenous communities and their businesses, residents, and governments over the past 20 years. We have really helped to create and bolster a growing middle class.

Slide 7 in particular speaks to these benefits, which include 13,000 person-years in indigenous jobs, nearly \$6 billion in indigenous business, and over \$100 million in scholarships and donations to communities. Our mines even generate taxes and royalties today for indigenous governments beside payments to public governance.

On slide 7 is a thumbnail of a Mining North document that we've also provided to you today in that package. It details those benefits for later reading. It's very important that we all work to sustain and grow these northern benefits. To that end, we're asking for your help in five areas, described in more detail in our submission.

The first is investment in road and power infrastructure. The north has Canada's largest infrastructure deficit. We have few to no roads, and few to no hydro power facilities in the N.W.T. and Nunavut. Canada was a willing partner in resource development, providing infrastructure like roads, hydro power, and rail from the 1940s through the 1970s, but for some reason that investment dried up. Over the past 40 years, our mines have been supplying their own roads, power, airports, marine ports, and communications, and that makes us less competitive.

We're thankful for the federal commitment to the Tliche all-season road in the N.W.T. We're also hopeful for federal investment in the Grays Bay road and port in Nunavut, and the Slave geological province road in the N.W.T., which would open up a mineral-rich area similar to the very rich Abitibi region of northern Ontario and Quebec. It would also link Nunavut by a road to Canada, a nation-building concept if ever there was one.

•(1035)

We also seek your help in seeing the north represented on the Canada infrastructure bank.

All-season roads would also allow us to use greener fuels, which current seasonal transportation prevents us from using. That is why we're asking for a carbon tax reprieve in the north until infrastructure catches up.

Second, we're asking for help to enhance mineral exploration by firmly extending the mineral exploration tax credit for three years; by investing in geoscience research, which is the R and D of our industry; and by settling outstanding indigenous land claims. These unsettled claims have contributed to the N.W.T. missing out on \$1 billion in exploration investment in the last 10 years, a big hit on many of our businesses and on our economy.

Third, we're seeking help too in building community capacity. We're facing huge employment needs for several reasons. In the N.W.T., replacement and expansion demand will require from 28,000 to 37,000 jobs over the next 15 years. In Nunavut, the baby boom is growing the youngest population in Canada. Infrastructure construction and resource development will help provide job opportunities. We thank the government for their current support but ask that the budget ensure and protect that ongoing training support. Today we have a moderate request of around \$1 million to purchase portable simulators that we can transport to our remote communities to train equipment operators.

Our fourth request is in helping improve our regulatory environment. Our territories are leaders in Canada in environmental legislation and process. That's because our processes are based in land claims. They are inclusive and transparent, and they're very thorough. The environmental review panel that Canada struck reported that they wouldn't review the north's system for those very reasons. They even said that the rest of Canada could learn from the north, but here's the "but" where we need help.

The Harper government made a change to legislation to allow for the recovery from proponents of the "not insignificant" costs of these very thorough processes. Such cost recovery would further hurt our economic competitiveness, something that we desperately need help with. Please do not support creation of cost recovery regulations in the north. In fact, if you have the opportunity, strike down any work on it.

Our last request is for your help with the Arctic policy that is coming. In the interests of time, our simplest comment would be to acknowledge the news release and pan-territorial vision for sustainable development that was issued jointly by the three northern premiers. It speaks to an economic foundation of responsible resource development, leading to self-reliance through infrastructure investments and job creation. Most importantly, it asks that we northerners play a strong and inclusive role in the Arctic policy's creation. We totally echo the three premiers' position on the Arctic policy development.

I suspect that's our five minutes. We thank the committee for the opportunity to present and we look forward to your questions.

**The Chair:** Thank you very much, and thanks for getting those documents translated so people could follow.

From the Northwest Territories and Nunavut Construction Association, we have Mr. Rowe, the vice-president.

**Mr. John Rowe (Vice-President, Northwest Territories and Nunavut Construction Association):** Thank you, and good morning.

**The Chair:** I know another John Rowe, whose name is spelled exactly the same way, from P.E.I.

**Mr. John Rowe:** Well, I have some challenges with this, because this is my actual name, but I go by "Jack". Ever since 9/11, of course, you can't travel unless you use your actual name and I can't get through security with my actual name.

**An hon. member:** Hi, Jack.

**The Chair:** Welcome, Jack.

**Mr. John Rowe:** Thank you very much for coming, and welcome, all of you, to the north.

You all have a copy of the package that we submitted. Rather than go through the specifics of it, I'll just say this region—both Nunavut and the Northwest Territories—is very lightly served by infrastructure. In fact, almost half of our communities don't have all-weather road service. That drives the cost of putting infrastructure into these communities to a high rate. The majority of the communities don't have actual piped water and sewer. They rely on truck water and sewer. There's been some work done to try to develop additional water treatment plants and whatnot, but without accessibility, that all takes a lot of extra money. This comment has already been put forward, but accessibility in the north is very difficult without having additional infrastructure investment. We have a small economy—there are 40,000 people here in the Northwest Territories, and it's similar in Nunavut—so you can't physically pay for that infrastructure, and that impedes economic development.

We would strongly encourage the federal government, when looking at putting money in and developing the resources to support infrastructure, to work with the current structures, such as the governments that are there, rather than developing another infrastructure. We've seen past efforts made to try to put in additional resources, for example, setting up a different way of funnelling the money through or putting the resources in. It becomes very tedious and it's hard to make sure that everything is supported there.

Comments were made that the majority of money that's spent on development of infrastructure actually flows through to southern Canada. The comments come back, "It's a small population, why should we put that much money here?" If you look at developing a mine or road up here, I would say that probably 80% of the money flows through the south, whether it's through employment income, taxes on fuel, the actual cost of fuel, or the structures. We don't have a lot of those facilities here, so the money is actually flowing back through to southern Canada, and it helps everything else.

To get to the two specific questions that you had, we don't have a lot of comments on how you help Canadians be more productive, beyond support for education and training. That really needs a push.

What federal measures would help Canadian business to be more productive and competitive? I don't think it's a secret out there that there's not a lot of businesses that are in support of the proposed tax reforms, so it should be delayed and looked at as to what the reality is. There's some talk about taking the dormant money out of small businesses. I was talking to some of my colleagues here, and they're not really sure what dormant capital is in small business, especially in the north. You utilize everything that you can, and access to capital is a big shortfall.

I have one suggestion. Going back many years, the federal government had an investment tax credit that actually encouraged businesses to invest in equipment. We have a situation here right now where we're looking to try to reduce our carbon footprint. One of the ways is to try to invest in new equipment and to use more fuel-efficient equipment. That whole process should be reviewed, for two reasons. It allows businesses to be upgrading their equipment and to be more competitive in the field, and it also reduces the consumption of diesels and whatnot. We support the Canadian Construction Association's initiatives and their submissions to your group here.

That's the gist of our presentation. As I said, you have the formal copy; I just wanted to speak to it.

Thank you.

• (1040)

**The Chair:** Thank you very much. All the members have all the submissions that were made prior to mid-August on their iPads, and they're certainly part of the discussion.

Next is Mr. Wever, president of the Northwest Territories Chamber of Commerce. Welcome, and the floor is yours.

**Mr. Trevor Wever (President, Northwest Territories Chamber of Commerce):** Good morning. Thanks, and good job on pronouncing my last name correctly.

Thank you to the committee and staff for including Northwest Territories Chamber of Commerce in these important pre-budget consultations. For today, the NWT Chamber of Commerce was asked to provide input on two specific questions. We welcome this opportunity to provide input on key northern issues for consideration by the finance committee and the pre-budget consultations.

The overall message will be fairly similar to what you've heard so far in terms of energy and infrastructure. On the first question, of what federal measures can help Canadians be more productive, I have a couple of examples. One is training and increased funding to the Aurora College to deliver an industry-led training program. That training is an immediate need for industry. Another example is the extension and expansion of the Canada-N.W.T. job grant.

In terms of mobility, transportation infrastructure is a problem. The N.W.T. represents a vast land mass with very little transportation infrastructure available to connect communities. The limited infrastructure that is available is aging and unable to support future growth opportunities, while in part contributing to the high cost of living, poor delivery of sustainable health care, and lack of socio-economic wellness.

Another example for mobility is affordable energy, which is currently non-existent in the N.W.T. as compared to more southern

parts of Canada. This is one of the single largest drivers of the high cost of living for people in the north, and contributes to the stagnant productive growth in the territory, as well as limiting opportunity for its residents because the majority of their income is directed towards struggling to support basic living necessities.

The federal government's carbon tax plan is further exacerbating this cycle and is especially harmful in the Northwest Territories, where advanced technology and sustainable green energy solutions are not available and cannot be feasibly supported with the existing infrastructure. We need to see the revenue generated through any carbon tax diverted back to advancing made-in-the-north solutions to promote more sustainable energy solutions, rather than seeing those funds funnelled into unfamiliar pools.

On the second question regarding what federal measures could help Canadian businesses be more productive or competitive, again—you've probably heard this a few times now—the answer relates to the proposed changes to the small and medium enterprise tax regulations. The proposed regulations will be disastrous to small and medium-sized enterprises, despite what the federal minister is saying. Small and medium enterprises are the backbone of any diversified economy, and to propose changes that would essentially handicap them is entirely counterproductive. This is especially true in the Northwest Territories. Although our economy is augmented by the contributions of large corporations, primarily with the operating diamond mines, we are largely reliant upon ongoing contributions of small and medium-sized businesses to provide essential goods and services, as well as employment opportunities.

These same small and medium-sized businesses contribute to their local communities in all conceivable aspects, through good corporate citizenship, community social involvement, and charitable support. The owners of these businesses are not the elite one per cent that everybody assumes. These are hard-working, humble people who have worked, sometimes for generations, to build their businesses and often sacrifice their own well-being in order to keep the business afloat and generate employment during economic slow times.

In regard to the carbon tax plan, as mentioned earlier, a made-in-the-north solution is the only solution to support the carbon tax. An off-the-shelf version that may work in the southern one-third of the country will only further escalate the unsustainable costs of living and doing business in the Northwest Territories, where there are no realistic options for greener technology.

In terms of infrastructure, energy, and transportation, the Northwest Territories is a source of vast wealth to the Canadian economy. This has largely remained untapped, due primarily to a lack of dependable infrastructure. Major transportation corridors, upgrades to airports, and upgrades to underutilized hydro power are essential to promote economic development in the Northwest Territories. In many instances, the required investment to link some of these existing infrastructure projects is very minimal, but will pay dividends for generations to come. At the very least, these are nation-building projects that would further support the federal government's commitment to northern sovereignty.

•(1045)

Although we are grateful for recently announced financial injections from the federal government for infrastructure projects, the allocated funds are woefully inadequate to make a meaningful and long-lasting impact. We would encourage the decision-makers in Ottawa to visit the Northwest Territories and meet with key stakeholders to get an honest, first-hand view of what we're dealing with and the level of involvement required.

That's what we have. There are obviously lots of other key things that we're working on, but for a five-minute presentation, these are the highlights.

•(1050)

**The Chair:** Thank you very much. To say that we've heard on the tax issue a few times I think would be going fairly light on the subject. We have heard multiple times.

**Mr. Trevor Wever:** Is it working?

**The Chair:** I think it is working, but I guess we'll see at the end of the day.

Next we have Ms. Wawzonek, with YWCA Yellowknife.

[*Translation*]

**Ms. Caroline Wawzonek (Vice-President, YWCA Yellowknife):** Thank you, Mr. Chair.

Good day. I would like to welcome those of you who are here for the first time.

[*English*]

I am here on behalf of the YWCA. We've been servicing the north now for over 51 years. We support the submission that was put in by YWCA Canada. In addition to that, we want to provide some specific comments on the situation facing women, children, and families in the north.

By way of introduction, I want to note that it's our view that we actually share a similar mission to the members of the committee. The mission of the YWCA NWT is to build safe and equitable communities where women, girls, and families can realize their full potential. We'd like to assume that the allocation of federal resources would likewise aim to build safe and equitable communities for all Canadians, where they can realize their full potential.

Our expertise is such that we'll be focusing solely on the first question that was put forward, namely, what federal measures would help Canadians be more productive. While one may not expect the YWCA to have a similar viewpoint to some of the other economic-focused entities that are here, I would say that we share their view that infrastructure is in fact one of the critical things facing the north. From our perspective, it's specifically physical spaces for transitional emergency housing, as well as for child care facilities. Again, we take the view that it's an infrastructure investment that you can [*Inaudible—Editor*].

I'll speak first on affordable housing and emergency shelters, and the situation facing the north. The YWCA welcomes the development of a national housing strategy. It was a meaningful infusion of \$11.2 billion in the 2017 budget. That said, we are concerned that the calculation of funding allocation was perhaps premised on an

incomplete picture of the state of housing in the north. I'll give you three specific examples.

First, the YWCA NWT manages Lynn's Place. This is the only women's transitional housing facility anywhere in the Northwest Territories. It services Yellowknife, obviously, but it also services the entire region. The building is a safe place for women who need housing after a violent relationship. It's a place where they can find stability and safety, so that they can re-enter the job market. It's a success story. However, it is only phase one. It was only ever intended to be phase one. There is still phase two that could come. Land is set aside and there are potential partners in place, but we lack the capital commitments to actually begin construction projects. A federal contribution to kick-start that project would have a significant impact on women in the Yellowknife region, but also on some of the individuals you've heard speaking here today, who also are looking for similar types of opportunities to engage in construction projects.

Second, the YWCA NWT is responsible for the management of Rockhill apartments. These are subsidized apartment buildings for families. There are also two full-time family support workers, who work with residents so that they can go back into the regular market economy. It is a unique facility and service in the north, and one that therefore benefits not only Yellowknife, but all of the NWT region. It's also a success story, as families again transition back into the regular rental marketplace, as well as a crucial safety net.

The YWCA's lease on the Rockhill building will be up in early 2018. The building has been identified as one, arguably of many, that has critical asbestos remediation problems and likely requires a complete plumbing overhaul. The families living in the 33 housing units cannot stay there when this is happening. There is no solution to what will be a problem within the next 12 months. Again, an infusion of federal funding, partnered with local funding to seek an option for physical infrastructure, whether that be a new facility or renovating the existing facilities, would support solutions for these residents and those who are on the waiting list to get in.

Our third example with respect to housing is the Northwest Territories shelter network, which is chaired by YWCA NWT. This links the five emergency shelters that are spread out across the territories. In this capacity, we hear both from the women we are serving, as well as our colleagues in these shelters, first, about the power that can be held when someone's name happens to be on the lease of their housing, and second, about the difficulty that women face in terms of getting out of these communities if they need to. In many instances, they require two plane trips in order to access emergency facilities.

Again, infrastructure funding would assist in some of the smaller communities in accessing locations, but chronic mould and asbestos remediation are also concerns that face almost every one of these shelters and certainly will face them as they look to expand.

I believe it has already been mentioned to you that we're all grateful you're in the north to actually see on the ground what the situation is, but Yellowknife is sort of the south. We're not really the north, and it's the smaller communities where you would truly see the situation that is facing many of those communities. There are boarded-up homes, boarded-up windows, and houses that are essentially derelict.

The 2017 budget included federal funding for shelter renovations, but in many cases, as I've said, these buildings are really beyond renovation.

There are no interim solutions for these overcrowded facilities. They can't simply be torn down. There's nowhere else for people to go.

What we propose is that there be capital infrastructure funding to assist in building entirely new structures. This would also require a realistic assessment of what those costs are in the north given the rural situation we are facing given our geographic isolation. I believe that was amply identified by the construction association.

Our second proposal we would like you to consider is around safe and affordable child care. The YWCA NWT again acknowledges the 2017 budget commitment to spend \$7 billion on a national child care strategy and initiative. We certainly welcome the development at long last of a national child care framework.

In 2015, the GNWT commissioned a major study into the feasibility of universal child care here in the north. It was long overdue. There are at least 12 communities in the north with no licensed facilities whatsoever, and it was described in that study as essentially a cottage industry. Certainly this would impede women's participation, and, indeed, not only women but families' participation in the wage economy.

Universal child care, it was discovered, could be based on \$21 million per year. This would assist not only the facilities and the spaces but also in having trained caregivers who are there to help educate and equip the next generation.

The YWCA NWT were recently approached by the Fort Smith Day Care Association to assume the responsibility for their association. They have run into either political or logistical hurdles trying to find a safe space to construct a day care facility in Fort Smith which is one of our more major centres. Although it has been two years since the study was commissioned, here in the Northwest Territories, we continue to struggle with this issue, often from the perspective of actual logistics and actual physical spaces. The Fort Smith association received verbal commitments from the Northwest Territories Housing Corporation to have access to a space, but this will not be a new space. It will no doubt require renovations, hopefully not asbestos related. A federal commitment to child care infrastructure would again make a significant difference in Fort Smith as well as the other 12 communities with no current facilities.

In closing, as you travel, the YWCA NWT hopes you will remember that infrastructure development can mean many things but also that costs of that development can also be very wide ranging. We also hope you realize infrastructure, of course, means a foundation that is ultimately one of human capacity.

We would suggest you stay focused on our shared mission, which is one of building safe and equitable communities so Canadians of any gender can grow to their full potential.

Thank you.

● (1055)

**The Chair:** Thank you very much.

Next is Ms. Rabesca Zoe.

**Ms. Bertha Rabesca Zoe (Legal Counsel, Tlicho Government):** I don't have prepared notes. We could have something for the committee in the next while, if we need to.

● (1100)

**The Chair:** Everything is being recorded in any event, so you're okay there.

**Ms. Bertha Rabesca Zoe:** Okay.

My name is Bertha Rabesca Zoe and I'm legal counsel with the Tlicho government. I'm here to talk about self-government funding. As we all know, the Prime Minister has stated that nothing is more important to him than the indigenous people and the reconciliation efforts. He has also said that building nation-to-nation relations is key and front and centre for this government. We applaud the government for that.

The Prime Minister's words are also reflected in the mandate letters that ministers Bennett and Philpott have received. Currently, one that came out with the splitting of the department, the mandate letter to Minister Bennett talks about building capacity and developing a whole-of-government strategy. As land claim bodies, that's something that the Tlicho negotiated. We have a self-government and land claims agreement that has been in effect for 12 years now. We've always talked about a whole-of-government approach to our land claims. We didn't sign the agreement with INAC, but with Canada. In the mandate letter, it says the minister should work with the Minister of Finance to establish new fiscal relationships based on sufficient, predictable, sustained funding. These are the kinds of words that industry likes to hear and work under: predictability and sustainability. We do as well, as land claim bodies.

I bring this matter forward to this committee because you're going to be looking at what should or what could possibly go in this coming year's budget. One of the things that the Prime Minister has been talking about, as well as the minister of Indian affairs—it's a new name now, it's not INAC, it's INAN, I think...acronyms—is gaps. As we all know and as you've been hearing here, there are infrastructure gaps. There are social gaps and housing gaps. There are so many gaps here for indigenous people. We're down here and the rest of mainstream Canada is up here.

Through the financing arrangements we have with Canada, one of the things that we have is an agreement.... The previous government came up with a new funding model. We call it the Valcourt document or the blue book, which is based on the Indian Act model, which we tried to get away from. As you know, this government is committed to doing away with the Indian Act, so since the new government has come into place, the minister has agreed to work with self-government groups across Canada on collaboratively developing a new fiscal policy, which is unheard of. It's a whole new beginning. It's a process that we're very involved in and out of this process, we've come up with a funding model that reflects the real costs of governance.

We've gone through the whole exercise of figuring out how much it would cost for each self-government that's out there in Canada. There are about 20-something self-government groups in Canada. There are four proposals that we've submitted. One is on a new methodology for determining governance funding that determines actual costs for a government. We've worked out a methodology for that and we've submitted some proposals.

The other three proposals are for what we call catch-up funding. One is on infrastructure. When you take over a community in a self-governance situation, you also acquire a lot of assets and liabilities and a lot of these are buildings that you end up owning are dilapidated and unusable, but you don't have a choice. There's a lot of these infrastructure gaps that we'd like to look at, as part of this proposal.

Another proposal has to do with public housing. One of the questions here is about how to be more productive. What would it take for people to be more productive? There are ample studies out there that show that if you improve social housing, you improve a lot of other things that come along with that, so we've put together a proposal on housing.

•(1105)

The fourth proposal has to do with social gaps. This government has been talking about bridging that gap. Social gaps are huge, so these proposals talk about what those gaps are, how to identify those gaps, what our baselines are and what we have in our communities right now. We need to do a lot of work in those areas to be able to say, "Here's the problem and this is the gap, so now what do we do to close this gap and move forward?"

Those are the proposals that we've submitted. Again, I'm not speaking only for the provincial government, but on behalf of all my colleagues who have worked collaboratively with Indian affairs on these proposals that we submitted to them, but the collaborative process itself is going very well. It's a whole new relationship building that this government is pushing and very committed to.

When we talk about self-government situations or land claim agreements, there are 4,000 citizens and we own 39,000 square kilometres of land surface and subsurface. That's about half the size of Nova Scotia. Those are the kinds of relationships that we have with Canada, in terms of treaty building and building those kinds of relationships that deal with jurisdiction, resources, lands, access, and industry. Industry is very crucial in our territory and we have relationships with industry. We have IBAs and other arrangements as well. Our businesses are very dependent on that.

We did a study on our land claims and the impact on the northern economy about four years ago. The study said that we've contributed about half a billion dollars to the northern economy through our land claim agreements. Even by themselves, land claim agreements are crucial to the economy of the north, and to capacity building, and all of those things that come along with that. Self-governance is also crucial because in order to be adequately funded, we need to be productive in our involvement in nation building, not only for ourselves, but for the north, as well as Canada.

My submission today has been to make you aware that there are these proposals that have been submitted to Indian affairs and we hope to have them included in the 2018 budget. We're really hoping that the self-government funding model would be put in this year's budget.

That's my submission.

**The Chair:** Thank you very much, Bertha. If you could send us that social housing proposal, it would be helpful as well.

We're turning to the Dene National Chief, Mr. Erasmus. Welcome.

**Chief Bill Erasmus (National Chief, Dene Nation):** : Mr. Chairman, thank you for the invitation to attend the proceedings of the standing committee.

I'm the national chief for the Dene Nation, but also the Assembly of First Nations' regional chief for the Northwest Territories, so I have a number of hats that I have to wear.

Actually, a lot of what I will say this morning will complement what Ms. Rabesca Zoe just commented on. There is an Assembly of First Nations-Canada fiscal relations table that was set up approximately a year ago and the whole initiative is designed to look at the funding arrangements between first nations and the crown. As you're probably aware, we don't entirely know how much money is annually set aside for us. It is commonly called Indian money that comes from the Treasury Board, which essentially comes from the wealth of the land, not from taxpayers' dollars. The difficulty is that we don't know exactly how much money is set aside each year and then we don't know where the money goes. We know some of it goes to the provinces, some to the federal government, some to the territorial governments, and then some to ourselves.

Part of the exercise is to look at that and help to streamline those dollars to our communities, so that we get the dollar value for the money that's supposed to be allocated to us. That whole exercise is in play. There was a recent announcement that you may have caught this summer between the AFN and the Indian affairs department where they announced that they're going to initiate the ability for our people to carry over surpluses from now on. What has happened over the years is that we're never able to carry over surpluses, so you find that, at the end of the fiscal year in March, everyone is trying to spend because they don't want to send money back to the federal government.

That'll provide more stability, security, and long-term financing, so that we're able to carry on our own affairs in a much more comfortable way. That's one of the recommendations. There should be a lot more. Right now, there are engagements taking place across the country with that committee. We will have one later this month, here in the north, and we'll bring our concerns forward at that.

A part of this is also related to the relationship we have with the territorial government. As you're probably aware, our people have relocated into communities in the last 40 to 60 years and prior to that, the territorial government assumed authority over our programs and services. Therefore, in competition with the federal government, there's always somebody taking care of our affairs except us. The Tlicho government is really the only government in the north that is governing themselves. That is only four communities out of 30, so the great majority of us don't have that ability to govern ourselves, although we're trying to strengthen this government-to-government relationship that we have. Since the territorial government assumes that authority without our agreement, it makes it very difficult for us to plan and to make our own communities function the way we want them to, so that's an ongoing struggle that we have.

One of the good things that is also happening with this government is that they've agreed to have a federal policy and legislative review that you're aware of. It is headed by Justice Minister Jody Wilson-Raybould and a number of other ministers. They're looking at old policies, practices, and legislation, like the Indian Act, and they want to come up with new ways of dealing with us.

• (1110)

We're quite pleased to see that because we've just recently gone through this whole exercise of devolution in the Northwest Territories. It was not planned out well. It was forced upon many of our communities. We want that as part of this review because to date, there are at least 15 or 16 communities that have not agreed to the devolution of authority from the federal government to the territorial government. The big reason is that these people are all at negotiating tables and are trying to work out a political and fiscal relationship with the crown, so that whole body of legislation has to be reviewed as part of this.

We're not going to come to you and ask for money or tell you how to allocate it, but there needs to be a realignment. There's a reason the federal government allocated monies to our people, from the early days. It's a federal commitment. It's an ongoing commitment from the Treasury Board. We need to straighten out the process, so that funds are given directly to our people and there is no more

middle man, whether the allocation is done through the Department of Finance, or Indian affairs, or the provinces or territories. The arrangement needs to be with us. If you can help to understand that, it may take some work with—is it the Auditor General's office? I get mixed up with the titles. In any case, a number of departments will need to work together on this.

Those are the comments I wanted to make. I'm also quite pleased to have you in the north. .

• (1115)

**The Chair:** Thank you very much. We're certainly pleased to be here because there's nothing like being on the ground. I wish we could be a little further out of Yellowknife, but we don't have the time.

I'd like to thank all of you for being witnesses.

We're only going to have about five minutes each for the rounds of questioning because we have to be over at the legislature and we have a couple of open-mike presentations.

Go ahead, Mr. McLeod.

**Mr. Michael McLeod:** Thank you, Mr. Chairman, and thanks to everybody for their presentations.

We probably need a few more days to talk about all the different subjects that have been raised today. However, I'm very happy that the finance committee is here. I think this is their first visit to the north. There's a lot of interest and time is limited.

I'd like to make a couple of points.

Billy, I'll just let you know that I think the indigenous affairs committee is coming north in two weeks from now. It'll be a good opportunity to raise some of the issues.

A very important issue we have is the way that money flows to the north. It's not a straightforward system. There's a lot of finger pointing going on back and forth between the federal government and the territorial government on indigenous responsibility. The mandate for indigenous affairs stops at the border. We don't live on reserves. As you know, we have public communities and that really poses a lot of challenges. We need to figure out how this money flows to us, if it does, and if we're on par with everybody else. This is a subject I've raised many times.

Bertha, to the point that you raised on the land claims agreements, they've been doing some really good work and I'm glad that you're moving forward.

I'm trying to get an understanding of how much money we're talking about. With the 20 groups moving forward on their various proposals, what should this committee expect as a lump sum that you would like to see in the 2018 budget?

**Ms. Bertha Rabesca Zoe:** In the methodology that we worked out, there is some basic stuff that's required for governance, such as staff, to operate as a government. I'll set the context in terms of self-governing groups. There are about 11 in the Yukon and then in the Northwest Territories, there's ourselves and Deline. In B.C., there are some as well, such as the Nisga'a, Tsawwassen, Maa-nulth, Westbank, as well as others. Some of these are smaller than the Tlicho, so then you get problems related to aggregation. Some of the communities are single communities. For instance, the Tlicho were a regional self-government, so we have four communities. These things all need to be factored in.

For governance, we're looking at roughly between \$4 million and \$5 million for each community. These numbers are based on the costing exercise that we did.

**Mr. Michael McLeod:** Thank you.

Mr. Chair, I have one more quick question both for John/Jack and Tom regarding how we make the north a better place to invest. We talked about some of the suggestions, like the mineral or infrastructure tax credits. We also recognize that our north is still very pristine. There is not much in terms of infrastructure investment. Regarding transportation, especially airports, they are still too small. Most of the communities don't have roads.

When I raise the issue of making the north a better place to invest and I start suggesting tax credits, it's always flagged. "Do you want tax credits or do you want infrastructure or are you asking for both?" Of course, I'd love to have both, but if it was a toss-up and if there were a choice, where would we go? Where should we be leaning? Is it on the infrastructure side or on the tax credit side?

**A voice:** Infrastructure, for sure [*Inaudible—Editor*]

**Mr. Michael McLeod:** Maybe you could say that into the microphone—

• (1120)

**Mr. Gary Vivian (President, Northwest Territories and Nunavut Chamber of Mines):** I'm Gary Vivian.

In response to Mr. McLeod's question, certainly industry would be more interested in infrastructure rather than tax credits, if we had to make that choice. We see that as the quickest way to increase investment in both territories.

**The Chair:** I didn't quite hear the answer. In both territories...how did you respond to that?

**Mr. Gary Vivian:** My answer to Mr. McLeod's question was that infrastructure would be the critical component, if we were putting tax credits and infrastructure on the table. We would choose infrastructure every time. It's the quickest way to increase investment in both territories.

**The Chair:** Go ahead, Mr. Kelly.

**Mr. Pat Kelly:** Thank you.

We had a number of really good, quite targeted, and specific recommendations from just about everybody. That is very helpful for the committee's work.

I want to talk about the carbon tax. Mr. Wever, you have made some strong points. Observers have noted that many of Canada's

most vulnerable people will be among those who will be affected most by this carbon tax, as it comes into force and the effects are felt. The carbon tax makes food, home heating, and transportation more expensive.

Nowhere will these things be felt more acutely than in the north. We've heard every witness, in one way or another, touch on the challenges of living in remote areas and how much more expensive everything is because of the infrastructure challenges and deficiencies. We heard this morning about a jar of jam that costs \$2-and-something in Ottawa and—I can't remember the figure, whether it was \$10 or \$12—it was \$12 there. Is there any spare room for additional cost of living imposition in the north?

**Mr. Trevor Wever:** I would say no. I think things are stretched as far as they can be, plus some. Everybody in the north is resilient. If you throw us in the dirt, we'll always find a way to get it done, but if we are burdened with a form of carbon tax, that revenue has to go back into supporting greener technology or some realistic alternative for residential and commercial use.

One of the reasons it costs so much for transportation in the north is that our airports are aging. They don't support newer airplanes. In many communities, the only way to get consumables in and out is by air. There's a reason we're still flying around 60-year-old jets that burn tons and tons of gas and even in some airports, you can't get in with a jet.

As for the main economic drivers with the three operating diamond mines, they're producing their own solar and wind power. They're building their own roads. They're doing what they can, and then to throw on a carbon tax.... For one operating mine alone, from what I understand, over 10 years, it's going to add an additional \$13 million in operating expenses to their mine. They can't pass that on to the customer. The pie is the same size no matter how you slice it, so if you're going to start chipping away at it, they're going to.... They need to manage their business as best they can too, so the other option is to start pumping more rock through the mill, get it out as quick as you can, and shut the lights off as quick as you can.

There's another project close to Yellowknife that's near to becoming a reality. Their biggest challenge right now is a sustainable electrical energy source. The grid here right now won't support it. They need about 50 megawatts of power. Wind or solar energy doesn't give them the initial bump they need when they turn the switch on for all their big electric motors. There's a tremendous amount of untapped hydro power in the region. Just south of the lake, the Taltson hydro project could quite easily be tapped into the North Slave grid through about 300 or so kilometres of new line. That would instantly give that project the electrical power they need, plus it would take a lot of the communities downstream off diesel and give an additional backup source for Yellowknife.

• (1125)

**The Chair:** Before I go to Mr. Dusseault, Mr. Erasmus wanted in earlier on Michael's question about how to make the north a better place to invest, I think it was.

Go ahead, Willy.

**Chief Bill Erasmus:** Thank you.

Thank you for that information about the discussion that will take place in a couple of weeks.

You hit the nail on the head. As treaty Indians in the north, the difficulty is that we're treated differently than the people in the south. It's primarily because, for most intents and purposes, we're not on reserve lands. The reality is that our rights are mobile across the country, but if it's a question of property rights, then let's deal with that. If it's a question of the Indian Act, then let's deal with that. We're the only people in the country who need a public government and are unable to govern ourselves.

The other thing is that there's an absence of an economic plan. There really is no economic plan in Canada that we can call a Canadian economic plan. There are none in the provinces or territories. We need to develop a plan, much like we need to develop an environmental plan. Everything's proposal driven. If you look at the tar sands, which is south of us, we're downstream from all that. It's all proposal driven and 100% of the proposals that have been submitted have been approved. There's no future planning. It's just proposals. We need a plan and that plan needs to include first nation economies. What are the economies of the first nations? In the early days, there was a huge reliance on the fur trade. There's a huge transition now, but we need to look at that and work together with these gentlemen here and the other people around the table. It's a small population in the north. We need to use the dollars, so that it reaches all of us.

Thank you.

**The Chair:** Mr. Dusseault.

[Translation]

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

I would also like to thank the witnesses for their presentations.

I will unfortunately not have the time to address a question to each and every one, but I appreciated their presentations nonetheless. I also appreciated your claims to self-governance as well as your desire for greater control over your territory's finances and its programs intended for linguistic minorities.

My question deals with mines. On the issue of infrastructure, there is a chart that surprised me quite a bit, the one that shows the lives of mines here in Nunavut. I am trying to square the massive infrastructure investment required for these major projects with the fact that, for the most part, they are rather temporary and span a fairly short period.

A bit earlier, officials from the Government of the Northwest Territories spoke of a project that was meant to transport electricity to a mine, only that mine had all but run dry by the time everything had been approved. I would like to know what the best solution would be to an issue such as this. These projects are time-limited and yet require costly public infrastructure projects to be carried out.

• (1130)

[English]

**The Chair:** Go ahead, Mr. Vivian.

**Mr. Gary Vivian:** Mines do have a finite life. There's no doubt about that, but we consider the exploration and mining industry to be a renewable resource. We don't consider it a non-renewable resource.

Building a road infrastructure, for example, from Yellowknife to Grays Bay on the Nunavut coast would open up a significant territory, which would affect the mines that operate now. What it doesn't include is....

If you think back 25 years ago, there wasn't even a diamond found in Canada. That's how technology has changed. Needs change. When you have that infrastructure to open up significant areas for exploration, it brings significant investment into the community.

It's not just that mines are finite; what it does is turn over exploration opportunities, which we like to call.... Mining is a renewable resource.

Just like Con and Giant, which were based in Yellowknife for 65 years, there is probably a good opportunity for more resources around Yellowknife now. We see TerraX looking at the Yellowknife greenstone belt.

Mines can be a renewable resource, not a non-renewable resource, because exploration and technology change. People's thoughts change about how mines can be found and what minerals become a sought-after commodity.

[Translation]

**Mr. Pierre-Luc Dusseault:** An excellent response, indeed. It could also potentially serve as a vector of new development in the future.

The YWCA mentioned how difficult and costly it is to travel between communities. As concerns women's groups and other groups that fight for social justice, is the current funding consistent with the reality of the situation in the Northwest Territories and the distances involved?

You gave the example of women that require two plane trips to be able to leave their community and find shelter. Does the funding you are given reflect these realities, and if not, do you believe it should?

[English]

**Ms. Caroline Wawzonek:** I apologize, but I am going to answer you in English.

You'd be hard pressed to find a social justice organization that doesn't suggest they should have more funding. Realistically, as far as funding allocations go, it's an industry. The non-profit industries always operate on a very narrow margin, and that's even more acute in the north, where, as Mr. Wever has already said, you sort of make it work.

Absolutely, if there were more funding that was reflective of the fact that some of the organizations in the north are servicing a population that is extremely disparate, that the programs we're delivering aren't simply being delivered in a large centre or in a large or a single community but into smaller communities—then that would provide that opportunity for travel.

I will give you a specific example with respect to the shelter network that we're currently chairing. In order to bring the five shelters together, it's \$10,000 to get everybody into the city for a week. That's the only opportunity to provide meaningful training that is then able to be taken back to these small communities where these projects can be delivered. I know that some of the other groups in town, for example, the Native Women's Association, face a similar challenge, that when they want to bring their membership together for a week of training or participation or development or growth, again, the simple costs of bringing people together are into the tens of thousands of dollars for a week of training. I assume, being that you are all present here, that you can experience the difference that it is to sometimes sit in a room together.

The short answer is that funding that is reflective of the geographic impact and the lack of infrastructure alternative—we have to fly—would certainly make a difference in terms of developing capacity in these organizations.

• (1135)

**The Chair:** Thank you.

Mr. Rowe wanted in earlier on one of the questions.

**Mr. John Rowe:** The point that you raised about the mines.... I didn't see it covered.

Back in about 1963 they established Pine Point mine, which created a huge demand for infrastructure. They set up the Taltson hydro system. They set up the rail going to Hay River and on out to Pine Point, and they set up the road infrastructure. Without that mine, none of that infrastructure would be in place. That infrastructure is left in place. The railroad continues to serve Hay River through the port going north, so it helps reduce costs in the transportation of goods. The roadway is now opened up to Fort Smith, and there's access to Fort Resolution. It's enhanced travel arrangements for people, and the power, which has been a long-time infrastructure development. Now we see a need to expand it.

We look at costing these pieces of infrastructure strictly on that one mine and say it's short term, but we have history there that tells us that 50 years later it's good.

**The Chair:** Just before I go to you, Francesco, on the discussion earlier on infrastructure, I think it was Gary who said there's a preference for infrastructure over investment and tax credits. Maybe I'm wrong on this—I have some familiarity with them because I used them myself in my own operation—and you mentioned earlier, Jack, on investment tax credits, that they would apply more to equipment, technology, and that kind of thing rather than basic infrastructure. Is that what you were thinking on investment tax credits?

I think it was you who mentioned them earlier.

**Mr. John Rowe:** That's correct.

The question was whether there was a preference between infrastructure and investment tax credit. Given a specific preference, it would be infrastructure. The investment tax credits go across Canada, so they're not specific to a region, but they would help stimulate all sorts of regions. Here in the north, infrastructure is the biggest requirement.

**The Chair:** It's critical, but on an operation.... I guess I'm coming from a standpoint of thinking both, because I think investment tax credits can move you to productivity in terms of new technology, innovation, etc., and it isn't actually money spent, it's opportunity lost by taxation.

**Mr. John Rowe:** Perceived money lost.

**The Chair:** Right.

Mr. Sorbara.

**Mr. Francesco Sorbara:** Good morning, everyone. Thank you for your presentations.

Mr. Erasmus, the context of the nation-to-nation dialogue our governments are having is something I'm very proud of. I'm not as up to speed as Michael is on a lot of the issues, and I wish I could ask you some questions, but I'm going to fail on that part this morning, because I'm just not up to speed.

One thing I want to ask Gary and Tom, and then you, sir, as well, is about getting the local population involved in the diamond projects that happen. Let's set aside any speed bumps in getting the projects to happen, but how are we doing? As someone who represents a riding attached to downtown Toronto but grew up in northern British Columbia, how are we doing in getting the local population to get the benefits of the natural resources that are bountiful up here in the north?

• (1140)

**Mr. Tom Hofer:** If we turn the clock back about 25 years, before diamonds were discovered here in the Northwest Territories, we had virtually nobody in the aboriginal community working in our mining industry. There were some, but not a lot. We probably had a handful of businesses that could service the mining industry that were indigenous back in those days.

Since diamonds have come along, there's been a really strong effort by companies, indigenous groups, and government to help improve that. Through things like socio-economic agreements, impact and benefit agreements, and actions like that, today we have on the order of about 835 indigenous mine workers, which is about half of our northern workforce. The other half is a fly-in fly-out workforce. It's predominantly non-indigenous. We have almost \$6 billion in indigenous business payments from those mines, in constructing and operating them since 1996.

That's a significant burst of growth in the last 20 years. The key is, mines don't last forever, so we need to be finding new mines to replace them so we can sustain that level of employment and even grow it.

The critical factors, then, are training people, to give them the skills. If you look at our education levels here, in the indigenous communities they are lower than in the non-indigenous population. We need to keep that effort on education, and get more people through high school and into the trades and professions, so training is a big opportunity there.

**Mr. Francesco Sorbara:** I'd like to get Mr. Erasmus's take on this, because it's important for me.

**Chief Bill Erasmus:** Someone mentioned this morning—I think it was Gary Vivian—that ultimately the land claim agreements need to be settled. To us, that's the big thing, and I'll speak briefly to it.

In the early 1970s, we took Canada to court on the question of land ownership, which includes the resource revenues. We won in the Supreme Court of the Northwest Territories, where Justice Moreau said that we didn't give up our lands or rights within the treaty process, and that we still had ownership of the land. If you're from B.C., you've heard of the Calder case. It came out the same year. Then, all of the discussion on land claims began.

We're still at the land claims table, since 1973, so it's way overdue. We need to settle this. If we own the land, then let's come to terms with that. We're not about to chase anyone out. We want to settle that, be understood, organize this government, and work with industry and everyone else.

I don't think industry cares who owns the land. They just want to know what the rules are to do the things they're talking about. If we're able to do that quickly, then we can make a lot of progress.

**The Chair:** Thank you. Yes, indeed that's a long time.

We'll split the five minutes between you, Mr. Albas, and Mr. Fergus.

**Mr. Dan Albas:** Thank you, Mr. Chair, and thank you to all of our panellists for their expertise and welcoming comments.

I'd like to go right to the suggestions on page 13 of your brief, Mr. Hoefler, in regard to enhancing mineral exploration. In my region we have two copper mines that have done a great job of promoting a lot of economic development. We have Chuck Fipke, who makes his home in Kelowna. Obviously, he can attest to the importance of exploration and making sure your industry has a stock of inventory ready to go.

When it comes to the three-year extension, because it's going year to year with the exploration tax credit, can you explain why the government should seriously consider moving from three to five years, because of what that does for your industry?

**Mr. Tom Hoefler:** We're joining in on this ask with the Prospectors & Developers Association of Canada, because it's a national ask as well. It's a tentative thing when it's been going from year to year. We're not even sure if we're going to get a year, and it's really important for companies to have that extra help in the risky business of exploring for minerals. This is why the ask is for three, to give some more continuity to planning for companies to be able to go out and explore and be successful. This is particularly important coming out of these last four years, where we've really been in a downturn and juniors have been starting to dissolve because they couldn't raise money and the markets have been so bad. Now there's a glimmer of hope that we're maybe coming off the bottom, so give us that longer-term security.

• (1145)

**Mr. Dan Albas:** Having the geoscience done, which is available to anyone to use, as that first step towards investing in that area, I think is a very good recommendation.

When it comes to infrastructure, we're at a low point, as you said—or lower point—in the business cycle so to speak, and so having

an infrastructure available.... It would sure be a shame that the next time there's a supercycle or even just an upturn that your region was completely left out just because of the high cost. I certainly appreciate the point about infrastructure and if there are ways for us to advocate for that. Responsive research and development is one of the most important things we can do for our region, so thank you for that.

Mr. Wever, thank you for your presentation. In regard to small business and the proposed tax planning for Canadian-controlled personal corporations, can you just give us an idea of your membership? How many are incorporated? How many operate as a small business?

**Mr. Trevor Wever:** Thanks, Mr. Albas.

I don't have that number handy but just....

Sorry?

**The Chair:** Just send it in, Trevor.

**Mr. Michael McLeod:** It's three hundred and fifty.

**Mr. Trevor Wever:** Three hundred and fifty what?

The NWT chamber doesn't have 350. That's the Yellowknife chamber. If we look at the Yellowknife Chamber of Commerce, that's obviously local, and the majority would be sole proprietorship. For our chamber, it would be 75% personal corporations, so small to medium-sized businesses, and then the rest would be a mix between large corporations and sole proprietorships.

**The Chair:** We'll have to end it there.

Mr. Fergus, you get the last question.

[Translation]

**Mr. Greg Fergus:** Thank you very much, Mr. Chair.

I have two questions to ask.

The first is for you, Mr. Tuyishime. You mentioned that Franco-People of the North should be able to receive services in French. I would like to hear your thoughts about the importance of having an inclusive economy, so that people may feel comfortable expressing themselves and receive services that are aligned with their desire to evolve in their mother tongue.

My second question is for you, Ms. Wawzonek. The question might seem insensitive at first, but I assure you that it is not. I would like to give you the opportunity to speak on the issue. The funding you receive limits the opportunities you have to provide services to women. How many women cannot benefit from your services? How many of them cannot benefit from them due to lack of funding? Certainly, if two plane tickets have to be purchased every time a woman needs to find safe haven, that represents a lot of money in the end, and you won't be able to serve the entire population.

**Mr. Jean de Dieu Tuyishime:** I thank you for your question.

Regarding the importance of French language services, we need to keep in mind that the francophone community is not an isolated community, especially here, in the Northwest Territories, where francophones do not occupy a single area. They are an integral part of the community and participate in its economy.

Regarding the importance of receiving such services, however, we have seen in the past that the majority of francophones that have come here, to the North, from elsewhere, end up staying because they have a job, but also because they can receive services in their language. There are French language schools and services for everyone that comes to work in the mines, for example.

French language services do not only benefit one segment of the population; they also help to promote the integration and retention of people that come here, to the North. Once they have access to these services, it is easier for them to stay and to feel better integrated.

• (1150)

[English]

**Ms. Caroline Wawzonek:** I appreciate your question, and it's not insensitive at all. It's a responsible use of funds, and I would suggest it is the opposite approach that is used in a non-profit sector. There is always the intent to maximize the opportunity to provide services and funding for women and children, certainly from the perspective of the YWCA, and I believe for any non-profit sector.

I was a director on the board, so I'm not deeply immersed in their financing, but certainly my understanding is that it is always a stitching together of funds. Because of the reporting requirements, you cannot use certain pots of money for operational uses. You cannot use them for capital. You cannot use them for one thing or another, so you're constantly forced to stitch together what you can to make things work. One particular pot of money might allow you to do one thing, and it may only be to use money for a meeting and to bring people in on an airplane, but that is actually pretty rare. The majority of the funding is going to be program-specific and service-specific.

I don't think that's a concern you should actually have.

**The Chair:** Thank you, Greg, and thank you, Caroline.

I have one last question, really for the mining association. When you go through your charts, there is no question of the amount of potential up here, as well as for hydroelectric development, but my question is how do we stack up? We're not an island unto ourselves. We're part of the globe. Money and capital are mobile. It can go anywhere in the world to develop a mine. How do we stack up as a country, looking at both levels of government, to give the mining industry the opportunity to develop and invest in new mines in the north? How do we stack up compared to the rest of the world?

**Mr. Gary Vivian:** That's a large question.

Prospect-wise we're probably at the top of the list. Certainly Canada is a safe haven. Junior mining companies and Canadian funding are probably much safer in Canada than in many other countries. There is no doubt about that.

When you look at the size of Canada, probably almost 60% of the country is essentially either unmapped or misunderstood. When you look at the number of greenstone belts that are in the N.W.T. and

Nunavut, the potential of hosting an Abitibi-type style of growth is as good as it is anywhere in the world. Our biggest problem is infrastructure and encouraging companies to come here. It's a well-known fact, and a report that was produced a couple of years ago said that it costs two and a half times as much to do exploration or mine development in N.W.T. or Nunavut.

The potential is huge, but companies look at the cost to operate, and right now it's a disincentive.

**The Chair:** Yes, because if you tie in Mr. Erasmus's point earlier, the potential for a labour force is pretty strong too, with the aboriginal community and others.

Okay, I know everybody has lots more questions, including myself, but we are in a time constraint, so I will thank all the witnesses for their presentations and the submissions they sent in earlier.

With that, we'll go to the open-mike presentation. It's a one-minute statement from the floor.

Mr. Connelly, the floor is yours.

**Mr. David Connelly (As an Individual):** I'm a northern business person and I work on a number of not-for-profit boards as well.

I want to stress a couple of things.

Diversification is going to be very important for us. Most diversification that's possible in the north will be very small businesses, in typically indigenous and non-indigenous families, like fur hunting, fishing, arts, crafts, and so on. We need to be careful that we don't disincentivize those people with the proposed new tax laws.

Almost all of our heating and transportation is carbon-based, as is much of our electricity. Putting a carbon tax on this is going to disincentivize employees, as well as residents, and make it more difficult to attract employees. It will certainly be a much greater hurdle to start and maintain our businesses because of the cost of the carbon tax.

Finally, as members of Parliament for our great country, there's a nation-building opportunity that all of you have with respect to roads and electrification from the south of the Northwest Territories, where you are now, up to the middle of the Northwest Territories and Nunavut, which is on the Arctic coast. It would make us competitive with reasonably green, sustainable, reliable energy from the national grid. Also, we need a road, so that we're not putting ice roads in every year and having a cost of two and a half times for mining and sometimes six times for exploration, which is a great disincentive to try and develop our economy. In the nation-building sense, there would be royalties and taxes, and job creation, and road tolls...and obviously pay for the power. It would allow us to stand on our own feet.

No one mining company can do this, but five mining companies over decades building a nation, as has been pointed out, can very much create the infrastructure, jobs, taxation, and royalties. It would then allow us to build the social roads and programs, and address the huge social deficit, which we need to do as well.

Thank you, Mr. Chairman, chiefs, members, and other presenters. Thank you very much for the opportunity.

•(1155)

**The Chair:** Thanks very much, David.

With that, we will adjourn and move on to the next stop.

Thank you all.

The meeting is adjourned.

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