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Chair: The Honourable Marc Garneau





## Standing Committee on Indigenous and Northern Affairs

Friday, February 4, 2022

• (1305)

[English]

**The Chair (Hon. Marc Garneau (Notre-Dame-de-Grâce—Westmount, Lib.)):** I would like to call this meeting to order.

[Translation]

Welcome to the third meeting of the Standing Committee on Indigenous and Northern Affairs.

[English]

We're commencing our study on barriers to indigenous economic development.

We have three organizations that have agreed to come today: the First Nations Finance Authority, the First Nations Financial Management Board, and the First Nations Tax Commission.

We'll have 90 minutes to ask them questions before we proceed to other committee business.

[Translation]

Of course, as you know, those participating in person must follow the necessary health measures.

[English]

To ensure an orderly meeting, I'd like to outline a few rules that we're going to follow.

Members or witnesses may speak in the official language of their choice. Interpretation services available today are English, French and Inuktitut. In other words, you have four things that you can select on your screen. They are the floor audio, English, French or Inuktitut. If interpretation is lost, please inform me immediately and we'll ensure that interpretation is properly restored before resuming the proceedings. The "raise hand" feature at the bottom of the screen can be used at any time if you wish to speak or alert the chair.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in a committee room.

Before speaking, please wait until I recognize you by name. When speaking, please speak slowly and clearly. When you are not speaking, your mike should be on mute. As a reminder, all comments by members should be addressed through the chair.

[Translation]

The representatives will have five minutes per organization for opening statements. We will then move into questions from committee members.

[English]

The first round of questions will allow members six minutes each in the following order: Conservative, Liberal, Bloc and NDP. The order and time for the second and subsequent rounds will be the Conservatives, five minutes; Liberals, five minutes; Bloc Québécois, two and a half minutes; New Democratic Party, two and a half minutes; Conservative Party, five minutes; and Liberal Party, five minutes. We'll recycle that for subsequent questions.

As I said, following our 90 minutes with our witnesses, we will reserve the final 30 minutes for other committee business in camera.

I'd now like to invite Mr. Ernie Daniels, president and CEO of the First Nations Finance Authority, to start us off.

Mr. Daniels, you have five minutes.

Thank you.

**Mr. Ernie Daniels (President and Chief Executive Officer, First Nations Finance Authority):** Thank you.

My name is Ernie Daniels, and I'm president and CEO of the First Nations Finance Authority. With me is Steve Berna, our chief operating officer.

First, I would like to thank the committee for undertaking this study as your first priority since the election. As you know, the FN-FA's mandate is to issue debentures and make loans to first nations to finance infrastructure and economic development projects. We work with first nations that are scheduled under the First Nations Fiscal Management Act. The membership is voluntary. There are 140 first nations who have completed our membership process. We are governed by our board, made up of chiefs and councillors from our member first nations.

Since issuing our first debenture in 2014, we have made \$1.7 billion in loans. This summer we expect to pass the \$2-billion threshold. Using the Bank of Canada multiplier, our total economic impact to date has been \$3.5 billion. If we apply the Statistics Canada formula, the projects we've financed have generated more than 17,000 jobs. While first nations are the primary beneficiaries, neighbouring communities, businesses and people also benefit from employment, supply and contract opportunities.

The debentures we have issued to date have been based on the ability of participating first nations to meet debt obligations using own-source revenues. There has never been a default on any of those loans we have issued, contributing to our excellent credit rating with both Moody's and Standard and Poor's. We can borrow at the same interest rate as the Province of Ontario, and we pass these rates on to the first nations.

We have reached a critical mass. There's demand for us to do a great deal more, but first nations are limited in their ability to generate their own-source revenues that fuel our model. It's a vicious cycle: Economic activity generates those revenues, but those revenues are needed to invest in economic activity in the first place. That's why we believe it's time to look at how we can work with the federal government to take things to the next level and significantly accelerate infrastructure and economic investment in first nations.

I'll give you a few points to set the stage. There's at least a \$30-billion infrastructure gap between first nations and other Canadian communities. With construction costs growing faster than inflation, this grows every year. Indigenous Services Canada has a budget of about \$2 billion a year. This isn't enough to keep up with the current need, let alone tackle the backlog. The current pay-as-you-go approach will not close the infrastructure gap any time soon, even though the federal government has committed to closing the infrastructure gap by 2030. Infrastructure is a precursor to long-term economic development.

In short, something needs to change. The existing funding approach leaves first nations farther and farther behind. At FNFA we believe we can play a greater role, and we want to be part of the solution. To that end, we've developed a proposal we call "monetization". For those of you with municipal experience, monetization is very similar to how towns and cities finance their infrastructure. They obtain capital to invest today, based on their ability to service debentures in future years. Monetization would see FNFA issue debentures in the capital markets that could be used to fund infrastructure and other economic development, taking advantage of today's prices. This would create a greater overall impact than the current federal approach.

What's missing in the equation is a sufficient revenue stream to cover debt servicing and repayment. If first nations are expected to close this gap, their own-source revenues will be tapped out long before the gap is closed, leaving the federal government as the obvious partner. We don't propose to float a \$30-billion debenture with federal backing, but we would like to work with the federal government to test monetization as a pilot project.

The example we've put forth is replacing diesel generation in remote communities. An agreement with Canada would allow us to issue a debenture raising the funds that would allow communities to

develop reliable, sustainable and clean energy solutions. This would advance multiple government priorities. It would allow us to test the concept of monetization, and would do so at minimal, if any, cost to the government, as debt servicing would be offset by savings in diesel and transportation. All it would take is a willingness on the part of the government to try something new and innovative.

I want to thank you for this opportunity to testify in front of you today. We look forward to the opportunity to engage in further dialogue and answer your questions.

Thank you very much.

• (1310)

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

We'll now go to the First Nations Financial Management Board and Mr. Harold Calla.

Mr. Calla, the floor is yours for five minutes.

**Mr. Harold Calla (Executive Chair, First Nations Financial Management Board):** *[Witness spoke in indigenous language]*

*[English]*

Good morning.

Thank you for the opportunity to be before you today.

When I appear before your committee, I'm always reminded that the FMA legislation, which created the finance authority, tax commission and the financial management board, was passed with all-party support. We have enjoyed the support of this committee since 2005 in hearing about the work we do and the things we have learned from our clients over the years.

FMB can now offer services to clients from offices in Vancouver, Winnipeg, Ottawa and Montreal. It's important to also remember that there 321 Indian Act bands across the country that have scheduled themselves to the act. The success our clients have achieved through using the tools provided by the FMA are apparent. The three institutions have all done their jobs, and have proved that indigenous-designed solutions work.

You have been provided with a PowerPoint deck on an initiative we are calling “RoadMap”. It represents our thinking on what economic and fiscal reconciliation implementation strategies should be designed to achieve. It addresses the more significant issues we see and have been advised of by our clients. “RoadMap” identifies the barriers to economic development and makes suggestions on how to overcome these barriers. There is no stand-alone, single step that will fix the problem. It will take many steps, which will require changes in attitudes, policy, legislation and regulations. We will be breaking “RoadMap” down into chapters, which we intend to release monthly for review and comment over the next six months.

These chapters are statistics and data; infrastructure; economic development; expanding jurisdiction and fiscal powers; strength through working together, which is talking about aggregation; and enhanced governance to manage risk. These six topic areas reflect where we believe impediments exist that need to be addressed. We will welcome the opportunity to present these chapters to you directly. We'll ensure you receive a copy of each chapter as they are released.

The barriers to economic development remain. These are limited jurisdiction and fiscal powers; revenue sharing; poor infrastructure in our communities; limited access to monetization of revenue streams; the need for modern-day transfer arrangements between Canada, the provinces and first nation governments; and the need to modernize our administrative capacity to respond to the economic and governance matters that communities find themselves having to deal with.

On an optional basis, we need to allow the creation of a critical mass of communities to achieve the economies of scale that can offer the front and back-office capacities required to secure the information needed to meet the standard for demonstrating that FPIC has been achieved.

Capacity-building needs to be supported through emerging first nations institutions and organizations.

I think Canada needs to recognize that it can, itself, advance economic development in business communities through its approaches to procurement. The Trans Mountain project is a good example. As a member of the board, I can tell you that \$2.7 billion in contracts have been awarded to indigenous joint ventures and businesses. That's 3,682 contracts awarded to 71 groups. Eleven per cent of the employees are indigenous. That's 2,064 hires. The value of MBAs is \$619 million, or 68 agreements with 74 nations along the route.

Indigenous inclusion in all aspects that drive an economy needs to be encouraged. This knowledge transfer will facilitate a risk-based approach to economic development.

Thank you.

• (1315)

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

We'll now proceed with our third speaker, the representative from the First Nations Tax Commission, Commissioner Clarence Jules.

Mr. Jules, you have five minutes.

**Mr. Clarence T. (Manny) Jules (Chief Commissioner, First Nations Tax Commission):** Good afternoon.

My name is Manny Jules. I am the chief commissioner of the First Nations Tax Commission.

Thank you for the invitation to appear before this committee to address your study on barriers to indigenous economic development.

The city of Ottawa has just witnessed a protest about pandemic restrictions. Many of the protesters were frustrated with their lack of economic freedoms over the last 20 months because of the pandemic. Indigenous people can sympathize with their frustration; we have been in an economic lockdown for 150 years because of colonization. Our economic freedoms were taken away when our jurisdiction, fiscal powers and title were legislated out of the federation and our peoples out of the economy. Our institutions were replaced with a federal bureaucracy. Our freedom was taken, and we became hooked on programs and dependency.

I remind you that it was this institution, the Parliament of Canada, in 1927, that made it an offence for us to raise *taksis* among ourselves to pay for a lawyer to fight for our land claims, or to build our own infrastructure. Our fiscal powers and lands were taken away. Parliament removed our economic freedom to get decent jobs, clean water, good health care and education, and a better future for our children. Parliament took away our freedom to enjoy the many things you take for granted as citizens of Canada.

I appear before you today to seek economic reconciliation.

I have provided this committee with a paper called “Closing the Indigenous Systemic Economic Gaps”, where we identify and measure six barriers to indigenous economic development caused by colonization. First, we face an infrastructure gap of at least \$30 billion. Second, we face an access to capital gap of about \$175 billion. Third, we face a fiscal power gap of about \$32 billion. Fourth, we face an employment gap of about 75,000 badly needed scientists, engineers, mathematicians, doctors and economists. Fifth, our costs of doing business are four to six times higher than the rest of the country's. Sixth, we face a trade gap of about \$12 billion.

Before I go through our proposals to address the root systemic causes of these barriers, let me remind this committee of what doesn't work. You cannot close these gaps with signals of virtue or with a government program. They only treat the symptoms and increase dependency. You cannot close these gaps by expanding the federal bureaucracy. This only raises the costs of doing business and slows innovations. All of these approaches prolong colonization and slow down economic reconciliation.

In my experience, there is only one effective way to close these gaps: We must develop innovative solutions ourselves.

I have spent my life working with leaders, like the late, great Chief Tom Bressette, Harold Calla, Ernie Daniels, Chief Robert Louie, Chief Alan Claxton, Chief Joe Mathias and many others. Together, we have built a three-part indigenous-led innovation system.

Part one is federal legislation that recognizes our jurisdictional space and institutions. These include the First Nations Fiscal Management Act and the First Nations Land Management Act. Part two is first nations having the option to use that jurisdictional space and these institutions. Part three is our institutions developing legal and administrative innovations with participating first nations to occupy jurisdictions to support economic growth and community goals.

Our system has worked well, as over half of all first nations are now using this legislation. We estimate that 80% of all indigenous laws in Canada are passed using this framework. We have supported billions in investment and public revenues. We have improved infrastructure and services for these communities. If you wish to help us remove the barriers to our economies, an effective option is to expand this indigenous innovation system.

First, we are proposing a new institution under the First Nations Fiscal Management Act, called the first nations infrastructure institute. This will complement our existing institutions to help interested nations build the necessary environmental and economic infrastructure to support sustainable communities. It will help lower insurance premiums, improve our access to capital and build better infrastructure faster.

• (1320)

Second, we are proposing an increase in fiscal powers to include fuel, alcohol, cannabis and tobacco taxes. We're proposing a first nations resource charge in our ancestral lands. Implementing our fiscal powers is the fastest way to end colonial-era dependency.

Third, we are proposing—

**The Chair:** I'm sorry to interrupt you, Mr. Jules, but you've passed your five minutes. Could you quickly wrap up?

**Mr. Clarence T. (Manny) Jules:** Let's work together.

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

We'll go into the first round of questions. According to my notes, the first speaker will be Mr. Vidal from the Conservative Party.

Mr. Vidal, you have six minutes.

**Mr. Gary Vidal (Desnethé—Missinippi—Churchill River, CPC):** Thank you, Mr. Chairman. I appreciate the opportunity today.

I want to take a minute at the beginning to thank all the folks who are here today: Mr. Daniels, Mr. Calla, Mr. Jules and also Mr. Berna, who is sitting there quietly in the background so far. The work you've done is incredible. I've had the privilege of seeing some of that work and am looking forward to the opportunity to hear what you have to say today to help us in this study.

I want to be really clear about the reason why we put forward this study and why we asked for this study. I know that there are many new committee members and that this is our first study of the new session, but historically this committee has worked really hard to find better outcomes for first nations communities.

In one of the submissions we received yesterday, from Mr. Jules, I read that “The indigenous economy has the youngest population, the fastest growing labour force, [has] significant unused...capacity” and is “underutilized” significantly. I would suggest to you that we have to figure this out and that doing so is critical to the future of Canada's success.

If I've learned anything from my past meetings with you folks, it's that good governance leads to capacity, that capacity leads to success, both fiscally and otherwise, and that success is ultimately the path to self-determination.

Mr. Calla, you've presented the road map project. I've had the privilege of seeing some of your work on that a couple of times, so I want to focus my first question around the road map project.

My question is actually quite simple. What are the departments doing, or, maybe better, what are they not doing, to provide you the support you would like to see so that the road map project ultimately becomes a success?

**Mr. Harold Calla:** Thank you for your question.

We have presented the road map to both ISC and CIRNAC. They have received it. They're not opposed to it, but we'd like to see it dealt with, and with a better sense of urgency, okay? We can't wait for two years or three years for this stuff to be implemented. We need it to be accepted. We need them to declare that it will be accepted. We need it resourced through the parliamentary appropriation process. We think that the three institutions have proven, by what has been accomplished to date, the value for money when we ask for it.

What I would like to see is a declaration that the path to reconciliation, while not excluding other approaches, is defined in what we're doing, in what the road map reflects, and a commitment to ensure that all three of the institutions—because we're all speaking basically about the same kind of thing but saying it a little differently—get what they need to be able to implement their visions.

I think there's a difficulty, as I said in my opening comments. There needs to be a change in attitude, policies, regulations and legislation in order for these things to be achieved, and we have to agree that we have to start doing that now. We can't wait the 10 years that it took to get the FMA legislation passed for these kinds of changes to take place. There has to be an increased sense of urgency.

• (1325)

**Mr. Gary Vidal:** I'm going to pick up on what you've said there, Mr. Calla.

Ultimately, our study is looking at barriers. In response to your comments, would you agree that there's a historical relationship within the department and that relationship with first nations where there's a reluctance to change or a reluctance to give over some control of things?

Would it not improve the fiscal relationship to transfer, using data-driven statistical formulas that are predictable, instead of putting bureaucrats in places where they're handcuffed by existing structures and barriers and they're sometimes making decisions under crisis management in their place.... This is not necessarily a criticism of bureaucrats. It's just that they're placed in a position where they are forced to work within a system that has been the same for so long that it's hard to change.

I'm sorry. That may be a long way of asking this. Do you think that's true? Are there ways we could change that?

**Mr. Harold Calla:** It is true that the bureaucrats are challenged because of existing mandates. In fact, I would argue that the government itself is in conflict because it has the fiduciary duty, but it also has the responsibility to protect the Crown. Those two don't always align, in my view, and I'm not a lawyer but an accountant, so I'm sure that lawyers will want to argue with me.

I think it is a challenge, and bureaucracies are not encouraged at all levels to take risks. There is zero tolerance for risk.

What the institutions do is put themselves in a position where they can stand between the government and first nations, and we can manage that risk. We can identify that risk in management.

I think what we're saying is that government bureaucracies need to move away; indigenous organizations and institutions need to move in. What we've proven through the FMA is that indigenous-designed solutions work, and you need to give us the power to continue to create.

**Mr. Gary Vidal:** I'm going to jump back in with a really quick question, because the chair is going to cut me off here in about 20 seconds.

**The Chair:** That's correct.

**Mr. Gary Vidal:** What could we, as legislators, do to help ensure that more first nations follow your scheduling accreditation

process and some of the certification things your institutions have in place?

**Mr. Harold Calla:** Ensure that we have the financial resources to fulfill our mandate and our purposes under the act. We can do it, but we can't do it if all of us don't have the resources to be able to do it.

That was a big problem in the very beginning of this legislation. When you create institutions you need to ensure that they have sufficient resources to reach the indigenous communities across the country. I think that's a critical piece that we need right now.

**The Chair:** Thank you, Mr. Calla.

Thank you, Mr. Vidal.

The second speaker from the Liberal Party is Ms. Atwin.

**Mrs. Jenica Atwin (Fredericton, Lib.):** Thank you so much, Mr. Chair.

Thank you to the members of our committee here today, and to our clerk and analysts and interpreters, of course. I would very much like to thank our expert witnesses for joining us and sharing their expertise with us today.

*[Member spoke in Wolastoqiyik]*

*[English]*

My name is Jenica Atwin. I am a member of Parliament for Fredericton and I am coming from the unceded, unsundered Wolastoqiyik Territory here in Fredericton.

I'd really like to dig more into the monetization of infrastructure. Through you, Mr. Chair, I found that really interesting, particularly when you were referring to the clean energy solutions' potential for northern and remote communities if they were given more buying power, perhaps through monetizing infrastructure.

I'm just wondering if you could provide more information on what it looks like to monetize first nations infrastructure. How would that help generate revenue, and what would be the best pathway to get there?

**Mr. Ernie Daniels:** Is that for me?

**Mrs. Jenica Atwin:** Yes, please, Mr. Daniels.

**Mr. Ernie Daniels:** Thank you for the really good question.

Monetization is a really simple concept. As individuals we use it almost every day. When we're going to buy a house we don't usually have the money on hand to buy it. What we do is take out a mortgage that is based on our ability to service that mortgage, which is usually our salaries and any other income we make. In the simplest form, that's monetization.

Right now the problem is that it's the pay-as-you-go system that's in place with the federal government for infrastructure within indigenous communities. Whatever is in the budget, you'll pay for the infrastructure for that amount.

If we look at the overall infrastructure gap, we see that budget is about \$2 billion. Not all of it goes to new infrastructure; it goes to repairs of existing infrastructure, especially in this age of COVID. We're going to need to improve the ventilation in our public buildings and our schools. That will probably take some priority.

At \$2 billion a year, it's just not going to close it—it's just not. We need to be able to leverage a stream of revenue either from this \$2 billion budget or from a new budget amount, and leverage that over it. For example, if we took \$1 billion of this \$2 billion and dedicated that to infrastructure, the FNFA, based on our ability to access capital and our credit ratings, can probably get about \$25 billion. Just think about that. That's the power of leveraging; that's the power of monetization.

It's the same thing with the diesel generators. There are 300 communities in Canada that are on diesel, and it's not all indigenous communities, but there are many indigenous communities that are. The cost to do that, as I mentioned, could be offset with the savings in the purchase of diesel and transportation to implement greener energy-type projects that will be sustainable in our communities.

I'll ask Mr. Berna to add a little bit more to that, because he has been working on this file.

Steve.

• (1330)

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

Mr. Chair, how much time do I have, please?

**The Chair:** You have two minutes and 15 seconds.

**Mr. Steve Berna:** Perfect, thank you.

Ms. Atwin, the reason Ernie and I, on behalf of the First Nations Finance Authority, are promoting this is that our board is selected from amongst the chief and counsellors that make up our membership, and 321 first nations across all 10 provinces and the Northwest Territories have joined. They have asked us to pursue this on their behalf. This is a voluntary request that they're making of us.

We saw a five-point plan for this. The first part is that every government sets priorities and policies. They can do it for clean water, housing and infrastructure. That's step number one.

Step number two is that the first nations who want to participate would submit shovel-ready projects that meet within those priorities or policies. Canada would choose which ones proceed.

In step three, FNFA would be asked to raise the monies. Since we are governed by the first nations, we raise monies on behalf of the first nations. It is symbiotic.

Step four would be for Canada to get into a contract with FNFA and the first nations to cover the annual loan service payments. Just like you cover your payments on a mortgage over time, Canada would cover this over time also.

Step five is a key one. The current pay-as-you-go model is that you build it, you walk away, you hope it's maintained and you hope it lasts its useful life. Step five is that we have contractual arrangements with our first nation communities. We will ensure that main-

tenance does occur, so the 25-year useful life of a house will last 25 years or 50 years, whatever its useful life is. The contractual arrangement is what saves Canada from coming back and building it a second time.

Thank you.

**The Chair:** Ms. Atwin, you have about 20 seconds left.

**Mrs. Jenica Atwin:** Thank you so much.

Really quickly, if you can get an answer in, Mr. Calla, in what ways can we help modernize administrative capacity in communities?

**Mr. Harold Calla:** You're starting to by recognizing the need for aggregation.

We're starting a pilot project that will allow back-office functions to be undertaken on a collective basis, because many of the communities that are in smaller and remote areas can't attract the capacity and the human resources that are necessary. That concept of aggregation needs to be supported.

**The Chair:** All right, Mr. Calla, I'm going to have to cut you off.

Perhaps somebody will ask you a similar question, and you can carry on. I'm sorry about that.

[*Translation*]

Our third questioner is Mr. Jean-Denis Garon, of the Bloc Québécois.

Mr. Garon, over to you for six minutes.

• (1335)

**Mrs. Marilène Gill (Manicouagan, BQ):** Mr. Chair, I will be representing the Bloc Québécois.

**The Chair:** You're back, then, Mrs. Gill.

Go ahead.

**Mrs. Marilène Gill:** Thank you, Mr. Chair.

I want to make clear that the witness can send his response to the committee in writing. That's something you can request from time to time, Mr. Chair.

Thank you to the witnesses, Mr. Daniels, Mr. Berna, Mr. Calla and Mr. Jules, for being here today.

Congratulations to the representatives of the First Nations Finance Authority on the organization's 15th anniversary. The authority was founded in 2006, so last year actually marked the 15th anniversary.

I want to talk about issues we haven't yet discussed.



You said that, out of the 579 first nations governments entitled to participate in the First Nations Fiscal Management Act, only 321 were. With all due respect, that makes me wonder whether a particular barrier has emerged or whether you think something is hindering economic development.

Are you able to tell us why some communities may be hesitant to participate?

[English]

**Mr. Harold Calla:** Is that for Harold, or who is it for?

[Translation]

**The Chair:** Is the question for a specific witness, Mrs. Gill?

**Mrs. Marilène Gill:** It's for whomever feels best suited to answer, although I suspect they all have insights to share.

[English]

**The Chair:** Perhaps, Mr. Calla, you can launch it, and others can also speak.

**Mr. Harold Calla:** I think there are some philosophical barriers around aboriginal rights entitlement and fiduciary duty. What we have is what we refer to as a “coalition of the willing”, those who are looking for independent solutions to take care of themselves.

I think that's one of the fundamental issues, the belief, particularly in more historical areas where they've had treaties, that there is a fiduciary duty that's not being upheld. There's not a recognition of aboriginal rights, and there hasn't been a full settlement of land claims. Therefore, they feel that they may be eliminating the fiduciary duty of the federal government. That is an argument we heard when we were developing the legislation, but that's changing. When we developed this legislation, we were told there would be 25 first nations in Canada who would deal with it. We're now at 321, including some really successful communities in Quebec.

We're overcoming it, but that still remains the problem for some.

**Mr. Ernie Daniels:** I can add to that.

The real barrier is having an adequate revenue stream to support the debt. The only way we're going to grow and economic development is going to flourish is by having access to affordable financing. Under this act, we have been able to do that.

Once monetization is accepted as a form of funding infrastructure and economic development in Canada, you're going to see many first nations wanting to join in—more so than right now. When I started in 2011, here at the FNFA there were 69 first nations schedules under the act, and we're at 321 today, so there's a lot.

It's usually by example. For example, when I look at the Clearwater purchase by seven Mi'kmaq communities in the Atlantic, that was very innovative. That's economic development in its purest form, but they would not have been able to do that if their only choice had been to go to commercial banks.

Leveraging of revenues is important, and this is their own source of revenue that they're generating. However, a lot more could be done if more revenue streams were identified, as Mr. Jules mentioned in his presentation. We need a share of some revenue, and

the provinces do that already. We need the federal government to actually look into that as well.

[Translation]

**Mrs. Marilène Gill:** Thank you for your answers. It's enlightening to hear that the economic development initiatives you are involved in now could help motivate other communities to take advantage of the act. The philosophical barrier is, of course, another matter.

I would like to recognize the first nations in my region, since you did bring up communities in Quebec. The Innu nation of Uashat-Maliotenam and the Essipit Innu first nation are two first nations that have joined you in this endeavour.

Not long ago, I took part in the Grand Economic Circle of Indigenous People and Quebec. Women played a big role, which isn't surprising given how many new women entrepreneurs we are seeing. Obviously, our focus is first nations, but this is an issue that affects all communities.

Have you given any thought to the role women can play? I'm referring to governance, of course. On that front, have any barriers specific to women emerged?

• (1340)

[English]

**The Chair:** Whoever chooses to answer, you have about 40 seconds.

**Mr. Harold Calla:** We don't experience it in what we do. I come from a matriarchal community, so I'm used to taking orders.

The reality is that there's probably more opportunity for women to move forward in the indigenous community in the kinds of things we're talking about. What we need are opportunities for inclusion. When I make reference to that, I'm talking about young people having the opportunity to participate, for instance, in a securities exchange commission role and learning about capital markets. We need all of our indigenous people and women to be part of that.

What I see in the indigenous communities we deal with is the emergence of women in our leadership at all levels, and I feel very good about that.

**The Chair:** Thank you, Mr. Calla.

We'll now go to Ms. Idlout, from the New Democratic Party, for six minutes.

**Ms. Lori Idlout (Nunavut, NDP):** [*Member spoke in Inuktitut, interpreted as follows:*]

Thank you. First of all, I'd like to welcome you and thank you for coming to us and giving us an update on what you do.

I have a question for Harold Calla from the First Nations Financial Management Board. I was shocked when he talked about the Trans Mountain pipeline.

How did the First Nations Financial Management Board reconcile with the first nations who had opposed the Trans Mountain pipeline? When it comes to economic development, how do you arrive at agreements when you disagree on certain ways and methods of doing things? How do you resolve those issues on economic development?

**Mr. Harold Calla:** First and foremost, the First Nations Financial Management Board doesn't get involved in the economic decisions of first nations. I was invited by Canada to participate on the board and I did. What I have observed, as a member of that board, is the number of first nations communities that did come forward and want to participate in the economic benefits that were being derived from that particular project.

I think it was accepted within the indigenous community that many communities would support it and many communities would not. The way to resolve those matters is up to the communities themselves. It's not for the financial management board to weigh into. That's not our role.

Our role is to provide capacity to first nations so that they are in a position to understand the kinds of things that are being put before them around these projects and are able to make a decision, having given free, prior and informed consent. In some cases, that is, "We don't support it. We won't support it." In other cases it is, "We do support it." It's not for us, as an institution supporting first nations, to make a judgment.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Thank you.

I will ask this of Mr. Calla, again in regard to the Trans Mountain pipeline.

They have a board. Are you on the board of the Trans Mountain pipeline?

**Mr. Harold Calla:** I'm sorry, but can I ask you to repeat that, please?

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Regarding the Trans Mountain pipeline, it has a board. Are you on the board of directors of the Trans Mountain pipeline?

• (1345)

**Mr. Harold Calla:** Yes, I am on the board.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

When you sit on the board of the Trans Mountain pipeline, how are you able to resolve issues with those who oppose the pipeline? How do you reconcile?

**Mr. Harold Calla:** I can't. I can only go by what I believe in and the knowledge that the project was going to proceed and that there

needed to be economic benefits for first nations if it were to proceed.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Regarding that economic development, it's different from protecting the land. You sit on two committees that are opposed. One is about economic development and one protects the land. You sit on two boards. You talk about the financial board at this moment, at this meeting, but you also sit on other boards.

**Mr. Harold Calla:** I'm sorry but I don't know what the question is, if there is a question. Yes, I do sit on this board and I sit on the Trans Mountain board.

**Ms. Lori Idlout:** If I still have time, I'll ask my question in English.

**The Chair:** You have about a minute left, Ms. Idlout.

**Ms. Lori Idlout:** How do you reconcile with the first nations that oppose the pipeline? Secondly, how do you reconcile the differences between environmental protection and economic development when they are such opposing lines of thinking when it comes to representing first nations in different areas?

**Mr. Harold Calla:** Well, my own community of Squamish, for example, did its own environmental assessment of a natural gas project on its traditional territory and established the rules and regulations under which it would take place.

I think there is a role for first nations to be engaged in the natural resource extraction industry in this country and in establishing the standards under which these projects will be undertaken and to minimize the impact on the environment of doing so. As we're seeing with mining and other areas, there's a great need for indigenous input into these activities, as well as assurance that if these projects are to be undertaken they're being undertaken in a way that mitigates not only the environmental impact of a project but the cumulative environmental impact in the regions.

**The Chair:** Thank you, Mr. Calla and Ms. Idlout.

We're now ready to proceed to the second round. I should add that if any of our witnesses were halfway through answering a question or had just begun and ran out of time, we would welcome their submitting in writing their fulsome answer they didn't have a chance to give because of time restrictions. I wanted to make that point.

We will now start the second round with the Conservatives.

Mr. Schmale, you have five minutes.

**Mr. Jamie Schmale (Haliburton—Kawartha Lakes—Brock, CPC):** Thank you, Chair.

I'm curious. I'm happy to take the time, but weren't the Liberals supposed to go after the NDP?

**The Chair:** No. According to our routine motion, it would start off with the Conservatives and then the Liberals, the Bloc, the NDP, the Conservatives and the Liberals.

**Mr. Jamie Schmale:** That's perfect. Thank you very much.

Thank you, everyone, for that testimony. It's great to see some familiar faces.

Manny, you were on a bit of a roll, so I'm going to go to you first, if I could. We talk about economic freedoms, and I appreciate you bringing that up very much. You mentioned they had been restricted for 150-plus years and that many of these were caused by legislation passed by Parliament.

How can we help get some of these restrictions, regulations and red tape out of the way?

**Mr. Clarence T. (Manny) Jules:** Part of my presentation this morning was leading in that direction. What I was saying by "let's work together" is that we have laid out a very ambitious legislative agenda. One of the things we want to see passed in federal legislation is a first nations infrastructure institute. That's of paramount importance for us, and it's how we would be able to get back to monetizing federal dollars so that we can put more infrastructure and badly needed infrastructure in first nations communities.

When we talk about 150 years, it's all about paramountcy of federal legislation. The way forward, in my estimation, is to ensure that there's federal legislation passed allowing first nations to occupy the jurisdictional field on an optional basis and to begin to move forward. However, we can't do that without having federal partners. Our approach has always been to work with all of the federal parties to ensure that we get all-party support in moving forward.

That's a very simple answer to the question.

• (1350)

**Mr. Jamie Schmale:** Can you expand on what you're talking about when you're talking about revenue streams, such as taxation of certain items? Can you talk about some of the benefits and how they would allow communities to chart their own course and look after things in their own community?

If you could expand on those, it would be great.

**Mr. Clarence T. (Manny) Jules:** The highlight for me was a tax-sharing agreement in New Brunswick, but which Premier Higgs ended last year. I'm sure Ms. Atwin is familiar with that. That had generated some millions of dollars for individual communities on a tax-sharing arrangement. It allowed those communities to share in the revenues that were generated. That's ultimately what the solution is.

The federal and provincial governments have to give taxation and jurisdictional room for first nations to occupy, so that we would be able to look after ourselves. That's why I referenced the 1927 amendments to the Indian Act. Those were led by Duncan Campbell Scott, who basically put in place the residential school policies and a lot of the policies we still deal with today that are inherent in the bureaucracy and in the Indian Act.

When I think about the proper place of first nations and how we can begin to work together, it's to legislate our way out of the mess that we find ourselves in. It's providing stable resources through tax jurisdiction and other jurisdictions, so that we can begin to make up our minds about what our priorities are without having to first seek approval from somebody else.

We are proposing that we develop an approach that would lead us to be part of the federation. Right now, we're not. All of the resources in the country are divided between the federal and provincial governments. Indeed, the first initiative that allowed us to have independent taxation revenues happened in 1988. It's high time we begin to look at taxation as a very fundamental economic and jurisdictional tool. The federal government could lead the way in this example.

Having said that, we are reaching out to try to resolve the issues in New Brunswick. We're working with the Mi'kmaq. We're also working in Manitoba and here in British Columbia on trying to resolve these very complex issues.

As we begin to resolve them, all of the institutions before you here today are a testament to the fact that stability and jurisdiction lead to economic development and growth and to social policy issues being dealt with at the local level. It puts power in the hands of the communities, which is where it should rest.

**The Chair:** Thank you, Mr. Jules.

I gave you a little more than five minutes there, Mr. Schmale.

Now we'll go to Mr. McLeod from the Liberal Party.

You have five minutes.

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

I'm hoping that the interpreters can hear me. I've made some adjustments to my microphone.

I want to say, first of all, welcome to all the presenters today. I really appreciate having Manny Jules, Harold Calla and former northerner Ernie Daniels, a colleague of mine from way back, appearing before us.

There are some very interesting points being made. I'm hoping, Mr. Chairman, that these three individuals will provide us with the documents, which some of them have referenced, for us to use as part of our review of this issue in committee.

I don't have to tell any of these three how important this issue is. Looking at the barriers and at the issue of economic reconciliation is very important for us if we are to move forward. It's a big part of reconciliation. In the Northwest Territories, we've been doing a lot of work on this issue because it has to be part of the plan of nation rebuilding and reconstituting nations, that is, the question of how we're going to govern ourselves and how we're going to finance ourselves. The financing scheme has to be very diverse because there's no one pot of money we can dip into.

We've been talking a lot about resource revenue sharing, and at our last Liberal convention, we passed a motion that 50% of resource revenues that are raised and that go to the federal government and the Northwest Territories would go to the indigenous governments, and we've been talking about taxation of our own membership once we sign and settle self-governance agreements and move forward on land tenure.

Another big piece is the review of indigenous procurement. Up to now, the procurement policies have just not been working. They're so old and outdated that they don't work for us, and they're cumbersome to use.

There are lots of things happening. I was very keen to see the document, the article, that Ernie Daniels put forward on replacing the diesel generators in the Northwest Territories. I think, Ernie, you talked about looking at one pot of money, and I think you referenced the money that's there for infrastructure for indigenous communities, but I'm curious to know if you're not looking at other funding sources or pots of money. There was a pot of money through the Arctic energy fund. I think there was \$400 million in there.

Would a combination of different funding sources from the government allow you to move forward and do a pilot project? That's my first question, and then I'll follow up with a second question once you've referred to that.

• (1355)

**Mr. Ernie Daniels:** Thank you, Mr. McLeod. It's nice to see you again.

Yes, it doesn't really matter where the money's coming from. I think what's really important is that it's a stream of money, because I don't know if paying a lump sum is the issue. There's probably not enough money to do it all. If the infrastructure gap is at least \$30 billion—it's probably more; I think it's more—and if the government is not able to fund that in a short period of time, well then, it's not getting close.

With the diesel, it's wherever the stream of revenue is, and in my example, I mentioned that the government pays for diesel. They pay for transportation. There's a cost to that, so if we had a more energy-efficient alternative, you're saving on that. That's one source of it, and I know that savings and costs go into a general pot, and there are complexities, but if there were a dedicated source as well, then communities could do it on their own times when they need it, when they're ready and when they're able to do it.

It's getting that revenue stream, and the revenue-sharing agreements are really going to build this infrastructure and really encourage economic development. A lot of the communities that we finance for certain projects are building infrastructure with what they have, but what it's doing is creating opportunities for individual people to jump into business. This is kind of like the same thing.

The diesel one, we thought, ticks off a lot of boxes that the Government of Canada is looking at.

• (1400)

**Mr. Michael McLeod:** Exactly.

**The Chair:** Mr. McLeod, you only have five seconds, so I think it's going to be a tough one.

The next speaker is Madame Gill.

[*Translation*]

You have two and a half minutes.

**Mrs. Marilène Gill:** Thank you, Mr. Chair.

My question is for Mr. Calla.

I was struck by Ms. Idlout's line of questioning. Could you please tell me when exactly you became the executive chair of the First Nations Financial Management Board, as well as the date or year when you were asked to sit on the Trans Mountain board of directors?

[*English*]

**Mr. Harold Calla:** I was invited to be the chair of the financial management board right after the legislation was passed in 2005, and I was invited to be on the board of Trans Mountain about two and a half years ago. I don't have—

[*Translation*]

**Mrs. Marilène Gill:** Was it before the government bought the pipeline, after or around the same time?

[*English*]

**Mr. Harold Calla:** No, I was—

[*Translation*]

**Mrs. Marilène Gill:** Whether it was before or after the purchase, you joined the board in approximately 2019. Is that correct? It's just to have a general idea.

Sorry, I didn't mean to cut you off, but I'd like you to clarify something. This may be a naive question, and I'm not trying to put words in the honourable member's mouth. She asked you about reconciling the two positions.

I wonder whether the fact that you occupy both of those roles might give the impression of a conflict of interest. I'm referring to an apparent or perceived conflict of interest, to be sure. I'd like to hear your take on it. Either way, you hold two positions. The executive chair position is very important from a leadership standpoint, and the board of directors position is another matter, but the fact remains that you were asked by the Government of Canada.

[*English*]

**Mr. Harold Calla:** I was invited to participate in the board after the government acquired Trans Mountain. I raised the issue of my position with the financial management board for them to consider, and if they felt it was a conflict—because I was not for or against any project, but wanted to be in a position where first nations had the opportunity to have some input—then they shouldn't consider me. They concluded that they didn't think it was a conflict, and I accepted the position to be on the board.

I have to say, in fact, some of the matters that have been raised by indigenous communities have been considered by Trans Mountain. The pipeline route has been moved to accommodate some of their interests. Those kinds of matters have been taken up.

I live in an urban area. My community is from an urban area. I know that we all have electricity, we all have natural gas and we all drive cars. That has to come from somewhere.

Do cumulative impacts on the environment need to be considered? Yes. Do we need to move away from the carbon footprint? Yes. But it has—

[*Translation*]

**Mrs. Marilène Gill:** That wasn't what I was getting at, but thank you.

I think I'm over my time, Mr. Chair.

[*English*]

**The Chair:** Thank you, Mr. Calla.

[*Translation*]

Thank you, Mrs. Gill.

[*English*]

The next speaker, for two and a half minutes, is Ms. Idlout.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Thank you. I will pose a question to Mr. Calla.

I ask again: aboriginal people opposed the Trans Mountain pipeline. How did you reconcile with those who opposed it? How did you work it out?

**Mr. Harold Calla:** Well, the financial management board did not, because that's not our role. Others reached out to try to engage with them, but it was not their role. It's not the financial management board's role to reach out to people on those matters. It's not our role.

As an individual, I may support a more pragmatic approach to how you get rid of fossil fuels. The reverse question can also be asked, because when we talk about reconciliation, it's a two-sided coin. How do we reconcile the economic benefits derived from these initiatives not going into first nations communities facing the consequences of these projects with there being no remedial action plans for them? I think first nations need to be involved in these conversations.

If, as a result of that engagement, these projects are denied, so be it. That's my view. But this one was not.

• (1405)

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Thank you.

I will move to the next person, to Mr. Daniels.

I enjoy hearing about FNFA. I wonder, how does FNFA equitably review our community's growing capacity? I ask this question

in the context of, for example, remote communities where people live in unaffordable conditions who may not be able to borrow enough to make a significant change to their living conditions.

**The Chair:** Mr. Daniels, the time has run out. Perhaps you could provide that answer in writing. We have to go to the next round.

At this point, it is Mr. Shields from the Conservative Party.

You have five minutes.

**Mr. Martin Shields (Bow River, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for being here today. It's very much appreciated.

Mr. Calla, you mentioned attitudes, policies and legislation that need to be changed, but you also said you didn't want to wait. There's something of an oxymoron there when you're talking about being quick and you're talking about attitudes, policies and legislation.

I want to go to Manny about his comment that the last thing we need is another government program or an expansion of the bureaucracy, but then you got into innovations. Could you quickly discuss innovations and some examples of them and why?

I really believe you that this is the best way to go. Can you give us some examples^

**Mr. Clarence T. (Manny) Jules:** The First Nations Fiscal Management Act gives you a clear idea of what I mean by innovation. What you have to be able to do is to create institutions that bring forward innovative ideas. Obviously a lot of the ideas that have been in practice for over a century haven't worked. What we have to be able to do is empower individuals, individual first nation communities, to be able to bring forward innovative ideas individually and collectively.

What we've been able to harness through the First Nations Fiscal Management Act is innovation that cuts across community barriers, and we've been able to break down economic barriers because we're working together. One of the biggest innovations is with regard to federal legislation, giving jurisdictional space, making sure that we have the ability to be able to create capacity, training and to pass on skills to individuals and communities, making sure that there are rules and regulations, which are critically important as we begin to move forward building more and more infrastructure and innovation as it comes to education.

Education is critically important to all of this and that's why I mentioned the whole STEEM approach. We need to rethink how we teach at the local level, but we also have to be able to inspire. That's one of the things that we are hoping will take place through the first nations infrastructure institute so that we will be able to harness individuals who may live in a remote area and who are thinking, let's try a different approach to solving this issue. We want one day to have somebody go up into the space station like our esteemed chair here, and that can only happen if we have a different way of teaching our students and inspiring them.

**Mr. Martin Shields:** I absolutely agree with you. Education is critical.

I'll give you an example. In Calgary the new arena they were going to build was an innovative way for taxing in a region in downtown Calgary, or there's a small municipality saying we're going to sell our lots in here for a hundred bucks.

I agree with you on education. It's critical and I support it a hundred per cent, but do you have any examples of innovation where you can say, this is an example of why we don't need programs and bureaucracy. Here's an example of results that have happened because of innovation at the ground level?

• (1410)

**Mr. Clarence T. (Manny) Jules:** I mentioned that the First Nations Fiscal Management Act was an innovation that grew out of a need among our communities here in Canada. We said that the only way to begin to break down the systemic root causes of our lack of economic development was to create our own institutions, so that we could bring forward our own jurisdictions in order to make decisions ourselves.

The limitations of that, of course, are other pieces of legislation. However, what that brings....One of the things we did in Kamloops was to use the tax jurisdiction to put in a major water supply facility that we had built using our own funds. Mind you, there were some contributions from Canada, but we were able to do that, because we had an innovative approach through legislation. There are many ways.

Through the development of the first nations infrastructure institute, why build one water facility when we can build 25? Why build, as Ernie said, one diesel-generating system, when we can replace that with more innovative approaches to deal with power in rural communities?

There are many ways to look at innovation, but the most important way is to let us have a free imagination and the jurisdiction and the resources to see that through.

**The Chair:** Thank you, Mr. Jules.

I'm going to go to the next person, but before that, I see, Mr. Calla, you have your hand up, and Mr. Daniels. I'm going to allow that.

Mr. Calla, please take the floor.

**Mr. Harold Calla:** Thank you.

If you look at the examples of some of the clients who are in the First Nations FMA, you'll be able to see where they've taken this

innovation and created economic development opportunities. Opaskwayak Cree Nation in Manitoba, Fisher River in Manitoba, the Mi'kmaq bands in the Maritimes, all of these communities have taken the capacities and innovations of the fiscal management act and used their imagination to leverage revenues with the finance authority to engage in economic development.

We used to have something we called "bungee economics" for indigenous communities. It was money coming in, and then it would go right out. It would not turn. That's being changed in places like Fisher River, where all of a sudden now there's economic activity occurring within. That all happened because you had access to capital, you had access to tax revenues and you had an ability to understand, through a financial management system, the kinds of things that you were doing. Those are the kinds of innovations that I think this has created.

I hope that answers your question.

**The Chair:** Thank you, Mr. Calla.

Mr. Daniels, you raised your hand as well. Please be brief.

**Mr. Ernie Daniels:** Thank you very much. I appreciate that.

Harold kind of touched on it. I was going to talk about the Clearwater deal. That was clearly innovative in terms of how that deal went through. It was a public company that ended up being a private company. It took some innovation and thinking with the act in place already.

There are limitations under this act, and one of them is that we can only deal with an Indian Act band. It doesn't allow us to deal with a collaboration that comes together. We have to deal with every first nation individually. However, we made it happen. We found a way where we could actually take first nations to collaborate on a single project that's going to generate the economic activity for that region and really have a positive spin on the economic local economy there.

Since then, first nations are coming to us in groups, looking at bigger types of projects. There's the proposed railroad, the Churchill railroad and the Churchill port. There are about 40 first nations working on that and they want to deal with that.

There are limitations of the act that we need to talk about at some point in time, because we need to move beyond the issue of a single eligible recipient of a finance loan that's in the Indian Act.

I wanted to add that, thank you.

• (1415)

**The Chair:** Thank you, Mr. Daniels.

**Mr. Clarence T. (Manny) Jules:** Mr. Chair, if I could indulge here for one minute?

**The Chair:** Try to make it succinct, please.

**Mr. Clarence T. (Manny) Jules:** One of the innovations we're putting forward is the first nations infrastructure institute. That innovation came out of our need to not have the federal bureaucracy determining what kind of infrastructure should be put into our communities. This will allow us, for the first time, to build economic-ready and business-ready infrastructure in our communities. It's a huge innovation, and we came up with the idea ourselves.

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

Those are all good inputs.

The next person is Mr. Weiler from the Liberal Party. You have five minutes.

**Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.):** Thank you, Mr. Chair.

I would also like to thank all of the witnesses for joining our committee today and for the fascinating testimony thus far.

The first question I have is for Mr. Calla.

One of the items you mentioned as part of the road map that you proposed for first nations is aggregation. The Squamish Nation has a lot of experience working with nearby nations, like the Musqueam, Tsleil-Waututh and the Lilwat.

What lessons and recommendations do you have for other nations, as well as for the federal government in particular on what we can put forward or support to move further in that direction?

**The Chair:** To whom did you want to direct that, Mr. Weiler?

**Mr. Patrick Weiler:** That was for Mr. Calla.

**Mr. Harold Calla:** I want to go back to what Ernie said, which is that the federal government has to recognize and permit aggregations. We have to move beyond the Indian Act mentality. This act is only there to support.

You raised the communities that participated in the 2010 Olympics. It was the recognition that we could get a benefit collectively that we couldn't get individually that made us come together. We'd been in court against one another prior to that. All of a sudden, that all changed, and it changed the whole mentality.

Part of that is finding a reason to want to do it and finding an economic benefit that causes people to want to do it. That's really important. It's the ability to come together. Look at the Clearwater transaction, as an example. Had they had an entity, why couldn't we have dealt with the entity? Why do we have to deal with the individual Indian bands?

We have to start recognizing that as the economies grow in first nation communities and become more expansive, this notion that everything is going to be done through the Indian band is not valid. It's going to be controlled by the Indian band and we need to be able to facilitate those kinds of investments that need to be made to support that economic development. However, people have to see that they can benefit. It has to be facilitated. The government needs to amend its policies and procedures to be able to do that.

I realize that everything takes time, but the policy decision, the memorandum to cabinet, has to come forward to enable a conversation to take place in these areas. That's what's important right now.

**Mr. Patrick Weiler:** Thank you.

To touch on something we talked about quite a bit, this question is for Mr. Daniels.

You mentioned that the \$2 billion investment made in infrastructure could leverage \$25 billion if we're using monetization. I was hoping you could explain how you came to that number, and whether you've had any concerns or push-back from some of your membership on this proposal.

**Mr. Ernie Daniels:** There's been no push-back from our membership. They are directing us to do this and look at how we can build more infrastructure in our communities.

How do we propose to make \$25 billion? I mentioned that it was a billion. Through the power of leveraging, we have access to the capital markets through our credit ratings. They're really respectable credit ratings. Mind you, it's historical. There is no other indigenous group in the entire world that borrows as a group and has garnered credit ratings like we have. It doesn't exist anywhere else. This whole act is purely innovative.

Mr. Berna, who is with me, has expertise in leveraging and working with the capital markets. We're going to be issuing our ninth bond since 2014 at the end of this month. That's pretty good. We are well known in the marketplace internationally. Our bonds are bought in Europe, in the Middle East and in the United States. We could go out there and access the money if had the revenue source to do it. In a government, a revenue source is gold. It's golden. It gives you the highest leverage that you can get. We can leverage up to 15 times what the annual amount is.

I don't know if we have any more time for Steve to add to that.

• (1420)

**The Chair:** You have about 20 seconds.

**Mr. Steve Berna:** Thank you.

Mr. Weiler, it's a simple calculation. You take a look at the annual amount that Canada would supply to the FNFA to cover the principal and interest, and then you look at what today's interest rate is. Next, you take a look at the term you would like to pay it over. It's the same as when you go to buy a house. You take a look at your pay cheque and you say, "Can we pay it off in 15 years, 20 years or 25 years?" What's palatable for your cash flows?

Monetization is the same. The federal government would look at what's palatable for their cash flows over a long-term agreement.

**Mr. Patrick Weiler:** Thank you.

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

Committee members, that finishes round two. We have about 10 minutes left. We'll start round three, but we'll get through only a couple of speakers.

Mr. Vidal, you are first. You have five minutes.

**Mr. Gary Vidal:** Thank you, Mr. Chair.

I know that we have a bunch of accountants in the room—Mr. Calla, Mr. Berna, Mr. Daniels and me—so we could talk monetization and some of these things for probably 25 minutes, not five minutes. I want to be really quick and spend my five minutes looking at the first nations infrastructure institute and monetization.

In CIRNAC department plans since 2019, there has been mention of the creation of and support for a first nations infrastructure institute. That's several years. The data clearly shows that it takes five times longer to get a project built on a first nation. This is a barrier that needs to be removed.

I'll throw this question open to any of the folks here, but I think Mr. Jules spoke quite a bit about this. If there were one message that this committee could get in the final report to Parliament, what would it be regarding the first nations infrastructure institute and how it would be beneficial? How can we get this across the finish line? I guess that is fundamentally my question.

**Mr. Clarence T. (Manny) Jules:** Well, it's relatively simple: We need to empower first nations to look after themselves. In order to do that, we need certainty of jurisdiction and certainty of income. For me, being a tax promoter, it's *taksis* so that we would have independent revenues to be able to look after the infrastructure. We also need to have—clearly—federal legislation.

The message is clear: Let's move on. Of course, the preference would be to get this into the budget implementation act, but I don't think that will happen. Let's move this up as a priority. Let's get this job done before the summer. Have legislation in place so that we can stand up the institution and begin to do the necessary work. Otherwise, we're going to have yet another year of water that isn't potable and the lack of services within our communities.

**Mr. Gary Vidal:** Thank you for that. We need to get this done. I appreciate the emphasis you put on that.

In the two minutes I have left, I'll flip over to monetization. In my opinion as kind of a numbers guy, there's clearly a correlation between the infrastructure institute and monetization. When we put those two pieces together, there are so many success stories that can be told, or would be told, out of that.

As far as I understand it from a prior presentation you made to us, Mr. Daniels and Mr. Berna, the minister has the legislative authority to sign off on a pilot project that could really show what the success of this project could be with regard to that concept of monetization. Do you have any idea why that hasn't happened? I know that you've been talking about this for a while. What is stopping this? What is the resistance? Why do we not get the approval for something that seems so obvious?

• (1425)

**Mr. Ernie Daniels:** It's a very good question. Simply put, the barrier we hear all the time is that there's a lack of government transfer for that. There is no funding available. There's no revenue

available. But we know that there is, because there's \$2 billion in there. You're building it slowly. With inflation this year, the cost of materials and everything has gone up. Really, construction costs are increasing over inflation, so it's really high dollars we're paying. The amount that's in the budget this year will only build maybe three-quarters of what it did last year and so forth. The idea is that we need to build it now—today—while we can, and take advantage of the costs today.

**Mr. Gary Vidal:** Thank you.

I see that Mr. Calla has his hand up, so I won't ask another question. I want to let him have his input here.

**Mr. Harold Calla:** I think it's important to appreciate that the value of the infrastructure institute is to be able to utilize the monetization that hopefully will come, but it also provides value in looking at alternative procurement processes, such as public-private partnerships and stacking of revenues. If a first nation wants to use its own-source revenue, if it wants to use the money to provide infrastructure that's not just for domestic community use but also for economic development use, that needs to be enabled. The definition of what infrastructure is needs to be expanded. If you don't have connectivity to the Internet, you don't have an economy in today's world.

So a lot of policy issues have to be considered, but the main one is monetization of revenue streams and to not penalize a first nation if they choose to stack capital money from the department with their own money.

**Mr. Clarence T. (Manny) Jules:** I would say the biggest limitation is the lack of legislation. That's why we're promoting the first nations infrastructure institute. You can't get beyond piloting a monetization program without having the legislation in place. That's why we need the legislation ASAP.

**Mr. Gary Vidal:** We seem to have lost the chair. I can keep asking questions if you want.

Maybe, Mr. Schmale, as the vice-chair, you might want to jump in here and cut me off.

**The Vice-Chair (Mr. Jamie Schmale):** You can keep going, Gary.

Our next speaker—

[*Translation*]

**Mrs. Marilène Gill:** I have a point of order, then.

[*English*]

**Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.):** Jamie—

**The Vice-Chair (Mr. Jamie Schmale):** I'm only kidding.



[Translation]

**Mrs. Marilène Gill:** I had a point of order I wanted to raise with the chair, so I hope we get him back. Until such time, I'll put my question to you.

Since the chair gave some witnesses more time to answer, members of other parties may have less time for their questions. I'd like to know whether we could keep going once the rounds are complete to restore the time that those members lost. I do realize, though, that we were hearing from the witnesses, so the time wasn't exactly wasted.

[English]

**The Vice-Chair (Mr. Jamie Schmale):** Is that a motion, Madam Gill?

[Translation]

**Mrs. Marilène Gill:** Yes.

[English]

**The Vice-Chair (Mr. Jamie Schmale):** We could extend for... How many minutes did we lose? I wasn't keeping track of Gary. We can do one more round each....

[Translation]

**Mrs. Marilène Gill:** I didn't keep track either, but three people spoke.

[English]

**The Vice-Chair (Mr. Jamie Schmale):** Okay. Each party gets one.

[Translation]

**Mrs. Marilène Gill:** Thank you.

[English]

**The Vice-Chair (Mr. Jamie Schmale):** Is that okay with you, Clerk? I can't see you on the screen.

**The Clerk of the Committee (Ms. Vanessa Davies):** Mr. Vice-Chair, I've just sent you the rounds of questions so that you can follow along and we can continue with the panel.

**The Vice-Chair (Mr. Jamie Schmale):** All right. Did you send it to my P9 email address?

**The Clerk:** I did, and I sent it to your assistant as well.

**The Vice-Chair (Mr. Jamie Schmale):** Okay. Thank you.

Do I see a seconder for that motion?

**The Clerk:** You don't need a seconder, Mr. Vice-Chair.

**The Vice-Chair (Mr. Jamie Schmale):** All right. We will do it by a show of hands. All in favour?

**Some hon. members:** Agreed.

**The Vice-Chair (Mr. Jamie Schmale):** Okay. I guess next up is Madam Gill for...how many minutes?

**Mr. Marcus Powlowski:** No, it's me, I think, Jamie. The Liberals—

**The Vice-Chair (Mr. Jamie Schmale):** I don't have the list yet.

[Translation]

**Mrs. Marilène Gill:** It's the Liberals' turn first.

[English]

**Mr. Marcus Powlowski:** I think the Liberals—

**The Vice-Chair (Mr. Jamie Schmale):** My goodness, things really fall apart when I'm in charge.

**Mr. Marcus Powlowski:** They sure do.

**The Vice-Chair (Mr. Jamie Schmale):** I used to like you.

Marcus, the floor is yours for—

**Mr. Marcus Powlowski:** —five minutes.

**The Vice-Chair (Mr. Jamie Schmale):** It's five minutes. Okay, the clock is starting, Marcus. It's all yours.

**Mr. Marcus Powlowski:** Thank you.

Thank you to the witnesses.

I have to say that, of all the committees that I've sat in, this is one of the few, with this group of witnesses, that actually makes me happy. I think you will all agree that the answer to so many of the difficulties facing the indigenous community is education and economic prosperity. What makes me happy, I guess, is to see that the indigenous financial community has such capable leadership. I envision good things to come.

But certainly the government has to give the indigenous community the tools it needs to achieve its goals, and Manny talked about the need for legislative change. He also talked about wanting, seemingly, to have jurisdiction to tax in other areas.

I see that under the Indian Act, section 83 gives chiefs and councils the power to tax with respect to local purposes of land or interest in the land. The First Nations Fiscal Management Act gives chief in council, I think, basically the similar powers.

I would take it, Mr. Jules—and I hope I can call you Manny—that you want to extend that power to tax in other areas. Of the list you mentioned, the only one I remember is marijuana, but I think there were other things.

Would your proposal be to change the Indian Act and the First Nations Management Act in order to allow taxation in those other areas, and what areas would those be? Could you really do it by this summer? And who would have the power to determine what they would tax? Would it be the individual chief and council, or would the indigenous community as a whole be able to tax with relation to, say, marijuana?

• (1430)

**Mr. Clarence T. (Manny) Jules:** It's a multipronged question.

The message is very clear: The more tax jurisdiction we have, the less liability and therefore oversight from any other government. We need tax jurisdiction just like every other government.

I think a lot of these issues like tobacco, cannabis, fuel, excise and income tax could all be looked at through the budget implementation act. I think these are areas where we've asked for an expansion of jurisdiction.

When it comes to the timelines, what I'm proposing through the infrastructure institute is having the legislation passed by the summer.

The tax jurisdiction ultimately rests with the community. When you talk about the Indian Act, section 87 says that it's an individual right. The only override is the individual community. The community has to make a decision about what kind of tax jurisdiction it should overcome and take responsibility for.

Some of these are complex, because you need participation from the provincial governments. That's why we have tax disputes in New Brunswick and elsewhere in the country, because these are not statutorily based. They're program-based. It isn't the same as jurisdiction.

What I propose is a jurisdictional way forward as opposed to a program. Even resource revenue sharing isn't the same, because you can't go to the bank with that. Ernie can't go to the international bond market and say, "I've got resource revenue sharing". That could change, as we've witnessed in New Brunswick.

**Mr. Marcus Powlowski:** Now, to follow up, if you were going to give individual chiefs and councils the powers to determine what they were going to tax.... You mentioned fuel tax. Just this morning I brought one of my kids over to Fort William First Nation where there's a hockey rink where he plays hockey. Everyone in Thunder Bay gapes up there because of the tax advantage and not having to pay tax when you're on first nations' land.

I certainly think that part of the economic advantage some first nation communities currently enjoy is because of having to pay lower rates of tax. Wouldn't that potentially undermine that economic advantage?

**Mr. Clarence T. (Manny) Jules:** What we've done here in Kamloops is we occupy what we call the "fat tax"—fuel, alcohol and tobacco. That is paid by individual community members, but also the broader society as well. We generate over a million dollars a year as a result of that revenue. We're able to use that to protect our title interests both on and off reserve. It allows us to invest money into education, infrastructure and the like.

These are complex questions that individual communities have to address. My view is if the jurisdiction is in the community, then you get rid of the loopholes as individuals would see it.

• (1435)

**Mr. Jamie Schmale:** Oh, the chair is back. All right.

**The Chair:** Thank you very much, Mr. Schmale, for filling the void. I don't know what happened, but my connection dropped. I do appreciate it.

I understand that Mr. Powlowski has had his five minutes.

I want to thank all of our witnesses today. We have basically fully used that time, and it has been fascinating—

[*Translation*]

**Mrs. Marilène Gill:** Pardon me, Mr. Chair.

**The Chair:** Yes, Mrs. Gill?

**Mrs. Marilène Gill:** I think Mr. Schmale was going to jump in at the same time. No matter, I just wanted to tell you, Mr. Chair, that we still had two turns left.

**The Chair:** Yes, we had decided that we would give ourselves 90 minutes.

**Mrs. Marilène Gill:** While you were gone, I raised a point of order. It didn't have to do with the fact that you were gone. I would have raised it anyways. I pointed out the fact that three people were given more time to speak. They were allowed to do so, and as a result, it took away time from other members, specifically me and Ms. Idlout, I believe. I asked to have that time back so we could question the witnesses.

**The Chair:** Very well. We will finish this round to satisfy everyone.

Go ahead, Mrs. Gill. You have two and a half minutes.

**Mrs. Marilène Gill:** Thank you, Mr. Chair.

Mr. Calla, I have a straightforward question about something you mentioned earlier, the philosophical barriers that keep some communities from participating.

Could you talk more about that?

We talked about the fact that you sit on the Trans Mountain board of directors. I would think that could be perceived as the First Nations Financial Management Board taking a political stand.

Do you think that might hinder the participation of other first nations?

[*English*]

**Mr. Harold Calla:** I believe that in the beginning, not many communities could see the economic opportunity where they could utilize the services of access to capital. That's first and foremost. Emerging Supreme Court of Canada decisions have empowered first nations to participate more generally in the economy. All of a sudden, there's now economic activity that first nations can see regarding their communities and how they can support their desire to provide for their own communities.

As people started to see success, they wanted to become involved in this initiative. That success came from people initially signing up, going out and getting some loans from the First Nations Finance Authority and beginning to use those loans to support their community's interests and plans.

I think communities didn't initially see that because they didn't have economic opportunities at their doorstep or they didn't know how to realize those opportunities that were at their doorstep. Building this capacity has opened the door for them to be able to do that.

[Translation]

**Mrs. Marilène Gill:** Sorry to cut you off there, Mr. Calla, but the time goes by so quickly, and I'd like you to answer my second question.

Do you think your involvement in the Trans Mountain board of directors could be viewed as a political stand, thereby deterring some first nations from taking advantage of the First Nations Fiscal Management Act?

[English]

**Mr. Harold Calla:** All I can tell you is that it has not, up to this point, Madam. In fact, I'm encouraged that they're telling me they want somebody to be there.

**The Chair:** That takes up the remainder of that time.

Ms. Idlout, you have two and a half minutes.

• (1440)

**Ms. Lori Idlout:** *Qujannamiik.*

I'll be asking my questions in English to Clarence Manny Jules with the First Nations Tax Commission.

I was interested in your paper, which talked about the systemic gaps and how it takes five times longer to make indigenous projects shovel-ready. I'm wondering if you could elaborate on why it takes longer for things to become shovel-ready and what is being done to address that.

**Mr. Clarence T. (Manny) Jules:** When we talk about projects on reserve taking four to six times longer, it's because there's a lack of resources on the part of the community. There's lack of capacity to deal with the issues, a lack of rules and regulations and a lack of a game plan in terms of what needs to be done. We're working together as institutions to try to break down those barriers, so that it's just as fast to do business on our lands as it is off.

Some of that means working with other institutions, like the first nations lands management board, on additions to reserve policy, on specific claims policy, and in the long term, on creating our own proper land titles system so that lands would be transferred to our title, not to the title of the federal government, or indeed to the provincial or territorial governments.

To break down the times in terms of investment, we need institutions and innovative ways to deal with it. That's ultimately the framework of the institutions that are before you today as witnesses.

**The Chair:** You have about 20 seconds, Ms. Idlout.

**Ms. Lori Idlout:** *Qujannamiik.*

Really quickly, what would need to be in place on the part of the federal or provincial and territorial governments to serve indigenous communities on pace with the rest of Canada?

**Mr. Clarence T. (Manny) Jules:** We need optional legislation. We're past the day...and this goes to the questions that have been asked of Harold.

One of the things about philosophy is that people need to be able to be educated and make educated decisions. That's what we propose. We want people to come in with their eyes open, utilizing the

legislation and the institutions. There needs to be legislative time set aside. The legislative time is critically important. To do any piece of legislation can sometimes take up to seven years. We have to be able to cut down on that time to process it a lot faster.

**The Chair:** Thank you, Mr. Jules.

Mr. Schmale, you have five minutes.

**Mr. Jamie Schmale:** I'm happy to go, Chair, but I think the motion was just to finish with Madame Gill and the NDP.

**The Chair:** Okay, I missed that. I was incommunicado at the time.

Thank you very much.

[Translation]

I want to extend a heartfelt thanks to the witnesses who were with us today to answer the committee's questions.

[English]

Thank you very much, Mr. Ernie Daniels, Steve Berna, Harold Calla and Clarence—if I may call you Manny; it seems to be your nickname—Jules.

Thank you very much for providing important testimony to this group as we begin our study on a very important topic, the barriers to economic development. We very much appreciate your presence today, and we look forward to sharing the report when it comes out, so thank you very much.

Members, I'd like to call an adjournment on this, so we that we can reconnect for the in camera portion of our meeting in a couple of minutes.

Is everyone okay with that? I don't see any hands raising.

Let's adjourn. Again, thank you very much.

Sorry, I heard somebody yelling at me.

**The Clerk:** Yes, Mr. Chair. Sorry, you need to suspend, and we'll take a short break to allow people to sign in to the in camera Zoom link.

**The Chair:** Okay. I'm getting used to this new job.

I thought adjourning was the same, but I guess it isn't.

What are the words I need to use, Madame Clerk?

• (1445)

Thank you, and we'll rejoin in a couple of minutes.

**The Clerk:** Just suspend.

**The Chair:** Very good.

I'm suspending this portion of today's committee meeting.

*[Proceedings continue in camera]*

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