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**EVIDENCE**

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**Chair**

**Ms. Nancy Karetak-Lindell**

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## Standing Committee on Aboriginal Affairs and Northern Development

Thursday, October 6, 2005

• (1535)

[English]

**The Chair (Ms. Nancy Karetak-Lindell (Nunavut, Lib.)):**  
Good afternoon. Welcome again to our second meeting of this session and our first meeting with witnesses.

Before us, pursuant to order of reference.... I don't have a date here. We're doing our pre-study on Bill C-54, which is the act to provide first nations with the option of managing and regulating oil and gas exploration. This is currently being debated in the House of Commons, so we decided to do a pre-study.

Appearing before us in the first hour is the Honourable Sue Barnes, Parliamentary Secretary to the Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-status Indians. I will leave it to you to introduce the people you have before us.

According to the schedule set out at the last meeting, we will hear from you from 3:30 to 4:30. So I can tell the members right now that we will be doing only one round of questioning after the presentation if we stick to the time allotment.

I'll let you get on with your presentation, Ms. Barnes.

**Hon. Sue Barnes (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians)** Thank you.

Before I start, Andrew Beynon, on my left, is an official from the Department of Justice, who is knowledgeable on this subject matter. Also, Paul Fauteux and Paul Landry, from the department, are two people who have had a longstanding involvement with the subject matter of the bill that's currently at the House.

With that, I will start.

[Translation]

Madam Chair, I'm pleased to appear before the Standing Committee on Aboriginal Affairs and Northern Development to discuss Bill C-54, An Act to provide First Nations with the option of managing and regulating oil and gas exploration and exploitation and of receiving moneys otherwise held for them by Canada. I have every faith in the ability of the committee to conduct a thorough, thoughtful and honest review of this proposed legislation, which we have developed jointly with the sponsoring First Nations. I appreciate the opportunity to address you.

I know that the Committee will hear expert testimony on the legal, regulatory and financial complexities of this legislation. But today

I'd like to provide some vital context and describe the importance of this legislation to all Canadians.

Madam Chair, as the Prime Minister has stated on several occasions, our government is committed to a transformative agenda designed to close the gap in socio-economic conditions between First Nations people and other Canadians.

[English]

A key pillar of the aboriginal economic opportunities strategy being led by Minister Emerson is the need to ensure that the appropriate legislative and regulatory environment is in place to support aboriginal economic development. The subject matter of Bill C-54 is a key element of that package. The subject matter of Bill C-54 builds on progress made through other initiatives, such as the Canada and aboriginal peoples round table and the recent policy retreat. It's thematically linked to the work that is the basis for the upcoming historic first ministers meeting. The bill complements commitments made in recent budget speeches from the throne, as well as land claim and self-government agreements. I heard about all of these in the context of this piece earlier today in the House.

In essence, the legislation is another important and vital step toward the establishment of a new relationship between the Government of Canada and aboriginal peoples. The relationship, based on mutual recognition, respect, and trust, will put timely decision-making at the community level. It will remove the layers of federal oversight, enabling aboriginal people to participate more readily in the economy, to better meet the needs of their communities, and to realize their full potential. As a result, all Canadians stand to benefit, because strong, sustainable first nation and other aboriginal communities have so much to contribute to this country economically, socially, and culturally.

To appreciate this piece of legislation's role in the new relationship, you must first understand that the legislation grew out of an attempt by leaders of several first nations to create brighter futures for their communities. These leaders recognize that although significant deposits of oil and gas existed on lands owned by their communities, residents were unable to fully benefit from these deposits for a variety of legal, jurisdictional, and regulatory reasons. Consequently, a group of first nations began to work in cooperation with the federal government to address this inequity.

Ten years ago the Government of Canada agreed to participate in a pilot project with several first nations, including the White Bear First Nation, the Blood Tribe, and the Siksika Nation. Under the project, the first nations have assumed progressively greater control over the management and administration of their own on-reserve oil and gas resources. Control was assumed according to a strict schedule based on the level of administrative and managerial competence developed by each first nation.

● (1540)

As a first nation acquired expertise in specific disciplines, they gained additional control. When they were ready, they sat down with the government and we jointly developed the proposed First Nations Oil and Gas and Moneys Management Act to enable them to assume full control.

Today, the three first nations that have been involved throughout the last ten years are ready to assume full control, and I'd like to express the government's thanks to them for a job well done. However, to complete this final step, and once Parliament has approved this legislation—as I hope we will—the first nations must then demonstrate that they have the support of a majority of members through democratic referenda.

In addition to the main attributes of the bill, which balance powers with responsibilities, the protection of aboriginal or treaty rights is a very sensitive and critical issue for many first nations. Bill C-54 includes a non-derogation clause to make clear that this legislation is not intended to abrogate or derogate from aboriginal or treaty rights protected by the Constitution, and to ensure that should an infringement to those rights be found to arise from the application of its provisions, the government would have to justify that infringement.

The main attribute of Bill C-54 is to balance powers with responsibilities effectively. Any first nation that seeks to avail itself of the additional powers available under this legislation must first develop an ability to manage and administer oil and gas resources responsibly. A first nation must develop laws to manage and regulate oil and gas exploration and exploitation. All laws must respect relevant provincial and federal laws such as those governing resource conservation, environmental protection, and environmental assessment. Furthermore, a band council must develop procedures on the collection and expenditure of specific oil and gas revenues that include accountability and transparency practices to address conflicts of interest. All these laws and codes are subject to community ratification.

The bill will also help promote fiscal responsibility. In addition to giving first nations the option to manage their oil and gas resources, it will enable them to respond to economic opportunities and community needs by managing their moneys. Here again, Bill C-54 balances powers with responsibility. On the one hand, it includes provisions that place with the first nations the management of moneys otherwise held in trust on their behalf in the consolidated revenue fund. On the other hand, the first nations must develop appropriate fiscal and administrative procedures that respect relevant provincial and federal laws, obtain the support of a majority of their members for taking on this responsibility, and remain accountable to them rather than to the federal body.

It is crucial to understand that Bill C-54 provides power and responsibility only to those first nations that seek that. In other words, it is completely optional. No first nation will ever be required to adopt either the oil and gas management or the moneys provisions of the First Nations Oil and Gas and Moneys Management Act. Clearly, though, the potential benefits of Bill C-54 may convince some additional first nations to develop the capacity needed to qualify for additional powers in order to take advantage of the economic opportunities afforded under this bill.

The benefits of Bill C-54 will accrue to the first nations, to regional economies, and to all Canadians. Participating first nations will be able to make the most of oil and gas opportunities on their lands. Members of these first nations will be more likely to participate at each stage of development, from exploration to drilling, from extraction to refining, and from delivery to site remediation. Employment will increase. Additional royalties will flow to first nations and provinces. Tax revenues will also grow.

We must not ignore the positive effect that the bill will have on resource development companies. According to the latest research, significant oil and gas deposits exist on more than 250 first nations reserves. By engaging first nations in the management and administration of oil and gas resources, this bill will allow them to capitalize on economic opportunities more readily, while providing for the same level of investor confidence for the industry.

Consider that in the last five years alone more than 900 new wells have been drilled on first nations lands. The value of oil and gas extracted from first nations projects last year was approximately \$230 million. These numbers represent relatively modest efforts by a handful of first nations. It is just the tip of the iceberg.

● (1545)

It is important to recognize that while all of this activity was under way, and all this revenue was generated, members of the three first nations participating in the project were gaining valuable hands-on experience in the development, operation, and maintenance of oil and gas resources. Having acquired these critical business skills, members of these three first nations will be better able to capitalize on opportunities, thereby creating new jobs and securing brighter futures for young people—and there can be little doubt that thriving first nations have a positive effect on the Canadian economy.

I believe that Bill C-54 also sends a very clear signal to all aboriginal people in this country, be they first nation, Métis, or Inuit, that Canada is determined to work collaboratively with first nations and aboriginal communities to help them realize their vision of a brighter future.

Canada is blessed with an abundance of valuable energy reserves. The development of these resources has long been key to a prosperous economy, and continues to support our quality of life. With North American demand for energy projected to rise steadily, oil and gas development will continue to play a central role in Canada's economy, hopefully for many more years to come.

The bill will enable aboriginal communities to play a greater role in resource development with their own lawmaking authority and more effective tools to manage and protect their lands and resources. It will also enable first nations to preserve and enrich their culture and way of life, and will enhance the economic growth and well-being of their communities.

The provinces already provide monitoring of compliance and services to first nations through Indian Oil and Gas Canada. The proponent first nations are taking a business-as-usual approach to their relationships with business and the provinces. The first nations operating under the proposed legislation will be adopting oil and gas laws that are at least equal to provincial laws for resource conservation and protection of the environment.

Officials of the Department of Indian Affairs, along with sponsoring first nations, have informed the provinces of the objectives and contents of FNOGMA. British Columbia, Saskatchewan, and Alberta have been especially receptive to this initiative.

[Translation]

I thank you for your attention and I will be pleased to answer your questions.

• (1550)

[English]

**The Chair:** Thank you very much, Ms. Barnes.

We will start with the Conservative Party for nine minutes, and we'll try very hard to stick within the timeframe to give more time to everybody around the table.

Mr. Harrison, please.

**Mr. Jeremy Harrison (Desnethé—Missinippi—Churchill River, CPC):** Thank you very much, Madam Chair.

We find ourselves in a somewhat interesting situation, in having the bill up in the House right now for second reading and before our committee as well. So maybe that would explain where the minister is—although I didn't actually see him in the House either.

Maybe I'll give just a bit of background or explanation before I get into my question. My constituency, called Desnethé—Missinippi—Churchill River, encompasses the entire northern half of the province of Saskatchewan, an area that includes the tar sands, which extend into northern Saskatchewan. This bill could very well impact on first nations in northwestern Saskatchewan in the future. I think it could potentially have a significant impact, particularly considering the recent announcement of the construction of an all-weather road link between Fort McMurray, Alberta, and La Loche in northwestern Saskatchewan. That road had been pushed for a long, long time by stakeholders, municipal officials, first nations, and it is something that I had made my top priority as a member of Parliament. It will, I think, allow first nations and communities in northwestern

Saskatchewan to take full advantage of the incredible boom currently going on in Fort McMurray and hopefully it will allow them to develop the oil and gas industry in northwestern Saskatchewan—potentially under the auspices of Bill C-54.

I would like to congratulate as well the three first nations who persevered over a long period of time—over a decade now—to make this bill a reality and to get it into the House of Commons. My party has been clear that we support this piece of legislation; we think it's a good bill. It's supported by all parties in the House of Commons. I spoke to it this morning and laid out in greater detail our position on it.

I guess one question I would have, though, which was addressed somewhat in the opening remarks of the parliamentary secretary, is how many first nations could this bill potentially apply to? How many first nations have oil and gas reserves that are discovered already and to which this bill could have application?

**Hon. Sue Barnes:** First of all, I should say that the minister, the Honourable Andy Scott, is very supportive of this piece of legislation. I thought I made it clear the other day that he would be in cabinet at this time, which is exactly where he is, pursuing other important matters of state. I made it clear to the committee that it was most likely that I would be here in his stead, and that has occurred.

With respect to Saskatchewan, I think the member may not be aware that the FSIN, who I believe has been invited to be a witness before this committee if it's feasible for them to make it here, represents over 70 first nations in Saskatchewan. My understanding is that as a group they passed a resolution supporting the legislation. I would anticipate that their testimony would say that, more or less; that's my current and most up-to-date information.

Obviously, in the northern Alberta areas, in the tar sands, there are many first nations up there who are more than capable business-wise to participate in what will be a tremendous economy that could affect—and I don't think it would be wrong to say this—the GDP of Canada. It will certainly have an impact. There's a lot of oil in those tar sands, as this member and his party would be very well aware of. These are significant dollars, these are significant resources, and I think it is only right and just that we are significantly doing this type of self-governing legislation right now to enable them to participate.

In terms of the exact numbers, Mr. Harrison, I'm just going to ask if any of the officials could help you out there.

Go ahead, Mr. Fauteux.

• (1555)

**Mr. Paul Fauteux (Director General, Lands Branch, Department of Indian Affairs and Northern Development):** Thank you very much, Madam Barnes.

The exact numbers are, by definition, speculative, but it is our estimate....

First of all, as the parliamentary secretary mentioned on behalf of the minister, there are about 250 first nations in Canada who have oil and gas reserves in various quantities on their reserve lands. That gives you the pool, if you like, of first nations potentially interested in the oil and gas provisions of this bill. However, we expect that over the next 10 years, it is likely that approximately 20 first nations will seek to avail themselves of its provisions. We're preparing to facilitate the availing of the provisions of the bill by about two first nations per year after the three pilot first nations with whom this bill has been jointly developed.

Thank you.

**Hon. Sue Barnes:** Mr. Harrison, I should add that the Indian moneys provision is open to all 600-plus first nations. For those immediately prepared to step to the plate, there's a whole scenario and a step-by-step procedure outlined in the act that they would have to go through.

**Mr. Jeremy Harrison:** I'm aware of that. I'm aware as well of the support shown by first nations in Saskatchewan. I've been in contact with them, so I'm very aware of that.

My understanding is that when the pilot project that led to Bill C-54 was initiated, five first nations were part of that at first. I guess my question would be, what happened to the other two who aren't part of Bill C-54 today?

Second, I know it was alluded to that there could be up to 20 eventually involved in this. Are any additional first nations in the process right now of becoming subject to this piece of legislation?

**Hon. Sue Barnes:** Seeing as I was not present at that initiation ten years ago, I'm going to ask Paul Landry to give you the specific answer. You're right, two more had originally started. They both left for different reasons.

I'll just have Paul explain that to you properly.

**Mr. Paul Landry (Director, Legislative Projects, Department of Indian Affairs and Northern Development):** Five first nations actually began the process approximately ten years ago. Two out of the five first nations decided, for reasons that were local in nature, not to pursue this. One community that was involved in training decided more specifically, as a result of an election of the chief and council, that they had other priorities to pursue. They indicated that they would not be pursuing this.

The second first nation was in the capacity development program. Through the capacity development program that was built by Indian Oil and Gas Canada, certain standards needed to be met. The first nation was having difficulty meeting those standards because of a turnaround in staff. After discussions with Indian Oil and Gas Canada, they decided to drop out of the scheme.

So the three proponent first nations that you have before you here are those who were involved in the last step of the process—essentially, the development of the legislation.

**The Chair:** You have a few seconds left, Mr. Harrison.

**Mr. Jeremy Harrison:** I'll make it quick, then.

What will the capacity development process be for any first nations that want to become a part of this program? For the three that have been a part of drafting this bill, there was a very extensive

process to get to where we are today. What will the process be for any new first nations that want to be a part of this?

**Mr. Paul Fauteux:** Briefly, Madam Chair, it will be a compressed process. Over the ten years of the pilot project, we have developed training methods and we have developed capacity-building techniques, and we estimate that we can reduce that period to about three years.

So for the second wave of first nations, the process that took ten years for the pilots should take about three years, but it will have essentially the same components—capacity building, knowledge transfer, and development of the skills necessary to manage and regulate all aspects of the oil and gas business.

• (1600)

**The Chair:** We'll now go to our second questioner, from the Bloc Québécois, Mr. Cleary. You have seven minutes, sir.

[*Translation*]

**Mr. Bernard Cleary (Louis-Saint-Laurent, BQ):** Thank you, Madam Chair.

Am I entitled to the same time as the previous questioner had?

[*English*]

**The Chair:** No. He had nine, you have seven.

[*Translation*]

**Mr. Bernard Cleary:** Let me first reiterate what I have said in the House.

This is a great moment for me, and I do not say that to please the Liberal Party. It is a great moment. I have been negotiating these issues for 25 years and I had to deal with many negotiators. I am quite proud that meaningful results have been achieved. I did not think I would live long enough to see this, but it seems that it was intended that I would see it, perhaps not as a negotiator, but at least as a member of Parliament.

In fact, I merely want to tell you that you can be proud of the work that you have done in this issue. I am asking you to keep working on it for other groups, since there are other assets in the subsurface of their ancestral territory that belong, in my view, to Natives. It is a marvellous and promising opening for the funding of Native groups; this could bring us out of a marginal status that has always made us into beggars. Now, at least we will have some of the money flowing from our lands. This is why it is so very important for me, and I wanted to tell you that.

My colleague besides me, who is a lawyer, explain to me that there is a non-derogatory clause. In the old time—let's talk like old timers—we used to call this a “no prejudice clause”.

I did not read it because I couldn't find it. Perhaps one of you could read it to me; I am sure you will be able to find it easily. I would like you to explain it to me so that I fully understand it, and also because I will then have a supplementary question, if Madam Chair allows me.

[*English*]

**Hon. Sue Barnes:** Thank you very much.

I think our justice representative can probably explain it best, so I'll let him explain.

[*Translation*]

**M. Andrew Beynon (avocat général et gestionnaire, Services juridiques, ministère des Affaires indiennes et du Nord canadien):** The non-derogatory clause is at clause 3(e) of the bill.

**Mr. Bernard Cleary:** Did you say subclause 3(e)?

**Mr. Andrew Beynon:** That's correct.

Clause 3 states how the legislation should be interpreted. It contains several subclauses, numbered from 3(a) to 3(e). The non-derogatory clause is subclause 3(e).

I can read it to you:

3. For greater certainty:

e) nothing in this act shall be construed as to abrogate or derogate from the protection provided for existing Aboriginal or treaty rights of the Aboriginal peoples of Canada by the recognition and affirmation of those rights in section 35 of the Constitution Act, 1982.

This clause deals with ancestral or treaty rights that are protected by section 35. The legislation in its entirety, whether it deals with issues of oil and gas or financial matters, does not derogate from the protection afforded to these ancestral or treaty rights by the recognition and affirmation of those rights in section 35. In other words, this does not change in any shape or form the application of section 35 of the Constitution Act.

**Mr. Bernard Cleary:** So it is a separate clause, such as there was in other agreements.

• (1605)

**Mr. Andrew Beynon:** I have not heard the words “without prejudice” in this regard, but in a way, that's what it is: we do not want to change the application of section 35 of the Constitution Act.

**Mr. Bernard Cleary:** Thank you.

[*English*]

**The Chair:** Thank you.

We now have Mr. St. Amand, and we do have a little time left.

**Mr. Lloyd St. Amand (Brant, Lib.):** Madam Chair, I share with Mr. Harrison and Mr. Cleary—and probably all members of the committee—that this is a positive happening, for sure.

As I see it, however, three communities have fully taken part in what I'll term a partnership in which one partner, the community itself, has become increasingly strong, so to speak, to the point that the other partners' interests can pretty much give way, and the money's management part of the bill is given relatively little focus.

I appreciate that it's not a precondition, but is the reality that a community that wishes to get involved in this must necessarily have significant resources within the community, be they oil and gas or minerals or some such? Do you have any comments on that?

**Hon. Sue Barnes:** I think Andrew would be best able to comment.

**Mr. Andrew Beynon:** It's a good technical question. Primarily, the oil and gas provisions are of course aimed at those first nations that would have oil and gas assets on reserve lands. In the definitions

in the legislation there is a comprehensive definition of gas and a comprehensive definition of oil so that it can extend to a whole series, depending on the type of oil or gas assets that are found on that land. There was a question earlier with respect to oil sands. The definition of oil is even broad enough so that, conceivably, the legislation could apply to oil sands, not just conventional liquid oils.

One extra feature to note is that the way the legislation is drafted, the authority for first nations in the legislation is to deal with oil and gas exploitation. If you look at the definition of exploitation, it of course extends to the matters of extraction of the substances directly from the reserve land itself, but the definition is actually broad enough to encompass things like distribution or refineries.

So the short answer to your question is that conceivably there might be a first nation that's interested in opting into this legislation to deal with the refinery operation, even if it isn't oil and gas that was produced right on that reserve land.

**Mr. Lloyd St. Amand:** I presume, though—and I believe it was Mr. Landry who speculated on the number—that perhaps 20 first nations communities would eventually buy into this. You were referring not to communities of a certain size or in a certain location but rather the number of communities that, not so coincidentally, happen to have oil and gas reserves. Is that fair to say?

**Mr. Paul Fauteux:** If I may, sir, yes, that was based on the assessment made by Indian Oil and Gas Canada, the operating agency of the Department of Indian Affairs, which currently manages oil and gas on reserve land. It was their estimate of the number of first nations who have sufficient quantities of oil and gas to justify the effort involved in developing their capacity to manage it themselves.

**Mr. Lloyd St. Amand:** I have one final question—perhaps it's my final one. We know that it's difficult to quantify results—we appreciate that this can be difficult—but I presume that the three communities who are still part of the initiative are thriving, relative to ten or a dozen years ago. Is that fair to say?

• (1610)

**Mr. Paul Fauteux:** I wouldn't want to speak for the communities, for the good reason that we have the representatives sitting right behind me, and they will be better placed than I to answer your question in more detail. But I think it's fair to say they have benefited greatly from oil and gas activity on their lands and from their progressively greater capacity to manage that resource. But, again, they will be providing details in the second round of witnesses.

**Mr. Lloyd St. Amand:** But I presume that with respect to other communities who may be interested in opting in, looking at the benefits to the three communities relative to the two communities that withdrew, one would hope that a conclusion could be drawn in terms of the overall vitality of a first nations community opting into this. Are you comfortable commenting on that?

**Mr. Paul Fauteux:** I'm not sure I understand you fully, but I would certainly feel confident in saying that the three first nations that developed their capacity to manage their oil and gas over the last ten years through the pilot project have seen benefits, such that their leadership is here today to recommend to this committee and to this Parliament the adoption of the bill that will allow them to move to the third and final step in this pilot project, which is taking over full management and control. So through their experience, they have seen that this is a good thing and they want to see it through. I would venture to say that other first nations may draw a similar conclusion from the experience of these first nations and decide it is in their interest to embark on a similar journey, which, as I was saying earlier, will have the benefit of being a shorter one, because of course the pilot project with first nations has opened the way for other first nations to follow in a shorter timeframe.

**Mr. Lloyd St. Amand:** Okay. Thank you.

**The Chair:** Ms. Barnes.

**Hon. Sue Barnes:** I wanted to add to that. Whether it's for the oil and gas or the moneys management, there's a step-by-step procedure that takes time and includes a lot of business and human resource capacity. There are definitely stepped-up protocols that I think would be, just from the accountability and the expertise gained, an asset to any community, whether it's first nations or any other. But obviously here we're specifically talking about the protocol for the first nations as they move through the various stages.

**The Chair:** Thank you, Ms. Barnes and Mr. St. Amand.

We have finished our first round, except for Mr. Martin, who has just walked in, and I'll give him the courtesy.

He says, no, he won't be participating in this first round.

So if the members agree, we can dispense with the first round of questioning with our first witness. We can move on to the next group of witnesses, and this will give us a little more time with them.

I see a general consensus to do so, so I do thank the Hon. Sue Barnes, parliamentary secretary, who was filling in for the Minister of Indian Affairs. Thank you very much to the people with her. Thank you for your presentation.

We will suspend for a minute or two to get ready for the next group of witnesses.

Thank you.

•(1615) \_\_\_\_\_ (Pause) \_\_\_\_\_

•(1618)

**The Chair:** I'd like to call the meeting back to order for the second round of witnesses before the committee. We have the proponents of Bill C-54 with us, but I understand that we are missing some people who were to appear before the committee.

The three first nations that have been part of the pilot project are here with us. We're very thankful that you were able to be here on very short notice. But I'm also informed that Chief Weaselhead, of the Blood Tribe, is appearing before the Indian Claims Commission and could not be here with us today, and that Chief Maxie, of White Bear, has delegated his responsibilities on this file due to his recent

election. Therefore I welcome Councillors Manyfingers and Nokahoot in their place.

I call upon Strater Crowfoot to start this round of presentations.

**Chief Strater Crowfoot (Siksika First Nation):** Thank you, Madam Chair, again for this opportunity to be here with you this afternoon.

My name is Strater Crowfoot; I am the head chief of the Blackfoot or Siksika First Nation in Alberta. I am also the deputy chairman of the Indian Taxation Advisory Board, which passed, working with you, Bill C-20 recently.

I also have been involved in the oil and gas sector for the past twenty years. I spent seven years as the executive director and CEO of Indian Oil and Gas Canada.

This act is about giving our first nations the skills and tools we need to achieve greater economic self-sufficiency, a policy direction supported and promoted by the Government of Canada.

The pilot first nations oil and gas management initiative represents an important step towards our autonomy and our self-reliance. This pilot initiative took over a decade to realize and is a direct response to our request—our three first nations—to Canada in 1994 to create a process for us to be able to take advantage of the value-added opportunities associated with oil and gas development.

It is important for members of this committee to understand that under the current regime first nations are seriously limited in what they can do with oil and gas revenue. We cannot invest oil and gas revenue, for instance, in further developing our oil and gas sector. The bill would change that. We would be responsible for managing our own affairs and developing our own oil and gas resources. We are ready and up to the task.

Our first nations have developed a strict financial code for the management of moneys from oil and gas and/or moneys held for it by the Government of Canada.

We the pilot first nation chiefs are here with you today to speak to you about this legislation and the positive impact it will have on our communities. There are also impacts and benefits for the Government of Canada as well. With the need for fossil fuels in Canada on the rise, first nation communities may be able to assist in securing the supply of this critical resource in the future.

Currently, there are over 250 first nations with oil and gas potential and approximately 55 first nations with active petroleum oil and gas leases. As this industry grows it will continue to be a powerful engine for generating other economic development opportunities on reserve, by providing a solid and sustainable foundation for other major industry or commercial enterprises.

Through this legislation we will have the jurisdiction and law-making authority to make all decisions relating to oil and gas management and related revenues generated within our lands. We will also have the responsibility of ensuring that environmental standards will meet or exceed federal and provincial regulations. That's an important part.



I'll stop there, because our communities are concerned about what happens on our lands. By securing this in legislation and by adhering to it our people will be a lot more secure in what we're doing in trying to manage our lands in a very reasonable way.

We currently have people, perhaps, who are blockading development, blockading rigs, because they don't understand what's going on. Through this legislation we will be able to explain better to our people, and have better laws in place for them to feel comfortable with what's going on around them and their homes.

The bill will establish a comprehensive first nation regime relating to the regulation of oil and gas resources, as well as providing us with the option of exercising full authority over the management of all moneys held by Canada in the consolidated revenue fund by each of the first nations.

Our involvement in this process with the Department of Indian Affairs and Indian Oil and Gas Canada has been significant. The fundamentals of the bill have been established by us and will be taken to our membership in the near future for ratification by way of a referendum in each of our communities.

It is important to note that as optional legislation it will not preclude any other first nation from using this model or from negotiating a different arrangement with Canada, nor will it impact any existing arrangements that may be in effect.

• (1620)

One of the guiding principles for us in the development of this legislation was that it would not be a generic one-size-fits-all approach that would apply to all first nations that have shown an interest. We are confident this has been achieved.

We need your support for this bill. It is important to our individual communities, but even more importantly, it's a step in the right direction for self-reliance and economic independence for first nations.

I would again like to take the opportunity today to thank the members of this committee for your attention and your support.

At this time, I'd like to invite my colleague from the Blood Tribe, Kirby Manyfingers, to address you and make his statements.

Thank you.

• (1625)

**Mr. Kirby Manyfingers (Councillor, Blood Tribe):** Good afternoon. I'm pleased to be here today.

My name is Kirby Manyfingers. I'm a member of council with the Blood Tribe.

Madam Chair, Chief Weaselhead has asked me to extend his apologies for not being here today. As Murphy's law would have it, the Indian Claims Commission is conducting hearings in our community, and he's participating. Again, he extends his apologies. This is a priority for the chief and our community.

We're very pleased with the introduction of the proposed First Nations Oil and Gas and Money Management Act. We're especially pleased because the process that led to this bill has been led by first

nations, and as such, we are largely responsible for the contents and design of the act. This is a very important point.

This project has taken over a decade to realize and is in direct response to our request to Canada in 1994 to put in place a process that would enable us to take advantage of the many value-added opportunities associated with oil and gas development.

The results of the past ten years have been impressive. We've seen a sharp increase in oil and gas activity on our lands. As a result, there have been millions of dollars in revenue generated. Our people have developed the skills required to control and manage the resource for ourselves. Most importantly, as a result of increased economic activity and job creation in our communities, there has been an improved quality of life for our people.

I'd like to say a few words about what increased activity in the oil and gas sector has meant for my tribe and our community. Since the launch of the pilot project in 1995, we've seen the following developments.

We had very limited oil and gas activity on the reserve prior to 1995. I think that we only had about five producing wells at the time. Through the first nations pilot project and promotion by the Blood Tribe, oil and gas activity has increased to 137 producing oil and gas wells today. As we speak, interest and plans are under way to expand this. As a result, we've seen our revenues increase by about 600% over the course of the past ten years.

These royalties, along with other revenues, are currently held in trust within the CRF. The money provisions of Bill C-54 will allow us to provide true economic and social benefits to the members of our community. These are impressive stats, but more impressive is what this increased revenue has done for our community.

Increased activity has allowed the tribe to invest back into our community. In order to increase awareness of the numerous opportunities that result from the increase in oil and gas activities and revenues, the tribe has focused on encouraging our young people to take advantage of the many careers in the sector. This has been accomplished in different ways, beginning with our elementary students, through science fairs, financial incentives for academic achievement for high school students, and scholarships for post-secondary students pursuing science-related careers.

From the perspective of the Blood Tribe, the pilot initiative has been a success, but our continued success is not guaranteed. Our continued success hinges on the passage of the bill. Without the bill, we will continue to rely on outside sources to invest in our oil and gas sector. The proposed First Nations Oil and Gas and Money Management Act allows us to invest in our oil and gas sector and to reap the rewards of that investment.

In closing, I'd like to say that if you want first nations people to achieve economic self-reliance, this bill goes a long way to achieving that end.

Thank you for your time today.

I'll turn things over to my colleague Clarence, from White Bear.

**Mr. Clarence Nokahoot (Councillor, White Bear First Nations):** Thank you, Councillor Manyfingers.

Madam Chair, ladies and gentlemen, good afternoon.

My name is Councillor Clarence Nokahoot. I am from the White Bear First Nation.

Chief Allan Maxie sends his regards and regrets for not being able to attend today.

I have a tendency to read fast. If I read too fast, just slow me down.

First I would like to say I am in complete agreement with what Chief Crowfoot and Councillor Manyfingers have said. I would like to tell you about how successful the pilot project has been from our perspective and tell you about some of the benefits we have seen in our community as a result of oil and gas activity over the past decade.

Since 1995, White Bear has experienced a dramatic increase in exploration success and realized growth in revenue of approximately 600%. Since the introduction of the pilot initiative, White Bear has been through an extensive period of capacity development and training. Training has included every aspect of the management functions that Indian Oil and Gas Canada currently performs, which include: determining the potential of hydrocarbons; the leasing of oil and gas rights with respect to both subsurface and surface; contract documentation and administration of agreements, including amendments; lease continuances and expiries; reservoir production compliance; and royalty determination and verification. Before the pilot project began, we had to outsource these. Now we as first nations are managing and administering all those on our own.

In closing, I would like to say on behalf of my colleagues that we hope members of Parliament will realize the importance of this bill to our three first nations. It's an important first step towards greater economic self-reliance and will support each of our nations as we design and implement the ways to stimulate economic growth in our communities.

Thank you for your time.

• (1630)

**The Chair:** Thank you to all of you for your presentation.

We shall go into the first round of questioning now, led by the Conservative Party.

I understand Mr. Prentice will be the first questioner.

**Mr. Jim Prentice (Calgary Centre-North, CPC):** Let me just say welcome, first of all, Mr. Manyfingers and Mr. Nokahoot.

We don't know each other as well as I know Chief Crowfoot, but I would say to all three of you, congratulations on the work your first nations have put in for many years leading to the development of this legislation. I think everyone around the table is cognizant that it has taken a lot of hard work over 11 years to get here. We're respectful of that.

I think it's known to you that all the parties have spoken in favour of the legislation today in the House. The reason I was a few minutes late getting here was I had just finished my own speech. I indicated

in it that we are very supportive of the legislation, my colleagues and myself, and wish to see it expedited as quickly as possible through this committee back to the House, so that it can be dealt with by the House of Commons before the possibility of some sort of election sometime in the future.

So we are all working to the same end. I appreciate that you've come here on reasonably short notice. Part of what we're trying to do is to get this dealt with quickly. I hope you appreciate that.

We're here to hear from you. Could you describe the process you went through over the 11 years to arrive at this legislation?

One of the questions I have is what precautions does the legislation include to make sure that first nation communities are fully supportive before mechanisms are put in place either to access oil and gas resources or, alternatively, money? What sorts of procedural protections are included?

**Chief Strater Crowfoot:** That's a very good question. What we envision here and what we've put into the bill is that, prior to entering into and taking the benefits of this bill into a community, the first nation would have to put in place the regime to manage the oil and gas, have all the oil and gas laws in place, and then as well have the money management aspect laid out to the membership showing how the money will be managed, and from there take that to a vote of the membership.

Once the membership approves of it, the first nation would be allowed to enter into the legislation. By this means the first nation membership will be informed and there will be a transparent process to understand what is going on with the management of the oil and gas resource and development, and also how the moneys will be managed and invested.

So our vision is that the members of the community will have a lot of say in the process compared with the status quo today, where there is no really direct say of the membership. This surpasses and goes far beyond what exists today, with the current Indian Act and how money is managed.

• (1635)

**The Chair:** If anyone else has any questions, you have a bit of time left.

**Mr. Jeremy Harrison:** Thank you very much, Madam Chair.

It's just to reiterate what my colleague Mr. Prentice said in congratulating the first nations that were part of this process. Considering the 11 years, the incredible amount of hard work in building this legislation, and having it come to Parliament, it's really a very impressive accomplishment.

One of the questions I would have is, how will this bill, once enacted, benefit your first nations on the ground?

**Chief Strater Crowfoot:** I'll comment first and allow my colleagues to respond.

My first nation is currently the number one or two oil and gas producer of all the tribes in Canada. On the oil and gas side it will allow us to get involved in the full spectrum of oil and gas development, to take up all the spinoff opportunities that exist from oil and gas development. We put in place in the mid-nineties our own oil and gas company. That is now an operating company, and it has partnerships with other oil and gas companies that operate on our reserve. We've generated substantial revenues in addition to the collection of royalties from companies, and we've been able to gain more experience and more revenues from that.

On the money side, we're looking at, as I said before, having our membership have a direct say in how the money will be managed and spent. We have in place a financial code that will allow the membership to vote, and then they will direct future chief and council administrations on how they want their money spent and in what areas.

**Mr. Kirby Manyfingers:** Maybe I can just add to some of Chief Crowfoot's comments.

As to some of the things we've seen on the ground, ten years ago there was a really limited amount of activity on our reserve. As I've mentioned, we've seen our revenues increase by over 600%; that's just the passive royalty collection. I think more important than that, the pilot project and this legislation are going to create all sorts of other opportunities for us. As we speak, we've partnered up with a number of the producers and have invested in the drills, so now we're not only collecting royalties, we're also producers now. There are plans where hopefully we can get into some more downstream activities.

I think the other thing that's happened is that it's created all sorts of opportunities for a lot of our entrepreneurs, whether they're truckers or folks who work directly for our regulatory agency. Out of all the interest this has generated, the training program that initially started has kept going. If you look at the IOGC, you'll see it's staffed by a lot of our members; Chief Strater is a past-CEO there. We also see a lot of our members working in downtown Calgary now in the oil industry.

Although those are not directly related to the bill, the whole initiative has spun all this out. It's been fairly exciting, and it has given our younger generation new options in careers to pursue.

**Mr. Clarence Nokahoot :** Further to what my colleagues have said, geez, I don't know where to begin.

The oil and gas industry on White Bear has been very, very good to us. Before, we had a lot of chronic unemployment within our first nation. A lot of first nations have that; I think you all know that, and if you don't know that, well, I suggest you get a newspaper or something.

Anyway, we've had people trained in the oilfield business, from being leasehands and working on drilling rigs and service rigs right up into the oil companies' boardrooms, management. The oil and gas business on White Bear has been very beneficial to us, and we'd like to see it continuing. We have a lot of young men waiting to get on drilling rigs. They're trained now. Before they weren't trained; now they're trained. They have all their safety certificates and they're just

raring to go. It's created a lot of opportunities for the White Bear First Nation's people.

In the future, when the money management parts of this bill come out, they're going to help us as leaders to be decisive and immediately react to any socio-economic conditions we do have on our first nations. This bill and the oil and gas industry are going to be very beneficial to the White Bear First Nation.

Thank you.

● (1640)

**Chief Strater Crowfoot:** Madam Chair, this is just as a supplementary response to that question.

On the money side, my first nation is looking at putting in place a heritage fund. Money from the oil and gas sector will flow into it, and then we'll have that available for future use by the future generations. We'd like to put away as much money as possible for that future and then have the membership dictate to us how they want that money spent. The principal would be kept intact in our heritage fund, and we'd make use of the interest that would flow from that account.

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

I have been notified that the bill has gone through the House of Commons and has been referred to the standing committee, so we're a little ahead of the game. I thought I'd share that news with you.

I do thank Sue Barnes for the information and all the parties that cooperated to make sure it got through as quickly as possible.

Mr. Cleary, you can go into the next question.

[*Translation*]

**Mr. Bernard Cleary:** And to think that I was anxious to vote on this bill!

Let me congratulate you for what you have done. What you have accomplished is enormous and exemplary for the young generations. I do not mean to say that you are old, but for young people, this is an example that will certainly bear fruit.

I also congratulate you for your perseverance. When you work for 11 years on such an important project, it is because you have a really strong desire to see it achieved, and you have certainly desired this result very strongly. That's another great example. Unfortunately, once in a while, we have a tendency to throw in the towel. However, you are the living proof that to persevere and develop a file will bring about some results. I congratulate you for that.

You will certainly be able to answer my next question. At the start, what was the reaction from your community, and what process did your members go through in order to finally accept your project? It must have been accepted, since you have gone that far.

Also, unless it is a secret, I would like to know why the two other communities are not involved in the project anymore. If it is confidential, please do not answer this part of the question. I would like to know what the people who will develop this kind of project can expect. These communities were certainly interested in the beginning, since there were five in your group. Along the way, they have decided to opt out.

•(1645)

[English]

**Chief Strater Crowfoot:** Madam Chair, perhaps I'll respond first.

The question you just asked about the other two first nations that have decided not to continue I'll answer this way. My first nation has gone through four chiefs. I was the chief who originally started this process in 1994, and we've had other chiefs in between; I'm here again today. The other first nations have gone through changes in leadership. As was expressed before by other witnesses, they've had different political agendas, different aspirations for what they wanted to do with their resource.

One first nation wasn't meeting the standards that were set by IOGC at the time, and they agreed that it would be best for them to step back at the time. They said they might come back in the future once we got this process and this bill in place, so they haven't stepped out completely. They may step back in later on when they feel that their people are more settled in terms of what they want to do.

Their communities are further up north. Different issues face them versus us in the south. I think various political reasons, changes of leadership, have caused them to step out, but again, their interest is still here and they're watching this process very carefully.

My community, as I said, is a major oil and gas producer. We see the advantage of being able to acquire all the benefits that accrue from oil and gas activity on our lands. Just collecting revenues wasn't enough. Our people saw the benefits of being more involved and taking advantage of all the benefits that would accrue through this process.

Our people are ready. We have a lot of young people who are working right now in the field. I was with them a couple of weeks ago, looking at our royalty forecasts. I'm old; I feel old. These kids—I didn't know—they're in their mid-twenties, and they were there giving me all these answers I needed to know. For them it's their future, so that's why we stuck with it.

Thank you.

[Translation]

**Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ):** We are talking here about a great success. I for one have always believed that the future of the First Nations of Canada required some sort of economic integration while finding ways to preserve their traditional values. You are training engineers and managers, you have made a breakthrough in a sector that is part of the economy of the XXth and the XXIst centuries. Do you believe it is still possible to maintain your traditional values? We are used to perceive Indians as being strongly linked to hunting and fishing and daily contact with nature. But here we are talking about an area that has been really developed by the white society.

How can you reconcile and develop your traditional values while getting a foothold in the modern world? How do you manage to do it? In your view, is there a contradiction?

[English]

**The Chair:** I just want to give a reminder. I know, Mr. Ménard, that's your first question, and you have only seven minutes with the

Bloc. I'll be generous with this time, but try to keep within it as much as we can, so that the rest of the members can ask questions also.

[Translation]

**Mr. Serge Ménard:** Perhaps they will have some reading material to suggest to me as well.

[English]

**Mr. Kirby Manyfingers:** That's an excellent question, I think. The Blood Tribe and Siksika were sister tribes. I think we've taken real pride in the fact that we've maintained our traditional values. In our community we still have our sacred societies and our religious societies, which are still the predominant driving force behind our community. And these societies are thousands of years old.

But at the same time, we of the Blood Tribe entered the mainstream long ago, whether it was at the turn of the century with development of our agricultural community, or as we go on, where we have doctors and lawyers who are members of our community. So we think we're fairly self-sufficient. That trend started a long time ago. We're in the contemporary world; however, we've maintained our ties to our traditions.

This is a sector we've had limited access to. This bill has opened the doors, especially in this last ten years, when we've seen this dramatic increase and interest in the oil and gas activity. It's created career opportunities for our youngsters, while at the same time we've never lost course of who we are, where we've been, and what we'll continue to be. A hundred years from now the Blood Tribe will still be there, we'll still be speaking the language, our religious and cultural societies will all be intact, but we'll be living in the modern economy at the same time.

•(1650)

**The Chair:** Did you want to speak?

**Chief Strater Crowfoot:** Madam Chair, I'll respond quickly.

As Kirby was saying, we are sister tribes and we have strong cultural societies within our tribes. We have a huge land base that we work with. With my tribe we've set aside certain lands that we cannot develop because they're sacred to our community. Our membership has said no, we can't develop those, so we aren't touching those. So we're developing and progressing as we can, but keeping in mind who we are, what our land represents to us, and what our values are, and we're trying to balance those.

But we all need money to exist, and that's what we're trying to do—create more money here, but also make sure that we preserve who we are, our identities.

Thank you.

**The Chair:** Thank you.

I think we'll go to the next questioner and then it will probably be in the second round that you'll be able to have an intervention.

Mr. Martin, please, for the NDP.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Thank you, Madam Chair. I probably won't use my whole seven minutes.

I'll simply say that I want to thank you for being here and offer my congratulations for the perseverance you've shown to see this to the stage we're at today.

It's fascinating to me that you're making history in a way that is interesting from your own cultures, as well. From some of the research and reading that I did regarding your peoples, about the Blackfoot and the Cree, and the connection between the two, I know that throughout history there has been bad blood between the Cree and the Blackfoot. And even though the exchange, Poundmaker as a Cree adopted by Crowfoot.... I've been doing some really interesting reading about this.

My question is, when you speak for the Siksika, are you speaking for all three—the Blackfoot Nation as such? You have the Blood and the Siksika here.

**Chief Strater Crowfoot:** If I can just interject quickly, we have what's called the Blackfoot Confederacy.

**Mr. Pat Martin:** Is that the principle that you're representing?

**Chief Strater Crowfoot:** No. That comprises four tribes: Northern Blackfoot, my tribe; the Blood; the Peigan; and then the Blackfoot in Montana. I'm speaking just for my first nation, the Northern Blackfoot. I am the head chief of the Blackfoot Tribe. We sit in council with the other first nations as the Blackfoot Confederacy from time to time.

**Mr. Pat Martin:** So when you ratified this agreement or the consultation process, it was limited to....

**Chief Strater Crowfoot:** My first nation only, the Blackfoot or the Siksika First Nation.

**Mr. Pat Martin:** Yes, and the Blood would do the same, and the White Bear First Nation.

I'm interested in the question beyond Bill C-54. Without going into enormous detail, how is your share of the royalties calculated? Do you have any input in the negotiation process as to what share of the royalties is yours?

For the committee, too, within what geographic area can you get royalties?

**Chief Strater Crowfoot:** The royalties we collect would come directly from our reserve lands.

•(1655)

**Mr. Pat Martin:** Reserve land, not traditional territory or any—

**Chief Strater Crowfoot:** No. This would apply only to our first nation lands, our reserve lands, as under the Indian Act.

We currently collect royalties, and they're set by negotiation through IOGC. They are the fiduciary group responsible for getting the best royalty possible. We also are competing for royalties from provincial lands and fee simple lands. So royalties are based on the market, what we can negotiate at the time in the area.

**Mr. Pat Martin:** That is a variable thing, though. It's subject to negotiation. It's not locked in as—

**Chief Strater Crowfoot:** Yes, it's subject to negotiation.

**Mr. Pat Martin:** I'm sorry to interrupt. What sort of number would it be—10%, 5%, 15%?

**Chief Strater Crowfoot:** No. The older royalties are a lot higher. The current royalties average about 25%, 30% for oil and gas, depending on the area, the size of the pool, and the producer.

**Mr. Pat Martin:** Has that changed fairly recently?

**Chief Strater Crowfoot:** I think it's been pretty consistent over the last several years, although this last year the price has been going up. So I'm sure they're looking at the royalties—

**Mr. Pat Martin:** To drive them down?

**Chief Strater Crowfoot:** Well, we'll see. First nations are going to drive them up.

But under this process that we're presenting in Bill C-54, the first nation would have direct say in negotiating the royalty without any input or involvement from the Government of Canada through the Department of Indian Affairs or IOGC.

**Mr. Kirby Manyfingers:** Prior to ten years ago, we were more or less left to the whim of IOGC. I think with the advent of the pilot initiative, we gradually took over the marketing and negotiation of our own contracts, and then we were able to generate all this interest in the oil and gas activity on our lands. Had we left it status quo, things would have just stayed as they were. So basically this arrangement has allowed us to be really proactive and pretty much write our own ticket, as opposed to sitting back passively and being bound by a lot of those constraints that were there.

**Chief Strater Crowfoot:** Maybe I'll respond in a different way to your question.

In the past, the money that came to first nations from oil and gas royalties was used, in the case of some first nations, to offset to the welfare costs that the Government of Canada should have been paying through the Department of Indian Affairs.

**Mr. Pat Martin:** Oh, really?

**Chief Strater Crowfoot:** So this process here will allow us to directly access our revenues and resources as we need them, without having to give up our potential....

**Mr. Pat Martin:** I see. So when the money was viewed as Indian moneys, there was a limitation under the Indian Act as to what it could be used for.

**Chief Strater Crowfoot:** Yes.

**Mr. Pat Martin:** And they may have applied that to health and welfare or the social allowance, or anything else at the time?

**Chief Strater Crowfoot:** At certain times there were offsetting cases where they would reduce the social payments paid to the first nation.

**Mr. Pat Martin:** I see. So that's one step forward and one step back in that situation.

**Chief Strater Crowfoot:** Yes.

**Mr. Pat Martin:** Thank you very much.

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

I think that Clarence wanted to make some comments earlier. I have a little bit of time left.

**Mr. Clarence Nokahoot :** I was going to comment on Mr. Ménard's remarks.

A lot of first nations people are working well and living well in a non-first-nations world while still retaining their culture, their beliefs, their religions, and their languages. So, no, there won't be any diversion from any of that—and especially with this bill.

I just thought of my buddies who work on drilling. I could just see them working on a drilling rig in their powwow outfits, and it looked funny. Sorry, but I just had that picture in my mind.

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

I now give the floor to Mr. Smith for the Liberal side.

**Mr. David Smith (Pontiac, Lib.):** Thank you very much, Madam Chair.

Gentlemen, thank you very much for being here.

I also had the pleasure of being in the House and making a speech on this great news.

I was brought up about an hour and a half north of here, in a community of Algonquin. I come from an Algonquin community.

I represent two aboriginal communities in my riding. One is an example for many, and another is in difficulty. My concerns often go to the people who have trouble, the ones experiencing difficulty. So if I were to visit your reserves, what would I see today compared with what existed ten years ago? I don't know if you could give a short overview of what it was like then and what it's like today—and possibly, what it will be like in the future, maybe five years from now.

• (1700)

**Chief Strater Crowfoot:** I guess what you see is what you're looking for.

When I look at home, I see a lot of development and people who have pride now in who they are. There is a lot of development going on, a lot of housing development. Through the help of the government, we just concluded building a \$26-million interpretive centre to celebrate first nation culture—our culture of the northern plains Blackfoot.

So our people know who they are, and they're trying to reconcile their lifestyle today versus the lifestyle from which they came. So we're trying to instill their pride back, and we have a lot of development going on.

**Mr. Kirby Manyfingers:** In our case, the Blood Tribe, I think we're the largest first nation geographically in Canada. I think we have the second-largest population. Because of our sheer size, some of our struggles are a little bigger than in the smaller communities.

However, we've always prided ourselves in being a fairly self-reliant community. I think prior to 1994 the bulk of our economic activities revolved around an agricultural economy, which has served us well over these years. Ten years ago I was still proud of our community. We were still doing good things. I think our revenue generation has increased dramatically. I think when we look at our

youngsters who are graduating from university and high school, they have a lot more options available to them now. Through the eighties and nineties the social sciences were where all our kids went. I think we have seven lawyers. We have three doctors, which is excellent. We have an abundance of social workers, educators, but what we don't have are kids in the hard sciences. We don't have engineers in things that are oil-related.

All of this has opened up a whole new sector for our youngsters to pursue. I think what we're trying to encourage in our younger generation is that the social sciences are good; however, there are all sorts of opportunities in the hard sciences. So I think this initiative, in particular, has opened all those doors, which I think prior to ten years ago we as a tribe didn't really give a whole lot of thought to, because the opportunities weren't there. We were doing good things, but sometimes the focus shifts a little.

**Mr. Clarence Nokahoot :** White Bear finds itself in the same situation as the Siksika and Blood in that regard. About ten years ago, especially with oil and gas and the tourism industry, we've come.... Hopefully in another ten years we'll have two or three times what we have now, but we have to have the opportunity to do it for ourselves and not to have someone who lives outside the reserve or lives outside our people trying to dictate how we're to do it. We have to be able to do it ourselves, because only we know what our people need and want. Nobody outside can tell us what we need. So we've come far.

**Mr. David Smith:** Can you give me maybe a short overview of the relation between the Government of Canada and yourselves in this exercise that lasted ten years? How would you comment on this complete exercise—where we are today, your experience on this?

**Chief Strater Crowfoot:** From my perspective, it's been very positive. I've been involved from both sides, as a first nation and at IOGC, and I know the people at IOGC were very supportive of this process. The first nations have learned a lot. A lot of people have gone through the training, and I think it's been very positive. This is a model for future development on how to do things right.

**Mr. David Smith:** My last question. Your elders in the community are always very important. We spoke about the youth and we spoke about different groups in the community. What do the elders say? They've seen so much.

• (1705)

**Mr. Kirby Manyfingers:** Actually, in our case, one of our most prominent elders is a gentleman by the name of Pete Standing Alone. He is with one of our religious societies. He's sort of seen as the grandfather of this society.

Back in the 1950s there was a movie produced by the National Film Board called *Circle of the Sun*, and Pete was the subject of the movie. In the movie he was a young man, and he was a roughneck. In it he was talking about how the old ways were disappearing and he was talking about being in Wyoming and being part of the oil and gas sector.

They did a sequel to the movie in the 1980s, called *Standing Alone*, and in that movie he's sitting in the boardroom and the tribe is negotiating one of its first oil and gas deals, and Pete was on council at the bay. In the first movie he was talking about the disappearance of traditions. In the second movie he was one of the leaders of our religious society and he was sitting in a board room in downtown Calgary negotiating one of our first exploration deals.

As far as the elders are concerned, Pete's kind of a good reference for us. If you ever have a chance to watch those two particular movies, it would be really insightful into some of the traditional stuff and it touches on the oil and gas industry. Anyway, Pete's one of our more prominent elders and he has a background. It's all on film, so if you have a chance....

**The Chair:** As we come to the second round of questioning we'll go to the Conservatives, if they so wish. You will remember that in the second round we go from the Conservatives to the government, back to the Bloc, and then back to the government side. So I have two government speakers.

Mr. Prentice.

**Mr. Jim Prentice:** I have a couple of specific questions. The non-derogation clause was an issue, I understood, at one point. Has this all been worked out to your satisfaction?

**Chief Strater Crowfoot:** Yes, it has.

**Mr. Jim Prentice:** Okay.

The other aspect of the bill I was curious about was the whole process by which it would be implemented. Once again, we've heard concerns expressed here, not in the context of oil and gas but in the context of the implementation of comprehensive claims by the Government of Canada. There's been a tendency to sign a comprehensive claim settlement and then not implement it fully or quickly, generally on the basis that there's no funding envelope set aside for implementation.

I know that was a significant enough concern that actually some of the first nations that have signed comprehensive claims have collectively started to raise it. The point is that it's one thing to get an agreement with the Government of Canada, and it's another to get them to implement it. Are you concerned about that? And how do you see the implementation of this following through, in the case of your three first nations?

**Chief Strater Crowfoot:** Perhaps I'll respond first, Madam Chair.

We feel that the process for us to gain the capacity has been there, so we feel that our people are ready to then take over the duties and functions that were being performed before by IOGC. Through a transfer agreement we are looking at putting in place all the mechanisms we would see that need to be in place for our membership to ratify the agreement.

We are looking at funding to continue for a while in this transition. We feel that the process would be in place and it would help us to be able to implement this bill in the next short period of time.

**Mr. Kirby Manyfingers:** If I may expand on Chief Crowfoot's comments, I think the next step would be the transfer agreement. That would go before the members for a vote. However, I think we also have some other ratification documents that need to be put in

place to address some accountability measures that are built into the legislation.

We would be looking at drafting our oil and gas code. We would be looking at putting together some procedural things that need to be in place, things like conflict of interest provisions, how the oil and gas laws will be enacted, how laws will be published, and so on.

There are a number of provisions that have to be put in place. Once it goes to a vote for ratification, those documents will also be approved by the members. So although the passage of the bill, if it happens quickly.... We do have quite a substantial amount of work in front of us before we're really on the ground and operating and have assumed full control.

• (1710)

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

We'll go on to Mr. St. Amand. And I'll remind you that the time allotted is just five minutes each.

**Mr. Lloyd St. Amand:** Firstly, gentlemen, I enjoyed your presentations. There was sufficient data in the presentations to be very persuasive: revenue having increased 600% in ten years, oil and gas wells going from five to 137. That paints a vivid picture for us.

Allow me to just personally commend you on your leadership. This reminds me of the expression, with respect to one's personal development or a relationship, job performance, or the growth of a community: if you're not moving forward, you're standing still. Thanks to your leadership, your communities are moving forward. Your communities are taking the next step. And you're to be commended for that.

I believe that in your presentation, Strater, you indicated that there are currently 250 first nations with oil and gas potential, and approximately 55 first nations with active petroleum leases or permits. It will be disappointing to me, if I may, if this positive development stops with your three communities. That would be disappointing.

Ideally, five years hence there will be that many more communities that are experiencing the same level of growth, significant changes in the education of their young persons, etc. But it has been ten years.

I just wondered what the sense is from you gentlemen as to how many communities would do what you have done, and how quickly? And also, what outreach have perhaps the three of you or your respective communities done toward other communities, saying, "Listen, this is the way to go. Look what we've done. Why don't you do what we've done?" Can you comment on that?

**Chief Strater Crowfoot:** I'll comment briefly, Madam Chair.

In terms of outreach, we have not been involved directly in outreach. We felt that we needed to get our house in order and look at what we needed to do to make sure this would work for us.

However, there have been a number of first nations that have been asking about the pilot project, about how they may be involved. At one point a few years ago, we were telling them that we weren't taking any more first nations into this pilot because it was a pilot, and we wanted to make sure that what we were doing was going to work, first of all, and then we would see it to its end.

Now that we're close to the end and getting legislation passed, I suspect that other first nations may want to and will come on and join into capacity development and then will take on the management of their own oil and gas resources.

The moneys aspect has a lot of opportunity, I think, for first nations. When I was in the Atlantic a couple of weeks ago, I spoke with a number of first nations—chiefs and councils and elders—and some of them really liked the provisions of the moneys management in this bill. So I think you might have a lot more coming in on the moneys management side versus the oil and gas side.

In terms of numbers on the oil and gas side, with the price of oil right now, the potential is there for perhaps up to maybe twenty to make use of this bill. But again, it depends on what we three first nations do and how we make this work in our communities and how we can really show the benefits. Right now we're talking about the benefits. We have to show them the benefits of this act, and that will come in the next few years.

•(1715)

**Mr. Kirby Manyfingers:** The participation would depend a lot on first nations capacity. In all of our cases, we have 10,000 people, Strater has 6,000, and White Bear has 2,000. Those are fairly large communities. But if you're a small band, capacity is limited because of demographics. It might not be a fit for everyone.

Be assured that there will be some interest. I think there are a lot of people outside Alberta and Saskatchewan who are keeping a close eye on this.

When we did our outreach through B.C., I know that a few of the first nations were very curious about the aspect of Indian moneys. I think you'll see some inquiries on that particular provision of the statute.

**The Chair:** I am sorry, Mr. St. Amand, you've already had your five minutes.

I'll have to go to Mr. Cleary. I think he has some questions he would like to ask.

[*Translation*]

**Mr. Bernard Cleary:** I will continue along the same line; I want to be useful to you.

In my home province of Quebec, when our communities put in place a major economic development project, they always create an independent corporation. In other words, the band council creates an independent corporation and appoints its board members. Are you considering to proceed in this way, or will it be managed by the band council? It is a project that will take enormous proportions. Have you examined this issue? And what direction are you taking presently?

[*English*]

**Chief Strater Crowfoot:** I would like to respond, Madam Chair.

Our approach has been just as you described. We've set in place an independent corporation board to help manage the oil and gas sector of this enterprise.

We feel that we have to separate politics and business, if we can. We currently have in place an oil and gas company that has their own people who work in that company. We try to make sure they have our support, but they do business as they need to, without any political interference.

**Mr. Kirby Manyfingers:** In the case of the Blood Tribe, we have the same philosophy. In general, we delegate most of our responsibilities out to corporate entities or societies. Council tries to maintain an arm's-length relationship, whether it be a board of education or health. All of our economic development corporations operate in the same manner.

On the stuff that we are talking about with oil and gas, the entity that we have, Kainaiwa Resources Inc., will be a regulatory agency.

When we talk about the economic advantages we could take advantage of, for example, we own half of a drill; we have invested, and we have some joint ventures. Those are done outside of KRI, because KRI is the regulatory body, and then all of our business ventures are done through a different corporate entity.

We are fully cognizant about not mixing the regulatory body with the business body and keeping the regulatory body separate from our political body. We've drawn all those lines. We're also fairly clear on who's supposed to be doing what and who's supposed to be staying out of whose business.

•(1720)

**Mr. Clarence Nokahoot :** White Bear follows the same procedures as the Siksika and Blood, keeping an arm's length away when putting together corporate entities for our various business ventures. You'll find that most first nations follow the same procedures.

**The Chair:** Thank you.

Mr. St. Amand, very briefly.

**Mr. Lloyd St. Amand:** Clarence, you agreed with what your two predecessors said. By the way, we understood every word that you said. You read at a great pace.

Strater, you said that as leaders of your communities, you have to convince your people that this initiative is good for them and their interests. I am not asking you to predict a result. I know that it's not a done deal or a slam dunk.

To all of you, what are your thoughts as to how your communities will react? Will this be ratified, affirmed, or tossed out?

**Chief Strater Crowfoot:** For the record, I didn't say that sentence.

Currently, I'm involved in developing a very strict financial code for my community. I want to put in place parameters and guidelines that will set the future financially for my tribe. I want the membership to vote on that, so that in the future chief and council can't just spend money as they want to.



The membership wants that. In terms of convincing them from the money side that this is the best way to go, put in place a heritage fund, where they have.... Right now they have no say, really, versus having a direct say by voting on our code, making it Siksika law that we'd have to follow. They want that.

On the oil and gas side, money flows from oil and gas. We have the expertise and experience. In terms of convincing our people... They will understand that this is the benefit for now and mainly for the future. I have in place the process right now. I have a draft financial code that is going to go way beyond what exists today, I think, across Canada. Currently we're looking at putting a posting on the Internet of chief and council's expenditures and salaries for everybody to look at—transparency. Our people want that. They need it; they need good governance.

**Mr. Kirby Manyfingers:** In our case, although it's not mandatory in the statute, we'll be putting a trust together, so any future oil and gas revenues would be managed by that trust. The trust agreement would be one of the ratifying documents we put out to the membership, so the next chief and council can't come along and change it. Although it's not spelled out in the legislation as far as the Bloods go, that's how we plan to deal with it so that we protect these moneys into the future.

We're describing something similar to what Siksika is doing; we're just maybe taking a little bit different approach on it. We currently have a fairly strict financial bylaw in place.

The other thing about the community is we have two reserves. We have the main body reserve, and in the mountains we have what's called the timber reserve. No one lives up there. But the five or six wells we spoke of that we had were on the timber limits. No one saw the activity; a few dollars would come in. However, over the course of the last ten years, these 130-some wells are right there visible in the community. As you drive from Standoff to Lethbridge, they're all there. So our members are fully cognizant about what's happened in the last decade: it's physically and visibly there. It's not something that's an intangible.

From our end, that's where things are with the membership.

**Mr. Clarence Nokahoot :** On White Bear's part, in anticipation of taking over our capital and revenue funds, two years ago the White Bear First Nation's membership unanimously adopted the White Bear First Nation financial administration bylaw. It was voted on both on reserve and off reserve and was passed unanimously, with not one no vote, not one vote against.

It is a very strict bylaw and it spells out how the membership wishes the council and its entities to manage their assets and resources, and the conflict of interest guidelines they put in are very strict. The enforcement provisions are such that you do not even have to be a White Bear band member to lay a charge under that bylaw if you find any financial mismanagement in any White Bear entity.

So we're anticipating control of our moneys one day and are preparing for it, and we're already developing the capacity to ensure that we are accountable and transparent to the membership, whether they're on reserve or off reserve.

• (1725)

**The Chair:** Thank you so much to all the witnesses here today, and also to the members, because we have been very fortunate in being able to stick within most of the time limits and have gotten two and a half rounds of questioning.

Again, I thank you for your wonderful presentations and for taking an opportunity to be here today so we can announce that this has actually been referred to the committee. We look forward to the next four witnesses we will have on the Tuesday after our break week.

As you know, it's Thanksgiving weekend this coming weekend. Happy Thanksgiving to all of you. We look forward to speedy passage of the bill with this committee. We've already allotted only two days and have decided we would only hear witnesses today—Thursday—and Tuesday and hopefully get through clause-by-clause very swiftly and send it back to the House.

Thank you, everyone.

This meeting is adjourned.





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