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# **Standing Committee on Aboriginal Affairs and Northern Development**

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**EVIDENCE**

**Thursday, June 3, 2010**

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**Chair**

**Mr. Bruce Stanton**



## Standing Committee on Aboriginal Affairs and Northern Development

Thursday, June 3, 2010

• (1530)

[Translation]

**The Chair (Mr. Bruce Stanton (Simcoe North, CPC)):** Good afternoon, hon. members, guests and witnesses.

This is the 21<sup>st</sup> meeting of the Standing Committee on Aboriginal Affairs and Northern Development. On the agenda, we have the study of Northern Territories Economic Development: Barriers and Solutions.

This afternoon, we have Mr. Keith Martell, Chairman and Chief Executive Officer of the Board of Directors for the First Nations Bank of Canada. We also have Mr. Gilles Rhéaume from the Conference Board of Canada, who is...

[English]

vice-president, public policy. Also joining us, by video conference from Whitehorse, is David Morrison, president and chief executive officer for the Yukon Energy Corporation.

For the benefit of our witnesses, we have received notice that there may be votes or procedures in the House that may interrupt our proceedings. I just want to let you know that in advance. When and if the time comes, we will give you some indication as to how that will proceed.

As you have probably seen in the past, we begin with a 10-minute presentation from each of you, and then after each of those in succession, we go directly to questions from members.

We'll begin the Mr. Martell. Go ahead. You have 10 minutes. Then we'll proceed from there.

**Mr. Keith Martell (Chairman and Chief Executive Officer, Board of Directors, First Nations Bank of Canada):** Thank you for the opportunity to present to you today.

I thought I would give you a brief background on First Nations Bank, where we operate, and what we do. We do a lot of business in the north. In fact, it's one of the biggest regions we do business in and the fastest growing region for our business.

First Nations Bank of Canada is a Canadian chartered bank primarily focused on providing financial services to the aboriginal marketplace in Canada. The bank offers aboriginal and non-aboriginal people, corporations, and governments a full range of personal and business banking services, including loans, mortgages, investments, transaction accounts, and cash management.

With the opening of our Iqaluit branch next week, we will have branches in a few regions of Canada, including Saskatchewan, Ontario, Manitoba, Yukon, Nunavut, and Quebec.

First Nations Bank was founded in 1996 after it was conceived and developed by aboriginal people, for aboriginal people, and it regards itself as an important step towards aboriginal economic self-sufficiency.

The strategic directive of the founding shareholders was to grow the bank and increase aboriginal ownership until the bank was controlled by a widely held group of aboriginal shareholders. In 2007, Atuqtuarvik Corporation, an Inuit-owned corporation from Nunavut, and the Gwich'in Settlement Corporation from Inuvik, Northwest Territories, became shareholders, joining a number of shareholders we already had from the Yukon Territory. They joined aboriginal shareholders from Saskatchewan, Manitoba, and Quebec.

The three northern territory shareholders are some of our largest shareholders in Canada. We have branches in two of the territories and the planned branch to go into the third territory.

The bank's aboriginal shareholders together owned 80.1% of the bank. Our aboriginal shareholders are progressive, like-minded organizations, culturally and linguistically diverse, and are all well-respected leaders in their regional economies.

With the support of our aboriginal shareholders, the bank has demonstrated consistent growth and profitability. Our commercial loan-loss experience is very low, despite doing business in many regions that others think are very high risk.

The background of the bank I think is sufficient to indicate that we feel there is great opportunity in the northern territories for economic and business development. We're making a significant commitment to be part of that growth.

I want to spend a brief amount of time talking about some of the barriers we see in economic development in the north. I think you may be surprised that none of the barriers that I will talk about have anything to do directly with business development and have a lot to do with creating the environment where business development can be done.

One of the greatest barriers we see to doing economic development and taking advantage of economic development opportunities in the north is education. There are too few people with formal training in the trades, management, or professional capacities to drive the long-term financial performance of any company. In a downturn, as we saw in the last few years with the resource economy, those with less education are the first to go, and in good times, those with less education earn a lot less than everybody else.

One of the other big barriers we see is health care. Too much emphasis in the north is in caring for the sick and not enough in supporting health. Governments spend millions of dollars transporting the sick to the south for health care, which takes family members from our employees out of the communities where they do business. It disrupts the social fabric of our customers where significant members of their management team or administrative staff are gone for periods of time while they attend doctor appointments in Winnipeg, Saskatoon, Montreal, or Ottawa.

There's also the general high cost of doing business in the north. As everyone knows, transportation is very expensive and the territory is vast. Labour is more expensive because the cost of living is high, and without the educated population living in the north, you have to pay significantly higher wages for trained individuals to move from the south to the north to work and drive your business.

Simply getting goods or the inputs for business to the market is a much higher cost, and there's a significant time lag. For example, to send up the material for the counters, computers, and vault for the opening of our Iqaluit branch, we had to ship most of that material almost a year ago for an opening to happen next week.

• (1535)

There's also a significant lack of infrastructure. When we move a person to one of the northern communities where we do business, for that person, finding a house means joining a long queue of other people waiting for housing.

I think banking is also an infrastructure to doing business. If you look at many of the northern communities, the cost of opening a bank account for an individual can be an \$800 or \$1,000 plane trip to a neighbouring community with a bank branch. Some of this isn't because banks don't want to open their accounts remotely, but regulatory requirements dictate to banks that we must see a customer and personally verify identification. With our bank, in the past we've used RCMP officers in the communities to verify identification for us, but we know we're skating on the thin edge of regulatory requirements that say it must be one of our employees who has verified the customer.

Even commercial infrastructure like sewer, water, and utilities to open up a branch of our bank or to grow any other business is very difficult and expensive.

One example of the lack of infrastructure just came to my attention today. Our Iqaluit branch is scheduled to be open on June 7. Our staff has been in place for two weeks' training to get our branch up and operating. We've got advertising scheduled to start next week, saying we're going to be open. Our building is all complete, all the infrastructure is in, the lights are on, and staff are working in the

building. But in order to open up to the public, we need a certificate from the fire marshal that says we're open to be a public building, and the only fire marshal in Nunavut quit yesterday. So we are sitting in a situation where we may not be able to open our branch. We're incurring significant costs for staff and facilities, and there seems to be no backup plan for the governments in the territories generally to backfill for the thin resources they have to operate the infrastructure for businesses to do their business in.

Just in wrapping up, I want to talk briefly about what I think governments should do in order to make economic development more successful in the north.

Although specific economic development programs—those are the programs that create start-up programs for business and business support financing—have been more successful than they have been in the past, I still think the main thing governments can do is to create an environment where economic development has the best opportunity to flourish. This starts with changing the approach of government to economic development.

I have seen the success of first nations who change their approach to economic development from being the doers of economic development to being the facilitators of economic development by creating an environment where economic development can succeed.

When we assess the ability of first nations governments to create sustainable financial performance and an environment where economic development can be successful, we think highly of the work done by Professors Kalt and Comell from the Harvard Kennedy School of government. Their work was based on an analysis of the tribes in the U.S. who succeeded in economic development despite the many barriers they faced. Their findings are not limited to U.S. tribes and in fact are very relevant to first nations in Canada. I would also be of the opinion that these characteristics should be considered by other levels of government if their intent is to create an environment in which economic development can be successful.

Their findings compared the approach that they call the “jobs and income approach to economic development” with the “nation building approach to economic development”.

The jobs and income approach tends to be very reactive without strategic direction. It tends to respond to everyone's agenda, not just the community's needs, strengths, and wants. It emphasizes short-term payoffs. I often tell a story at the expense of members of Parliament: we would often get an MP who would be more than happy to show up for the opening of a business that creates 20 jobs for one year but would not come to an opening of a business that creates one job for 20 years. It's the same number of man years, or almost the same; the difference is that those 20 jobs for one year create 20 truck loans that are going to get unpaid at the bank and 20 people who are out of work and having to retrain again after that one year. The one job for 20 years will create people who will buy not only a truck but a house, probably educate their children, and probably create an economy in their community.

● (1540)

We also have to focus on economic development as not just being the job of the economic development department. We need to think about how economic development needs to be integrated with education, health, and infrastructure planning.

The nation-building approach is much more strategic. It responds to an agenda that builds on the strengths and long-term needs of the community. It emphasizes those long-term payoffs, and it doesn't pay so much attention to short-term initiatives that don't create long-term ability.

**The Chair:** We'll have to wrap it up there, Mr. Martell.

We have been advised that there will be votes at approximately 4:30, which means we'll be hearing bells in about 17 minutes. We'll seek some concurrence to perhaps stay shortly after that time, but we do have time to get through each of the presentations and perhaps a few short questions. So I apologize that we're going to be moving this along and sticking to our time allocation.

Thank you, Mr. Martell, for your succinct presentation.

Let's go to Monsieur Rhéaume from the Conference Board of Canada for 10 minutes.

**Mr. Gilles Rhéaume (Vice-President, Public Policy, Conference Board of Canada):** Thank you.

Last September we launched the most ambitious initiative in the Conference Board's history—we've been in existence since 1954—the Centre for the North. It's a five-year project. It's only about eight months old, and we started back in September. At the moment, 38 organizations are involved as part of our leaders round table. They've met twice, once in Yellowknife last September and just three weeks ago in Whitehorse.

The purpose of this centre is to help stakeholders achieve a sharp vision of sustainable prosperity for the north and prescribe actions to realize it. Our goal is that within five years we will have engaged those stakeholders, with a view of developing the policies, strategies, and actions that will be required to realize that vision.

I don't have much about the actions required in terms of recommendations today, because we are just eight months into this process, but I want to talk to you about what we're doing and bring you up to date on some of the activities.

First of all, this centre is guided by seven principles, one of which is a holistic approach.

[*Translation*]

We must adopt a holistic approach, since the interdependence between factors is so great that, if we were to study only one dimension, we would miss the boat.

The second principle is engagement and the co-operation between Aboriginal groups. These groups are an important part of the North. The engagement is not necessarily about supporting the Aboriginal issues themselves, but it is about incorporating the Aboriginal situation in the overall context of northern development and prosperity.

We also have a short-term and long-term perspective. We can take actions starting now, like actions that address structural problems. For example, climate change issues are rather long-term and we would need more time to address them appropriately.

Another principle is the northern perspective. The northern development ministers' council borrowed our perspective. Canada's north takes up more than 80% of our territory. That corresponds not only to three territories, but also to the northern regions of seven of our ten provinces.

In order to come up with our program, we created a diagram.

[*English*]

It's called a research framework that we presented last fall that really resonated with the stakeholders. It has three foundation themes. One deals with thriving communities, another with economic development, and a third with security and sovereignty. Within that there are five cross-cutting themes, which represent the challenges we're facing. Mr. Martell talked about some of those, such as transportation and other infrastructure; the whole challenge of human capital, not only in terms of education, but in terms of training and development; and the attraction and retention of highly skilled people.

There are other challenges that tend to be more sensitive. For example, there's the whole issue of governance and policy-making, and the stakeholders who have the responsibility to make those policy decisions having the capacity to make the right types of policies.

A fourth challenge has to do with healthy populations. Mr. Martell mentioned the challenge of health care. I think we also have to look at the broader determinants of health, which include housing, education, income support, and other social factors.

Finally, environmental sustainability is going to be key.

In terms of our work, at the moment we're working on the three foundational themes and laying the groundwork of what we're talking about. As part of the thriving communities, we're finding there are about 1,700 northern communities, each with their own characteristics and challenges. The challenge we're currently facing is how to define a thriving community within a northern context. We have been approaching northerners to get some input into that. People have different ideas on what that means, but some common elements are coming forward. As part of it, though, we're noticing major information gaps. We're trying to get hold of the economic, social, and environmental landscape of each of those communities.

Unfortunately, that data does not exist. It exists for some components, but not for all. It's going to be a challenge for those who want to do some in-depth work in terms of that and make any headway. We're looking at how to address it through various means. Economic development and thriving communities go hand in hand, so it's a question of how we link those two, moving forward.

When we were looking at economic development, we were examining the economic potential of the north. At the moment, the north is dependent on natural resources and on public services. Those are the two main sectors that exist in the north, and they will continue to play a major part in the north. In terms of public services, it's only government departments, and it also includes education, health care, and social services.

There are also some emerging opportunities. Though they're very small at this time, they could grow in terms of potential. That includes areas such as tourism, fisheries, agriculture, and environmental services.

As part of this, we started looking at mapping this economic potential. Very major differences exist among the territories and the northern regions of the provinces. The richest at the moment tend to be the Northwest Territories and northern Alberta. One of the poorest tends to be Nunavut. So some challenges and opportunities exist in each of these regions, but there are different stages.

The Northwest Territories are doing so well because of diamond mining. Look at that territory pre-diamond mining activity and post-diamond mining activity, and there's a stark difference between what happened before and after.

In northern Alberta we know it's because of the energy development that is taking place in its oil sands.

Nunavut and other regions have great potential in terms of that, but they haven't tapped into it so far because of the challenges they're facing.

The other aspect we're dealing with is the issue of security and sovereignty. I know this group is not necessarily focusing on Arctic sovereignty, though it is a major issue. But northern security is very critical, and community security is very critical to economic development and to thriving communities.

• (1545)

What we're finding at this time is that even the experts in the field don't have a comprehensive view of what are the threats and vulnerabilities facing Canada's north. That is something we will need to address moving forward. It can be part of the plans.

So that's basically some of the work we are doing.

We are also extending our outreach efforts with a program called Northwords, where we are using a hub and spoke approach with key representatives of the seven provinces in terms of the northern presence, and each of the three territories. We are seeing how we can do that outreach and seeking the information required for the work we're going to be doing and feeding back to them the information and implications of that research.

Another thing that we're going to be doing is launching a portal, so that everyone, including you, can access it. It will have an interactive map and information from the research we're going to be doing.

One of the things we are developing is the "Here, the North" series, mapping through a series of socio-economic indicators the differences among the northern regions and the differences between the south and the north. As we're looking at these various indicators, we're finding that the line that has been drawn by the ministers of northern development is actually a real line and could actually be the most significant line in Canada. It is one that really brings to bear some of the realities, whether we're dealing with differences in educational attainment, in income per capita, or in terms of housing, and especially the issue of crowded housing. What we're going to be doing through this is sensitizing Canadians about the Canadian northern reality and moving forward with respect to that.

So in a nutshell, those are the main comments I want to make in my opening remarks. We have very little to say so far about our research findings, because we're just in the process of doing it, but I'm willing to answer any questions you may have.

• (1550)

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

Monsieur Lemay.

[*Translation*]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** I know we will not have a lot of time for questions before the vote. Also, could the Conference Board of Canada provide us with the January 2010 issue of the Territorial Outlook?

**A voice:** Yes.

**Mr. Marc Lemay:** Oh, it is already... Are you going to translate it into French? Could we have a copy for the members, please?

**A voice:** Yes.

**Mr. Marc Lemay:** Thank you.

**Mr. Gilles Rhéaume:** That is the first forecast we have issued for the three territories. We will be doing that twice a year. It is the first time we have produced a forecast based on econometric models. We had always done it on the spot, so to speak, on a piece of paper. This time, we will have a tool we can use.

**Mr. Marc Lemay:** Is it in French?

**Mr. Gilles Rhéaume:** We have a summary in French.

**Mr. Marc Lemay:** Please send us the summary.

**Mr. Gilles Rhéaume:** Very well.

[English]

**The Chair:** If you could perhaps provide that deck in French, Mr. Rhéaume, that would be terrific.

Now, Mr. Morrison, you've been patiently waiting there for us. We are going to proceed with your presentation from the Yukon Energy Corporation, and we are glad to have you here with us this afternoon from Whitehorse.

Please go ahead.

**Mr. David Morrison (President and Chief Executive Officer, Yukon Energy Corporation):** Let me start by telling you in a brief couple of minutes what Yukon Energy does. We are the primary generator and transmitter of electrical energy in the territory. In our former life we were a federal crown corporation that provided electrical energy across Nunavut, the Northwest Territories, and the Yukon. But these days we're a Yukon utility.

We provide electrical energy throughout the territory to most of the communities we serve by hydro power. There are some isolated communities that are on diesel, but the majority of Yukon communities are provided with hydro from our three hydro facilities in Mayo, Whitehorse, and Aishihik, which is near the community of Haines Junction.

Up until a very short time ago, we had a significant hydro surplus in the territory. That surplus is now dwindling.

Before I proceed on the hydro side or the renewable side, I should tell you that I think it's important that members understand that the Yukon is an isolated grid, as are the Northwest Territories and Nunavut. That means we have no connection to the south and not even any connection to each other in terms of the ability to move power on either a buy or sell basis. We also have in the Yukon a full diesel backup of our system because we're an isolated grid. If we lose transmission or generation from the hydro units, we can supply with diesel. We don't like to do this because it's very expensive—and I'll come to that in a very short while.

Our hydro surplus has dwindled in very recent years to almost zero. Perhaps several years behind the Northwest Territories, we're experiencing a significant resource development boom here. We connected a new mine to our grid about a year and a half ago. That mine was connected to the grid after it was operating on diesel. So we were able to reduce the greenhouse gas emissions in the territories significantly. We were able to get the mine into a more economic position by connecting it to our grid.

We used a very innovative model, I would say. The mining company made a contribution to the transmission line project that we constructed. Even though the line itself didn't connect them, they had to build, on their own, a spur line connection to the grid. But they paid for both. They paid a contribution to the main line and they paid for their spur line.

We're adding another mine this summer, and we have several more in the pipeline, in terms of power purchase agreements, all of which will serve to increase our demand. To illustrate it for you, we produce about 350 gigawatt hours of electrical energy at the current

time, and our forecast shows that by 2017 we'll be at over 550 gigawatt hours. For many businesses, that's a real positive. It's a positive for us and a positive for the territory. But in the utility business, in the infrastructure business, five or six years isn't very long. And it's not long enough.

As a utility, we're committed to clean and green production. We have no baseline production that is anything but renewable, and we intend to stay that way. But that being said, there's a big challenge in front of us. Let me give you an example, in terms of that challenge, of the difference between finding a renewable affordable power source and using diesel, which has been the traditional method for generating across the north and perhaps in other isolated regions of the country as well, in northern parts of the provinces.

We currently wholesale hydro in Whitehorse to a local distribution company. We wholesale it right now at roughly about 6.8¢ or 6.9¢ a kilowatt hour. If we had to use diesel to generate that same kilowatt hour and wholesale it... Right now the fuel cost of diesel, depending on the price of oil—so it depends on the day—is in the neighbourhood of 30¢ a kilowatt hour. Now these are significant bits of information that I'd like you to keep in your mind as we continue this discussion. That's just the fuel cost of diesel. The cost, then, of selling power goes up significantly, if we have to go to that.

● (1555)

When we talk about gigawatt hours, that's an energy supply term. That's why we talk about it. We also then have to pay the price of greenhouse gas emissions, which are about 700 tonnes per gigawatt hour of energy. So if I'm supplying an additional couple of hundred gigawatt hours a year of energy and I have to use diesel, my costs go up significantly, and the amount of greenhouse gas emissions that we produce goes up significantly.

We've been very fortunate in the last couple of years. The federal government has been very helpful. We've accessed some Build Canada funds—a small amount, a few million dollars—to help us on a transmission line project. We got another \$5 million to help us with the installation of a turbine at a hydro plant, and we were the first recipients in the country of funds out of the Green Infrastructure Fund. We got \$71 million to both build what's called the Mayo B project and to finish the completion of a transmission link that will connect to all of our grids.

We're very happy about all of that, but it's the tip of the iceberg. The solution of Mayo B will get us through the next few years, but if we get the kind of growth that we're seeing in our forecast—and we're being very conservative in our numbers—we will need significant new infrastructure. That infrastructure, I would say to you, is the base of the territory's economic future. If we can't provide economic electrical energy to both resource companies and our cities and towns as they grow, the affordability of living in the north, as my colleagues earlier have said, is already significantly higher in our minds, and that affordability gets unaffordable if we have to start charging 25¢ or 30¢ a kilowatt hour.

I know there are communities in Nunavut and the Northwest Territories where the rates are much higher, but I put it to you this way: the general retail rate in B.C., Manitoba, and Quebec is about 5.5¢ or 6¢ a kilowatt hour. In the Yukon it's about 12¢ to 14¢, depending on whether we've got diesel riders in the rates.

I want to talk specifically about what we're doing for a very quick minute. We have a very well-defined 20-year resource plan in front of us that we've been working on since 2006. In terms of trying to provide new solutions, we have a geothermal research program under way—this will be the third year of that program. I would say we're the only company in Canada doing active geothermal research. We spent \$1 million last year and we'll spend another million dollars this year doing that. We have a fairly extensive hydro program in terms of enhancing our current facilities. We have a wind research program and a waste-to-energy program under way. All of this we are madly trying to advance in order to make sure that as development and growth happen in the territory, we've got electricity at the ready to be able to supply both industry and communities.

I'll tell you quickly what the single largest barrier to all of that is: we have a very small population, and energy infrastructure is very expensive. If we were not getting the funds from the green infrastructure fund to build the Mayo B project, the rate would be diesel-equivalent in terms of kilowatt hours output, and our small rate base cannot afford these things. That, I would say to you, is an issue straight across the north. You've got small populations and large infrastructure costs, they have to be paid for in a regulated industry like ours by the ratepayers, unless you can get contributions, and if they can't be affordable, then the ratepayers can't pay for them.

That leads me to another barrier—

• (1600)

**The Chair:** I'm going to have to interrupt you there, Mr. Morrison. We do have bells going right now.

Members, I believe it's the 30-minute bell. I'm required at this point to see if there is consent to continue past the bells. I do believe it's the 30-minute bell, so we're okay for at least another 15 minutes.

So if there's concurrence, we'll proceed.

**Some hon. members:** Agreed.

**The Chair:** I see no objections, so we'll carry on. Thank you for your help.

Carry on, Mr. Morrison, another minute and then we'll go to questions from members. Thank you.

**Mr. David Morrison:** Great. That will give me lots of time.

The last point is the capacity of first nations communities and first nations governments to deal with large infrastructure and resource development. It's simply not there, either in a financial capacity or a human resource capacity.

We have partnerships with first nations on our projects, and that's a go-forward policy we have. We don't do resource development without partnerships. But trying to engage first nations communities is very difficult, principally because they lack the financial and human resource capacities to keep up with these developments as they go forward. It's something that really needs to be addressed.

I'll leave it at that.

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

Each of your presentations has been very interesting. They're going to very much help our study.

Now we'll go directly to questions from members. We'll stay with the usual format.

Members, we'll get through questions and come back after the vote is over, assuming there's only one vote. We'll come back to this room to finish the session.

[*Translation*]

Mr. Lévesque, do you want to raise a point, or perhaps a question?

• (1605)

**Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ):** Mr. Chair, I would simply suggest that we each have five minutes. If it turns out that we cannot come back afterwards, we would...

[*English*]

**The Chair:** Why don't we try three-minute rounds, and we'll get in as many questions as we can?

Let's go to Ms. Neville for three minutes.

**Hon. Anita Neville (Winnipeg South Centre, Lib.):** Thank you very much.

Thank you all for being here. They were very interesting presentations.

I have a number of detailed questions, but I'm not going to ask them.

You all alluded to human capacity and financial capacity. My question to each of you, given our short time, is if you had one wish from the federal government to respond to the priorities you've identified, what would it be?

**Mr. Keith Martell:** I can go first.

I think education is the number one priority. If we look at the customers we have who are successful, it's because they're being driven by people from the region who live there, understand the needs and wants of the communities they work for, and are capable of delivering the results. You get that from educated people. We're lucky enough, in many of our customers and shareholder groups, to have people who have, for various reasons, gained that capacity. But there are many others who have a great opportunity that they're not taking advantage of because of the lack of education in the north.

I think education pays off. I'm a chartered accountant, and if I do the pay-back on any of these things, I think education has the highest pay-back.

**Hon. Anita Neville:** Thank you.



**The Chair:** Monsieur Rhéaume.

[Translation]

**Mr. Gilles Rhéaume:** I agree with Mr. Martell. Education is the most important aspect from that perspective.

But we must remember something. We cannot have schools in all the existing communities. That said, we now have electronic tools that allow us to develop skills through the Internet. I believe there is a gap in that area because of lack of investment in this infrastructure. That could help many northern communities to have access to education, which is essential.

[English]

**The Chair:** Mr. Morrison, do you want to chime in on that as well? Do you have anything further to add?

**Mr. David Morrison:** I agree with the comments. I just think you have to look at the dollars required for infrastructure, which can't wait until we have an educated population or an improvement in the education of the population. I think there are different regions that can benefit more from those comments related to education. But we need to be able to provide infrastructure dollars that can help communities put this infrastructure into the ground, so when we look at development we're not spending money on diesel generation and things like that, which are just losing causes.

[Translation]

**The Chair:** Thank you, Ms. Neville.

Mr. Lévesque, you now have three minutes.

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

Good afternoon, gentlemen.

I would like to take this opportunity to recognize Mr. Namagoose. He is a personal friend and anyone would be lucky to know him. He is a very important and dynamic man. I must also congratulate the Cree Nation that worked together with elected representatives in Quebec to obtain a university building where they can learn in their language and culture.

The Cree used their leadership skills and obtained investment from banks. Mr. Martell, you are certainly up to date on the matter. Could you tell us where the First Nations have invested and in what areas of the economy of their environment they are involved in?

Could you also tell us if there has been specific training in administration so far? We know they have a lot of lawyers, but what about business administration in particular? They will need vocational schools. What are the Cree investing in right now? We know there are investments. Where do they go for training at the moment?

• (1610)

[English]

**Mr. Keith Martell:** Well, you're right. They have a significant advantage because of the opportunities they've taken with the development of hydro in the settlements in their region. Often we take people from the south who have never been to first nations—they've heard all the details about poor first nations communities, poor infrastructure, poor education, and all the rest of it—and when we've gone to Cree communities, they've said that every street is

paved, every house is new, every driveway has a vehicle, people are working, and what is the situation here? Well, it's the results of what the Cree have done in focusing on education, developing the infrastructure around the wealth they have built, and then making sure there is the capacity from their people to participate in it.

So you're right. It's a great example of what can be done if you create an economy and the wealth behind it to be able to drive that economy.

With respect to the professional development, the finance side of professional development is one of the most underdeveloped sides. We have a difficult time getting senior people at our bank from the aboriginal community because we have very few individuals with a Bachelor of Commerce who are financially trained.

I talked to Mr. Duncan earlier about the Aboriginal Financial Officers Association. It's a national organization that has done a tremendous job in putting more capacity into the hands of finance managers in communities and a great job in creating a national professional network of financial managers from first nations communities. When they take part in that, it really helps.

[Translation]

**The Chair:** Thank you, Mr. Lévesque and Mr. Martell.

Ms. Crowder now has the floor.

[English]

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** I'll keep it brief. I have two quick questions. One is to Mr. Martell.

You mentioned you thought it was important to have a change in the government approach to economic development, and you specifically talked about nation building.

Can you be more specific about what needs to happen around that approach to economic development?

**Mr. Keith Martell:** This is a directive we give to most first nations clients. We look for clients who portray the characteristics of effective government.

It's not really that surprising. It's about stable institutions and policies of government so that a business like ours knows what the rules are when we go in to do business there.

**Ms. Jean Crowder:** But what is it that the federal government can do to contribute to that?

**Mr. Keith Martell:** It can first of all assist local northern governments, whether they be aboriginal or territorial governments, in creating that kind of environment.

Frankly, I think the federal government can also take a look at that approach when it comes to economic development. Besides putting money into business start-ups, sometimes it's about doing things like creating an opportunity for there to be a fire marshal in Nunavut when I need to open a branch. That's about creating an environment where economic development can be done.

I know it's not starting a business. It's not putting dollars into a business development, but it's creating an environment where business development is possible. I think there are enough economic opportunities in the north that business will go there and it will develop, if the infrastructure is there to support business development.

**Ms. Jean Crowder:** Quickly, to Mr. Morrison, are you seeing any impact of climate change around your ability to produce hydro power?

**Mr. David Morrison:** We're not necessarily seeing that, but we'd need to see it over a period of time. Anecdotally, this is a very dry year in the north. There are a lot of forest fires. We haven't as yet had our reservoirs replenished, but next year could be really wet. It rained all day today, so maybe that's a sign,

Our view on climate change is that we should, as a utility, take the role that we're not going to impact it any further. We're going to stay away from greenhouse gas emissions and stay renewable, and we'll try to track over a period of time whether there are further impacts in terms of watersheds.

You can't do it by observing one year. You need multiple years of review.

**The Chair:** Thank you, Ms. Crowder.

Let's go to Mr. Duncan.

**Mr. John Duncan (Vancouver Island North, CPC):** Thank you very much, Chair. I see we have almost 18 minutes left, so we're in decent shape.

My first question is for Mr. Morrison.

You talked about how the economic action plan had been quite helpful in terms of satisfying your needs over the next several years, but you have a 20-year plan and you know, to meet your growth, you'll have to expand your capacities quite significantly.

I wonder if you can give us a sense of priority. What does that 20-year plan require? What would be your priority for federal assistance there? Does that include connection to either the Alaskan grid or the North American grid through British Columbia and the new extension to Bob Quinn Lake?

• (1615)

**Mr. David Morrison:** Thank you, Mr. Chair.

Let me say a couple of things. Because we're still in the development phase with a number of new projects, we haven't

quantified the amount of federal assistance we'd like to see. But I think the point I'd like to make is that we won't be able to build significant new renewable infrastructure without significant federal assistance, because we won't be able to get it at the territorial level or from our customers.

In terms of connection to the other grids, there isn't a grid in Alaska that I'm aware of that can give us the capacity we need. We'd certainly love to be able to connect to the B.C. grid at Bob Quinn Lake, especially when the transmission line extension is completed by BCTC. But we're talking about a huge amount of money. That's probably a connection in the cost range of a couple of billion dollars.

Yes, I think over time it's going to cost a significant amount of money to help the north put the electrical infrastructure in place that it needs, but I'm not sure that the one solution that's there with that much cost to it is the one we should be going at. We'd certainly be happy to look at it with the federal government.

If we can find geothermal resources, if we can really bring this waste-to-energy piece together, that's going to help a large amount. The big issue is that we're also talking about a resource industry that's cyclical, and we can't afford to build too much either. We can't afford to build infrastructure where, after resource industries dip or there's an economic slowdown, we're left to pay for resources that...

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

Committee, before we adjourn, are there any more questions from members? If there are more questions, we'd be glad to come back. If there are none, though, there's no reason that we can't let the witnesses go, because it will be about 30 minutes by the time we all get back here.

Is there a consensus to adjourn?

**Some hon. members:** Yes.

**The Chair:** Okay.

Don't leave yet. I want to properly thank each of the contributors here this afternoon. I apologize that we've been somewhat interrupted in what would have been our normal meeting.

Members, we're meeting back in here on Tuesday afternoon. Madam Crowder will be chairing that meeting. So we'll see you on Tuesday, and if we don't see you before, have a wonderful weekend.

Thank you. The meeting is adjourned.







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