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Chair

Mr. Blake Richards

Standing Committee on Aboriginal Affairs and Northern Development

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• (0855)

[English]

The Chair (Mr. Blake Richards (Wild Rose, CPC)): We'll call this morning's meeting to order.

We want to thank both of our organizations for being with us today. We're here for our 41st meeting of the Standing Committee on Aboriginal Affairs and Northern Development, under our study on access to capital.

We have with us this morning, the Business Development Bank of Canada, Mr. Robert Lajoie, the vice-president, financing and consulting for Manitoba, and national director for aboriginal banking; and Mr. John Connell, vice-president of government relations. We also have the First Nations Lands Advisory Board, Chief Austin Bear, who is a director and with the Muskoday First Nation in Saskatchewan; and William McCue, director, and a councillor from Georgina Island in Ontario.

We've had a little pre-consultation, and, Chief Bear, I believe you're going to do the first presentation on behalf of the First Nations Land Advisory Board. You have 10 minutes for your opening remarks. Then we'll have opening remarks from the Business Development Bank, and then we will turn it to members for questions.

Chief Bear, the floor is yours for the next 10 minutes.

Chief Austin Bear (Chief, Muskoday First Nation, Saskatchewan, and Director, First Nations Lands Advisory Board): Thank you.

Good morning, Chairman Richards and honourable members of the committee.

Just briefly, I was introduced, of course and you heard my name as Austin Bear. I'm the chief of the Muskoday Cree nation, Treaty 6, in what is now the province of Saskatchewan. Our community is only a few kilometres from the city of Prince Albert.

Thank you, Mr. Chair and the committee, for inviting our organization here this morning and this opportunity to share the activities, the developments of first nations across the country.

On behalf of the First Nations Lands Advisory Board, I want to thank you sincerely for the opportunity to speak to you today about the Framework Agreement on First Nations Land Management and our experiences with vastly improved access to capital. As the majority, if not all, first nations communities can attest to, the Indian Act has been most devastating to our communities economically, culturally, and socially. At the root of this dysfunctional piece of

legislation is the complete lack of recognition and respect for first nations as governments, governments that are certainly capable of competent decision-making.

Add to this a complete lack of land certainty, serious environmental legacy issues, unclear survey fabric and boundary issues, a land registry that isn't backed by formal regulation, and an inefficient system of bureaucracy, based on a 100-year-old statute. It becomes quite easy to see why the situation creates many problems.

My colleagues and I are part of a growing group of first nations who, in the 1990s, had enough of federal government dependency and waiting around for things to get better. We negotiated and signed an agreement with Canada in 1996 that would provide us with some greatly needed relief from some of the most offensive and paternalistic sections of the Indian Act.

The framework agreement is, first, a recognition that our communities are governments with legislative and management authorities over our lands and resources. Land, as you will likely know, is inextricably linked to our cultures and our identities. The framework agreement is an expression of the inherent right of self-government. We believe that the authority of government flows from the Creator, not the Minister of Aboriginal Affairs.

While this might seem to be a mundane attribute, it is considered to be a basic respect, which is the core of our government systems. It lies at the base of our cultures. As a primary tenet of the framework agreement, it has translated to concrete, measurable, and proven advances for our communities over life under the shadow of the Indian Act.

Economic development and increased access to capital have been major benefits to many of our signatory first nations. For a community that has decided to opt into the framework agreement, decisions can be made in a matter of days and weeks, as opposed to months, years, or never, under the Indian Act. This means the virtual elimination of unnecessary land transaction costs defined in time and other tangible expenses. It also reduces or eliminates countless missed opportunities due to these same delays.

Clear legal status and capacity of first nations governments to acquire and hold property, to borrow and contract, to expend and invest money, and to be a party to legal proceedings: first nations under the Indian Act do not hold these clear rights. This discourages lenders and other financing partners.

A land registry that is regulation backed, paperless, electronic, and provides for instant registration, we developed this in cooperation with key representatives from the finance community as well as the Government of Canada. Not only have key financial institutions taken notice of these improvements, but so have third party investors and the insurance industry. For the first time it is possible to get title insurance on reserve lands. All of these attributes were made possible without having to risk the loss of our reserve lands.

The KPMG consulting firm has concluded three separate studies of first nations that are operating under their land codes and has found that framework agreement first nations are able to complete transactions more efficiently than Canada. Framework agreement first nations can do the job for less cost than Canada. Framework agreement first nations are increasing the average annual number of land transactions by a 9% rate as opposed to transactions by first nations under the Indian Act, which are decreasing on an average of 1%.

The framework agreement provides better circumstances for first nations to improve their land governance systems and processes, such as governance and decision-making, and the facilitation of market opportunities. Also, the framework agreement is impacting economic development efforts on reserve lands. The framework agreement has contributed to first nations' increasing the number of businesses on reserves, with most new businesses being first nation member-owned businesses, which shows increased entrepreneurial activity.

The framework agreement first nations are expanding their business development to new and/or different industry areas with new partners. Framework agreement first nations are beginning to see a shift in the quality of jobs available on reserve by providing jobs that require higher levels of education and specialized training. Over the past while, at least 2,000 jobs have been created by first nations people in first nations communities.

Framework agreement first nations have experienced increasing internal and external investment in their communities, \$101 million in investment approximately, as identified by a sample of only 17 framework agreement first nations. Additionally, this investment occurred in more areas than before: hard and soft infrastructure, business regeneration, and growth and new businesses.

It is worth noting that all of these benefits have also meant tremendous ongoing work and the overcoming of significant challenges, but not one first nation that has implemented the framework agreement has indicated that they would like to give up and go back to the Indian Act, not a single one of the 54 or 55 operational first nations, nor the 112 signatories to the framework agreement.

Of course, we would be happy to answer any questions.

Thank you, sir.

Thank you, committee members.

• (0900)

The Chair: Good.

Thank you, Chief Bear.

Mr. Lajoie, from the Business Development Bank, I think you're making the next presentation. The next 10 minutes are all yours.

Mr. Robert Lajoie (Vice-President, Financing and Consulting, Manitoba, and National Director, Aboriginal Banking, Business Development Bank of Canada): Thank you.

[Translation]

Mr. Chair and distinguished members of the committee, thank you for inviting me to join you today to support your study on access to capital, and to tell you about the support provided by the Business Development Bank of Canada, or BDC, to aboriginal entrepreneurs.

As the BDC's national director of aboriginal banking, I manage a dedicated and passionate team that serves one of the most complex, dynamic and fastest growing markets in the country.

[English]

For those who may be less familiar with BDC, I will first provide you with some general information on its activities in support of Canadian entrepreneurs. I will then focus on our aboriginal banking unit, or ABU.

Let me begin by reminding you that BDC is the only bank in Canada dedicated exclusively to meeting the needs of entrepreneurs, with a focus on small and medium-sized enterprises. As a complementary lender, we have a greater appetite for risk than other financial institutions and we price accordingly. However, we're not the lender of last resort. Indeed, as per Treasury Board guidelines BDC must be financially sustainable. BDC does not receive government appropriations to run its daily operations. In fact, the bank has paid dividends to the Government of Canada since 1997.

• (0905)

[Translation]

We are proud to help over 30,000 Canadian SMEs that employ 674,000 Canadians and generate \$192 billion in revenue annually.

[English]

Approximately 15% of our clients, or 5,000, are exporters. Our services include financing and growth and transition capital, formerly known as subordinate financing. We also offer affordable consulting services and are the largest institutional venture capital investor in Canada. Of our 30,000 clients, approximately 1.25%, or 378 clients, are aboriginal, representing \$184 million in assets.

I would like to take a few moments to tell you about our team. The ABU stretches across Canada and is made up of nine dynamic individuals with over 55 cumulative years of service. Our team is committed to giving back. Members participate in 13 volunteer positions in their communities. While located in six offices across the country, we partner with aboriginal financial institutions and more than 100 BDC business centres across Canada.

The goal of BDC's aboriginal banking is to accelerate the success of aboriginal entrepreneurs by providing them with the tailored support that they need. In addition to flexible financing solutions and affordable advisory services, ABU has developed growth capital for aboriginal business, the aboriginal business development fund, and the E-Spirit national aboriginal youth business plan competition .

Not only does the ABU deliver unique services; it delivers them in a way that respects aboriginal culture and understands the unique challenges aboriginal businesses face. In fact, I myself am Métis, and several of the members of our growing team are aboriginal.

Aboriginal entrepreneurs rely mostly on personal savings to start up their businesses and even to finance ongoing operations. Well aware of this reality, BDC seeks to increase access to capital for aboriginal entrepreneurs, with commercially viable businesses located on or off reserve through its flexible financing solutions.

With growth capital for aboriginal business, aboriginal entrepreneurs on or off reserve can apply for up to \$25,000 for their start-up business or up to \$100,000 for their existing business. This is in addition to being able to access other BDC loans to top up their financial requirements. There are no application or annual fees. The debt-to-equity ratio of the business we support can be up to 4:1 debt equity, as distinct from our regular 3:1 debt equity. We refund a portion of the interest paid on the loan to the community under a special provision.

As you have heard from some of the other witnesses who have appeared in the context of this study, aboriginal entrepreneurs on reserve cannot leverage their lands and assets as collateral, as per section 89 of the Indian Act. Given this challenge, BDC provides financing on reserve primarily through loans made to corporations.

This is done to simplify the enforcement process, because we cannot seize or sell assets that belong to band members. When real estate is involved, we rely on mortgage of lease to secure our loans and we obtain a band council resolution to ensure that we have access to the band lands in the event of default.

When financing first nations projects, we work closely with other lenders, such as chartered banks, credit unions, and aboriginal financial institutions, in order to extend capital to aboriginal entrepreneurs. We satisfy our mandate as a complementary lender by taking more risk on projects that we finance and by partnering with other lenders when there is a funding shortfall on their projects. By doing so, we provide funding when it might otherwise not be available and we reduce other lenders' exposure to risk. By working with AFIs, we help them touch more entrepreneurs and extend more capital.

Our aboriginal business development fund provides microcredit lending for aboriginal entrepreneurs. These microloans of \$2,000 to \$20,000 are made available through grassroots aboriginal organizations across Canada, such as the Nuu-chah-nulth Economic Development Corporation in British Columbia. These loans are coupled with management skills training and ongoing mentorship.

This fund was created as a result of aboriginal entrepreneurs reporting the need for business management mentoring. This initiative increases access to capital for aboriginal entrepreneurs who would not normally qualify for a loan. In addition, the training and mentorship elements greatly benefit the community and create entrepreneurial capacity within it. The ABDF serves as a business model for other communities as well.

Our ABU also seeks to create awareness in the marketplace, especially amongst aboriginal youth. As you have heard from other witnesses, building business skills and awareness of self-employ-

ment opportunities is key to the economic success of first nation communities.

In order to reach aboriginal youth, we have our E-Spirit business plan competition. It is Internet-based, allowing us to reach youth in remote areas, and includes online modules, mentoring, and business plan preparation. The program incorporates both mentorship and elder components. Schools can also receive a computer to access online resources.

E-Spirit teams must submit a complete business plan and a video promoting their business idea. The winners take away cash prizes in the amounts of \$4,000 for gold, \$2,000 for silver, and \$1,000 for bronze. In addition, special recognition awards are given for the best in various categories. E-Spirit helps aboriginal youth develop business and management skills and increases overall entrepreneurial awareness. To date, we have reached more than 6,500 grade 10 to grade 12 students through this program.

● (0910)

[*Translation*]

To conclude, I will again say that we are committed to making the most of the potential of aboriginal SMEs. We are working to ensure that they have all the tools and support they need to succeed. With the aboriginal banking team, our priorities are to improve the client experience and expand our reach and visibility. We are building our team and further developing our skills and our knowledge, which are unique in this field, to better serve aboriginal entrepreneurs and support their growth.

Thank you for your attention. We would be pleased to answer your questions.

[*English*]

The Chair: Thank you, Mr. Lajoie.

Now we'll go to questions from members. In the first round we have seven minutes for each questioner.

First is Ms. Ashton, so the next seven minutes are yours.

Ms. Niki Ashton (Churchill, NDP): Thank you very much, and thank you to all of our witnesses for joining us today.

Chief Bear and Mr. McCue, I wonder whether you could speak about the number of first nations waiting to be added to the schedule of the First Nations Land Management Act and perhaps update us on what you're hearing from these first nations and their desire to move forward in this respect.

Chief Austin Bear: Thank you for that question.

I mentioned briefly earlier that at the moment there are, I believe, 112 signatories to the framework agreement, with 54 or 55 operational across the land. Using the last number I know, there are about 60 to 65 first nations across the country that wish to sign adherence to the framework agreement and become new entrants to it.

Ms. Niki Ashton: Is it important that we speed up that process and support these first nations in joining the program?

Chief Austin Bear: Absolutely.

Just recently, it was announced by the minister and the lands advisory board that there will be six new entrants from British Columbia, Saskatchewan, Ontario, and perhaps Quebec. Those are not new entrants, although they are first nations new to the process. They are not new entrants with an announcement from the minister on new moneys or the announcement on the \$30.3 million of support over the next little while.

These are six first nations who are filling in for six other first nations who either were unsuccessful or had to withdraw because of land issues of some description. Rather than waste the time, and to make best use of the funds available, these six first nations have come forward.

• (0915)

Ms. Niki Ashton: Thank you.

I am wondering if you could speak in your capacity as chief about one of the barriers that has been raised with us, which is community capacity as well as the financial literacy of first nations. It is important to have processes in place to improve access to capital, but when you have underfunding of education and barriers to accessing education and training, isn't tackling those barriers also a way of providing opportunity for first nations across the country?

I am wondering if you could speak to those barriers and what we could be doing about them.

Chief Austin Bear: Thank you.

The Indian Act on land management and the obstacles and barriers found in that sector are complicated further, or enhanced further, by just what you mentioned.

First nations, and I'll speak of my own, need greater capacity in education and training. We have students who wish to go to university for post-secondary education. In each given year, the funding available provides for perhaps 60% of those who are post-secondary eligible and post-secondary ready.

The other part, of course, is training and employment opportunities, vocational and in the trades. There is a lack of resources and support, not only from federal opportunities and responsibilities. It is also evident in the provinces. The province is creating opportunities for first nations and aboriginal peoples.

Capacity building, good governance building, financial planning, land use planning, which is most important in the best use of land and in land creating opportunities to generate revenue—much still has to be done in those areas.

Ms. Niki Ashton: Thank you.

I'll quickly turn to BDC. I know we've spoken briefly about some of the challenges that northern first nations face, and I am wondering

if you could speak to the barriers in some of the work that you do in that respect.

Mr. Robert Lajoie: Thank you for your question.

Some of the barriers obviously are geographical. We can't physically be in the north as much as we would like to, but we do have strategies in place. There are some areas in the north where we do have business centres, such as in northern B.C. and the territories. We spoke earlier about northern Manitoba, specifically, where we work with the local chambers and Community Futures. We partner with them, as that is an avenue for extending our reach through those community leaders.

• (0920)

The Chair: Thank you.

We'll move now to Mr. Barlow for the next seven minutes.

Mr. John Barlow (MacLeod, CPC): Thank you, Mr. Chair.

Mr. Lajoie, I would like to start with you.

Thank you, everyone, for coming. I know it's a bit of a distance for some of you. I much appreciate your participation in this.

You talked about some of the clients you have with BDC. I'm not sure if I have the exact numbers but you say you have about 30,000 clients and just over 1% of those are aboriginal?

Mr. Robert Lajoie: Yes.

Mr. John Barlow: Is there a reason why you don't have a higher number than 1%? You talk about having about 370 clients who are from aboriginal communities. Is there something stopping them from accessing the programs of BDC so that you only have that 1% of clients?

Mr. Robert Lajoie: Our penetration rate is lower in the aboriginal community. Part of it is creating awareness. The big shift in the recent year, or 18 months, is having a dedicated team focused on developing the awareness internally throughout our 103 business centres as well as externally with our local partners in the AFI communities as well as the charter bank communities. We started last year with four account managers and we've grown that to six account managers. In the past year we did 140 loans, so that is increasing. We saw 12% growth in our first full year of the dedicated focus team. We've also centralized our credit approval so all credit across Canada is authorized in Winnipeg with the exception of the French credit as we have a dedicated person in Quebec.

Again, this is to help us understand the needs and help us see the potential solutions that exist in other regions of the country so we can help the entrepreneurs developing in other areas and work through that. We have a consistent approach. There was 12% growth in the first full year and we're planning for more growth as the awareness is created.

Mr. John Barlow: It's not that there are barriers necessarily. It's just really raising awareness and promoting that financial literacy and the actual programs that exist in those communities then.

Mr. Robert Lajoie: That's right.

Mr. John Barlow: I liked some of the programs that you did mention such as the aboriginal business development fund, and the growth capital. I also want to touch on the E-Spirit business competition you talked about. I was involved in Junior Achievement quite a bit growing up. It sounds similar, though online didn't exist at that time.

Mr. Robert Lajoie: No.

Mr. John Barlow: To have 6,500 youth go through that program, it sounds like you really tapped into something there. Is this a new program or is this one that's been going on for a while?

Mr. Robert Lajoie: The program was established in the early 2000s.

Mr. John Barlow: So it's been going on for a bit.

We've all talked about improving awareness and financial literacy. Is this a program that's focused on that to basically show them this is how you build a business and this is how you develop a business plan?

Can you talk about the program a little bit.

Mr. Robert Lajoie: It's delivered through the schools. The teachers promote it within the school and register their students into the program. There are online courses and there are online benchmarks. It's throughout the school year. Once they complete their business plan and their video they send it back to BDC where we have judges who are account managers within the ABU, account managers who are not in the Aboriginal Banking Unit, as well as people in our head office. We judge them and then we award them.

Mr. John Barlow: Is it part of their school curriculum or is it something separate?

Mr. Robert Lajoie: It's voluntary. It's something separate and we encourage them to participate in it.

Mr. John Barlow: I'd be curious, it's been going since the early 2000s and that's more than 10 years. Do you track any students who would have participated in the program and then later on access BDC programs, whether it's the business development fund or the growth fund? Is it working to get them involved in business?

• (0925)

Mr. Robert Lajoie: That's a very good question.

We haven't tracked the success. I'll have to go back to see if we can find that information for you.

Mr. John Barlow: It would be interesting to see if you're having some success in carrying them on to a long-term career in business.

Mr. Robert Lajoie: Great question.

Mr. John Barlow: I'm going to move to Chief Austin Bear.

You talked about the framework agreement that was signed in 1996 and how that has been a benefit to first nations communities.

Can you talk a little bit about what it is about that agreement that is making it easier for first nations communities to access capital

compared to those who are not? What is it about that agreement that's making that a much smoother process than those that are not part of that agreement?

Chief Austin Bear: Actually, we have here an operational first nation and an original signatory to the agreement from 1996. My friend and colleague Councillor Bill McCue from the Chippewas of Georgina Island, this might be a good question for you.

Mr. William McCue (Councillor, Chippewas of Georgina Island First Nation, Ontario, and Director, First Nations Lands Advisory Board): As my friend has stated, our community was the first to actually pass the land code and support the framework agreement. In doing so, we were venturing into the unknown from coming out of underneath the Indian Act.

I was chief at that point in time. Under the direction of the elders in the community, they had seen how difficult it was for us to move forward in any areas of economic development or improvements within the community itself, and how to access capital or financing to do any kinds of ventures that we had.

They gave me the mandate to take our community into land management. Our community did ratify our land code with 96% voting in favour of establishing our own lands by coming away from the Indian Act. I know we're short for time, but our community is 50 miles north of Toronto. We had some of the largest undeveloped lakeshore property in the area.

Through the Indian Act, we had several deals that were lost because of the time constraints and moving at the speed of business. Now we can do that and have the access to capital to create our own cottage industry. It has improved our revenues—I would say a tenfold increase in our community revenues—which in turn helps us subsidize programs where we experience shortfalls from government funding.

The Chair: Ms. Bennett, you have seven minutes.

Hon. Carolyn Bennett (St. Paul's, Lib.): Thank you all. It's really interesting to hear the successes in what you've been doing.

I guess our committee wants to be able to say, "Where do we go from here in building on your successes?" I was hoping, Mr. McCue, if you could continue in terms of explaining what's going on.

I know that my colleague asked Chief Austin Bear a little bit about how we go forward, or what we need to do in terms of both capacity and governance to get more first nations participating at the speed of business, as you've said. What would you like to see in the recommendations? What are the barriers that still exist and how could all of you do your work better?

I've heard about the business of using own-source revenues to backup access to the financial institutions. There seems to be something going on there that maybe we could help explain and fix.

Do you want to just continue your story and then use the rest of the seven minutes, whichever way you want?

• (0930)

Mr. William McCue: Thank you for the opportunity. As I said, our community was fortunate within the lands management to increase its revenues by having the opportunity to develop our lands. Further to that, the access... How we could improve always is through increased funding, whether it be by partnership with government or increased funding for the infrastructure dollars we do need for our own communities.

We do use our own-source revenue. We are presently doing it right now for something that is very important to us and that's our water system. It has been antiquated for quite some time, and we've been trying to negotiate with the Department of Indian Affairs to access capital to redo our system. Unfortunately, our community, like others, is on a long waiting list for capital expenditures in the priorities, we're below the folks who don't have water, understandably. Even though we have a boil water advisory, we're down the list even though it's a need.

Having to borrow funds or use the own-source revenue funds that we derive to fix the infrastructure in our community takes away from other avenues of priorities such as education. As I said, from our lease fundings and our own-source revenue, we do fund areas of post-secondary education. I think our post-secondary is 80% to 85%. We try to fund as much as we can with our own-source revenue for what we can't get from INAC.

I think it's a partnership that is needed with financial institutions. It's good to hear our friends announce these programs. That's news to me, and it sounds like a very exciting program that I am going to take back to our council. I think if we can have an increased commitment from Canada to help with priorities of infrastructure through the capital or the access to the action plan, it would free up opportunities for first nations to move even further and want to be in the economy. We don't want to continually have to go to other sources to govern. We should be self-governing. This is what we're trying to do and having lands management helps us create that.

Austin, do you want to add anything else? Thank you.

Chief Austin Bear: I think in many first nations, one of the obstacles and delays to land use development is the dreaded and snail-paced process of additions to reserves. With TLE lands, TLE land claims, settled specific claims, it's a dreadful process. I'll use my own first nation as an example. In our TLE settlement agreement with Canada and Saskatchewan, we have opportunity to use the proceeds of the land claim for capital investment to create business opportunities and also community development. But that money is tied up for as long as it takes the additions to reserves to complete the process of those lands becoming reserve lands.

Right now, on our own first nation on a piece of TLE land, the process is being delayed and there are what we believe to be minor issues on the land. We've been waiting for two years now on an \$8.5 million project, and we simply can't move on it. That's an experience and a problem we've had. It's not unusual for Muskoday. It's seemingly quite common for first nations across the country.

Thank you, sir.

• (0935)

The Chair: Thank you.

We'll move next to Mr. Dreeshen for the next seven minutes.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for being here this morning. These are certainly interesting discussions. Of course, we talked about section 89 and the restrictions that are involved there.

Mr. Lajoie, you spoke about mortgages of lease and access to land. Of course, those all tie into the same issue. You said that in order to make the deals that you needed, you had to look for band resolution. Therefore, we see how this interaction takes place. You also talked about the situation that can occur as far as the default is concerned. I'm wondering, first of all, if you could talk to us about the consequences for a company that goes through that particular process when they have defaulted.

Then perhaps, Chief Bear, you could speak from the other side, as far as the band is concerned, about the consequences when there's a default on a loan in a community.

Perhaps, Robert, you wouldn't mind starting on that.

Mr. Robert Lajoie: Thank you for your question. I do have a correction. E-Spirit was actually started in 1996, not 2000.

Our default rate or the process when a loan goes into default is to first work with the entrepreneur to see if we can help them turn it around. In specific cases of on-reserve land where there's a mortgage of lease and a band council resolution, we have to bring in all the parties. We have to work with the first nation and ensure that we come up with the right solution to see if we can save this company and see if maybe there's somebody within the community who could come and take over the company, buy it, and work with us to salvage that developed land if it's a mortgage of lease. It takes collaboration and teamwork and understanding of the long-term goals of the first nation for their land development and seeing how our existing loan can be saved or repaid or the assets can be sold. It requires working together.

At BDC, we call them our special accounts department, and we also have a business restructuring unit. Our goal is not to just quickly realize our assets; it's to really work with the entrepreneurs. Entrepreneurs may make a bad decision and cause stress on their companies for a period of time, but maybe we can just work through that period of time. It's working with all parties involved.

Mr. Earl Dreeshen: Perhaps then, Chief Bear, just so that we can kind of focus, BDC of course is one lender that you would have on reserve. You're dealing not only with BDC but with many other banks. Do you still have to go through the same thing as far as band resolutions go? Perhaps you could answer that part and then expand on what you see as your concerns, whether they be for your reserve or throughout the country, when loans go bad.

● (0940)

Chief Austin Bear: Of course, section 89 of the Indian Act no longer applies to my first nation.

Mr. Earl Dreeshen: Yes.

Chief Austin Bear: However, if it's an opportunity where the member wishes to acquire a mortgage for a home, the member is granted a registered interest in the land. The interest can be mortgaged—not the land itself, because the title doesn't remain with our first nation, but the registered leasehold interest can be mortgaged.

Now it's the same with the entrepreneurial. If it's agriculture, there are individuals who hold interests in the land by leasehold interest. They're long-term interests, and those interests can be mortgaged to the bank. The security of the bank will take the revenue generated on that interest. If they have to default, they would manage that by, upon agreement, claiming the revenue from the land.

If all else fails, we don't rely anymore on, if they even exist, ministerial guarantees. If necessary, if it's a mortgage for a home, the Muskoday First Nation will guarantee that loan, or for lack of a better term, perhaps underwrite that loan. If the homeowner, the member, defaults, we will satisfy the requirements on the mortgage and we will take possession of that home. We will either sell it to another member or turn it into social housing. Those are the opportunities created.

For small business for members, it's basically the same. We can provide for securing small business loans for entrepreneurs. We're going through a few of those now. Those are the opportunities that are provided. To satisfy the bank, or the lenders, we still provide a band council resolution. That's the strongest decision you can get from chief and council, so we still provide that. It's not an Indian Act band council resolution. We don't even like to call them band council resolutions anymore. We call them land resolutions.

Mr. Earl Dreeshen: Thank you.

Do I have any more time, Mr. Chair?

The Chair: You have about 10 seconds.

Mr. Earl Dreeshen: Earlier we had witnesses talking about the number of bands, I think 55, that have gone through the process. They were indicating that it takes quite a while, though, to gain the capacity to be able to enter. From what I understand, it simply isn't a case of saying, "Let's throw another 50 in here just to get the numbers up"; you have to make sure the capacity is there.

How is that process of the capacity building coming along?

The Chair: We're just at the end of the time here, but if you could make a very brief response, we can allow that.

Chief Austin Bear: Sorry, I'm not sure I caught the last part of the question.

Mr. Earl Dreeshen: Perhaps we'll be able to catch this another time. I know how strict the boss is here.

Chief Austin Bear: I'm sorry.

Mr. Earl Dreeshen: No problem.

The Chair: I was finally trying to be a little lenient, but I appreciate your indulgence, so....

We will start the second round of questioning with Monsieur Genest-Jourdain.

[*Translation*]

You have five minutes.

Mr. Jonathan Genest-Jourdain (Manicouagan, NDP): Good morning, gentlemen.

The document drafted by the Library of Parliament to prepare us for your testimonies this morning mentioned the First Nations market housing fund, which is overseen by nine trustees. When constituents who are members of a First Nation visit my office in Uashat and tell me that the funds, which are supposed to be managed by the band council and used for housing, have been used for other purposes, I often suggest the following solution: create a trust. I would like to hear what you could tell us about the advantages or specifics of managing a housing-related trust.

● (0945)

[*English*]

Chief Austin Bear: Are you asking me?

[*Translation*]

Mr. Jonathan Genest-Jourdain: The question is for anyone who is in charge of or has information about housing-related trusts.

[*English*]

Chief Austin Bear: Thank you.

I'll answer this way, first, with the first nations market housing fund, our first nation has done some exploration and investigation. We haven't proceeded with that, and we haven't entertained CMHC. We provide housing through private homes and/or social housing. We manage that through our funding available to first nations. There's some capital within our FTA or block funding, but primarily from our own-source funding.

[*Translation*]

Mr. Jonathan Genest-Jourdain: To come back to the First Nations market housing fund, I know that the First Nations' proven ability to manage its finances, loans and housing is assessed.

What tests would make it possible to assess how a band is managing its housing-related finances and loans? How could we determine whether a First Nation is managing its finances, loans and housing adequately?

[English]

Chief Austin Bear: I know how my first nation manages our responsibilities and commitments on any funding, whether it's housing or otherwise, and the accountability and transparency to our members and to the funding agencies. I can't answer to what other first nations do. I have no way of knowing what they do, and I wouldn't dare suggest what other first nations may or may not do.

[Translation]

Mr. Jonathan Genest-Jourdain: Thank you.

[English]

Ms. Niki Ashton: Thank you for that information.

BDC, you mentioned working with young entrepreneurs. Given especially the earlier comments we heard from Chief Bear as well as Mr. McCue on some of the barriers young people face on first nations, particularly wanting to pursue post-secondary education but not enough funding being available, and the need for more access to education and training, I'm wondering if you can speak a bit about that.

Do those barriers that you see need to be tackled with respect to the kind of work that BDC is doing to try to support entrepreneurs and young people on first nations?

Mr. Robert Lajoie: Thank you for the question.

On the education side, we create awareness through E-Spirit, and we hope that we have a part in helping them believe they can have a future in entrepreneurship.

I have an example of a young entrepreneur. She left her community to work in a metropolitan centre. She wanted to go back and then she wanted to buy a business. There was an opportunity to buy a motel just outside her first nation, so we worked closely with the AFI of the region and the purchase price was \$300,000. She had very limited equity. Her first nation gave her part of the equity. The AFI gave her another part of the equity, and we were able to fund \$180,000 of the \$300,000 with a first mortgage.

A young entrepreneur, first nations, wanting to return to her community, no historical entrepreneurship, some education—we saw that as a risk in terms of experience, but a risk we were willing to take because of the willingness to go to work in her community and support community growth. This is an example of supporting a young entrepreneur with very little experience, and then we'll keep on supporting her if she wants to grow that company. We can offer it through our consulting services, mentorship, coaching, and help her build. That's one example.

Maybe she'll become a role model for other youth in the community. So it's one entrepreneur at a time. It's creating awareness through E-Spirit and hoping that the students are aware that they can have a future in entrepreneurship. Then it's also supporting the youth when they approach us for projects.

• (0950)

The Chair: Okay, thank you.

We now have Mr. Seeback, for the next five minutes.

Mr. Kyle Seeback (Brampton West, CPC): Thank you, Mr. Chair.

Chief Austin Bear and Chief McCue, you were saying that you were one of the original first nations to enter into the FNLM regime back in 1996. Is that...?

Mr. William McCue: We were actually the first to vote on a land code. The way the legislation was structured, you had to have two communities pass their land codes before the framework was implemented by Parliament. Ours was the first. We beat the Scugog First Nation by a couple of minutes, so that's our claim to fame.

Voices: Oh, oh!

Mr. Kyle Seeback: There were about 14 first nations that were interested when the regime was first brought forward. Am I accurate in that number?

Mr. William McCue: I think there were 12 or 14 signatories who came to our community in 1996 to sign the agreement with Canada.

Mr. Kyle Seeback: Now there are about 112 signatories and there's a waiting list of other people who would like to get into the regime. Is that correct?

Mr. William McCue: Yes, that's correct.

Mr. Kyle Seeback: It seems there was not an incredible amount of interest at first, but as the success of the regime became evident to others, the interest has become far more substantial. Is that fairly accurate?

Mr. William McCue: That is correct. I'll speak very quickly. I know we're limited on time.

I had become chief when I first heard of the initiative. I had gone to a meeting of the Chiefs of Ontario in Toronto where the predecessor, the First Nations Lands Management Act was being presented, or attempted to be presented. It was a controversial initiative to get away from the Indian Act. My friend here was one of the first presenters and I didn't think he was going to make it out of the meeting with his scalp intact.

Voices: Oh, oh!

Mr. Kyle Seeback: It was controversial when this first came about. The FNLM was controversial at the time. It's not controversial now.

One of the things that I notice as we're doing this study is that everyone keeps trying to find creative ways to tap dance around section 89 of the Indian Act. There are people who say that they'll take an interest in accounts receivable for a business to try to find funding, or that they'll try to do this or that. Everyone's trying to find creative ways around section 89. There has been some discussion at this committee by some witnesses about first nations property ownership that would of course get them out of section 89. That's quite controversial today. Do you have any thoughts on that?

Mr. William McCue: I can say that there are options that are put forward by communities. Ours was controversial at the time. It was something that first nations wanted to move forward. In areas of property ownership, if there are communities that want to take that next step as first nations, I think they should be awarded the opportunity to move forward if that's the area that they feel they want self-government in.

• (0955)

Mr. Kyle Seeback: Chief Austin Bear, what do you think?

Chief Austin Bear: Well, on first nations ownership, private ownership, or first nations lands being fee simple lands, I can't support that. I haven't in the past.

The biggest reason is that our lands are treaty lands, lands acquired because of the settlement of the territory by means of treaty—and I mentioned earlier that I'm from Treaty 6—so I don't know from our nation, our nationhood, and the relationship with that treaty, how we could simply be private landowners or fee simple landowners. Our first nation and the Cree nation is much more than that. We have to maintain the treaty relationship and the treaty lands. That's my position.

Mr. Kyle Seeback: But can you—

The Chair: Thank you. Sorry, that's the end of your round.

We'll move to Ms. Hughes now for the next five minutes.

Mrs. Carol Hughes (Algoma—Manitoulin—Kapuskasing, NDP): Thank you very much. I really appreciate your taking the time to come here to talk about this issue.

Chief Bear, you actually raised an issue that I was going to ask about, and that was additions to reserve, and the need for the government to move a bit quicker on that.

I know Pic Mobert First Nation has a land and greater land use agreement that they're just waiting for the minister to put his signature on. It took them 22 years to finally get that ready. I know that Minister Valcourt has been quoted as saying:

Our Government is committed to working with interested First Nations to create jobs and economic opportunities and... We will continue to work with interested First Nations across Canada to enable the development of their lands and resources, ensuring the conditions for strong, self-sufficient and prosperous communities.

We have a minister who makes the statement. Actually, my colleague here, Mr. Strahl, during a late show just recently mentioned "willing partners".

One clarification I would like from you, Chief Bear, is this. Do you think there are no willing partners out there for first nations? My understanding is that all first nations are willing partners. They want to move their projects forward, and they want to make sure their first nations communities are very successful. Is that your opinion as well?

Chief Austin Bear: Oh, absolutely. Of the 634 first nations in Canada, I would suggest that they're all willing partners. They may not be willing partners to the framework agreement at this time, but they're certainly seeking every opportunity to improve the lives and the conditions of their citizens, whether they live on first nations land or in the community, or elsewhere.

Quite often our members live elsewhere—in metropolitan areas, towns, cities—because there is no opportunity in our communities. There is an inadequate supply of affordable, safe housing. There's such a range of obstacles and concerns that we have to address. I wouldn't suggest that we have to rely on government for all the answers, because government will fail us. We have to do that ourselves. But when resources are scarce, when resources are needed, whether it's financial or for the development of human

resources, then we need a hand up. We're not asking for a handout. I think that's the difference.

Mrs. Carol Hughes: I really appreciate your input on that. I think it is extremely important when we're looking at the land and greater land use agreements to clarify that we may have some differences of opinion when it comes to what we think is in the best interests of communities and what you think is in the best interests of your community, for example, but it doesn't mean that you're not a willing partner.

I know that for Pic Mobert First Nation, the land and greater land use agreement is only for 16 square kilometres. They already have contracts lined up for their industrial park and they need housing. They have a water treatment plant that's in the process of being built and it will actually service more housing. It's the government that's actually holding things up, so that's quite problematic.

Based on the challenges when it comes to pushing forward and making sure that the policy on additions to reserve is actually finalized, I think that is actually holding back your ability to access capital as well as to develop. Is that correct?

• (1000)

Chief Austin Bear: That is correct.

Mrs. Carol Hughes: I guess that's one of the recommendations, to make sure the government actually ensures that the proper resources are there when it comes to moving those forward.

Do I still have some time?

The Chair: You have about 15 seconds.

Mrs. Carol Hughes: Okay.

I wanted to talk a little bit about the 2003 Auditor General's report. Maybe I'll wait till the next round, and hopefully get a question there.

The Chair: Thank you.

Now we have Mr. Strahl for five minutes.

Mr. Mark Strahl (Chilliwack—Fraser Canyon, CPC): Thank you.

My question is for Chief Bear. Of the first nations that apply to join the schedule for the First Nations Land Management Act, what percentage are accepted? Do you have those figures?

Chief Austin Bear: Not exactly. There's a process that government asks for, and one of the first steps is asking a first nation to do a self-assessment. I suppose it's suggesting capacity and readiness. At the lands advisory board, we don't look at our first nations that way, so we wouldn't dare suggest or impose ourselves on a first nation and ask, "Are you this, that, and the other?" That's not how we address our first nations.

Mr. Mark Strahl: We're hearing from Mr. Seeback's questioning earlier how this is gathering momentum and that there are a number of first nations that are trying to get into this. I assume that not every first nation that applies for entry meets the criteria, so if that's the case, would you say, "You need to work on this particular criteria"? I'm assuming there is some filtering in terms of who is accepted and who is not.

Chief Austin Bear: I would suggest that, with the government's self-assessment and the number of first nations that are invited to do that, which are on the schedule to hopefully be signatories, the self-assessment is weighed against some criteria that the government has, but I don't know what that is.

Mr. Mark Strahl: So you wouldn't be prepared then to discuss what some of the common deficiencies are that we could recommend as a committee be addressed at an earlier stage. I guess I'm trying to figure out....

Getting out from under the Indian Act is something that first nations want. It's something that government has said it wants and the opposition wants it, but we don't just throw the doors open and say, "Everyone is ready for first nations land management." We have some criteria through the land advisory board and the government. How can we help more first nations get to the point your two nations have gotten to?

Chief Austin Bear: Just getting back to the first question on criteria, I think it has been the practice that the government or the department, AANDC, suggest and maintain that if a first nation is in a lawsuit against a minister or the crown, they wouldn't entertain that first nation until such time as the legal proceedings or the lawsuit was settled. The minister and his department also frown on first nations that are in third-party management. Those were two areas that may be a problem or an obstacle to first nations wishing to become signatories.

There are also boundary issues. If the first nation's land boundaries are not clear, it could drag on for 10 to 15 years to determine the boundary issues. Then they wouldn't proceed into that process because the process, from signing and getting through the community process for developmental, is only two years. You may have a land issue or a boundary issue that could drag on for 15 or 20 years.

●(1005)

Mr. Mark Strahl: My time is running out here.

What is the average time from when a first nation is either selected or applies until they are in the schedule?

Chief Austin Bear: Depending on the funds available for new entrants, from the time there is a... I'll just use these past six. They were just announced probably about a month ago. The minister's office is talking about a signing ceremony for the adhesion to the framework agreement perhaps in the next month. Once that is complete, then they're signed and there's adhesion to the framework agreement. Then they go into the community process, so that takes two years generally from start to finish, perhaps two and a half years.

The Chair: Thank you, and we now have Ms. Hughes again for the next five minutes.

Mrs. Carol Hughes: Thank you very much, and I'll share my time with my colleague Niki Ashton.

I want to go to a background brief to the 2003 Auditor General's report that talked about barriers to economic development and access to capital, among other things. The brief said:

...the government fails to focus on outcomes in its program performance evaluation, and First Nation interests, such as overall improvements of socio-economic circumstances and the creation of sustainable jobs, are neglected. The Report determines that, in order to improve the situation, it is crucial for the government to include economic development in their result review structure and that the information sharing structure under Indian and Northern Affairs Canada should be organized horizontally.

My question is open to anyone who wants to answer. Have you seen much change in being able to move that forward? From what we can see, those barriers are still there. We talked about the additions to reserve. From what we can see, it's just not moving at the speed of business for first nations.

Chief Austin Bear: With respect to the first nations that are signatory and/or have an operational land code, there is evidence that these first nations are moving in greater leaps and bounds, and I think I mentioned in my opening comments, that is evidenced by the KPMG report. There are great success stories from across the country about first nations successes in economic development, community development, creating employment, and improving the lives of their members in their communities. There is evidence across the country, and we attribute that to discarding the Indian Act and moving ahead with first nations land management.

Mrs. Carol Hughes: But at the end of the day there are still some barriers when it comes to being able to access land, additions to reserves, and land claims that would help you be able to develop faster. Is that correct?

Chief Austin Bear: If that happened, if the additions to reserves process moved at the speed of business, in my own first nation we'd be moving in leaps and bounds. We can't access the very strategic land that we selected for economic development adjacent to the city because of additions to reserves being so pokey and slow. The land is on the major thoroughfare from a major highway from Prince Albert to Saskatoon, which services Prince Albert and the north, so that's denying or delaying the development on about 150 acres of land strategically selected for commercial light industry.

●(1010)

Mr. William McCue: If I could just add, we've had an ATR in the process for 20 years now and it's still not approved, and we've had consent from the municipality as well as the first nations. They've come to agreement, and it is still tied up in the bureaucracy.

I agree that it should be moved quickly and there should be some solution to that aspect.

Ms. Niki Ashton: Coming off that point, Chief Bear, it's interesting you also pointed out the support of municipalities. We heard from the chief of a first nation in northern Manitoba last week, and he talked about a parcel of land that's been in the works for 12 years. All it needs is a signature from the minister. It's located in the municipality of my hometown, which has embraced this proposal. Tremendous work has been done to bridge relationships between first nations and municipalities, to overcome racism that has existed for far too long, yet the barriers placed by the federal government and the delays we see from the federal government are evident and simply don't make sense.

The Chair: Sorry, we'll have to stop you there, Ms. Ashton.

Mr. Seeback, you have the next five minutes.

Mr. Kyle Seeback: Great.

Chief Bear, I think you said in your opening statement that there are 112 signatories to the FNLMA regime. There are 54 to 55 that are operational, so we're at about a 50% operational rate. Maybe the banker can tell me if my math is right; I was a lawyer therefore not good at math. I think it's reasonably close. What's the holdup? Why are we at 50%?

Chief Austin Bear: There's quite a high number right now that are developmental. Last year or so there were 28 new entrants. They're all developmental at this point.

Mr. Kyle Seeback: "Developmental" means exactly what? Do they still have to develop their land code?

Chief Austin Bear: Yes, they're developing their land code. They're going through the community process, meeting with their elders, meeting with their members, informing their members. It's the community process. That's what they're going through now leading to the vote.

Most of the 28 new entrants are in that process now, and there are maybe one or two just finishing from the last entrants. Most of them now have their land code vote dates for the fiscal year that we're in now. Then the six new entrants, as I mentioned earlier, will be just beginning the process.

Mr. Kyle Seeback: Would you anticipate—I forget what you just said—that the 28 or so should be operational soon?

Chief Austin Bear: In this fiscal year.

Mr. Kyle Seeback: In this fiscal year. Okay.

To change the subject a little bit, one of the things that you made me interested in was when you talked about title. You're now able to get title insurance on reserve lands. That's interesting. It leads me down a path of what the state of the first nations land registry system is today.

I used to do a bit of real estate law, so I understand the system we have of land titles in Ontario. You have basically secured, guaranteed title. We convert it from the registry lands system to land titles, so most land is very clearly delineated now and defined.

What would be the state of land on reserve?

Chief Austin Bear: Sorry...?

Mr. Kyle Seeback: What would be the state of title on first nations reserves right now, across the country—if you can answer that?

Chief Austin Bear: It's difficult. Now there are two land registries. There's the first nations land registry, and then there's the Indian Affairs or Indian Act land registry. I'm told that the Indian Act land registry is in somewhat of a shambles. On the First Nations Land Registry, all the documents or instruments are registered electronically. First nations instruments that are registered are not questioned; it's a repository for the instruments.

As far as title insurance is concerned, Muskoday, my first nation, is not engaged in that. I know that type of title insurance would be far more necessary for the Westbank First Nation, for example. That's likely where it was initiated. It surfaced with Chief Robert Louie and the Westbank First Nation.

•(1015)

Mr. Kyle Seeback: How much of an impediment would the lack of a good land registry system be with respect to access to capital? Do you think that has an effect at all?

Chief Austin Bear: I think it has an effect on lenders. There's some comfort and security that interests are properly documented, and that they're actually registered interests within a recognized registry. I think that certainly gives comfort to bankers. It gives comfort to investors. That's certainly said without question.

Mr. Kyle Seeback: Can you comment on that at all?

Mr. Robert Lajoie: It makes it easier, for sure, but as the Business Development Bank of Canada, if there isn't, we have to figure out how we can still support entrepreneurs developing in those communities. We have lots of dealings in the Westbank area. It makes it easier. Again, you still have to work with first nations, understand their system, and respect the economic development they have set out for themselves.

If it's well defined, the land registry of course makes it easier. It shouldn't be a huge barrier for us to try to figure out how to help entrepreneurs as well.

The Chair: Thank you.

That finishes our second round. We'll move into our third and final round of questions now. First up in that round is Ms. Ashton, for five minutes.

Ms. Niki Ashton: Thank you very much.

We really appreciate all the feedback we have received today. I would say particularly the experience from you, Chief Bear and Mr. McCue, in terms of the on-the-ground reality that first nations face, the barriers they face, and the opportunities that are ahead of them.

In terms of a more general question, and I could ask this of all of you, how important is it that we get this right and that we get this right now? I know that in Manitoba and Saskatchewan the demographics are such that indigenous peoples are a significant part of our provinces population-wise, but whether you look at it where we are or across the country, it's aboriginal communities that are growing the fastest and that have the highest numbers of young people. Obviously, a lot of responsibility comes with that on behalf of those who make decisions, who can make or break these young people's futures.

I am wondering if you could speak to that sense of urgency, whether it's in terms of moving forward on the FNLMA, or in terms of investments in education and training, housing, or the treaty relationship, and how seriously we need to take these matters as parliamentarians, obviously with the government here as well. I am wondering if you could speak to that. Perhaps you would like to begin, Chief Bear.

Chief Austin Bear: Thank you.

That's a very good question and an excellent point. It is critical and absolutely necessary, particularly at this time in our history and in the continued building of the nation of Canada, but more importantly, with first nations being an integral partner, participant, and beneficiary of Canada's building and securing of our nation.

We can no longer support and be silent about the hundreds of millions of dollars government spends on social assistance and corrections, the majority of which is to care for first nations people in the most negative context that one could believe and understand. We need to turn those hundreds of millions of dollars into opportunity, into recognition that first nations people are very integral in the founding and the building of Canada, our nation, and shouldn't be left marginally to waste away on the sidelines.

This is what we have to impress upon parliamentarians, committees such as yours, the different parties of government that sit in that big house, and Canadians all across this nation. This is where we have to make that most relevant when we're asked, "What can we do?" and "What's the urgency?" This is what we can do, and the urgency is now.

Thank you.

•(1020)

Ms. Niki Ashton: Mr. McCue, would you like to share your perspective?

Mr. William McCue: I agree with my friend's comments.

One initiative, too, that has been overlooked in dealing with first nations—you said there's a large contingent in areas of the west and northern Ontario—is the aspect of determining the membership. Something that is going to be required is determining who belongs to first nations. Although we have members within our community, that lineage is gradually going to stop. I know that Bill C-31 and Bill S-3 have tried to rectify that, but it seems to be diminishing, that aspect of who is a first nations citizen.

We, in our hearts, know who our first nations people are. If this continues, basically first nations are going to be assimilated or wiped out, other than self-identifying. That limits what we try to do within

our community, because our initiatives are based on first nation membership, and the membership is determined by Canada. Gradually that's going to affect us very greatly in our small community.

Ms. Niki Ashton: Thank you for raising that.

The Chair: We'll move to Mr. Seeback now.

Mr. Kyle Seeback: Great.

There are six new entrants that have been authorized by the minister to enter into the FNLMA regime. I assume that there are more than six that are interested in getting into the regime. What's the bottleneck to getting people into the regime? What I've heard at this committee over the last four years is that those operational first nations under the FNLMA have much more economic success, by and large, than first nations that are not. My goal would be to find a way to get as many that want to be in the regime into the regime. What's the challenge?

Chief Austin Bear: Funding is always a challenge. By means of the framework agreement and the requirements of the implementation of the framework agreement, funds have to follow each entrant, not only for developmental but when they become operational. There have to be adequate funds available to support the first nations through the developmental phase.

If there are funds available to do six.... Right now there are six, because they're replacing six that are at the wayside.

•(1025)

Mr. Kyle Seeback: Six that have moved into operational, is that what—

Chief Austin Bear: No. They have parked themselves because of some other matters that couldn't be dealt with, so there were delays.

Mr. Kyle Seeback: Okay.

Chief Austin Bear: Rather than waste the time and the money, the six others came forward.

We anticipate, with the new announcement in the budget of \$30.3 million over the next five years, or whatever the term is, that in the near future, perhaps sometime in the summer months or the fall, there may be an announcement. We anticipate an announcement, perhaps, for another 28.

Mr. Kyle Seeback: Do you have any idea what the interest is, in addition to 28? Is it 50? Is it 100?

Chief Austin Bear: As I mentioned earlier, I think the interest.... The last, I understand, or the last number I have is around about 60. At one point it was about 85 or 90 with known letters of interest and band council resolutions on file submitted by the first nations.

Mr. Kyle Seeback: So there are 112 signatories, and about 60 are interested. With the new funding, you think that about 28—

Chief Austin Bear: I suspect.

Mr. Kyle Seeback: —will move in. Again, math is not my strong suit. That means you have 34.

Chief Austin Bear: Yes, 34. That's what I suspect.

Mr. Kyle Seeback: Right.

Mr. William McCue: Some of the difficulty, too, is that the actual standard that was set for communities to—

Mr. Kyle Seeback: For entrance...?

Mr. William McCue: For ratification of the vote.

Mr. Kyle Seeback: What's that standard? I'm not familiar with it.

Mr. William McCue: It's a majority of registered voters, I think. Although it was a high standard, it has been achieved by quite a number, but quite a few communities have voted in favour but have not met the threshold that was set. It's not the same as voting on a land claim or...

Mr. Kyle Seeback: Okay. But for these 60 to express interest, is it just a question of a letter saying that they are interested and to please put them on the list?

Mr. William McCue: Yes, it's a band council resolution.

Mr. Kyle Seeback: So it's a band council resolution saying that they're interested in entering into the FNLMA.

All right, so now you're on the list.

Mr. William McCue: Yes.

Mr. Kyle Seeback: That's where the 60 are. They've passed a band council resolution and then until they actually get in, do they not have to do anything else?

Mr. William McCue: No.

Mr. Kyle Seeback: When you're in, then you have all these other things that you have to do, isn't that right?

What's the process when you're in the developmental stage? You have to have a vote on reserve, you have to develop a land code... What are all the requirements when you're in development?

The Chair: I'll have to ask that the response be very brief.

Chief Austin Bear: When a first nation signs an adhesion to the framework agreement, we enter into an agreement with the first nation on what we call the community action plan. That lays out all the requirements, from day one to the day they vote, and there are some milestones throughout that whole process that the first nation has to meet.

Once they meet the requirements of what we call a CAP—the community action plan—they then come to the vote date, and the members of the first nation approve the framework or the land code, and then they become operational.

The Chair: Thank you.

Chief Austin Bear: But until that vote is secure, they're still under the Indian Act all the way through the process.

The Chair: Thank you.

We'll move now to Ms. Bennett for five minutes.

Hon. Carolyn Bennett: Thanks very much.

Just continuing my question, I don't think BDC had a chance to say what they would like in terms of the way we get rid of some of these obstacles. Then, if Mr. McCue or the chief wanted to finish...

But what would make it easier for you to be more helpful?

Mr. Robert Lajoie: Well, we're focused solely on entrepreneurs and entrepreneurship, so it would be building a passionate team. The

team we have at BDC, although it's small, is very passionate to help aboriginal entrepreneurs succeed, on or off reserve. Where the business is situated is irrelevant. We need to help entrepreneurship in this segment.

It's taking the time to understand the challenges in the first nation communities and of our aboriginals who are not in first nation communities and encouraging them to start businesses. As we all know, there are opportunities to acquire businesses as a generation of entrepreneurs want to retire and sell. There are opportunities to continue growing our segments.

As we see in some areas in the north, northern projects are going to need entrepreneurship to service those projects, such as in the Ring of Fire in Ontario, on hydro projects in northern Manitoba, in the oil industry in Alberta, and in the logging industry. They all need services and entrepreneurship, companies that—

• (1030)

Hon. Carolyn Bennett: But I guess the question would be, does your unit, under the big umbrella of the BDC, get to do what you want to do? Do you feel that it's first nations-led? Do you feel that you're able to...or are you confined by BDC policies on risk and those kinds of things?

Mr. Robert Lajoie: That's the benefit of being under BDC. We have the flexibility. We are mandated to take on more risk and we have the support to encourage entrepreneurship and to take on more risk—but prudent risk, as we still have to make money.

What is “prudent risk”? It's helping an entrepreneur on first nation lands and not having full recourse back to the first nation; that's prudent risk. It creates economic growth on the first nation and it doesn't have the comfort of being fully secured by the first nation, which—as Chief Bear has explained—is how they secure some of the financing for their members.

Hon. Carolyn Bennett: What you're saying is to clean up all the stuff that has been articulated as obstacles by the advisory board, and if you clean it all up, it will make your job easier.

Mr. Robert Lajoie: It's not even cleaning up. It's understanding and working through it, one entrepreneur at a time.

Hon. Carolyn Bennett: But some of the obstacles that we're described, whether it's capacity, governance, education, infrastructure...

Mr. Robert Lajoie: Yes, it would help.

Hon. Carolyn Bennett: It's hard to sell cottage land or to lease cottage land if the ferry doesn't work. There's some stuff that we know is ongoing that makes it difficult for people to be successful. This addition to reserve piece, it's hard to have the entrepreneur open their business on the highway if—

Mr. Robert Lajoie: You can't get the highway there.

Hon. Carolyn Bennett: —it takes 20 years to get there.

Chief Austin Bear: Some of the obstacles are evident from our distant past. There are a host of reasons. I'm not going to get into them and explain the devastation of the residential schools and the host of other impacts, but we must grasp and understand that the first nations, the majority if not all, are in the state of reclamation. We are now attempting to rebuild our nations.

In our recent history, that rebuilding is practically in its infancy. If you go back to the mid-fifties, my father and I needed a permit from an Indian agent to leave the reserve, so that's fairly recent. The reclamation, the rebuilding, is recent. We are in our infancy.

In the acceptance of some responsibility by Canada, in my opinion, Canada as a nation, its people, and government must come forward and say, "How can we better assist this reclamation and rebuilding of the original inhabitants, the first nations people of this country?" Those are the questions we have to ask ourselves. This

would eliminate many of the obstacles and the uncertainties that first nations are experiencing each and every day.

● (1035)

The Chair: That ends our questions and answers for today.

I want to thank all our witnesses for being with us. Thank you for your statements and responses to the questions. It was very helpful to our study.

We'll just let members know that we do have a change of time and location for Thursday's meeting. We will be in 237C Centre Block and we'll begin at 9:30. Members will appreciate that, following the previous evening's committee of the whole, so 9:30 with P3 Canada for one hour, followed by committee business.

The meeting is adjourned.

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