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**EVIDENCE**

**Tuesday, May 26, 2015**

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**Chair**

**Mr. Blake Richards**



# Standing Committee on Aboriginal Affairs and Northern Development

Tuesday, May 26, 2015

•(0845)

[English]

**The Chair (Mr. Blake Richards (Wild Rose, CPC)):** Good morning everyone.

[Translation]

Welcome to the 43rd meeting of the Standing Committee on Aboriginal Affairs and Northern Development.

[English]

We'll move right into our study this morning on access to capital. From the Canadian Council for Aboriginal Business, we have Maxime Faille, a member of the board of directors; from the TD Bank Financial Group, we have Clint Davis, vice-president of aboriginal banking; and from AFOA Canada, we have Terry Goodtrack, president and CEO.

We'll receive you in the order I just introduced you. We'll give you each 10 minutes to make opening remarks and then we'll follow that up with questions from the members.

Mr. Faille, the floor is yours for the next 10 minutes.

[Translation]

**Mr. Maxime Faille (Director, Canadian Council for Aboriginal Business):** Thank you very much, Mr. Chair. Thank you for this invitation to appear before the committee.

My name is Maxime Faille. I am a partner with the law firm of Gowling Lafleur Henderson, where I head our firm's aboriginal law group.

[English]

I appear this morning as a member of the board of directors of the Canadian Council for Aboriginal Business on behalf of its president and CEO, J.P. Gladu, who could not be here today.

CCAB is a national member-based business organization working to drive business opportunities and relationships between aboriginal businesses, aboriginal communities, and the broader business community. This is achieved through a variety of tools, including CCAB's progressive aboriginal relations certification program, aboriginal business mentorship, awards programs recognizing excellence in aboriginal business, as well as through original research on the aboriginal economy and aboriginal-owned businesses. This research has provided some insights into the issues you are addressing. We are honoured to share it with you today.

It's clear that access to capital is a major issue for both start-up aboriginal businesses as well as established firms. Needless to say,

historically the Indian Act restrictions on private ownership of real property on reserves as well as restrictions on taking security in on-reserve real and personal property, while having their own very important historical basis, have undoubtedly had the effect of inhibiting access to capital for on-reserve status Indians and first nation bands. By restricting private ownership of property on reserves, the Indian Act inhibits first nation entrepreneurs from accumulating collateral and credit necessary to access private financing—and, of course, the inability of banks to seize assets on reserve prevents inhibits businesses from leveraging collateral

I do want to emphasize, however, that these limitations are grounded in a long history that, in my view, remains an important one and that the risk of dispossession, particularly of reserve land, remains a complex issue that defies easy solutions. When compared to American reservations, for instance, reserves are exceedingly small, as it is, and play a vital role in maintaining vibrant cultural and economic first nations communities. So navigating this reality along with the need for greater access to collateral and capital is a treacherous voyage in my view.

CCAB's research suggests that knowing where to find and apply for financing and knowing how to meet the necessary requirements remain obstacles to growth for aboriginal business. When asked what barriers restrict access to capital, a majority, or some 56% of aboriginal businesses cite the following: lack of collateral, being a new high-risk business, and having too much debt or a poor credit rating. The anecdotal evidence suggest that many give up on outside financing. Certainly, this seems to be supported by the high proportion of aboriginal businesses that rely mostly or entirely on their personal savings for their business enterprises. Indeed, 65% of aboriginal business owners rely heavily on personal savings for start-up financing and 74% rank it as the top source of ongoing financing. Over a third of aboriginal businesses identify access to capital as a major obstacle to growth in the next two years of their business cycle.

Business loans and lines of credit from financial institutions are more important among the larger businesses, those with over half-a-million dollars in revenues, while government loans and grants are rated as being of greater importance to businesses without other employees. Younger entrepreneurs place greater importance on financing from aboriginal lending agencies according to CCAB's research.

In Ontario, 44% of aboriginal economic development corporations, which are community owned corporations, as you know, identify accessing private financing as a major hurdle for business start-ups due to the lack of credit history, the Indian Act regulations, limitations regarding land ownership, and the stigma surrounding aboriginal business, a point to which I wish to return. Some 56% of economic development corporations have overcome this problem by accessing band money from land claim settlements or from existing band-owned businesses, but this is not always possible or indeed sustainable.

● (0850)

This is complicated by the discretionary nature of those community funds and also by the difficult task that communities face. Since these are community funds, they must balance the desire to fund businesses within their community with the need to take a hard look at whether or not those businesses are indeed sound investments for the community. There can be a bit of a push and pull in that regard. There can be a real desire to invest in a local business, but of course the reality is that the majority of start-up businesses fail. Because these are community funds, it remains important to have sound investment strategies in that regard.

As to solutions, they're obviously multi-faceted. There is a big need for greater capacity-building, and organizations such as CCAB and AFOA, from which you will also hear, can play a vital role in that regard. Loan guarantee programs are essential.

I do want to highlight a couple of issues. Speaking more in a personal capacity in this regard, since I haven't necessarily vetted these next remarks with my colleagues, first, the barriers to access to capital are numerous. However, I do want to suggest that stigma, as I mentioned, should not be overlooked as an important impediment. In my experience as a lawyer working with aboriginal communities across Canada, it is clear to me that there remains a great deal of mystery and lack of understanding in the minds of many about aboriginal business and about working with aboriginal communities. Now, certainly as more businesses and financial institutions become aware of the opportunities and business necessity of working with aboriginal communities, that is slowly changing.

I also want to mention, as my friend and CCAB's former CEO, Clint Davis, will tell you, there is in Canada, despite the significant barriers to growth, an emerging aboriginal economy of some considerable size. Here I want to suggest that while support for the aboriginal economy must come from all quarters, we would do well to optimize the opportunities, mechanisms, and incentives for aboriginal communities, businesses, investors, entrepreneurs, and individuals to reinvest in that aboriginal economy. There's a great desire to do so, and one of the ways, of course, this can be accomplished is through tax policy. In some respects, the tools are already in place in that regard. So while the section 89 restrictions of the Indian Act constrain the use of on-reserve property as collateral, the twin provision to section 89, section 87, provides for an exemption from taxation in relation to on-reserve property of status Indians and bands. That can create a major incentive for investment by bands and by status Indians in other communities across Canada, as well as in their own communities, since that tax exemption is not limited to one's own community. This should provide a first nation investor with greater risk appetite in relation to such an investment

since the return promises to be quite significant if that return is in fact tax-exempt.

A major advantage of encouraging this is that the section 89 restrictions on taking collateral in on-reserve property only apply to non-Indians. So a band or a status Indian may take and enforce security in on-reserve property of another status Indian or of a band. The problem with this, however, is that in my experience the tax exemption rules are notoriously nebulous and that CRA, to be quite honest, is very aggressive in seeking to limit access to that tax exemption. Far from encouraging investment income in that manner, in my experience as someone who works in this area, the CRA acts to discourage it through lack of clarity in the rules and through very aggressive measures in that regard.

So greater clarity, support for such investments, I think, would assist in that regard, and of course, consideration could be given to providing tax incentives to non-aboriginal Canadians as well, to provide greater support and access to capital to aboriginal communities.

I thank you for your time and your important work in this area.

● (0855)

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

We'll move now to Mr. Davis from TD Bank.

**Mr. Clint Davis (Vice-President, Aboriginal Banking, TD Bank Financial Group):** Thank you, Mr. Chair, and members of the committee. It's an honour to be here to provide TD's perspective on issues and challenges regarding access to capital.

By way of personal background, I'm an Inuk from Nunatsiavut, a region in northern Labrador. Nunatsiavut was the last Inuit land claim to be settled in Canada, and it's going celebrating its tenth year of the land claim implementation this year.

While I'm the vice-president for aboriginal banking at TD, I also have the honour of serving as chair of the Nunatsiavut Group of Companies, which is the economic arm of the Nunatsiavut government.

TD proudly banks many aboriginal governments and their businesses across the country. Our goal is to be the bank of choice for aboriginal families, businesses, and communities. We try to be innovative and flexible in tailoring our services around the diverse needs of aboriginal communities and their peoples, and we're working hard to earn the trust and confidence of aboriginal communities from coast to coast to coast.

TD's original aboriginal banking strategy began nearly 20 years ago when we partnered with two first nations organizations to create an aboriginal bank. In 1996, the Saskatchewan Indian Equity Foundation and the Federation of Saskatchewan Indian Nations chose TD as one of the founding partners of the First Nations Bank of Canada and the provider of management support and back office capabilities.

We believed in creating an aboriginal bank that would be owned by aboriginal people, managed by aboriginal people, and serving aboriginal people.

A shared governance model was developed to transition the First Nations Bank toward aboriginal control and self-sufficiency.

In 2012, FNBC launched its own banking platform and became fully independent of TD. Today, FNBC is a competitive financial institution widely owned by many aboriginal shareholders and TD remains as a minority shareholder.

In the last year and a half TD has recently embarked on a journey to further strengthen our commitment to aboriginal peoples with the creation of the Aboriginal Banking Group. This group, which I lead, provides specialized banking expertise in support of commercial banking teams across the country that service aboriginal customers. We are dedicated to making banking more convenient for aboriginal communities, businesses, and people by developing new products and services, and by enhancing existing ones at TD.

Wealth creation and accumulation continues to positively impact those aboriginal communities through successful negotiations of claim settlements, and impact and resource revenue-sharing agreements. A preferred and very effective solution for managing this new wealth is through the utilization of trusts.

In 2007, TD Aboriginal Trust and Investment Services have provided support and advice to aboriginal communities in planning and implementing these trust and investment solutions. TD has over \$1.5 billion in assets under administration and under investment management, making us an industry leader in this segment.

In 2011 TD Economics released a report that quantified the aboriginal market, which included the purchasing power of aboriginal people, businesses, and governments. It is estimated that by 2016, just next year, the combined income of those three sectors will be \$32 billion, which represents a growing market for financial institutions and indeed many other private sector companies.

But frankly, this number could be higher if the stakeholders—for instance, the Government of Canada, aboriginal governments, and the financial sector—could collectively identify and act on innovative ways to address issues around access to capital.

We at TD, like my peers in the other banks, provide capital to aboriginal governments and their economic development corporations primarily in the form of lending facilities and more recently raising capital in the Canadian and U.S. bond markets. To date we have over \$600 million in business banking relationships across the country and this number continues to grow.

The deals we see involve financing for an array of different needs and opportunities, anywhere from community infrastructure such as schools and water treatment facilities, to renewable energy, to construction equipment for an economic development corporation.

But I can tell you that we're not able to provide financing in all circumstances. In some cases, an aboriginal customer is looking to participate in a business deal that we would consider as beyond our risk appetite. In this situation access to capital would be severely restricted regardless of whether the borrower was aboriginal or not.

When determining if we are able to provide financing to an aboriginal project, we will particularly focus on three things: the strength of the borrower—in this case the aboriginal government or

its economic development corporation—the source of repayment or the ability to service the debt, and security.

As we all know, and as Max previously mentioned, section 89 of the Indian Act prohibits lenders from taking any security of real and personal property on reserve. While this has been a significant barrier in the past, I think it's obvious now that all the major banks are comfortable with this reality and we provide financing on reserve.

● (0900)

The other considerations, strength of the borrower and source of repayment, may prove to be difficult obstacles to overcome, which will unfortunately result in a lack of access to capital for a community that's in serious need of infrastructure and investment. It's in situations like this where the federal government could provide additional support that could help to offset some of those concerns.

One area I believe warrants consideration is federal government guarantees. Currently, federal ministerial guarantees are offered for on-reserve housing only. For any other investment in infrastructure, either the first nation is the sole funder or it receives some level of grant support from the federal government over a multi-year time frame, which will normally not cover the total cost of the asset. I believe some creative thinking is necessary to determine how the federal government could use this tool to open up access to capital for those first nations that need to address their infrastructure gap.

One example of loan guarantees being used effectively is that of the aboriginal loan guarantee program offered by the Government of Ontario. According to the website of the Ontario Financing Authority, the guarantee supports aboriginal participation in renewable green energy infrastructure including transmission projects and wind, solar, and hydroelectric generation projects. The program was announced in 2009, and it provides a provincial guarantee for a loan to an aboriginal corporation to purchase up to 75% of an aboriginal corporation's equity in an eligible project up to a maximum of \$50 million. As of July 2014, the aboriginal loan guarantee program had leveraged significant investments, with loan guarantees supporting investments in eight aboriginal communities representing over 10,000 people. Those numbers are probably a little dated; it's probably more than that now. This program provides alternative non-government funding sources to a first nation to participate in an economic venture. I'm proud to say that TD has financed a number of aboriginal equity loans for renewable energy projects and we continue to look at other deals.

While an expanded application of federal government guarantees is definitely not a panacea that will address all issues around access to capital, it could be an important piece of the puzzle that will enable more communities to make the necessary investments that will build sustainable local economies.

Thank you. I look forward to your questions.

• (0905)

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

We'll move now to Mr. Goodtrack from the Aboriginal Financial Officers Association of Canada.

**Mr. Terry Goodtrack (President and Chief Executive Officer, AFOA Canada):** Good morning. My name is Terry Goodtrack, and I'm the president and CEO of AFOA Canada. We've been formerly known as the Aboriginal Financial Office Association of Canada, and about a year ago we changed our name to AFOA Canada.

Thank you, Mr. Chair, vice-chairs, committee members, colleagues, and friends for this opportunity to speak on access to capital.

I'm going to scope my presentation to who we are as AFOA Canada and what we do in relation to capacity-building and financial literacy. You've already heard from two experts here from CCAB and TD bank.

AFOA Canada is a not-for-profit association formed in 1999. We serve over 1,500 members across the country. We also have eight local chapters located in the Atlantic region, Quebec, Ontario, the Northwest Territories, Manitoba, Saskatchewan, Alberta, and British Columbia. AFOA membership spans the country from the Pacific to the Atlantic to the Arctic. AFOA members are leaders in their communities, their organizations, and their companies. What binds them together is their commitment to finance and management excellence. The association has a volunteer board of directors. Our chapters also have volunteer boards of directors. We are not-for-profit and non-political.

AFOA Canada provides capacity-building training to individuals working in aboriginal organizations and communities. We provide training in finance, management, and leadership. Our training is targeted toward supporting aboriginal communities, progressing towards economic prosperity and self-reliance. After more than 16 years in operation, AFOA Canada has become the centre of excellence in innovation and aboriginal finance management leadership and is the only organization in Canada that focuses on capacity development and the day-to-day needs of those aboriginal professionals who are working in these areas.

Our certified programs and workshops are developed in concert with communities and the needs of our members. The programs are designed by our communities for our communities. At AFOA Canada we are building a community of professionals. AFOA Canada welcomes any and all individuals interested in advancing aboriginal communities through sound professional, financial, and management training and certification.

Our vision is to be the centre of excellence, information, and certification for aboriginal management. Our mission is building management proficiency and connections that enhance effective aboriginal governance, administration, and self-reliance. We undertake our mission through delivering certified programs in finance and management, and we link with other professional associations and universities and colleges. We deliver capacity-development workshops aimed at the needs of aboriginal professionals in their communities' journeys towards economic prosperity and self-reliance. We hold an annual conference that provides our members

and other interested parties with an opportunity to learn from each other, network, and further develop their skills.

We publish *The Journal of Aboriginal Management*. I've brought a copy here and have tabled one with the committee in French and English. As Canada's only professional aboriginal management journal in these areas—finance, management, and leadership—we promote best practices. We participate in the development of aboriginal financial management, accounting, and reporting standards. We undertake management-focused research, and we encourage our aboriginal youth to enter the finance and management professions.

We have two certification programs: the certified aboriginal financial manager, which we refer to as the CAFM; and the certified aboriginal professional administrator, which we refer to as CAPA. In terms of the CAFM program, our target market is aboriginal financial professionals. The program is comprised of 14 courses. Five of these are offered online by AFOA Canada. The other nine are delivered through colleges and universities across Canada. The intent is to increase the level of knowledge and skill within our communities in the area of financial management.

AFOA Canada had a strategic alliance with CGA-Canada, and now, upon the unification of the profession, we are engaging in a further alliance with CPA Canada. AFOA Canada has commenced discussions with CPA Canada on how the CAFM program can be part of the CPA Canada program. I look forward to signing a memorandum of understanding with CPA Canada at our upcoming conference on February 16-18, 2016, in Montreal, Quebec.

To date, we have certified 527 CAFMs across this country.

• (0910)

Due to the success of the CAFM program, our members also wanted AFOA Canada to develop a certified program for senior administrators of aboriginal communities and organizations. One of our most powerful and promising innovations is the certified aboriginal professional administrator, or CAPA program, as I referred to earlier. Our target market for this sort of program and certification is aboriginal senior administrators and their successors. The program comprises 16 courses, guided by a grassroots council. The CAPA program sets high-quality competency and certification standards. A holder of the CAPA designation has demonstrated his or her attainment of high ethical, governance, finance, and management competency.

Our goal is to make the CAFM and the CAPA designations the choice for those individuals working in aboriginal finance and management. In 2013, at the Assembly of First Nations annual general assembly, the chiefs in assembly endorsed the CAPA program as their preferred credential when hiring first nation administrators within their communities. This already occurred for our other designation, the CAFM designation, in 2008.

There are currently 36 CAPA graduates. AFOA Canada is also creating a ladder of success with universities and colleges that will allow the CAPA graduates to receive advance standing in degree programs.

AFOA Canada has a number of capacity development workshops. These workshops are designed to further the knowledge and skill levels of our members. We have workshops for financial management, management for elected leaders, and management proficiency. Upon the invitation of a community, these workshops are delivered at the community, and as a pre-conference workshop to our national conference.

As I mentioned earlier, in addition, twice a year we produce our *Journal of Aboriginal Management* for our members. The JAMs, which is the acronym we use, complement the theme of our conference for that year. Last year it was business development. In our upcoming year it will be leadership and governance. The other JAM, in the fall, highlights a specific knowledge and skill area. As an example, I mentioned our JAM on business development was released at our conference, and our upcoming fall edition will be on communications. The JAM is intended to be thought-provoking and to provide additional knowledge to our members about a specific area, as well as hot topics of the day.

Once a year we have a national conference for our members and other interested parties. Typically we attract about a thousand delegates. We have five skill level tracts that include financial management, first nations administration, human resources management, leadership, and business development. This upcoming year our theme for the conference is on leadership and governance.

One of AFOA Canada's key initiatives is to encourage aboriginal youth to enter the financial profession. Many Canadian corporations, professional associations like CPA Canada, share a common challenge with aboriginal communities: the need to hire aboriginal financial professionals. At AFOA Canada we want to develop the next generation of financial and management professionals. We undertake a number of specific initiatives in this area.

At AFOA Canada-PotashCorp we have the youth financial management conference awards, which provide a learning opportunity at our conference and a \$5,000 scholarship to three recipients to pursue their post-secondary education in these areas. We also have the Norman Taylor Memorial Scholarship and Bursary programs. AFOA Canada's charity, the Indigenous Learning Centre, provides bursaries to four students each year who attend post-secondary education in the areas of business, commerce, or accounting. We also have the Dollars and Sense program. With the financial support of TD Bank, we have developed a financial literacy product for aboriginal students in grades 3 and 4, 7 and 8, and 11 and 12. AFOA Canada believes financial literacy needs to begin with our youth.

In the last few years, AFOA Canada has worked on developing financial literacy products for our members. Certainly, the Dollars and Sense program for youth is one such product. We have undertaken a literature review of products that exist for indigenous people in the countries of the United States of America, Australia, New Zealand, and Canada. We have just completed our data collection on financial literacy needs of aboriginal Canadians. We will be developing, in the upcoming year, products for retirement planning and building wealth for aboriginal Canadians. At AFOA Canada we believe financial capability training is essential to the ideal of financial wellness. It has a significant amount of transfer value to individuals who wish to operate a business or operate aboriginal government programming.

I would like to conclude by stating that investing in training is essential to building management proficiency in finance management leadership. I would encourage the Government of Canada to make training dollars available to aboriginal Canadians to take the AFOA Canada certified programs, workshops, and certainly attend our AFOA Canada national conference. Some of this has been done in the past; however, more needs to be done in this area.

Thank you.

● (0915)

**The Chair:** Thank you to all of our witnesses for your presentations.

We'll move now to questions from members. First on our list is Ms. Ashton.

**Ms. Niki Ashton (Churchill, NDP):** Thank you.

And thank you very much to all of our witnesses for joining us today.

My first question is connected to the last piece you raised, Mr. Goodtrack, particularly around the area of training. We've heard from a number of our witnesses of the gap we see on first nations when it comes to education writ large. We know that graduation rates are approximately around 40% for kids who go to school on reserve or in band-run schools. We know that the funding of post-secondary education is hard to come by and often inadequate.

So here we're talking about the end of the line and about entrepreneurial opportunities, when in fact we know that there are some major barriers that children and young people face much earlier on.

A number of my friends have gone through your AFOA training and certainly have gone on to do great things in their communities and region, but the reality remains that there are many young people who simply don't have the chance. I'm wondering if you could speak to the need to address this glaring gap of underfunding of first nations education.

**Mr. Terry Goodtrack:** I think there are a number of people who so far have testified how important it is to address the education at that level. As I mentioned in my speech, at AFOA Canada we certainly have scholarships and our PotashCorp awards and the financial literacy work that we're doing, which try to address some of that gap, but in the areas that attract people to our association, by increasing the skill and knowledge level of finance and management professionals who are currently in those jobs at first nation communities and at aboriginal organizations across the country.

We certainly have our feeder groups and it's important for that skill level to increase, but what we're doing at AFOA Canada is addressing those people who are currently in those positions. That is the reason why we exist in the first place, to increase the skill and knowledge level at that point. Certainly, education is key to all of this, and that's why we have these certified programs and workshops.

**Ms. Niki Ashton:** Great.

I'm wondering, Mr. Davis or Mr. Faille, if you could speak as well to the need to address this underlying gap.

**Mr. Clint Davis:** Certainly I'm not an education expert, but I think the low success rates and graduation rates from reserves, as you mentioned, indicate that it clearly is a problem. For us, when I talk about the growing aboriginal market, the largest component of that market, of the \$32 billion we expect by 2016, is individual purchasing power. So there is that level of growing success around educational attainment, but the challenge will be how quickly this can actually make itself up because you have so many that almost seem to be left behind. For us, we look at this as a growing market and we'd like to see this market grow even further.

Second, being a major employer here in Canada, we're always looking for top talent, and that top talent is certainly coming from the communities. As Terry mentioned, we try to provide that level of support to a certain degree, particularly around some financial literacy in the schools, and we also provide a significant amount of scholarship support once students get through high school and get to post-secondary as well, the biggest challenge obviously being high school. We think that is a major issue for the country because in some pockets of the country, particularly in the Prairies, first nations and Métis youth represent the future of the labour force. That is a major issue.

**Mr. Maxime Faille:** Thank you.

There is no doubt that capacity issues are enormous for aboriginal communities, and it certainly starts with that educational gap. The mere size of communities in itself creates a major capacity issue. I think that half of all first nations have fewer than 500 members, so you have those individuals who have gone on to receive specialized training finding themselves wearing multiple hats dealing with the many issues facing those communities, from housing, to financing of businesses, to governance issues, and so on. So it's a major issue.

There is also what you might call a chicken-and-egg effect, or you might call it a synergistic effect as well, that a lack of business opportunities also doesn't help with the issue of educational attainment. What is there to work toward within so many communities? Having greater access to capital, having greater business success within communities also, assists in pushing up educational attainment, just as having greater educational attainment will in turn assist with having greater opportunities within communities.

I would also say that this capacity issue in aboriginal financial literacy is a two-way street. It has to happen on both sides and certainly we need to invest in it within aboriginal communities. We also need to invest in it within the non-aboriginal community so that more banks, more businesses, have an understanding of how they can do business within aboriginal communities and not have that wall of fear that I think is acting as an impediment as well. So capacity issues are enormous and are multi-faceted.

● (0920)

**Ms. Niki Ashton:** Thank you for raising the various dimensions on this front.

I realize the focus you bring today is a bit different, but we've also heard about the importance of supporting first nations' applications to be part of the First Nations Land Management Act, and essentially

having greater control over their economic destiny, which obviously connects with territorial control.

We've heard of delays in treaty land entitlement, particularly—

**The Chair:** Ms. Ashton, your time has expired. If you have a question and you want to put it very quickly, we'll allow for a very brief response.

**Ms. Niki Ashton:** Perfect, just the need to support the FNLMA, and first nations pursuing that....

**Mr. Maxime Faille:** Again, these issues are so interrelated that I couldn't agree more that one of the key pieces is self-government or greater self-government within communities, and the First Nations Land Management Act is a stepping stone to that end. I couldn't agree more that it is a vital instrument and that it needs to be encouraged and supported.

**The Chair:** Thank you.

Briefly, please....

**Mr. Clint Davis:** Yes, of course.

The only comment I would make is that it does two things. First of all, it's a migration out of the Indian Act, clearly, for greater control over land management. It also enables, and is an example of, enhanced capacity on the part of the community, thereby demonstrating their increased sophistication around land management. That makes them more marketable, more bankable, at the same time. Clearly it's a very positive thing when you see communities going through that process, for sure.

**The Chair:** Thank you, and thank you to both of you for keeping that brief.

Mr. Strahl is the next up for the next seven minutes.

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

Just on that last issue of first nations land management, certainly we're happy to see additional investment in the 2015 budget because I think that's something that everyone around the table and all the witnesses we've heard support.

But I do want to go back, Maxime, to your comments about CRA's nebulous tax rules that maybe passively discourage partnership on-reserve. I'm not sure if this comes down to tax avoidance being okay and that tax evasion is not, which I've heard from professionals before. But can you just give some examples or flesh that out a little, how the CRA discourages that sort of investment?

And how do we ensure that if there is partnership and investment to take advantage of those tax rules, that the first nations communities are not being taken advantage of? Can you put a little meat on the bones there?

● (0925)

**Mr. Maxime Faille:** Sure. Thank you.



Here I speak from personal experience as a lawyer. I work with a lot of aboriginal communities, businesses, and so on. My take on the matter, to be very blunt, is that the CRA has long taken a very suspicious view of section 87 of the Indian Act and has consistently tried to restrict its application. So, individuals have had to go to court time and time again to try to open up those opportunities for tax exemption.

The reality is that there's not an approach, I would say, that encourages the use of that mechanism to support greater investment within aboriginal communities. Obviously, I can't get into any specific examples without breaching privacy and solicitor-client privilege, and all kinds of things that would get me into lots of trouble. But my impression is that there is a very aggressive stance on their part.

In my view, the rules should be clear in a way that says that aboriginal communities themselves need to reinvest in themselves. Also, aboriginal entrepreneurs, small business owners, and so on need to have those mechanisms to be able to reinvest in themselves. They understand aboriginal business better than anyone else does. So, if you have the Crees in Quebec wanting to find appropriate investment opportunities in other aboriginal communities, they are in many ways ideally situated. Their membership is also motivated to see them find those opportunities supporting other aboriginal communities.

I think it's a win-win here for everyone. But the rules need to be clear, and people need to understand that if they are going to invest in an on-reserve economy, that is going to be encouraged, including by not creating needless roadblocks when it comes to claiming the tax exemption that I believe should be available if a status Indian under the Indian Act is investing in an on-reserve business opportunity. That opportunity should clearly fall within the tax exemption of the Indian Act and should be encouraged rather than discouraged. The position of CRA, in my view, right now is largely to discourage that sort of investment.

**Mr. Mark Strahl:** Thank you.

Mr. Goodtrack, I wanted to speak of your programs. I have a number of first nations—I think 47—in my riding. A number of them have non-aboriginal administrators or people in their management group. Do you offer this training or designation to aboriginal individuals only, or is it available to someone who would like to become more proficient or work in an aboriginal community?

**Mr. Terry Goodtrack:** It's aboriginal and non-aboriginal. In fact, we even have accounting firms that get our designation, as well as financial institutions.

**Mr. Mark Strahl:** Okay.

What is the breakdown, perhaps, if you have those figures or can get them to us, of aboriginal versus non-aboriginal professionals who are utilizing your program?

**Mr. Terry Goodtrack:** Yes, I'll have to get that breakdown to you.

**Mr. Mark Strahl:** That would be great.

Mr. Davis, you said that governments and financial institutions, etc., should try to act in innovative ways to address barriers to access to capital. We've heard from different groups, even aboriginal

groups, some of whom want to pursue more private property ownership and others who say that that, in and of itself, would be unacceptable under treaty.

So there's obviously a wide variety of views on the topic, even in the aboriginal community. Is there a working group or anything like that where all of these aboriginal communities, aboriginal governments, the Government of Canada, and financial institutions come together and work together on these things? Or are they all coming at it from their own perspective and talking past one another, perhaps?

**Mr. Clint Davis:** It's probably the latter. It usually bubbles up whenever there's a timely issue, that we come together. You may be aware that the Public Policy Forum pulled together a variety of different stakeholders to talk about access to capital and infrastructure financing in October this past year. Unfortunately, I didn't participate, but I did read the report. I'm not sure if the Canadian Bankers Association does anything around this either.

There seems to be, from my observation, a lot of activity, a variety of different institutions that have been created and different legislation that has been passed. The FNLMA is a perfect example of where there could be value in setting up some sort of working group to talk about how it's going, if there is anything else we can do, and about the evolution of how a bank assesses and values a variety of different assets by first nations.

So, sir, I think it's probably a pretty decent recommendation to think about some sort of working group to talk about this. Potentially maybe the National Aboriginal Economic Development Board would look at it as well. I'm just not certain; I'm not actively involved in something.

Thank you.

• (0930)

**Mr. Mark Strahl:** Okay, thank you.

**The Chair:** Next we have Ms. Bennett for seven minutes.

**Hon. Carolyn Bennett (St. Paul's, Lib.):** Thank you very much.

You're a great panel to have with all your different perspectives.

I have questions on two things. One is that we've heard about how much of an impediment the slow additions to reserve, or ATR, decisions are to being able to get on and do things. I guess I want to know how that affects the access to capital if people have no certainty as to when this will actually take place.

Second, having visited certain communities, I know that when they were in third-party management it was like a chapter in their life when everything stopped. They say, "But of course that's when we were in third-party management and nothing happened". I think the parliamentary secretary's father promised to overhaul the third-party management approach, and I think I've also heard that third party managers quite often go in and are accountants, not managers, and that setting priorities is not something they are trained to do. It's as if when communities are in third-party management, everything or any progress is frozen because people can't trust. Clearly we need to change what we're doing if we can't free these communities up more quickly, or we need to put a better way in place to allow people to do the economic development they need to do, or if there are impediments to their accessing capital.

So whether on ATR or third-party management, go for it.

**Mr. Terry Goodtrack:** I could talk about the third-party management a bit I suppose.

With regard to accountants, whatever the skill level, I think the thing you have to realize about the third party manager is that when they do go in, they're certainly representing the Government of Canada. Initially it was sort of AANDC funding and it would be scoped to that. Now under the common government reporting they're also getting Health Canada funding, so there will be one individual overseeing this. They don't actually oversee funds that are outside that scope, so it's very specific to the funding that is derived from the Government of Canada to ensure that that isn't at risk.

The third party managers are there for a specific purpose, which is to ensure that essential services are delivered. Going a little bit to your point, the issue I have with third party managers and certainly co-managers is that there are no real indicators of success within those agreements. So a third party manager can be there for quite a long time and not necessarily move the yardsticks too far.

I've certainly recommended to Aboriginal Affairs and Northern Development that we really need to come up with some better metrics of how exactly these people address whatever the default is, whether it's debt, a term or condition, or health and safety of individuals, as well as the capacity issue. The idea is to transfer capacity back to the community, so how exactly is that done?

I would argue in that case that they're probably not well trained to do that transfer. There has to be some other sort of area that is able to transfer that management capacity and financial management back to the community to maintain sustainability of the community in the longer term.

• (0935)

**Mr. Clint Davis:** For the question around ATRs, I believe it was stated a while ago by the Auditor General that on average it takes about nine years, or something like that, to transfer land over from non-reserve to reserve. As you can imagine, anything that creates a level of uncertainty around business is going to cause business to raise a red flag. Any delay that prohibits a first nation trying to report on some level of development will certainly have an impact on its ability to raise capital. I think that's a given. If this was a little more streamlined and more predictable, I think it would enhance the level of access to capital.

Around third-party management there are two things to consider certainly from the banking perspective. When there is that trigger around third-party management, it's an indication that the financial situation of the first nation may not be as strong as what it could be. As I mentioned in my testimony, when you look at and determine whether you're going to provide financing to a first nation, you have to consider the strength of the borrower. That's one consideration amongst three. Can they service the debt? What kind of security can you get? It's not to say a bank would never finance a first nation in third-party management. You'd have to look at all the circumstances, but without a doubt that would be seen as particularly a red flag.

What's fascinating around this—and not necessarily getting into, as Terry said, the need for metrics and so on, which I agree with—is having a look at where some of these first nations are in terms of

third-party management. In some cases you look at some of the far northern communities in Northern Ontario—you know, significantly in third-party management, or some level of federal intervention—and the question to me would be, why? Clearly there isn't a pattern that people have this level of mismanagement. I mean, maybe it's funding level. I personally don't know. I haven't done the analysis around it, but when you map out exactly where they're located, in some situations it seems to be geographically based. They're isolated, fly-in-only communities where providing programs and services to their community members are very expensive. The question is what kind of federal funding levels are they receiving right now? I think that's one indication as well, if there is that certain pattern. It's not to say that every single community has no capacity, but if you're talking about far remote northern communities, is this really an issue of funding? Do they not have the ability to meet the growing demand of their communities is one question I would ask.

Thank you.

**The Chair:** Okay.

We'll move now to—

**Mr. Maxime Faille:** Mr. Chair, very briefly.

**The Chair:** Okay, just make it brief.

**Mr. Maxime Faille:** Very briefly, I echo what Clint has said with respect to additions to reserve. Adding to reserve land can potentially provide a source of revenue that in turn can help support greater financing, so that is key.

Third-party management to me speaks to the need to provide greater tools to allow communities to better govern themselves. An example I'll give—and I can say it's from a client, but it's something that they speak of publicly—is the Whitecap Dakota First Nation. It's a very successful community just outside Saskatoon. They were significantly in the red and on the verge of co-management or third-party management some 23 years ago. They asked the new chief to ask for government support for an accountant to help them get out of the mess, and it was refused. Ultimately they did cut a deal in which the government would support it for the first year and then the first nation would gradually take on the greater and greater cost. That community, as many of you may know, has emerged from a 70% unemployment rate to being a net importer of jobs from Saskatoon today. It is very much in the black and is one of the most successful communities. They were able to do it through their own governance, but initially they needed that outside support—not third-party management, but outside support—to allow them to get their financial house in order.

**The Chair:** Thanks.

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

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

Thank you, gentlemen, for being here today and fore the great testimony. It's much appreciated.

I want to start with Mr. Davis. You were talking about some of the programs that TD Bank has come up with. I think we found it interesting through this process that many financial services are coming up with innovative ways to address first nations specifically. You touched on creating the Aboriginal Banking Group. I wonder if you could talk about that a little bit more. How is it funded? Is it a partnership between TD bank and a group of first nations then? Can you just talk a little about that?

• (0940)

**Mr. Clint Davis:** It's a great question.

The Aboriginal Banking Group is our team within TD Bank. We're actually a part of the TD family, I suppose. We come forward with a significant level of expertise, really focusing in this particular market on trying to identify where the market opportunities are—a kind of understanding. It's interesting, because Max talked about this dark perception of what aboriginal business is and people not understanding it. My team brings that sort of knowledge forward. We monitor market trends and we try to source new business and deepen our client relationships. We have the experience to really focus on the nature of the borrower and some of the revenue streams of these communities. We look at who these communities are, what it means to be a strong community, what things to consider, as well as looking at a variety, a plethora, of different federal and provincial funding programs, own-source revenue, and so on, that has to be taken into consideration when we make a decision to finance the needs of a community.

**Mr. John Barlow:** Maybe I'm being too simplified here, but is there a pool of dollars that goes with that group that is earmarked to be invested, or is it more of an overseeing role?

**Mr. Clint Davis:** We're a part of the business bank specifically. When we set our goals to say here's how we want to grow, we take the aboriginal market into account as well, taking into account those three major considerations, the strength of the borrower, the ability to service the debt, in terms of revenue streams, and so on. We're just a part of the larger machine, the TD business bank across the country. We're just another segment of the business bank.

**Mr. John Barlow:** Right. So the Aboriginal Banking Group doesn't have a dedicated fund.

**Mr. Clint Davis:** No, we're out there providing lending facilities, either term loans or operating lines and so on, to communities.

**Mr. John Barlow:** Are there some best practices that would come out of that? Are there some lessons you've learned through the Aboriginal Banking Group that we could take, maybe some programs or initiatives or changes to the system, that would be beneficial to providing capital to first nations?

**Mr. Clint Davis:** There is one specific example that I mentioned in my testimony, which is that we've actually participated in some of the renewable energy projects that we've seen out of Ontario. The interesting thing about these projects is that they're looking at trying to finance equity. No financial institution across the country would finance equity; that's not the type of business that we're in, just because of the nature of the risk. But because there's this government guarantee in place, and because it's critical for first nations and Métis communities to participate—they want to participate in diversifying their revenue-operating mechanisms and need to have equity in this

particular project—this guarantee provides an opportunity for us to provide a loan, which enables them to represent that piece of equity.

It's interesting because there's a part of that process.... We're talking, in some cases, about very sophisticated, big projects where in some instances the portion of aboriginal equity would be up to \$20 million to \$25 million, which would represent a project that's in excess of \$100 million. So for us, trying to fully understand and taking the time to understand the nature of the borrowers, to understand the nature of the corporation, how the deal is going to work, and fully understand and be comfortable with the guarantee itself, demonstrates some of the innovative approaches that we've been able to do over the course of the last couple years.

**Mr. John Barlow:** Okay, thanks.

I just wanted to move to Mr. Goodtrack really quickly.

You were talking about the programs for professional administrators and certified financial managers. I might be off on the numbers, but you said you had about 530 people who have gone through the financial management program.

**Mr. Terry Goodtrack:** Yes, there were 527.

**Mr. John Barlow:** You were talking about making more money available for training. Is this a matter of being able to promote that these programs are available? What's the demand for these types of programs from first nations, people on reserve?

• (0945)

**Mr. Terry Goodtrack:** Any time you're managing a budget and there's insufficient funding, the first thing to go is training, right? Certainly, what we find is that our communities are saying, "We'd like to take your courses, but right now we don't have the funding available". Training is one of those areas that's essential to invest in to improve the skill and knowledge level that solves a number of the issues going forward, right? That investment is key, as you know.

**Mr. John Barlow:** Are the first nations themselves paying for the program? Are you subsidizing the program in any way, or...?

**Mr. Terry Goodtrack:** The first nations themselves pay for the program, whether it's a designated program, the workshops, or to attend their national conference. The only fund we have that does a significant amount of investing is the first nation market housing fund. They do some capacity-building. They work with the communities and fund...you know, to take our courses.

**Mr. John Barlow:** We've talked quite a bit during this process about some of the unique programs that are available.

Once they have an on-reserve financial manager and administrator who is from that first nation, do you see a payoff, I guess, in the fact that they are making a connection between aboriginal banking programs, TD, and those kinds of things? What's the payoff when they go through this program? How does it benefit the first nation?

**Mr. Terry Goodtrack:** Well, I think it's the commitment to the community: that's what it is. They go through the program and take pride in the certification; they know they've attained a certain level of knowledge and skill. They then use that knowledge and skill to address the community problems going forward. I think it's certainly quite significant.

Probably one person I would look to in terms of our members is Mike McIntyre from Membertou. He's from that community and he's their CFO. Certainly, with the skill level he has, he comes up with additional opportunities, ideas, and so forth. It ensures, from obviously a financial and management perspective, the sustainability of that community. His advice is certainly well respected within his community.

**Mr. John Barlow:** Does it help—

**The Chair:** Sorry, Mr. Barlow, your time has expired.

[*Translation*]

I now pass the floor to Mr. Genest-Jourdain, for five minutes.

**Mr. Jonathan Genest-Jourdain (Manicouagan, NDP):** Thank you, Mr. Chair. Good morning, Mr. Faillie.

My university studies in company law dealt a lot with white-collar crime and the effect it has on first nations' economic development across the country. As you will see, that will be the focus of my questions this morning.

I understood your presentation completely. The Canadian Council for Aboriginal Business has a program that certifies aboriginal businesses. But there is one aspect that I have a little difficulty grasping. The tax rules apply to status Indians pursuant to the Indian Act. Other than a company owned by one individual, I have difficulty seeing how a company can become certified as aboriginal.

What do you understand by the term “aboriginal business”?

**Mr. Maxime Faillie:** We have two programs that deal with that. First, a certification program designed for companies that work in close collaboration with first nations. That may include any Canadian company. As for the definition of the term “aboriginal business”, it simply means a company controlled by a status Indian, or someone who is a Métis or an Inuk.

**Mr. Jonathan Genest-Jourdain:** So it can be one individual, or several.

**Mr. Maxime Faillie:** Yes. The company can be controlled by one individual or several. They must be status Indians, Métis or Inuit.

**Mr. Jonathan Genest-Jourdain:** Okay.

In your document, you use the phrase “51% or more owned by an aboriginal person”. Are we talking about voting shares as part of the distributed share capital or 51% of the shares issued?

You know as well as I do that the power lies in the hands of those owning the voting shares. That is basically the crux of the issue. North of 50, we see that trick a lot, including in my own community. I feel that it is currently a considerable brake on economic development and progress.

**Mr. Maxime Faillie:** I must confess that I would have to check that, but, to my knowledge, it means control in the form of voting shares.

**Mr. Jonathan Genest-Jourdain:** In the form of voting shares. Okay.

The TD Bank Financial Group has a program called “Aboriginal Trust and Investment Services”.

Mr. Davis, trust accounts are fine, but at what point do they come into play and how relevant are they, for example, in remote communities? What trust services do you offer to communities?

• (0950)

[*English*]

**Mr. Clint Davis:** I am not part of the wealth group, but I'm certainly well aware of what trust services they actually provide. Normally trust services are needed whenever there's some sort of land claim agreement or a revenue stream, say, coming from an impact benefit agreement. Basically it's a decision on the part of the community to be able to take that additional money or resource, put it away, and try to figure out exactly how they will spend it. Maybe they'll reserve a portion of that capital as a bit of a legacy fund. In other situations, they may take a small portion of it and spend it on community programs and so on.

We usually are part of the discussion once a settlement has actually been determined. We've then seen on a regular basis that more and more first nation, Inuit, and Métis communities will do an RFP out to all the banks, and we'll bid on that.

So that's part of the process there.

[*Translation*]

**Mr. Jonathan Genest-Jourdain:** When first nations constituents come to my office and tell me that the band council is robbing Peter to pay Paul by dipping into money intended for education in order to fill up another pot with less money in it, my reply is often that a practical solution would be to set up a trust account. Money would then simply go to the intended purpose and there would be no more robbing Peter.

Do you offer services like that? Do you think it would be possible to turn everything over to an independent administrator who would guarantee the final destination so that people could be sure that the money would be applied to the area for which it was originally designated?

[*English*]

**Mr. Clint Davis:** Normally what would happen is that we would serve as a corporate trustee, so you'd actually have independent trustees who would serve as a part of the trust agreement. In some instances, you may actually have someone representing council and so on. I actually think the creation of a trust is exactly what you've just stated, so it avoids this political interference that actually happens, and in many instances it demonstrates a very responsible approach to financial management across the country.

I could be wrong, but I believe that in some instances where there is a land claim settlement the need for a trust is actually a part of that particular agreement. I don't think you can just try to give it over to a community and then people will be able to spend it any way they can. In my own community, in fact, in Nunatsiavut, we have five trusts, of which four manage resources.

I'm a trustee myself and another acts as a bit of an overseer for our economic development corporation. We have a small amount of money in it, and we actually engage in more social activities, but it's also the sole shareholder for our economic development corporation at the same time. It's a tool that we utilize across the board in my own community. We're from the far north, too, so we've probably addressed some of the questions you've asked.

[Translation]

**Mr. Jonathan Genest-Jourdain:** Thank you.

Mr. Faille, do you have anything to add on that?

**Mr. Maxime Faille:** I would just like to confirm that, under the vast majority of land claim settlements, the government has insisted that trusts be set up. It may be different in each community. So you can obtain the services of a corporate trustee or you can set up a community trust, or you can do a bit of both.

The advantage of a community trust is that it encourages capacity development in a community. The members of the community are involved in setting up and managing the trust.

**Mr. Jonathan Genest-Jourdain:** Thank you.

[English]

**The Chair:** Thank you.

We'll now have Mr. Dreeshen for five minutes.

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

Thank you for being here, gentlemen. This is very enlightening.

I'd like to talk about the education aspect of this and the aboriginal youth. As we all know, they are the future of our labour force. When we are talking about businesses that are taking place on reserve, I suppose the way I look at it is that we have this great pool, this collateral that they could be using, and the training is a major aspect of it.

I'm wondering if that's really what we're looking at. Is it to try to make sure that there are jobs for people on reserve? Or are we simply saying "here are some opportunities and as soon as you're trained you're heading out the door and you're going someplace else"? Is that a bit of a focus as far as aboriginal businesses on reserve go? Are they looking at that as a source for being able to use their people who are there? Or are they simply looking for dollars and cents and not utilizing it to its advantage?

• (0955)

**Mr. Terry Goodtrack:** I would hope and I think that it's both on reserve and off reserve, right? Certainly, for the multiplier effect, there has to be a certain amount of dollars going around in the economy, and creating that aboriginal economy I think is an important factor in the communities that are larger. I think that trying to figure out how it would work with smaller communities is certainly a challenge.

But I would certainly hope.... For the youth, I think the education part is important. The financial literacy part that we're working on is certainly important, as is providing those incentives, whether they be for going to university or college or for operating a business. I think

those are all very important things. But I would hope that the scope and the focus are both on reserve and certainly off reserve.

**Mr. Earl Dreeshen:** So when people have gone through your program, the plan, the hope, and the desire of course would be that they would then be able to come back, use the skills, and then be able to develop, whether it be on their own reserve or someplace throughout the country.

**Mr. Terry Goodtrack:** Yes. That's right.

**Mr. Earl Dreeshen:** The other question I wanted to ask about was on the best practices that you've seen as far as the transfer of authority from third-party management back into the community is concerned.

We had talked about the fact that it takes some time and there's a transition, but are there some best practices you can mention, different ways of doing it whereby maybe if all the communities that were in third-party management were to try to focus on a certain direction, it might be a little smoother in that manner?

**Mr. Terry Goodtrack:** Yes. I can't really focus to one or two, but certainly in the upcoming year one thing that we're working on at AFOA Canada, in concert with Aboriginal Affairs, is that we're going to select a tribal council where there are a number of first nations that are in some sort of default and see how we could work with them over a number of years to provide not only the training but also a coaching part, as I call it.

So you have a coach who you personally can rely on for the day-to-day sorts of issues. There's the issue of your getting get trained but not necessarily applying it. So it's the coaching part that I think is key.

It's a pilot to see how that might work. It's not a one year thing, but certainly over a few years to try to address that issue.

**Mr. Earl Dreeshen:** Mr. Faille, you had mentioned this great story of a band where I think there was 70% unemployment and which now brings in people because their businesses are moving along so well.

Again, we hear of so many great stories. The media, of course, only talks about the negative ones, but when we can talk about some of the ways that people have been able to transition and use the capital that they have or come up with innovative ways to set their businesses up, I think that's critical.

Could any of you who have had or seen those kinds of experiences through your organizations or simply just through your communications with aboriginal groups fill us in on them?

**Mr. Maxime Faille:** It's a complex issue to be certain and, as you say, there are many success stories out there. What drives that success is really a combination of factors. Leadership is extremely important.

Frankly, the extent to which a community has or has not been affected by residential schools is a major factor for the viability or capacity of those communities. The residential school effects are still being felt in many communities and that has a significant impact. And there's the relative proximity of communities to an urban centre.

So not to take anything away from Whitecap, for instance, who have done a wonderful job, but certainly their proximity to Saskatoon is a benefit. A lot of communities don't have that opportunity to be so close to a major urban centre.

**Mr. Earl Dreeshen:** So then are people tapping into that mentorship?

**The Chair:** I'm sorry, Mr. Dreeshen, but your time has expired.

We'll move now to Ms. Ashton, who I think is going to share some of her time with Ms. Hughes.

**Ms. Niki Ashton:** Yes, just quickly. One of the challenges in this study is that we're not hearing from first nations directly. You shared the story of Whitecap, and we've heard about the experiences of isolated northern first nations. You're certainly gleaned from your wisdom and the work that you do, but how important do you think it is for us to hear directly from first nations when it comes to this issue of access to capital? Is that critical to our being able to formulate a clear and more accurate picture of what we're talking about today?

•(1000)

**Mr. Clint Davis:** I'm from the far north and so I think it's very important.

I don't know what your process would be, but if there's a chance for this particular committee to get out to the communities, to actually see them and maybe hold one of your meetings in one of the communities.... It could be in one or two that are relatively close to urban centres, but if you could actually get out to a more remote community that is maybe experiencing some challenges, I think that would probably be very eye opening for everyone around the table.

It certainly is eye opening for me when I get out there and see it as well.

**Mrs. Carol Hughes (Algoma—Manitoulin—Kapusking, NDP):** Thank you very much.

I think it has been touched on a bit through the addition to reserves a while ago, but more so as well in terms of being able to have final agreements reached when it comes to large and larger land use agreements or land claim agreements. I think that has been a big challenge, because to be able to move forward on projects and have access to any type of capital you need the land base as well.

The other piece there that I would like you to maybe elaborate on a little bit is the need for infrastructure, because sometimes it's very difficult, for the most part, to attract someone to your community if you don't have that infrastructure. So you could have access to capital, but if you don't have the infrastructure and land, you can't move forward. Could you explain that a little bit.

**Mr. Maxime Faille:** I think it goes without saying that these are all interrelated and moving parts, and that greater access to land is critical in order to have the land base on which to support additional infrastructure and be able to generate revenues that can support financing of projects and so on. It's critical.

On infrastructure issues, I quite agree. If a business is deciding where to situate themselves, what do they look at? They look at the workforce and the infrastructure, and all those things go into the cost, so it goes without saying that it is a very important factor.

**Mrs. Carol Hughes:** So you have had situations where first nations are looking at moving forward, or businesses or individuals are willing to move forward, but this is the impediment they're facing.

**Mr. Maxime Faille:** I wouldn't say that I've worked directly on a project or instance where something like that has arisen. It would be more by way of general observation that businesses are obviously going to make decisions in their interests. Sometimes they have to be where that particular place is, if you're dealing with a natural resource and so on, because that's where they can access it. But even there they may have a choice. Take potash for instance. There may be lots of different places where they can get that potash.

If it's within reserve land, that is potentially a great opportunity for that community if they decide to develop that particular resource. What is the legal regime surrounding access to that particular resource? Is that going to be an impediment to business? What is the infrastructure that's in place? What is the workforce and so on? Those are all decisions that are inevitably going to feed in to an investor or a project proponent in deciding where they're going to develop.

**The Chair:** You have thirty seconds.

**Mrs. Carol Hughes:** Mr. Goodtrack, you mentioned a while ago that you've trained about 527 CAFMs. I'm just wondering if they are from different communities or the result of a turnover in most of the same communities. How many first nations communities, because there over 600, have actually been accessing this? Is it just because there are turnovers?

**Mr. Terry Goodtrack:** I think it's a combination.

**Mrs. Carol Hughes:** And are there barriers to other participants to be able to able to participate?

**Mr. Terry Goodtrack:** I think that in any organization there is certainly turnover, but I find that in the northern communities there's less turnover. Some research that we were doing in the Ring of Fire communities indicated that people are in those positions for 10-plus years and that their education levels are typically college level at the most. I guess you would say right now that it's kind of right in our wheelhouse in terms of what we do with the CAFM and CAPA programs. So certainly there is some turnover.

We haven't been in every community, essentially because training dollars are not really available. It's one of those things that go first. Certainly we have a good partnership with the first nations market housing fund, and some of scholarships and that kind of stuff certainly help, but more in that area is certainly needed.

Every one of our chapters keeps statistics on the communities and so forth, and we're nowhere near the full amount of the communities we could be in, but it's a function of the dollars that are available and where the community is at in that situation.

•(1005)

**The Chair:** Thank you.

That ends our list of questioners for today.

I want to thank our witnesses for being here today.

The meeting is adjourned.









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