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• (1550)

[English]

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

[Translation]

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

[English]

We're meeting to continue our study on barriers to indigenous economic development. After today's two panels, we will also consider our work plan, which was distributed yesterday.

On the first panel, we have Mr. Steven Morse from the Métis National Council. Hopefully, Regional Chief Terry Teegee, from the British Columbia Assembly of First Nations, will join us.

On the second panel, we will have Tabatha Bull of the Canadian Council for Aboriginal Business, and Shannin Metatawabin, of the National Aboriginal Capital Corporations Association.

[Translation]

There is no need for me to tell you about the health measures, because we all know about them. We all also know about the protocol and procedures we follow in our meetings.

[English]

I'm not going to go over any of that.

Each organization is invited to speak for five minutes, and that will be followed by a period of questions. In the first round of questions, we'll allow members six minutes each.

You're familiar with the timing with respect to a second round or any subsequent rounds. If time expires during the round of questioning, we will complete the order.

If Mr. Morse is now ready, I would invite Mr. Steven Morse of the Métis National Council to speak to us.

You have five minutes, Mr. Morse, after which we'll have questions.

Thank you.

Mr. Steven Morse (Chief Executive Officer, Métis Voyageur Development Fund Inc., Métis National Council): Thank you very much, and thank you for the invitation.

The first thing I'd like to do is extend the regrets of President Caron, who is unable to attend today. She has asked me to present in her stead.

On the barriers for indigenous economic development, I will start with looking at the sources of the barriers we face. I'd like to make a broad distinction between business development, which is faced by citizens and collectively held corporations, and economic development, which is faced by institutions [*Technical difficulty—Editor*] support business development.

With respect to business development, the sources of the barriers are the socio-economic circumstances of the Métis people—

[Translation]

Mr. Jean-Denis Garon (Mirabel, BQ): I have a point of order, Mr. Chair.

[English]

The Clerk of the Committee (Ms. Vanessa Davies): I'm sorry, Mr. Morse. We have a point of order from the floor.

[Translation]

Go ahead, Mr. Garon.

Mr. Jean-Denis Garon: The interpretation is not working.

[English]

The Chair: Mr. Morse, the translation is not happening in the committee room. They're trying to fix that.

The Clerk: Mr. Morse, could you raise your mike a bit closer to your mouth, please?

Thank you so much. It helps the interpreters to have a clear connection.

The Chair: Mr. Morse, you can proceed, please.

Mr. Steven Morse: Thanks. I'll start from the top.

First, I want to extend the regrets of President Caron, who is unable to attend and has asked me to present for the Métis National Council.

In looking at the sources of barriers to indigenous economic development, I'm going to make a broad distinction between—

The Clerk: I'm sorry to interrupt, Mr. Chair.

Once again, could the witness please raise his microphone so that it's directly in front of his mouth? I understand from tech services that there is a lot of popping.

The Chair: And speak perhaps a little louder.

Mr. Steven Morse: If that is now okay, I'll continue.

I'd like to make a broad distinction between economic development and business development. Business development is faced by citizens and collectively held corporations, while economic development is largely faced by institutions, which fundamentally support business development.

The sources for the barriers for business development are fundamentally the socio-economic circumstances of Métis people.

If you look at the available data, you see commonalities for Métis, Inuit and first nations when they're compared to non-indigenous Canadians. You see lower income and wealth; lower housing value and worse household repair; lower formal education rates; and lower labour force participation, employment rates and self-employment rates.

However, there are noticeable differences between the groups, and here we would caution that—

[*Translation*]

Mr. Jean-Denis Garon: Mr. Chair, there is still no interpretation into French.

[*English*]

Mr. Steven Morse: —the statistics are potentially misleading for Métis.

Since 2005, as an example, the rate of increase in Métis median income reported by StatsCan is significantly higher than that for the non-indigenous, first nations, or Inuit populations. Concurrently, the Métis population, reported by StatsCan, has increased at a greater rate than that of first nations, Inuit, or non-indigenous population, and far beyond what could be accounted for by natural growth.

The increase in Métis income is largely driven by the increase in self-identification as reported by Statistics Canada. When a large proportion of the population, that was previously recorded as non-indigenous is now recorded as Métis, the effect is to pull the Métis statistics toward the non-indigenous average. The gains are not from an improvement of underlying factors, but largely from re-classification.

The Clerk: Mr. Chair, I'm sorry to interrupt again. We need to suspend, because the interpreters can't seem to hear the witness.

The Chair: I'm sorry, Mr. Morse, we're experiencing difficulties with interpretation.

Mr. Morse, you may now continue.

• (1555)

Mr. Steven Morse: They also, and to a lesser extent, drag the composite indigenous statistics towards the non-indigenous statistic.

With respect to economic development, the source of the barriers that Métis face can be traced to the latter recognition of Métis rights when compared to first nations and Inuit rights. Noticeably, too, are the seminal cases with respect to Métis rights, Powley in 2003 and

Daniels in 2016. The effect of those have seen a later start-up of Métis institutions or no Métis institution equivalent to institutions that serve first nations and Inuit.

How do the barriers manifest? How do they translate? In terms of business development, the lower socio-economic stance leads to lower equity through lower intergenerational wealth transfer, lower income levels, etc. Lower equity in business development is high risk, and high risk, in turn, leads to higher costs. Money is a good, bought and sold like any other—the higher the cost, the lower the volume. The initial conditions affect opportunity. There will be fewer Métis business start-ups, and less Métis business expansion, because of the lower level of equity that Métis entrepreneurs can bring compared to non-indigenous Canadians.

The Métis capital corporations are the principal Métis institutions operating in business development. They seek to equalize access for Métis entrepreneurs by taking on higher debt-to-equity financing and accepting the higher costs that come with that. They also seek to drive volume by charging at, or below, market rates, so they're not taking into account the higher cost.

This is not lending that the commercial financial sector can take on. It's high cost and low return. Nonetheless the Métis capital corporations experience default and arrear rates that are comparable to the commercial financial sector, to the banks and to the credit unions.

• (1600)

The Chair: Mr. Morse, sorry, I'm going to ask you to wrap up, because we've gone over our time.

Mr. Steven Morse: Okay.

If we look at what remedies could be done by the Métis National Council in terms of business development, we see that it would be to commit to the re-establishment of the Métis economic development strategy through the following: the capitalization of the MCCs rather than a push to borrow; the aboriginal entrepreneurship program growth that supports demonstrated demand; access to the Canada small business financing program; and support in establishing regulated commercial sector Métis institutions.

Importantly, on equitable access to current economic development programming, first nations and Inuit have access to the lands and economic development services program and to regional development agencies; Métis do not.

There should be co-developed programming to address the gaps. There is no First Nations Finance Authority equivalent for Métis—that should be co-designed. Programming in clean growth infrastructure, access to CMHC insurance and, on procurement modernization, the funding of Métis business registries, should all be co-designed.

The last is a commitment to develop meaningful statistics to guide our joint efforts.

Thank you.

The Chair: Thank you, Mr. Morse.

I understand that Chief Teegee is here. If you are ready, Chief, you have five minutes at the microphone.

Regional Chief Terry Teegee (Regional Chief, British Columbia Assembly of First Nations): Thank you.

[Witness spoke in Dakelh]

[English]

I just wanted to acknowledge the territory I'm calling from, the unceded, unsundered and continually occupied territory of the Lheidli T'enneh, the Dakelh people.

I appreciate the opportunity to speak here today on behalf of the Assembly of First Nations. I hold the economic development portfolio on behalf of the Assembly of First Nations and continue to work on behalf of many first nations across this country. Seeing that we're so diverse and have numerous communities, well over 630, there certainly are different points of view in terms of economic development.

Many first nations communities rely not only on our traditional economies but also on market-based economies, which we have been accustomed to since colonization began. Certainly, there are many environmental issues that we deal with as first nations in upholding our rights, treaty rights, and different ways of knowing and being.

Yet, the common theme that serves as a barrier to first nations' economic development is the ongoing systemic impacts of colonialism, in particular the persistent failure to recognize and implement first nations' rights and treaty rights, and the ongoing denial of first nations' self-determination and jurisdiction. It's really important to understand that UNDRIP is law as of June 21, and certainly the declaration identifies and sees sovereignty and self-determination as a cornerstone for implementing first nations' rights, title and interests. Most important to the Assembly of First Nations is ensuring that we address these barriers as first nations.

What we need are solutions that address barriers to help first nations. In some cases, those barriers relate to the failure to implement the treaty relationship, or specific treaty obligations and historical treaties. In other cases, those barriers are related to specific impediments found in the Indian Act itself, to federal or provincial policies, or even to corporate Canada.

Barriers include lack of respect for first nations' inherent rights and jurisdictions, as they relate to treaties, and lack of involvement in economic development planning, decisions and financing. Certainly we've seen the lack of respect for first nations' rights and jurisdictions in many historical fights, whether it's on the territory, in the public or in the courts. Our first nations continue to be in the court systems to fight for what is rightfully ours. A perfect case is the Ahousaht case here in British Columbia—fighting for the ability to commercially fish some of the commercially viable species.

There is a lack of involvement in planning. First nations must be included in strategic planning and decision-making processes for economic recovery. In the long term, certainly, those are some of the discussions that we've been having, not only nationally, but also provincially, as we come out of this pandemic—building back better, if you will. We need to be part of those discussions.

One of the core standards recognized by UNDRIP—which is law here in British Columbia and now federal law elsewhere in this country, through Bill C-15—is the need to uphold and live up to many of the articles within UNDRIP, including free, prior and informed consent. The way we see it, it would provide more certainty in terms of how decisions are made.

Finance, as well, is always an issue in regard to funding certain projects led by first nations, or which are in partnership with first nations. It's very difficult to access the necessary financing on many projects out there, whether it's infrastructure or the development of projects that are important not only to our first nations communities but to the economy in general.

Going forward, we'd like to see more working together in terms of joint actions and measures to progress in these areas. I know this is a very short time. Five minutes doesn't allow me to say a hell of a lot, but certainly we're seeing major issues in Ottawa. The political discourse that we're seeing [*Technical difficulty—Editor*]. Many racialized peoples, including indigenous peoples, are concerned about the state of this country, so we need to do this in partnership.

Marsi cho.

• (1605)

The Chair: Thank you very much, Chief Teegee.

We're now going to proceed to the first round of questions. If you have a headset, Chief, could you put it on? It helps with the translation.

We're going to go to the first round, and we'll begin with Mr. Shields from the Conservative Party.

Mr. Shields, you have six minutes.

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

Thank you, witnesses, for being here today.

Chief Terry, you covered a lot of ground in only five minutes, which is great. When you talk about the barriers that you identified under the Indian Act, is there anything specific under the Indian Act that you would identify as a barrier?

Regional Chief Terry Teegee: In general, the Indian Act has historically created barriers for many first nations in terms of accessing the proper ability to break away from some of these issues. The Indian Act, in terms of relations to first nations is far too often.... Much of what has come out of the Indian Act is through Indigenous Services Canada and also CIRNAC, where there is a lot of program funding.

As it relates to economic development, what we need to see is more investment and more infrastructure in terms of INAC funding. We are seeing it somewhat. For example, the police act, in terms of policing within first nations, is going from program funding to more substantial and predictable funding, and that is a really important step, and we can learn from that. Program funding doesn't work; we need more funding in terms of economic development.

Mr. Martin Shields: You're talking about shifting it from program funding to what you would call base funding. It's guaranteed base funding, so it isn't something you're applying for and applying for as new programs are coming; you're looking for that base funding to be solid over time rather than program funding.

• (1610)

Regional Chief Terry Teegee: Exactly. In terms of police services, once again, it's going from program funding to essential services funding. More importantly, in terms of economic development, more often than not, we're looking at different types of partnerships that would allow us to really create those spaces for... This is investment into first nations communities as it relates economic development. Those ties to INAC and CIRNAC far too often are too stringent in terms of what you can do with some of the funds versus what is necessary to initiate a project or anything like that. The Indian Act itself is too paternalistic, let's keep it at that. If you need to break—

Mr. Martin Shields: With programs, you apply with certain guidelines, and then you have the restrictions to follow up. When you go to base funding, like police, you get it out of the program and get it to base funding so it becomes permanent.

In the sense of economic development that you're directly involved in, the Alberta government signed a deal yesterday with an indigenous group to work on a project to do with carbon sequestration. You talked about partnerships. Is that the kind of thing that you're talking about needing to move to?

Regional Chief Terry Teegee: Yes, certainly, it's whatever is necessary for first nations to take over. That sounds like a good partnership, whether it's with the province or the federal government. We have some examples here in British Columbia, but I think overall, moving towards... That sounds like a good initiative going to more green energy, perhaps, or an alternative energy and looking at carbon sequestration. We've been ground zero for these past eight months for climate change issues in British Columbia.

Mr. Martin Shields: The other thing you talked about was the sense that the involvement in economic decision-making that you're looking for is a barrier, that you believe you don't have input in decisions or co-operation with decisions about funding for economic development. I assume because of your title and role, you're very familiar with this piece.

Regional Chief Terry Teegee: Yes, federally and provincially, the general idea is using these previous formulas, if you will. For example, there's an allocation for distribution of funds for things like coming out of COVID, and they would allocate a certain amount. Because you are 2% of the population, we'll give you 2% of the funding. That doesn't work because, quite simply, we have 204 first nations communities here in British Columbia that require much more investment and funds to deal with the issues of COVID or even coming out of COVID. Those formulas don't work [*Techni-*

cal difficulty—Editor] that treatment and that look in terms of engaging with first nations needs to change.

The Chair: You have about 30 seconds, Mr. Shields.

Mr. Martin Shields: Thank you, Mr. Chair.

What you're suggesting is that the projects are much more important in recognizing what you can bring is projects, rather than per capita funding?

Regional Chief Terry Teegee: Certainly, per capita is necessary in some of these matters, such as during COVID and the allocation similar to CERB for on-reserve funding.

Overall, in terms of investment, it depends on the investment in the first nations communities, especially in those regions—let's say northeast, if there is a project regarding oil and gas, or in the south regarding fisheries and the coastal areas. For first nations that are leading on some of these very diverse projects, it would require much more investment, not just from our first nations partners but also from the province and the federal government.

The Chair: We're going to have to wrap it up there.

Mr. Martin Shields: Thank you.

The Chair: Next is Mr. Powlowski. You have six minutes.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): Chief Teegee, regarding British Columbia's modern treaties—the Nisga'a Treaty and the Tsawwassen final agreement—how important do you think they are in advancing the economic development of those first nations communities? Are they part of the answer across Canada to bring prosperity to other indigenous communities?

Regional Chief Terry Teegee: As stated in the UN Declaration on the Rights of Indigenous Peoples, treaties, agreements and other constructive arrangements—modern treaties, historical treaties, numbered treaties, the Douglas treaties out here, comprehensive reconciliation agreements and any number of agreements out here—are very important, because what you're committing to is an arrangement. It's an agreement that must be upheld by all parties.

In these modern treaties, far too often, and we've seen in the history of Canada how many treaties were broken.... Quite simply, modern treaties—there are a number of them here in British Columbia—need to be upheld. Those commitments made by provincial and federal governments need to be upheld and held to higher standards.

Those first nations that have modern treaties, like the Nisga'a Treaty, came into these agreements on the understanding that we were all going to work together. Even the municipal governments were going to come together and work with the first nations on how they were going to administer some of their lands and decisions that were being made.

Especially in terms of economic development, where there are many initiatives, like the Tsawwassen, you have a huge economic development initiative out there. The Nisga'a have their plans about the development of the fisheries. They also, I believe, have arrangements with LNG.

Those partnerships are quite important, because what they came into these agreements for is what I alluded to previously. They don't want to be held by program funding. They want self-determination and sovereignty in how they conduct their own affairs [*Technical difficulty—Editor*] their traditional territories.

• (1615)

Mr. Marcus Powlowski: Thank you.

Last week, Manny Jules from the First Nations Tax Commission spoke to us, and one of his suggestions for economic development was to give first nations and indigenous people more ability to tax.

Do you agree with that?

Regional Chief Terry Teegee: In terms the sovereignty of those first nations—and his community, the Tk'emlups te Secwepemc—they have the ability to tax some of the businesses that they have, in particular gas stations and those types of businesses.

It's really important to understand and know that if it's in their self-determination, their sovereignty, to tax within their lands or perhaps their administration within their first nations community, it's their prerogative. It really comes down to the first nations' rightful place and the rights holders to administer what they deem necessary to be part of the economic fabric, if you will, of their respective territory.

In this case, we're talking about the municipality of Kamloops. The Tk'emlups te Secwepemc have the ability to tax. I've seen it in my receipts. That is something that I agree with in terms of how they assert their own ability and the decisions that they make.

Mr. Marcus Powlowski: I guess I'll ask you the same question I asked him last week.

I'm from Thunder Bay—Rainy River. Fort William First Nation gets a fair amount of business from gas stations on the reserve. There must be five or six of them. Everyone in Thunder Bay goes over there to gas up. There are some economic advantages in not having taxes and having lower tax rates there.

Would you undermine the ability of some first nations communities to economically prosper by changing the tax rules?

Regional Chief Terry Teegee: The work that we do at the AFN is to support and advocate for [*Technical difficulty—Editor*] self-determination by arrangements made with the province or the federal government.

Really it comes from the [*Technical difficulty—Editor*]. We don't impede the way in which they move forward. It's up to them. It's their decisions, sovereignty and self-determination. I wouldn't impede in any way any first nations community's ability to make decisions that they see fit for their community, no.

The Chair: You have 30 seconds left, Mr. Powlowski.

Mr. Marcus Powlowski: I have a question to Mr. Morse from the Métis National Council.

It seems to me that there is some benefit from the current tax situations for first nations communities that the Métis community doesn't have. I know, from living in Norway House, that the Métis community is right beside the first nations community. Is that a big impediment or advantage that the indigenous community has that the Métis community doesn't have?

• (1620)

The Chair: Very quickly, Mr. Morse.

Mr. Steven Morse: Wherever you have a price differential, of course, there's a potential for economic leakage. I do generally agree with the point that the negotiation of self-government modern-day treaties, whether with the first nations or the Métis, is fundamentally good in providing certainty and allowing Métis and first nations to make those trade-offs and decisions that are best for their communities.

The Chair: Thank you, Mr. Morse.

[*Translation*]

It is Mr. Garon's turn now.

Mr. Garon, you have six minutes.

Mr. Jean-Denis Garon: Thank you very much.

Thank you for joining us today, Grand Chief Teegee. We are delighted to have you with us.

In our current study, we are really looking to put our fingers on the obstacles that could hinder or harm the economic and entrepreneurial development among First Nations. What comes to mind right away is the straitjacket imposed by the Indian Act, which really limits First Nations' autonomy. Could you be more specific about one of your previous answers and describe for us the main restrictions that the Indian Act places on your autonomy?

The Chair: Which witness is that question for, Mr. Garon?

Mr. Jean-Denis Garon: The question is for Grand Chief Teegee.

[*English*]

The Chair: Did you get that translation?

Regional Chief Terry Teegee: Yes, I got part of it. I'll do my best.

I'm a regional chief, not a grand chief.

As part of section 35 of the Indian Act, and also with the new act—the declaration of rights of indigenous peoples, Bill C-15, which was passed federally—I think it's important to share some of the issues we have here in British Columbia.

One of the big drivers for economic development in the long-term is going to be education. There needs to be sufficient investment in first nations, Inuit and Métis education to help overcome the barriers to economic development. There needs to be assistance through institutions, such as the one that I run, so that once people are ready to get into business, they can overcome [*Technical difficulty—Editor*] and the lack of income in our communities, and still provide access to business opportunities.

Again, as you say, on day care, the number of Métis women entrepreneurs is fairly high, as far as we can see relative to the non-indigenous population. Without access to community day care, that's going to be an impediment.

There does have to be a more general understanding of the impediments and the barriers. All of them are, at their base, related to the relative lack of income and the lack of wealth that we find in our communities, and the lack of institutions to overcome that.

• (1635)

The Chair: Thank you very much, Ms. Idlout.

That brings our round to an end.

I want to thank Regional Chief Teegee, and also Steven Morse. We very much appreciate the time you took today. We very much appreciate your remarks, as well as answering our questions.

That will bring this panel to an end.

We will suspend before we start the second panel.

• (1635)

(Pause)

• (1640)

The Chair: Without any further ado, I would like to ask Ms. Bull to give her introductory remarks.

Ms. Bull, you have five minutes.

Ms. Tabatha Bull (President and Chief Executive Officer, Canadian Council for Aboriginal Business): *Meegwetch.*

Aanii. Tabatha Bull n'indignikaaz, Nipissing n'indoonjibaa, Mìgizi dodem.

Hello. My name is Tabatha Bull, and I'm a member of Nipissing First Nation.

As president and CEO of Canadian Council for Aboriginal Business, CCAB, I want to thank you, Mr. Chair, and all distinguished members of the committee for the opportunity to provide you with my testimony and to contribute to this very important work.

Speaking to you from my home office, I acknowledge the land as the traditional territory of many nations, including the Mississaugas of the Credit, Anishinabe, Chippewa, Haudenosaunee and Wendat peoples.

Since 1984 CCAB has been committed to the full participation of indigenous peoples in the Canadian economy. Our work, programs and priorities are all backed by data-driven research. Before the COVID-19 pandemic, the indigenous economy was experiencing a period of sustained growth. Indigenous businesses made impressive gains in the areas of entrepreneurship and individual economic

achievement despite the barriers that exist. At that time, there were over 50,000 self-employed indigenous people across Canada and over 250 indigenous economic development corporations. The last two years have been a difficult time for businesses across the country. We have seen barriers specific to indigenous businesses more starkly than ever before.

CCAB, with our partners at NACCA and NIEDB, undertook three COVID-19 indigenous business surveys supported by Indigenous Services Canada. We found that indigenous businesses continued to experience negative impacts due to the COVID-19 pandemic. Two-thirds said the COVID-19 pandemic had negatively impacted their business operation.

We acknowledge the work of the Government of Canada to introduce efforts to provide supports for businesses through the pandemic. A number of those supports required changes to ensure that indigenous businesses were included. While access was made available for most, we still see persistent barriers. Of the 66% of respondents who still indicate that they require financial assistance, almost two-thirds did not apply for any government support. A third did not apply because they believed they would not qualify, and nearly a quarter indicated that they did not know about what supports were available.

An increasing number of businesses report low credit ratings or limited cash savings as a barrier to accessing government supports. Businesses also indicated such obstacles as having a payroll of less than \$20,000, insufficient short-term cash flow, lack of access and the requirement to have a CRA or business registration number.

When asked what skills and training indigenous businesses need, over half of the respondents selected support for grant and application proposal writing. CCAB has repeatedly highlighted the need for a navigator function specific to indigenous business to assist with the understanding and uptake of the various programs. We were pleased to see a navigator position indicated in Minister Hajdu's mandate letter. This will be critical, as indigenous businesses found navigating the bureaucracy, which often does not consider their unique legal and place-based circumstances, a significant barrier to accessing supports and business development programs.

I use these examples of COVID programming to provide specific illustrations of barriers, but these barriers exist across government. What is lacking and what we would like to see as a recommendation by this committee is a comprehensive federal government-wide strategy driven by indigenous peoples to support the [*Technical difficulty—Editor*]. An indigenous entrepreneurship strategy would make indigenous prosperity a priority for every federal department, agency and regulator, and provide the necessary down payment to support economic reconciliation.

Although we acknowledge the number of important renewed commitments on accelerating reconciliation, I would be remiss if I did not express our disappointment that there is rarely mention of efforts to support the economic empowerment of indigenous peoples [*Technical difficulty—Editor*] community for the government to signal to Canadians that indigenous prosperity matters.

The CCAB believes that an indigenous entrepreneurship strategy should include the following three key pillars: access to procurement and program opportunities, access to markets and supply chain networks, and access to funding.

With respect to procurement, CCAB, with other national indigenous organizations [*Technical difficulty—Editor*] the Government of Canada's 5% procurement target, a goal first proposed in CCAB's "Industry and Inclusion" report in 2019. Together, we have also provided a series of papers to the Government of Canada that outline practical solutions to increase procurement from indigenous business. We see eliminating the barriers to federal procurement, in addition to infrastructure set-asides for indigenous businesses and communities, as critical steps to indigenous economic development.

Through our "supply change" initiative, we have seen corporate Canada's spend with indigenous business far exceed that of the federal government's. It continues to outgrow the pace at which the federal government is moving. We are here to assist all federal partners to meet their indigenous procurement targets.

I would like to leave you with this point for consideration. Too often indigenous business concerns are an afterthought, resulting in indigenous organizations, like us and our friends at other national indigenous organizations, working to remedy programs and policies after the fact.

• (1645)

We are committed to continuing to work in collaboration with the government, our members and partners to help rebuild and strengthen the path towards a healthy and prosperous Canada.

Thank you, all, for your time.

I welcome the opportunity to answer your questions.

Chi-meegwetch.

The Chair: Thank you very much, Ms. Bull, for those very concise opening remarks.

Mr. Metatawabin, please proceed.

Mr. Shannin Metatawabin (Chief Executive Officer, National Aboriginal Capital Corporations Association): Thank you.

Good morning.

My name is Shannin Metatawabin. I'm the chief executive of the National Aboriginal Capital Corporations Association, NACCA. I am also a member of the Fort Albany First Nation of the Mushkegowuk nation.

I would like to thank you for the invitation to speak today.

Before I start, I would like to acknowledge that I'm taking this call from the traditional territory of the Mi'kmaq nation.

The National Aboriginal Capital Corporations Association is a representative organization of over 50 aboriginal financial institutions, which provide developmental lending to hundreds of first nations, Inuit and Métis businesses across Canada. Aboriginal financial institutions are an incredible success story.

During a 30-year program partnership with the Government of Canada and since 2014 delivering the aboriginal entrepreneurship program, aboriginal financial institutions, with the help of modest federal subsidies, have provided over 50,000 loans totalling \$3.3 billion to first nations, Inuit and Métis-owned businesses. Each year, aboriginal financial institutions make over \$120 million in loans to indigenous-owned businesses. Aboriginal financial institutions have a current aggregate loan portfolio of \$329 million.

Indigenous businesses are a key driver of employment, wealth creation and better socio-economic outcomes for indigenous communities and people. Every loan provides 3.34 jobs. Life satisfaction increases by 72%. Mental health is improved by 52%, and health by 19.9%

During the last election, all major parties committed themselves to undertaking the important work of walking the path to reconciliation. I'm here to suggest to you that reconciliation is not possible if indigenous people continue to be excluded from the Canadian economy and from sharing in Canada's long history of prosperity. Indigenous nations want to end the economic exclusion and be full partners in this Confederation. This is what we mean by economic reconciliation.

The National Aboriginal Capital Corporations Association is offering three recommendations that would contribute significantly to ending economic exclusion and could be important cornerstones to economic reconciliation. These recommendations build upon the already proven successful models of co-designed partnerships between indigenous people and Canada.

First, create an indigenous housing fund in partnership with aboriginal financial institutions.

The Government of Canada's pay-as-you-go approach to funding housing and infrastructure has long been criticized. It is inefficient. It defies proper planning. It has negative consequences for indigenous communities. It is time for a more functional life-cycle approach to financing housing and infrastructure.

Indigenous Affairs ministers from both Liberal and Conservative governments have conceded that real change is needed. NACCA proposes the creation of a \$150-million indigenous housing fund from which aboriginal financial institutions could leverage financing for individual and community housing.

The indigenous housing fund would use the proven track record of the aboriginal financial institutions that provide indigenous lending right now, developmental lending. The indigenous housing fund would emulate the successful model of the recently created indigenous growth fund, which was structured by NACCA and the Business Development Bank of Canada, and connects private investors to indigenous businesses while relying on AFIs to deploy the capital based on their unique relationships with the communities we serve.

Second, the additional funding for the aboriginal entrepreneurship program, announced in budget 2021, must meet the current needs and be made permanent.

The COVID-19 pandemic has had significant impacts on indigenous communities and businesses, and these impacts have exacerbated the long-standing marginalization and economic exclusion of our people and communities.

The aboriginal entrepreneurship program directly supports indigenous-led businesses and helps indigenous communities generate wealth by improving access to capital and business opportunities.

Third, 10-year funding agreements to qualified indigenous institutions should be provided. The Government of Canada is now providing 10-year grants to first nations communities that meet eligibility requirements related to financial performance and governance.

Both Canada and first nations agree that there are significant benefits to these arrangements, including greater flexibility to design and deliver, greater flexibility to allocate, manage and use funding to better accommodate local needs and changing circumstances and priorities, and the ability to retain unspent funds and reduced administrative and reporting burden.

Such arrangements should also be available to indigenous institutions that have successful track records, strong financial performance and good governance. In the case of AFIs, this would allow for greater responsiveness to changing on-the-ground economic conditions and opportunities, and for long-term planning that would contribute to better program management and service delivery.

• (1650)

I would like to conclude with the following.

Aboriginal financial institutions have an enviable record supporting indigenous businesses across Canada. We are proud of our success and the 30-year partnership with the Government of Canada. Our success is a testament to the view that indigenous organizations are best placed to design and deliver programs and services to indigenous people.

We believe building on these recommendations and building on the success of the network aligns with your stated commitment to reconciliation.

Further to other witnesses' comments, I would like to reinforce that supporting indigenous economic development and institutions in Canada will serve to align with the spirit and intent of the United National Declaration on the Rights of Indigenous Peoples. More importantly, it will be an investment by Canada to create a sustainable indigenous economy and save Canada from the growing unsustainable trend and costs associated with government's responsibilities to indigenous communities.

Thank you.

The Chair: Thank you, Mr. Metatawabin.

We'll now have a round of questions. We'll begin with the Conservatives.

Mr. Schmale, you have six minutes.

Mr. Jamie Schmale (Haliburton—Kawartha Lakes—Brock, CPC): Chair, in an effort to keep you on your toes, I'm going to defer to Gary Vidal just for a quick second.

The Chair: All right.

Mr. Vidal.

Mr. Gary Vidal (Desnethé—Missinippi—Churchill River, CPC): Thank you, Mr. Chair.

To both witnesses, Ms. Bull and Mr. Metatawabin, thank you for taking time to join us today. I know your opinion is valued by the committee.

I'm going to ask one question first to Mr. Metatawabin.

In your first recommendation, you talked about the opportunity to leverage financing for investment in infrastructure. You spoke specifically about housing, but also other infrastructure. Last week, we heard from the first nations fiscal management folks about their concept of monetization as a methodology to leverage own-source revenues into infrastructure investment to fill a very large infrastructure gap we have in first nations communities.

I'm really curious about your concept of how you would utilize the leverage financing and how that would accelerate investment in infrastructure, and maybe more importantly, adding to the end of that conversation, how it would remove barriers to indigenous business successes in doing so.

• (1655)

Mr. Shannin Metatawabin: It's important to realize that the capital markets have plenty of money to invest into good opportunities. The indigenous community is an opportunity for them to invest into providing finance while earning interest. Indigenous communities are looking for low-cost capital to undertake infrastructure, housing and business projects.

The witnesses you heard on Friday have some great ideas on how to leverage some government backstop to attract private-sector capital. The indigenous growth fund that we recently launched did that with the Business Development Bank of Canada, FCC and EDC, along with the Government of Canada. We use this concept of a tiered approach to investors coming in and leaving in an ever-green model as a good model that can be utilized around the world.

We're just looking for different innovative financial mechanisms to attract public-sector capital, because the government's unsustainable approach and inability to keep up with the growth of our community requires us to think differently, outside the box, and to co-develop different financial tools to ensure that we can do the work on the ground.

Mr. Gary Vidal: Thank you for that.

The other quick question I would have, in follow-up to that, is that in your third recommendation you talked about the more stable, longer-term funding models that would allow more predictability, more sustainability and the ability to look further down the road. If I heard you correctly, you used the comparison of the 10-year grant program to first nations once they've achieved the eligibility or certification requirements, which I assume are the same ones that are talked about under the First Nations Fiscal Management Act type of process that's going on there.

Could you just expand again briefly so we are very clear and we can get it into the report? I'd really like to hear your concept of how that applies to the AFIs as well, if you don't mind, just a little further dive into that third point you were making.

Mr. Shannin Metatawabin: With the government's recent support of the United Nations Declaration on the Rights of Indigenous Peoples, in there it clearly states that we need indigenous institutions to provide programs and services to indigenous people. With the government's recent approach to supporting indigenous communities that have good financial systems in place, that have a track record, they're being recognized with 10-year grants, which provides them some flexibility around delivering services on the ground.

As an organization that has been delivering the aboriginal entrepreneurship program and has been delivering \$3.3 billion in lending, I think we deserve the opportunity, because of our track record and our success and our systems in place, to be allocated that 10-year grant so that we can start moving towards transferring services and responsibility to indigenous institutions and communities. This is a good growth area for the government [*Technical difficulty—Editor*] with devolution and transferring services in a good and planned way.

Mr. Jamie Schmale: Thank you very much.

I think Gary is going to give the rest of his time to me.

Let's continue down that path, if we can, and the conversation around the infrastructure gap and how to close it. I'm looking at some stats here that show it could take, in some cases, upwards of five times longer to get a project built on indigenous lands compared with non-indigenous lands.

You touched on it a bit, but is there anything else you care to share with us that would potentially reduce some of the time gap?

Mr. Shannin Metatawabin: I would be afraid for Canada's planning, the present approach to supporting indigenous communities and how long it will take to meet the 130,000 housing units that are required in the communities and the renovations needed for half of the housing units that currently exist. The longer we wait, the more expensive it gets. I think the last witness on Friday said that in the last year expenses have gone up by 30%, so you're going to be spending more money already.

As our population is growing by four times, the longer we wait, the more expensive it gets. It's an unsustainable system that's in place right now. What we have to do is shift our focus to creating tools that allow us to raise private sector capital so that we're all working together on creating innovative financial solutions to solving all the problems.

• (1700)

Mr. Jamie Schmale: Do you see—

The Chair: There are only about five seconds there, so I think it will be tough to get an answer in that time.

Thank you, Mr. Schmale.

We're going to pass to Mr. Weiler.

You have six minutes.

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

I'd also like to thank the witnesses for joining our committee today.

Ms. Bull, it's great to hear your testimony today after we had the pleasure of welcoming you to the government operations and estimates committee in the last government.

Getting to the recommendations you had, particularly on markets and the supply chain, you mentioned that corporate Canada was exceeding the pace of the federal government for involvement of indigenous-owned businesses.

I'm wondering if you have any advice or learnings we might be able to take from how corporate Canada has been able to do this effectively.

Ms. Tabatha Bull: Thank you.

We've definitely provided a few specific recommendations towards moving faster on procurement policy. I think a lot of that is about really cutting red tape and ensuring that we're able to get new indigenous businesses into the federal supply chain.

We see in corporate Canada, as well, that once they have a supplier, it's very easy for that procurement officer to go directly to that same supplier again. That's no different in the federal government as well, so we need to find ways to bring indigenous businesses into the federal supply chain.

A good opportunity for that is to increase the sole-source contract opportunity from \$40,000 to \$100,000, which would allow procurement officers to go directly to an indigenous business.

There are a few others that would take a little bit more change such as the mandatory minimum indigenous requirement of 5% of all contracts valued over \$5 million required to be from indigenous suppliers. This was something that was key in Australia in their being able to move forward on their commitments.

Mandatory set-asides as well [*Technical difficulty—Editor*] between \$100,000 and \$200,000.

In corporate Canada, we've really seen organizations that have stepped up and been very public about their commitments. They also report their spending in both their annual reports and with their shareholders. We're definitely also recommending reporting, and the estimates committee is a prime example of where that could take place in a regular public reporting of the spending of every department and organization.

Mr. Patrick Weiler: Thank you for that.

In your third recommendation, you identified access to funding. We didn't have an opportunity in your opening statement to really delve into that in detail.

Could you maybe highlight one or two areas where the federal government is best placed to be able to facilitate access to funding for indigenous-owned businesses?

Ms. Tabatha Bull: I think the work the AFN network and NACCA is doing has been exceptional, but I think some of the concerns... What we saw as well from indigenous businesses in the survey in not accessing some of the funding that was available through COVID in particular was the requirement for a GST, HST or CRA number [*Technical difficulty—Editor*] the number of times.

We did work with the Province of Ontario on a similar restriction, and the Province of Ontario did alleviate that [*Technical difficulty—Editor*] businesses, and the result was close to 100 indigenous [*Technical difficulty—Editor*] granting programs, because they didn't have that requirement.

Mr. Patrick Weiler: Thank you.

The next question is for Mr. Metatawabin.

You mentioned in your testimony something that was echoed by a previous witness, concerning the opportunities for devolution on pursuing economic reconciliation.

Would the creation of an indigenous economic development agency be one of the best paths forward for Indigenous Services Canada's economic development programs to have devolution?

Mr. Shannin Metatawabin: I think that's a good idea.

There are a number of institutions that need to be created in Canada to ensure that proper planning, economies of scale and a code development, are in place. An economic institution would definitely be one of them. In addition, an HR institution, procurement, infrastructure and an organization that deals with land, are all things that need to be nationally planned and worked on, so that

we're supporting all communities in order to have a concise planning process in place.

Mr. Patrick Weiler: Do you see barriers at this point for indigenous-owned businesses to be able to access the current regional development agencies that we have across Canada?

• (1705)

Mr. Shannin Metatawabin: The funny thing is that we brought the RDAs together in a meeting before the pandemic, and not one of them had the same services and programs. They were very unaligned.

We need to include the indigenous community and institutions into a process of bringing the RDAs back together with our indigenous institutions, so that there's alignment with equity of services and programs. Having it all over the place, and not having one planning path, is a problem of the federal, provincial and municipal governments. We all have to get on the same page, and this institution that you talked about would be part of the solution.

Mr. Patrick Weiler: Thank you. I have one final question.

Can you tell me a bit more about NACCA's indigenous women entrepreneurship program? What programs are in place to support indigenous women entrepreneurs?

Mr. Shannin Metatawabin: We recently launched this important program, and we received some money from the Government of Canada. This will allow us to go from 41% in loans to 50% in loans. It requires capacity, information, and it requires people on the ground.

In case you didn't know, the aboriginal entrepreneurship program used to be a larger program back in the 90s, when it was initiated. Over the last 20 years, we've seen a reduction in services and resources. An AFI that was able to hire four or five business development officers to line up projects [*Technical difficulty—Editor*] that it was accessing and starting a business, they might have only one or two people in-house covering the same area.

We need to return to historical levels of funding to support the needs on the ground. This can be done together in a co-designed and co-developed way, so that aboriginal financial institutions have what they need on the ground.

The housing program that I talked about is filling a gap between social housing and mainstream lending. There is a sweet spot in the middle, and an opportunity of \$3 billion to \$4 billion in first nations communities for people who are able to take out a mortgage, but nobody wants to give them one.

The Chair: Thank you very much.

[*Translation*]

Mr. Garon, you have the floor for six minutes.

Mr. Jean-Denis Garon: Thank you very much.

My thanks also to our two witnesses for joining us here today.

I will start with a question for Mr. Metatawabin.

I am interested in the applications that are made to indigenous financial institutions. In the applications you receive, are certain sectors of activity better represented than others? Could you please tell me about the sectors that have the most difficulty gaining access to capital and perhaps explain where those difficulties arise?

[English]

Mr. Shannin Metatawabin: Access to capital continues to be a problem for all organizations and communities. We need to work together to provide solutions to the major projects in Canada that have really stalled the economy for the prosperity of all Canadians.

The First Nations Major Projects Coalition has projects of about \$17 billion in its plans for communities. It wants to participate in major projects, but it has no place to access that money. All it's looking for is lower cost capital and financial institutions that view it as low-risk as opposed to high-risk. What we're trying to do is unlock the potential of natural resources in the country, so indigenous communities can participate with Canada under a shared prosperity plan.

[Translation]

Mr. Jean-Denis Garon: Thank you.

Your proposal for an indigenous finance fund is very interesting, I find. Could you provide more details about the plan? Would the funding come from federal capital, for example, and would it then be allocated to indigenous financial institutions? How would the funding work? I'd like to hear what you have to say about it.

[English]

Mr. Shannin Metatawabin: An interesting thing is that we recently launched the indigenous growth fund. This is a partnership with Canada. The Business Development Bank of Canada assisted us in creating this fund and Farm Credit Canada and the EDC participated. We've already launched this. We're deploying capital to our members right now.

This is going to solve some of that access to capital, and we want to grow this over the long term. What I'm presenting today is to use that model and its success, and the success of the model for our AFIs, to deliver mortgages to the community by creating and jump-starting a new fund. This will be specifically for mortgages. Right now, we have two AFIs: ABSCAN in Quebec and ANTCO in B.C. Between both of them, they've delivered \$30 million in mortgages. They issue bonds and they raise capital.

What we're trying to do is put this on steroids for all of Canada to access that percentage of the communities that are looking for mortgages; they have a full-time job, but they're not given a fair shake by lenders, who are afraid of the Indian Act and providing assets on a reserve. This is going to meet that need. There are other communities in Canada providing mortgages on reserves and this would jump-start that. There's an opportunity of \$3 billion to \$4 billion.

If the Government of Canada participates and gets that snowball rolling, it will grow as we access the mortgages and raise more capital on the markets. It's a good model. I think we should put that in your report for sure.

• (1710)

[Translation]

Mr. Jean-Denis Garon: Thank you.

Ms. Bull, you mentioned the obstacles that indigenous companies face, especially in terms of financing, and that the pandemic has made the situation worse. You also told us that two thirds of the companies said that they needed financial assistance. I am wondering about the geographic dimension to that problem. What makes things particularly difficult for indigenous companies in remote areas? What complicates the task before them?

My question goes to both our guests.

[English]

Ms. Tabatha Bull: Firstly, on the geographic component, businesses definitely were impacted, based on the lockdowns wherever they tended to live, and definitely in some communities in community-owned businesses where communities had actually stopped off their border from coming and going. The Six Nations in particular definitely saw a significant loss with their businesses, they would normally have had people coming into the community to purchase at businesses. This was also a key area because it is typically on-reserve businesses that do not have a CRA business registration number, and those privately owned businesses on a reserve definitely were unable to access a significant amount of that funding.

Then, we also see, from a finance perspective, that more rural or remote businesses don't have a traditional lending bank branch there, or they don't have a specific branch that they work with. At the very beginning of the pandemic, we saw a lot of those branches actually shut down. We saw a lot of cash flow issues specifically in remote communities, where there just wasn't cash in the machines for people to get money out to be able to purchase from businesses, because that was a restriction at the very beginning of COVID as well.

We definitely see from a financial perspective that it does impact geographically.

The Chair: Thank you.

Mr. Metatawabin, you have about 20 seconds, if you also wanted to respond.

Mr. Shannin Metatawabin: I think what's important to understand is that with any sort of access to capital, you have enabling programs that support the deployment of that capital. What we need are innovative programs that support the movement of capital to the communities. In this case, we're trying to develop the entrepreneurs in communities, which requires business development officers to support each and every entrepreneur with pre-business support services, capacity programs and just getting them excited to start a business.

We also need policy changes within the government in order for us to ensure that indigenous businesses have access. Within our procurement marketplace, we do share [*Technical difficulty—Editor*] government [*Technical difficulty—Editor*], but we've been working with other national indigenous organizations to understand how best we can bring together all of the indigenous businesses that we support and ensure that they have connections to the federal government as well.

From a program development perspective, we continue to push for every ministry and organization within the federal government to look at their programming and ensure that there aren't barriers for indigenous businesses to respond; ensure that they're communicating specifically to indigenous businesses, which of course we're here to help with; and have set-asides within those programming dollars—for ISED to have set-asides within their programming dollars, for the Minister of Agriculture to have set-asides—to ensure that indigenous businesses have a niche within those programming dollars to be able to apply.

When we look at infrastructure, as we've seen before in other provinces and other governments, when infrastructure is being built in communities, we need to ensure that there's a community business that's part of that project, or a community as an equity project.

I think there's [*Technical difficulty—Editor*] incent corporates and to incent equity partnerships in ensuring that any procurement response or RFP specifically with infrastructure has an indigenous community or an indigenous business as part of that project.

● (1720)

Ms. Lori Idlout: *Qujannamiik.*

The Chair: Thank you very much, Ms. Idlout.

I'm afraid that brings our round to a close.

I want to thank Ms. Bull and Mr. Metatawabin for their insights today, for their opinions about barriers to economic development, and also for some of their recommendations. We very much appreciate it as a committee.

Thank you very much for taking the time to come and speak with us today. It's much appreciated.

Mr. Shannin Metatawabin: Thank you.

Ms. Tabatha Bull: *Meegwetch.*

The Chair: At this point, Madam Clerk, I would like to suspend so that we can reconvene as a committee to look at the work plan.

[*Proceedings continue in camera*]

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