



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

---

# Standing Committee on Indigenous and Northern Affairs

EVIDENCE

**NUMBER 109**

Monday, May 27, 2024

---

Chair: Mr. Patrick Weiler





## Standing Committee on Indigenous and Northern Affairs

Monday, May 27, 2024

• (1110)

[English]

**The Clerk of the Committee (Mr. Cédric Taquet):** Honourable members of the committee, I see a quorum.

I must inform members that the clerk of the committee can only receive motions for the election of the chair. The clerk cannot receive other types of motions, entertain points of order or participate in debate.

We can now proceed to the election of the chair. Pursuant to Standing Order 106(2), the chair must be a member of the government party.

I am ready to receive motions for the chair.

Ms. Gainey, you have the floor.

[Translation]

**Ms. Anna Gainey (Notre-Dame-de-Grâce—Westmount, Lib.):** Thank you.

[English]

I nominate Patrick Weiler for chair.

**The Clerk:** It has been moved by Ms. Gainey that Patrick Weiler be elected chair of the committee.

Are there any further motions? I see none.

(Motion agreed to)

**The Clerk:** I declare the motion carried and Mr. Weiler duly elected chair of the committee.

**Some hon. members:** Hear, hear!

**The Vice-Chair (Mr. Jamie Schmale (Haliburton—Kawartha Lakes—Brock, CPC):** Good morning, everyone.

Thank you, Mr. Weiler. Congratulations on your appointment as chair. I look forward to working with you.

I thank Mr. Aldag for his service and for his work on this committee.

Welcome to meeting number 109 of the House of Commons Standing Committee on Indigenous and Northern Affairs. We recognize that we meet on the unceded territory of the Algonquin and Anishinabe peoples.

Pursuant to Standing Order 108(2) and the motion adopted on Wednesday, April 10, 2024, the committee is meeting to commence its study of tax revenues from businesses on first nations territories.

I think you all know the rules regarding audio feedback and the hybrid format, so I just want to go right to our panel because we are a little behind.

There will be, if the committee approves it, a small change. The Canada Border Services Agency, which is currently scheduled to appear in the second panel with the Canada Revenue Agency, have both asked to be moved to the first panel. Do I hear any objections to that change?

That's perfect. We will have finance, justice, border services and the Canada Revenue Agency all in panel number one.

With that, I wish to say good morning to our witnesses and give them a quick second to set up here.

We will start with the Department of Finance first and then go to the Department of Justice, Canada Border Services Agency and CRA for testimony.

I believe that Lesley Taylor is going to be speaking. She is the director general of intergovernmental tax policy for the Department of Finance.

Thank you very much. You have five minutes.

**Ms. Lesley Taylor (Director General, Intergovernmental Tax Policy, Department of Finance):** Thank you, Mr. Chair and honourable members of the committee.

Good morning, and thank you for having us here.

[Translation]

Thank you for the opportunity to appear today concerning the committee's study examining tax revenues on first nation lands and how they might be placed under the control of first nations themselves, or better directed to increase resources available to first nations.

[English]

In our capacity as officials from the tax policy branch of the Department of Finance, we provide analysis, research and advice to the Minister of Finance on the Government of Canada's tax policy agenda.

In the area of indigenous tax policy, we are responsible for the negotiation and implementation of tax-related arrangements with interested indigenous groups and the day-to-day operations of these arrangements. We'd be happy to discuss the current government policies and priorities related to indigenous tax jurisdiction; however, we are not going to be in a position to speculate about future government policy.

Part of a fair fiscal relationship means supporting indigenous tax jurisdiction in a way that advances self-determination while also generating important revenues for community priorities. The federal government encourages and works with interested indigenous governments to exercise direct tax powers. Taxation by indigenous governments can help strengthen self-reliance while promoting good governance and political accountability between these governments and their citizens. It also makes the tax landscape in Canada more uniform.

• (1115)

[*Translation*]

Today, we have over 50 sales and personal income tax administration agreements with indigenous governments across Canada, which delivered about \$70 million in revenues to those taxing governments in the last fiscal year.

[*English*]

I will speak briefly about a few of the key tax jurisdiction frameworks.

First is the first nations goods and services tax, also known as the FNGST, facilitated under the First Nations Goods and Services Tax Act. The FNGST is a tool that enables indigenous governments to voluntarily impose a broad-based value-added tax on their own lands under their own laws within their reserve or settlement lands. This tax is fully harmonized with the federal GST or, in the case of the harmonized provinces, the federal component of the harmonized sales tax.

[*Translation*]

Interested groups can choose to implement the tax when it is right for them through negotiated tax administration agreements between the federal government and interested indigenous governments.

[*English*]

Generally, everyone—that is, members of the indigenous community as well as non-members—will pay the FNGST where it applies. The rules of the FNGST are aligned with the GST. The FNGST is administered by the Canada Revenue Agency free of charge. Indigenous governments can use the revenues received through this framework as they see fit.

I'd like to stress that, in this way, the exercise of tax powers can be an important means for indigenous governments to generate their own independent revenues. Indigenous government tax revenues are not federal transfer funds or Indian monies under the Indian Act. Accordingly, indigenous governments have the discretion to apply tax revenues to their own priorities. The FNGST Act also facilitates the imposition of provincial-type direct taxes between willing provinces and territories and indigenous governments.

Second, and building on the principles of the FNGST framework, budget 2024 proposes to provide additional flexibility to indigenous governments seeking to exercise tax jurisdiction on their lands.

[*Translation*]

Specifically, it is proposed that indigenous governments would be able to enact a value-added sales tax, under their own laws, on only fuel, alcohol, cannabis, tobacco, and/or vaping products, referred to as the “FACT products”, within their reserves or settlement lands.

[*English*]

The proposed FACT sales tax would be analogous to the FNGST, including applying at the same 5% GST rate, but would be limited to fuel, alcohol, cannabis, tobacco and vaping products. For some communities, taxing these goods may be preferable to taxing the broad base of goods under the FNGST.

I'd like to acknowledge that the development of the proposed framework has been the result of extensive engagement with and work by indigenous partners since we began this process in 2022. In the near term, the focus will be on finalizing the relevant legislation to enable the FACT framework as well as to continue working with indigenous communities interested in implementing this new tool.

In addition to these value-added frameworks, the government has several personal income tax arrangements in place with self-governing indigenous groups, and remains open to negotiating more agreements along with facilitating similar arrangements between interested indigenous governments and provincial and territorial governments.

For the most part, the existing tools for indigenous jurisdiction are focused on direct taxation, where revenues raised on the indigenous lands are linked to incidence within those lands—that is, the tax is ultimately borne by the individuals living or consuming on those lands.

[*Translation*]

In conclusion, the federal government remains committed to negotiating mutually beneficial tax agreements with interested indigenous governments.

[*English*]

These tax arrangements can support self-determination through revenues that indigenous governments can invest in whatever matters most to their communities.

Again, thank you for the invitation to appear here today. I am here with two colleagues, Adam and Jack. We will appreciate any questions or discussion to come.

Thank you.

**The Vice-Chair (Mr. Jamie Schmale):** Thank you very much, Ms. Taylor.

We go now to the Department of Justice and Mr. Robert Brookfield.

You have five minutes, please.

**Mr. Robert Brookfield (Director General and Senior General Counsel, Criminal Law Policy Section, Department of Justice):** Mr. Chair, thank you for the opportunity to be here today to participate in your study. I'm here for the Department of Justice because the Criminal Code anchors federal legislative engagement in gaming by providing the space for provinces and territories to conduct and manage that activity.

Indigenous access to revenue from gaming can be an element of economic reconciliation. While the present legal structure gives flexibility to provinces and territories to determine appropriate models for this issue with indigenous peoples, we recognize that some would prefer a different legal structure. That may form part of your consideration on this issue. I'm not in a position to express a view on any alternatives, but I hope to provide you with information to assist you.

• (1120)

[*Translation*]

I will provide an overview of how gaming regulation has evolved in Canada over time, as well as a snapshot of the current regulatory framework as it relates to indigenous peoples.

Legislating against gaming under English law dates back to the 14th century. The Parliament of Canada, following those traditions, first adopted general prohibitions against gaming into the Criminal Code in 1892. In 1969, the Criminal Code was amended to allow the federal government, along with provincial governments, to conduct and manage lottery schemes. However, this resulted in a system that created competition and conflict between the federal and provincial lottery systems. To resolve that conflict the federal government entered into an agreement with the four provinces in which the federal government agreed to withdraw from the sale of lottery tickets, and provincial governments agreed to provide yearly payments to the federal government in exchange. The agreement with the provinces, finalized in 1985, is reflected in section 207 of the Criminal Code.

The only aspect of gaming that the federal government continued to exercise regulatory control over is horse racing. Otherwise, provinces and territories were left to create regulatory frameworks for gaming within the broad discretion that the Criminal Code provided.

[*English*]

The existing framework stayed largely the same until 2021, when former Bill C-218 amended the Criminal Code and removed the prohibition against single-event sports betting. As a result, provincial and territorial governments gained the ability to include single-event sports betting in their gaming regimes.

Throughout the federal legislative history of gaming in Canada, indigenous governments were not substantially engaged or consulted, nor were they given any federal legislative authority to conduct

or manage gaming on their lands. The Criminal Code vested that authority solely with provincial and territorial governments. Provinces and territories have generally provided some scope for indigenous governments either to be directly involved in gaming or to receive economic benefits from the resulting revenue. The extent of the involvement varies across jurisdictions.

Many provinces have authorized indigenous governments or the entities they control to operate some casinos and other forms of gaming and to retain the profits. Some other provinces have revenue-sharing agreements for gaming revenue. While the ability of indigenous governments to exercise regulatory control over gaming operations varies, the ultimate legal control under the Criminal Code rests with the provinces.

The inability of indigenous governments in the present legislative structure to operate independently is, understandably, a source of dissatisfaction to some.

As the committee is likely aware, Bill S-268 was introduced in the Senate by Senator Scott Tannas in June 2023. The bill proposes to amend the Criminal Code to permit a governing body of a first nation to conduct and manage a lottery scheme on that first nation's reserve, effectively giving it the same jurisdictional powers as the province. The bill is currently at second reading.

[*Translation*]

Apart from Bill S-268, there have been calls for reform by various indigenous governments. For example, the Mohawk Council of Kahnawake, which operates the Kahnawake Gaming Commission within its territory, has openly called for reform.

Although, as mentioned, many indigenous governments share in gaming revenue from the provinces, we recognize the benefits that increased participation—and revenue—could provide.

In the United Nations Declaration Act Action Plan, the federal government has committed to advancing discussions on the participation of indigenous peoples across Canada in the gaming industry and its regulation, collaboratively with provincial and territorial partners. While those discussions have not yet led to clear forward paths, we are hopeful we can look to a more collaborative future.

Thank you for your attention. I am now ready to answer your questions.

[*English*]

**The Vice-Chair (Mr. Jamie Schmale):** Thank you very much for that and for coming in under the time.

We are going to the Canada Border Services Agency and, I believe, Ms. Laflamme, who is the director of trade policy. Is that who's speaking for the CBSA?

All right. The border agency has no opening remarks, so we're going right to the Canada Revenue Agency.

I'm not sure who would like to speak, but please, go ahead.

[Translation]

**Ms. Isabelle Brault (Director General, Legislative Policy Directorate, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency):** Good morning, Mr. Chair and committee members.

My name is Isabelle Brault and I am the director general of the legislative policy directorate, legislative policy and regulatory affairs branch at the Canada Revenue Agency. Aliou Diarra is with me today.

I want to thank the committee for inviting us to attend your meeting.

To set a helpful context for the discussions today, I would like to briefly describe the role of the Canada Revenue Agency in the administration of the Excise Tax Act, relative to that of other federal organizations.

As you are aware, the Department of Finance is responsible for developing and evaluating federal tax policy and the legislation through which policy becomes law.

As administrator, the Canada Revenue Agency is responsible for the functions which implement these laws, including providing information to the public and stakeholders; establishing processes through which individuals and businesses may meet their tax obligations and receive benefits; and, of course, carrying out our compliance activities to help ensure that everyone respects the law as it was intended by Parliament.

The role of the Canada Revenue Agency is to interpret the Excise Tax Act and related tax legislation as they are worded. I can thus speak about the application of the legislation.

This concludes my opening remarks.

• (1125)

[English]

**The Vice-Chair (Mr. Jamie Schmale):** Thank you very much.

I appreciate the remarks from our witnesses.

We are now going to start the first round of questioning. It begins with the Conservative Party and Martin Shields for six minutes.

**Mr. Martin Shields (Bow River, CPC):** Thank you, Mr. Chair. It's nice to see you in the chair.

Thank you to our witnesses for being here today. I appreciate it.

Are you aware of the First Nations Tax Commission? I assume that's for Ms. Taylor.

**Ms. Lesley Taylor:** Yes, absolutely.

**Mr. Martin Shields:** Are you familiar with their proposal for a first nations resource charge?

**Ms. Lesley Taylor:** In high-level terms, yes, we have met with them, and we have heard presentations from them about the proposal.

**Mr. Martin Shields:** You're very familiar with how it works now on first nations in the sense of resource sectors, whatever re-

source. There are fees they can charge for different things for accessing the land. This goes further by wanting to access the revenue stream that comes from those resources.

**Ms. Lesley Taylor:** Yes, that's my understanding.

**Mr. Martin Shields:** Do you have any response to that particular proposal?

**Ms. Lesley Taylor:** What I'd say is that we're in really early stages. Budget 2024 did indicate the government's openness to continuing to discuss ways that first nations and indigenous groups can benefit from resource development on their lands. That would certainly encompass the main proposal we've heard from the FNTC.

We have a close relationship with the FNTC, and we have met with them. We continue to do so. It's a little premature for me to speak to views on that, but there is an awareness and a continuing engagement with them on that.

**Mr. Martin Shields:** One of the things you mentioned was, in the sense of taxes, they were linked only to a nation's lands. Are you suggesting that if they developed a tax, it would only apply to people who lived on the nation?

**Ms. Lesley Taylor:** Typically, if you're talking about a band, they would have reserve lands or other lands. If you're talking about a group post-treaty, they'll have settlement lands, which could extend beyond the traditional reserve lands. Tax, when an indigenous government imposes it, would apply on those lands.

Typically, under the frameworks we have, it applies to both members of the community and non-members. For example, with the FNGST, both indigenous community members and non-members would pay if they were making a purchase of a good or a service on the lands.

**Mr. Martin Shields:** I understand that concept, but when we go to municipal government, for example, you may not live in that municipality but you are taxed in various ways from that municipality. Are you saying that first nations wouldn't have that ability?

**Ms. Lesley Taylor:** In terms of the boundaries of their lands, if they've entered into one of these tax arrangements, then they would tax the entirety of the activities within those lands.

If you're talking about members of the community who would be living outside of the boundaries, those are not.... The frameworks at this time do not permit taxation of members living outside of the community.

**Mr. Martin Shields:** Under the structures of our other forms of government, you can be taxed, but you're limiting them.

**Ms. Lesley Taylor:** If a member of an indigenous community, for example, moved to a different province and was habitating there, they would be potentially subject to, let's say, provincial or federal taxes. That's right.

Now, there's a little nuance. If they're moving to different reserve lands, then section 87 exemptions may apply. That would depend on the circumstances of the individual.

**Mr. Martin Shields:** The reason I bring it up is that it seems like a limiting factor when you say it, compared with the other levels of government we have. It restricts in the sense of their capacity.

• (1130)

**Ms. Lesley Taylor:** If you compare them with, let's say, provincial taxes, those would apply within, obviously, the boundaries of the province. With municipalities, similarly, they would apply within their municipal property boundaries. It's a similar type of concept there in some instances.

**Mr. Martin Shields:** You can tax beyond your boundaries both provincially and municipally. You can do that.

**Ms. Lesley Taylor:** Yes, that's a fair point.

**Mr. Martin Shields:** Okay.

When you're talking about the funding, are you talking about taxing people or taxing on land...their ability?

**Ms. Lesley Taylor:** The frameworks we have in place today include a first nations personal income tax, which would be analogous to the federal personal income tax regime, and the FNGST, which is analogous to the goods and services tax. There are property tax regimes that are not under our area of responsibility, but those are also applicable for interested governments.

**Mr. Martin Shields:** The ability for an indigenous nation to charge taxes on property within their nation is available to them.

**Ms. Lesley Taylor:** That's right. They can access that through provisions either under the Indian Act or through the First Nations Fiscal Management Act. They're two different approaches to levying a property tax. They are available to do that—yes.

**Mr. Martin Shields:** Usually to do that, you have to have title for a person to be able to be taxed on that property. Can people have title to property on a nation?

**Ms. Lesley Taylor:** It gets into the characterization of the lands, whether they're fee simple or not. It would depend on the specific instances.

**Mr. Martin Shields:** Are you familiar with any nations that have fee simple on their nation land?

**Ms. Lesley Taylor:** There are definitely first nations levying a property tax on their lands. It's, again, an area outside of our expertise. I wouldn't want to provide you with the wrong details about that.

**Mr. Martin Shields:** Is there a cap on the goods and services tax?

**Ms. Lesley Taylor:** I think what you may be referring to is the revenue-sharing mechanism. Yes, there is a mechanism that takes into account when a group is levying the FNGST. If the bulk of the revenues are coming from the taxing of non-members—so an individual who is, say, passing through reserve land and making a purchase there but they're not actually a member of the community—if the bulk of the revenues are coming from that stream of taxation, then yes, in some instances there can be a cap that kicks in. That's embedded in the formula and the agreements that we have with governments.

**The Vice-Chair (Mr. Jamie Schmale):** Thank you very much.

I'm sorry, Mr. Shields. I apologize. That was the end of your six minutes.

Next we go to the Liberal Party and Mr. Powlowski for six minutes, please.

**Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.):** We're just embarking on this study. Frankly, I certainly don't know all the taxes that do and do not apply in first nations communities. I also know that, for some taxes, even if you have a status card and you're not in the community, you don't have to pay tax on certain things, but I don't know the relevant legislation as to what creates and what removes the taxes.

I know this may be fairly laborious, but can somebody run through which taxes people do and don't have to pay on first nations land—for example, like income tax?

**Ms. Lesley Taylor:** It is complex, so it's a really fair question to ask. Section 87 of the Indian Act establishes an exemption from tax for the property—and I use the word "Indian" because that's the word used in the act—of the Indian on reserve. That section 87 exemption—and a lot of this has come from the interpretations of the courts over the years—applies to income. If you were a sole proprietor of a business generating income on reserve, that can be exempt. It also applies to the GST/HST.

**Mr. Marcus Powlowski:** That is if the income is generated on reserve, but how about if you drive off reserve and you have a job off reserve? Is that then subject to tax?

**Ms. Lesley Taylor:** That's when we get into what's called the "connecting factors test". Essentially, we're looking at the specific situation of the taxpayer and trying to determine whether their business income is largely related to activities on reserve and connected to the reserve and, therefore, would fall under that umbrella of the section 87 exemption, or whether there are factors like, as you said, they're driving off reserve every day conducting business and it's not connected back to the reserve at all and, therefore, there's a question about whether the section 87 exemption would apply.

I don't want to put CRA colleagues on the spot, but I think that's a fair characterization. Do you want to add...? No.

These connecting factors have to be—

• (1135)

**Mr. Marcus Powlowski:** Does that mean that every single taxpayer, when they make money, has to personally go through some hoops to show that the money was either related to living on reserve or not?

**Ms. Lesley Taylor:** CRA, do you want to speak to the process at all?

**Mr. Aliou Diarra (Director, Federal, Indigenous and Quebec Affairs Division, Partnerships Directorate, Service, Innovation and Integration Branch, Canada Revenue Agency):** Effectively, we have some validation processes in place at CRA to ensure the exemption nature of the revenue. We have different types of mechanisms in place to ensure that.

**Mr. Marcus Powlowski:** Is this a lengthy procedure? I have headaches enough when I pay taxes. I'm thinking that if you add this other loophole, which you have to now prove is related to living on reserve, is that a burdensome thing for the applicant? You may not see it quite like the person on the other side sees it.

**Mr. Aliou Diarra:** What is clear is that we should not underestimate the complexity of those particular situations. I don't know enough about the overall experience of all the taxpayers, but we have in place resources and people who are trained to effectively determine the eligibility of those incomes.

**Mr. Marcus Powlowski:** If the person lives and makes the money on reserve, but then doesn't live on reserve, do they pay tax? I know that, in Thunder Bay, for example, there are seven or eight gas stations in Fort William First Nation, so a lot of people go over there to buy gas. I think a fair number of the people working there aren't from the community. If they're making money there, do they pay income tax or not?

**Mr. Aliou Diarra:** That's a very good question.

I'll give you the example of the personal income tax agreement that Lesley mentioned. In those territories, when the indigenous government decides to enter into those agreements, the members or the citizens of the community pay the taxes, and these taxes are remitted to the governing bodies. In this particular situation, every participant in those communities pays their taxes, but they are remitted through our process to the government.

**Mr. Marcus Powlowski:** Okay, so if you're not first nations, you do pay the tax, but then the first nations community is not obliged to collect income tax; they only choose to.

**Mr. Aliou Diarra:** In the context of those agreements, like a non-status member—

**Mr. Marcus Powlowski:** These are the ones we heard. There were 80 communities or something that had agreements.

**Mr. Aliou Diarra:** Exactly. We have 15 types of personal income tax agreements. In those agreements, indigenous people or non-indigenous people have to pay taxes as in the normal situation, but all the revenue collected is remitted to the indigenous government through Finance Canada mechanisms.

**Mr. Marcus Powlowski:** If there is no such agreement, then they don't collect tax at all.

**Mr. Aliou Diarra:** If we take the particular situation of a reserve, for example, when there is no agreement, indigenous people with Indian status have the tax exemption. They may file the return, but ultimately they may not pay taxes because they are exempted from taxes.

**Mr. Marcus Powlowski:** If you're non-indigenous and you're working on the reserve, is it same thing?

**Ms. Lesley Taylor:** You would remit tax to Canada.

**Mr. Marcus Powlowski:** You do. You still have to pay tax. Under the Indian Act, only people who have status don't have to pay on reserve—okay.

How about for GST and PST on reserve? You talked about giving first nation communities the ability to collect that money for themselves, but right now, it's not collected.

**The Vice-Chair (Mr. Jamie Schmale):** You're about 30 seconds over, but you can quickly answer.

**Ms. Lesley Taylor:** Sure.

In the absence of an FNGST agreement, the individuals who are status individuals would be section 87 exempt from paying the GST with respect to purchases on the reserve land.

When an agreement is in place, then the taxing indigenous government has said that they're going to tax members. Then, under the agreement, would be taxing the non-members as well. For any consumption taking place on the lands, the revenues flow to the indigenous government that's taxing.

• (1140)

**The Vice-Chair (Mr. Jamie Schmale):** Thank you very much. I appreciate that.

To our Bloc Québécois friend, you have six minutes.

[*Translation*]

**Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ):** Thank you, Mr. Chair. I want to commend you on the leadership you've shown in your role.

My question is for all the witnesses. I'm not sure who the best person is to answer.

To begin with, it seems to me that certain indigenous communities are facing an ever-present problem. It obviously stems from the Indian Act being imposed on a number of communities and the objections that many indigenous people have, especially those from previous generations.

Under the current system, the obligation to collect property taxes, or at least taxes payable by residents, is on the communities themselves. However, some residents can point to the fact that they paid taxes on reserves and that, consequently, decisions by the federal government brought their traditional way of life to an end. That challenge is legitimate in their eyes because they weren't the ones who decided to live on indigenous land.

As I see it, the problem lies in the obligation being put on communities to collect that revenue themselves. Without it, they wouldn't have the money they need to support their development.

Don't you think indigenous communities and band councils are being made to shoulder the burden of a decision the federal government made, since they're being asked to collect tax revenue directly from residents? Is that how the system works?

**Ms. Lesley Taylor:** Thank you for your question.

I'm going to answer in English because the subject is a bit technical.



[English]

I would say that one thing I've stressed a few times is that these are voluntary arrangements. It is not something imposed on any group at any time. If there is an interest, I think one of the things we try to ensure is that there's sufficient outreach with communities and through important organizations like the FNTC, the First Nations Tax Commission, that can help be a resource for communities that want to understand their options. If they would like to enter into these agreements, there are many opportunities to meet and to discuss, to either go to us directly or, if they feel more comfortable, through an indigenous-led organization, working with a group like the FNTC, to get information about what's available.

It is a big decision whether or not to implement a tax regime. I won't downplay that. That is a big decision that a community has to come to through its own discussions, its own priorities and its own values. We're there to be a resource. We're there to help explain, but I do acknowledge that it is a big decision. Big considerations need to go into whether to tax or not.

In terms of setting up an actual tax regime, many pre-existing models are used. I spoke about the FNGST. That's applied on the same basis as the GST rules. The CRA administers free of charge. In terms of the burden on the community itself, because we're looking at a harmonized regime with administrative support, there's help along the way. It's not that they have to take on the administration themselves.

[Translation]

**Mr. Sébastien Lemire:** What makes the housing crisis even more severe for first nations members is that property ownership is out of reach for many of them, mainly because of poor access to capital.

How can we turn the situation around, so that first nations members can become property owners on their land?

Is a solution in the works as part of the various efforts to advance reconciliation?

Is it necessary to revisit the Indian Act, and find a solution that would be more difficult to negotiate and take longer to put in place?

[English]

**Ms. Lesley Taylor:** In terms of financing, I don't think anyone at this table is best positioned to answer those questions. Our area is a bit more niche than that. I know that you have some of our federal colleagues from CIRNAC and ISC coming in the second hour of this appearance. This is not to put them on the spot, but they may have some better information about the financing issue.

Certainly, it's a known issue. How to ensure a fair approach to overcoming some of the traditional barriers that have been there to development in terms of accessing financing is a known issue. I know there are groups within the government working on it.

• (1145)

[Translation]

**Mr. Sébastien Lemire:** Does taxation work differently in the case of indigenous land that doesn't have a reserve designation?

Do you have additional powers, as some departments do, or is it harder to put tax measures in place and generate revenue?

[English]

**Ms. Lesley Taylor:** I think it's important, if you're going back to the section 87 exemption, that this applies and clearly is delineated as applying on the reserve lands. In the case of indigenous governments that are post-treaty, it would be the reserve lands at the date of the signing of the treaty, so just prior to entering into treaty.

That section 87 exemption obviously carries with it an exemption from tax, but groups can choose to tax there. Post-treaty, what you're talking about, is the settlement lands, which can be much broader than the reserve lands prior to treaty. You're not bound by those lands when you're opting into a tax framework.

Yes, there are different treatments that flow out of whether it was designated as reserve land or not.

[Translation]

**Mr. Sébastien Lemire:** Thank you.

[English]

**The Vice-Chair (Mr. Jamie Schmale):** Thank you very much. That was about 30 seconds over, but that's okay.

Ms. Idlout, you now have six minutes. Thank you so much.

**Ms. Lori Idlout (Nunavut, NDP):** [*Member spoke in Inuktitut*]

**An hon. member:** Chair, there's no translation.

**The Vice-Chair (Mr. Jamie Schmale):** I'm sorry, Ms. Idlout. We don't have translation yet.

Ms. Idlout, it looks like it's working.

Did you get the translation, Ms. Taylor? I believe that question is for you, or is it for Mr. Brookfield?

You can continue, Lori.

**Ms. Lori Idlout:** They're still putting their earpieces on. I'm going to give them time to put their earpieces on.

**The Vice-Chair (Mr. Jamie Schmale):** Okay.

The clock is stopped, by the way.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Good morning.

First of all, I'd like to thank you for coming here. What we are discussing today needs a lot of improvement and a lot of reworking.

First, I will ask if you could all respond whether it's your responsibility.... Canada has a reconciliation policy with indigenous peoples, the federal government and its various departments. How does it affect your department, these reconciliation strategies and plans that you have with indigenous peoples?

Lesley, you could go first, and then Robert and then Isabelle, in that order.

**Ms. Lesley Taylor:** Thank you for the question.

Reconciliation, for us within the tax policy branch within the indigenous governments area, is about ensuring we can do everything we can to support and work with partners to advance the agenda of taxation if they wish—

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

I apologize. Maybe I wasn't clear. I will ask again.

Reconciliation is a very important thing. Where did the directive come from to work on reconciliation?

We know there is a universal United Nations Declaration on the Rights of Indigenous Peoples. Are you aware of that?

[*English*]

To ask the question briefly, where do you draw your authority from when you are implementing reconciliation from within your department?

• (1150)

**Ms. Lesley Taylor:** The UN declaration implementation act certainly provides us with a framework and with guidelines to undertake to meet all the terms of the legislation, absolutely.

**Mr. Robert Brookfield:** I'd say similarly our department implements the United Nations declaration implementation act, so it's very important for us.

We have units that deal with this specifically. As I mentioned with respect to gaming, there is a unit that deals with UN declaration act implementation. We deal in our unit quite regularly within the context of number 78, which deals specifically with gaming. Some other elements are, for example, forced sterilization, which is another one that's important in relation to criminal justice.

They have a whole mechanism for reaching out to us on those particular issues. Obviously they reach out within the Department of Justice and more broadly to try to address those issues.

I also say that, for me at least, and I think for our department, reconciliation is not just about UNDA implementation. That's one mechanism that's dealing with particular rights, but I would say that every initiative we take on is informed by a desire to advance reconciliation, although not always as far as we might like to do.

**Mr. Aliou Diarra:** I can add to that.

For the Canada Revenue Agency, it is aware of the United Nations Declaration on the Rights of Indigenous Peoples, and we as a department also are contributing to the implementation of the UN-DA action plan.

For us, given our mandate, the focus is really on continuing to build trust and to engage with indigenous partners, but also to customize our services so that we can suit the particular circumstances of indigenous people.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Thank you.

Regarding the United Nations Declaration on the Rights of Indigenous Peoples, how do you plan to implement the rights of indigenous peoples under the UN declaration? How do you plan to implement that here?

Perhaps you could respond, Robert.

Thank you.

**Mr. Robert Brookfield:** As I mentioned, there's a unit within the Department of Justice that implements the United Nations declaration act action plan. There are a number of items, as I mentioned, two specific to criminal law justice that we deal with. They reach out more generally. They have broad processes to try to track what's going on. I couldn't say today, or perhaps ever, in detail what's going to happen with each of them.

I should also highlight that there is separately but related an indigenous justice program strategy that the Department of Justice is leading on. That involves, again, another unit, but they are going out to very many communities across Canada to see what could be done, particularly in the justice space, including criminal law but not just limited to that.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Thank you.

Lastly, could you all respond separately to the following questions?

Regarding reconciliation with indigenous peoples in Canada, when you work with indigenous peoples in Canada do you speak their languages? Do you follow their code guidelines? Do you find that their policies and value systems are different from the federal government's?

How do you work it out so that you are able to work together?

**Ms. Lesley Taylor:** With respect to language, I speak English and French but not beyond that. I think we would rely on interpreters as necessary and try to ensure, especially with the Canada Revenue Agency, that there's more and more available in a variety of languages with respect to the tax system so that people can—

**Ms. Lori Idlout:** [*Member spoke in Inuktitut*]

**The Vice-Chair (Mr. Jamie Schmale):** I'm sorry. That was still 30 seconds over.

**Ms. Lori Idlout:** I wasn't talking about languages, unfortunately.

**The Vice-Chair (Mr. Jamie Schmale):** I'm sorry.

I did purposely let everyone go about 30 seconds over. As you noticed, everyone got the same. The reason is that we did start 10 minutes late and it's my understanding that we expect bells around 12:30.

If the committee is okay with it, maybe we can wrap up this round and get into the second hour, if that's okay with everyone.

I see thumbs up. Are we okay with that?

Okay. Then we'll get into the second round because we will have a short period of time there, too.

Thank you to our witnesses. We'll briefly suspend while we set up for the next panel. We appreciate your contributions and appreciate everything that's been going on here.

We'll briefly suspend.

• (1150)

(Pause)

• (1200)

**The Vice-Chair (Mr. Jamie Schmale):** Welcome back, everyone. Thank you for your patience as we set up for panel two on our study.

We will have limited time because, like I said earlier, we do expect bells.

Before we get to the witnesses, I just want to deal with something the NDP brought to my attention. I seek the committee's guidance on this. Ms. Idlout was wondering, because her question was not answered, and the interpretation was probably not understood entirely by our witnesses, if she can resubmit her question to the witnesses and the witnesses can then provide a written statement.

Does anyone have any issue with that? No. Perfect. Thank you, everyone.

We are going to go to our second panel of witnesses. We have the Department of Crown-Indigenous Relations and Northern Affairs Canada that is going to kick things off. I think someone is working on their...

It's okay, take your time. Do you want to go to the other one first?

Who wants to go first?

Mr. Wright, it's all you. You have five minutes.

**Mr. Rob Wright (Associate Deputy Minister, Department of Crown-Indigenous Relations and Northern Affairs):** Thank you.

My name is Rob Wright. I'm the associate deputy minister for Crown-Indigenous Relations and Northern Affairs Canada.

Thank you, Mr. Chair, for inviting me, along with my colleague Christopher Duschenes, who is the director general responsible for indigenous institutions and governance modernization, to partici-

pate in this important study on taxation revenue and economic reconciliation.

Before beginning, I want to acknowledge that we are gathered on the traditional territory of the Algonquin Anishinabe people.

We welcome the opportunity to participate in the committee's study and to outline how Crown-Indigenous Relations and Northern Affairs Canada is working collaboratively with first nations to support them in shaping their economic futures.

Of course, we're not doing this work alone with first nations. While we support the First Nations Tax Commission and the other institutions of the First Nations Fiscal Management Act, Finance Canada, as you saw, is the lead department on taxation, and its leadership and collaborative work in this space are critical. Similarly, colleagues at Indigenous Services Canada and, from the previous hour, the Department of Justice and other departments play vitally important roles.

Historically, through colonial systems and structures, the federal government actively impeded the ability of indigenous peoples to participate in and contribute to Canada's economy. Today, we recognize those harms and their long-term negative impacts, and CIRNAC, along with other federal departments, is working to renew our relationship and support indigenous self-determination and the full participation of indigenous peoples in Canada's economy.

One way we're doing this is through the First Nations Fiscal Management Act and the four independent first nations-run fiscal institutions, which provide first nations with the support and tools to strengthen their communities and build their economies. First nations choose whether to participate in and to leverage authorities under the act.

Almost two-thirds of first nations are now scheduled under the act, with many of them taking full advantage of these economic tools. While all first nations can pass bylaws related to the taxation of land under section 83 of the Indian Act, the First Nations Fiscal Management Act provides first nations with authorities similar to those of municipal governments in the areas of financial management, property taxation and local revenues, as well as financing for infrastructure and economic and social development.

To date, 160 first nations have enacted property taxation laws under this act, and another 27 are taxing land use under section 83 of the Indian Act, collecting almost \$125 million annually. Taxation allows first nations to collect stable, local revenues from land uses such as agricultural permits and leases, oil, gas and timber leases, commercial and residential leases and utilities. First nations then choose how to invest these revenues according to their own priorities.

[Translation]

That's just one of the ways that communities are taking control of their own future.

Before the First Nations Fiscal Management Act came into force in 2006, first nations governments did not have access to affordable long-term capital like other governments. Owing to historical barriers stemming from the Indian Act, first nations were charged prohibitive interest rates and banks were reluctant to lend.

The situation is very different today. Communities exercising powers under the act have received nearly two billion dollars in loans from the First Nations Finance Authority. That money is used for community development, which is the very definition of economic self-determination.

In addition, these communities score higher on the community well-being index.

• (1205)

[English]

Collectively, these authorities and supports are advancing reconciliation, self-determination and socio-economic development in first nations in line with the UN Declaration on the Rights of Indigenous Peoples. A living example of this was the codevelopment with indigenous partners of amendments to the First Nations Fiscal Management Act, Bill C-45, which passed in Parliament just last June.

This collaborative approach is also consistent with the government's commitment to modern treaties and self-government arrangements, which cover over 40% of Canada's land mass.

They establish relationships between the Crown and indigenous peoples, and provide indigenous governments with the ability to generate revenue through direct taxes.

The full inclusion of indigenous peoples in the economy could mean tens of billions of dollars in growth to Canada's GDP. For example, a recent report from the Atlantic Policy Congress of First Nations Chiefs Secretariat found that indigenous economies had a direct contribution of \$3.6 billion in 2020 to the Atlantic economy alone.

[Translation]

Despite the progress that has been made—

[English]

**The Vice-Chair (Mr. Jamie Schmale):** I'm sorry, Mr. Wright. You're about 40 seconds over, if you want to wrap it up.

[Translation]

**Mr. Rob Wright:** Despite the progress that has been made, there is still a long way to go, and we will continue to support first nations, Métis and Inuit communities on the path to self-determination and economic prosperity.

[English]

Thank you. *Merci. Meegwetch.*

**The Vice-Chair (Mr. Jamie Schmale):** Thank you.

I apologize for rushing you there. I didn't know how much you had left.

I have Indigenous Services up next. I don't know who is going to go, so I'll pass the floor to whoever wants to speak.

[Translation]

**Ms. Michelle Kovacevic (Associate Deputy Minister, Department of Indigenous Services):** Good afternoon, Mr. Chair.

[English]

Thank you.

I, too, would like to acknowledge that we are gathered on the traditional and unsundered territory of the Algonquin Anishinabe people.

My name is Michelle. I'm the associate deputy minister at Indigenous Services Canada, and I'm joined by my colleague Jessica Sultan—in a very tangled earpiece—who is the director general of our economic policy development branch.

[Translation]

Today, I'll be discussing how my department is following the example of indigenous leaders, and working with them to eliminate systemic barriers to economic development and support greater self-determination.

[English]

Economic reconciliation, whether through supporting indigenous entrepreneurs, enabling job creation in indigenous communities or helping ensure that indigenous peoples have access to the capital they need for equity in major projects, is about making sure that everyone has equitable access to economic opportunity. This will be achieved by supporting and responding to priorities brought forward by indigenous leaders and by taking responsible action to remove economic barriers. This is something we aspire to do at Indigenous Services Canada.

I'd like to highlight very briefly some of the key programs that target economic development. Budget 2024, as you probably know, announced \$350 million for the aboriginal entrepreneurship program to continue to support indigenous enterprises and help them access affordable capital. This investment will enable job creation and stimulate economic activity in indigenous communities.

The indigenous loan guarantee program is an additional tool to ensure that indigenous communities have access to affordable capital in order to optimize indigenous equity participation in major projects. We also have an initiative called the strategic partnerships initiative, which builds capacity for indigenous participation in economic development opportunities, such as local, economically sustainable clean-energy projects.

[Translation]

Through partnerships with many federal departments, provincial and territorial governments, as well as non-federal groups, the strategic partnerships initiative helps to fill gaps in existing federal programs and mobilize other sources of funding to provide indigenous communities with as much economic development support as possible.

[English]

The federal government is also supporting economic reconciliation by driving demand to indigenous businesses via the implementation of a requirement to ensure that at least 5% of the value of government contracts is awarded to businesses owned and controlled by indigenous peoples, and by respecting modern treaties that include procurement obligations.

Finally, the development of an economic reconciliation framework will unlock opportunities to advance self-determination and economic reconciliation by ensuring that indigenous peoples can meaningfully participate in and shape the decisions that make economic growth possible.

• (1210)

[Translation]

Indigenous peoples will set their own economic objectives to achieve their vision of economic prosperity and well-being.

[English]

We know there's a lot more work to do when it comes to advancing indigenous economic reconciliation, but we're up for the task.

[Translation]

I would be happy to answer any questions the committee may have.

Thank you.

[English]

**The Vice-Chair (Mr. Jamie Schmale):** Thank you very much to our friends here from CIRNAC and Indigenous Services.

We start with the Conservatives. I think it is Mr. Shields for six minutes.

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

Thank you to the witnesses for being here today.

Mr. Wright, you probably heard me ask a question earlier. I'll ask you the same one. When we talk about land that they have, are you aware of first nations that have fee simple, actual, individual landownership on nations?

**Mr. Rob Wright:** Thank you very much for the question. I may, in a moment, turn this to my colleague at ISC, who may have more details.

Certainly, Mr. Shields, there are many examples of first nations communities having ownership of fee simple land.

**Mr. Martin Shields:** Are they on an individual basis?

**Mr. Rob Wright:** On an individual community first nations basis, absolutely. I can speak to Membertou First Nation just outside of Sydney. I know for a fact that when they developed a hotel, they did that on fee simple land at the time. They later entered into a land code, which may have made that process a little simpler, but at the time chose to do that through a fee simple transaction.

Michelle, I don't know if there's more you would like to add.

**Ms. Michelle Kovacevic:** I'm not sure I can add more than that, Robert.

Clearly, sir, we can follow up if there are specific questions.

**Mr. Martin Shields:** I think for economic development, it's one of the barriers out there. We as individuals, under our structure, can get mortgages. We can borrow and we can get that. It has been an economic barrier, in a sense, for indigenous people that this barrier has been there, because they haven't been able to have title, fee simple, to gain actual property.

I think this is something that you're suggesting is now beginning to happen.

**Mr. Rob Wright:** Yes, I can say that, sir. Certainly, one thing we're seeing is that sometimes communities are wanting to add to reserve, which is a process that we work on between both our departments, but in some instances they prefer to purchase land and hold it in fee simple.

**Mr. Martin Shields:** Thank you.

With your department, when you talk about funding, is it yearly grant-based that we're talking about? When you're talking about economic development, you're talking about \$350 million. Is it grant-based in a yearly grant application?

**Ms. Michelle Kovacevic:** Yes. The vast majority of it, so the \$350-million aboriginal entrepreneurship program, is a contribution. In this case, it is with the national aboriginal partnerships corporation. They dole out the money to 58 independent indigenous financial institutions, who in turn work directly with communities to help individual indigenous entrepreneurs in communities obtain loans for businesses. From our perspective, it's a contribution.

**Mr. Martin Shields:** One of the challenges with grant-based, having talked economic development with a number of nations, is that the application process to find the grant, to secure the grant, to get it to the grassroots to where an audit may occur, which obviously it doesn't, and then to start over again just doesn't work. They're saying that the grant structure doesn't work. It just doesn't get to where it needs to get. After many hours, days, weeks and months, it doesn't work.

**Ms. Jessica Sultan (Director General, Economic Policy Development, Department of Indigenous Services):** That is an issue that we are taking much notice of and working to modernize. I would note two specific undertakings. One is looking at the ability to potentially do multi-year funding, which would address that specific issue. The second is ongoing support, I'll call it, in terms of more direct provision to communities or indigenous entrepreneurs in the development of those grant proposals so that there's not as much administrative burden on each of the communities.

That's further offset by the provision of economic development officers in the community. Ideally, one in each community is what we're working towards to support that type of work.

**Mr. Martin Shields:** Thank you.

At this time, Mr. Chair, I would like to move a motion. It's one that has been circulated. The motion reads as follows:

Given that the appearance of the Minister of Indigenous Services and the Minister of Northern Affairs was delayed due to votes on Wednesday, May 22, 2024, pursuant to Standing Order 81(4), the committee re-invites the Minister of Indigenous Services and the Minister of Northern Affairs to appear separately for a minimum of one hour each to discuss the Main Estimates 2024-25, and that this meeting be held no later than May 31, 2024.

That has been circulated and tabled, and I'm moving it.

Thank you, Mr. Chair.

• (1215)

**The Vice-Chair (Mr. Jamie Schmale):** Thank you very much, Mr. Shields.

I believe everyone has a copy of that motion.

For the committee's context, the clerk has informed me that there are a few ways to go about this. Currently, we have Minister Anandasangaree in the first panel. Then we have Minister Hajdu and Minister Vandal for 30 minutes each in the second panel. Then we have the First Nations Tax Commission and I believe another witness for the third panel. That would be three hours on Wednesday.

There are a few ways to do this. We could ask ministers Hajdu and Vandal to try to stay, if it works in their schedule, for the full hour but in the same panel. The other option that was explained to me was to have each minister for one hour, because we have three hours each, but it depends on their schedules. I know that their schedules do fill up.

I leave it up to the committee to determine how they wish to do that and how they wish to proceed.

Is there any debate on this?

Mr. Battiste.

**Mr. Jaime Battiste (Sydney—Victoria, Lib.):** Yes, I think it would be great to get the ministers back. It was kind of a rushed intervention in committee because of the votes and whatnot. We asked for their time for an hour. They were able to do half an hour. What's the relevance of their doing a complete full hour? That means that each minister appears for an hour and a half as opposed to an hour.

Can we not just have them come back for one more round each, and then we can get to the tax commission?

I know that there are things that we also want to get to in terms of possible legislation that might be coming to us in June. If we're going to ask them to come back, fairness is that, if they've done a half-hour, they should do another half-hour. To add another hour on to that, I just don't see the relevance with all the important things that we have on the go.

**The Vice-Chair (Mr. Jamie Schmale):** Are there any others?

Mr. Melillo, go ahead, please.

**Mr. Eric Melillo (Kenora, CPC):** Thank you, Mr. Chair.

I appreciate Mr. Shields' bringing this forward. I think it's an important motion. We have a lot of members who have very important questions to ask of both these ministers.

To your question, Chair, about how we do this if passed, I would suggest we just ask both Minister Hajdu and Minister Vandal to stay an extra hour. We'd have the hour with Minister Anandasangaree, the hour with both ministers Hajdu and Vandal, and then the hour for the tax commission. That would be my suggestion. Of course, that's predicated on the motion's passing.

Yes, that would be a three-hour meeting, which I believe is already scheduled.

**The Vice-Chair (Mr. Jamie Schmale):** Ms. Idlout, go ahead, please.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

I agree with Jaime and Eric.

I'm in favour of an hour for Minister Anandasangaree and half an hour for ministers Hajdu and Vandal. I believe the other invited guests we already had should be involved that day as well.

I wish to say that we could allow extra time for those ministers. It is our responsibility to tell them, as members of Parliament, that we want them to spend an hour or half an hour to brief us. They have to respond to us and respond to our invitation.

• (1220)

**The Vice-Chair (Mr. Jamie Schmale):** Mr. Battiste, go ahead, please.

**Mr. Jaime Battiste:** I think you have consensus for the three hours.

We would ask for ministers Hajdu and Vandal to maximize their time with us. They have already delivered opening comments, so we can go straight into questions with them as opposed to having them do opening comments. We can then maximize that hour that we have with them to potentially get a maybe a round and a half each.

**The Vice-Chair (Mr. Jamie Schmale):** Is that acceptable to the committee? Does everyone agree?

(Motion agreed to)

**The Vice-Chair (Mr. Jamie Schmale):** That's perfect.

The bells will ring, but I think there's agreement around the table to go into the bells so that the Bloc and the NDP get their chance at questions.

I believe this now goes to the Bloc, because the the time.... I'm sorry; it's the Liberals.

**Mr. Ben Carr (Winnipeg South Centre, Lib.):** Mr. Chair, it goes to Mr. McLeod.

**The Vice-Chair (Mr. Jamie Schmale):** You are correct.

Mr. McLeod, you have six minutes, please.

**Mr. Michael McLeod (Northwest Territories, Lib.):** Thank you, Mr. Chair.

I thought you were going to skip me.

I think it's important that we take a bit of a look at our history as we move forward on the taxation issue. From the time the treaties were signed, from the time the Métis scrips were signed, the indigenous governments were not allowed at the table to take part in the development of this country. I know that certainly in the Northwest Territories the indigenous people really didn't have a seat at the decision-making table. It also meant that there was really no avenue to generate revenues. There were many barriers, in fact, to stop them from doing that.

Now, as we move forward and we are talking about reconstituting nations, as we're talking about working with indigenous governments and indigenous people becoming self-governing, the issue of taxation is a very important one. The ability to finance self-governing nations and other governance models in indigenous communities has to be based on the ability to finance their operations. This

means we need to get clarity on the ability to tax our own people, under indigenous governance.

There's been discussion about arrangements viewed as grants or contribution agreements, but I think most indigenous governments view the agreements as being along the same lines as those of the provinces and territories, under which long-term formal financing arrangements can be put together. There's no one funding source that could generate enough revenues to fund an indigenous government. Many different sources would have to be utilized, and many would have to be part of the arrangement with the federal government.

Royalties are also something that has to be considered. In the Northwest Territories we already have resource revenue-sharing agreements on some of the developments and renewable projects that are happening. Those things would all have to be taken into consideration and included in a long-term, multi-year financing formula.

It's been a long time coming, because for the 10 years the Conservatives were in power under Harper, the approach from the Conservative government was that pretty much everything had to be through OSR, own-source revenues. There was no progress being made on some of the policies, like the self-governing financing agreement that is now in place, which will really help when it comes to clarifying what the federal government will be providing. However, there are still other barriers.

My first question will be on discussions that may or may not be happening. Let's use the Northwest Territories, where I'm from, as an example. If any revenue agreement, especially with respect to royalties or taxation of properties or income tax, is taken over by indigenous governments, that will mean that revenues will drop for the Government of the Northwest Territories.

Have any discussions happened with other jurisdictions and other governments that would be impacted?

• (1225)

**Mr. Rob Wright:** Thank you very much for the question. It's an important one.

I certainly don't want to freelance here, sir. We could, perhaps, come back with a written response on that to make sure we give you a comprehensive response in that area, unless Mr. Duschenes has anything to add. No. Okay.

Michelle may have something for you, sir.

**Ms. Michelle Kovacevic:** I appreciate very much the question and certainly agree with you. Certainly, the Indian Act over the years has effectively locked indigenous people out of participating in the economy.

There are some things in place that are encouraging. My colleague Rob mentioned earlier that you can opt out of the Indian Act as part of the fiscal management act and set up your own financial administration laws. You can opt out of the Indian Act if you're a first nation and develop your own land code. These are certainly ways to create economic prosperity and other sources of revenue, but you're quite right: Going forward, there needs to be a whole lot more.

I can say that, with the government's commitment to developing an economic reconciliation framework, some of those discussions have already started. The framework, the policy, the vision and the actions all will be described by indigenous peoples. It's they who are going to set their future, and they who are going to say what they need. I think it's clear that revenue and economic prosperity, and removing those things and barriers that are in the way of first nations, Inuit and Métis people becoming prosperous, will certainly be top of mind.

Even within the structure that we're currently working in at Indigenous Services Canada, we're thinking, "What more can we do?" We have transfers that go out to first nations communities. Are there ways that you could look at those? Could you monetize them? Could there be ways to further encourage the money that's currently in the system to be used differently and more innovatively—to build homes, to build infrastructure?

All that is to say that there are discussions happening. Certainly, we're hearing it everywhere. I think that perhaps even with the economic reconciliation framework there's a real opportunity to hear from indigenous peoples on how they would like that to go.

**Mr. Michael McLeod:** Thank you for that.

I have another question about—

**The Vice-Chair (Mr. Jamie Schmale):** That's about it. I'm sorry. You went about 40 seconds too long, Mr. McLeod.

For the Bloc Québécois, we now have six minutes.

**Mr. Michael McLeod:** Are there any examples where the models already exist? If we're seeing how they're doing, are there positive results?

**The Vice-Chair (Mr. Jamie Schmale):** I'm sorry, Mr. McLeod. We might have to save that for another round or perhaps have our other colleagues get an answer to that question.

Monsieur Lemire, the clock is yours.

[Translation]

**Mr. Sébastien Lemire:** Thank you, Mr. Chair.

A review of indigenous economic reconciliation needs to address all aspects of self-determination and first nations jurisdiction with a view to supporting self-government. An issue that warrants particular attention as part of that review involves the Congress of Aboriginal Peoples, or CAP.

Canada and CAP signed a political accord on December 5, 2018, but it has produced little in the way of tangible measures. It's a fact that it is primarily CAP employees who are active in urban areas, where many indigenous people end up. They face an array of chal-

lenges from lack of housing and homelessness to mental health, addiction and justice issues, not to mention language-related barriers.

Resources urgently need to be allocated.

In concrete terms, what can be done to help fund the necessary services?

Also, under the circumstances, how can we strengthen CAP's authority, leadership and ability to act so that it can effectively help its members?

● (1230)

[English]

**Ms. Jessica Sultan:** In keeping with how Michelle described the economic reconciliation framework, the way the department is moving forward right now is by really doing our utmost to put the decision-making in the hands of indigenous peoples, where this is possible—everywhere this is possible—so all of those areas you just mentioned would be the same in terms of hearing directly from indigenous peoples on what the needs are, what the priorities are and what the best way to help is, because indigenous peoples know what they need.

[Translation]

**Mr. Sébastien Lemire:** You're absolutely right.

That said, are you currently in contact with the Congress of Aboriginal Peoples to help bring about those things?

As far as I know, there haven't been any discussions in quite a while, and the accord was signed in 2018.

What has changed since 2018?

[English]

**Ms. Jessica Sultan:** With regard to the specific agreement you're speaking to, I can speak to how we work with the Congress of Aboriginal Peoples from the perspective of economic development at Indigenous Services Canada. However, with regard to the entire government and the different areas that may have been involved with that agreement, I wouldn't be in a position and I don't believe any of us would be in a position to speak to all components of that, unless, perhaps, Deputy Wright...?

[Translation]

**Mr. Rob Wright:** Thank you for your question, Mr. Lemire.

As Ms. Sultan mentioned, the entire federal government has a role. The issues facing indigenous peoples in urban settings are crucially important. Of course, we agree with that.



Measures have been taken to improve the situation of indigenous peoples in urban areas. For example, the 2023 budget included measures and a \$4-billion investment to implement the urban, rural and northern indigenous housing strategy. Many measures are multi-faceted, including the situation in urban areas.

**Mr. Sébastien Lemire:** I'd like to talk about the First Nations Finance Authority, also known as the FNFA. The authority has many obligations, including implementing internal controls and safeguards to ensure that its members are financially secure. In a nutshell, these efforts are meant to provide members with credibility and support investments, and that work is recognized.

Would you be willing to consider some of the FNFA's recommendations? In particular, would you be willing to let the FNFA serve as the guarantor for on-reserve first nations entrepreneurs?

Currently, that option isn't available to entrepreneurs, but it's one way to support housing construction and the monetization of federal transfers. It would also help the FNFA to accelerate financing and infrastructure development, as well as to pursue its plans for community asset protection based on a pooled risk model for property and liability insurance.

Those are three small measures that could make a difference, especially as regards the housing crisis. They would also allow organizations, particularly well-structured organizations like the FNFA, to work towards overcoming the indigenous housing crisis in a practical way.

**Mr. Rob Wright:** Thank you for your question. You raise an important point.

I'll say a few words, and then my colleague Mr. Duschenes can provide some additional information.

Last year, in fact, we made changes to the First Nations Fiscal Management Act, and those changes were recommended by the organization itself. More changes are possible going forward. I believe last year was the third time the act had undergone changes, so that is a possibility as time goes on.

[English]

It's like building a foundation one brick at a time. However, the key thing is that the changes we made to the fiscal management act last year that this committee engaged on were changes that were brought by the institutions themselves. Therefore, over the next few years, they will be assessing other opportunities for further modernizing and strengthening the fiscal management act. They will bring forward those proposals, and this committee will be engaged on that.

I don't know if there's anything else—

• (1235)

**The Vice-Chair (Mr. Jamie Schmale):** Actually, we're way over time. We are almost a minute over time.

Thank you very much for your responses.

[Translation]

**Mr. Sébastien Lemire:** *Meegwetch.*

[English]

**The Vice-Chair (Mr. Jamie Schmale):** Ms. Idlout, you now have six minutes.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

Thank you.

First, I would like to thank you all for coming here to do your presentations. Your responses are very helpful.

I would like to start out by explaining with a preamble that the federal government wants to proceed ahead with any decisions or activities. It makes decisions about taxes and monies, and these are reliant on laws, which is why I will be asking questions of the presenters here.

I will ask you my question: As department heads, where do you draw your authority from when it comes to acting on reconciliation?

If you could respond to it individually.... Thank you.

**Ms. Michelle Kovacevic:** Thank you for the question.

If I understand, you're asking on what authority we act.

First and foremost, the Government of Canada has made a commitment to economic reconciliation. Economic reconciliation means that the Government of Canada and I—as a public servant, quite frankly, and one of the department heads—recognize that there has been harm done in the past. There have been barriers imposed on indigenous peoples in Canada, hence the need to reconcile.

The Government of Canada and indigenous partnerships have come together and acknowledged this. This is reinforced by the Truth and Reconciliation Commission and the calls to action, in what we're hearing out of the inquiry on the missing and murdered, and in what we're hearing in the United Nations Declaration on the Rights of Indigenous Peoples: that when nations and people in those nations recognize that there have been injustices and things that need to be repaired, they come together and make space for reconciliation and healing and for a better way forward.

I draw and the department draws authority from that which is real internationally and nationally but also personally, as a Canadian and as a public servant. I'm very committed to making Canada better for all of us.

Thank you.

**Mr. Rob Wright:** Thank you very much for the question. To add to Michelle's wise words, it is a combination of the mandate of the ministry and such pieces of important legislation as the UN Declaration on the Rights of Indigenous Peoples.

In the area of economic reconciliation, there are a few key components that drive our activities to work with indigenous peoples to ensure that there's full participation in decision-making, that indigenous peoples are able to enjoy their own means of subsistence and development, and that indigenous peoples are able to determine their own priorities and strategies and to shape their own economic future. It's really about self-determination in the end.

**The Vice-Chair (Mr. Jamie Schmale):** I'm sorry for interrupting, but we need unanimous consent to continue. I see that the bells are ringing.

Ms. Idlout, you're at about three minutes and 32 seconds. I was a bit lenient, so we have probably three or so minutes.

Do we have unanimous consent to continue through the bells?

**Some hon. members:** Agreed.

**The Chair:** Ms. Idlout, the floor is back to you.

**Ms. Lori Idlout:** [*Member spoke in Inuktitut, interpreted as follows:*]

When you think about reconciliation, considering the mandate of reconciliation and economic reconciliation, how do you work with indigenous peoples when federal laws are in conflict with indigenous laws? How do you resolve those conflicts?

**Mr. Rob Wright:** Thank you very much for the question.

I think that gets right to the heart of reconciliation. It's reconciling the sovereignty of indigenous peoples and the sovereignty of the Crown.

I think that's an example of Bill C-45 and the amendments to the fiscal management act. All of those proposals were codeveloped. Codeveloping and working together to reconcile pieces of legislation and laws and jurisdiction when we're talking about tax jurisdiction, where first nations and other indigenous communities may be taking up jurisdiction, as MP McLeod's question indicated, all have implications for provincial and territorial governments. It requires working through those various considerations to make sure you move from tension to making sure that things can be aligned. It takes time, and it's hard work.

● (1240)

**The Vice-Chair (Mr. Jamie Schmale):** Perfect—you're a minute early.

I see the bells are ringing, so we are going to vote.

We've done the business and agreed on the meetings. We'll see each other on Wednesday.

Thank you to our witnesses. Thank you everyone, and we'll see Patrick Weiler momentarily.

The meeting is adjourned.







Published under the authority of the Speaker of  
the House of Commons

---

### SPEAKER'S PERMISSION

---

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité  
du Président de la Chambre des communes

---

### PERMISSION DU PRÉSIDENT

---

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :  
<https://www.noscommunes.ca>