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• (1715)

[English]

The Chair (Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.)): I call this meeting to order.

Welcome to meeting number 112 of the House of Commons Standing Committee on Indigenous and Northern Affairs.

I want to start by recognizing that we are gathered on the ancestral and unceded territory of the Algonquin Anishinabe people and by expressing gratitude that we're able to do the important work of this committee on lands that they have stewarded since time immemorial.

Before we begin, I would like to ask all members and other in-person participants to consult the cards on the table for guidelines to prevent audio feedback incidents.

Please take note of the following preventive measures in place to protect the health and safety of all participants, including the interpreters. Use only use the approved black earpiece; the former grey earpieces must no longer be used. Keep your earpiece away from all microphones at all times. When you're not using your earpiece, please place it face down on the sticker provided on the table for this purpose.

Thank you all for your co-operation.

Today's meeting is taking place in a hybrid format. In accordance with the committee's routine motion concerning connection tests for witnesses, I'm informing the committee that all witnesses have completed the required connections tests in advance of the meeting.

With that, I would like to welcome our first panel, which includes, from the Canadian Council for Indigenous Business, Mr. Matthew Foss, vice-president, research and public policy.

From the National Aboriginal Capital Corporation Association, we have with us Mr. Andrew Leach, chair, board of directors, Tale'awtxw Aboriginal Capital Corporation.

From the Association of Iroquois and Allied Indians, we have Grand Chief Joel Abram, who is connecting virtually.

With that, I will turn it over first to Mr. Foss for five minutes for an opening statement.

Mr. Matthew Foss (Vice-President, Research and Public Policy, Canadian Council for Indigenous Business): *Tanshi*, Matthew Foss *dishinihkaashoon*.

Hello. My name is Matthew Foss. I'm a member of the Métis Nation of Alberta.

As vice-president of research and public policy for the Canadian Council for Indigenous Business, I want to thank you, Mr. Chair, and those involved for this opportunity to provide some comments for this study on tax revenues from businesses on first nations territories.

Since 2013, the Canadian Council for Indigenous Business has been conducting research on indigenous economic development corporations and broader indigenous community economic development initiatives. Our 2019 study found that many—about a third—reinvest 21% to 50% of their after-tax revenues back into the community. Some—about 15%—reinvest between 75% and 100% of those revenues into the community. Few—about 20%—reinvested only 0% to 5%.

This funding helps to support infrastructure development, social and business programs, and really anything that the community decides to spend it on.

The main challenges in engaging the community include getting community members' attention and then, once they are aware, helping them understand the role and approach of the indigenous economic development corporation.

Participants cited numerous community benefits from economic development corporations. Over half indicated that the most significant benefits are that they support digital infrastructure and provide employment income. About a quarter pointed to the support for physical infrastructure, keeping members in the community and helping to strengthen the community economy. About 20% highlighted that economic development corporations contribute to a stronger sense of community pride and fund local services and programs.

Communities should be directly receiving a share of the value of the economic activity that happens in their territory. Taxation from businesses operating on reserve provides an opportunity to generate own-source revenues to support community priorities and projects, particularly in the case of non-indigenous businesses, where the income is brought in from elsewhere.

In the current state of affairs, much of these taxes are already generated; they just go to a different source, so it only makes sense to redirect them to the first nations governments. At least in this way they will be able to better support community priorities, including addressing the \$349-billion infrastructure gap facing their communities, and work to address other issues like digital connectivity and reinvestment into the many social initiatives that exist. Turning the revenues over directly to first nation governments helps to strike the right balance between taxation and facilitating indigenous entrepreneurship.

Indigenous entrepreneurs provide employment and income for themselves and other community members. This enables diversification of the local economy, skills development, employment opportunities and, most importantly, positive role models for people to aspire to. There is a need to ensure that these efforts keep them in mind.

First nations entrepreneurs are already reinvesting their revenues back into their communities and other priorities through social finance and charitable initiatives. Some companies, like Birch Bark Coffee Company, which reinvests a portion of its revenues from every bag of coffee sold to support indigenous clean water initiatives, do this consistently. Others, such as artists like Patrick Hunter, will engage in initiatives like developing designs for orange T-shirts and donate those revenues to support indigenous children's initiatives.

Many first nations entrepreneurs and people hold reservations around taxation. While first nations people share out of abundance, taxation differs from that. While taxation did exist within some pre-contact indigenous societies, these were relatively few and far between. For the vast majority of first nations, sharing was done more informally and aligned with the cycles of abundance and scarcity. It was done when needed to ensure that there was enough to go around for everyone and that having enough was not always a given.

Given this, and the fact that indigenous entrepreneurs already face a number of barriers relating to taxation and access to finance in general, it's important not to create a situation in which communities require double taxation and load burdens on businesses. Simply providing first nations with the ability to raise revenues from activities on their territories risks overtaxing indigenous businesses and entrepreneurs.

- (1720)

Already, indigenous entrepreneurs have highlighted in our interviews that a predatory nature can exist within some first nations communities when entrepreneurs do not feel supported within their communities. Having the money that they already pay in taxation go directly to their communities would alleviate some of these pressures.

It's also important to note that the transfer of tax jurisdiction does not absolve the federal government of its fiduciary obligations to first nations people and communities. Many communities cite concerns that their federal funding will be cut after they start generating their own-source revenues. We need to clarify that own-source revenues will not impact federal transfers, as is the case for provinces.

I think it's important for the Government of Canada to clarify this misunderstanding of their obligations to first nations people and I would call on the government to do so. As things stand, this fear can pose a major impediment to engaging with resource development and broader economic development.

The Chair: Mr. Foss, I'm going to have to ask you to wrap up, please.

Mr. Matthew Foss: Yes.

There's a need to continue discussions around the money that's being held in trust for first nations communities by the federal government and how that's currently being allocated.

With all that being said, thank you for the opportunity to lend the Canadian Council for Indigenous Business's voice and that of our members to this important topic. I look forward to questions that you may have.

Meegwetch.

The Chair: Thank you very much, Mr. Foss.

Next, I will hand over the floor to Mr. Leach for a five-minute introductory speech.

Dr. Andrew Leach (Chair, Board of Directors, Tale'Awtxw Aboriginal Capital Corporation, National Aboriginal Capital Corporations Association): Thank you.

Hello, everyone. It's good to see you all today. It's a real honour to be here.

I'm with the National Aboriginal Capital Corporations Association. We have a head office not too far from here.

I'll summarize my notes that I submitted, so I'll be done in five minutes. I saw how many pages Matthew had, and I don't want to be cut off. I'll quickly summarize what I have.

First of all, NACCA has been around for 30-some years. We basically lend money, development dollars, to indigenous entrepreneurs across Canada from coast to coast to coast.

In the early 1990s, the federal government put out \$200 million or so to these capital corporations across Canada. We lent that money out and were paid back, and then we lent that money out and were paid back. We have grown that \$200 million into \$3.4 billion of loans over the last 30 years.

Where I think we can bring value to this table is that in lending money to indigenous entrepreneurs from coast to coast to coast, we get information from them when they fill out an application. Just think about the information that you would have to put on a loan application. We have boots on the ground across the country. When people don't pay their loans, we know.

When COVID hit, it was very important for the government to know what was going on out there. What better source would there be to know who's paying their loans in that given month? Who would collectively have that information across the country for indigenous communities in the business sector but NACCA? That's the nature of our business.

I think that's the value that we can bring here today. It's knowing the information that we've been able to collect with the individual financial institutes across the country. It's collectively what NACCA has been able to provide on what's going on out there and the most and latest information on what sectors are growing, what types of businesses are there, how many employees are being created, what types of revenues are being generated, who's paying their loans and stuff like that.

I think what we've been able to see over the last 20 years are the indigenous communities that are most active and, dare I say, aggressive in applying the new laws and policies that have been coming down. Those include the fiscal management act and the land codes that have been created through the land management act, and they have had tremendous benefits. We know the constraints of the Indian Act. We've heard this for too long now. We know that these laws have been applied, and those who have been applying them the best have been able to really grow in their communities. The correlation between the amount of activity that's going on in a community and their ability to apply those new laws and policies is very clear.

We think that this idea of moving forward to the taxation question and how that might roll out and what could be done is a very important question. We do believe that those laws and those policies have created a better environment. We're trying to live within the Indian Act, basically. Creating these things will only do well for those who are going to apply it.

This idea that now that we can extend it to a tax regime for businesses that are doing work in first nations' backyards is a good thing. The three that you brought up in your motion—I just want to be sure of my time, by the way—included the excise taxes, the ATM casino sales and the carbon taxes.

The thing I want to say about excise taxes is that through the loans we give, a lot of those clients are providing services to first nations, and they would be tax exempt. I'm not so sure of the idea of getting tax revenues through excise taxes on reserve from tobacco sales, cigarettes, etc., but if there's something that can be done, great.

With respect to casinos and ATMs, obviously there are a lot of non-indigenous people who frequent these places. There's probably a better tax base from that.

• (1725)

Finally, on the carbon taxes, it's an issue for you guys to deal with in Ottawa. We can see that a lot of those industries are right in the backyard of first nations communities. If some regime could be created that could provide benefit back to these communities so that they could create the infrastructure that's needed, it would just seem to make sense, especially since many of those industries are affecting the traditional way of life and the food sources of those people.

I'll leave it there. Thank you very much.

The Chair: Thank you very much, Mr. Leach. You were right on time for five minutes. Thank you for that.

Next up, I'd like to turn over the floor to Grand Chief Abram for a five-minute opening statement.

Grand Chief Joel Abram (Association of Iroquois and Allied Indians): Thank you very much. Hopefully, you can hear me in the room. I know that there were a few issues.

Thank you very much for inviting me to say a few words in front of the committee today. I appreciate that.

My name is Grand Chief Joel Abram of the Association of Iroquois and Allied Indians in Ontario. I currently hold the portfolio of economic development within the Chiefs of Ontario for the province of Ontario.

I chair the chiefs committee on economic development. We've been focusing on a few different items there around the excise tax—casino, ATM and carbon taxes, but perhaps I can say a few words before that around economic reconciliation and about land-holding and the tax base.

One of the areas I really want to talk about here is this: How does Canada hold fiduciary obligations for first nations? It is true the way Canada came to claim most of their land. Our first nations understanding of treaties is that they were out of sharing rather than out of surrender. However, the interpreters of those told first nations people one thing and government another.

We know that the doctrines of supremacy also influenced how Canada claimed not only legislative power over first nations but also had claims over land and those sorts of things. We know that those doctrines of superiority are based on racism from the 1400s coming from papal bulls. We think it's long past due that we started to unwind these things, that we decolonize and start to recognize first nations sovereignty and jurisdiction.

At our Chiefs of Ontario committee, we're focused on things like excise tax sharing and its possible feasibility. For instance, we have Grand River Enterprises, which pays hundreds of millions of dollars in excise taxes to the federal government, but the Six Nations community where that comes from doesn't really get those excise taxes back in any form from the federal government.

We have talked about focusing on the excise tax. That work has been ongoing. We did a legal feasibility study recommending that we move forward with a FACT tax-sharing framework mentioned in the federal budget. Also, we're exploring excise tax revenue-sharing options that could retain profits within communities, which could then be utilized for community needs, while the tax-collecting powers and responsibilities would remain with the Canada Revenue Agency.

We're also looking forward to participating in and providing input to see the federal FACT tax-sharing and framework creation. We also hope that the federal government's consultation framework for the creation of the FACT tax-sharing framework will include provincial government representatives as well to address FACT taxes remitted to the province.

Regardless of whether section 89 applies to the excise tax, it's up to the federal and provincial governments to create new revenue-sharing agreements with first nations leaders and communities to ensure that FACT tax profits are allotted to first nations communities' needs.

Around the casino and ATM taxes, from Bill C-92 and the recent Supreme Court decision around that, when Quebec challenged its legitimacy, we do know now that the federal government has the power to legislate even in areas where provinces have the mandate—for instance, in health. Bill C-92 was about child welfare, but the federal government did give jurisdiction over child welfare to first nations. They could do the same thing with regard to gaming. That's something that I think we should take a serious look at.

On the topic of casino taxes and ATM taxes, the problematic provincial cartel system, as we like to call it, hurts first nations gaming hosts from maximizing their profits.

The federal government can also provide partnership opportunities—

• (1730)

[Translation]

Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ): Mr. Chair, I must interrupt.

Interpretation has stopped. We were informed that the poor sound quality was already making interpretation difficult. I want to thank our interpreter for having continued as long as she did, despite the circumstances.

Thank you.

• (1735)

The Chair: Thank you, Mr. Lemire.

[English]

Grand Chief Abram, I understand that we're having some trouble with the sound on your microphone. It's not coming through very clearly.

Perhaps we can have the technicians call you and see if they can find a way to clarify your sound and then perhaps bring you in after that's been done. Unfortunately, we can't continue unless your sound is coming in clearly.

At the very least, perhaps we can bring you back in for the second round of questioning as well as to finish your opening statement for another 40 seconds or so.

Grand Chief Joel Abram: Thank you.

The Chair: With that, we'll move into the first round of questioning, starting with Mr. Zimmer for the Conservative Party for six minutes.

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): Thank you, Mr. Chair,

Thank you to our witnesses, Grand Chief Abrams, Matthew Foss and Andrew Leach.

I think we have some Edmonton Oilers fans with us today. I think so, by the smiles. I'm another one, so let's hope.

The one thing that I really appreciated from Grand Chief Abram is the discussion about economic reconciliation. We've had previous committee meetings here talking about reconciliation and how important economic reconciliation is to reconciliation. To you all, how important is economic reconciliation to reconciliation?

We'll start with Mr. Foss, and we'll go around.

Mr. Matthew Foss: It's fundamental. Until indigenous communities are able to participate effectively in Canada's economy and have the means to self-direct revenues to their own priorities, have businesses that are successful and have opportunities for their children to be successful, since they're the fastest-growing population in the country, we won't see the social challenges that exist within those communities rectified.

Mr. Bob Zimmer: Mr. Leach, what are your thoughts?

Dr. Andrew Leach: You're talking to a business guy, so obviously there's a slant there. I think that economic reconciliation is the key to reconciliation. I think that we can do better for ourselves than anybody can do for us.

The biggest issue that we have is closing that economic gap. By focusing on that in terms of reconciliation, I think we all can get on board. Whatever background you may have, we need to deal with that. By our having the best control over that, I think you'll get the best outcomes.

I believe it is the central piece and that it is the path for us to move on for all of reconciliation.

Mr. Bob Zimmer: The grand chief is not available yet, so I'll move on.

We have seen and heard from countless indigenous communities that although there are resource developments occurring within their boundaries, they often find it difficult to access capital.

Mr. Foss, you've spoken about how providing that capital has made such a difference in those communities, but first nations need capital to accelerate their economic growth. They need capital to increase first nations jobs, promote first nation residential development and help mitigate the infrastructure gap facing first nations.

We're talking about existing tax revenues. We're not talking about an addition, because I think you said, Mr. Leach, that adding taxes isn't necessarily great for business or great for the communities. What ways could existing tax revenues from businesses on first nation territories be placed under the control of those first nations themselves, or be better directed so as to increase resources available to first nations?

Let's start with Mr. Leach this time.

Dr. Andrew Leach: As I mentioned on the three that were cited in your motion—the excise, the casino and the carbon—those resources, if they were shifted over towards First Nations.... I know this first-hand. When we get control, we will be responsible. We will be very judicious in it, and we'll start thinking. We see it. It's not like all those that are doing well are having a big party; they're putting the money back into their communities.

Where we're really facing that shortage is in infrastructure. I do believe that if there was a plan put in place to target something like infrastructure, you would see the money going towards that, because infrastructure is what provides the vehicle for more activity.

If you can get rid of the legislative issues, which we've been doing to date, and now start dealing with the infrastructure issues, we're going to have a machine going. My concern is that if we lag on the infrastructure, we're going to slow down the train. To me, having a way to target it to the infrastructure is going to be smart for first nations and smart for Canada.

Thank you.

Mr. Bob Zimmer: Please comment, Mr. Foss.

Mr. Matthew Foss: There's so much to say on this type of topic.

First and foremost, the communities themselves need to have control over revenues. To do anything else is just another form of the colonialism and paternalism that has dogged the communities since settlers came over.

Access to capital is a fundamental challenge. More than 50% of indigenous businesses cite that as one of their biggest challenges to operating. There is a lack of infrastructure and there are challenges around housing and clean water that exist in these communities. As Mr. Leach said, the importance of letting the communities dictate where those revenues go.... We can't, as an outsider to any of these communities, dictate and tell them the best thing they can do or what to spend their money on. They have to determine, based on their priorities, what is most important to them at this time.

● (1740)

Mr. Bob Zimmer: Okay. Thank you.

The Chair: That's time. Thank you very much, Mr. Zimmer.

Next up, for the six-minute round, we have Mr. Battiste. You have the floor.

Mr. Jaime Battiste (Sydney—Victoria, Lib.): Thank you for your testimony.

One of the things we're looking at is large infrastructure gaps in first nations communities across Canada. One of the unfortunate things, because of the Indian Act and the history, is that many communities do not generate any taxation revenues to pay for things

like roads, infrastructure and all the things that first nations communities need, unlike municipalities that have the ability to tax people for land, for homes and for all of these things. That's not something, generally, that chiefs want in a first nations community.

Budget 2024 committed to moving forward with an opt-in fuel, alcohol, cannabis and tobacco tax framework. Do you think there's an appetite for this from first nations communities across Canada? If so, how do you see that working?

That is for either one of you.

Dr. Andrew Leach: I'll go first. Thank you for the question.

What I've loved about some laws that have been passed to date is the opt-in option. I've heard many communities say, "We don't like that. We don't want that here." I say that's great. It's an opt-in option. They don't have to have it. However, those who have opted in and who have applied it seem to have done quite well with it. They seem to be quite satisfied with it.

I do wonder about the opt-in option in which we're basically saying that there are constraints with the existing environment, and you don't have to get involved in this, but if you do, you can do it this way: We're going to basically transfer the rules that are over here to over here, if you want. If the leaders who will jump in there right away can start with it and learn from it, then we can continue to tweak. I think that's what we've done so far. If we continue down that path, we'll not only learn from it, but also do better by it from an opt-in option. That's my thought.

Mr. Jaime Battiste: Mr. Leach, before I go on to Mr. Foss, can you give me some examples of first nations communities that have utilized tax sharing of this sort? You said there were some that are doing well once they have done this. Can you give me some examples of how that's worked?

Dr. Andrew Leach: What I'm actually specifically talking about, for example, is the opt-in option from the First Nations Land Management Act. We started out in 1999, when there were at least 15 that went forward. After that, we said that they didn't have to change, but if they wanted to, they could opt in. I was just using that as the model.

Those who have gone in and done it and passed the motions in their communities to go forward on it have been reasonably happy and have benefited economically from the change.

I do go to some communities where they say that they'll never go down that path. I say that they don't have to. It's an opt-in option. I'm just using that as the example.

Mr. Jaime Battiste: Okay.

Mr. Foss, do you want to chime in?

Mr. Matthew Foss: There's not a lot to say on that matter. I'll leave most of that to rights holders to speak to directly.

I would offer to you the importance of ensuring that those opt-in provisions don't create complexity for indigenous businesses and that indigenous businesses aren't subject to multiple layers of additional taxes and administration that might go along with that.

• (1745)

Mr. Jaime Battiste: Do you see the indigenous loan guarantee program that we have announced—I think it was \$5 billion in the last budget towards possibly helping indigenous communities by basically being co-signers for indigenous projects—as part of the solution towards closing the infrastructure gaps in many communities?

Mr. Matthew Foss: Absolutely. It's a great step into that space to ensure that capital is available and to get another tool through the loan guarantee towards access to capital. Hopefully, there will be more than just the \$5 billion in the future.

Mr. Jaime Battiste: Do you think NACCA shows a best practice for how you can start with a small number of loan programs and then have that build? Do you think this is possible from the indigenous loan guarantee program that's currently out there?

Dr. Andrew Leach: Okay, I'll take it. I'm the NACCA guy.

Yes, and I agree with what Mr. Foss said. If there's any tool that we have that we can put on the table that somebody can try to put to use, let's do it.

With respect to the indigenous loan guarantee program, we have been able to leverage as much capital as comes our way to find partners and to work with our communities to make that dollar go farther. If there's money on the table, it says that we wouldn't have done it except that now that this is on the table, we'll do it. That would be great.

The one tool that I have seen first nations use has been the First Nations Finance Authority. They use it to put infrastructure dollars on the table that they probably otherwise wouldn't have. However, if there's another avenue or something that they could add to that to continue building that infrastructure, that's great; we're all for it.

I have loved seeing the projects that have borrowed from the First Nations Finance Authority. They have put in a gas station, a road and other services, and they have seen the economic activity that has come from that. Now they are ready to go after something else. If this was another stream that they could do that with, that would be great.

The Chair: Thank you very much, Mr. Battiste.

[*Translation*]

Now we'll hear from a third member.

Mr. Lemire for six minutes.

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

Meegwetch.

I'd like to start by highlighting a historic event that took place on Parliament Hill right before our meeting. The Anishinabe community was given the building at 100 Wellington Street, the former US

embassy. This is a very concrete gesture of reconciliation on the part of the federal government, and the Minister of Crown-Indigenous Relations. I point this out because rarely have I seen chiefs in my community and other Anishinabe chiefs so happy to be here.

I'd also like to acknowledge the contribution of former Anishinabe Grand Chief Verna Paulson in helping to make this happen. It was truly a very touching and happy event for the Anishinabe people back home.

My first question is for the representative of NACCA, the National Aboriginal Capital Corporations Association.

Mr. Leach, should a national indigenous organization like NACCA be responsible for designating indigenous businesses as such? You're present in all our financial institutions and in all the regions. Your track record shows that you support entrepreneurs at business hubs and that you offer programs for women and young people, among others. The recent gala you held in Gatineau was a great platform for networking and a moment of recognition for indigenous entrepreneurship.

I must also mention the leadership and dedication of members of your board of directors. My warmest greetings go to Jean Vincent, Shannin Metatawabin, Dawn Madahbee Leach and Magnolia Perron. I believe that the federal government can achieve and even exceed the 5% indigenous procurement target. Clearly, you're in a position to guide us in the initiatives and directions we should be taking regarding procurement and access to goods and services, with a view to fostering economic reconciliation.

Can you tell us about the First Nations Procurement Organization? It's a first to maximize the potential of First Nations businesses to access procurement opportunities and secure contracts through certification, networking, education and promotion.

• (1750)

[*English*]

Dr. Andrew Leach: Thank you.

NACCA is in a unique place, I believe, because of what I mentioned, which is our access to entrepreneurs across Canada from coast to coast to coast.

The idea of procurement came up. It's developed over time so that now we have a pretty solid position on this. We have networked with our IFIs, our indigenous financial institutions, across the country.

This 5% target of government contracts going to indigenous suppliers makes sense. I wonder about the challenges of making that happen and some of the things we'd have to do on our side and some of the things you'd have to do on your side. How could we better get to that place where we want to be?

Certainly how we go about identifying those who are indigenous entrepreneurs and what that means and how we come up with certification are questions we have all asked. What's interesting is that when we started this process, we even had to go inside ourselves and ask what qualified as an indigenous business, and we had our own internal back-and-forth about what that possibly could mean. It's been a learning process.

Ultimately, at the end of the day, our entrepreneurs just want to do business. If given the opportunity, they would do it well. I believe that.

How do we go about creating that? What I have always found is that we have this side A and side B. There's this middle, where we have to create that space so that they link up better. If we can do that, however that might be, I think that's how we'll flourish.

I can't help but also think about the procurements that are available for first nations vis-à-vis industry directly. That's where we seem to have had the most progress. I've been to those offices right in first nations communities, procurement offices that are interfacing with industry directly, and lots of activities are coming from it. I think we could learn from them about how they do it and how we can imitate some of those things.

Quite frankly, a lot of it's about relationships. We're very good at relationships. We know that once we start that, we'll do it. Industry knocks on the door and says, "I need this piece of equipment. I need this skilled labour right away. Do you have it?" "Yes, we have it. What do you need?"

I think we need to look at that and start seeing how we might be able to imitate that for government procurement.

[Translation]

Mr. Sébastien Lemire: Thank you for that concrete answer.

You mentioned the importance of recognizing indigenous businesses. In Quebec, the Identification First Nations, or ID1N, movement already allows indigenous businesses to be certified.

Is it a good idea to have an agency outside the federal government, or should we trust the federal government, knowing that things can happen? The ArriveCAN scandal is an excellent example. That said, the same is true of moccasin production: We can't certify that a contractor is truly indigenous when the federal government awards contracts. Things need to change.

How does an indigenous business obtain certification?

Dr. Andrew Leach: Thank you.

[English]

I think, quite honestly, bluntly and respectfully, that we know best who's indigenous and who's not. We do. If you give us the framework to create that, we will.

As I said, we've already started that process, and we've already started creating some goalposts. If we are given the mandate to create those goalposts so we know that they will be there, we will create them. I believe that once we've been given that mandate, we will create them.

Thank you.

[Translation]

Mr. Sébastien Lemire: *Meegwetch.*

The Chair: Thank you very much, Mr. Lemire.

[English]

I have to share the unfortunate news that we weren't able to get the grand chief's sound figured out. As long as it's the will of the committee, we'll be able to invite him back to provide the testimony that he was only able to begin today.

However, we are very fortunate that we have two fantastic witnesses here today to whom you can direct your questions.

With that, I'll turn the floor over to Ms. Idlout for six minutes.

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

Thank you, Chair, and thank you, panel, for coming here.

What you have to say is very important, and it is good to hear.

My first question is pertaining to the economic reconciliation by Indigenous Services Canada. It states here that they intend to work with indigenous partners. Please explain your participation, if any, in the development of the economic reconciliation framework, a framework that will remove barriers and support indigenous visions for economic prosperity.

Can you explain your participation, if any, in the development of the economic reconciliation framework?

[English]

• (1755)

Mr. Matthew Foss: We and a number of other indigenous organizations have been gathering to discuss economic reconciliation, and we're part of a group, along with NACCA, that created the national indigenous economic strategy with its 115 calls to economic reconciliation.

We've been very active and involved with respect to what that pathway looks like. As well, we gathered last month in Winnipeg with a number of other national first nations organizations to talk about what economic reconciliation means and needs, and we will be providing a report on that to government here, hopefully this summer or early fall, with our findings on that.

Dr. Andrew Leach: I was thinking about all the different experiences I've had when this issue has come up and how we've muddled through it, if you will, because it's been a new topic and a new idea in the last decade or so. However, certainly at the NACCA level—I'm a former chair of NACCA, by the way—when I sat at that table, we were interfacing with government on various projects and various issues, and this question of what was meant by economic reconciliation started coming up, so we had our own internal thing that we'd have to communicate back and forth.

In another life, right now, I actually teach courses on economic development with first nations institutes, and one of the questions that is coming up at that level is, "What is economic reconciliation?" One of the questions I ask my students is, "What is economic reconciliation to you? Here's some of the stuff that's coming up."

What I've learned is that it means different things to different people, and we need to honour that it means different things to different people.

Also, in another area of my life, I work directly with first nations in interfacing with industry on getting reasonably sizable projects off the ground with first nations partnership. We have to educate each other about what is going on and how it's impacting the first nation from their perspective, and it takes time. I've sat with industry, and they've said, "Why would we want to sign an agreement that says that we will not abrogate indigenous rights?" We tell them that's it's kind of standard, but they don't know that, and so we have to educate each other about what we want.

What I've noticed is that generally speaking, for us, we don't have time constraints. Generations aren't a big issue for us on a project. We're thinking long term. We're not here to buy this and turn it over and flip it in 10 years. Ninety-nine year leases don't mean much to us, because we know we're going to be here in 99 years, and I think we just have to start getting into their mindset. They operate at the speed of business. Time is much different, so how we can understand each other and get business done, I think, is a learning process, but it's a good thing, and the more we learn from each other, the more we adapt to each other, and the more benefit, I think, can come from both of us.

The Chair: You have about 45 seconds left.

Ms. Lori Idlout: Are we having a second round?

The Chair: Yes, there'll be a second round.

Ms. Lori Idlout: I'll finish for now.

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

With that, we will to the second round.

Going up first we have Ms. Rood for five minutes. The floor is yours.

• (1800)

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair, and thank you, witnesses, for being here today.

Mr. Leach, you talked a lot about economic reconciliation. I have the pleasure of representing five different first nations in my southern Ontario riding. That is a topic of discussion that's come up quite often in my meetings with the chiefs, especially of late.

They've told me they want to be prosperous. They're seeking investments in their communities. However, they find that they're being stonewalled right now at every turn by the current NDP-Liberal government. One of their largest concerns is the lack of meaningful consultations. They feel that they're not being listened to.

In your experience, how has the lack of government consultation hampered reconciliation efforts? Do you see first nations being given a lower priority by this current government?

Dr. Andrew Leach: That's a good question. I've wondered about this for a while.

I'm in a unique place. We're in a unique place in British Columbia. I was just watching the news last night. The City of Vancouver has actually put an action plan together for UNDRIP. They supported and passed a law on it a long time ago. The provincial government has done a similar thing.

I've talked to my indigenous friends across the country, and they were saying, "You guys did that? Your governments are doing that?," and I'm saying, "Of course. That's what we've done." Then I was thinking, "Is there something there?" Then it just makes good sense that we create an open climate under reconciliation.

What is reconciliation? To me, it's looking at something from a different perspective and saying that I should keep my mind open that the way you're viewing this might be different from the way I'm viewing it. Let me try to understand what you're saying so that we can work together to come up with an outcome that's good for both of us. To me, that's the gist of what reconciliation is.

In that vein, I think there are areas where we could still continue to learn from each other so that we can say, "Okay, I get it now. That's what you're saying. Let's work on that." I just feel we've been lucky over there. We're not struggling with that. We're not struggling with governments as much in agreeing to do business.

In my trading area, I have 50-plus first nations. In the Coast Salish territory, there are 50. Many of them are doing quite well, frankly. They just go to the table saying that this is their situation, so let's get together and work.

I don't think we have as much resistance on our side. I think we have a lot of entrepreneurship there to do some good stuff. It's just made for a good climate. It doesn't hurt that the property values are going through the roof over there, by the way. That's made some good business opportunities for us as well.

I think we've almost had a perfect storm, but I'd like to think we could model some of those things in other areas. I think it starts by just being open to trying to understand what the other side is saying and working with that in a good respectful way.

Thank you.

Ms. Lianne Rood: Thank you very much for that.

You mentioned earlier about industry being in the backyards of many first nations, especially forestry. You mentioned the carbon tax.

Many first nations are in rural and remote areas. They don't have the ability to have roadways. They use ATVs and snowmobiles; they don't have traditional vehicles.

What is the impact of the carbon tax on these communities as far as you mentioned, and with food cost and development in those areas?

Dr. Andrew Leach: I'm sorry. I didn't understand the question. What was the impact of which taxes?

Ms. Lianne Rood: I asked about the impact of the carbon tax because you mentioned the carbon tax earlier and how it would affect the communities with industry in the backyards and natural resource development.

Dr. Andrew Leach: Oh, I see.

I was only commenting on the questions that were raised in the motion. Frankly, I had to take a step back and ask what impact this would have, and I was just using a hypothetical that it does appear that industries are in our backyards and that we are greatly affected by them. For us to be more active recipients of that just would make sense. How we go about that, I don't know, and I would not be able to know what direct impact that would have. I don't have enough data to say one thing strongly on that one way or the other.

Ms. Lianne Rood: Continuing on the first point, with relation to economic reconciliation, multiple EV battery plants have been coming up around the country. Again, my first nations have told me that they have not received consultation or inclusion in proper consultation with first nations.

Would you say that the inclusion of the first nations in these discussions would have been a measure of economic reconciliation?

Dr. Andrew Leach: Yes, and I think especially if they're raising it.

I will go back to my asking what the process was for communications. I just need to be careful: I have been working in some communities where communications have been sent, but they haven't been followed up on, so I'd like to see what communications were done.

However, if it was a gap, then just let's say, "Okay, sorry, oops." Let's get people involved as early as possible. I do know that the earlier we're involved, the better the results you're going to get.

• (1805)

Ms. Lianne Rood: Thank you.

The Chair: Thank you very much, Ms. Rood. I forgot to say welcome to the INAN committee. It's a pleasure to have you here today.

With that, we're going to move on to our second questioner in the second round. We have Mr. Powlowski for five minutes.

Mr. Marcus Powlowski (Thunder Bay—Rainy River, Lib.): Thanks.

Mr. Leach, you talked about communities that opted into the First Nations Land Management Act early and had been aggressive and had prospered because of it. That was in response to a question about how those communities had benefited.

I wonder if you're able to relate that to the tax angle, because obviously we're talking here about tax. I understand that under the First Nations Land Management Act, there are some provisions related to real property tax.

Maybe you don't want to divulge what you could consider confidential information as to which communities have actually prospered from taxing under the First Nations Land Management Act, the first nations goods and services tax or the first nations sales tax. All of those are opportunities to make money. Maybe once you do that, Mr. Foss could also respond.

Dr. Andrew Leach: I can say this generally speaking. I am in the Coast Salish territory, and property values are very high there. If you think about it, if a first nation wanted to build a bunch of homes there and sell them on 99-year leases and collect those property taxes every year, they could set up a pretty nice little system there—and they have.

Those who have done that—and thank you for the confidentiality qualifier, because I do feel obligated—have set up infrastructures where I find the taxpayers are griping less than the neighbouring municipality's taxpayers, who go on like this: "What's going on here? They're not griping as much as we are. What's up with that?"

To me, there's something there that should be further explored about if there's any concern about our taking over specific tax regimes and that it's going to fall. I think there's data out there that could be generated that says otherwise.

With respect to the land management act, all I was saying is that there is definitely a link. Once they go through that process, they're creating an environment to get the tax infrastructure in place so that they can collect on that. I think we've seen that those who have done those two things have done quite well—in Coast Salish territory, for sure.

Mr. Marcus Powlowski: Before I ask Mr. Foss the same question, my understanding is that under the Indian Act there is some ability to collect taxes on real property. Are the ones who have benefited all been under the First Nations Land Management Act? Do they have to opt in before they can benefit from that?

Dr. Andrew Leach: It's been those who have opted in, 100%. The word is this: If we use the Indian Act to get any of these things, we're buried. It's only on the new systems that we have done better.

Mr. Marcus Powlowski: Mr. Foss, you don't have to actually name the communities, but give some examples of communities that benefited from using their tax revenue to better the communities.

Mr. Matthew Foss: I'm sorry, but I don't have examples for you.

Mr. Marcus Powlowski: I'll go back to Mr. Leach.

My understanding is that there are 14 communities under aboriginal self-government agreements—and this was news to me when one of my assistants told me about it—that have imposed some sort of personal income tax. I hadn't heard this before.

Can you tell me about those communities' experiences? Has this been financially beneficial to the communities, or has it really pissed off lots of taxpayers, or both?

Dr. Andrew Leach: That's a good question.

Each member of the first nations who had to vote to support or approve this knew very well—because there was a lot of consultation—that this was one of the things that would come from it, and they're not happy now.

I know some of the communities that have gone through this, and the leadership largely say that this was a good thing and that the pros outweigh the cons. I guess it depends on who you talk to there. In those who have gone through the self-government path, generally speaking, there's a positivity among the leadership, but I know that when you talk to the members, they are not so happy. I guess it depends on who you talk to.

● (1810)

Mr. Marcus Powlowski: Do I have any time left?

The Chair: You have about 40 seconds.

Mr. Marcus Powlowski: A big thing thing in Thunder Bay and a lot of communities is going to first nations to buy your gas. There must be a trade-off in terms of taxing gas. The reason people go there is that it's cheaper because of the tax advantage. If you start imposing a tax, perhaps you lose that advantage. I would imagine that there's a sweet spot in terms of taxing that revenue.

I wonder, Mr. Foss, if you have any ideas. Otherwise, I'll go to Mr. Leach again.

Mr. Matthew Foss: Clearly there will be a sweet spot associated with that. I think it's up to those communities to figure that out, because they work through and practise how that balances out.

Dr. Andrew Leach: Yes, there's definitely a sweet spot.

If you go to some communities in my area, there will be some who just won't use the first nations gas. They're first nations, and they won't use the gas station because of the tax amount. I'm think-

ing that if you're saving anyway, why don't you just use it? You know, you're saving, but they won't, because of the amount.

Then they have these different prices. Members get this kind of discount, and non-members get that kind of discount. There are all these little things that come up, so there's definitely a sweet spot.

The Chair: Thank you very much, Mr. Powlowski.

[*Translation*]

Mr. Lemire for two and a half minutes.

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

Mr. Leach, you probably attended the economic reconciliation round table held in February by Indigenous Services Canada. There were a number of participants.

What do you think of the direction the federal government wants to take on economic reconciliation?

Have indigenous rights holders been heard and listened to, in your opinion? Are their views sufficiently taken into account?

[*English*]

Dr. Andrew Leach: I mean this with the utmost respect to all governments, but it's an education process for anybody we're working with, anybody we interface with who has old ideas and old ways of doing things. Quite frankly, we just have to educate them on what this means for us.

As I said, we have to learn too. To me, economic reconciliation has been a new idea for us. A lot of stuff has gone on with us in trying to get out of a way of thinking. Fortunately, we've had good leaders who have got us to this place, have said this is kind of what ballpark figure it means, and we've been able to build off it.

I think there's a continued dialogue that we're going to have with all governments over the next generation. Hopefully we'll continue to refine this and affirm it, and we'll learn from each other and ultimately get to the sweet spot, the best place that works for both of us.

Let's work in that climate to be able to do good things. I know there's that spot and that we can do it. It's a work in progress right now.

[*Translation*]

Mr. Sébastien Lemire: How do you interpret the right to free, prior and informed consent? Do you think its scope should be substantially enhanced?

[English]

Dr. Andrew Leach: I'm sorry; I missed the question. Was it about consent?

[Translation]

Mr. Sébastien Lemire: Should the right to free, prior and informed consent be enhanced for First Nations?

[English]

Dr. Andrew Leach: Absolutely. It's a key part of reconciliation.

Quite frankly, for me, this is about respect. If you want to get consensus and build relationships, you have to get people involved as early as possible. If things are happening and moving very fast, the next thing you know is, "Oh, by the way, what do you guys think?" It will fall on its face because we feel disrespected when it happens. I can name many projects, multi-billion-dollar projects, that have fallen because they have not understood and followed that principle.

Free, prior and informed consent is definitely an important component of that.

[Translation]

Mr. Sébastien Lemire: *Meegwetch.*

The Chair: Thank you very much, Mr. Lemire.

[English]

With that, we'll go to our last questioner here before we wrap up this panel.

Ms. Idlout, you have two and a half minutes.

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

Thank you, Chair.

My next question is for Matthew first. Then, Andrew, you may respond after that.

In your view, what should an economic reconciliation framework entail or include? How would an economic reconciliation framework address challenges such as access to capital? That affects economic development in first nations communities.

• (1815)

Mr. Matthew Foss: There are a number of priorities to address, with access to capital certainly being one of the most fundamental business supports. Another is the ability to help communities develop entrepreneurship and entrepreneurial skills, and the business lit-

eracy attached to that. There is also the ability to have control over our land decisions and the ability to add land into reserves, and streamlining the process attached to that.

I think those would be a number of the primary considerations.

Dr. Andrew Leach: Thank you for the question

Quite honestly, I live and breathe this stuff every day, and I think about it every day. I think about my grandparents, who were very close to me growing up, and what they were hoping for and wanting, and I see it here: This is what they were hoping for and wanting. The fact that I'm here at this table with you is just really amazing, and if they were here, they would just be in awe that this is where we're at.

What we have on the table, I believe, is a good start, and it is a relatively new concept. These are not concepts that they were sharing with me in that kind of language, but the ballpark idea of what they were wanting is there, which is that we have a rightful place in Canada, more than anything, with respect, and that the respect we have with each other is paramount, and that we'll work together to find a solution that's good for all of us.

To me, this is what this is about. I think that if we go back to our grandparents and ask what it was that they were wanting, it would be in that ballpark. Again, it's still a work-in-progress kind of thing.

The one qualifying thing that stands out for me, frankly, is closing the gap. I want to close the gap. We have to close the gap. All the solutions that have been done to date have not done so well on closing the gap. Only in the last couple of decades have we been starting to make some good headway on that, but we're still a far way away, and we have to keep doing this work until we get some numbers that are comparable to the mainstream. First nations and indigenous people across the country are still far behind in many different numbers. Let's start working to close the gap. It's about respect, remembering what we were taught and closing the gap.

Thank you.

The Chair: Thanks very much, Ms. Idlout. That concludes our panel.

I do want to especially thank our witnesses for being here and for their wise testimony for our study.

With that, we will suspend very briefly before we move into committee business.

[*Proceedings continue in camera*]

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