

Bill C-19 Going to Committee

On February 25, the motion to complete second reading and refer Bill C-19 to Standing Committee was passed with 177 votes for and 76 opposed. The Bloc Quebecois voted with the Government, with all other parties voting against. No date has been set for the hearings.

Legislative Process Recap

December 2002

Bill C-19 was introduced to Parliament on December 2, 2002. Since then, it has survived the scrutiny of debate (including a motion that the bill be withdrawn), a second reading and a vote to be referred to the Standing Committee on Aboriginal Affairs, Northern Development and Natural Resources.

January 2003

On January 30, 2003, Bill C-19 had its second appearance in the House of Commons. Minister McLellan (for Minister Nault) moved that Bill C-19 be read a second time and referred to the Standing Committee. The Honourable Stephen Owen then opened a three-hour debate on the motion, stating that Bill C-19 is consistent with the goals and initiatives laid out in the Speech from the Throne. He added that through this legislation, the Government of Canada is removing barriers to First Nations so they can better participate in Canadian society.

During the debate, Brian Pallister, Indian Affairs Critic for the Canadian Alliance (CA), outlined his party's disagreement with the bill and moved that it be withdrawn. The motion was seconded by Kevin Sorenson (CA). Mr. Pallister stated that his party agreed with the goals of the bill, but did not agree with "where the government is heading". He argued, along with the other CA members that took part in the debate, that Bill C-19 will result in wasted resources that should be used to advance

health care, improve water quality and help eliminate First Nation poverty. Other CA members, Maurice Vellacott and Gurmant Grewal, used a similar argument.

Mr. Grewal, seconded by Ken Epp (CA), moved (as a sub-amendment) that the Standing Committee on Aboriginal Affairs, Northern Development and Natural Resources report to the House of Commons on its activities no later than June 13, 2003. This motion was defeated.

Pat Martin, Indian Affairs Critic for the New Democratic Party (NDP), stated that he did not believe that First Nation leadership supported the First Nation-led FNFI. He also argued that the Assembly of First Nations (AFN) did not support the initiative. [Note: Since 1998, the AFN has passed six resolutions of support for the institutions and 1 opposed to the draft bill.] Gerald Keddy, Progressive Conservative (PC), who was speaking in place of his party's Indian Affairs critic Inky Mark, stated that the PC party agrees with the premise of the legislation but cautioned about more government bureaucracy.

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Frequently Asked Questions

Why is legislation required to create these institutions?

First Nations, as with other governments, require a statutory base to support the regulatory framework needed to administer property taxation. Establishing these institutions through legislation will serve to provide the independence, stature, stability and legitimacy needed to fully realize their individual mandates.

Federal legislation would offer local taxpayers and investors greater certainty and assurance that the legal and institutional frameworks necessary for First Nations to enter both real property taxation and the bond market are sufficiently robust, well recognized and respected.

Without a legislative basis, their essential capacity would be severely undermined.

Further, the credit rating agencies and market advisors have indicated that a legislative basis for the activities of the First Nations Finance Authority, First Nations Tax Commission and First Nations Financial Management Board is an absolute requirement to successfully issue investment-grade securities. The legislation will also provide the First Nations Statistical Institute with a regulatory framework for the exchange of data with other stakeholders, and enable it to conduct recognized statistical activities while ensuring confidentiality and protection of its information.

How will First Nations benefit from the creation of these institutions?

The creation of these institutions will provide First Nations with the tools they need to support economic development, accountability, good government and, ultimately, improved quality of life on reserve.

Unlike other governments, First Nations do not have access to lower-cost, long-term debt financing for infrastructure development such as roads, sewers and water. With the proposed legislation, First Nations with long-term stable revenues can use the First

Nations Finance Authority to gain access to the bond markets. Revenues which can be used for this purpose include those raised through property taxation with the support of the First Nations Tax Commission.

The property tax and bond regimes thus established would be supported both by the First Nations Financial Management Board – which would help to increase the confidence of potential investors through ensuring sound financial management practices – and by the First Nations Statistical Institute, which would provide the data for decision making.

However, First Nations do not have to take up property taxation or borrowing to benefit from the proposed institutions. The First Nations Financial Management Board, for example, will be available to assist all First Nations in increasing their financial management capacity through the provision of advice and guidance. And the First Nations Statistical Institute will be available to all First Nations to assist in developing community-relevant analysis of social, economic and financial data. First Nation communities can use this analysis to monitor and improve the quality of services provided to their people.

Will the existence of the Finance Authority not encourage First Nations to assume large debt loads?

Each First Nation will have to weigh the costs of borrowing with the benefits it will bring to their community in terms of improved infrastructure. The proposed bill brings in place a rigorous management regime and institutional structure to ensure that a sound financial plan exists to support each borrowing transaction. Moreover, it will allow a First Nation to borrow at rates enjoyed by other levels of government, thereby providing a better return on locally generated revenues.

Will this legislation encroach on the Indian Act's S. 87 tax exemption for First Nation members?

No. It will strengthen the real property tax system, for the mutual benefit of taxpayers and those First Nations who have made tax bylaws. It builds from the practical experience gained by First Nations exercising real property tax jurisdiction.

The Committee Process

Although no date has been set for the committee hearings to begin, preparations for the committee process are well underway. The following is an outline of the committee process, including its various procedures and protocols.

What is a Parliamentary Committee?

A Parliamentary Committee is a group of Members of Parliament (MPs) chosen by the House of Commons to study and scrutinize a subject or legislation. Most committees consist of, but are not limited to, 16 MPs.

The membership of each committee reflects the proportion of the seats held by each of the political parties in the House. Tasks are usually delegated to committees in the interest of saving time in the House of Commons, or because the House itself is too large a body to perform certain kinds of tasks. The resulting division of labour allows members to become very knowledgeable in specific areas.

Although a committee is given various powers to aide it in the completion of its tasks, it remains a creation of the House of Commons, and as such can neither expand nor increase its powers or tasks.

A committee is not a final decision-making body. When it has completed its consideration of a matter, or a part thereof, a committee may present its findings, recommendations or decisions in the form of a report to the House of Commons. Committees can have considerable influence on policy formation and decision-making in the House. The report may include a request that the Government provide a comprehensive response to the committee's recommendations within 150 days of the presentation of the report.

When a committee studies a bill, it must report the bill, with or without amendments, to the House of Commons. The bill then enters into the report stage and receives its third reading. The bill must receive the same study by the Senate before becoming law.

What does the Committee Process involve?

A bill is normally referred to the standing committee that deals with the subject matter of the bill, but it can instead be referred to the Committee of the Whole House, a legislative committee or a special committee. Standing, special and legislative committees may receive briefs or hear witnesses, including the sponsoring minister, government officials, interest groups and individuals.

After hearing witnesses, the committee begins clause-by-clause study of the bill. It considers each clause of the bill and then considers the title and preamble, if there is one. The committee may make amendments.

It then votes to adopt or reject the clauses, preamble and title. If many amendments are made, the committee usually orders a reprint of the bill for use at report stage and third reading.

The sponsoring minister or the parliamentary secretary attends the committee's meetings to assist the deliberations by ensuring that the Government's position is expressed. This is of particular importance in situations where amendments to the bill may be proposed. The instructing officers and senior departmental officials also attend, and may be called upon to explain the bill.

What is the Report Stage?

At report stage, the committee reports the bill, including its amendments, to the House in which the bill is being considered. Further amendments may be proposed by the sponsoring minister or by any other member of the House at this stage.

This stage is the last opportunity for the members (only a few of whom are members of the committee) to propose amendments to the bill. Amendments are debated and voted on.

When proceedings at report stage have been concluded, a motion to concur in the bill, with or without amendments, is then proposed and voted on.

Legislative Process Recap *(continued from page 1)*

The debate concluded with a vote on Mr. Pallister's motion to have the bill withdrawn. The vote was deferred and later defeated on February 20, 2003.

February 2003

The House briefly resumed debate on the motion that Bill C-19 be read a second time and referred to a committee. The debate concluded with the Government House Leader agreeing to defer the vote to Tuesday, February 25, 2003.

On February 25, 2003, the motion was passed.

What's Next?

The next stage in the drive towards Royal Assent will consist of committee hearings, to be conducted by the House of Commons Standing Committee on Aboriginal Affairs, Northern Development and Natural Resources. Watch for updates and feedback on the committee process in the next edition of the *FNFI Update*.

Timeline for the Parliamentary Process

Date	Parliamentary Study (House of Commons and Senate)
August 15, 2002	• Notice
December 2, 2002	• Introduction and First Reading
February 25, 2003	• Second Reading and Referral to a Committee
May 2003	• Committee
2003	• Report • Third Reading • Senate (same stages as for the House of Commons) • Royal Assent

FNFI on the Internet

The following Web sites have more information about Bill C-19:

- First Nations Fiscal Institutions
www.fnfi.ca
- First Nations Finance Authority
www.fnfa.ca
- First Nations Financial Management Board
www.fnfmb.com
- First Nations Statistical Institute
www.firststats.ca
- First Nations Tax Commission
www.fntc.ca

Contact Information



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