

Government Orders

Mr. Siddon: If I am correct in anticipating the substance of the member's question, Madam Chair, it has to do with whether the earnings of the trust will be subject to taxation.

Let me say first of all that there is a schedule of payments associated with this agreement whereby the individual bands which complete band specific agreements will receive payments over the next 12 years. There will be a larger payment in the initial two years because the federal government has essentially doubled its payment in those first two years.

• (1215)

Those payments will be deposited to the Consolidated Revenue Fund in a special treaty land entitlement fund that Treasury Board has agreed to create so that it will not be subject to the usual conditions that apply to Indian or aboriginal trusts.

In this fund there will be a number of drawers which will hold money each year until there is a band specific agreement and the band is ready to draw out of the Consolidated Revenue Fund the payments due to them.

Those payments, while they are being held in this special fund within the CRF, will capture interest according to the usual Treasury Board formula. The question is, when they are drawn out, will the earnings on those funds be subject to taxation? I am advised that the provisions of this legislation are such that they are neutral on that question because it is presently before the Department of Finance and national aboriginal leadership as it pertains to all aboriginal trust accounts.

From one perspective I am sure First Nations would argue that if that money is earned on reserve as a result of the investment of the assets of the reserve, then it should not be subject to taxation. If it is earned off reserve, the policy of the government is that it is not then subject to immunity from taxation. That matter has to be resolved. It will be resolved on a level beyond this particular agreement but the agreement in no way precludes a determination that it not be subject to taxation. I cannot speak for the Minister of Finance in that matter. Is that an adequate explanation?

Mr. Taylor: Yes, Madam Chairman, and I thank the minister.

My subsequent question is one that I raised in my remarks at second reading and relates to the adequacy of resources for the referendum process.

As I indicated in my remarks, the bands must hold a referendum to ratify the terms of the agreement. The agreement allows for reasonable costs to be covered. A number of the chiefs have indicated to me that the department's interpretation of reasonable costs is actually inadequate to meet the needs of informing their membership; some of the band membership live some distance from the reserve but also have a stake in the settlement of this agreement and are included in the referendum process.

I wonder if the minister can tell me if the department is considering allowing for flexibility in this reasonable cost element, ensuring that there are adequate resources available for the conducting of the referendum.

Mr. Siddon: Madam Chairman, the department over the last three years that I have been associated with this process has attempted on every occasion to provide adequate funding for the necessary research on the public information process. Any time that Chief Roland Crowe of the FSIN sat down and said he needed some assistance for some aspect of ensuring the bands are fully informed and committed to this process, I tried to be as helpful as I could.

It is a credit to the Federation of Saskatchewan Indian Nations that it provided a co-ordination of all the bands so that it could collectively bring us to this day where we can I think finally see a solution to this problem.

In that process I am told the FSIN has discussed with the various claimant bands a means of preparing each band for the referendum which is required in order to ratify its band specific agreement.

I understand there were negotiations and a formula was established whereby funding would be made available for this process on a formula basis, which I am told at least the majority of the Saskatchewan First Nations claimant bands agreed to, and that \$2.5 million has been set aside for this purpose. Individual bands then will be able to draw their share, I would say, of approximately \$100,000. If the funds were not adequate or there was the need for some flexibility, as I said at the outset, I would like to try to be flexible but we also have to respect the role of the FSIN in co-ordinating this process. That can be pursued further through it and directly with the individual bands.