



The Conference Board
of Canada

Le Conference Board
du Canada

Chiefs of Ontario

Ontario First Nation Economic Forum 2016

Resource Revenue Sharing between the Crown and
remote First Nations in Canada

– a report on research in progress

Northern and Aboriginal Policy

Toronto, Ontario

October 12-13 2016

Who we are



The Centre for the North is a member-driven research initiative of The Conference Board of Canada.

Our members wanted to know:

- What are Crown resource revenue sharing agreements?
- How are these RRS agreements designed/structured?
- What impacts do RRS agreements have on First Nations community development?



Research Objective



- This research project seeks to compare and contrast several leading approaches to resource revenue sharing (RRS) agreements between the Crown and First Nations.
- Our objective is to assess how congruent these resource revenue sharing approaches are with the needs and realities of remote First Nations.
- This is a work in progress. There is lots to learn and we'd welcome your perspective.



Study Approach and Limitations



- The project is based on a comparative case study analysis that integrates quantitative and qualitative evidence.
- We examine concrete examples of RRS agreements between the Crown and First Nations in British Columbia (BC) and Quebec (Eeyou Istchee).
 - Project-based versus Treaty-based RRS models
- We want to understand how applicable RRS models might be to remote First Nations in areas like Ontario's Ring of Fire.
- There are lots of data and public knowledge gaps.



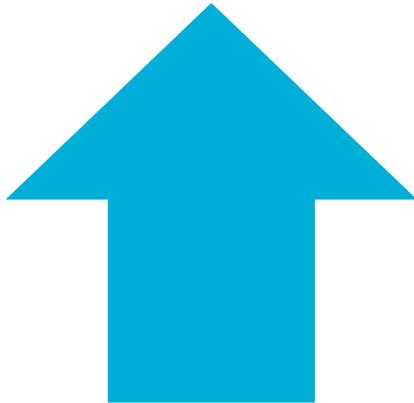
What is Crown Resource Revenue Sharing?



- We expand on the PDAC's definition to include other natural resource sectors:
 - *Any formal agreement between a national or sub-national government and an Indigenous community for the purposes of:*
 - *sharing government (public) revenues generated from natural resource extraction or use.*
 - *The government revenues from various natural resource sector activities, differ across jurisdictions and may include royalties, taxes and fees (e.g. for land use).*

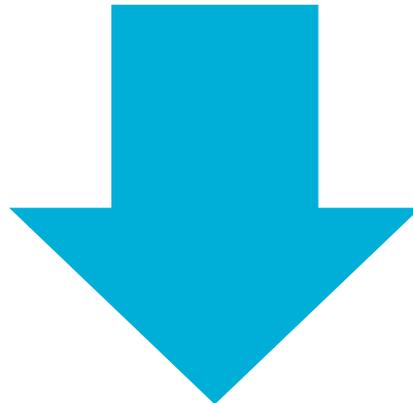


Debates in the literature and public sphere



Arguments for RRS

- Reconciliation
- Eases burden on industry
- UNDRIP (Articles 3 and 4)
 - Indigenous self-determination and self-government

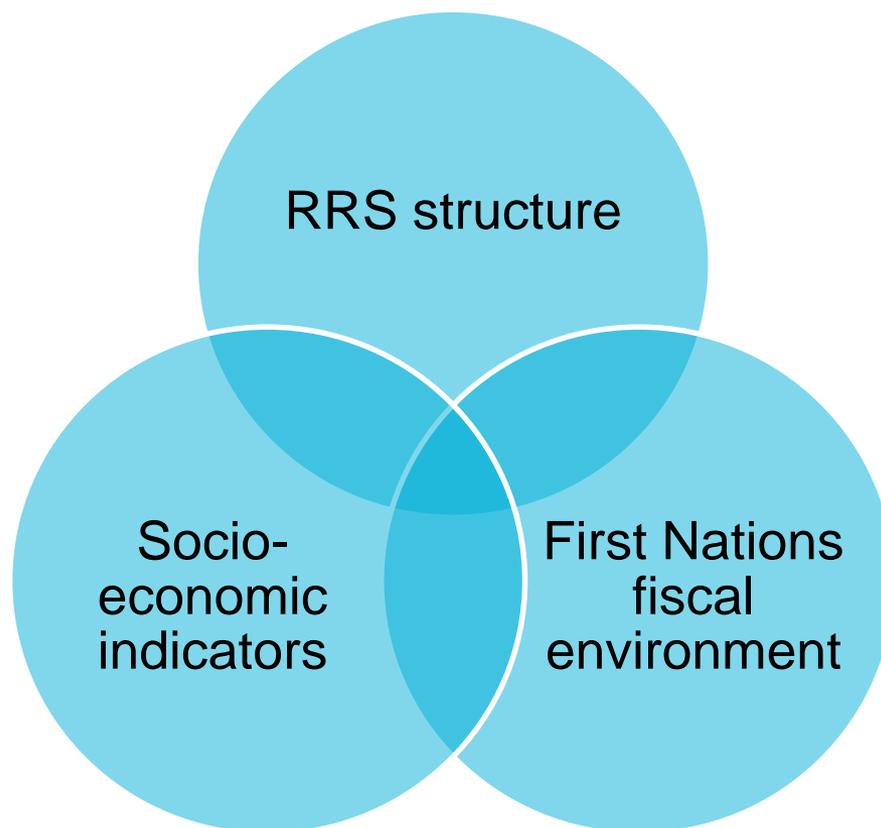


Arguments against RRS

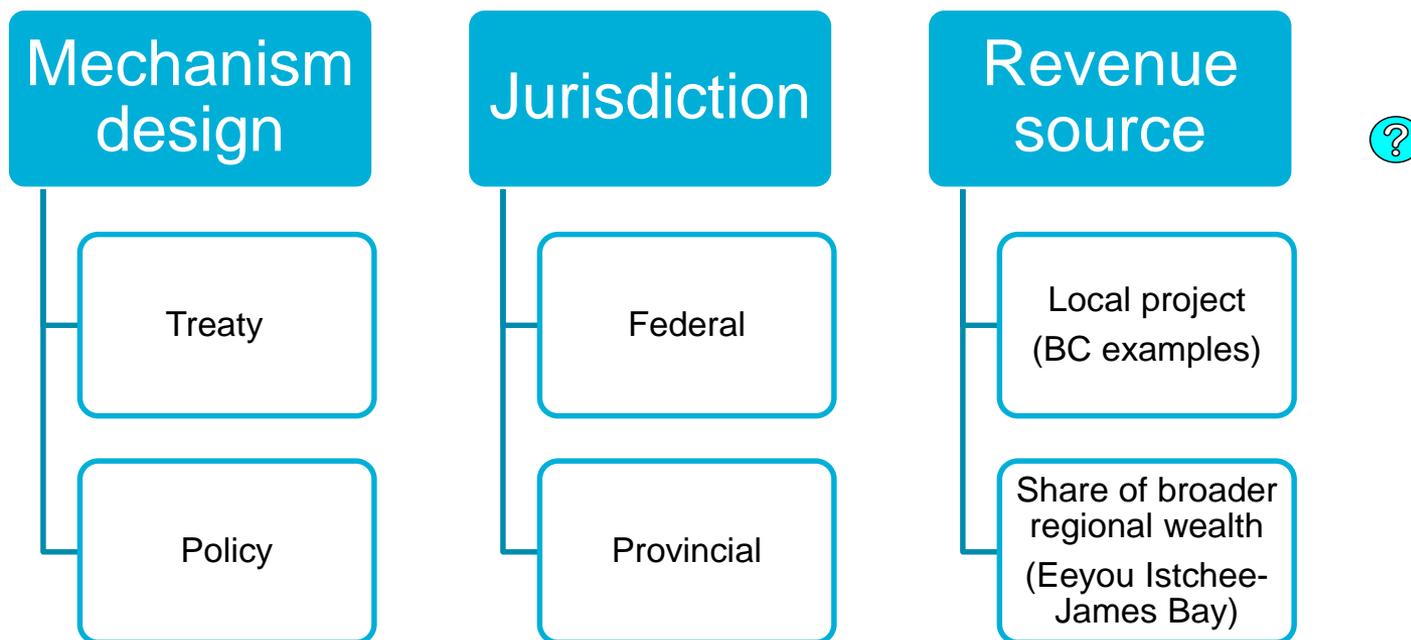
- Lack of transparency
- Capacity issues
- The Crown makes up the rules
- Payments can be unpredictable and volatile



Three dimensions of analysis



Structure of RRS approaches (simplified)



RRS in the First Nations fiscal environment

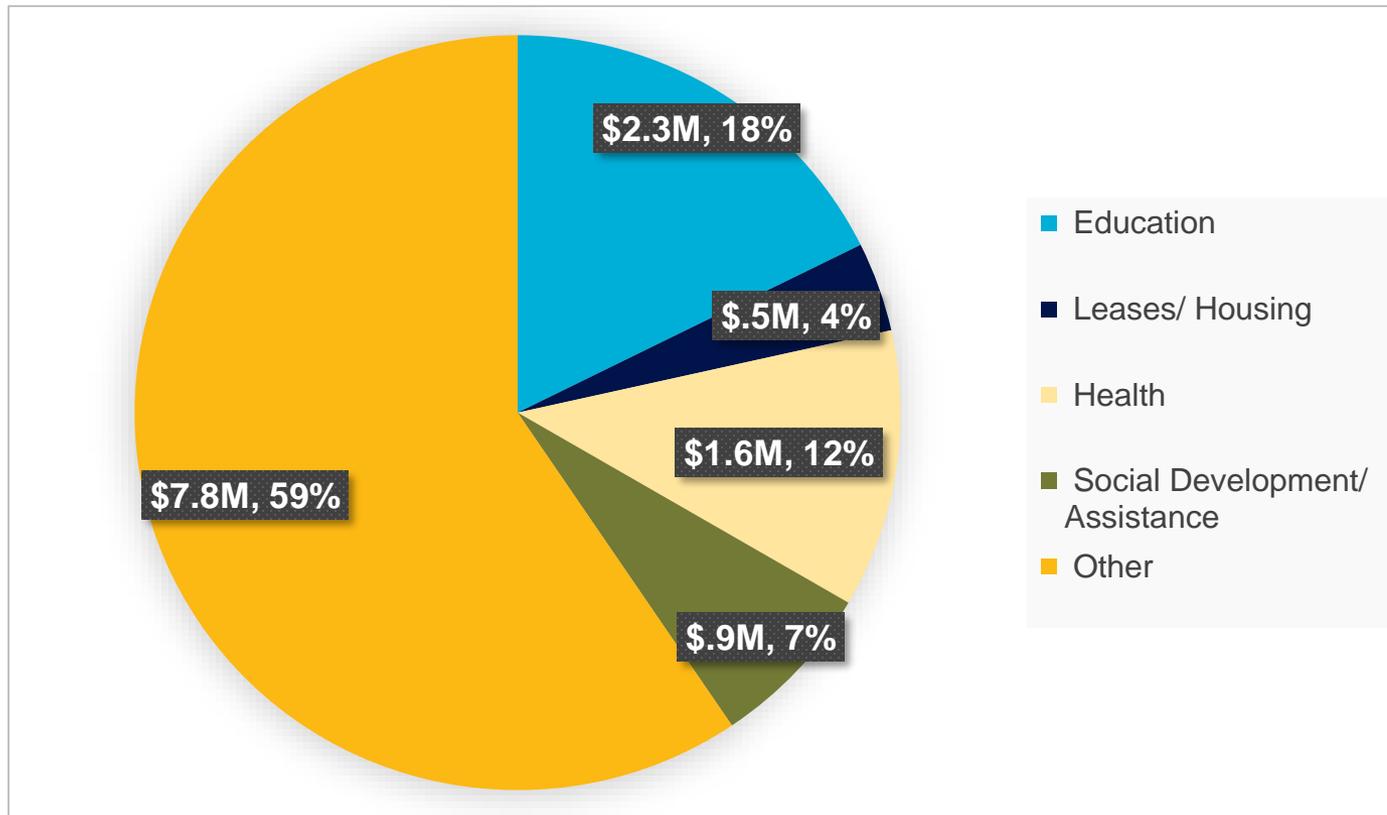
- How do RRS agreements fit in with remote First Nation fiscal needs and requirements? 
 - How predictable and stable are RRS inputs (\$\$\$)? (BC versus Quebec)
 - Do RRS mechanisms impose reasonable conditions on recipients? (Under investigation)
- What kind of nation-building opportunities do RRS agreements present?
 - Contribution to community budgets (relative to total public service expenditures)
 - Trusts, scholarships, investment funds (Under investigation)



RRS in the BC First Nations fiscal environment



Average community budgets for RRS First Nations with >250 but <750 residents (2015)

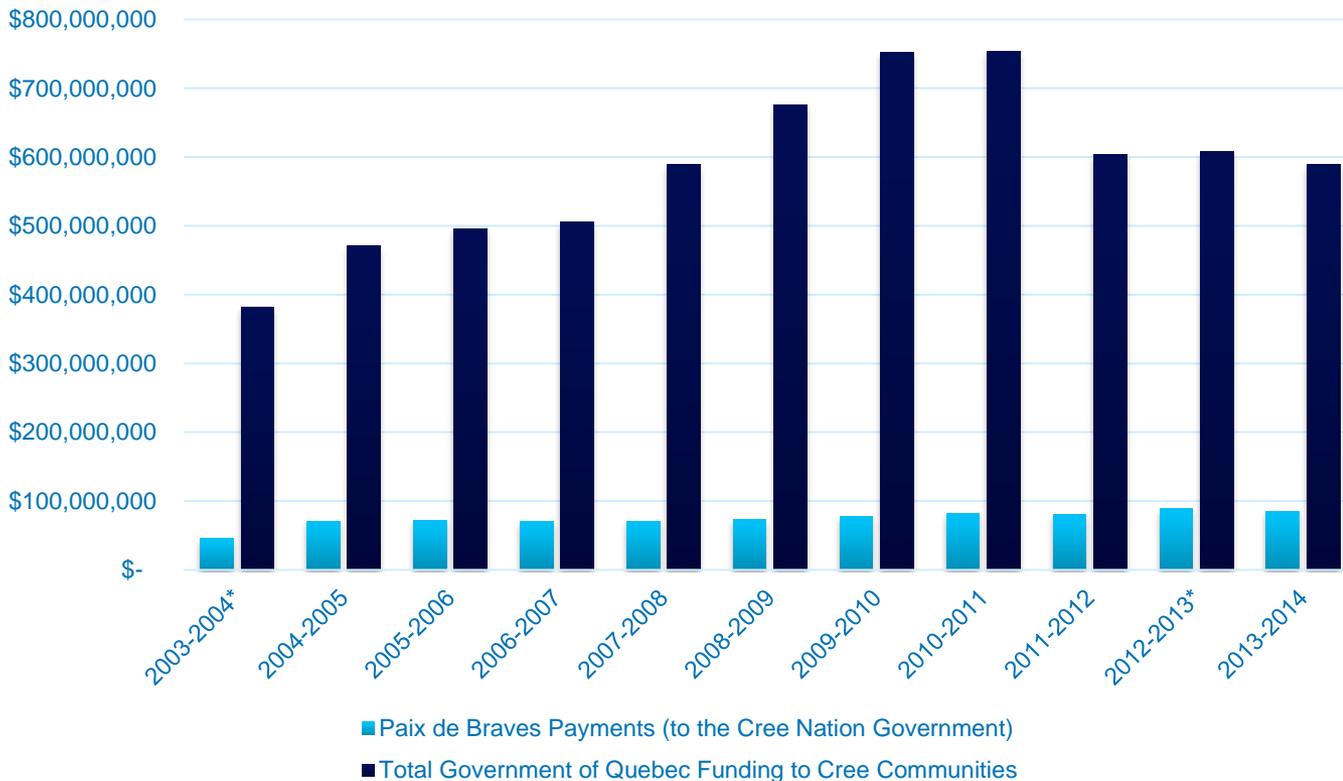


Examples of RRS mechanisms in BC

	Date Signed	Mine	Payment
Coldwater Indian Band (part of the Nlaka'pamux First Nations agreement)	March 2013	Highland Valley Copper Mine	The Total amount the Participating Band are collectively entitled to receive for each Mine Fiscal Year under this agreement will be 19.68 per cent of Incremental Mineral Tax Revenue for the Mine Fiscal Year.
McLeod Lake Indian Band	August 2010	Mount Milligan Mine	15% of the difference between a) the total amount of tax, penalty and interest paid by the proponent; and b) the total amount of tax and penalty refunded to the proponent and interest paid to the proponent.
Ktunaxa Nation	January 2014	Elk Valley Coal Mine	37.5% of the first \$23 million of Incremental Mineral Tax Revenue for the Mine Fiscal Year, and 5% of any Incremental Mineral Tax Revenue for the Mine Fiscal Year exceeding \$23 million.

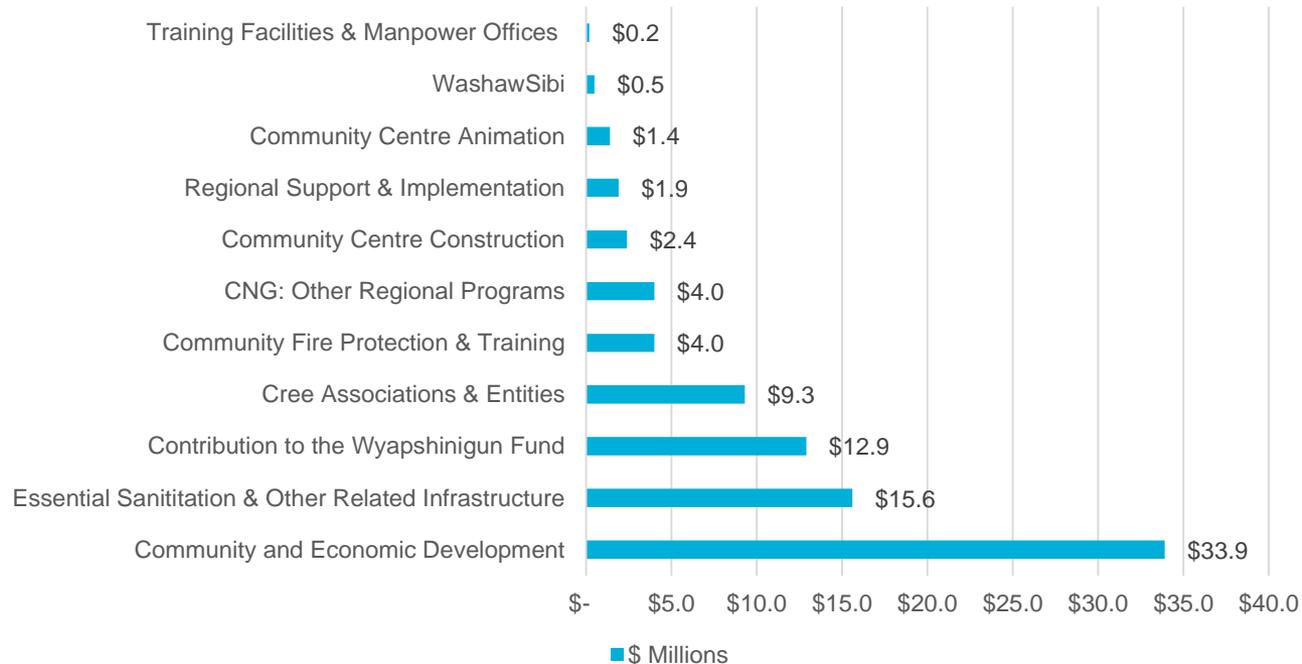


Quebec vs. BC – Greater predictability and stability of RRS payments?



RRS in the James Bay Cree fiscal environment – New Relationship Agreement

Program view of RRS flow through to regional Cree government services
(\$86.6M 2015)



RRS payments as a percentage of First Nation government budgets (2015)...



RRS as % of...

- Avg. BC FN (>250/
<750 pop.): 10%
- Eeyou Istchee: 27%

First Nation Budgets

- Avg. BC FN (>250/<750
pop.): \$13.4M
- Eeyou Istchee: \$312.5M



What difference do RRS payments make?

- It's too early for our research to have a clear answer to this question.
- We hypothesize that predictable and stable RRS payments rather than uncertain windfalls/disappointments, probably lead to better results. But these aren't sufficient conditions...
- Without access to microdata on the flow of RRS payments to projects and services, it's not really possible to make claims about impacts...
- We must continue to deepen our understanding.



Thank you



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