



Sharing the Natural Resources Wealth with Indigenous People

Ontario's Resource Revenue Sharing Agreement with the Indigenous people offers a way forward in finally improving lives and life in embattled communities. Recognizing there are still issues to address, the agreement represents the hard realization of promises made but not kept over the years.

Over the decades, the Indigenous people of Canada (First Nations, Inuit, Métis) have been exploited in a number of ways. There is really no nice way to say it, and one of the most egregious examples is the exploitation of natural resources on Indigenous lands without sharing the wealth. Over the years, the Federal and Provincial governments addressed the obvious inequity, but the result has been piecemeal agreements within various Provinces and Territories. Ontario took a new approach by negotiating a Resource Revenue Sharing Agreement (RRS) that includes dozens of First Nations communities. Canada realizes huge revenues from forestry and mining, so sharing the revenues has not been without some reluctance on the part of government and businesses. The governments are giving up revenues. Some businesses have expressed that they do not want to be fully responsible for making revenue sharing deals work. They want the government to put the agreements in place, so there is some certainty to doing business on Indigenous lands. The future most likely holds more of the RRS Agreements, but there are issues that will need settling over time.

Province by Province

Ontario is not the first RRS Agreement. As far back as 2002, the government of Quebec and the Cree Nation reached an accord. In 2009, British Columbia put an agreement in place with the Maa-nulth First Nations. The 2018 Ontario RRS Agreement is different in that it put in place revenue sharing agreements with 31 First Nation communities, represented by the Grand Council Treaty #3, Mushkegowuk Council, and Wabun Tribal Council. The agreements say that 45 percent of annual revenue from forest management units, 40 percent of annual mining tax and royalties for operating mines, and 45 percent of revenues from future mines will be given to the First Nations participants. The revenues are to be used for economic development, community development, education, health, and cultural development.

It is likely that other Provinces will eventually put RRS

Agreements in place, with Ontario serving as a lab of experimentation. It is another way of saying the current ad hoc approach of RRS is likely to continue rather than the Federal government taking the lead. Perhaps letting the Provincial governments negotiate, implement, and manage their own agreements is the best approach because the federal government's budget for Indigenous communities has lost some continuity in terms of fulfilling earlier promises. The RRS Agreement is considered by many to be the best approach to increasing the standard of living for the Indigenous. Money put into social programs often fails to bring desired results for many reasons, including misappropriation, spending on attorney and civil servants, and lack of accountability. Social



programs also run the risk of fostering a culture of dependency. The RRS Agreement overcomes these challenges because the Indigenous governance Councils are partners rather than dependents.

Who Gets What and Where?

It may seem curious that more Provincial governments have not put RRS agreements in place. One of the reasons is that many Provinces believe the First Nations are a federal responsibility. Another reason is that Indigenous leaders want resource revenue sharing on top of impact-benefit agreements (IBAs), rather than in place of them. The IBAs are in place for most natural resource projects located near Indigenous communities, and these agreements provide for things like employment and training programs, contracting services to Indigenous businesses and contractors, and making direct payments to the local community. The issue with IBAs that the RRS Agreements can overcome is that IBAs are tied to the development of a specific natural resource in a specific place. The RRS is not tied to a specific project in a specific place, so a federal RRS would include all First Nations, Inuit, and Metis in revenue sharing no matter where the project takes place in Canada. The problem is that this has enormous legal and economic implications, another reason for believing Provincial and Territorial RRS Agreements will continue to be instituted. At the same time, Provincial governments own the natural resources within their provinces.

Another issue is the distribution of the revenues within the Province. Distribution can either become an incentive for attracting new projects or a disincentive if revenues are taken from some Indigenous groups to give to others. How will the tribes distribute revenues between the large and small populations? Should the cost of environmental disruption due to some projects be born by the Indigenous groups approving the projects, the Provincial government, or the business, or should there be a distribution of costs? What about the Indigenous populations that are poor in natural resources and unable to attract major projects?

Ontario's government, even with a RRS Agreement in place, is now dealing with questions about revenue sharing with cities and towns and First Nations and Metis communities not included in the agreement, in addition to Indigenous communities. The reason is that non-Indigenous communities and communities not participating in the agreements, as well as Indigenous populations, are impacted by projects – wear and tear on roads, infrastructure, water-wastewater treatment, environmental impacts, etc.

Pursuing Equity

Though there remain issues to settle concerning revenue sharing, the sharing of wealth is a matter of equity and not just money. Ontario says its RRS “represents one of Ontario's commitments to reconciliation and supports economic development opportunities to build healthy and prosperous communities across Ontario's north.” Commitments have been made many times to the Indigenous people across Canada, and the RRS Agreement is a more comprehensive approach to delivering on those commitments to people who continue to struggle to retain their culture and to thrive as Canadian citizens. There will inevitably be more Resource Revenue Sharing Agreements put in place, and that is good for the Indigenous populations who can begin to see equity in their future.