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Abena Boafoa Darkwah, Lucija Muehlenbachs, and Laurel Wheeler

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# About the Authors

**Abena Boafoa Darkwah** is a PhD candidate in economics at the University of Calgary.

**Lucija Muehlenbachs** is a professor of economics at the University of Calgary and a university fellow at Resources for the Future (RFF). She has published extensively on the oil and gas industry, covering topics such as well reactivation, methane leaks, property value impacts, shale-related traffic accidents, wastewater composition, and effects on water quality.

**Laurel Wheeler** is an assistant professor at the University of Alberta with research interests in development and labor economics. Wheeler holds a PhD and an MA in economics from Duke University and an MSc in economics for development from the University of Oxford. Her research interests center Indigenous economic development and labor markets in low-income countries.

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# Resource Revenue-Sharing Agreements

Abena Boafoa Darkwah, Lucija Muehlenbachs, and Laurel Wheeler\*

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## Abstract

A growing number of First Nations across Canada are entering into agreements with provincial governments to share revenues from natural resource extraction within their traditional territories. Yet, little guidance exists on the design of these Resource Revenue-Sharing Agreements (RRSAs). In this paper, we examine publicly available RRSAs to summarize their common components. We outline the decision points involved in structuring an RRSA and discuss potential benefits and drawbacks for First Nations considering entry.

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# 1 Introduction

The majority of royalties from natural resource extraction has historically flowed to provincial governments in Canada. In recent decades, however, First Nations have actively pursued a share of these revenues, asserting their rights to benefit from development on their traditional territories. In response, some provinces have entered into Resource Revenue-Sharing Agreements (RRSAs) with First Nations, allocating a share of provincial government revenues from resource projects to them. In the agreements we examined, the percentages shared vary widely, from 9 to 45 percent.

Canada has more than 600 First Nations communities, and as of 2024, four provinces have negotiated RRSAs, including more than 200 separate ones in British Columbia (BC). Despite their growing prevalence and potential economic importance, no standardized framework or “manual” exists for designing or implementing RRSAs. As a result, provinces and First Nations often navigate them case by case, drawing from limited precedent and a fragmented set of examples. We conduct a framework analysis of existing RRSAs, focusing on those that operate independently of modern land claim settlements.<sup>1</sup> We concentrate on standalone RRSAs with provinces. These exist in Ontario, BC, Manitoba, and New Brunswick, but only those in Ontario and BC are made public. Our analysis entails categorizing the structure of publicly available agreements, supplemented by informal interviews with stakeholders and policymakers. Though we analyze the data impartially, we include sections that outline the potential costs and benefits of RRSAs to First Nations specifically. We also highlight important existing and emerging best practices for First Nations in RSA development.<sup>2</sup>

The literature on resource revenue sharing in Canada has primarily focused on Impact Benefit Agreements (IBAs), which are between First Nations and private companies. Al-

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<sup>1</sup>Some revenue-sharing arrangements are embedded within land claim agreements, such as those in Yukon, Quebec, and the Northwest Territories. These are outside of the scope of our work.

<sup>2</sup>Our focus is on agreements between provincial governments and First Nations. Other Indigenous peoples/communities outside of the scope of our study may also have an interest in forming similar agreements. For example, the unincorporated Mountain Cree communities around Grand Cache, Rocky Mountain House, and Smallboy Camp have lobbied to be included in decisions about coal mines in their areas.

though fundamentally different from RRSAs, which involve provincial governments instead, IBAs share a key feature: allocating resource revenues. Much of the literature on IBAs takes a similar approach to ours, surveying existing IBAs to categorize their structures and assess their implications (Rodon, Lemus-Lauzon and Schott, 2018; Adebayo and Werker, 2021; Baird et al., 2024) and highlighting best practices (Gunton and Markey, 2021; Cascadden, Gunton and Rutherford, 2021; Dale, 2020; Batson, 2020).<sup>3</sup> Many of the recommendations from the IBA literature would be relevant and applicable to parties entering into RRSAs (for example, open communication or providing funding for agreement implementation (Cascadden, Gunton and Rutherford, 2021)).

In contrast to the relatively extensive literature on IBAs, to the best of our knowledge, no academic research has systematically surveyed the existing RRSAs in Canada. Although a few nonacademic reports provide valuable summaries of individual agreements, they are limited in scope and not up to date with recent developments.<sup>4</sup> The most recent report we identified, from 2018, summarizes the information about RRSAs for BC and Ontario (Abouchar and McKay, 2018). Our paper goes beyond summaries to providing an in-depth analysis of RRSA structures, examining how they are designed and governed—including how First Nations engage with provincial governments, the scope of the agreements (sector wide versus project specific), and how revenues are shared. Our approach provides practical insights into the structure and functionality of RRSAs.

Our work is the product of a collaboration with the Confederacy of Treaty 6 First Nations (CT6), which sought research on how RRSAs are used across Canada, with particular atten-

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<sup>3</sup>For example, Rodon, Lemus-Lauzon and Schott (2018) review different models of revenue distribution and investment, evaluating their positive and negative impacts on Indigenous communities and their sustainability. Additionally, from interviews with First Nations, government, and industry leaders, Baird et al. (2024) present qualitative findings that explore what makes an IBA successful and from whose perspective.

<sup>4</sup>For example, Prospectors & Developers Association of Canada (2014) released a relevant report on RRSAs in 2014. Since 2014, both Ontario and Manitoba have entered into RRSAs, and several updates to RRSA structures have been made. BC restructured its forestry revenue-sharing model, leading to a reported \$63 million increase in revenues from the Forest Consultation and Revenue-Sharing Agreements (FCRSAs) in 2022–2023 (Government of British Columbia, 2022).

tion to variations in design.<sup>5</sup> Although initiated through our work with CT6 in Alberta, our findings are readily generalizable to broader RRSA discussions across Canada and elsewhere.

The sections of the paper are organized as follows. Section 2 discusses our methodology. Section 3 reviews existing agreements, examining their structures and design. Section 4 outlines the benefits of an RRSA, and Section 5 outlines the potential costs. We highlight existing and emerging best practices in Section 6. Section 7 concludes the paper.

## 2 Methodology

In 2024–2025, we conducted a review of more than 50 RSAs from BC and Ontario, the two provinces with publicly available RSAs on their websites ([Ministry of Indigenous Relations and Reconciliation, BC, 2024](#); [Government of Ontario, 2020](#)). For Ontario, we supplemented the raw data from the agreements with information gathered through informal interviews.<sup>6</sup> We then used the framework analysis method (e.g., [Ritchie and Spencer, 1994](#)) to reduce the dimensionality of and process the data. We conducted this approach manually (without software) and deductively (with preselected themes). One key advantage of this approach is that it does not involve major transformations of the data, allowing for easy categorization of raw, qualitative data ([Klingberg, Stalmeijer and Varpio, 2024](#)). We categorized the text of the agreements based on whether it related to the following themes: participation type, agreement scope, applicable geographic area, revenue base, revenue formulas, and use of revenue. Because the RSAs emerged from closed-door negotiations, we treat the decision-making process that led to the final design as a black box that is likely influenced by politics, preferences, and bargaining power. Section 3 reports our findings.

Our methodological approach is grounded in principles of mutual benefits, meaning that we are committed to pursuing research that produces outcomes that First Nations perceive

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<sup>5</sup>The CT6 was established in 1993 to represent the collective interests of First Nations signatories of Treaty 6. At the time of writing, CT6 represents 16 member Nations.

<sup>6</sup>P. Gamble and H. Sidky, personal communication, July 21, 2024; P. Gamble, personal communication, November 28, 2024 and March 26, 2025.

to be valuable ([Tri-Council Policy Statement, 2018](#)). As non-Indigenous researchers, we acknowledge that we cannot independently define what constitutes research of value and any attempt to do so would be harmful ([Kovach, 2010](#)). Through a collaboration with CT6, we identified a central research question: How are existing RRSAs structured? This offers insights that could benefit the design of similar frameworks in Alberta and other jurisdictions.

### 3 Structure of RRSAs

This section presents the components that are common across RRSAs in Ontario and BC, the two provinces with the most accessible and extensive sets of publicly available RSA documents (see Appendix [A.1](#)). As described in Section [2](#), we developed a set of categories through a deductive process of organizing recurring components. The categories that emerged—agreement scope, participation type, applicable geographic area, revenue base, revenue formulas, and revenue use—comprise many of the most important decisions facing the parties developing an RSA.

#### 3.1 Agreement Scope

RRSAs can be implemented either by sector or by project.

##### 3.1.1 Sector Based

A sector-based approach means that agreements are negotiated at the level of the sector (i.e., forestry, mining, or clean energy) rather than project by project. This model is similar to the approach used in Ontario, where First Nations receive a fixed percentage of revenues from entire sectors, such as 45 percent of forestry revenues (timber sales) and 40 percent of mining revenues (taxes and royalties) generated within their traditional territories.

The province agrees to share a percentage of all revenue it collects from a particular sector within the geographic area covered by the First Nation(s). For instance, for First



Nations with a sector-based agreement, any forestry or mining project that falls within their traditional territory would be covered under the broader sector-specific agreement. Terms do not need to be renegotiated for each individual project within that sector.

The key advantage of this model is its efficiency. It avoids the need to create multiple RRSAs. Instead, the RRSA can be based on territorial boundaries: any project within that area and sector is automatically included. This simplifies administration and allows for steady and predictable revenue flows. It also reduces the need to renegotiate terms for each individual development, which can save time and administrative costs.

However, the sector-based model faces limitations by not allowing for project-specific formulas, which would be necessary if the environmental or social impacts of individual projects vary. As a result, First Nations may receive revenues that do not fully reflect the true scale of benefits and burdens associated with a specific project.

### **3.1.2 Project Based**

In contrast, a project-based RRSA involves negotiating agreements individually for each resource project, regardless of the sector. First Nations enter into a separate agreement for every mining operation, forestry zone, hydropower project, or other development that falls within their collective territory. This model is used in BC.

The main advantage of project-based RRSAs is their flexibility and precision. Because each agreement is tailored to a specific project, it allows First Nations and the province to negotiate terms based on its unique characteristics and projected revenue. This can lead to higher returns for First Nations, especially if a project is expected to generate substantial government revenue through taxes or royalties. It also gives First Nations more opportunities to raise project-specific concerns or priorities during negotiations.

However, project-specific RRSAs come with challenges. Negotiating an RRSA for every project can be onerous for all parties. It requires repeated consultation processes, legal review, and ongoing management of multiple agreements. For First Nations or representative

councils already operating with limited administrative capacity, this approach may not be practical. It could also delay implementing revenue flows, especially in regions with dozens of active or planned projects.

## **3.2 Participation Type**

RRSAs can be either pooled across many Nations (Section [3.2.1](#)) or Nation-specific (Section [3.2.2](#)) agreements. Each participation type is associated with benefits and drawbacks.

### **3.2.1 Pooled RRSA**

In a pooled RRSA, a collective body of First Nations, typically a Provincial Treaty Organization (PTO), serves as the representative signatory on behalf of all members. Rather than negotiating separate agreements with each Nation, the province enters into a single one with the PTO. This structure has been used in Ontario, where three First Nations PTOs—Grand Council Treaty 3, Wabun Tribal Council, and Mushkegowuk Council—signed agreements.

One key advantage of a pooled RRSA is that it can be more inclusive. Some First Nations may not have the capacity, whether administrative, financial, or legal, to engage in one-on-one negotiations with the province, and a pooled approach allows participation. This can result in a larger revenue base, as it involves a broader geographic area and more First Nations, and make negotiations easier for the province by reducing the separate RRSAs to negotiate and administer.

The pooled model could allow for need-based distribution of revenues across Nations. Rather than allocating revenue strictly based on territory or population, funds can be directed to communities that are most in need, whether for housing, infrastructure, health, or education. Furthermore, pooled RRSAs provide an opportunity for band councils across the province to collaborate, potentially leading to an agreement that benefits a wider number of Nations and builds on inter-Nation relationships.

However, one concern is equality in revenue distribution. Some Nations may be more directly affected by the resource project, whether due to proximity or degree of environmental, cultural, or economic impacts. When revenue is distributed by a PTO that represents many Nations, as in Ontario's model, disagreements can arise over how funds are allocated. Nations that believe they could have successfully negotiated their own agreement may also be dissatisfied with being grouped into a collective process where they have less control.

Governance capacity is necessary for the pooled RRSA to be successful. The PTO must be well equipped to manage consultation processes, oversee large financial transfers, and ensure accountability in how funds are used and reported.

**Allocation across First Nations within the Pool:** The Ontario RRSA's assign specific allocations to each participating First Nation. For instance, within the forestry sector, First Nations collectively receive 45 percent (which is the sharing percentage) of Crown revenues generated from a Forest Management Unit (FMU) that is designated as part of the agreement. However, this is further divided among the participants based on predetermined allocations. The agreement does not clarify how these predetermined allocations were made.

In Ontario, if a First Nation decides to opt out of the agreement, its assigned portion of the revenue will no longer be included in the overall calculation for First Nations, starting from the fiscal year in which the opt-out takes effect. Conversely, if a First Nation chooses to opt in for the first time, its allocated share will be incorporated into the revenue distribution moving forward. When a First Nation opts out, its share is not redistributed among the remaining participants.<sup>7</sup> Instead, that unclaimed portion remains with the Ontario government. This could create an incentive for Nations to sign agreements.

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<sup>7</sup>In discussion with Ontario representatives, a reason for opting out is inadequate capacity to spend the funds and/or report the fund expenditures. Another reason mentioned is that Nations that are in litigation with the Crown postpone signing any agreements until that is finished.

### **3.2.2 Nation-Specific RRSA**

A Nation-specific RRSA is one in which each First Nation negotiates and signs its own agreement directly with the province, rather than being represented through a collective council, such as a PTO. Many agreements in BC are signed this way. If this model were applied in Alberta, for example, each First Nation would be responsible for independently negotiating its own agreement with the province.

One major strength of this model is that it provides greater autonomy and control. First Nations with well-developed governance structures and administrative capacity or unique priorities may prefer to manage their own negotiations, finances, and implementation processes. Another key advantage is that First Nations that are directly and significantly impacted by specific projects or sectors, such as due to proximity or environmental and cultural effects, can negotiate revenue shares that more accurately reflect that level of impact.

However, the model also presents challenges, particularly for First Nations that may lack the internal capacity or resources to negotiate complex agreements with the province. This could lead to Nations that are affected by development but lack administrative support being left out of revenue-sharing opportunities, further widening inequalities.

The assumption necessary for the Nation-specific structure to be successful is that all First Nations have the capacity and readiness to engage directly with the province. It presumes that each is equipped with the legal, technical, and financial resources required to handle negotiations, consultations, financial management, and compliance reporting independently. In reality, their capacity varies widely.

## **3.3 Applicable Geographic Area**

The size of the geographic area covered by the RRSA will influence the revenue shared. In BC, for a First Nation to be eligible for an RRSA, the project area must overlap with their traditional territory or be subject to their assertions of Aboriginal Interest.

In Ontario, to be eligible for a share of mining revenues, the First Nation has to be in “proximity” to applicable mines. For forestry, they must be “associated with” the Agreement FMU. How proximity and association are determined is not defined.<sup>8</sup>

### **3.4 Revenue Base**

RRSAs could apply to different government revenue sources, such as taxes, royalties, penalties, permits, licenses, or other fees. Among these, royalties and tax revenues are the most common. For example, funding for RRSAs related to mining comes from both tax revenues and royalties in Ontario but primarily from tax revenues in BC. In addition, other exceptional sources of revenue exist. For example, in BC, the revenue for forestry-related RRSAs mainly comes from timber sales.

### **3.5 Revenue Formulas**

Another component to consider is the formula used to calculate the amount of revenue shared, determining how much money will flow to First Nations. RRSAs show three main approaches: lump sum payments (Section 3.5.1), percentage-based formulas (Section 3.5.2), and tiered-percentage models (Section 3.5.2). Each has its own strengths and weaknesses.

#### **3.5.1 Lump Sum**

The lump sum involves paying a fixed amount of money to a First Nation, regardless of the actual resource revenue generated. This payment is predetermined, often negotiated in advance, and typically delivered in one or more installments tied to project milestones (e.g., construction start, completion, or operational phases). For example, for the Prince Rupert

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<sup>8</sup>Although RRSAs are, in principle, jointly authored, public documents do not indicate which party(ies) took the lead on defining terms such as these. Authorship could have some bearing on whether these definitions are politically neutral.

Gas Transmission Project, Gitxsan First Nation received \$5.81 million in project payments and \$1.16 million in additional payments.<sup>9</sup>

Lump sums are particularly useful when resource revenues are highly volatile or uncertain. By fixing the amount, both the province and First Nation can plan more predictably. This can avoid disputes over fluctuating prices or production levels and is administratively simpler to manage. A disadvantage is that a lump sum payment does not scale with changes in revenue. If a project becomes much more profitable than initially expected, the Nation will not receive additional funds without renegotiation. This may be perceived as less fair when First Nations are significantly impacted by large-scale, high-value developments.

### **3.5.2 Percentage**

A percentage-based formula assigns a fixed share of the government's revenue from a specific project or sector to the First Nation. For example, ?Esdilagh First Nation in BC receives 11.55 percent of all annual tax revenues from the Gibraltar mine.

Using a percentage model, the revenue would be responsive to changes in project performance. As the province's revenue from the project increases, so does the amount received. This provides a clear, transparent link between project success and community benefit, which can help align interests. However, a percentage model is vulnerable to revenue volatility. If commodity prices drop or production slows, the First Nation's share will also decrease. This can create financial uncertainty for communities trying to budget for the long term, especially with resource industries prone to boom and bust cycles.

### **3.5.3 Tiered Percentage**

A tiered-percentage formula incorporates the two approaches, having a guaranteed base percentage, followed by additional payments once revenue surpasses a certain threshold. For

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<sup>9</sup>Gitxsan First Nation also receives some share of ongoing benefits, but their main payments have been the lump sums.

example, Ktunaxa First Nation in BC receives from the Elk Valley Mine 37.5 percent of the first \$23 million from tax revenues and then 5 percent on anything above that amount.

With a higher percentage in the first tier, tiered models offer the stability of a higher base payment while also allowing First Nations to benefit from higher-revenue periods, albeit at a lower percentage. This structure can be more equitable when the long-term revenue potential of a project is uncertain but potentially large. However, these agreements require decisions on both percentages and thresholds, potentially creating disagreement about where thresholds should be set and whether the additional percentages are fair.

### **3.6 Receipt of Revenue**

Money from RRSAs can go directly to a First Nation, enabling rights holders to receive and manage their own revenues, as in BC. Money could also go to a representative council or collective organization, as in Ontario, where the RRSAs direct funds to Grand Council Treaty #3, Mushkegowuk Council, and Wabun Tribal Council. These organizations oversee the distribution of the funds to the signatories, following a predetermined plan. Unlike stipulations in the *Indian Act*, which require transfers to be routed through the Consolidated Revenue Fund, giving control to bureaucrats rather than First Nations ([Yellowhead Institute, 2021](#)), RRSAs can enable more direct access to and control over resource revenues.

### **3.7 Use of Revenue**

In the Ontario agreements and some BC agreements, the revenues from RRSAs are earmarked for specific purposes, such as economic development, health, education, housing, or cultural revitalization. Some agreements also specify what the revenues cannot be used for. For example, RRSAs in Ontario prohibit investing funds without advancing economic development and other approved objectives, specifically health and education, economic and community development, cultural initiatives, and administrative costs. The RRSA between the Temagami First Nation and Ontario states that revenues also cannot be used for per

capita distributions, distribution to another Indigenous community, the costs of litigation, or investment to preserve or seek a return on them without advancing initiatives benefiting Temagami citizens ([Molyneaux, 2022](#)). In some BC agreements, however, First Nations retain full discretion over how revenues are used.

The primary disadvantage of restricting how money can be spent is that any recipient would at least weakly prefer an unrestricted transfer. This has been discussed in economics literature comparing pure cash transfers to in-kind transfers, such as food stamps or housing assistance. Policymakers have proceeded with in-kind transfers with the motivation that the funds are more likely to go to those most in need ([Nichols and Zeckhauser, 1982](#); [Blackorby and Donaldson, 1988](#); [Currie and Gahvari, 2008](#); [Lieber and Lockwood, 2019](#)). The restrictions are also akin to tax earmarking, which has advantages of targeting spending to the most affected parties ([Pirttilä, 1999](#)) or preventing politicians from discretionary spending ([Brett and Keen, 2000](#)) or time-inconsistent policymaking ([Marsiliani and Renstrom, 2000](#)). The restrictions in RRSAs likely have paternalistic motivations, to encourage the consumption of particular goods. Restrictions might also make the RRSAs more politically viable for the province. However, earmarking comes with the disadvantage of constraining optimal spending ([McCleary, 1991](#)).

### 3.8 Common Legal Conditions Included in Agreements

Many of these agreements share commonalities in legal stipulations. We summarize some of the common legal conditions. We provide more detail and describe the legal conditions separately for BC ([A.1.1.4](#)) and Ontario ([A.1.2.5](#)) in the Appendix.

One key similarity across agreements is the requirement for financial transparency. For accountability purposes, First Nations must submit regular reports detailing how funds were used, especially when earmarked for specific community priorities, such as economic development, health, education, housing, or cultural revitalization.



Some agreements also explicitly state that they allow First Nations to pursue separate impact benefit agreements with forestry and mining companies.

Another recurring clause limits the ability of First Nations to impede project development. Usually, it stipulates that First Nations cannot interfere with a project—either physically or through legal action—once it is underway. If a Nation breaches this condition, the province reserves the right to suspend or terminate the revenue-sharing payments.

Another common feature is term and termination clauses. In many cases, the term of the agreement extends for the lifetime of the project, with termination permitted only upon mutual request or after a breach by either party. In other RRSAs, however, the term is not tied to the project’s duration; instead, it has a fixed expiration date and is subject to renewal upon mutual consent of all parties.

Finally, some RRSAs include language that reflects broader legal and constitutional implications. For example, the 2020 RRSA between ʔEsdilagh First Nation and BC for the Gibraltar Mine includes language that frames the revenue-sharing payments as an “economic accommodation,” which may constitute part of the compensation required for any infringements of Aboriginal rights resulting from government action. Although this may appear to acknowledge the Crown’s constitutional duty to consult and accommodate, it also raises concern by implicitly accepting that rights may be infringed upon and preemptively positioning financial compensation as a remedy. This framing can be interpreted as the province signaling that potential harm to Aboriginal rights is anticipated and that payments are intended to offset, rather than prevent, such impacts.

## 4 Potential Benefits

In reviewing RRSAs, we identified three main ways First Nations can benefit from these arrangements: support for economic development (Section [4.1](#)), compensation for environ-

mental impacts (4.2), and formal recognition of First Nations’ rights (4.3). This section explains the reasoning behind each of these potential benefits.

## 4.1 Economic Development

RRSAs may offer a source of income for immediate needs. Compared to the broader Canadian population, First Nations communities tend to face higher rates of poverty and unemployment ([Indigenous Services Canada, 2023](#)) and less access to clean water, housing, roads, and health care ([Assembly of First Nations, 2025](#)). Economic justification for redistribution is that transferring resources from the better off to the worse off increases overall welfare, as each additional dollar would yield greater benefits to those with less. Moreover, the ethical justification is that inequality due to luck or arbitrary circumstance is unacceptable ([Roemer and Trannoy, 2016](#)). By directing resource revenues either as cash or into community programs, social services, and infrastructure projects, RRSAs can serve as a tool to reduce inequality. In the long run, an investment fund or trust account could allow future generations to benefit from today’s resource activities as well.

## 4.2 Compensation

Resource extraction activities, especially those conducted on First Nations’ traditional territories, often have significant negative impacts on their lands, resources, and ways of life ([Gislason and Andersen, 2016](#); [Perrault et al., 2025](#)). These activities can disrupt traditional practices, such as fishing, hunting, and gathering, which are not only important for subsistence but also hold deep cultural and spiritual significance. For example, the construction of a dam can directly impact water systems, reducing fish populations and making it difficult for Indigenous communities to sustain their traditional fishing activities.<sup>10</sup> Similarly, forestry, mining, and oil extraction can degrade ecosystems, disturb wildlife habitats, and

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<sup>10</sup>It is reported that one main cause of the salmon depletion in the interior of BC was the splash dams built by sawmills on rivers, such as one that the Adams River Lumber Company created, which impacted the local Secwepemc people ([Cooperman, 2025](#)).

lead to long-term environmental harm, further threatening the livelihoods of First Nations. An example is the arsenic contamination from the Giant mine in the Northwest territories that negatively impacted the Yellowknives Dene people ([Sandlos and Keeling, 2016](#)).

RRSAs can serve as a mechanism to compensate First Nations for adverse effects on their lands, livelihoods, and cultural practices. For example, Ontario earmarks revenue for cultural development. It also offers a way to address long-term environmental challenges by establishing trust funds or investment accounts that generate income for future generations. These investments not only provide financial support but can also help safeguard First Nations from the profound disruptions caused by resource activities.

### **4.3 Recognition of First Nation Rights**

RRSAs are more than financial arrangements. They are formal legal agreements that recognize the sovereignty and governance of First Nations over their territories. Historically, payments such as royalties have been directed to the Crown as if it were the de facto owner of these resources. RRSAs, however, represent a redistribution of this revenue, based on the inherent rights of First Nations over resources on their traditional territories, and therefore serve as a means of acknowledging that First Nations share in the ownership and benefits derived from these resources. RRSAs affirm that First Nations are not mere stakeholders but rightful partners in resource governance.

## **5 Potential Drawbacks**

Although RRSAs may confer large benefits to First Nations, they can also carry unanticipated costs. Without making an attempt to quantify the costs, we highlight six potential drawbacks First Nations may wish to consider before entering into an RSA.

## 5.1 Perceived Legitimization of Resource Extraction

RRSAs can be perceived as a means for provinces to secure First Nations’ support for continued or expanded resource extraction ([Coates, 2015](#)). Although they offer financial benefits, they may also implicitly undermine First Nations’ control over resource development on their traditional territories. By accepting a share of public revenues, First Nations risk signaling broad approval for ongoing or future projects, which may be perceived as legitimizing natural resource extraction.

For First Nations, this perceived legitimization poses various risks. Governments and corporations may use RRSAs to push for expanding projects on their territories without obtaining explicit support from them. Some First Nations believe that with RRSAs, they have no control over how, when, and where resources are extracted ([Ross, 2022](#)). RRSAs could create a moral hazard if they embolden governments and industries to proceed with disputed projects under the guise of “making amends” through revenue sharing. For First Nations, this dynamic diminishes their decision-making ability over their lands and resources.

Furthermore, some RRSAs include clauses designed to discourage opposition or protest against the projects. For instance, in the forest agreement between BC and the Gitxaala First Nation ([Gitxaala First Nation, 2021](#)), Article 11 includes a clause stating that the latter agrees not to support or participate in actions that disrupt, delay, stop, or physically interfere with forest activities authorized by the provincial government. Additionally, the clause commits the First Nation to cooperate with the government in addressing any such actions by its members. These provisions effectively limit the ability of First Nations to advocate for their rights or challenge projects they believe to be harmful, creating a conflict between financial benefits and the protection of their sovereignty and cultural values.

## 5.2 The Resource Curse

The “resource curse” refers to a pattern in which resource-rich regions experience short- to medium-term economic gains from natural resource extraction, followed by a decline

and long-term economic challenges (Frankel, 2010). Economists have hypothesized different reasons for such adverse economic outcomes. These include the “Dutch disease,” in which a resource boom crowds out other sectors (e.g., manufacturing) that might have had higher long-term growth prospects (Jacobsen and Parker, 2016). Empirical evidence of oil windfalls leading to increased corruption and social issues also exist (Caselli and Michaels, 2013; James and Rivera, 2022). On the other hand, resources can also lead to positive outcomes despite the resource abundance (Van der Ploeg, 2011), with the resource industry having positive spillovers on nonresource industries (Allcott and Keniston, 2018). Nevertheless, the literature on the resource curse highlights a key consideration for First Nations entering into an RRSA: the need for economic diversification and long-term financial planning.

### 5.3 Institutional Challenges

The economic impact of an RRSA depends, in part, on the institutional capacity and governance structures of the Nations receiving and managing the funds (O’Faircheallaigh, 2018). Strong administrative capacity is crucial for handling large inflows of funds effectively and ensuring that they are used for long-term community development and economic growth. In Ontario, some Nations were speculated to opt out of RRSAs because of the burden of reporting the use of expenditures.

RRSAs could create disagreements when multiple First Nations are affected by a single resource project. For example, a project on one community’s territory may impose adverse environmental or social impacts on neighboring communities, creating tension over how RRSA funds should be shared. Balancing these competing interests can be complex and, without careful negotiation and equitable agreements, may lead to disputes that can strain inter-Nation relationships and delay the implementation of projects or distribution of funds.

## 5.4 Vulnerability to Royalty Relief Programs

Another important consideration is that RRSA royalties can be vulnerable to royalty relief programs, which are designed to promote resource development by temporarily reducing or waiving the amount firms have to pay.<sup>11</sup> Some studies have shown, however, that resource development is not necessarily responsive to tax changes ([Reimer, Guettabi and Tanaka, 2017](#); [Brown, Maniloff and Manning, 2020](#)). Thus, the decision to provide royalty relief could translate to lower royalties for any First Nation with an RRSA tied to royalties. It is not clear whether First Nations would have a say in the decision to adjust royalty rates. The province would have a larger incentive to institute a royalty relief program if an RRSA is in place, because the foregone revenues would be borne by both the province and Nation.

## 5.5 Volatile Source of Revenue

A key concern for dependence on resource revenue is its potential volatility. Natural resources are prone to booms and busts.<sup>12</sup> The economics literature is clear that volatility is harmful for growth ([Fatás and Mihov, 2013](#); [Hayat and Tahir, 2021](#); [Bashar, Wadud and Ahmed, 2013](#); [Van Eyden et al., 2019](#)). This shortcoming is particularly strong if an RRSA crowds out a more stable income stream.

## 5.6 Crowding Out of Other Funding Sources

Another important consideration for First Nations is the potential impact of RRSAs on provincially funded grant programs. If these grants are means tested (eligibility depends on income or assets), an increase in income due to RRSA revenues could reduce grant amounts.

Crowding out may also occur if RRSA revenues are earmarked for initiatives already supported by provincial grants. Many of these programs have shown significant budget vari-

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<sup>11</sup>For example, Alberta has provided royalty relief for deep wells ([Government of Alberta, 2013](#)) or oil sands projects until investment costs are recovered ([Government of Alberta, 2018](#)).

<sup>12</sup>For example, fluctuations in oil prices during the pandemic caused Alberta's budget to dramatically swing from a \$17 billion deficit to a \$10.4 billion surplus ([Salomons, 2023](#)).

ability, already reflecting their malleability. For example, the Indigenous Relations Annual Report, published annually by the Alberta government ([Indigenous Relations, 2016](#)), shows that revenues and expenditures fluctuate substantially. The First Nation Development Fund funds economic, social, and community development projects, areas that RRSA revenues might also target, and Alberta allocates approximately \$7 million annually to grants supporting the well-being of Indigenous women and girls. If RRSA revenues are earmarked for similar initiatives, these funds could also be at risk of reduction.

To avoid these risks, it is essential to structure RRSAs to complement rather than displace provincial programs, ensuring that First Nations experience a net gain in resources rather than a substitution effect. For instance, Ontario’s RRSA explicitly states that it is not intended to replace provincial funding available to the PTOs and participating First Nations.

## 6 Existing and Emerging Best Practices

In our review of RRSAs in Ontario and BC, we identified a set of widely adopted practices that are shaping the emerging norms. These norms are inspired by principles of information sharing, First Nations sovereignty, and equitable benefit-sharing. In this section, we document some of the most influential current practices and propose additional ones to help guide the design of future agreements.

Some of the most commonly adopted practices across both Ontario and BC demonstrate an interest in clearly establishing RRSA scope and limitations. Before any negotiations, First Nations often request that the province provide clear and detailed summaries of the revenue associated with the specific lands covered by the RRSA. This step helps to ensure that both parties can engage in an informed discussion before drafting an agreement and are equipped with information on the historical revenues received in the area. Also, most RRSAs include an explicit provision affirming that entering into an RRSA does not infringe upon other treaty or Aboriginal Rights held by the First Nation.

Commonly adopted practices in RRSAs from Ontario, specifically, provide guidance for designing agreements that respect procedural integrity and First Nations sovereignty. For example, they typically recognize that First Nations may hold both Impact Benefit Agreements (IBAs) and RRSAs, affirming that one does not preclude the other, nor does an RRSA replace provincial funding streams available to First Nations. RRSAs also tend to incorporate mechanisms for independent evaluation—led by a jointly selected evaluator under mutually agreed terms—and establish conflict resolution protocols that require provincial engagement during on-the-ground disputes or direct actions. Crucially, First Nations retain full discretion over whether, how, and under what conditions to participate in such dialogue.

One important practice from BC agreements specifically is the explicit recognition of First Nations’ autonomy in deciding how to use the revenue. Certain clauses affirm that decisions about allocation are at the full discretion of the Nation, free from provincial interference or spending conditions. This approach contrasts with most other agreements, especially Ontario, as discussed in Section 3.6, which tend to include more prescriptive elements regarding revenue use. Also important, as outlined in another work ([Spiller, Htun and Shah, 2025](#)), is community engagement during resource development, from a broad set of community members, during all stages of development.

Building on the practices observed in the agreements, our research suggests several additional practices that, if adopted, may strengthen RRSAs. These include provisions for intergenerational equity through long-term investment of nonrenewable resource revenues; explicit recognition that entering into an agreement does not necessarily imply endorsement of resource extraction, preserving a First Nation’s right to disagree about its problems; and co-ownership models of resource projects as a more durable and meaningful form of participation. Compared to RRSAs, IBAs, or MOUs, co-ownership may offer a stronger alignment with reconciliation goals by ensuring long-term control and benefit-sharing.<sup>13</sup> However, it also introduces important considerations. If a project is not profitable, the First Nation

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<sup>13</sup>See [Hoicka, Savic and Campney \(2021\)](#) for a discussion of ownership as a reconciliation benchmark.



shares in the financial risk. Moreover, co-owners may be exposed to liabilities associated with resource development, particularly under the “polluter pays” principle.

## 7 Conclusion

Only certain provinces have signed RRSAs with First Nations. A natural question arises as to why some provinces have been open to RRSAs. Upon agreeing to an RSA, other questions arise around how to structure the RSA. Many decision points are needed for the formula, terms and conditions, and geographic areas, among others.

We provide a qualitative look across publicly available RRSAs in Canada, demonstrating striking similarities and subtle differences. An open area of future research would be to provide a quantitative analysis of the RRSAs. For example, BC has more than 200, encompassing more than 1,400 pages. It might be useful to empirically quantify the subtle differences between the RRSAs and provide insights into the drivers of the differences, including the added stipulations and lengths. Similarly, characterizing the decision to enter into an agreement would also be a fruitful avenue of research on political economy. Ontario has 35 Nations that signed a mining agreement and many others that did not. Another open area of research would be to estimate the impacts of the RRSAs on observable outcomes, such as income, population, other government transfers, or changes in royalty relief.

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# Appendix

## A.1 Resource Revenue Sharing Agreement (RRSA) Frameworks Across Canada

This section discusses some of the RRSAs between First Nations and provinces in Canada, separated by province.

### A.1.1 British Columbia (BC)

#### A.1.1.1 Overview

In 2005, BC and the Leadership Council representing the First Nations of BC signed a benefit-sharing agreement covering revenues from mining, clean energy, forestry, and natural gas pipelines. This initiative began with “The New Relationship,” a vision document outlining an action plan to build a new government-to-government relationship founded on principles of respect, recognition, and accommodation of First Nations rights. Each RRSA is individually negotiated between the provincial government and the affected First Nation group(s), tailored to the specific sectors ([Abouchar and Mckay, 2018](#)).

#### A.1.1.2 Applicable Geographic Area

For a First Nation to be eligible for an RRSA, the resource project area must overlap with their traditional territory or be subject to their assertions of Aboriginal Interest.

#### A.1.1.3 Formulas

We reviewed more than 50 RRSA ([Ministry of Indigenous Relations and Reconciliation, BC, 2024a](#)) and selected the examples to help illustrate how First Nations’ revenues are calculated across different sectors.

**Mining Sector:** RRSAs generally follow one of two models: fixed percentage or tiered percentage. Next is a breakdown of both approaches with examples.

1. Fixed-Percentage Model (Base Case): A First Nation receives a set percentage of the annual mineral tax revenue from a specific mine that remains constant regardless of the mine's total revenue in any given year.

- ?Esdilagh First Nation receives 11.55 percent of annual tax revenues from the Gibraltar Mine.
- Kwadacha Nation is allocated 11.67 percent of annual tax revenues from the Kemess Underground Mine.

2. Tiered-Percentage Model: The First Nation's share increases once the mine's tax revenue surpasses a specified threshold. A base percentage is applied up to the threshold, with a higher percentage for any revenue above it.

- Halfway River First Nation receives
  - 10.63 percent of tax revenues from Zone A mines when tax revenue is \$39.1 million or less, plus 1.7 percent of any amount above that amount.
- Ktunaxa Nation receives
  - From the Elk Valley Mine: 37.5 percent of the first \$23 million and 5 percent of tax revenue above that amount.
- Lhoosk'uz Dene Nation and Ulkatcho First Nation receive
  - From the Blackwater Gold Mine: 35 percent of the first \$35.82 million and 10 percent of tax revenue above that amount.

**Forestry Sector:** BC uses Forest Consultation and Revenue-Sharing Agreements (FCR-SAs). They outline how the province shares a portion of forest revenues with First Nations

whose traditional territories overlap with areas where timber harvesting occurs. BC’s program distributed \$130.8 million in the 2022–23 fiscal year ([Government of British Columbia, 2022](#)). The revenue-sharing model is made up of two main components.

1. Territory Forest Revenue-Sharing Component:

The province first calculates the portion of the forest revenue that should be attributed to the First Nation. This is based on the proportion of the Timber Harvesting Land Base (THLB) within a forest district that overlaps with a First Nation’s traditional territory. The more overlap a Nation has, the larger its share of revenue. This proportion is applied to total forest revenues—such as stumpage, waste, and annual rent payments—collected from the relevant forest districts.

Once the THLB is established, the revenue from it is divided into two categories based on how the timber was sold: revenue from BC Timber Sales (BCTS), which comes from timber auctioned through the government-run BCTS program, and revenue from non-BCTS, which includes timber harvested under other types of forest tenures, such as direct forest licenses.<sup>14</sup> The final amount, the Territory Forest Revenue-Sharing Component, is calculated by multiplying the BCTS and non-BCTS forest revenue by a percentage, called the “benefit rate,” and adding the two amounts.

In April of 2022, the benefit rates for non-BCTS forest revenue increased. Table [A1](#) outlines the previous and updated rates, which receives depend on whether they have signed additional agreements, such as a Strategic Engagement Agreement (SEA) or Reconciliation Agreement (RA). These agreements were created to improve consultation and support long-term cooperation with the province. Table [A1](#) shows that the rates are higher when an SEA or RA is also signed. Table [A1](#) also shows the share of BCTS revenue received by First Nations. Additionally, if a First Nation does not receive separate capacity funding for forestry consultation through another agreement

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<sup>14</sup>BCTS is a provincial government agency within the Ministry of Forests, Lands, Natural Resource Operations and Rural Development that manages 20 percent of the province’s allowable annual cut for Crown/public timber and auction off public timber ([Wilderness Committee, 2024](#); [Government of BC, 2025](#)).

(such as SEA or RA), they are guaranteed a minimum of \$35,000 or their calculated share of forest revenue, whichever is greater.

Table A1: Forest Consultation and Revenue-Sharing Agreement (FCRSA) Benefit Rates

	<b>FCRSA Only</b>	<b>FCRSA with Strategic Engage- ment Agreement</b>	<b>FCRSA with Rec- onciliation Agreement</b>
<b>Rates for BCTS Revenue</b>	11%	12%	13%
<b>Rates for non-BCTS, Previous</b>	3%	4%	5%
<b>Rates for non-BCTS, New</b>	8%	9%	10%

*Notes:* This information is obtained from a press release by the BC government ([Government of British Columbia, 2022](#)).

## 2. Direct Award Tenure Revenue-Sharing Component:

This applies when the First Nation holds a forest license, a legal agreement with BC recognizing their right to harvest timber on Crown land. The Nation is reimbursed a percentage of the stumpage payments it made to the Crown the previous year. In other words, a share of the fees paid to the Crown for harvesting timber is returned to them (like a rebate). This share is typically 35–85 percent, depending on certain conditions being met.

The FCRSAs have replaced the forest benefit agreements known as “Forest Tenure Opportunity Agreements” and “Forest and Range Agreements.” To ensure a smooth transition, BC includes a caveat such that the First Nation does not receive less under the new revenue-sharing formula than it did before. If it does, a top-up is calculated.<sup>15</sup>

**Clean Energy Sector:** First Nations receive a share of revenue from hydropower and wind projects calculated by multiplying the “available revenue” by the “designated percentage” assigned to each participant.

<sup>15</sup>The top-up is a percent of the annual amount the First Nation received under the previous agreement.

The revenue comes from a special account created by the province, as outlined in the Clean Energy Act. It collects a portion of the revenue the government earns from land and water use for power projects. According to section 20(4)(b), 50 percent of this revenue is added to the special account. Then, under section 20(5)(a), up to 75 percent of that amount can be sent to First Nations through revenue-sharing agreements, which is the available revenue.<sup>16</sup>

The designated percentage refers to the share of the available revenue allocated to each First Nation. If only one First Nation is involved in a project, it receives 100 percent, as in several agreements:

- Squamish Nation for three hydropower projects near Squamish: Box Canyon, Culliton Creek, and Skookum Creek.
- Taku River Tlingit First Nation for the Pine Creek hydropower project.
- Gitga'at First Nation for the Gabion River hydropower project.

However, when multiple First Nations are involved in a single project, the revenue is shared among them, and each is assigned a different designated percentage (depending on the territory affected):

- Doig River First Nation receives 8.58 percent of the available revenue from the Thunder Ridge Wind Project.
- McLeod Lake Indian Band receives 16.92 percent of the available revenue from the Quality Creek Wind Independent Power Project.
- Ashcroft Indian Band receives only 0.9 percent of the available revenue from the Kwoiek Creek hydropower Project, as it is shared with six other First Nations: Boston Bar, Kanaka Bar, Lower Nicola, Nicomen, Shackan, and Skuppah.

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<sup>16</sup>These percentages (50 and 75 percent) are set by regulation and may change over time.

**Natural Gas Pipeline Sector:** Unlike the forestry, clean energy, and mining sectors, RRSAs in the natural gas pipeline sector do not follow a standard formula.<sup>17</sup> Instead, they typically include project payments, additional payments, and ongoing benefits.

1. **Project payments** are lump-sum amounts paid in two parts. The first half, the initial payment, is usually issued within 90 days after certain construction-related conditions are met. The second half, the final payment, is made within a similar time frame after the pipeline becomes operational.
2. **Additional payments** are also one-time lump sums. These are provided once a First Nation either signs an agreement with the pipeline company or formally waives the conditions needed to receive the payment.
3. **Ongoing benefits** are annual payments made to eligible First Nations for as long as the pipeline remains in operation. Initially, the province allowed First Nations time to negotiate a shared distribution of these benefits. A deadline of June 30, 2015, was set for reaching a unanimous agreement. If so, the province allocated the ongoing benefits according to that plan. If not, the province applied its own method, considering factors such as population and the length of pipeline within a Nation's traditional territory. After finalizing the allocation, the province provided formal notice to each First Nation and entered into negotiations to finalize amendments to their agreements. For projects signed after 2015, the province directly assigned the revenue shares.

Several First Nations have signed such agreements across three different pipeline projects:

- Prince Rupert Gas Transmission Project
  - Gitanyow First Nation: \$1.15 million in project payments, \$230,000 in additional payments, and a share of \$10 million in ongoing benefits.

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<sup>17</sup>Information from this section is obtained from agreement documents.

- Gitxsan First Nation: \$5.81 million in project payments, \$1.16 million in additional payments, and a share of \$10 million in ongoing benefits.
- Lake Babine First Nation: \$3.24 million in project payments, \$324,000 in additional payments, and a share of \$10 million in ongoing benefits.
- Westcoast Connector Gas Transmission Project
  - Doig River First Nation: \$1.62 million in project payments, \$243,000 in additional payments, and a share of \$10 million in ongoing benefits.
  - Metlakatla First Nation: \$1.95 million in project payments, \$390,000 in additional payments, and a share of \$10 million in ongoing benefits.
  - Gitxaala First Nation: \$1.64 million in project payments, \$328,000 in additional payments, and a share of \$10 million in ongoing benefits.
- Coastal GasLink Pipeline Project
  - Moricetown Band: \$4.99 million in project payments, \$998,000 in additional payments, and a share of \$10 million in ongoing benefits.
  - Nadleh Wut'en First Nation: \$1.7 million in project payments, \$255,000 in additional payments, and a share of \$10 million in ongoing benefits.
  - Halfway River First Nation: \$2.03 million in project payments, \$406,000 in additional payments, and a share of \$10 million in ongoing benefits.

#### **A.1.1.4 Common Legal Conditions**

Approximately 140 First Nations have entered into various RRSAs in BC, with more than 200 signed. Although they vary in structure and sector, they share several recurring features.

1. **Requirement for financial transparency.** For accountability purposes, First Nations must submit regular reports detailing how the funds were used, especially when

earmarked for specific community priorities, such as economic development, health, education, housing, or cultural revitalization. Moreover, these agreements often include adjustments for fluctuations in tax revenues. This means that if government revenues from a resource project drop or rise, the payments may be adjusted accordingly.

2. **Limits on the ability of First Nations to impede project development.** Usually, the agreements stipulate that First Nations cannot interfere with a project—either physically or through legal action—once it is underway. If a Nation breaches this condition, the province reserves the right to suspend or terminate the revenue-sharing payments.
3. **Consultation processes between BC and First Nations, where BC has established a consistent framework through SEAs.** SEAs define processes for consultation and accommodation between the province and First Nations, aiming to create a more effective and respectful government-to-government relationship. SEAs can also support First Nations that are not signing a treaty by providing a structured way to participate in decision making related to land and resource use. For those in the treaty process, SEAs establish mechanisms to support decision making in a posttreaty environment ([Ministry of Indigenous Relations and Reconciliation, BC, 2024b](#)).

An example of this is the Consultation Engagement Framework Agreement signed in 2023 between the Gwa'sala-ʼNakwaxda'xw Nations (G-N) and BC. It outlines a multilevel engagement process for proposed land and resource activities within the G-N's traditional territory. It includes specific timelines for consultations—20–75 business days, depending on the complexity of the project—and introduces the concept of a Shared Engagement Record, a joint document that tracks issues, recommendations, and consultation outcomes. The agreement supports efforts to obtain free, prior, and informed consent and aims to reduce conflict, promote collaborative decision making, and fulfill the Crown's duty to consult and accommodate. It also ensures informa-



tion sharing and capacity funding to support the participation of First Nations and establishes processes for dispute resolution and potential amendment.

4. **Language that reflects broader legal and constitutional implications.** For example, the 2020 agreement between ?Esdilagh First Nation and BC for the Gibraltar Mine includes language that frames the revenue-sharing payments as an “economic accommodation,” which may constitute part of the compensation required for any infringements on Aboriginal rights resulting from government action. Although this may appear to acknowledge the Crown’s constitutional duty to consult and accommodate, it also raises concern by implicitly accepting that rights may be infringed upon and pre-emptively positioning financial compensation as a remedy. This framing can be interpreted as the province signaling that potential harm to Aboriginal rights is anticipated and that payments are intended to offset, rather than prevent, such impacts.

#### **A.1.1.5 Other Revenue-Sharing Agreements**

BC also has other types of revenue-sharing agreements. A notable example is the 2020 gaming agreement. This 25-year agreement, in effect until 2045, allocates 7 percent of the net income from the BC Lottery Corporation to First Nations.

The funds are distributed through the First Nations Gaming Revenue Sharing Limited Partnership, an entity owned by First Nations and overseen by a board of directors appointed by them. Unlike RRSAs, where participating First Nations may be directly involved in extraction or development, many of the participants, except the hosts, are not directly involved in generating the revenues. The host First Nation operates the facility (such as a casino), but BC requires them to share revenues with nongaming First Nations.

Allocation follows a formula developed in consultation with First Nations:

- 50 percent is distributed equally among all participating First Nations, including modern Treaty Nations,

- 40 percent is allocated based on population,
- 10 percent is directed to geographically remote communities.

Direct payments to individuals are strictly prohibited. All participating First Nations must submit annual audited financial statements detailing how the funds were used. The limited partnership compiles these reports and submits an annual financial report to the province to ensure transparency and accountability.

Another major revenue-sharing initiative is the 2017 agreement between the Musqueam Indian Band and Vancouver International Airport (YVR). This 30-year agreement recognizes that YVR operates on Musqueam traditional territory and provides the Musqueam community with 1 percent of YVR’s annual gross revenue, estimated at approximately \$5 million per year. In addition, it includes 10 annual scholarships, each valued at \$10,000, to support Musqueam members pursuing education and training opportunities. In 2025, the federal government expanded revenue-sharing initiatives by entering into a new agreement for the YVR ground lease with the Musqueam First Nation.

## A.1.2 Ontario

### A.1.2.1 Overview

On May 3, 2018, Ontario ([Government of Ontario, 2020](#)) announced that it had signed its first RRSAs with three First Nations political and administrative organizations: Grand Council Treaty 3, Mushkegowuk Council, and Wabun Tribal Council ([Abouchar and McKay, 2018](#)). These organizations represent 35 First Nations and are working with Ontario to extend the agreement to cover the 2024–25 to 2028–29 fiscal years.

Unlike the approach in BC, the resource-sharing model is not based on individual projects. Instead, RRSAs recognize that First Nations (each of the three councils) are entitled to

- 45 percent of the annual revenue from designated Forest Management Units (FMUs).<sup>18</sup>

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<sup>18</sup>FMUs are specific geographic planning areas within Ontario’s Crown forest.

- 40 percent of the mining tax and royalties from current mining operations.
- 45 percent of revenue from future mining activities within the agreement areas.

The latter percentage applies to mines commencing commercial production after April 2018 in areas agreed upon by all parties as being near the participating First Nations. These percentages were a result of negotiations with the three partners in 2018. According to a government representative from Ontario, the starting point for the percentages was based on the knowledge of existing RRSAs in other provinces, such as BC (37.5 percent).

#### **A.1.2.2 Applicable geographic area**

To be eligible for a share of RRSA payments, the First Nation has to be in proximity to applicable mines. For forestry, they have to have been agreed upon as being associated with the agreement FMU. How proximity and association are determined is not defined.

#### **A.1.2.3 Formulas**

The revenue-sharing formulas for forestry and mining follow structured but different approaches.

**Forestry Sector:** The forestry revenue share is calculated based on the total revenue received by the province from Crown forest resources harvested within a designated FMU. This amount is multiplied by the 45 percent sharing percentage and allocation assigned to each participating First Nation and number of participants for the specific FMU. The final share for each First Nation depends on the revenue generated from the respective FMU and specific allocation assigned to them. For example, if an FMU generates \$10 million in total forestry revenue for the year, the province shares 45 percent, which amounts to \$4.5 million. Suppose that within this FMU, three First Nations are participating, and their respective allocations are 40, 35, and 25 percent. The revenue share for each First Nation would be 1.8 million, 1.575 million, and 1.125 million, respectively.

**Mining Sector:** For mining, the revenue share is determined based on the total revenue Ontario receives from taxes and royalties (associated with mines included in the agreement) each fiscal year. The province shares 40 percent of the revenue from current mining operations and 45 percent from future mining activities within the agreement areas. The revenue share is calculated by multiplying the annual mining revenues by the applicable sharing percentage, First Nation’s allocation, and number of participants. As with forestry, the final mining revenue share for each First Nation is contingent on the revenue generated within their agreement areas and their respective allocations.<sup>19</sup>

#### **A.1.2.4 How Revenue Is Allocated to First Nations**

One key aspect of the RRSAs is that they are broad agreements with specific allocations assigned to each participating First Nation. For instance, within the forestry sector, First Nations collectively receive 45 percent (which is the sharing percentage) of Crown revenues generated from an FMU that is part of the agreement. However, this 45 percent is further divided among the participating First Nations based on predetermined allocations.

If a First Nation decides to opt out of the agreement, its assigned portion of the revenue will no longer be included in the overall calculation, starting from the fiscal year in which the opt-out takes effect. Conversely, if a First Nation chooses to opt in for the first time, its allocated share will be incorporated into the revenue distribution moving forward. When a First Nation opts out, its share does not get redistributed among the remaining participants. Instead, that unclaimed portion remains with the Ontario government.

#### **A.1.2.5 Common Legal Conditions**

Based on a review of one agreement per council, we identified the following shared features:

1. **They do not restrict or replace ongoing discussions** related to forest management planning or other resource benefit-sharing negotiations beyond their immediate

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<sup>19</sup>The information from this section is derived mainly from the agreements of the three PTOs in Ontario.

scope. They also affirm that the agreements are not intended to replace any provincial funding that First Nations and their councils might already receive.

2. **They explicitly state that they allow First Nations to pursue separate impact benefit agreements** with forestry and mining companies, which differs from BC's Economic and Community Development Agreements.
3. **They specify that the revenue should be used only for economic development, community development, cultural initiatives, health, education, and administrative costs** associated with the resource revenue-sharing process. Furthermore, they prohibit using it for direct per capita distributions to individual members, support for First Nations communities outside of Ontario, litigation expenses, or investments that do not align with the designated purposes of the agreements.
4. **Transparency and accountability** are central, requiring both the First Nations and province to submit reports on revenue allocation and spending. First Nations must provide annual reports detailing how funds were allocated, along with a final report with a comprehensive narrative on how the funds were used to achieve their intended objectives, including examples of specific projects or initiatives that benefited the communities and outlining any challenges encountered during the implementation of the agreement and strategies used to address them. Ontario, in turn, is responsible for submitting funding reports to the councils, detailing the revenue calculations and allocations. These reports must include specific figures for each FMU and a breakdown of how the forestry and mining portions of the shared revenue were determined.

### A.1.3 Manitoba

In 2016, the Manitoba government pledged to allocate 25 percent of mining tax revenues from new mines to First Nations ([Yellowhead Institute, 2019](#)). Additionally, from January 1, 2022, to June 30, 2024, it committed to sharing 45 percent of the dues collected from

timber harvested near each of the seven participating First Nations ([Province of Manitoba, 2023](#)). The agreements are not online, and no further information is publicly available.

#### **A.1.4 New Brunswick**

In 2017, six Maliseet First Nations in New Brunswick—St. Mary’s, Woodstock, Oromocto, Tobique, Kingsclear, and Madawaska—signed an RRSA for the Sisson Mine, north of Fredericton, in which they received 9.8 percent of the provincial revenues generated from the metallic mineral tax ([White, 2017](#)). Two years later, they reported that they did not agree to the mine but still signed for fear of losing their tax agreement with the province ([Perley, 2019](#)). New Brunswick also has a forestry agreement with 15 First Nations where they share 5 percent of the annual allowable harvest of Crown timber according to [Yellowhead Institute \(2019\)](#). These agreements are not online, and no further information is publicly available.

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