

Chapter 18: Fiscal Financing Agreements

Part 18.1 General

- 18.1.1 Every five years, or at other intervals agreed to by the Parties, the Parties will negotiate a Fiscal Financing Agreement by which funding will be provided to the Nunatsiavut Government for the provision of programs and services, to be agreed upon in the Fiscal Financing Agreement, to Inuit and, where applicable, to other Persons in the Inuit Communities, at levels reasonably comparable to programs and services generally prevailing in communities of similar size and circumstances in Labrador.
- 18.1.2 A Fiscal Financing Agreement:
- (a) shall not form part of the Agreement; and
 - (b) is not intended to be a treaty or land claims agreement and is not intended to recognize or affirm aboriginal or treaty rights within the meaning of sections 25 and 35 of the *Constitution Act, 1982*.
- 18.1.3 Any financial obligation that a Party may assume under a Fiscal Financing Agreement is subject to the appropriation of funds:
- (a) in the case of Canada, by the Parliament of Canada;
 - (b) in the case of the Province, by the House of Assembly; and
 - (c) in the case of the Nunatsiavut Government, by the legislative body of the Nunatsiavut Government.
- 18.1.4 Unless otherwise agreed by the Parties in a Fiscal Financing Agreement and except as provided in sections 17.29.1 and 17.31.23, the creation of the Nunatsiavut Government, the recognition of Nunatsiavut Government legislative authority under the Agreement and the exercise of Nunatsiavut Government legislative authority do not create or imply any financial or legal obligation or responsibility on the part of any Party for the costs of, or associated with, the Nunatsiavut Government, its institutions and infrastructure or for the exercise of Nunatsiavut Government jurisdiction, including the provision of programs and services to Inuit.
- 18.1.5 If a Fiscal Financing Agreement expires before the Parties have negotiated a successor agreement, the terms of the Fiscal Financing Agreement shall continue in effect for a period of two years after its original expiry date, or any additional period agreed to by the Parties.

Part 18.2 Fiscal Financing Agreement Negotiations

18.2.1 In negotiating a Fiscal Financing Agreement, the Parties shall take into account, as appropriate, the following:

- (a) the prevailing fiscal policies of Canada and the Province;
- (b) the Nunatsiavut Government's own source revenue capacity as determined under an own source revenue agreement or, in the absence of an own source revenue agreement, under the Fiscal Financing Agreement;
- (c) efficiency and effectiveness in the provision of programs and services;
- (d) the remoteness, location and accessibility of Labrador Inuit Lands and the Inuit Communities;
- (e) population and demographic characteristics of Inuit receiving services and programs from the Nunatsiavut Government and, where applicable, of other Persons receiving agreed-upon programs and services from the Nunatsiavut Government;
- (f) the desirability of reasonably stable, predictable and flexible funding arrangements; and
- (g) any other matters that may be agreed to by the Parties.

18.2.2 In negotiating a Fiscal Financing Agreement, the Parties may take into account, as appropriate, the following:

- (a) the costs necessary to establish and operate Nunatsiavut Government institutions;
- (b) training requirements and development of capacities for Nunatsiavut Government purposes;
- (c) the jurisdictions, authorities, obligations, programs and services of the Nunatsiavut Government or to be assumed by the Nunatsiavut Government; and
- (d) any other matter that may be agreed to by the Parties.

18.2.3 Each Fiscal Financing Agreement shall include provisions for:

- (a) program transfer mechanisms;
- (b) supplementary or emergency funding procedures;
- (c) payment mechanisms;

- (d) dispute resolution procedures;
- (e) information exchange;
- (f) accountability including accounting, reporting and audit provisions; and
- (g) negotiation of the next Fiscal Financing Agreement.

Part 18.3 Own-Source Revenue Capacity of the Nunatsiavut Government

18.3.1 Every ten years or at other intervals agreed to by the Parties, the Parties shall negotiate the manner in which the Nunatsiavut Government's own-source revenue capacity will be taken into account under the relevant Fiscal Financing Agreements.

18.3.2 In determining the Nunatsiavut Government's own-source revenue capacity and the manner in which it will be taken into account, the Parties shall apply the following:

- (a) the Nunatsiavut Government's own-source revenue capacity shall not include any Capital Transfer payments received by the Designated Inuit Organization or Inuit;
- (b) the Nunatsiavut Government's own-source revenue capacity shall not include any implementation payments, or any interest thereon, received by the Nunatsiavut Government under chapter 23;
- (c) there shall be a fair basis of comparison between the Nunatsiavut Government's revenue capacity from commercial activities carried on by the Nunatsiavut Government, including wholly owned corporations, and revenue capacity of other Canadian governments from taxation of similar commercial activities;
- (d) the Nunatsiavut Government's own-source revenue capacity shall not include the Revenue received by the Nunatsiavut Government from the Province under part 7.5;
- (e) the Nunatsiavut Government's own-source revenue capacity shall not include proceeds from the sale or Expropriation of Labrador Inuit Lands;
- (f) the Nunatsiavut Government's own-source revenue capacity shall not be taken into account so as to reduce unreasonably the incentive of the Nunatsiavut Government or Inuit Community Governments to raise revenues; and
- (g) the Nunatsiavut Government's own-source revenue capacity shall be phased in gradually over periods agreed to by the Parties.