

**NUNATSIAVUT GOVERNMENT  
OWN SOURCE REVENUE CAPACITY AGREEMENT**

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THIS AGREEMENT made the 25 day of November, 2005

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA, as represented by  
the Minister of Indian Affairs and Northern Development**

("Canada")

OF THE FIRST PART

AND:

**HER MAJESTY THE QUEEN IN RIGHT OF NEWFOUNDLAND  
AND LABRADOR, as represented by Minister Responsible for  
Aboriginal Affairs**

("Province")

OF THE SECOND PART

AND:

**LABRADOR INUIT, as represented by the President of the  
Labrador Inuit Association**

("Nunatsiavut Government")

WHEREAS:

The Labrador Inuit Association, Canada and the Province have entered into the Labrador Inuit Land Claims Agreement which provides that the Parties shall negotiate the manner in which the Nunatsiavut Government's own source revenue capacity will be taken into account under Fiscal Financing Agreements;

AND WHEREAS the Labrador Inuit Land Claims Agreement provides in section 2.2.2 that on the Effective Date of the Labrador Inuit Land Claims Agreement, the Nunatsiavut Government becomes the successor of the Labrador Inuit Association for the purposes of the Labrador Inuit Land Claims Agreement.

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NOW, in consideration of the premises and the covenants and agreements set out below, the Parties agree as follows:

**1.0 DEFINITIONS**

**1.1 In this agreement:**

**“Capital Gains”** means the amount, if any, by which all capital gains realized in a Fiscal Year exceeds capital losses realized in that Fiscal Year or in a previous Fiscal Year that were not previously deducted in computing Capital Gains, from the disposition of property that is, without limitation:

- (i) a business interest;
- (ii) a business holding;
- (iii) property used to earn income from property;
- (iv) an asset;
- (v) a partnership interest;
- (vi) real estate; or
- (vii) a security;

**“Designated Recipient”** at any time means any one or more of (a) the Nunatsiavut Government, (b) an Inuit Community Government, (c) an Eligible Recipient, (d) a Designated Inuit Organization, (e) an Inuit Community Corporation and (f) any Person controlled by one or more of (a) – (e) above;

**“Eligible Recipient”** means a not for profit, community based, volunteer organization that is organized and operated in an Inuit Community or in the upper Lake Melville area to identify and build a coalition around community priorities and to conduct or support other not for profit, volunteer based, bodies or organizations engaged in activities for the benefit of Inuit and said activities shall include relief of poverty among Inuit, advancement of education for Inuit, advancement of health and well-being of Inuit and the advancement of cultural life of Inuit;

**“Federal Own Source Revenue Inclusion”** means the amount calculated in accordance with section 11.1 for the purpose of determining the amount of funding to be provided in a Fiscal Year by Canada to the Nunatsiavut Government pursuant to the undertaking by the Nunatsiavut Government to deliver federally funded programs and services in that Fiscal Year under the Nunatsiavut Government Fiscal Financing Agreement;

**“Federal Taxes Shared”** or **“FTS”** in a Fiscal Year means the amount of revenue received by the Nunatsiavut Government pursuant to a Tax Administration Agreement with Canada as calculated under section 4.1 (a) ;

**“Fiscal Year”** means the period that commences on April 1<sup>st</sup> of a year and ends on March 31<sup>st</sup> of the following year;

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**“Harvesting Compensation Fund”** means the amount of \$1 million received pursuant to the Voisey’s Bay IBA for the purpose of compensating Inuit harvesters;

**“IBA Payments”** means an amount, other than an amount as set out in section 6.14 , that is received from a Developer pursuant to an Inuit Impacts and Benefits Agreement (other than the Voisey’s Bay IBA) or a Compensation Agreement;

**“Implementation Trust”** means any trust created under Laws of General Application of which the sole beneficiary is the Nunatsiavut Government and the only assets of which are funds received from Canada pursuant to Chapter 23 of the Labrador Inuit Land Claims Agreement, property substituted therefor and all income and gains therefrom;

**“Inuit Government Corporation”** means any corporation, commission or association, all of the shares, other than directors’ qualifying shares, or capital of which are owned by the Nunatsiavut Government or any Inuit Community Government, any Inuit Settlement Trust, or any combination of the foregoing, or a wholly-owned corporation subsidiary to any such corporation, commission or association;

**“Inuit IBA Trust”** means any trust, other than the Voisey’s Bay IBA Trust, created under Laws of General Application of which one of the beneficiaries is a Designated Recipient and the assets of which include funds received under or property created pursuant to an Inuit Impacts and Benefits Agreement or a Compensation Agreement;

**“Inuit Settlement Trust”** at any time means a trust that has been designated before that time by the Minister of National Revenue as an Inuit Settlement Trust and that is at that time designated as an Inuit Settlement Trust for the purpose of the Tax Treatment Agreement that is in effect during the term of this agreement;

**“Labrador Inuit Land Claims Agreement”** means the final agreement entered into between Canada, the Province and the Inuit of Labrador as represented by the Labrador Inuit Association dated January 22, 2005 as amended from time to time;

**“Major Program and Service”** means:

- (a) education;
- (b) income support;
- (c) nursing stations; or
- (d) child youth and family services;

**“Net OSRC”** means the own source revenue capacity as described in section 3.1 less Federal Taxes Shared;

**“Nunatsiavut Government Fiscal Financing Agreement”** means an agreement pursuant to Chapter 18 of the Labrador Inuit Land Claims Agreement that is in effect during the term of this agreement;

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**“Nunatsiavut Government Property Taxes”** means the amount received by the Nunatsiavut Government in respect of taxes levied under any law enacted by the Nunatsiavut Government imposing tax in respect of interests in Labrador Inuit Lands but does not include amounts received or collected by or on behalf of an Inuit Community Government;

**“Parties”** means the parties to this agreement and **“Party”** means any one of them;

**“Provincial Own Source Revenue Inclusion”** means the amount calculated in accordance with section 12.1 for the purpose of determining the amount of funding to be provided in a Fiscal Year by the Province to the Nunatsiavut Government under the Nunatsiavut Government Fiscal Financing Agreement;

**“Provincial Tax Revenue Sharing Agreement”** means an agreement with respect to the transfer of Provincial revenues from personal income tax, sales tax, tobacco tax or fuel tax to the Nunatsiavut Government that is in effect during the term of this agreement;

**“Tax Administration Agreement”** means an agreement in effect during the term of this agreement with respect to the collection of taxes, the sharing of tax room or vacating of tax room between the Nunatsiavut Government and Canada and excludes a Provincial Tax Revenue Sharing Agreement;

**“Tax Treatment Agreement”** means the tax treatment agreement entered into pursuant to part 20.7 of the Labrador Inuit Land Claims Agreement on April 12, 2005;

**“Voisey’s Bay IBA”** means the Voisey’s Bay Inuit Impacts and Benefits Agreement dated July 29, 2002 between the Labrador Inuit Association, Inco Limited and Voisey’s Bay Nickel Company Limited and any amendments thereto; and

**“Voisey’s Bay IBA Trust”** means any trust created under Laws of General Application of which the beneficiaries include the Nunatsiavut Government and the assets of which include funds received under and property created pursuant to the Voisey’s Bay IBA.

- 1.2 Words and expressions not defined in this agreement but defined in the Labrador Inuit Land Claims Agreement have the meanings ascribed to them in the Labrador Inuit Land Claims Agreement.
- 1.3 In this agreement, unless it is otherwise clear from the context, the words “include”, “includes” and “including” do not limit the words or terms that follow them.
- 1.4 All provisions of this agreement shall be read together and interpreted as one agreement.
- 1.5 The division of this agreement into parts and sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this agreement.

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- 1.6 In this agreement a reference to a "part", "section", "subsection", "schedule" or "appendix" is a reference to the part, section, subsection, schedule or appendix of this agreement, unless otherwise expressly provided.
- 1.7 This agreement is to be read with all changes in gender or number as required by the context.
- 1.8 A reference in this agreement to a statute, law, order or regulation shall be to that statute, law, order or regulation as amended, supplemented, modified, re-enacted or replaced from time to time.
- 1.9 The English version of this agreement is the authoritative version.

**2.0 GENERAL**

- 2.1 This agreement shall not form part of the Labrador Inuit Land Claims Agreement.
- 2.2 This agreement is not a treaty or a land claims agreement and does not recognize or affirm aboriginal or treaty rights within the meaning of sections 25 and 35 of the *Constitution Act, 1982*.

**3.0 NUNATSIAVUT GOVERNMENT OWN SOURCE REVENUE CAPACITY**

- 3.1 Nunatsiavut Government own source revenue capacity for a Fiscal Year shall be the sum of the Nunatsiavut Government's revenue capacities described in parts 4.0 through 9.0 inclusive for the Fiscal Year that is two years prior to the Fiscal Year for which own source revenue capacity is being calculated.

**4.0 TAX CAPACITY**

- 4.1 Tax capacity for a Fiscal Year shall be the sum of:
- (a) taxes received in that Fiscal Year by the Nunatsiavut Government pursuant to a Tax Administration Agreement to the extent that such taxes would otherwise have been retained by Canada but for the Tax Administration Agreement including any fines, penalties and interest received in respect of such taxes and amounts received or deducted in the Fiscal Year in respect of prior period adjustment in respect of such taxes and excludes Provincial Tax Revenue Sharing Agreement amounts received by the Nunatsiavut Government; and
  - (b) Nunatsiavut Government Property Taxes including fines, penalties and interest in respect of such taxes.
- 4.2 For greater certainty, any tax revenue, including fines, penalties and interest in respect of such taxes, received by the Nunatsiavut Government or its agents, other than that revenue described in subsection 4.1 (a) or (b), shall not be included in the calculation of Nunatsiavut Government tax capacity.

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**5.0 BUSINESS INCOME CAPACITY**

- 5.1 Business income capacity for a Fiscal Year shall be the sum of gross revenue received by the Nunatsiavut Government from commercial activities undertaken for the purpose of gaining or producing income, including Capital Gains.
- 5.2 Business income capacity does not include the income of an Inuit Government Corporation.
- 5.3 Notwithstanding section 5.2 , any outlay or expense incurred by an Inuit Government Corporation shall be deemed to be business income capacity of the Nunatsiavut Government unless incurred for the commercial purposes for which an Inuit Government Corporation is created and organized. In this section "commercial purposes" includes the investment of funds in securities and other assets for the purpose of gaining or producing income.
- 5.4 Amounts received by the Nunatsiavut Government as or on account of the repayment of principal of any loan shall not be considered as business income capacity.

**6.0 PROPERTY INCOME CAPACITY**

- 6.1 Property income capacity for a Fiscal Year shall be the sum of income from any source that is considered income from property for purposes of the *Income Tax Act* received by the Nunatsiavut Government, including dividends, rent, interest and royalties, and Capital Gains.
- 6.2 Property income capacity with respect to the interest of the Nunatsiavut Government in any trust, other than an Implementation Trust, shall include only amounts that are received by the Nunatsiavut Government as a distribution of income in respect of its interest in the trust.
- 6.3 For the purpose of the calculation in section 6.2, property income capacity with respect to the interest of the Nunatsiavut Government in the Inuit Settlement Trust shall not include amounts that are designated by the Inuit Settlement Trust as amounts received by the Nunatsiavut Government as a distribution of capital from the Inuit Settlement Trust.
- 6.4 Property income capacity shall not include any amount received by the Nunatsiavut Government as a distribution of capital or income in respect of its interest in an Implementation Trust.
- 6.5 Notwithstanding section 6.2, property income capacity with respect to the interest of the Nunatsiavut Government in the Voisey's Bay IBA Trust shall be deemed to include any amount that is distributed by the Voisey's Bay IBA Trust as a distribution of income, other than amounts designated by the trustees of the Voisey's Bay IBA Trust as:
- (a) received or earned prior to the Effective Date;
  - (b) received out of gains accrued on or prior to the Effective Date with respect to property owned on the Effective Date;
  - (c) a distribution from the Harvesting Compensation Fund;

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- (d) the repayment of principal owing by Inco Limited under the loan agreement dated July 29, 2002 between the Labrador Inuit Association and Inco Limited;
  - (e) received for specific training and education initiatives payable to third parties; or
  - (f) a distribution to an Eligible Recipient, to the extent the aggregate of all amounts distributed to all Eligible Recipients does not exceed \$300,000 in a Fiscal Year.
- 6.6 An amount designated at any time under section 6.3 or subsections 6.5(a) to (e) shall:
- (a) be identified in the OSR capacity report prepared under part 10.0 for the Fiscal Year which includes such time; and
  - (b) not exceed the total of each such separate amount received by the trust on or before such time less the total of all amounts previously designated in respect of each separate amount.
- 6.7 Within 15 months after the Effective Date, trustees of a Voisey's Bay IBA Trust shall prepare for the purpose of section 6.5:
- (a) a detailed accounting of income accrued or earned by the Voisey's Bay IBA Trust prior to the Effective Date; and
  - (b) a list of property owned at the Effective Date, the cost of such property and the gain or value accrued in respect of such property at the Effective Date.
- 6.8 Property income capacity with respect to payments under parts 7.3 and 7.4 of the Labrador Inuit Land Claims Agreement shall be the sum of payments received by the Nunatsiavut Government for each Fiscal Year excluding interest on late or overdue payments as contemplated in section 7.6.6 of the Labrador Inuit Land Claims Agreement to the extent of identifiable costs incurred as a result of such late or overdue payment.
- 6.9 Notwithstanding sections 6.1 and 6.2, for the purposes of calculating property income capacity for a Fiscal Year, IBA Payments, including income earned thereon by an Inuit IBA Trust, shall be considered income from property and shall be deemed to be the property of the Nunatsiavut Government only at the time when those IBA Payments are received:
- (a) subject to section 6.12 and 6.13, by a Person other than a Beneficiary or an Inuit IBA Trust from a developer; and
  - (b) by a Person (other than a Beneficiary or an Inuit IBA Trust) from an Inuit IBA Trust as a distribution by the Inuit IBA Trust.
- 6.10 IBA Payments and income earned thereon that are received by a Beneficiary directly from a Developer or an Inuit IBA Trust are not subject to inclusion in Nunatsiavut Government own source revenue capacity.

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- 6.11 IBA Payments and income earned thereon that are received by an Inuit IBA Trust directly from a Developer or from another Inuit IBA Trust are not subject to inclusion in Nunatsiavut Government own source revenue capacity unless an amount is distributed by the Inuit IBA Trust to another Person, in accordance with section 6.9.
- 6.12 Where a right to receive an IBA Payment has been transferred or assigned between Designated Recipients or by a Designated Recipient to another Person that does not deal at arm's length with the Designated Recipient at the time of such transfer or assignment:
- (a) no amount received as consideration for the transfer or assignment of the right to receive the IBA Payment shall be deemed to be income from property of the Nunatsiavut Government; and
  - (b) all amounts received by such assignee or transferee in respect of IBA Payments shall be included in computing income from property of the Nunatsiavut Government, in accordance with section 6.9.
- 6.13 Where a right to an IBA Payment has been transferred or assigned to a Person (other than a Beneficiary or an Inuit IBA Trust) that deals at arm's length with all Designated Recipients at the time of such transfer or assignment;
- (a) all amounts received from such Person by the Designated Recipient as consideration for the transfer or assignment shall be considered income from property of the Nunatsiavut Government in accordance with section 6.9; and
  - (b) no amount in respect of IBA Payments received by such Person shall be included in computing Nunatsiavut Government own source revenue capacity.
- 6.14 No reasonable amounts paid by a Developer pursuant to an Inuit Impacts and Benefits Agreement or Compensation Agreement as or on account of the following, shall be included in computing Nunatsiavut Government own source revenue capacity:
- (a) Inuit employment, training and business program initiatives sponsored by the Developer;
  - (b) Inuit educational incentive program initiatives sponsored by the Developer;
  - (c) direct compensation for specific losses or damages incurred as the result of transportation, environmental damage or as harvesting losses compensated in respect of quantifiable damages payable to Inuit;
  - (d) reimbursement for specific fees or costs paid in an arm's length transaction to a Person by the Nunatsiavut Government and which are incurred by the Nunatsiavut Government for the purpose of concluding the Inuit Impacts and Benefits Agreement or Compensation Agreement;



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- (e) reimbursement to the Nunatsiavut Government for specific costs which are incurred by the Nunatsiavut Government for monitoring the effects of a Development; or
- (f) amounts that the Parties agree or that a body having authority to resolve disputes determines are not reasonable to include in computing Nunatsiavut Government own source revenue capacity.

6.15 Property income capacity shall not include any amount received by the Nunatsiavut Government as or on account of:

- (a) the repayment of the principal amount of any loan;
- (b) the repayment or return of capital on an interest in any share, partnership or trust; or
- (c) non-cash amounts arising from a reorganization of authorized or issued capital, including stock dividends and capital increases.

**7.0 FEES OR CHARGES CAPACITY**

7.1 Fees or charges capacity for a Fiscal Year shall be the sum of fees or charges received by the Nunatsiavut Government levied in connection with the provision of a specific service or the authorization of a specific activity including:

- (a) fees for the use of facilities;
- (b) building permits, business licences and marriage licences;
- (c) fees for the use of lands or resources;
- (d) fees for hunting or fishing activities; and
- (e) fines and penalties, other than fines or penalties in connection with taxes.

**8.0 OTHER REVENUE CAPACITY**

8.1 Other revenue capacity for a Fiscal Year shall be the sum of any revenues received by the Nunatsiavut Government from a revenue source that is not included or excluded under parts 4.0 through 7.0 .

**9.0 AMOUNTS NOT INCLUDED**

9.1 Notwithstanding any other provision, own source revenue capacity for a Fiscal Year shall not include any amount in respect of:

- (a) Capital Transfer payments received under Chapter 19 of the Labrador Inuit Land Claims Agreement;

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- (b) implementation payments received under Chapter 23 of the Labrador Inuit Land Claims Agreement or income earned thereon;
- (c) revenue sharing payments received by the Nunatsiavut Government under part 7.5 of the Labrador Inuit Land Claims Agreement;
- (d) payments received by the Nunatsiavut Government in respect of a Provincial Tax Revenue Sharing Agreement;
- (e) gifts received by the Nunatsiavut Government for charitable purposes from a Person other than an Inuit Government Corporation and for which a receipt is issued by the Nunatsiavut Government qualifying the donor to the same tax treatment as donations to a registered charity under the Income Tax Act;
- (f) proceeds from the sale or Expropriation of Labrador Inuit Lands;
- (g) amounts received or earned prior to the Effective Date;
- (h) amounts received as compensation for specific losses or damages to property or assets;
- (i) amounts received pursuant to the Voisey's Bay IBA for training, scholarships and other education initiatives payable to third parties;
- (j) amounts received pursuant to the Voisey's Bay IBA as compensation for losses or damages incurred from shipping, environmental damages or as additional harvesting losses compensated in respect of quantifiable damages payable to third parties;
- (k) amounts received as Compensation payable to a Claimant pursuant to Chapter 14 of the Labrador Inuit Land Claims Agreement;
- (l) amounts received by the Nunatsiavut Government from a Developer pursuant to an agreement under section 14.2.2 of the Labrador Inuit Land Claims Agreement that are payable to a Claimant;
- (m) program or service funding received by the Nunatsiavut Government from Government with respect to programs and services that are not included in the Nunatsiavut Government Fiscal Financing Agreement; and
- (n) payments received under a Nunatsiavut Government Fiscal Financing Agreement or a subsidiary agreement negotiated pursuant to the Nunatsiavut Government Fiscal Financing Agreement.

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**10.0 OWN SOURCE REVENUE CAPACITY REPORT**

10.1 An own source revenue capacity report for a Fiscal Year shall be provided by the Nunatsiavut Government to Canada and the Province no later than August 31<sup>st</sup> of a year in respect of the Fiscal Year ended in that year and shall set out the following information for that Fiscal Year in a format similar to that illustrated in Appendix 1:

- (a) a statement setting out the tax capacity, as per part 4.0, of the Nunatsiavut Government showing separately:
  - (i) taxes received in that Fiscal Year by the Nunatsiavut Government pursuant to a Tax Administration Agreement with Canada to the extent that such taxes would otherwise have been retained by Canada, but for the Tax Administration Agreement with Canada including any fines, penalties and interest received in respect of such taxes;
  - (ii) Nunatsiavut Government Property Taxes including fines, penalties and interest in respect of such taxes; and
  - (iii) any tax revenue received by the Nunatsiavut Government or its agents other than that described in (i) or (ii);
- (b) a statement setting out the revenue received or deemed to be received by the Nunatsiavut Government and revenue excluded or exempted by the operation of this agreement, showing separately:
  - (i) business income capacity as per part 5.0;
  - (ii) property income capacity as per part 6.0;
  - (iii) fees or charges capacity as per part 7.0;
  - (iv) other revenue capacity as per part 8.0; and
  - (v) amounts not included as per part 9.0,
- (c) a statement setting forth the amounts designated by the trustees of any trust in respect of an amount described in section 6.3 or 6.5 in respect of such Fiscal Year and the aggregate of all amounts designated by such trustees in respect of such amounts in respect of all Fiscal Years ending on or before the end of the Fiscal Year.

10.2 The own source revenue report shall contain information in accordance with and derived from the audited financial statements for that period and a statement reconciling the own source revenue capacity report with the audited financial statements of the Nunatsiavut Government.

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**11.0 FEDERAL OWN SOURCE REVENUE INCLUSION**

11.1 Federal Own Source Revenue Inclusion shall be the amount obtained by the formula:

$$\text{Federal Own Source Revenue Inclusion} = (\text{Net OSRC} \times F_R) + (2 \times F_R \times (\text{FTS} - X))$$

Where:

$F_R$  is the Federal Inclusion Factor for the Fiscal Year identified in Schedule A;

$X$  is the amount of \$2 million for the first nine years following the Effective Date and the amount of \$1 million per year thereafter; and

if  $(\text{FTS} - X)$  is less than zero, then the amount below zero will be applied to reduce Net OSRC .

**12.0 PROVINCIAL OWN SOURCE REVENUE INCLUSION**

12.1 Provincial Own Source Revenue Inclusion shall be the amount obtained by the formula:

$$\text{Provincial Own Source Revenue Inclusion} = \text{Net OSRC} \times P_R$$

Where:

$P_R$  is the Provincial Inclusion Factor for the Fiscal Year identified in Schedule B.

12.2 If the Nunatsiavut Government does not commence to deliver agreed upon programs and services pursuant to the Nunatsiavut Government Fiscal Financing Agreement in the Fiscal Year that includes the Effective Date, then for the purpose of section 12.1, Schedule B will commence on the earlier of:

- (a) the Fiscal Year that includes the fifth anniversary of the Effective Date; and
- (b) the first Fiscal Year in which the Nunatsiavut Government delivers a Major Program and Service pursuant to a subsidiary agreement negotiated pursuant to the Nunatsiavut Government Fiscal Financing Agreement.

**13.0 FINANCIAL RECORDS**

13.1 All accounts and financial statements required to be prepared under this agreement will be prepared in accordance with generally accepted accounting principles using the cash basis of accounting.

13.2 The financial records of the Nunatsiavut Government for a Fiscal Year will be retained by the Nunatsiavut Government for 10 years after the date of submission of the relevant own source revenue report under section 10.1.

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**14.0 INFORMATION EXCHANGE**

- 14.1 The Parties will share, in a timely manner, information reasonably required for purposes of implementation, monitoring, and renewal of this agreement.
- 14.2 The Parties will collect, share and disclose information under this agreement in a manner that:
- (a) ensures the confidentiality of the information; and
  - (b) is in accordance with applicable laws and section 2.19 of the Labrador Inuit Land Claims Agreement.

**15.0 ADMINISTRATION**

- 15.1 The Parties will:
- (a) meet at least once a year to review this agreement;
  - (b) do such things as are appropriate to facilitate the resolution of any issues relating to the interpretation, implementation and application of this agreement;
  - (c) during the ninth year of this agreement, carry out a comprehensive review of this agreement; and
  - (d) do such other things relating to this agreement as the Parties may agree from time to time to be appropriate.

**16.0 DISPUTE RESOLUTION**

- 16.1 The Parties desire and expect that a dispute arising from this agreement may be resolved by informal discussion between the disputing Parties.

**17.0 TERM**

- 17.1 The term of this agreement will begin on the Effective Date for a period of 10 years.

**18.0 AMENDMENT**

- 18.1 No provision of this agreement shall be deemed waived, amended or modified by any Party unless such waiver, amendment or modification is in writing and signed by the parties hereto provided that:
- (a) any waiver, amendment or modification of section 11.0 may be made in writing between Canada and the Nunatsiavut Government; and

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- (b) any waiver, amendment or modification of section 12.0 may be made in writing between the Province and the Nunatsiavut Government.

**19.0 SUBSEQUENT OWN SOURCE REVENUE CAPACITY AGREEMENT**

- 19.1 At least one year before the end of the term of this agreement the Parties will begin discussions for the renewal of this agreement.
- 19.2 If the Parties do not reach a further own source revenue agreement by the end of the term of this agreement, this agreement shall continue for up to two years unless otherwise agreed by the Parties.

**20.0 SEVERABILITY**

- 20.1 If any part of this agreement is declared or held invalid for any reason, the invalidity of that part will not affect the validity of the remainder which will continue in full force and effect and be construed as if this agreement had been executed without the invalid portion.

**21.0 ENUREMENT**

- 21.1 This agreement will enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. On the Effective Date the Nunatsiavut Government becomes the successor of Labrador Inuit Association for the purposes of this agreement.

**22.0 ASSIGNMENT**

- 22.1 Unless otherwise agreed by the Parties, this agreement may not be assigned, either in whole or in part, by any Party.

**23.0 NOTICES**

- 23.1 Unless otherwise agreed, a notice, document, request, approval, authorization, consent or other communication (each a "communication") required or permitted to be given or made under this agreement must be in writing and may be given or made in one or more of the following ways:

- (a) delivered personally or by courier;
- (b) transmitted by facsimile transmission; or
- (c) mailed by prepaid registered post in Canada.

- 23.2 A communication will be considered to have been given or made, and received:

- (a) if delivered personally or by courier, at the start of business on the next business day after the business day on which it was received by the addressee or a responsible representative of the addressee;

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- (b) if sent by facsimile transmission and if the sender receives confirmation of the transmission, at the start of business on the next business day after the business day on which it was transmitted; or
- (c) if mailed by prepaid registered post in Canada, when the postal receipt is acknowledged by the addressee.

23.3 A communication must be delivered, transmitted to the facsimile number or mailed to the address of the intended recipient set out below:

**For: Canada**  
Attention: Minister of Indian Affairs and Northern Development  
House of Commons  
Confederation Building  
Ottawa, Ontario K1A 0A6  
Fax Number: (819) 953-4941

**For: Newfoundland and Labrador**  
Attention: Minister of Labrador and Aboriginal Affairs  
P.O. Box 8700  
St. John's, Newfoundland and Labrador A1B 4J6  
Fax Number: (709) 729-4900

**For: Nunatsiavut Government**  
Attention: The President  
P.O. Box 70  
Nain, Labrador A0P 1L0  
Fax Number: (709) 922-2931

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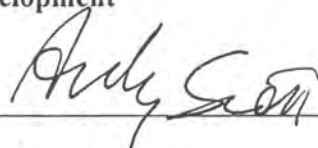
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THIS AGREEMENT HAS BEEN EXECUTED as of the day and year first above written.

EXECUTED in the presence of:

\_\_\_\_\_

) **HER MAJESTY THE QUEEN IN RIGHT**  
) **OF CANADA** as represented by Minister  
) **of Indian Affairs and Northern**  
) **Development**

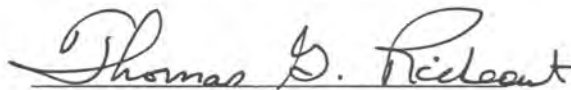
) \_\_\_\_\_  
)   
) \_\_\_\_\_

EXECUTED in the presence of:

\_\_\_\_\_

  
\_\_\_\_\_

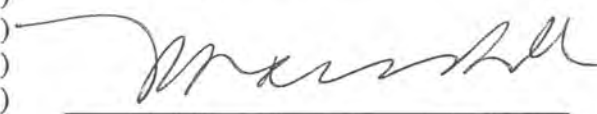
) **HER MAJESTY THE QUEEN IN RIGHT**  
) **OF NEWFOUNDLAND AND**  
) **LABRADOR** as represented by Minister  
) **Responsible for Aboriginal Affairs**

) \_\_\_\_\_  
)   
) \_\_\_\_\_

EXECUTED in the presence of:

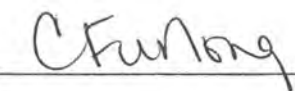
  
\_\_\_\_\_

) **Minister for Intergovernmental Affairs**

) \_\_\_\_\_  
)   
) \_\_\_\_\_

EXECUTED in the presence of:

\_\_\_\_\_

  
\_\_\_\_\_

) **LABRADOR INUIT** as represented by the  
) **President of The Labrador Inuit**  
) **Association**

) \_\_\_\_\_  
)   
) \_\_\_\_\_



**NUNATSIAVUT GOVERNMENT  
OWN SOURCE REVENUE CAPACITY AGREEMENT**

**SCHEDULE A  
(section 11.1)**

**FEDERAL INCLUSION FACTORS  
(F<sub>R</sub>)**

The federal inclusion factor for section 11.1 for a Fiscal Year in the first column is the percentage in the last column for that year.

<b>Fiscal Year</b>	<b>Inclusion Factor A</b>	<b>Phase-in Factor B</b>	<b>Federal Share C</b>	<b>Federal Inclusion Factor (F<sub>R</sub>) AxBxC</b>
1 to 4	50%	0%	50%	<b>0.0%</b>
5	50%	5%	50%	<b>1.25%</b>
6	50%	10%	50%	<b>2.50%</b>
7	50%	15%	50%	<b>3.75%</b>
8	50%	20%	50%	<b>5.00%</b>
9	50%	25%	50%	<b>6.25%</b>
10	50%	30%	50%	<b>7.50%</b>
11	50%	35%	50%	<b>8.75%</b>
12	50%	40%	50%	<b>10.00%</b>
13	50%	45%	50%	<b>11.25%</b>
14	50%	50%	50%	<b>12.50%</b>
15	50%	60%	50%	<b>15.00%</b>
16	50%	70%	50%	<b>17.50%</b>
17	50%	80%	50%	<b>20.00%</b>
18	50%	85%	50%	<b>21.25%</b>
19	50%	90%	50%	<b>22.50%</b>
20	50%	100%	50%	<b>25.00%</b>

**NUNATSIAVUT GOVERNMENT  
OWN SOURCE REVENUE CAPACITY AGREEMENT**

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**SCHEDULE B  
(section 12.1 )**

**PROVINCIAL INCLUSION FACTORS  
(P<sub>R</sub>)**

The provincial inclusion factor for section 12.0, for a Fiscal Year in the first column is the percentage in the last column for that year.

<b>Fiscal Year</b>	<b>Inclusion Factor A</b>	<b>Phase-in Factor B</b>	<b>Provincial Share C</b>	<b>Provincial Inclusion Factor (P<sub>R</sub>) AxBxC</b>
1 & 2	50%	0%	50%	0.0%
3	50%	5%	50%	1.25%
4	50%	5%	50%	1.25%
5	50%	10%	50%	2.50%
6	50%	15%	50%	3.75%
7	50%	20%	50%	5.00%
8	50%	30%	50%	7.50%
9	50%	40%	50%	10.00%
10	50%	55%	50%	13.75%
11	50%	70%	50%	17.50%
12	50%	85%	50%	21.25%
13	50%	100%	50%	25.00%

**NUNATSIAVUT GOVERNMENT  
OWN SOURCE REVENUE CAPACITY AGREEMENT**

**APPENDIX 1**

**NUNATSIAVUT GOVERNMENT  
OWN SOURCE REVENUE CAPACITY REPORT  
FOR THE FISCAL YEAR 200X/200Y**

**CALCULATION OF OWN SOURCE REVENUE CAPACITY**

Agreement  
Reference

<b>4.0</b>	<b>Tax Capacity</b>		
4.1(a)	Taxes received pursuant to a Tax Administration Agreement with Canada		
	Personal income tax	XXXX.XX	
	GST	XXXX.XX	
	Fines collected	XXXX.XX	
	Penalties assessed/received	XXXX.XX	
	Interest	XXXX.XX	
	Adjustments to agreement payments	<u>XXXX.XX</u>	
	<b>FEDERAL TAXES SHARED (FTS)</b>	<u><b>XXXXXX</b></u>	
4.1(b)	Nunatsiavut Government Property Taxes	XXXX.XX	
	Fines collected	XXXX.XX	
	Penalties assessed/received	<u>XXXX.XX</u>	
	<b>Total Nunatsiavut Government Property Taxes</b>		<b>XXXXXX.XX</b>
4.2	Tax revenues other than from an existing tax base	xxx.xx	
<b>5.0</b>	<b>Business Income Capacity</b>		
5.1	Gross revenues from commercial activities	XXXX.XX	
5.3	Deemed business income	<u>XXXX.XX</u>	
	<b>Total business income capacity</b>		<b>XXXXXX.XX</b>
<b>6.0</b>	<b>Property Income Capacity</b>		
6.1	Dividends	XXXX.XX	
6.1	Rent	XXXX.XX	
6.1	Interest and Royalties	XXXX.XX	
6.1	Capital Gains	XXXX.XX	
6.2	Trust income	XXXX.XX	
6.5	Voisey's Bay IBA trust income	XXXX.XX	
6.8	Section 7.3 and 7.4 payments	XXXX.XX	
6.9	Deemed property income from IBA payments	XXXX.XX	
6.12	IBA payments transferred to designated recipients	XXXX.XX	
6.13	Amounts in respect of IBA payments assigned	XXXX.XX	
6.1	Other property income	<u>XXXX.XX</u>	
	<b>Total property income capacity</b>		<b>XXXXXX.XX</b>

**Amounts not included in Property Income**

**NUNATSIAVUT GOVERNMENT  
OWN SOURCE REVENUE CAPACITY AGREEMENT**

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6.6	Designated amounts	XXXX.XX	
6.14	Amounts from IBAs or Compensation Agreements	XXXX.XX	
6.15	Loan repayments or return of capital amounts	XXXX.XX	
	Other property income amounts not included	<u>XXXX.XX</u>	
	<b>Total Property amounts not included</b>	<u>XXXXX.XX</u>	
<b>7.0</b>	<b>Fees and Charges Capacity</b>		
	Facility use	XXXX.XX	
	Permits/licenses	XXXX.XX	
	Land and resource fees	XXXX.XX	
	Hunting and fishing fees	XXXX.XX	
	Fines/penalties	<u>XXXX.XX</u>	
	<b>Total fees and charges capacity</b>		XXXXXX.XX
<b>8.0</b>	<b>Other Nunatsiavut Revenue Capacity</b>		
	Item 1	XXXX.XX	
	Item 2	XXXX.XX	
	Misc. (sum of amounts less than \$ 10,000)	<u>XXXX.XX</u>	
	<b>Total other Nunatsiavut revenue capacity</b>		<u>XXXXXX.XX</u>
	<b>NET OSRC</b>		<u>XXXXXX.XX</u>
<b>9.0</b>	<b>Amounts Not Included</b>		
	Item 1	XXXX.XX	
	Item 2	XXXX.XX	
	Item 3	<u>XXXX.XX</u>	
	Total amounts not included	XXXXX.XX	

**CALCULATION OF INCLUSION AMOUNTS**

**11.0 Federal Own Source Revenue Inclusion**

$$(\text{Net OSRC} \times F_R) + (2 \times F_R \times (\text{FTS} - X))$$

Where:

$F_R$  is the Federal Inclusion Factor for the Fiscal Year identified in Schedule A;

$X$  is the amount of \$2 million for the first nine years following the Effective Date and the amount of \$1 million per year thereafter; and

If  $(\text{FTS} - X)$  is less than zero, then the amount below zero will be applied to reduce Net OSRC .

**NUNATSIAVUT GOVERNMENT  
OWN SOURCE REVENUE CAPACITY AGREEMENT**

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**12.0 Provincial Own Source Revenue Inclusion**

Net OSRC  $\times P_R$

Where:

$P_R$  is the Provincial Inclusion Factor for the Fiscal Year identified in Schedule B.