



WOLASTOQEY NATION IN NEW BRUNSWICK

Matawaskiye • Neqotkuk • Wotstak • Pilick • Sitansisk • Welamoktok

FIRST NATIONS TAX AGREEMENTS – FREQUENTLY ASKED QUESTIONS

What are the First Nations Tax Agreements?

New Brunswick's First Nations communities have had tax-collecting agreements ("**Tax Agreements**") with the Province of New Brunswick ("**Province**") dating back to the 1990s that provide for the collection of provincial sales tax on-reserve. The Province and the six Wolastoqey Communities updated their Tax Agreements in 2017, which included a renewal for 10 years and an opportunity to review at the mid-term (2022).

What is the purpose of the First Nations Tax Agreements?

The Tax Agreements create a mutually beneficial relationship between New Brunswick's First Nations by creating revenue for both the Province and First Nations, while levelling the playing field for gas and tobacco retailers. The Agreements aid First Nations in bridging gaps in the economic disparity many First Nations communities face and allow for a self-sustaining source of income to improve on government funding shortfalls.

How do First Nations use the revenue from the First Nations Tax Agreements?

First Nation reserves include some of the poorest communities in the province. Money from the Tax Agreements provides basic social aid and housing to supplement inadequate funding from the government.

The revenues collected from the Tax Agreements help address the substantial, ongoing and systematic gap in the per capita funding the federal and provincial governments provide for education and social services on First Nations' reserves throughout Canada, compared to funding levels off-reserve for similar services. The Tax Agreements are vital to the economic health of the communities and enhance a sense of accomplishment and pride. For example First Nations children living on reserve receive at least [30% less funding](#) for their education as children under provincial jurisdiction. Additionally, First Nations children receive [22% less funding](#) for child welfare services than other Canadian children.

How do the First Nations Tax Agreements work?

Under the Tax Agreements, the First Nations collect provincial sales tax on-reserve and send it to the Province. For revenues below \$8 million in a fiscal year, the First Nation will get 95% of the taxes collected sent back to them, while the Province keeps 5%. For the portion of revenues above \$8 million, the First Nation receives 70%, while the Province receives 30%. The Tax Agreements also state that vendors on-reserve are not permitted to sell tobacco and fuel at prices lower than the local market prices. This gives surrounding businesses peace of mind that on-reserve retailers cannot sell fuel or tobacco products for any less than non-Indigenous owned businesses.

Why do the First Nation communities in New Brunswick need to fill gaps in basic services?

Under Canada's Constitution, "power" is divided between two levels of government—federal and provincial. Under section 92 of the Constitution, the Province has authority over such things as healthcare and education. However, under section 91 of the Constitution, the federal government has "exclusive authority over Indians and lands reserved for Indians". This means that the federal government is responsible for providing programs and services to First Nations that most communities in Canada receive from provincial and municipal levels of government, such as education, health and social services, roads, housing, water and waste management. It is widely known and well established that services available on reserves are often not comparable to those provided off reserves by provinces and municipalities and grossly underfunded.¹

How do the First Nations Tax Agreements benefit New Brunswickers?

In addition to the percentage that the province makes from the Tax Agreements, they are also drivers of economic growth in local communities, both on and off reserve. These Agreements allow for First Nations communities to create jobs for their businesses which employ both Indigenous and non-Indigenous peoples, which in turn allows for First Nations community members to be contributing members to the local economies of their surrounding communities by having an income to spend at local grocery stores, restaurants and other businesses.

What could happen if the Tax Agreements are permanently cancelled??

The Tax Agreements were negotiated because they create a win-win situation for First Nations and the people of New Brunswick.

The Premier said he would like to see First Nations be economically successful under

¹ See, for example: Office of the Auditor General of Canada, (2011), *Report of the Auditor General of Canada—2011 Programs for First Nations in Reserves*; (2015) *Report of the Auditor General of Canada—Access to Health Services for Remote First Nations Communities*; United Nations Human Rights Council Report by Special Rapporteur James Anaya (4 July 2014) UN Doc A/HRC/27/52/Add.2; *First Nations Child and Family Caring Society of Canada v Canada*, 2016 CHRT 2

his leadership, but attempts to pull the communities back down with his crab in the bucket mentality.

Serious social issues, deep poverty and substandard housing continue to plague First Nations communities, issues for which the Premier has demonstrated no empathy or understanding.

Should the Premier be allowed to cancel these long-standing Agreements, it could potentially cause a domino effect that would knock down the local economies of the six Wolastoqey communities by causing some businesses to default on payments associated with infrastructure costs, less contract work for surrounding areas such as construction companies, job layoffs, and in turn less money being spent in small-town's surrounding First Nations communities in New Brunswick that may rely on those customers.

Additionally, without the presence of these Tax Agreements with the Province, First Nations communities will no longer be required to keep fuel and tobacco product prices at comparable rates to off-reserve retailers causing a volatile market.

First Nations Tax Agreement Timeline

