



**HOUSE OF COMMONS
CANADA**

NORTHERNERS' PERSPECTIVES FOR PROSPERITY

**Report of the Standing Committee on
Aboriginal Affairs and Northern Development**

**Bruce Stanton, MP
Chair**

**DECEMBER 2010
40th PARLIAMENT, 3rd SESSION**

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has the honour to present its

THIRD REPORT

Pursuant to its mandate under Standing Order 108(2), and the motion adopted by the Committee on Thursday, March 25, 2010, the Committee has studied Northern Territories Economic Development: Barriers and Solutions and has agreed to report the following:

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CHAIR'S FOREWORD

In October 2009, during the 2nd Session of the 40th Parliament, the Standing Committee on Aboriginal Affairs and Northern Development (the Committee) agreed to pursue a comprehensive study of economic development barriers and solutions in Canada's northern territories. The Committee's decision to pursue such a study followed initial hearings in 2008 and early 2009, during which time a range of governmental and non-governmental witnesses provided their perspectives on various issues of concern.

Over the course of 26 meetings on this subject since April 2009, 96 witnesses have provided their input on key barriers, and shared their ideas and perspectives on economic development in the northern territories. Public hearings were held in Ottawa, Whitehorse, Yellowknife and Iqaluit. Prior to formal hearings on this issue, in June 2008 the Committee conducted fact-finding initiatives in Iqaluit and Pangnirtung, Nunavut during which time the Committee met with members of the Nunavut Legislative Assembly, as well as with representatives of a number of stakeholder groups actively engaged in economic development in Nunavut.

Over the last few decades, efforts to improve economic development in the northern territories have been met with varying degrees of success. During this time, the economies of Yukon, Northwest Territories and Nunavut have evolved in different ways, such that each face unique challenges and barriers to developing their economies. According to what the Committee has heard from witnesses, there is a general consensus that much work lies ahead.

With a renewed emphasis by federal, territorial and Aboriginal governments, northern businesses and communities on developing the economies of the North, coupled with its vast underdeveloped resources, economic development in the northern territories holds the promise and potential of providing Canadians with an enormous amount of wealth.

As noted throughout this report, the North is increasingly playing a larger role in global economic development. For its part, the federal government is continuing to facilitate this development by working in collaboration with territorial and Aboriginal governments, and with businesses and communities to create a more receptive political, social and economic environment. However, much more work needs to be accomplished to overcome the wide-ranging barriers to economic development being faced by northerners. Based on the many valuable and insightful contributions of witnesses to the Committee, this study sets out a comprehensive vision for the federal government to pursue so that the governments, businesses, and peoples of the northern territories can be better equipped to overcome the obstacles that inhibit economic development.

Working in collaboration with northerners, the Committee believes that the solutions presented in this report—that of a supportive infrastructure, a capable labour force, healthy citizens and improved living standards, and empowered governments—will help realize the full economic potential of the North, and the corresponding benefits to northerners.

I would like to take this opportunity to recognize the valuable contributions of all the witnesses who helped inform the Committee's conclusions, and to thank the supporting staff of the Committee, and the members of the Committee for their thoughtful deliberations on this important and timely report.

Bruce Stanton, MP
Chair of the Standing Committee on Aboriginal Affairs and Northern Development

1. OVERVIEW

1.1 Land and People

The northern territories comprise roughly 40% of Canada's total landmass,¹ with a sparsely distributed population of less than 110,000 inhabitants.² Most northerners live in the territorial capitals, with the remaining population spread out over some 140 small, isolated communities.

Overall, about 55% of northerners are Aboriginal peoples of First Nations, Métis or Inuit ancestry,³ the rest being people who arrived in Canada at different points in time. Nunavut has the highest concentration of Aboriginal peoples, at 85%, followed by 50% in Northwest Territories (NWT), and 25% in Yukon.⁴

1.2 Key Industry Sectors⁵

The economy of the North is very much dependent on its natural resources. Although the North has an abundant supply of such things as precious metals and minerals, oil and gas, and forestry, development of these resources has historically been limited due to climate, distance from markets and a lack of infrastructure.

Since natural resource development activity is determined in large part by the global demand for metals and minerals, wide swings in this demand cause volatility in mining activity in the North. The North is also home to a relatively large public sector, which administers government and provides health, education and social services to those in the city centres as well as in isolated communities. In contrast with the volatility in natural resource development, the public sector serves as a stabilizing factor, providing relatively secure jobs with high-paying wages and salaries. Retail and commercial services, which support both mining industries and the public sector, also comprise a significant share of total economic activity in the North.

Aboriginal peoples are, in addition, starting to link themselves with the modern economy in the North. For example, many Aboriginal-owned development corporations have operations in northern development through activities such as transportation and

1 Natural Resources Canada, [Land and Freshwater Areas](#), Atlas of Canada.

2 Statistics Canada, [Summary Tables](#), Population on July 1, 2009.

3 Statistics Canada, [Aboriginal Population Profile](#), 2006 Census.

4 Ibid.

5 Presentation within this section adapted in part from the Conference Board of Canada, *Territorial Outlook*, July 2010.

construction, tourism, as well as through part-ownership in oil and gas development projects.

The traditional practices of Aboriginal peoples also play a significant part in the northern economy, through hunting, trapping, fishing, and arts and culture. Aboriginal peoples conduct these activities mainly to provide sustenance for their communities, but can also use these skills as a means for commercial trade. As such, traditional activities allow for a certain measure of protection for Aboriginal peoples from the more volatile mining sector.

Although the value of production in the territories, measured by the real Gross Domestic Product (GDP), is higher on a per capita basis than for Canada on average (\$55,777 vs. 36,441, respectively)⁶, northerners tend not to benefit fully from economic activity in the North. For example, although local communities may benefit from increased employment through a mining project, and territorial and Aboriginal governments may benefit from increased tax and royalty revenues, witnesses expressed that most of the proceeds of these activities flow to large southern-based corporations in the form of profits; to southern-based workers in the form of wages and salaries; and to the federal government in the form of royalties. As stated by Elisapee Sheutiapik, Mayor of Iqaluit and President of the Nunavut Association of Municipalities:

The resource curse is integral to northern resource development history. Profits go to outside investors, business goes to outside service and suppliers, wages go to outside labour, public revenues go to central governments, and the vast majority of local people are barred from participation by poor education, poor infrastructure, and inadequate services.⁷

The Conference Board of Canada provides estimates and forecasts of economic activity in the northern territories through its *Territorial Outlook* series. According to the latest version released in July 2010, the Conference Board of Canada states that:

Canada's territories did not escape the effects of the 2008-2009 recession and its aftermath. The fall in metal and mineral prices that occurred at the end of 2008 had a devastating impact on mining production and exploration across the northern territories.⁸

The reduction in mining activity impacted each territory in a different way, however. In contrast to the rest of Canada, Yukon's GDP actually grew by 1.4% in 2009 over the previous year, while NWT's GDP dropped by 5.9%, and Nunavut fell sharply by 10.6%. The relative strength in Yukon is due in part to its relatively low dependence on mining projects, coupled with its large public and private services sector. The effects of the

6 Calculations using data from the Conference Board of Canada, *Territorial Outlook*, July 2010, and Statistics Canada (*Latest Indicators*).

7 House of Commons Standing Committee on Aboriginal Affairs and Northern Development [Hereinafter referred to as the Committee], *Evidence*, 2nd Session, 40th Parliament, November, 24 2009, 0845.

8 Conference Board of Canada, *Territorial Outlook*, July 2010, p. vi.

economic downturn were felt more severely in NWT and Nunavut due to falling diamond prices and the end of construction for the Meadowbank gold mine, respectively. As Table 1.1 indicates, the Conference Board of Canada expects that economic activity will resume across the territories in 2010 along with global demand.

Table 1.1: GDP by Selected Industry, 2010 (real per capita dollars, 2002)

	Yukon	NWT	Nunavut	All Territories
Total	44,606 (4.0)	79,187 (4.8)	36,321 (11.2)	55,777 (5.6)
Mining	3,385 (55.9)	29,244 (19.3)	3,419 (1,180)	13,589 (29.6)
Metals	2,441 (90.4)	488 (-20.9)	3,141 (...)	1,879 (193.4)
Non-Metals	0 (...)	22,970 (25.9)	0 (...)	9,054 (25.0)
Oil and Gas	91 (-4.0)	4,124 (-1.5)	0 (...)	1,654 (-2.3)
Utilities	1,068 (1.6)	1,297 (1.8)	654 (1.8)	1,035 (1.6)
Construction	3,844 (4.3)	6,122 (-24.8)	5,810 (7.5)	5,326 (-10.6)
Transport¹	2,788 (1.4)	7,724 (3.5)	1,911 (2.6)	4,473 (2.6)
Services				
Private²	17,021 (2.5)	19,198 (2.2)	9,945 (3.9)	15,777 (2.5)
Public³	15,850 (-0.3)	17,009 (1.2)	14,798 (-0.8)	15,995 (0.2)

Source: Calculations using data from Conference Board of Canada, *Territorial Outlook*, July 2010; bracketed number represents percentage change from previous year.

Notes:

1. Also includes less significant contributions through warehousing, information and cultural industries.
2. Includes: wholesale and retail trade; finance, insurance and real estate; and miscellaneous commercial services.
3. Includes public sector services for health care, education and social programs; and public administration.

Yukon

In Yukon, public and private services accounted for almost three-quarters of all economic activity in 2010, while mining focused almost exclusively on metals. The Conference Board of Canada expects that, along with a recovery in global economic activity in 2010, metal mining for Yukon will grow by 90% over the previous year as a result of three hard rock mines in commercial operation—the existing Minto copper-gold mine will be joined by the Wolverine zinc mine and the Bellekeno silver mine. Construction

activity is also expected to grow significantly through non-residential projects associated with the increase in mining activity. Likewise, commercial services and retail trade are expected to resume growth following reductions during the recession.

A major hydro-electric construction project is also being undertaken by Yukon Energy Corporation in relation to the Mayo B hydro expansion project, which is expected to lower the territory's reliance on non-renewable energy. The \$160-million project involves building a new powerhouse that can generate twice the amount of energy from the Mayo River, along with the second stage of the Carmacks-Stewart transmission project, which will connect Yukon's two established hydro-based grids.

Along with the downturn in U.S. economic activity, tourism has been struggling over the last few years, such that there were 282,874 border crossings in 2009, a decrease of 5.7 % relative to the previous year. As such, the port of Skagway, Alaska, is expected to welcome significantly fewer cruise ships this season, leading to a possible decline in the number of same-day excursions to Yukon. Yukon tourism through Skagway, is also affected in general by a Canada Border Services Agency regulation that restricts Canadian tourists from renting a car and entering Canada from the U.S for tourism purposes.⁹

Northwest Territories

Mining is expected to account for over one-third of all industrial activity in NWT in 2010, due mainly to diamond mining. Although the market for diamonds has been depressed over the last few years, a recovery is expected for 2010 along with increasing prices and expanded operations at the Diavik and Snap Lake mines. With activities at the territory's sole metal mine—the Cantung mine—temporarily suspended, metal mining is set to drop in 2010 for the fourth consecutive year. Construction is expected to contract over the near term, due in large part to the completion of the \$565-million Diavik underground expansion.

Over the longer term, The Mackenzie Gas Project (MGP) has the potential to result in a transformation of the NWT economy. If approved by the National Energy Board (NEB), whose final ruling is expected this fall, the construction of the MGP could occur over a four-year period from 2017 to 2020, adding an estimated \$16.2 billion to the territorial economy; roughly three times the current value of the NWT's economy. Pending the decision by the NEB, and given that the market for non-renewable natural resources has yet to recover fully from the effects of the recent recession, the timing and feasibility of the MGP remains in question.

⁹ According to the *Temporary Importation of Conveyances by Residents of Canada Regulations*, only U.S. residents are permitted to drive a U.S.-registered vehicle in Canada. Several witnesses before the Committee provided testimony that this restriction was having a negative impact on tourism in Yukon.

Nunavut

Nunavut's economy is subject to large fluctuations due to the volatile and relatively thin mining sector, but its large government sector helps provide some stability to GDP growth. Fully two-fifths of total economic activity is expected to be derived from public administration and government services in 2010.

In 2010, there is expected to be only one active mining operation in Nunavut—the Meadowbank gold mine at Baker Lake—although the Conference Board of Canada states that “[t]he territory’s largely untapped mineral resources provide much opportunity for the economy to expand.” Commercial production of the Meadowbank gold mine began on March 1, 2010, with average production expected to reach 350,000 ounces per year. The strong employment growth is also expected to benefit the service and retail sectors of the Nunavut economy.

While residential investment is expected to increase this year, growth in construction activity in Nunavut is expected to be driven by the non-residential sector. In support of this, the Conference Board of Canada quotes a Statistics Canada survey indicating that investment intentions are up by 28% over the previous year. Contributing to the positive outlook for construction in Nunavut is the \$11-million in federal government funding for the overhaul of the Nunavut Research Institute.

1.3 Barriers to Economic Development

Economic development in the northern territories is increasingly becoming an area of focus for government policy makers, northern communities, Aboriginal peoples and businesses in Canada. With an abundance of untapped natural resources, Canada's North has the potential to play an important role in servicing the long-term global demand for energy and minerals. Despite this potential, the North faces many barriers to its active participation in economic development. As explored in detail within sections 4 to 8 of this report, through evidence provided by witnesses during the course of the Committee's study, the most significant barriers to economic development in the northern territories include: lack of infrastructure to support development projects and to link with southern markets; skills shortages and low educational attainment; health, living costs and standards of northern communities; and governance issues.

In terms of infrastructure, there is a perceived lack of available means for transportation across the northern territories, owing to the prohibitive costs to develop such systems in these remote regions. This infrastructure deficit serves as a disincentive to private investment in development projects across the North. The availability of transportation infrastructure differs by territory, however: Yukon has the most developed permanent road system; while communities in NWT are accessible through a system of

all-weather roads, winter ice roads, and various water transportation systems.¹⁰ Nunavut is the least developed territory in the North, as most travel between communities within the territory and to external locations is by air transport. The lack of a road network in Nunavut necessitates the shipment of vital goods and cargo through annual sealifts from the South, which occur during the summer months when navigation by sea is possible.¹¹

Power generation infrastructure is another factor that influences the capacity to initiate development projects in the North. Although limited current hydro-electric power developments presently exist in the North, they account for most of the power generation for Yukon and NWT. Diesel generators are more common in remote areas of the northern territories, and are currently the only source of power for communities in Nunavut. Due to the high costs involved in the maintenance of such systems, and the negative impacts they can have on the environment, the development of cleaner, renewable power sources is being explored by northerners—such as biomass, wind and solar power, etc.—although these forms of power generation remain in their infancy in the North.

Skills shortages and lower levels of educational attainment are apparent across the North, especially in Nunavut. Compared with the rest of Canada, residents of the northern territories, especially Aboriginal peoples, lag behind in terms of literacy, high school completion and university degree attainment. In relation to post-secondary education, there is a limited availability of local university courses for northern students. In general, witnesses note that these students, especially those from remote Aboriginal communities, tend to be either unwilling or unable to leave family to travel to attend university in the South. Even for those who do attend southern universities, some witnesses note that a significant portion either remain in the south upon graduation to gain higher paying stable employment, or they experience difficulties in integrating into the southern culture and eventually drop out of school. At the primary and secondary education levels, some witnesses note a lack of engagement by Aboriginal northerners, for such reasons as a stated preference to engage in the wage economy or to practice traditional activities, or as a result of a school curriculum that tends to lack relevance in terms of traditional culture and language. For those northerners who do attain higher levels of education, and who choose to remain in the North upon graduation, private businesses, government agencies and land claims management organizations tend to note that they must compete against each other to attract skilled workers from the limited selection pool.

Health and living standards are lower in the northern territories due mainly to rapid social change, as Aboriginal peoples have generally struggled in the transition away from traditional activities towards southern-based ways of living.¹² This struggle to adapt to the

10 National Round Table on the Environment and the Economy, *True North: Adapting Infrastructure to Climate Change in Northern Canada*, 2009.

11 Ibid.

12 Richard J. Van Loon, "Challenges and Expectations in the Canadian North," in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada's North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009, pp. 529-544.

influence of modernization in the North has generally resulted in high educational dropout rates, poverty and unemployment, and difficulties in coping with the relatively high cost of living in the North.¹³ The social problems inherent in many northern communities, especially those that are more isolated, manifest themselves through high crime and suicide rates. As well, the lack of sufficient housing in the North has resulted in overcrowded homes, especially in Nunavut. Overcrowded housing can, in turn, have a negative impact on the health status and educational attainment of northerners.

Governance issues, in relation to disputes among federal-territorial and Aboriginal governments on the establishment and implementation of land claim agreements, are also seen as a barrier to economic development in the northern territories. Many challenges exist in relation to the capacity of regulatory co-management boards to conduct appropriate land use planning in the North, as some boards may lack sufficient support and training to effectively carry out their duties.

Another factor related to the concept of governance is the process of devolution and resource revenue sharing. Currently, Yukon is the only territory with a completed agreement on the devolution of responsibilities for the use, management and benefit of its resources, including non-renewable natural resources. Both NWT and Nunavut, meanwhile, have yet to settle similar agreements for their jurisdictions.

13 *ibid.*

2. HISTORY OF DEVELOPMENT IN THE NORTHERN TERRITORIES¹⁴

As the following sections within this report will show, economic development in the northern territories today is characterized by a diverse mix of economic, political and social circumstances. To better understand how these circumstances came to exist, it is helpful to review the economic development of the northern territories.

Shortly after Confederation, in 1870, the newly established Government of Canada acquired control of the North-Western Territory from the British Government, and bought the land holdings of the Hudson's Bay Company; with the combined area renamed as the Northwest Territories. A subsequent transfer was made with the British Government in 1880, in which the Arctic islands were added to these lands. At different points in time, the Northwest Territories have included all of Alberta, Saskatchewan, Yukon, and most of Manitoba, Ontario and Quebec.

Federal responsibility for the territories was originally established in the *Constitution Act* of 1871, Section 4, which made the federal government responsible for the “administration, peace, order and good government of any territory not for the time being included in any Province.”¹⁵ In contrast to the provinces, this provided the Government of Canada with direct legislative control and governance in the territories.

The initial vision for economic development in Canada was embodied in what came to be called the National Policy of 1879, designed to support the development of an industrial base in central Canada, an agricultural hinterland in the West, and an internal trading system in the country as a whole. The construction of a transcontinental railway opened the western plains to both policing and settlement. Federal policy in the northern regions of the West applied mining development principles similar to that applied to agriculture—i.e. the Crown granted rights to private development on the condition that the land be developed.

Although the National Policy was the first strategy developed by the federal government in support of economic development in Canada, focusing on settlement of the West in general, there was also more specific interest in determining the economic development potential of Canada's North. In 1888, the Senate Committee on the

14 Unless otherwise cited, the presentation in this section is adapted from: Government of Canada, *Difference Between Canadian Provinces and Territories*, Privy Council Office; Frances Abele, “Northern Development: Past, Present and Future,” in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada's North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009, pp. 21-37; William R. Morrison, *True North: The Yukon and Northwest Territories*, 1998, chapters 6-10; and Robert M. Bone, *The Canadian North: Issues and Challenges*, Third Edition, 2009, pp. 76-89.

15 *An Act respecting the establishment of Provinces in the Dominion of Canada*, Assented to June 29th, 1871.

Resources of the Great Mackenzie Basin initiated an investigation into the economic potential of the Northwest Territories, later publishing a “highly enthusiastic report on the potential for agriculture, fisheries, forestry, mining, and petroleum.”¹⁶ Although widespread interest was expressed in developing the northern territories at the time, no coordinated policy was pursued.

Significant economic development activity in the northern territories began with the discovery of gold near what is now Dawson City, Yukon in 1896. Economic activity associated with the Klondike Gold Rush was so great that by 1898 the population of Dawson City had reached 40,000. In response, the Canadian government officially established the Yukon Territory in 1898, and Treaty 8 was signed with the Dene in that same year. The North West Mounted Police were sent in to ensure Canadian jurisdiction and *The Yukon Act* provided for a Commissioner in Council to administer the territory; further amendments to the *Yukon Act* in 1908 transformed the council into an elected body. In addition to many persons from southern Canada temporarily moving to Yukon to work in the mining industry, Aboriginal peoples were also hired to conduct support work and act as guides during mining expeditions.

Economic development in the northern territories cooled somewhat following the end of the Klondike Gold Rush at the turn of the century. Then, as is the case today, mining production in Yukon grew along with the global price of minerals. Meanwhile, economic activity in Northwest Territories continued through traditional means with the Hudson’s Bay Company and the fur trade. In 1921, at the time of the discovery of oil at Norman Wells in NWT, the federal government negotiated Treaty 11 with the Dene of the central and lower Mackenzie Valley, and an oil production facility was established at Norman Wells, along with gold mining around Yellowknife in the 1930s.

With the advent of World War II, focus on economic development in the North expanded as a result of sovereignty and security concerns. Due to the threat of invasion through the Pacific theatre, the American and Canadian governments developed the Northwest Staging Route, which consisted of a chain of airfields extending from the south through the northern territories and ending in Fairbanks, Alaska. The Alaska Highway was also constructed to create an inland supply route for military operations through to Alaska. As well, the Canol pipeline was constructed to bring oil from Norman Wells through Whitehorse to the Alaskan Pacific front, which led to the construction of a series of all-weather and winter roads along the Mackenzie Valley, providing employment for Aboriginal peoples’ along the way. Following World War II, during the Cold War period, the military presence in the North was maintained, with defence-related research programs, the construction of the Distant Early Warning (DEW) radar line, and additional airfields and communications sites.

16 Graham Rowley, “Canada: The Slow Retreat of ‘the North,’ in *The Circumpolar North*, ed. Terence Armstrong, George Rogers, and Graham Rowley, 1978, pp. 71-123.

Along with this development, Aboriginal peoples were engaged through employment, but were also being affected by health and social problems due to the greater contact with southerners and a separation from their traditional lifestyles. In response to a greater awareness from the South as to the deteriorating health and social conditions for northern Aboriginal peoples, the federal government introduced settlement and resettlement strategies to provide social housing, health care and social assistance; and tragically, with severe negative and long-term consequences, often moved children into residential schools.

In 1957, Prime Minister John Diefenbaker presented a northern development concept called the *Northern Vision*, in which the North was to be opened by means of a “new National Policy.”¹⁷ Northern minerals, like western wheat during the original National Policy era, would fuel the engine of the national economy by providing export credits, jobs, and investment opportunities. The role of the federal government would be to facilitate resource development: The *Territorial Roads* program and the *Roads to Resources* policy were announced, a railway was constructed to the Pine Point mine in the Northwest Territories, and new oil and gas regulations and tax incentives were created to promote exploration.¹⁸

In 1965, following consultations across the territories, the federal *Carrothers Commission* recommended a gradual increase in territorial responsibility through a working territorial government. In 1967, Yellowknife was made the capital of NWT and the first Commissioner to be permanently based in the NWT was appointed. Following the report, many federal government responsibilities were transferred to the territories, including health care, education, small business, public works, social services, local government, administration of airports and forestry management.

As the transformation towards greater political control by territorial public governments and increased economic development in the North was occurring, Aboriginal northerners began to organize themselves into political organizations to assert their citizenship and land rights. This was demonstrated most significantly in the 1970s with Aboriginal resistance to federal government consideration being made to expand access to northern natural gas resources through the Mackenzie Valley in NWT. Continued resistance to development in the North by Aboriginal peoples eventually led to the establishment of modern treaties, entrenchment of Aboriginal rights within the Constitution, and a redesign of northern political boundaries and institutions.

17 Frances Abele, “Canadian Contradictions: Forty Years of Northern Political Development,” in *Arctic*, Vol. 40, No. 4, December 1987, pp. 310–320.

18 Ibid.

As a result of these new systems of governance, current efforts on northern territories economic development, as guided through the federal government's 2007 *Northern Strategy*, are largely dependent on collaborative efforts among federal, territorial and Aboriginal governments, as well as with private-sector developers.

3. CONSIDERATIONS

3.1 Jurisdiction

According to the Constitution, in contrast to provinces, which have explicit constitutional powers in their own right, the territories exercise delegated powers under the authority of the Parliament of Canada.¹⁹ That is, territories are restricted in their ability to amend their constitutions or directly control the management and sale of Crown lands.²⁰ Despite this constitutional relationship, as explained in section 2, the transfer of control over many provincial-like responsibilities to the territories over time has been negotiated with the federal government, including such things as the provision of health care services, education, housing and social services, and forest management and fire suppression.

The development of non-renewable natural resources—such as mining and minerals, including oil and gas—continues to be administered primarily by the federal government within most territories, although the federal government tends to work in collaboration with territorial and Aboriginal governments across the North on these matters. Yukon is the only territory to have completed devolution agreements with the federal government to transfer direct control over lands and resources, including oil and gas resources. Some Aboriginal governments also hold province-like powers in their settlement lands. In Yukon, most First Nations have acquired self-governing powers that provide them with control of their land and resources. Elsewhere in the northern territories, the Tlicho government in NWT has negotiated similar province-like powers through the settlement of its own self-government agreement in 2005. Devolution negotiations between the federal government and NWT and Nunavut governments are currently yet to be resolved.

Given the increasing level of control exercised by the territorial and Aboriginal governments in terms of the direct management of public services, lands and resources in the northern territories, the role of the federal government in the North is increasingly being regarded as that of a facilitator, in which it works in collaboration with territorial and Aboriginal governments to create a receptive political, social and economic environment for development in the northern territories.

3.2 Definitions of “The North”

Depending on the approach used, many different definitions of “The North” can be formulated. These definitions can be formed through considerations of such things as political jurisdiction, geographical location, environmental zones, geological formation,

19 Government of Canada, *Difference between Canadian Provinces and Territories*, Privy Council Office, Intergovernmental Affairs.

20 Legislative Assembly of the Northwest Territories, *A Comparison of Provincial & Territorial Governments*.

perceptions of isolation, etc. In particular, the Committee heard from various witnesses that any study of federal government policies and programs related to the North should also include considerations for regions north of the 60th parallel in Quebec (Nunavik) and Labrador (Nunatsiavut), as many of the barriers to economic development faced by Inuit peoples in these regions are similar to barriers faced by those in Nunavut. This perspective is echoed in other studies on the Canadian North, notably in a recent study by the House of Commons Standing Committee on National Defence, which recommended that the Government of Canada include Nunavik and Nunatsiavut “in its Northern Strategy and other programs for the North.”²¹ The Committee bears this perspective in mind, and hopes that the findings and recommendations included within this present report could also help to inform provincial governments in the development of their northern regions, in collaboration with Aboriginal land claimants and other partners and stakeholders in those northern regions.

The Committee believes that restricting the focus of this study to the political boundaries of the northern territories facilitates the development of recommendations that can be most appropriately applied to the main role of the federal government, as facilitator of economic development in those regions. This restrictive definition is appropriate for several reasons. First, as explained in section 3.1 on jurisdiction, the federal government has main constitutional authority over the territories, while provinces have authority over their respective northern regions. Second, even though territorial governments have acquired province-like authority over most of their land and resources through agreements with the federal government, territories continue to be challenged in their ability to raise own-source revenues to service their spending needs. Third, communities in the northern territories are relatively more isolated than in the northern regions of provinces, with more severe deficits in infrastructure and exposure to more severe climate conditions.

3.3 Items Beyond Scope of Report

Although the Committee is grateful for the broad range of perspectives presented by all witnesses through their testimony before the Committee, several issues raised were determined at the outset by the Committee to be beyond the scope of this report. These include issues that are: considered outside of federal government jurisdiction; not directly relevant to the northern territories; directly related to business-to-business competition; lacking a minimal level of consensus in opinion; and lacking sufficient evidence or a convincing argument.

In addition, although the Committee recognizes that issues such as international sovereignty, remediation of contaminated sites, and the regulation of offshore drilling are directly linked with economic development in the North, as witnesses paid greater attention to other matters, these issues were not explored within the report. With little available

21 [Canada's Arctic Sovereignty](#), Report of the Standing Committee on National Defence, 3rd Session, 40th Parliament, June 2010.

evidence, the Committee would be limited in its capacity to formulate convincing arguments and recommendations on these matters.

The Committee also does not offer recommendations in support of a specific project proponent, business or industry sector, as this would require a degree of assessment and investigation that is beyond the mandate of this report.

4. GENERAL ECONOMIC DEVELOPMENT

Pushing programs designed to stimulate growth in an unprepared region is an exercise in futility, and ultimately doomed to fail. The focus must be on building capacity at the local level.²²

Mark Morrissey, Nunavut Economic Forum

The Government of Canada, through its October 2007 Speech from the Throne, announced its intention to introduce a Northern Strategy, with the aim of helping the North “realize its true potential as a healthy and prosperous region within a strong and sovereign country.”²³ As part of this strategy, the 2009 Budget committed \$50 million over five years to support the establishment of a new regional economic development agency for the North. Launched on August 18, 2009, the Canadian Northern Economic Development Agency (CanNor) provides support for northern communities and businesses through a suite of economic development programs, some of which are pre-existing programs that were transferred over from the Department of Indian and Northern Affairs Canada (INAC), including Community Economic Development (CED) programs, and the Aboriginal Business Development Program.²⁴

- Community Economic Development Program (CEDP)—provides financial support to First Nation and Inuit communities for economic development initiatives, including planning and capacity development initiatives, proposal development, leveraging of financial resources and for carrying out various other economic development activities.
- Community Service Support Program (CSSP)—funds the implementation of national and regional plans to deliver support services to First Nation community economic development organizations. The services are intended to increase the economic capacity of community organizations to carry out one-time projects and ongoing activities related to economic development.

22 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 0910.

23 Department of Finance Canada, “Canada’s Vision for the North,” in *The Budget Plan 2008: Responsible Leadership*, February 26, 2008, p. 159.

24 Program Descriptions based on presentation by Auditor General of Canada, “Sustaining Development in the Northwest Territories,” in *2010 Spring Report of the Auditor General of Canada*, Chapter 4, Details of these funding arrangements are shown in Table B-1 of Appendix B. More information on these programs are also available through: Canadian Northern Economic Development Agency, *Backgrounder - CanNor Supports Aboriginal Economic Development across the North*; and INAC, *Summative Evaluation of INAC's Economic Development Programs*, April 2009.

- Community Economic Opportunities Program (CEOP)—provides project-based support to those First Nation and Inuit communities that have identified economic development opportunities. The program is expected to lead to community economic benefits as a result of planning and negotiating activities, research and advocacy initiatives, and economic infrastructure projects.
- Aboriginal Business Development Program (ABDP)—supports the establishment and growth of Aboriginal-owned and controlled businesses and works with Aboriginal clients across Canada, through financial contributions for activities including business planning, support, start-ups and acquisitions, expansion, and marketing.

Also housed within CanNor is Strategic Investments in Northern Economic Development (SINED), a five-year program transferred from INAC that provides targeted support for economic development projects, various new and pre-existing infrastructure and skills development programs,²⁵ as well as the new Northern Projects Management Office (NPMO), which began its operations in May 2010. The NPMO is tasked with coordinating federal regulators, tracking projects, providing guidance, and maintaining a consultation record for northern resource development projects.

Witnesses told the Committee that the development of CanNor is a positive step towards improving economic development initiatives in the North. There is much hope that this new agency will be able to facilitate the development of the northern economy in a manner that better addresses the unique needs and circumstances of northerners. To achieve this, northerners stressed that the federal government must undertake sufficient consultation and collaboration with them. The following provides an overview of some of the more significant issues mentioned by witnesses in relation to these economic development programs.

Co-Management

Some witnesses told the Committee that little consultation with northerners occurred in relation to the development of the Northern Strategy and CanNor, such that their respective mandates are deemed to be driven by the views and aspirations of the South, rather than the needs of northerners. For example, Chief Steve Nitah, of Lutsel K'e Dene First Nation, Akaitcho Treaty 8 Dene stated:

Dene chiefs should have been involved from the beginning in shaping the structure and the policy and priorities of this new agency.²⁶

25 Details of new and pre-existing programs delivered through CanNor are provided in Appendix B.

26 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 2005.

Similarly, Richard Runyon, of the Whitehorse Chamber of Commerce stated:

[F]ederal programming is designed in Ottawa by technicians who have limited experience in rural communities. The result is often a disconnect on how program dollars can be used versus implementation that will work in our limited human resource environment.²⁷

In response to these concerns, northerners advocated a co-management approach to federal programs, through which the creation of a common economic development plan would be developed to ensure greater self-sufficiency for northerners. This view was shared by the National Economic Development Committee for Inuit Nunangat (NEDCIN), a joint federal-Inuit committee established to collaboratively manage economic development policy and program development and implementation. In addition to advocating CanNor membership within NEDCIN, it was recommended that:

A formal agreement should be reached between NEDCIN and CanNor to ensure that the appropriate governance arrangements are in place for management of federal [economic development] programs.²⁸

The active engagement of northerners in the development of policies and programs in which they are affected was considered by many as a key factor in ensuring sustainable economic development in the North. Through co-management, northerners become shareholders in their own communities, such that development can evolve from a focus on jobs and income to one of nation building. As explained by Keith Martell, of the First Nations Bank of Canada:

[T]he main thing governments can do is to create an environment where economic development has the best opportunity to flourish. This starts with changing the approach of government to economic development. I have seen the success of First Nations who change their approach to economic development from being the doers of economic development to being the facilitators of economic development by creating an environment where economic development can succeed.²⁹

CED Program Funding Arrangements

A 2010 Spring audit by the Auditor General of Canada revealed a lack of focus in long-standing policies and programs for economic development that were transferred from Indian and Northern Affairs Canada (INAC) upon the establishment of CanNor in August 2009. The audit recommended that:

27 The Committee, *Evidence*, November 17, 2009, 2nd Session, 40th Parliament, 1945.

28 NEDCIN, Inuit Response to the Establishment of CanNor the Regional Development Agency for Nunavut, NWT and Yukon, submission to the Committee on November 12, 2009 (original date of publication: August 2009).

29 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 3, 2010, 1535.

CanNor should clarify the objectives of its economic development programs... and develop a strategic approach to delivering federal programming that includes the identification of needs and gaps, clear and coordinated objectives, effective performance measurement, and consistent reporting on results.³⁰

Similar findings were reached by Inuit organizations, as provided by Gordon Miles, Coordinator of NEDCIN, in his testimony before the Committee. Inuit organizations noted the concerns held by northerners in relation to poor program tracking for federal programs, now provided through CanNor. In particular, NEDCIN stated that federal programs for community economic development “are inadequate in the comprehensive land claims context and fail to track important results indicators.”³¹

In relation to the lack of tracking the performance of INAC programs in the North, recent evaluations of INAC CED programs also pointed to the lack of sufficient regard for the increased costs of doing business in the North. For example, a January 2010 INAC evaluation of its CED programs concluded, with some exceptions, that:

The population formula-based funding design of the Community Economic Development Program formula disadvantages smaller communities, which often receive insufficient support to hire a qualified, fulltime economic development officer.³²

Nunavut Community Economic Development Organizations (CEDOs) agree with this finding. In their submission to the Committee, it is noted that:

Despite the fact that the federal government recognizes the importance of putting realistic provisions in place for its own operations to account for the much higher costs of doing business in Nunavut [through application of the Isolated Posts and Government Housing Directive³³], this is not acknowledged in the agreements with Inuit organizations... to deliver programs and services on its behalf.³⁴

Moreover, various witnesses described how the lack of multi-year funding arrangements for CED programs hinders development in northern communities. For example, a submission by the Inuit members of NEDCIN explains that:

30 Auditor General of Canada, “[Sustaining Development in the Northwest Territories](#),” in *2010 Spring Report of the Auditor General of Canada*, Chapter 4.

31 NEDCIN, *Position Paper: Toward a New Federal Framework for Aboriginal Economic Development*, submission to the Committee on November 12, 2009 (original date of publication: December 2008).

32 INAC, *Summative Evaluation of INAC's Economic Development Programs*, Evaluation, Performance Measurement, and Review Branch, Audit and Evaluation Sector, April 2009.

33 The purpose of this policy is to “... facilitate the recruitment and retention of staff delivering government programs in isolated locations...”; see the National Joint Council, *Isolated Posts and Government Housing Directive*.

34 NEDCIN, Discussion Paper: Cost of Doing Business in Nunavut: The Need for New Approaches to Determining National Funding Allocation Formulas in INAC Economic Development Programs, submission to the Committee on November 2009 (originally prepared by Nunavut CEDO on April 2007).

Short term renewals undermine organizational capacity, impose unacceptable levels of potential financial exposure upon organizations and have direct and measurable negative effects on program results.³⁵

Witnesses also expressed concerns for the timing of federal support through its CED programs. Many noted that, when payments are not timed to the annual sealift of goods and material, this can result in delays and higher costs for local communities. As mentioned by Mark Morrissey, of the Nunavut Economic Forum:

New year funding is often withheld [by the federal government] pending submission of activity reports and, in many cases, audited financial statements. Realistically, at least here in Nunavut, many organizations are not able to provide audited statements until September. That being the case, organizations that are intending to use funding to purchase equipment and supplies have already missed the cutoff dates for sealift and are now forced to fly in goods at a much higher cost.³⁶

The lack of appropriate timing of federal support also creates problems when contracts are put on hold, or are lost because of long delays. As explained by Rick Karp, of the Whitehorse Chamber of Commerce:

The frustration comes out locally when trying to deal with [the federal government], in that the applications at that level have to get certain approvals and there are delays. Here we are in November,³⁷ we have three programs that we're working on, and we're still waiting for the funding.³⁷

Access to Capital

In addition to obtaining access to capital through the ABDP, many Aboriginal businesses and community organizations in the North also turn to private-sector financing. Although federal support through the ABDP is generally appreciated, witnesses suggested that an enhancement to this program is required to address the shortage of access to traditional financing to more effectively address the needs of local communities. As mentioned by Chief Peter Johnston, of Teslin Tlingit Council:

Traditional lenders such as banks are requiring First Nations to guarantee most of these loans. There are not enough opportunities for First Nations governments and businesses to access government programming. We need this programming to provide substantial capital and capacity-building within our nations.³⁸

The inability to obtain financing through mainstream banks in the North was most commonly associated with the lack of acceptance from these lending institutions due to a

35 NEDCIN, *Position Paper: Toward a New Federal Framework for Aboriginal Economic Development*, submission to the Committee on November 12, 2009 (original date of publication: December 2008).

36 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 0905 to 0910.

37 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009, 2030.

38 Ibid, 1020.

perception of higher risk for northern Aboriginal businesses, as these businesses tended to lack sufficient equity or liquidity under standard lending procedures.

One solution to increasing access to financing was offered by Stephen Mills, of Vuntut Development Corporation, who referred to the need for increased federal support for community economic development officers in the wake of past reductions in federal CED funding, noting that “they were of great assistance at the community level” in helping entrepreneurs secure financing.³⁹

Todd Noseworthy, of Northwest Territories Community Futures Association, agrees with this view, and further adds that the role of community economic development officers in the North could be expanded to include educational training for northern entrepreneurs on how to manage a business. Mr. Noseworthy provided clarification:

Many small and medium-sized enterprises lack the skills and capacity to take advantage of even small-scale opportunities, and often require intensive one-on-one assistance.⁴⁰

Summary of General Economic Development and Key Recommendation

The Committee concurs with witnesses that CanNor is an important step for a prosperous economic future in the North. This stand alone regional development agency for Canada’s North is well positioned to coordinate and deliver the existing economic development programs and services. We also agree with witnesses that, now that it is well established, CanNor must engage with and consult territorial governments, Aboriginal leaders and other stakeholders to further tailor its activities and programs to the unique needs of the North and the differing circumstances in each territory. The needs, views and aspirations of northerners must be taken into account in shaping economic development policies and programs in the North.

The Committee believes that, given the testimony provided, a better way should be sought to maximize the economic development potential of the North. Throughout its study, the Committee heard that the principle of co-management is a key factor in creating successful initiatives for economic development. Only by actively engaging with northerners can all parties be satisfied that their views are being incorporated into northern economic development policy and programs. In this way, the outcomes and benefits of economic development policies and programs are most likely to be realized and most likely to suit the unique needs of northerners. To arrive at more comprehensive solutions to which all parties can agree, the Committee recommends:

39 Ibid, 1030.

40 The Committee, [Evidence](#), 2nd Session, 40th Parliament, November 19, 2009, 1450.

Recommendation 1:

That CanNor continue to work with territorial governments, Aboriginal leaders and other stakeholders in the North to develop, by the end of the 2011-2012 fiscal year, a formal mechanism for collaboration among federal, territorial and Aboriginal governments to ensure that its activities and programs are tailored to the unique needs of the North.

5. PHYSICAL INFRASTRUCTURE

[The federal government] invested in connecting [southern] Canada to each other, now they need to do the same for the [N]orth.⁴¹

Chris West, Baffin Regional Chamber of Commerce

The establishment of physical infrastructure can serve as a key building block in enabling economic development in the North. For example, the construction of a road, railway or harbour facility in proximity to natural resources can lower the cost of doing business, such that mining or energy projects become economically feasible. In a similar way, such initiatives as developing various forms of renewable energy and enhancing telecommunications infrastructure can reduce the cost of living for northern communities by creating linkages with other communities, while facilitating linkages with southern markets (See Appendix B for a description of some key projects in relation to northern infrastructure, along with a list of key federal funding initiatives in support for northern infrastructure).

There is a consensus among northern communities that the current lack of sufficient infrastructure in the territories significantly impedes economic competitiveness and quality of life for northerners. Witnesses agreed that northern communities need infrastructure that connects them to southern markets as well as with each other. To quote Lawrence Connell of Agnico-Eagle Mines Limited:

We see it as an investment in strategic deep-water ports in the [N]orth to reduce the cost of transportation, strategically placed access roads that will allow for the distribution of goods and services across the territory, and investment in power generation in areas where reducing the cost of power will trigger industrial development.⁴²

5.1 Transportation and Community Infrastructure

Building a highway is essential to lowering the cost of living and providing that connectivity between communities.⁴³

Terry Kruger, Northwest Territories Association of Communities

5.1.1 Long-Term, Equitable Funding Arrangements

The majority of witnesses applauded the federal government for its long-term commitments in support of northern infrastructure through the Building Canada Fund and

41 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1815.

42 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 8, 2010, 1530.

43 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1045.

the Gas Tax Fund. These funding agreements provide ongoing support to northern communities using a base-plus allocation formula, which is aimed at addressing need within individual communities.

These same witnesses indicated that more federal funding initiatives should be structured in a similar fashion as that provided through the Gas Tax Fund and the Building Canada Fund. Terry Kruger, of the Northwest Territories Association of Communities, stated:

What doesn't work is per capita funding. It sounds fair, and maybe it is in southern Canada, but the [N]orth's small population and high costs combine to make it unworkable.⁴⁴

In relation to traditional tripartite infrastructure funding arrangements, federal, territorial and local governments each normally contribute one-third of the cost of new infrastructure development. As northern communities tend to have access to relatively little funding, however, many witnesses stated that these types of cost-sharing agreements tend to limit participation by northern communities, as they cannot normally raise enough revenue to contribute their full share.

To enhance efficiency and effectiveness in relation to the use of federal funding by northern communities, and to better reflect the needs of northerners, witnesses proposed that management and control of these projects be given to territorial or local governments, as they are best placed to understand how to use this funding. To satisfy any concerns related to accountability and transparency in the use of federal funding by northern communities, a model similar to that applied through the Gas Tax Fund and the Building Canada Fund could be used, in which:

- Territorial governments administer the distribution of the federal funds to communities following a distribution formula developed through consultation with key community government stakeholders.
- An oversight committee is established, with representation from the territorial and federal governments, with community associations holding observer status to monitor the program and develop new directions and initiatives.
- Funds for eligible projects are allocated according to a formula based on agreements established with northern communities.

As well, in relation to the increased costs faced by developers in the North, several witnesses mentioned that federal government contracts for infrastructure projects should be enhanced to make them more economically viable. That is, they proposed that federal

44 Ibid, 1030.

support should reflect the increased costs faced by businesses due to the short shipping and construction season, especially for more remote communities that are not connected by road networks. For example, Fred Koe, of the Northwest Territories Métis-Dene Development Fund Ltd., noted the following:

Seasonality, with our short construction season, is another issue for many businesses that are in construction, and especially for ones that rely on government contracts and have to do their work in two to three months. Again, the profitability of trying to do that or do rush jobs is very difficult.⁴⁵

The Committee believes that, as northern infrastructure remains underdeveloped, and since northern communities lack the means to generate sufficient financing, the federal government should provide the majority of infrastructure funding in tripartite agreements to facilitate development in the North. To ensure the needs of northern communities are being met, federal funding should be provided through long-term arrangements that reflect the needs of isolated northern communities, and that these arrangements be managed and controlled locally. Therefore, the Committee recommends:

Recommendation 2:

Where applicable, that funding by the Government of Canada for infrastructure projects be provided through multi-year agreements.

5.1.2 Public-Private Partnerships

The Canadian Council for Public-Private Partnerships defines a public-private partnership (P3) as:

A cooperative venture where there is an allocation of the risks inherent in the provision of a public service between the public and private sectors. A successful [P3] builds on the expertise of each partner to meet clearly defined public needs and provide a net benefit (or value for money) to the general public through appropriate allocation of resources, risks and rewards.⁴⁶

P3s can range from contracts for the maintenance or operation of existing infrastructure to contracts for developing, building, financing and operating new ventures.

It is a generally accepted notion today that the public-private procurement model may deliver considerable efficiencies. According to Tim Zehr of Nunasi Corporation:

One answer specific to government's need to respond to these demands [for increased infrastructure due to a growing population] would be to foster and encourage public-private partnerships, or P3s. P3s integrate a project's design, build, finance, and

45 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1945.

46 Canadian Council for Public-Private Partnerships, *Definitions*.

maintenance components... P3s are not privatization but a true partnership, outlined in a business agreement.⁴⁷

In such cases, it is expected that the public would receive a net benefit from assigning the design, construction and operating responsibilities for public infrastructure to a private consortium. Net benefit arises when “the private sector brings money, managerial tools and powerful incentives to deliver successful projects sooner and at lower cost than when delivered by the public sector alone.”⁴⁸

Other advantages may include:

- minimizing government financial risk associated with construction and operating public infrastructure;
- freeing up government resources to devote to its core functions;
- improved maintenance of public assets over the long term; and
- providing secure, long-term investment opportunities to the private sector.

Delivering an infrastructure project through a P3 also poses many risks that can be very costly for the taxpaying and investing public. Private-sector partners and their investors may be in financial jeopardy if construction or operating costs exceed projections and/or regulatory changes have a negative impact on their operating environment. As well, private financing is typically more expensive than public borrowing, which could reduce the cost savings expected from a P3 project. Some experts think, however, that this expense is completely offset by other P3 outcomes through such things as the cost-savings acquired through private-sector management and reduced monitoring requirements for government.⁴⁹

Despite the potential advantages of developing infrastructure through P3 arrangements, however, relatively few have occurred in Canada, especially on projects related to infrastructure in the northern territories. To-date, according to the Canadian Council for Public-Private Partnerships, of the total 138 P3 projects on record in Canada, only one has been successfully completed in the northern territories—the Government of Nunavut Buildings (Iqaluit).⁵⁰

47 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 25, 2010, 1545.

48 Finn Poshmann, *Private Means to Public Ends: The Future of Public-Private Partnerships*, C.D. Howe Commentary, Toronto, June 2003.

49 Derek Burleton, *Creating the Winning Conditions for Public-Private Partnerships in Canada*, TD Economics Special Report, 2006, p. 13.

50 A list of P3s in Canada is available through the Canadian Council for Public-Private Partnerships, [Canadian CPP Project Database](#).

- *Overview:* The Government of Nunavut entered into a P3 with the Nunavut Construction Corporation, an Inuit owned company, to design, finance, build, own and operate the government buildings under a 20-year lease arrangement. The project consists of 10 government office buildings (including the Legislative Assembly in Iqaluit) and 250 units of employee housing in 11 different communities throughout Nunavut. The final office buildings and housing units were completed in the spring of 2000 on budget, one year ahead of the four-year schedule. Nunavut Construction Corporation is responsible for all operation and maintenance of the buildings and will retain ownership of assets upon expiration of the lease.

In recognition of the importance of developing P3s in Canada, and since Canada lags behind other countries such as the United Kingdom and Australia on these efforts,⁵¹ the Government of Canada established a \$1.2 billion Public-Private Partnerships Fund through Public-Private Partnerships (PPP) Canada. PPP Canada is a crown corporation, which became operational in 2009, with a mandate to develop the Canadian market for public-private partnerships for the supply of public infrastructure in the public interest.⁵² As initial project approvals were expected in early 2010, it is currently not apparent to what extent this new funding is being provided in support of P3 projects in the northern territories. Therefore, the Committee recommends:

Recommendation 3:

That the Government of Canada continue to work with its partners and stakeholders to facilitate the development of P3 proposals that are deemed viable for infrastructure development in the northern territories.

5.2 Power Generation and Renewable Energy

We've attempted to look at alternative energies to reduce the dependency on fossil fuels, as well as to eliminate the risks associated with fossil fuels in terms of operating costs. Alternative energy options in the north are limited... by the availability of the technologies and equipment in the north, as well as the expertise to work on those alternative energies.⁵³

Peter Mackey, Qulliq Energy Corporation

51 Government of Canada, *The Budget Plan 2007: Aspire to a Stronger, Safer, Better Canada*, March 19, 2007, p.169; and *Building Canada — Modern Infrastructure for a Strong Canada*.

52 PPP Canada, *Summary Corporate Plan 2009-2014, Operating and Capital Budgets 2009/10*, 2009.

53 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 10, 2010, 1550.

According to a standard definition, renewable energy refers to the generation of heat and electricity from natural resources that are not depleted over time.⁵⁴ Renewable energy resources include power generated through wind, solar, water, geothermal, tidal and wave energy, as well as trees or other forms of biomass that can regenerate after some of the resources are used.

According to a broad range of witness testimony, the use of renewable energy sources to generate electricity offers many benefits beyond climate change mitigation and air pollution reduction—in relation to conventional energy generation through the use of diesel, it offers the potential for remote and isolated communities to reduce their energy consumption costs while providing opportunities for substantial job creation and rural development. Bill Eggertson, of the Canadian Association for Renewable Energies stated that:

The overwhelming evidence from numerous studies that job creation in renewables is higher per dollar of public investment than any other energy option, ...among many other advantages.⁵⁵

Witnesses told the Committee that, despite the potential for the development of renewable energy through its abundant natural resources, Canada lags behind many other countries in taking advantage of renewable energy as a source of power generation; a claim supported through a recent report by Ernst and Young, which ranks Canada 9th among 27 major industrialized countries in relative attractiveness.⁵⁶

According to statistics available from the Centre for Energy, northern territories depend more on energy generated through fossil fuels than other regions in Canada (see Table 5.1).

Table 5.1: Energy Use—Fossil Fuels and Renewable Sources, 2009 (% of total)

% of total	Canada	Yukon	NWT	Nunavut
Fossil Fuels	24%	41%	64%	100%
Nuclear	15%
Renewable (mainly hydro)	61%	59%	36%	...

Source: Calculations using data from the [Centre for Energy](#); and the International Energy Agency, [Energy Policies of IEA Countries—Canada](#), 2009 Review, Executive Summary and Key Recommendations, April 2010; based on installed capacity.

54 Barbara Campbell and Andrew Pape, [Economic Development from Renewable Energy: Yukon Opportunities](#), Pembina Institute, October 1999.

55 The Committee, [Evidence](#), 3rd Session, 40th Parliament, May 11, 2010, 1540; see also Julie Green, [Green Power for Electricity Generation – Creating an Industry in Canada](#), Canadian Renewable Energy Alliance, August 2006.

56 Ernst and Young, [Renewable Energy Country Attractiveness Indices](#), [Renewable Energy Country Attractiveness Indices](#), February 2010, Issue 24.

As well, residential electricity rates for northerners tend to be much higher in many northern communities. As shown in Table 5.2,

Table 5.2: Residential Rates for Electricity, June-July 2010

€/KWh	Rate
Yukon	10.45
Old Crow	25.77
NWT	
Yellowknife	13.52
Fort Smith	15.33
Colville Lake	245.30
Nunavut	
Iqaluit	39.39
Kagaaruk	81.72
Quebec	7.51
Nova Scotia	11.80

Source: National Energy Board, *Current Market Conditions*, June-July 2010 (note: represents subsidized rates, standard or high threshold).

Many witnesses spoke of how the development of renewable energy sources is required to ensure sustainable economic development in the northern territories for the years to come. As in other parts of Canada, development of a coordinated system would provide the best opportunity to develop low-cost and flexible power systems. In relation to this view, witness testimony can be grouped into two main themes:

5.2.1 Connecting Power Grids

The Committee was told that connecting energy-generating systems by accessing or creating northern power grids would enable a wider availability of supply at lower long-run costs, which would foster the development of communities and projects in more isolated areas of the North. As mentioned in section 1.2, the current effort by the Yukon Energy Corporation to connect the north and south power grids would enable a more efficient distribution of power to service Yukon communities that currently use diesel generators. Another means of connecting northerners with affordable and reliable power would be to create linkages with existing power grids in the southern provinces. Although there is a general view that initial efforts can be costly and time-consuming, witnesses agreed that these short-term risks are outweighed greatly by the long-term benefits for northern economies, such as:

- Less dependency on government support mechanisms;
- Diversification of territorial economies;
- Creation of partnerships with Aboriginal companies and the private sector that provide community and regional economic benefits and opportunities for wealth creation.

The following provides a few examples, as expressed by witnesses before the Committee, of strategies that could be applied to better enable affordable long-term power generation:

- Dr. Harvey Brooks (Department of Economic Development, Government of Yukon) noted that, with Government of Canada funding for a transmission extension in British Columbia up to Bob Quinn Lake, which is near to Yukon, this “gets us within a planning horizon for connection to Yukon.”⁵⁷ and
- Brian Zawadski (Nunavut Development Corporation) mentioned that “a power line from Manitoba, where electricity is less than 10¢ per kilowatt, to the Kivalliq, where electricity is greater than 40¢ a kilowatt, has been studied and now awaits development.”⁵⁸

Although these strategies would be beneficial in the long term, given the general views by witnesses of the prohibitive costs of such efforts, in the shorter term northerners are attempting to coordinate their efforts through other means. Several witnesses spoke of the need to foster collaboration among all orders of government, as well as with Aboriginal and northern businesses and communities when planning energy projects. For example:

- David Morrison (Yukon Energy Corporation) referred to a case in which the utility company worked with a mining operation to reduce its operating costs. Mr. Morrison explained that the Yukon Energy Corporation “connected a new mine to our grid about a year and a half ago... after it was operating on diesel... The mining company made a contribution to the transmission line project that we constructed... and they paid for their spur line.”⁵⁹ Mr. Morrison proposed that these coordinated efforts provide multiple benefits for the North, as it makes mining more economical and, at the same time, reduces greenhouse gas emissions.
- Donald Balsillie (Dezé Energy Corporation; NWT) explained how a proposal to develop a hydro facility in NWT—the Taltson hydro project—would provide sufficient energy to meet the needs of NWT’s diamond mining sector while offering direct benefits to northerners. In his presentation to the committee, he explained that the project would stabilize and reduce the energy component of NWT’s high cost of living, lengthen the life of the mine, create new jobs, training and business

57 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009, 0915.

58 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1505.

59 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 3, 2010, 1550.

opportunities, and allow direct economic benefits to northerners through majority ownership of the project by First Nations of the region.⁶⁰

- Peter Mackey (Qulliq Energy Corporation; Nunavut) stated that “we’re investigating potentially having private enterprise come in and partner with us in the development of... a hydro project for Iqaluit, the costs of which, in terms of getting it up and running, would be substantial, but it has the potential to displace over 35% of our fossil fuel consumption in the North.”⁶¹

The Committee concurs with witnesses that the federal government should foster collaboration among stakeholders in planning and developing energy transmission grids in the North. Therefore, the Committee recommends:

Recommendation 4:

That the Government of Canada provide support to northern communities and businesses, working in collaboration with territorial and Aboriginal governments to identify and facilitate the expansion of transmission grids in the North where they are most needed.

5.2.2 Independent Power Generation

A key strategy mentioned by northerners in relation to developing renewable energy sources in the North was to foster a policy on Independent Power Producing (IPP). In a submission to the Committee, the Government of Yukon described how the creation of an IPP policy enables local communities and private businesses to produce their own energy supplies, with the added benefit of being able to sell any excess supply to utility companies and then claim a net adjustment on their household meter charges.⁶² Support and partnerships are being sought by the Government of Yukon from all interested parties, such as federal and municipal governments, Aboriginal organizations, northern businesses, non-profit organizations, as well as individual homeowners.

In relation to the IPP strategy, witnesses spoke of developing various forms of renewable energy that could service northern communities and development projects in a sustainable manner; referred to as “hybridization.” As explained by Bill Eggertson (Canadian Association for Renewable Energies), a more diversified mix of power

60 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1310, and submitted handouts.

61 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 10, 2010, 1555.

62 A version of this policy is available through the Government Yukon, *Independent Power Production and Net Metering: Developing Policy for Yukon, Summary of Comments on Discussion Paper*, Department of Energy, Mines and Resources, June 2010.

production technologies would strengthen energy security, keep electricity rates low, and make the power generation system more reliable:

Have as much of a mix as possible, so that you're getting both heat and electricity from a wide range. If the sun isn't shining, the wind should be blowing; if not, then you have to kick in your biomass generator." He explains "Working together as a hybridized model is the best way to do it. It does increase your cost, but it increases reliability and performance and lowers the overall cost."⁶³

In addition to some of the more common forms of renewable energy, such as hydro, wind, solar, geothermal, etc., some northern communities are beginning to adopt a method of using wood pellets. As argued by Andrew Robinson, of Arctic Energy Alliance, the use of wood pellets as an emerging technology in NWT should be encouraged throughout the North:

They're cheaper than heating oil. They're much less environmentally damaging if you have a spill. They're considered carbon neutral. They're basically made out of waste sawdust, so they don't have a climate impact.⁶⁴

Solar and wind power are also forms of renewable energy that are deemed by many as remarkably well suited to climates that are exposed to the extremes of nature. As Bill Eggertson notes:

The efficiency of... photovoltaic solar cells that generate electricity ...increases in cold temperatures. In the [N]orth,... because of the latitude, you actually get more sunlight going into the solar panels because it bounces off the snow... Weather bases in both the Antarctic and the Arctic use wind turbines. It's a very effective technology, and wind continues to generate electricity at night, which solar power unfortunately does not.⁶⁵

Despite the advantages of using renewable energy in the North, the Committee heard from many witnesses on the challenges related to developing these technologies in northern communities. Some of the more common forms of barriers to the development of renewable energy in the North are the following:

- Lack of skills to develop and maintain equipment;
- Little government incentives to invest in renewable energy, which would enable start-up businesses and provide on-going support for existing projects;
- Reliability of equipment in extreme weather conditions; and

63 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 11, 2010, 1630.

64 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1550.

65 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 11, 2010, 1535.

- Reluctance to engage in renewable energy by local businesses and communities, due to previous efforts that were mainly unsuccessful.

According to Bill Eggertson (Canadian Association of Renewable Energies), existing federal government efforts to engage northerners in the development of renewable energy are commendable, and should be continued. As well, Mr. Eggertson stated that the government's efforts to promote these forms of energy should be maintained:

Last year, the Indian and Northern Affairs Canada report "Sharing the Story" provided case studies of wind and solar thermal power at Rankin Inlet, solar [power] at the recreation centre of Fort Smith and at Nunavut Arctic College in Iqaluit, solar air heating at the Weledeh school in Yellowknife, and numerous examples of district heating, waste heat recovery, and small hydro.⁶⁶

The Committee believes that efforts to develop various forms of renewable energy should be enhanced to service the need in northern communities for more affordable and sustainable power generation. Therefore, the Committee recommends:

Recommendation 5:

That the Government of Canada develop a northern strategy for the increased production and use of renewable energy sources. Furthermore, the Government of Canada should continue to support pilot projects and demonstration activities, to better inform northern communities and businesses on the environmental merits and potential cost-savings of renewable energy.

5.3 Climate Change Impact on Infrastructure

Too much of the work on arctic climate change and adaptation is not focused at the community level, so it's very difficult for territorial governments and for First Nations to properly appreciate what is going on.⁶⁷

Dr. Robert Page, National Round Table on the Environment and the Economy

In order to support sustainable development in the North, the previous section has argued that alternative ways of producing energy need to be explored to minimize the costs of development. Similarly, the use of renewable energies can help to minimize the impact of development on the northern environment.

In many ways, economic development and climate change are interrelated. On one hand, development projects, such as mining operations, are generally known to increase

66 Ibid.

67 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 25, 2010, 1605.

environmental pollution (e.g. through the production of greenhouse gas emissions, etc.) that can lead to climate change. On the other hand, climate change can have an impact on buildings and roads that service development projects, such as a mining site.

This duality has captured the attention of the National Round Table on the Environment and the Economy (NRTEE). Through a recent study on this issue,⁶⁸ the NRTEE examined northern infrastructure vulnerability and adaptation to climate change.

In testimony provided to the Committee, Dr. Robert Page, Chair of the NRTEE, stated that:

We are seeing in the Canadian Arctic today some of the most rapid climate change of anywhere in the globe, and we will be pioneering the adaptation processes and projects whether we like it or not. This deals with airports, sewage, roads, tailings, pipelines, drilling, mines, and building foundations above all—things that are critical to northerners for their existence.⁶⁹

Dr. Page was not alone in his perception that northern infrastructure is being affected by climate change in the North. According to David Austin, Director of the Association of Yukon Communities:

The environmental norms of severe cold in the [N]orth are being magnified by climate change. As the permafrost weakens, aging community water and sewer systems break, and the foundations of buildings may shift.⁷⁰

One of the mitigation strategies recently developed to cope with the new realities of construction in the North was described by Gordon Miles, Coordinator of the National Economic Development Committee for Inuit Nunangat (NEDCIN). Mr. Miles explained how, at new construction sites, companies are starting to install coolers to maintain the permafrost to prevent shifting of the foundation.⁷¹ In relation to this technology, Bill Eggertson, of the Canadian Association for Renewable Energies, explained that ground coils “[extract] the heat partly to warm the building, but basically to make sure that the permafrost never warms.”⁷²

Although this type of mitigation strategy is seen by northerners as holding the promise that adaptation to climate change in the North is possible, applying such technologies is not feasible for the great majority of existing infrastructure due to the prohibitive costs involved. As Dr. Page noted in his testimony before the Committee, the

68 NRTEE, *True North: Adapting Infrastructure to Climate Change in Northern Canada*, 2009.

69 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 25, 2010, 1605.

70 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009, 0855.

71 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 5, 2009, 1235.

72 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 11, 2010, 1535.

costs of adaptation in the North “are beyond the ability of northern territorial and [First Nations] governments to deal with on their own.”⁷³

Given the general view by witnesses before the Committee in relation to the effects climate change is having on northern infrastructure, and the relatively prohibitive costs associated with developing and applying technologies to enable adaptation, the Committee believes that supportive action by the federal government is warranted. The Committee therefore recommends:

Recommendation 6:

That the Government of Canada coordinate its efforts with its partners and stakeholders to better adapt northern infrastructure to climate change risks, ensuring that sufficient monitoring and reporting systems are in place to assess ongoing infrastructure performance.

5.4 Telecommunications Infrastructure

What we like to say is that bandwidth in the Arctic is like water in the desert, and it needs to be managed in somewhat the same way as a precious resource.⁷⁴

Patrick Doyle, Nunavut Broadband Development Corporation

In general, access to telecommunications infrastructure, such as high-speed internet, is increasingly being used as a tool for facilitating economic development and marketing in the North. For example, the availability of high-speed internet enables higher education through distance learning, access to electronic banking and e-commerce, increases the capacity of northern businesses to connect to southern and international markets, allows remote diagnosis and treatment of health conditions, and provides key connections with other government and personal services. According to Aboriginal Portal Canada:

Connecting Canadian communities to the Internet with reliable high-speed Internet access will have a profound effect on virtually all aspects of resident lives. However; the communities that serve to benefit the most from the Internet are also the most difficult and costly to connect.⁷⁵

In 2001, the federal government established the National Broadband Task Force to address un-served communities in Canada. The first program developed for this purpose was Industry Canada’s *Broadband for Rural and Northern Development Pilot Program*

73 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 25, 2010, 1555.

74 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1455.

75 Aboriginal Canada Portal, *2004 Report on Aboriginal Community Connectivity Infrastructure*, May 2, 2005.

(BRAND).⁷⁶ Launched in September 2002, the federal government committed a total of \$105 million over three years to BRAND, which was later extended up until March 2007. According to an evaluation of the BRAND program prepared for Industry Canada,⁷⁷ as of July 2006 actual federal spending through the BRAND program, totalling some \$80 million across Canada, helped to increase access to broadband in 6 Yukon communities (\$0.2 million), 29 NWT communities (\$5.4 million), and 24 Nunavut communities (\$3.9 million).

A second program, the *National Satellite Initiative* (NSI), was launched in 2003 by Infrastructure Canada, Industry Canada and the Canadian Space Agency (CSA). Administered by Industry Canada's Broadband Office, the NSI program was created to specifically address the high cost of broadband access for communities in the mid to far north and in isolated and remote areas of Canada where satellite is the only reasonable means of providing broadband access. The total funding committed under the NSI program was \$155 million, of which the Northwest Territory project was provided with \$7 million in funding and Nunavut was provided \$7.83 million in 2005.⁷⁸ In 2008, the NSI program provided further funding of \$21.6 million to Nunavut and \$14.8 million to NWT for similar initiatives.⁷⁹ Overall, funding through the NSI has helped increase access to broadband in 31 communities in NWT and all 25 communities in Nunavut.

Currently, the federal government's Broadband Canada: *Connecting Rural Canadians* initiative aims to increase the number of Canadian households with access to affordable broadband services and provide essential infrastructure to Canadians in remote and rural areas.⁸⁰ According to Industry Canada, applications for funding were accepted from 1 September 2009 to 23 October 2009, worth an estimated \$76.7 million, under an agreement that each project be completed no later than December 31, 2011.⁸¹ The program provides a one-time, non-repayable contribution to support the expansion of current infrastructure in the defined areas where there is currently no business case for the private sector moving forward on its own. The program operates on a cost-sharing basis, with a maximum federal contribution of 50%, with the exception of projects proposing to serve First Nations communities, where the maximum may be allowed to exceed

76 For more information, see: Canadian Radio-television and Telecommunications Commission, *Telecommunications Monitoring Report: Status of Competition in Canadian Telecommunications Markets – Deployment/Accessibility of Advanced Telecommunications Infrastructure and Services*, July 2006.

77 Industry Canada, *Formative Evaluation of the Broadband for Rural and Northern Development Pilot*, Final Report, July 2006, p. iii.

78 For further information, see: Infrastructure Canada: *Nunavut Launches the Largest, Coolest Hot Spot on Earth*, May 26, 2005; and *Infrastructure Agreement Providing Greater Broadband Access in the Northwest Territories*, November 24, 2005.

79 For further information, see: Infrastructure Canada, *Northerners to Benefit from Better Internet*, August 29, 2008.

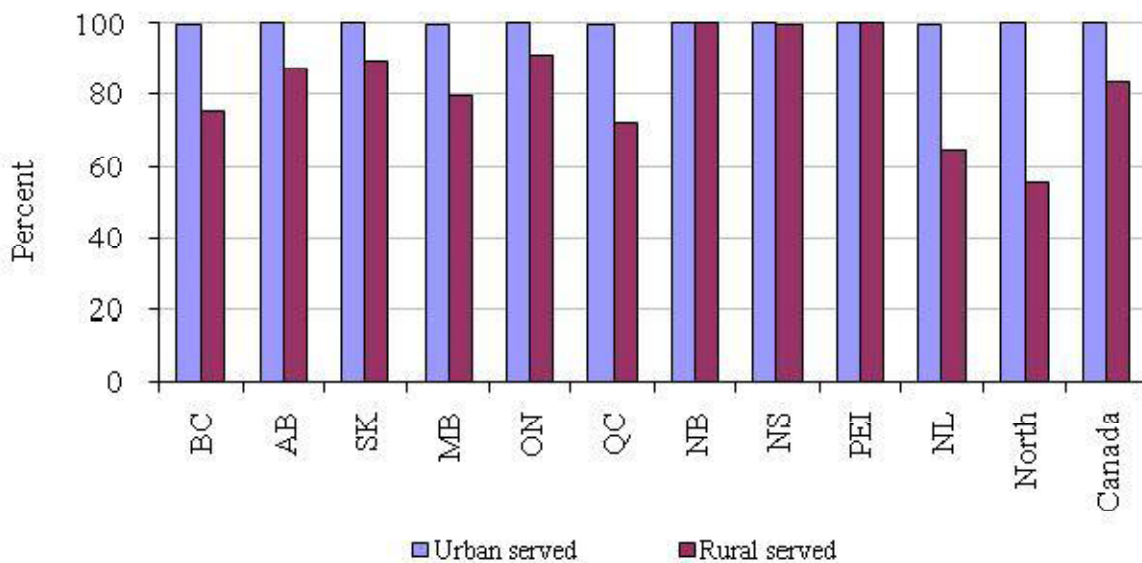
80 Industry Canada, *Broadband Canada: Connecting Rural Canadians*.

81 Ibid, and Industry Canada, *Minister Clement Announces First Projects to Receive Broadband Canada Funding*, May 9, 2010.

50 percent.⁸² Funding for this program is set to expire on March 31, 2012. According to Industry Canada, this program is expected to further support the development of broadband in 6 remote communities in NWT and essentially all of Nunavut.⁸³

According to the latest data available from the Canadian Radio-Television and Telecommunications Commission (CRTC), broadband was available to just over 50% of households in rural communities in the North in 2009,⁸⁴ On average in Canada, over 80% of rural households had access to broadband in that same year, suggesting that increased funding is needed for rural communities in the North, especially in NWT and Nunavut, to allow more complete broadband availability (see Figure 5.1).

Figure 5.1: Broadband Availability in 2009 – Urban vs. Rural (% of households)



Source: Industry Canada and CRTC data collection

Source: CRTC, *Communications Monitoring Report*, July 2010, Figure 5.3.6.

Various witnesses from northern communities mentioned to the Committee that, given the new federal funding for broadband through *Connecting Rural Canadians*, the availability of broadband in the North is expected to further improve from current levels. As the effects of this new funding remain to be observed, the Committee is hopeful that

82 Ibid, *List of Projects*.

83 According to information from Industry Canada on *Areas to be completely served by other initiatives*, over 99 percent of persons and businesses in Yukon currently have access to broadband.

84 Canadian Radio-television and Telecommunications Commission, *Communications Monitoring Report*, July 2010.

significant gains in broadband availability in remote northern communities will indeed be realized in the near future.

In general, witnesses testified that, although federal funding through Broadband Canada's *Connecting Rural Canadians* program is planned to expire in 2012, there will continue to be a persistent need for connectivity infrastructure in remote northern communities. Many witnesses indicated that without government assistance there would be no business case for providing broadband services in the smaller, rural communities of the North, such that only the most populated areas would be connected if left to market forces alone. As mentioned by Patrick Doyle, of Nunavut Broadband Development Corporation:

Unlike other infrastructure projects—if you build a bridge, you have a bridge—unfortunately, the network comes to an end. Our primary challenge is addressing what happens post-2012, when the funding comes to an end... rates would have to go up to full, unsubsidized commercial rates, which would basically be triple or more. So at that point, many people just couldn't afford it.⁸⁵

To mitigate the planned expiry of federal funding in 2012 through Broadband Canada, Mr. Doyle offered several options for the consideration of the Committee, such as: to create permanent A-base funding for federal government support for broadband; or to connect Nunavut to land-based broadband through fibre-optic cables, similar to the Greenland Connect model; as Mr. Doyle noted:

They've run fibre from Europe to Iceland to Greenland to Newfoundland. It's on an order of magnitude of a thousand times more capacity than what we have. It's a very long-term solution. The capital investment I think was \$200 million upfront, but we may spend that ourselves over the course of a decade and not be any further ahead.⁸⁶

Given the crucial role access to broadband plays in the northern economy, and given the difficulties with maintaining broadband in northern remote communities, the Committee is persuaded by testimony provided by witnesses on this issue, and agrees that funding for such initiatives should be maintained. Therefore, the Committee recommends:

Recommendation 7:

That the Government of Canada continue to support Industry Canada in the development of broadband in the northern territories beyond the planned expiry of funding through Broadband Canada after 31 March 2012.

85 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1455.

86 Ibid, for more information on the Greenland Connect program, see: Tele-post, *Greenland Connect: from Nature — to Future*.

6. SKILLS DEVELOPMENT AND LABOUR MARKET OUTCOMES

6.1 Education and Training for Northern Aboriginal Persons

An education system that is equal to what is available elsewhere in the country, and it must be delivered in the context provided by Inuit language and culture.⁸⁷

Robert Long, Government of Nunavut

Another main barrier to economic development noted by many witnesses is the lack of a sufficiently educated and trained local population in the northern territories, especially for Aboriginal persons, which limits local engagement in the economic potential of the North.

As stated by Ted Tsetta, Chief of the Yellowknife Dene First Nation, in relation to the need for increasing the educational attainment of northern Aboriginal peoples:

One of the biggest issues we have here in the [N]orth is that... other people benefit from our resources.⁸⁸

Education is generally recognized as an essential building block to achieving positive labour market and employment outcomes. Witnesses before the Committee noted, however, that many Aboriginal people in Canada lack the education, training and skills needed to successfully obtain and retain employment in the northern economy.

Some witnesses indicated that the active engagement of the relatively young and growing Aboriginal population in the North could serve as one way to help alleviate future labour market shortages in the North. For instance, Violet Ford, of the Inuit Circumpolar Council stated:

Youth in the Inuit world in Canada make up over half of the population. They will be our new leaders, so they will need to be involved at an early stage.⁸⁹

It is commonly known that Aboriginal people, as with other Canadians, who have a higher educational attainment tend to earn higher incomes and have a better chance of gaining employment. The main challenge is therefore to determine what strategies are effective in ensuring Aboriginal youth in the North attain high education levels.

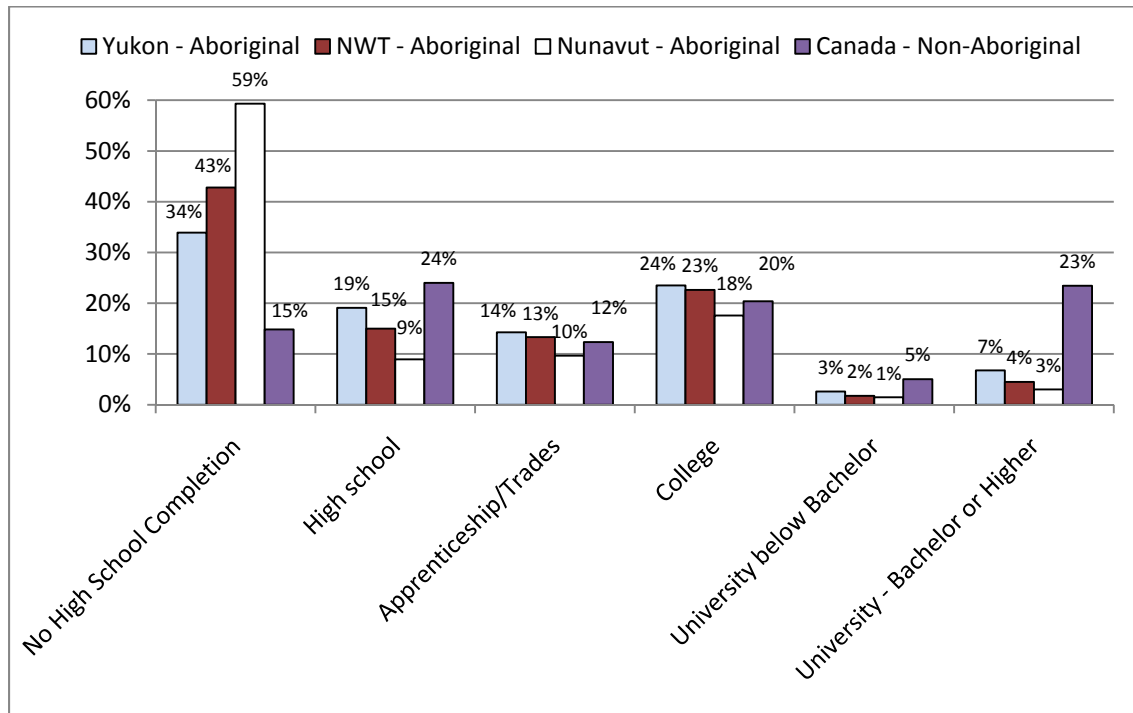
87 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 0850.

88 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 2035.

89 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 13, 2010, 1710.

An illustration of the differences in educational attainment is available from the 2006 Census, as shown in Figure 6.1. With the exception of trades and college attainment, Aboriginal people in the territories are significantly behind non-Aboriginal Canadians, especially in Nunavut. The differences are most significant for those without a high school or university degree.

Figure 6.1: Educational Attainment for Persons Aged 25-64: Aboriginal by Territory vs. Non-Aboriginal for Canada (as a share of respective population aged 25-64)



Source: Calculations using data from Statistics Canada, *Census 2006: Community Profiles*.

The proportion of core working-age Aboriginal people in the northern territories without a high school degree ranges from 34% in Yukon to 59% in Nunavut, as compared to only 15% for Non-Aboriginal people in Canada. As one would expect, the lack of high school completion among Aboriginal northerners has a direct impact on university degree attainment, which ranges from 7% in Yukon to only 3% in Nunavut, compared with 23% for non-Aboriginals in Canada.

The relatively low educational attainment of Aboriginal persons in the North has resulted in employers seeking various alternative strategies to ensure their operations remain viable. Given a lack of qualified northerners, many businesses have had no other choice but to bring skilled workers from the southern regions of Canada, or from other countries—those who have benefited from a well-developed education and skills training system, either from the major city centres of Canada, or from other countries. Many businesses do, however, recognize the benefits of hiring locally to ensure business development. For example, Greg Missal, of the Baffinland Iron Mines Corporation stated:

You have all the different levels of skill requirements, and you have to fill those needs. We'd love to see those skills coming out of the local communities rather than having to bring them up from southern Canada.⁹⁰

6.2 Labour Market Performance for Northern Aboriginal Persons

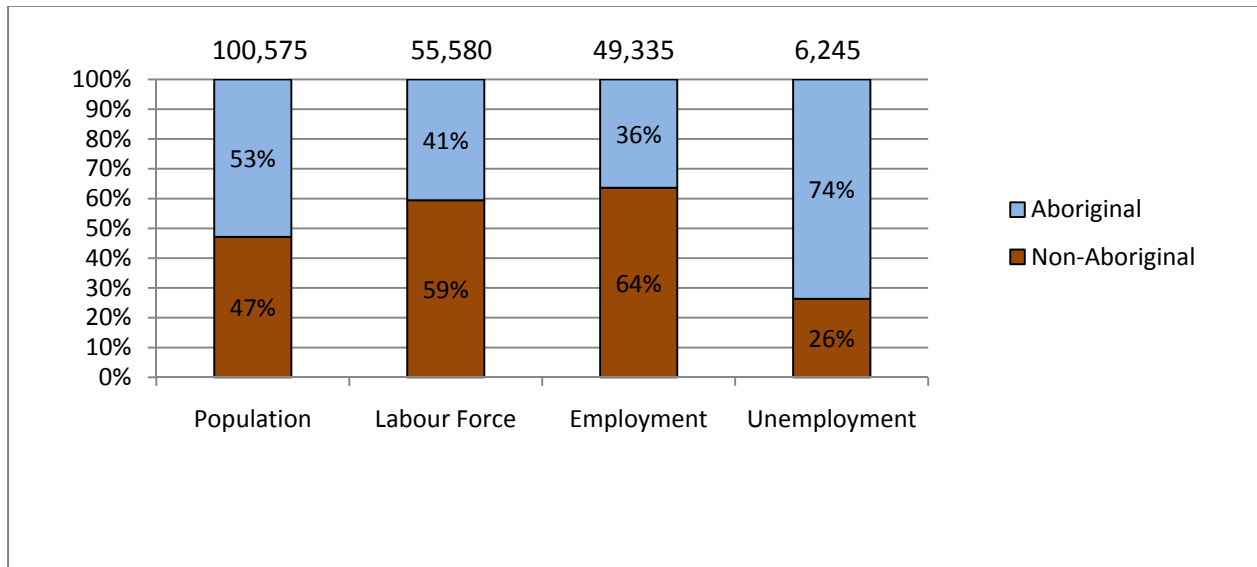
The majority of the skilled workforce is still coming from southern Canada. This trend needs to be reversed for the [N]orth to become economically sustainable.⁹¹

Lawrence Connell, Agnico-Eagle Mines Limited

As mentioned in the previous section, without greater engagement in the job opportunities that are arising due to the natural resources sector in the northern territories, Aboriginal peoples cannot fully benefit from these activities.

As an indicator of labour market performance in the North, Figure 6.2 shows that Aboriginal persons in the territories account for about half of the total population of over 100,000 persons, but represent three-quarters of the unemployed.

Figure 6.2: Population and Labour Force Characteristics for Persons Aged 15+: Aboriginal vs. Non-Aboriginal for all Territories (as a share of all persons in the territories)



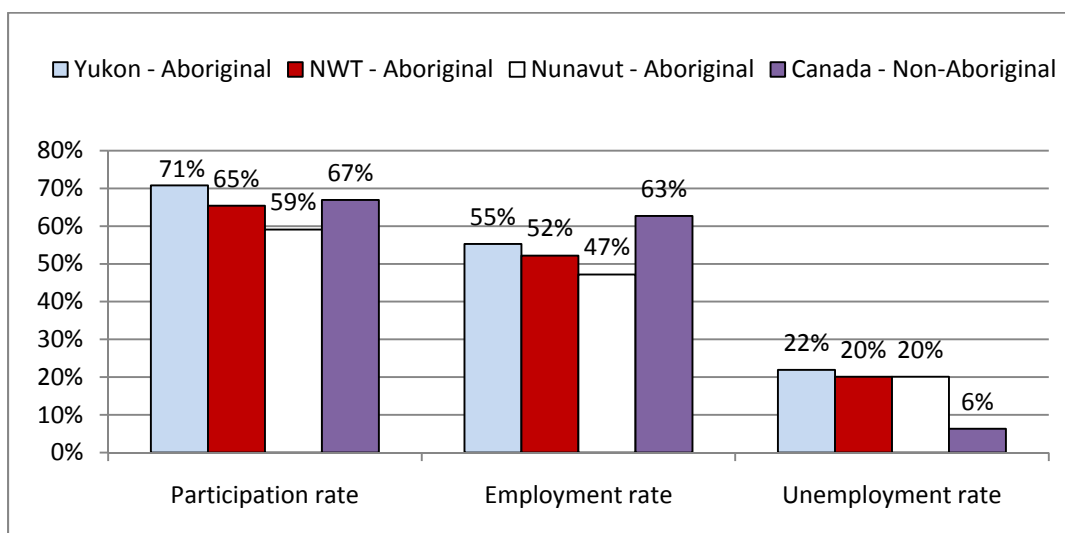
Source: Calculations using data from Statistics Canada, *Census 2006: Community Profiles*,

90 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 10, 2010, 1635.

91 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 8, 2010, 1530.

Figure 6.3 provides a comparison between Aboriginal persons in each territory with non-Aboriginal persons across Canada. Although labour force participation rates⁹² for Aboriginal peoples in each territory are relatively similar to the Canada average for non-Aboriginal persons, their employment rates⁹³ are much lower, while their unemployment rates⁹⁴ are over 3 times greater. In particular, labour market outcomes are somewhat worse for the Inuit in Nunavut. As well, evidence from the 2006 Census show that median Aboriginal earnings in each territory (Yukon: \$21,588; NWT: \$25,078; Nunavut: \$17,959) are much lower than for non-Aboriginal persons across Canada (\$27,156). This exacerbates their poverty, which has already been increased by the high cost of living in the North.

Figure 6.3: Labour Market Indicators for Persons Aged 15+: Aboriginal by Territory vs. Non-Aboriginal for Canada (as a % of population aged 15+)



Source: Calculations using data from Statistics Canada, *Census 2006: Community Profiles*.

Given this evidence, it is reasonable to conclude that Aboriginal northerners do not participate in, or benefit from the economy to the same degree as non-Aboriginal persons, either in the territories or across Canada. This conclusion is consistent with that reached

92 Defined by Statistics Canada, (*Guide to the Labour Force Survey*, Catalogue No. 71-543-G, 2010) as “the number of people employed divided by the population 15 years and older.” This provides an indication of a group’s affinity to actively seek employment and/or be employed.

93 Ibid., the number of employed persons expressed as a percentage of the population 15 years of age and over. As the employment rate approaches the participation rate, the number of people who are unemployed but actively seeking employment declines.

94 Ibid., the number of unemployed persons expressed as a percentage of the labour force. The unemployment rate excludes individuals who have chosen to opt out of the labour force, for retirement, child rearing, discouragement due to inability to find work, etc. In other words, one must be actively looking for work to be “unemployed.”

by Daniel Vandermeulen, of Nunavut Arctic College, in his presentation to the Committee on education and labour force participation for Inuit peoples.⁹⁵

Since available evidence suggests that Aboriginal persons are at a competitive disadvantage in the North, the following section focuses on the education and labour market participation of Aboriginal persons in the North, with a particular emphasis on the most disadvantaged group of territorial northerners—the Inuit.

6.3 Types of Aboriginal Employment in the Northern Territories

Short-term solutions and quick fixes are not the answer. People development is a priority, with a focus on developing human resources today to meet the long-term challenges and opportunities of tomorrow.⁹⁶

Nicole Sikma Arctic Cooperatives Limited

Today, Aboriginal peoples' participation in the economy can be characterized as a mix of wage employment and traditional activities (hunting, fishing, trapping).

6.3.1 Aboriginal Wage Economy

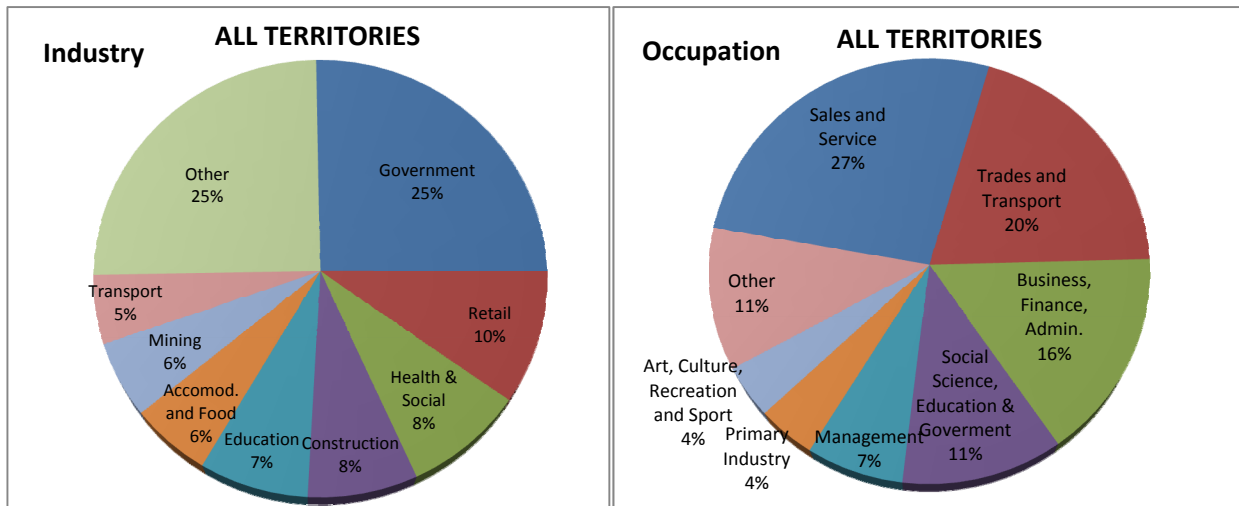
Wage employment for Aboriginal northerners is derived in general through three sectors (see Panel 6.1):

- Government administration, and its related services (e.g. health and social services, education);
- Natural resources development, mainly mining (e.g., diamonds, oil and gas, gold, silver, lead, zinc, etc.); and
- Services that support the existence of government and/or mining operations, such as:
 - Construction and transport; and
 - Small businesses, mainly in the service sector (i.e. tourism, retail, accommodation and food services, etc.).

95 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1815-1825; and submission to the Committee.

96 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1830.

Panel 6.1: Aboriginal Employment by Industry and Occupation



Source: Statistics Canada, 2006 Census.

As shown in Panel 4.2 by occupation, about half of all Aboriginal persons in the North tend to work in jobs that require relatively low levels of education, including sales and service, and trades and transport. Although non-Aboriginal workers in the territories tend to work in the same industries, they are more regularly hired in positions that require higher levels of education, and that generally offer higher wages and salaries, such as positions in management, and business, finance and administration.⁹⁷

6.3.2 Traditional Aboriginal Practices

Although the majority of witnesses referred to skills shortages in relation to the wage economy, some also referred to the challenges of maintaining traditional lifestyles in the North. The role of traditional harvesting activities (i.e., hunting, fishing and trapping) is often poorly captured in official statistics despite its importance to Aboriginal communities, especially for those in more remote locations. As stated by Thomas Berger (former Conciliator for the implementation of the Nunavut Land Claims Agreement):

The importance of maintaining the traditional economy of hunting, fishing, and trapping, which was then, and I believe is today, an important component of northern culture and putting food on the table. That tends to be overlooked in the enthusiasm for industrial projects.⁹⁸

97 For more information, see Statistics Canada, 2006 Census of Population, Statistics Canada, Catalogue no. 97-564-XCB2006001.

98 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 1, 2010, 1535.

Despite the difficulties in quantifying precisely the value of the traditional economy in monetary terms, as these activities occur mainly in isolated regions, various witnesses stated that there are tangible quality-of-life benefits, as well as the benefits of nutritious food, cultural heritage and some economic returns through trade with southern markets for furs, pelts, and food items for consumption.

Some attempts have been made, however, to understand how these practices influence the lives of Aboriginal northerners. For example, Statistics Canada, in a review of health and social conditions for Inuit peoples, recently estimated that country food comprises two-thirds of the fish and meat eaten by Inuit families in Nunavut.⁹⁹

Statistics Canada also estimated that traditional practices (i.e. hunting, fishing, gathering and trapping) occur on a regular basis throughout the year, and across each territory, as shown in Table 6.1.

Table 6.1: Aboriginal Adult Participation in Traditional Activities, 2001

Territory	Hunting	Fishing	Gathering	Trapping
Yukon	42%	54%	52%	8%
Northwest Territories	39%	48%	35%	13%
Nunavut	58%	67%	51%	9%

Source: Statistics Canada, *Aboriginal Peoples Survey*, 2001.

Despite the regular participation of Aboriginal peoples in traditional activities, and given their benefits to both northern communities and southern markets, many witnesses point to the risk that, with the lack of government support, these activities may be lost as northerners seek opportunities linked with the modern wage economy. For example, Charles Pokiak, of the Tuktoyaktuk Hunters and Trappers Committee stated:

To me, trappers are a dying breed. It's hard to say, but it is true... For instance, the dog officer up there gets more for a dog that's killed than you get for fur. It's \$40 for a fur-bearing animal. To kill a loose dog that's a nuisance, you get \$75. Which way would you want to go?¹⁰⁰

6.4 Approaches to Enhance Aboriginal Labour Market Outcomes and Support Traditional Activities

Because of the Inuit culture and being away from family, ... typically a lot of them end up going back home and dropping out of the program.¹⁰¹

Peter Mackey, Qulliq Energy Corporation

99 Heather Tait, *Aboriginal Peoples Survey, 2006: Inuit Health and Social Conditions*, Statistics Canada, 2008.

100 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1855.

101 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 10, 2010, 1625.

Current federal government support for skills and employment training to Aboriginal northerners is provided through such programs as the Aboriginal Skills and Employment Training Strategy (ASETS), Aboriginal Skills and Employment Partnership, and the Aboriginal Skills and Training Strategic Investment Fund (ASTSIF). The main goal of these federal government programs is to help Aboriginal peoples prepare for, obtain and maintain meaningful and sustainable employment (see Table B-4, Appendix B for more information). To better meet the needs of Aboriginal northerners in terms of education, skills training, and links with jobs, witnesses suggested various strategies that the Government of Canada could consider. The following subsections describe some of the more common strategies mentioned by witnesses.

6.4.1. Coordinated education and training strategy

In general, witnesses referred to how coordinated approaches benefit from the cooperation and expertise of all parties by balancing potential labour resources with business and development opportunities, while at the same time taking into consideration the needs of northerners.

Many proposed that collaborative partnerships are required among private industry, government organizations, educators and Aboriginal communities if initiatives are to maximize the labour market potential of Aboriginal peoples and satisfy the future employment requirements of private industry. This view is supported by Paul Thompson (Human Resources and Skills Development), who in relation to creating partnerships with northerners mentioned the following during his testimony to the Committee:

We are looking at models that have a much more active role for the workplace in delivering training... those kinds of new approaches are really based on the partnerships that can be developed among employers, educational institutions, and training providers, so that we can see who's best placed... to meet the needs.¹⁰²

In relation to the concept of partnerships, Lawrence Connell (Agnico-Eagle Mines Ltd.) proposed that the Government of Canada work with other governments, northern businesses and communities to develop a large-scale, coordinated strategy on adult skills training for Aboriginal peoples. To put this matter into context, Mr. Connell stated the following:

The Inuit are a proud people and need our help to climb out of this long cycle of dependence. If we work with them, we will see a positive response that will lead to the growth of a sustainable middle class. As the adults gain their self-respect by becoming independent, they will provide the role models for the younger generation. The current status quo is just not working.¹⁰³

102 The Committee, [Evidence](#), 2nd Session, 40th Parliament, October 27, 2009, 1210.

103 The Committee, [Evidence](#), 3rd Session, 40th Parliament, June 8, 2010, 1535.

Despite the proposed benefits of partnerships, however, these initiatives have difficulty starting without support from governments. The Committee agrees with witnesses that the federal government has a valid role to play.

Although HRSDC's ASETS supports the concept of partnerships, as it is a relatively new program no evidence is available as to how this program would achieve these partnerships. For this reason, the Committee recommends:

Recommendation 8:

That the Government of Canada, in order to satisfy the employment requirements in the North, continue to facilitate partnerships and continue to provide financial support to territorial and Aboriginal governments, businesses and communities to establish educational structures and training programs that attract Aboriginal students.

In the 2010 Spring Report of the Auditor General (OAG) of Canada,¹⁰⁴ an audit of federal government programs in support of Aboriginal skills training in NWT was conducted. In particular, the audit covered the Aboriginal Skills and Employment Partnership (ASEP) and Aboriginal Human Resources Development Strategy (AHRDS) programs managed by HRSDC, both national programs that support skills training initiatives in the NWT and across the northern territories.

The OAG found that HRSDC has not assessed these programs' progress toward their longer-term objective and outcome regarding sustainable employment for Aboriginal peoples. As the OAG report noted: "this is important in order to understand if these programs are contributing to a positive long-term impact and if Aboriginal peoples are obtaining the skills needed for sustainable employment."¹⁰⁵

Although HRSDC, in response to the OAG audit, stated that it will "continue to work with Aboriginal communities and other partners to assess longer-term impacts and ensure that programs are leading to improvements over time", it remains unclear to the Committee precisely how this monitoring and reporting is to occur. The Committee believes that a more specific coordinated effort is required and therefore recommends:

Recommendation 9:

That Human Resources and Skills Development Canada work with Aboriginal groups and each territorial government to assess the impact of their Aboriginal skills training programs to ensure that they

104 Auditor General of Canada, "[Sustaining Development in the Northwest Territories](#)," in 2010 *Spring Report of the Auditor General of Canada*, Chapter 4.

105 Auditor General of Canada, "[Sustaining Development in the Northwest Territories](#)," in 2010 *Spring Report of the Auditor General of Canada*, Chapter 4.

are leading to improvements in the skills and employment prospects of Aboriginal peoples over time.

Recommendation 10:

That Human Resources and Skills Development Canada work directly with territorial governments and Aboriginal communities to co-develop a strategic plan for producing annual reports on the long-term performance of Aboriginal Skills and Employment Partnership and Aboriginal Skills and Employment Training Strategy, and report back to this Committee with their proposed strategic plan by October 2011.

6.4.2. Engagement by Aboriginal Students

An important barrier to improving educational outcomes in the North is a perceived lack of relevance by Aboriginal northerners for educational programs at the primary and secondary level. As well, family commitments present an additional challenge, as some are required to stay home rather than attend school. According to the 2006 Aboriginal Peoples Survey,¹⁰⁶ the most common reasons for not finishing primary or secondary education given by Inuit men were that they wanted to work (18%) or that they were bored (18%). The most commonly cited reason by Inuit women, on the other hand, was pregnancy or taking care of children (24%).

In cases where lack of engagement is due to perceived irrelevance of the formal educational system, witnesses explain that this disconnect has many root causes. One explanation is that formal education is based on a system imported from southern Canada. As such, the perspectives and needs of Aboriginal peoples, especially for the Inuit, are often not supported. As stated by Belinda Webb, of Inuit Tapiriit Kanatami:

The education system as it is currently is a southern-based education system. For instance, in biology you might be learning about giraffes or frogs or something like that. To an Inuit person living in the [N]orth, not only do you have to explain the giraffe and the biology of it, you actually have to explain what a giraffe is and where it comes from.¹⁰⁷

To allow greater participation, therefore, there is a need to develop curricula that are relevant to students' experiences, lives and communities in the North.

The concept of traditional teaching relates to the need for instruction in the language and culture of Aboriginal peoples. Many witnesses stated that one of the major gaps in the northern education system relates to a lack of education for Aboriginal peoples in their mother tongue throughout primary and secondary education, especially for the Inuit.

106 Statistics Canada, *Inuit Health, Education and Country Food*, 2006 Aboriginal Peoples Survey, Catalogue No. 89-637-X, February 19, 2009.

107 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 5, 2009, 1135.

In testimony provided to the Committee, Thomas Berger (former Conciliator for the implementation of the Nunavut Land Claims Agreement) noted that, in Nunavut, children are educated in Inuktitut until about grade 4 or 5, depending on the community, after which they switch to English. Mr. Berger noted that this abrupt split in language of instruction has a profound impact on Inuit students in terms of their willingness and ability to learn and participate in the wage economy; a barrier that is not as significant for other Aboriginal northerners. As Mr. Berger explained:

They've had 30 years to consider how to integrate aboriginal people into the Mackenzie gas project. The same possibilities don't currently exist to integrate the Inuit people into projects that are already on the drawing board for Nunavut, and they won't exist unless we establish an appropriate system of education that equips them for the training they will need in the Arctic in the years to come.¹⁰⁸

Mr. Berger also stated that the lack of high school graduation for Inuit peoples poses a risk in terms of fulfilling the job requirements in the Government of Nunavut, as required through the 1993 Nunavut Land Claims Agreement.¹⁰⁹ To fulfill that commitment, Mr. Berger restated a recommendation included in his 2006 report to the Department of Indian Affairs and Northern Development (DIAND) on The Nunavut Project:¹¹⁰

My point is that [the federal government] agreed when [it] set up Nunavut that they would have 85% of the jobs in their own government. That was a promise made in 1993. Everybody wanted to fulfill it. We didn't realize what would be needed: a new bilingual system of education. They have their own government, and it has 3,200 or 3,300 employees. Only about half are Inuit, and they are by and large in the lower-paid categories. So to fulfill that promise, that's what I thought we ought to do.¹¹¹

A key issue raised to achieve full bilingualism from kindergarten to grade 12 in the Nunavut school system, as mentioned by Mr. Berger as well as other witnesses, relates to the need for increased training and recruitment of Inuit peoples as teachers. As Mr. Berger stated:

We'd have to train more teachers, mainly Inuit teachers... because 75% of the people of Nunavut still speak Inuktitut as their first language. These kids ought to have the opportunity to become literate in the language that is spoken in their homes and is the aboriginal language in Canada that is spoken by the largest body of aboriginal people. It's not going to go away.¹¹²

108 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 1, 2010, 1545.

109 See Section #4.4.1 for more information on the Nunavut Land Claims Agreement, and other land claim agreements in the territories.

110 Thomas R. Berger, *The Nunavut Project, Conciliator's Final Report, Nunavut Land Claims Agreement*, March 1, 2006.

111 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 1, 2010, 1605.

112 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 1, 2010, 1540.

The Committee agrees with the views of Mr. Berger that a system of bilingual education be adopted in Nunavut, not only to fulfill a longstanding federal commitment of a representative workforce in the Government of Nunavut, but also to ensure that Inuit peoples be afforded the ability to retain their traditional language as a means to improve graduation rates, and to facilitate their participation in the labour force to respond to skills shortages and the needs of northern employers. As presented in Mr. Berger's 2006 report on The Nunavut Project,¹¹³ the costs of developing such a program are prohibitive such that support from the federal government is required. The Committee therefore recommends:

Recommendation 11:

That the Government of Canada help support the Government of Nunavut to establish a full system of bilingual education, in English and Inuktitut, to enable a more labour-ready population in Nunavut. Furthermore, the appropriate funding arrangements to achieve this goal should be established through consultation and agreement between the Government of Canada, the Government of Nunavut, as well as Nunavut Tunngavik Incorporated, as the organization representing land claim holders in Nunavut.

As noted earlier, another reason for lack of participation in youth education is due to family commitments. In relation to this issue, Tim Zehr, of Nunasi Corporation stated:

Many young, single females are having children at a very young age, and the barriers because of lack of day care means that the young women can't finish their education or think about a full-time job.¹¹⁴

Belinda Webb, of Inuit Tapiriit Kanatami, also pointed out that "[o]ne of the problems we tend to have in the [N]orth is the wait list [for early childhood programs] in a lot of the regions."¹¹⁵

These witnesses, as well as many others, suggested that, to increase the participation of young Aboriginal women with families, the federal government should increase its support for early learning and childcare and early childhood development programs. This approach would have multiple benefits for northern families, as not only would the increased availability of these programs allow more Aboriginal adults to participate in the wage economy, it would also better prepare Aboriginal children in their adjustment to formal education and social interaction in the years that would follow. The Committee concurs with the witnesses and therefore recommends:

113 Ibid.

114 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 25, 2010, 1540.

115 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 5, 2009, 1210.

Recommendation 12:

That the Government of Canada discuss increases in its long-term funding with territorial and Aboriginal governments in support of their early learning and early childhood development programs, to significantly reduce or eliminate waiting lists and facilitate the full participation of northern families in education, skills training and the wage economy.

Several witnesses also referred to the importance of incorporating culturally-appropriate education and training techniques to support engagement and retention in the primary and secondary education system, as well as to connect Aboriginal northerners with traditional activities. For example, Dan Curtis, of Skills Canada Yukon—a not-for-profit organization that works with employers, educators, labour groups and governments to promote skilled trades and technology careers among Canadian youth—mentioned that programs that are established in the North need to be based on a community consultative approach, to see what the residents need in order to make the program sustainable. He went on to state that his organization specifically gears programs to Aboriginal youth by combining a cultural component with the technical training:

The cultural component is something that we have found really gets a lot of youth engaged and interested in staying with their education, and hopefully getting into more of a formative education when they're finished. They at least have a bit of a perspective of what it is they're getting into.¹¹⁶

In addition to connecting Aboriginal youth to formal, southern-based educational programs, various witnesses spoke of the benefits for northerners for pursuing various strategies to re-connect Aboriginal peoples to the traditional, land-based economy. For example, Charles Pokiak, of the Tuktoyaktuk Hunters and Trappers Committee mentioned that their organization developed a program, funded in collaboration with the NWT Department of Environment and Natural Resources, called Take a Kid Trapping. Mr. Pokiak described how this program has worked successfully in re-connecting both community elders as well as youth to traditional hunting practices. Mr. Pokiak described how, through this program, elders take between five to ten kids for a week or two into the wilderness to demonstrate how trapping is done:

It works successfully. They got a few caribou, even though our caribou numbers are down. They're allowed to take two or three, just to show [kids] how to work on a whole caribou and take everything from the caribou without wasting. That helped in the past.¹¹⁷

Doug Ritchie, of Alternatives North referenced this program in his presentation before the Committee. He agreed with the value of these types of programs, stating that:

116 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009, 1810.

117 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1835.

[I]t was really skill transfer. They were able to promote that economy, and I would say we cannot forget about the fur economy. We have to make sure there are supports for people who are wishing to work in that area, whether it is some assistance in terms of accessing equipment, for example, or even help to defray a little bit of the cost of starting out.¹¹⁸

Another strategy to connect Aboriginal northerners with skills training and work in the northern economy, especially Aboriginal youth at risk, can be observed through the Sundog Carvers program in Whitehorse, Yukon. As explained by Andrew Finton:

With the focus on artistic ability, students who have not excelled in high school or who have failed to graduate can excel in the Sundog Carvers program. Finton states that several Sundog Carvers cannot read or write but are making a good living off their artwork.¹¹⁹

As evidenced by recent success stories related to this program, and recent additional funding commitments by the federal government, along with territorial governments and Aboriginal organizations,¹²⁰ the Committee believes that such initiatives should continue to be supported and expanded, as they provide a constructive focus for disadvantaged northerners, with the added benefit of promoting northern tourism; a key focus of the federal government in relation to economic development. Therefore, the Committee recommends:

Recommendation 13:

That the Government of Canada make it a priority to continue to work with territorial and Aboriginal governments and community organizations to develop and enhance essential programs supporting the economically vital traditional activities of Aboriginal peoples and other northerners, such as for hunting, trapping, fishing and gathering, as well as traditional arts such as carving and sculpting.

In terms of linking Aboriginal northerners with sector-specific training in large corporations linked with the natural resource sector, many such businesses believe that what is required is the creation of a sense of value to pursuing formal education. For example, Lawrence Connell, of Agnico-Eagle Mines Limited, stated the following:

We have a cycle now of many generations of dependency, and I really believe we have to do something at the adult level, which will in turn then provide a value to the education. That value has to be passed on, and students have to then see why they're going and

118 Ibid., 1125.

119 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009, 1830.

120 Stephanie Waddell, "Each one of us is like a carving," Whitehorse Daily Star, April 6, 2010.

see a career path. Right now I don't think they see a way forward, so they're not motivated to go anywhere.¹²¹

The Committee believes that such efforts as school-to-work transitions would be a welcome addition to the various strategies applied to aid in ensuring northerners connect with northern job opportunities. Therefore, the Committee recommends:

Recommendation 14:

That the Government of Canada continue to work with territorial governments and Aboriginal organizations to fund aboriginal student-training programs, through partnership with specific companies or industry sectors, and consider, along with the territorial governments an initial subsidy for training and wages conditional on trainee performance.

An alternative strategy to linking Aboriginal students with sector-specific training was proposed by the Whitehorse Chamber of Commerce. Many northern businesses believe that the federal government should further support welfare-to-work programs in the North, especially for workers in seasonal industries. As Rick Karp explained:

We at the chamber have said all along that we feel that we could solve our labour market problems right here through EI if there were proper incentive programming, through social assistance, and through First Nations training and development... We have several that we're experimenting with right now where a social assistance client would be partnered with a business... they work, they gain a bank, and then when they're ready—whether it's six months or a year—they start phasing out of social assistance and they stay in the workforce.¹²²

Although the Committee recognizes that the Government of Canada, through its Labour Market Development Agreements reached with each province and territory, has devolved responsibility for Employment Insurance labour market programming, as the problem of skills shortages for Aboriginal northerners is particularly acute, the Committee believes that these types of welfare-to-work strategies should be encouraged and supported by the Government of Canada. The Committee therefore recommends:

Recommendation 15:

That the Government of Canada, to reduce dependence on social assistance, continue to work with territorial and Aboriginal governments to offer conditional training allowances, especially in seasonal industries, that emphasize transition to long-term employment, and the connection between income and education.

121 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 8, 2010 1615.

122 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009 1950.

6.4.3. Facilitating access to post-secondary education and training

Another strategy proposed by employers to enable northern workforce development is through facilitating access to post-secondary education, either directly within local communities or through distance learning. Currently, the lack of skilled workers in the North is influenced largely by the lack of access to higher education. Many businesses are forced to import skilled workers from the South in order to cover the skills shortages in northern communities, despite their recognition that these practices are short-sighted. For example, Peter Mackey, of Qulliq Energy Corporation, stated that:

Southern hires are typically transient in nature and are there for a short time and then move on... When they leave, they take the knowledge they have with them and leave that void, which you have to fill. Once again, you're filling that from the south.¹²³

Mr. Mackey proposes that one way to address this shortage is through the development of trade schools in communities that are in close proximity to development projects. For example, the recent development of a trade school in Rankin Inlet, in Nunavut, holds the promise of producing people with the necessary expertise. Another strategy applied by Qulliq Energy is that of an apprenticeship boot camp, in which Qulliq Energy:

[B]rought in 50 northern people and ran them through a two- to three-week training period. We took the top 18 candidates, and we've made them full apprentices within Nunavut.¹²⁴

The advantage of setting up post-secondary education institutions within local northern communities has many benefits, although ensuring sufficient access to key northern communities is often challenging without access to sufficient financing. As Mr. Mackey explained:

Because of the Inuit culture and being away from family, unless this is someone who comes to a community to work where their family is already there and they have a connection, typically a lot of them end up going back home and dropping out of the [employer-sponsored training] program.¹²⁵

Currently, there are several post-secondary education programs offered by the three northern colleges—Yukon College (Yukon), Aurora College (NWT), and Arctic College (Nunavut)—in partnership with southern-based universities. According to submissions provided by these colleges, through on-going funding commitments by the territorial governments, programs offered by these colleges focus mainly on education, nursing, and social work. Through term funding arrangements, partial studies are

123 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 10, 2010, 1550.

124 Ibid, 1555.

125 Ibid, 1625.

occasionally offered in other fields such as business, science, public administration and law.

In addition to the standard educational programs offered by the three colleges, additional programs have been more recently added through a virtual University of the Arctic (UArctic). As stated by Arctic College in its testimony to the Committee, however, federal government funding, though appreciated, is currently limited in terms of level and duration.

Daniel Vandermeulen, of Nunavut Arctic College, believes that university capacity in the North can be increased if the federal government endorses and funds the Jago report on the University of the Arctic in Canada. Vandermeulen stated:

The Jago report was commissioned by INAC to investigate sustainable university capacity in the North and how to fund it. Their recommendation was \$2.5 million a year for five years, to give us predictability, and also some matching dollars.¹²⁶

As well, Mr. Vandermeulen provided a strong rationale for the enhancement of university-level programs, pointing to increased levels of secondary school graduation over time by northerners, and increased interest in higher education. In particular, he provided evidence that demand for university education in the North is far above available supply:

In a community such as Arviat, where we only have enough funding for one adult educator and can probably handle at most 20 students a year, we often have 100 to 150 applications. Sir, we're not short of applicants. We're short of funding, particularly in terms of preparing Nunavummiuts to have some equivalency of high school completion before they go on to their careers or professional training at the campuses.¹²⁷

The need for a physical University of the Arctic across Canada's North is also espoused by other witnesses before the Committee. For example, in relation to the creation of a University of the Arctic in the Canada's North, Dr. Robert Page, of the National Round Table on the Environment and the Economy stated that it must be integrated with southern universities:

This is tremendously important, because we have to bring the resources and some of the knowledge of the south to the [N]orth, and that integration is an important part of it.¹²⁸

The Committee agrees with witnesses that the further development of a University of the Arctic would be of genuine benefit to economic development in terms of increasing

126 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1820; for more information on the Jago Report, see: Dr. Charles J. Jago, C.M., *Report and Recommendations on a Government of Canada Approach Toward a Sustainable University of the Arctic (Canada)*, February 28, 2008.

127 Ibid, 1920.

128 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 25, 2010, 1625.

educational and knowledge capacity in Canada's North. Therefore, the Committee recommends:

Recommendation 16:

That the Government of Canada enhance its work with all three territorial governments, in concert with the three northern colleges, UArctic, and other relevant northern training institutions, to consider and develop options for increasing educational and knowledge capacity in the North.

6.4.4. Training for business start-ups

Several witnesses described to the Committee how many northern entrepreneurs, who tend to not have formal education at the post-secondary level, lack understanding of the appropriate methods and procedures on how to start a business. This is especially true of persons starting up small, local or Aboriginal businesses. Beyond general information available through various Government of Canada websites (e.g. Aboriginal Business Canada), witnesses think that a more direct, coordinated approach is required.

In particular, witnesses believe that many of the informational products that work in general terms across Canada do not sufficiently address northern realities, such that this information is essentially not being used by northerners. To enhance the effectiveness of Government of Canada training programs and informational material, witnesses suggested partnerships among federal-territorial governments and northern communities.

For example, Colleen Dupuis, with Nunavut Tourism, proposed that specialized training material be developed by the Government of Canada for entrepreneurs working in sectors that are identified as priorities for national programs. In relation to training for business start-ups in the tourism sectors, Ms. Dupuis proposed that specialized guides on outfitter training, marine craft operation, and how to work with foreign tourists.

Given the need to increase the general knowledge of entrepreneurs in the North on how to start a business, and with the lack of formal education on this matter, the Committee recommends the following action:

Recommendation 17:

That the Government of Canada continue to work with territorial governments and northern Aboriginal communities to facilitate more targeted training programs and informational material for entrepreneurs on how to establish and maintain a business, particularly in those sectors designated as national priorities.

6.4.5. Effective communication practices

Some witnesses noted that the limited success of specific ideas, programs and initiatives is largely the result of poor communication among those involved. For instance,

overlap among programs across orders of government and among community efforts often occurs since there is a lack of knowledge and understanding of existing government education and labour market programs for northerners.

For example, Aboriginal students need to be aware of the opportunities and programs that are available to them by governments, such as programs that allow them to gain work experience and earn wages while attending school, or provide them with funding opportunities such as scholarships, childcare assistance or living allowances. Meanwhile, businesses need to know whether partnership initiatives or program funds exist that encourage participation in Aboriginal apprenticeship or mentoring programs. Effective communication among these parties would serve to ensure the delivery of efficient and effective programs available to students for education and skills training in the North. The Committee concurs with witnesses and therefore recommends:

Recommendation 18:

That the Government of Canada enhance its work with territorial governments, educational institutions, and businesses to develop coordinated communication plans for educational and skills training programs and services available in the territories.

7. LIVING STANDARDS

7.1 Health and Cost of Living

The federal government does need to recognize that children cannot learn effectively when they are crammed into over-crowded houses, lack basic health and dental services, and have no access to affordable, nutritious foods.¹²⁹

Mary Lou Cherwaty, Northwest Territories Federation of Labour

According to witness testimony, the health and well-being of Aboriginal northerners is generally poorer than that of non-Aboriginal Canadians, especially in territories with large Aboriginal populations such as Nunavut. This view is supported by a wide body of literature and statistics on the subject. For example, as shown in Table 7.1, the life expectancy of those living in Nunavut, in which 85% of its population is Inuit, was more than 10 years lower than for the general Canadian population. Similarly, Nunavut has a much higher incidence of infectious diseases, such as tuberculosis, infant and adult mortality, and suicide.

Table 7.1: Selected Health Indicators

Indicator	Yukon	NWT	Nunavut	Canada
Life expectancy (years)				
Male	75.0	73.7	66.6	77.1
Female	80.5	78.1	70.0	82.1
Tuberculosis (per 100,000)	5.2	21.1	108.0	5.2
Mortality (per 100,000)				
Infant	6.6	7.6	15.0	5.3
Adult	768.6	816.3	1,183.3	605.2
Suicide (per 100,000)	18.5	20.8	80.2	11.3

Source: Adapted from T. Kue Young and Peter Bjerregard, editors, *Health Transitions in Arctic Populations*, 2008, Table 3.2.

Although the various health inequalities experienced by Aboriginal northerners are likely due to a range of factors, many witnesses noted that socio-economic conditions play an important role in health status. For example, witnesses mentioned that, along with poor health outcomes, there are significant inequalities in terms of personal incomes and educational attainment, as presented in section 6.

129 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1810,

Mary-Lou Cherwaty, of the Northern Territories Federation of Labour, drew specific links among poor health and the state of northern housing:

One of the most disastrous outcomes of [the] lack of housing is poor health. Nationally, eight out of ten Canadians had contact with a medical doctor in 2008. In NWT it was one half of that, and in Nunavut only one out of ten residents had access to a doctor. In both of the territories the infant mortality rates are far greater and the life expectancy of those who do live is much less than the national averages. Northerners, especially our aboriginal and Inuit peoples, are plagued with health problems that put them on a par with some of the poorest parts of the world.¹³⁰

Overcrowded housing in the North can lead to a cycle of dependency, as it can impact health outcomes and social conditions, which then prevent participation in the economy. As stated by Thomas Berger in his 2006 Conciliator's Final Report on *The Nunavut Project*:

Imagine the odds faced by a student attempting to do homework with 12 or 13 other people in the house (on average, half of them children), perhaps sleeping two, three or four to a room. Nunavut's climate dictates that these tiny homes will be shut tight against the weather for possibly eight months of the year; virtually every home has at least one resident smoker, and usually more; oil heating, particularly from poorly-constructed or maintained systems, may produce carbon monoxide and other pollutants.¹³¹

For the reasons expressed above, the Committee believes that the issue of northern housing, especially in Nunavut, warrants further consideration.

7.1.1 Housing

According to Statistics Canada, the incidence of dwellings with greater than one person per room, a generally accepted measure of overcrowding, is highest in more remote northern communities, where the proportion of the Aboriginal population tends to be higher. As shown in Table 7.2, regions outside the capital cities of the northern territories, as well as Nunavut in its entirety had by far the highest incidence of overcrowding.

130 Ibid, 1815.

131 Thomas R. Berger, *The Nunavut Project, Conciliator's Final Report, Nunavut Land Claims Agreement*, March 1, 2006.

Table 7.2: Incidence of Dwellings with >1 person/room

%	Aboriginal	All Persons
Canada	4.2	1.5
Yukon	2.6	1.5
City of Whitehorse	1.7	1.0
Ross River	9.5	n.a.
NWT	7.1	4.6
City of Yellowknife	2.1	2.3
Gameti First Nation	30.8	28.6
Nunavut	22.7	18.0
Iqaluit	11.6	6.7
Kugaaruk	50.0	44.4

Source: Statistics Canada, *2006 Census*.

The Canada Mortgage and Housing Corporation (CMHC) provides more comprehensive indicators of core housing need, based on Statistics Canada data from the 2006 Census. As shown in Table 7.3, core housing need is characterized by three factors: affordability (i.e. cost relative to before-tax household income), suitability (i.e. number of cohabitants per room), and adequacy (i.e. lack of need for major repairs).¹³²

Table 7.3: Incidence of Core Housing Need, Yukon, 2006

%	Yukon	NWT	Nunavut	Canada
Non-Aboriginal Household	13.9	9.0	12.9	12.4
Aboriginal Household	24.5	26.2	44.1	20.4
All Households	16.3	17.4	37.2	12.7
Below Affordability Standard	8.7	6.1	4.7	9.1
Below Suitability Standard	1.2	3.0	16.2	0.6
Below Adequacy Standard	3.0	4.5	7.3	0.6
Below Multiple Housing Standards	3.4	3.9	9.0	2.4

Source: CMHC, *Housing Conditions and Core Housing Need*.¹³³

Nunavut exhibits the poorest results among the territories in terms of overall core housing need, although this need is derived mainly from the suitability standard—i.e. overcrowding—rather than from affordability or adequacy. In fact, Nunavut actually ranks better than Yukon or NWT, or even Canada overall, in terms of affordability.

According to CMHC estimates, as shown in Table 7.4, over half of all housing in Nunavut is provided through subsidized, publicly-owned housing. In comparison, only 15%

132 For more detailed definitions, see CMHC, *2006 Census Housing Series: Issue 3 - The Adequacy, Suitability, and Affordability of Canadian Housing, 1991-2006*, Research Highlight, February 2009.

133 Canada Mortgage and Housing Corporation, *Housing Conditions and Core Housing Need*.

of housing in NWT is publicly owned, on average.¹³⁴ As median income per capita in Nunavut, including transfers from government, is lower than in other territories (see Table 7.4), it can be concluded that the relative affordability of housing in Nunavut is due to the high incidence of low-cost, publicly-funded housing. In Nunavut, public housing is managed by the Government of Nunavut through the Nunavut Housing Corporation (NHC).

Table 7.4: Gross Household Income and Public Housing by Territory, 2005

current dollars	Yukon	NWT	Nunavut
Median Income (\$) ¹	79,137	93,875	63,523
Average Income (\$) ¹	86,970	104,244	79,770
Average # of Persons ¹	3.0	3.4	4.4
Average # of Income Recipients ¹	2.2	2.4	2.5
Incidence of Public Housing ²	n.a.	15%	54%

1. Source: Statistics Canada, *2006 Census*.

2. Source: Yukon and NWT Bureau of Statistics, CMHC, *Renting in Nunavut*, Provincial/Territorial Fact Sheets; excludes government staff housing; “n.a.”—not available.

In May 2008, the Office of the Auditor General (OAG) of Canada released a report on the operations of the NHC. The report specifically examined the state of overcrowded housing in Nunavut, noting that:

- Through the Northern Housing Agreement, the federal government provided Nunavut with \$200 million through Budget 2006 for new, affordable housing. According to the Agreement, the Government of Nunavut plans to use this investment to build about 725 affordable units across Nunavut by 2010-2011. This investment represents about 10 percent of the \$1.9 billion that the Housing Plan identified as necessary.¹³⁵

The federal government provided an additional \$100 million to NHC through Budget 2009, which according to Lori Kimball, Chief Financial Officer of NHC, will be used to build 285 units. Ms. Kimball further stated:

- The NHC estimated in November 2009 that, based on the existing rate of population growth at that time, there is a need for 300 units a year to maintain status quo with the population; further stating that “at the rate of construction right now, we’re not even keeping up with the population

134 According to data from the NWT Bureau of Statistics, although average incidence of public housing in NWT is relatively low, rates are higher in more remote communities.

135 Office of the Auditor General of Canada, *2008 May Report of the Auditor General of Canada*.

growth, let alone the shortfall [of 3,000 units as identified under the Nunavut Ten-Year Housing Action Plan].”¹³⁶

The May 2008 OAG report also identifies the issue of on-going maintenance of existing social housing as a matter of concern.¹³⁷ According to testimony by the NHC, some 60% of its base budget of about \$180 million per year, funded through the Government of Nunavut, the Northern Housing Trust, and CMHC, is provided to the 25 Local Housing Organizations (LHOs) for the operation and maintenance of existing social housing stock in Nunavut. The NHC, in its testimony before the Committee, states that this includes some 4,200 housing units, which cost approximately \$22,000 per unit to maintain annually. Given these costs, along with increasing housing supply and limited or decreasing annual funding,¹³⁸ Patsy Owljoot, Acting President of the NHC notes that it will become increasingly difficult to maintain and accommodate affordable public housing in Nunavut:

[U]nprecedented construction is taking place across the territory; however, limited investments have been made to enhance the infrastructure of the community at the community level.¹³⁹

A key concern highlighted in the May 2008 OAG report was the lack of coordinated systems in place through the NHC to ensure timely and effective delivery of social housing in Nunavut. To overcome this issue, the OAG recommended the following:

The Nunavut Housing Corporation should finalize its overall housing strategy as soon as possible. In the strategy, the Corporation should clearly describe how it plans to meet all Nunavummiut housing needs over the long term, through the delivery of existing programs and services. It should also incorporate these plans in its business plan.¹⁴⁰

This OAG recommendation for housing need in Nunavut mirrors those provided in similar OAG audits for the housing corporations in NWT and Yukon. Although housing need shortages in NWT and Yukon are not as severe in comparison with Nunavut, they remain a concern for the Committee in relation to enabling economic development across the northern territories. The Committee therefore believes that the fulfillment of a coordinated housing strategy across the North is warranted. Therefore, the Committee recommends:

136 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1535; through agreement with the Government of Canada and Nunavut Tunngavik Incorporated, the September 2004 Nunavut Ten-Year Housing Action Plan sought to address core housing need in Nunavut.

137 Office of the Auditor General of Canada, *2008 May Report of the Auditor General of Canada*.

138 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1540; the NHC notes that CMHC funding is “dropping [at a rate of about \$3 million or \$4 million a year] and will be eliminated by 2037.”

139 *Ibid*, 1445.

140 Office of the Auditor General of Canada, *2008 May Report of the Auditor General of Canada*.

Recommendation 19:

To meet the continuing needs of housing in the North, the Government of Canada should consider extending new funding to the territorial and Aboriginal governments to significantly close the gap in core housing needs in the North.

7.2 Cost of Living

[The cost of living... forces residents to] make a choice between a poorer standard of living in their community here in Nunavut and a higher standard of living they can have by moving to southern Canada

Robert Long, Government of Nunavut

The cost of living refers to the monetary cost of sustaining a given standard of living in a given time and place. These costs tend to be higher for communities that are dispersed and isolated in comparison with compact, urban populations—measured by the cost of living differential.¹⁴¹ As shown in Table 7.5, relative to Edmonton (a city generally used as a basis for cost-of-living comparisons with other regions across Canada), the cost of living differential indicates that it costs 1.5 times more to purchase a given basket of goods and services in Nunavut, 1.3 times more in Yukon and 1.2 times more in Northwest Territories. As well, per capita spending on transportation and communication is four to six times higher in the territories than the provincial average.

141 Defined by Statistics Canada as “the relationship which exists between the prices for a specific range of goods and services at a particular isolated post, compared to the price of the same range of products prevailing in one of seven Canadian “point of comparison” cities—in this case, Edmonton. For further information, see: Statistics Canada, *Isolated Posts Allowance Indexes (Living Cost Differential Indexes)*.

Table 7.5: Selected Measures of Dispersion, Transportation Costs, and Household Median After-Tax Income in the Territories, compared with the Provincial Average

	Yukon	Northwest Territories	Nunavut	Provincial Average
Population not influenced by an urban centre (percent)	25	66	80	15
Transportation-communication expenditures (\$ per capita)	3,476	2,279	2,647	564
General Government expenditures (\$ per capita)	2,394	2,207	4,461	270
Cost of Living Differential	126	123	146	
Household median after-tax income	52,812 (97)	67,439 (124)	53,195 (98)	54,448*

Sources: Expert Panel on Equalization and Territorial Formula Financing, "[Annex 2: Some Evidence of Expenditure Needs and the Costs of Providing Public Services in the Territories](#)," in *Achieving a National Purpose: Improving Territorial Formula Financing and Strengthening Canada's Territories*, May 2006; and Statistics Canada, *2006 Census* (note: numbers in brackets for median after-tax income denote ratio of income in territory relative to provincial average (* i.e. Edmonton, as the cost of living differential is based on that city)).

Comparing the cost of living with household median after-tax income in each territory, as shown in Table 7.5, it is found that the higher cost of living in the North is compensated through higher disposable incomes only in NWT, mainly for those living in Yellowknife,¹⁴² while persons in Yukon and Nunavut tend to have somewhat lower after-tax incomes than in the comparator city of Edmonton.¹⁴³

The following sections describe some of the major incentives offered by the Government of Canada to increase northern economic development by reducing the cost of living for northern residents, which can also address skills shortages in the North by facilitating labour mobility across provincial-territorial regions.

7.2.1 Northern Residents Tax Deduction

The Northern Residents Tax Deduction (NRTD) is included in Section 110.7 of the *Income Tax Act*, which is meant to attract skilled labour to northern and isolated communities by compensating for the additional costs of living in these areas. There are two income tax deductions available to residents who live in the northern zone, which includes the territories, for at least six months:

142 According to data from the 2006 Census, median after-tax income for households in Yellowknife was \$84,454, or about 1.6 times higher than in Edmonton, while more isolated communities in NWT had incomes that were lower than in Edmonton.

143 i.e. the comparator used as a basis for developing the cost of living differential.

- A basic residency reduction of \$8.25 per day per person;¹⁴⁴
- An additional residency reduction of \$8.25 per day for a person who maintained and lived in a dwelling,¹⁴⁵ if the person is the only one claiming the basic residency reduction for living in that same dwelling; and
- A deduction for employer-paid travel expenses for any number of trips made to obtain medical services, and up to two trips per household member per year for other reasons.

An economic development argument in favour of offering incentives for living and working in northern and isolated areas is provided by Marc-André Pigeon, of the Parliamentary Information and Research Service:

Employment in northern and isolated areas tends to be concentrated in... sectors of the economy... [that are] either seasonal or subject to cyclical fluctuations... Special tax treatment (i.e., tax incentives) relative to southern, populated areas can help the private sector in these areas recruit and retain skilled workers... The tax incentives may also encourage less skilled workers to continue living in these areas during the off-season or in an economic downturn.¹⁴⁶

Although witnesses were generally in support of efforts to increase benefits under the NRTD in 2008, in which the federal government increased the residency deduction by 10%, from \$7.50 to \$8.25 in 2008, most agreed that more needs to be done to sufficiently address cost of living issues faced by people living and working in the North. In particular, witnesses who appeared before the Committee stated that the NRTD residency deduction rate should be increased.

For example, Mary Lou Cherwaty, of the Northern Territories Federation of Labour suggested that the NRTD be increased by at least 50% to counteract the effect of having to pay GST on the basics of life, which generally cost more in the North than in the rest of Canada.¹⁴⁷

144 The residency component of the Northern Residents Deduction was increased by 10% in 2008, from \$7.50 to \$8.25 per day.

145 According to the Canada Revenue Agency, *Northern Residents Deductions*, Form T2222, a dwelling means “a self-contained domestic establishment. Generally, this is a complete and separate living unit with a kitchen, bathroom, sleeping facilities, and its own private access. It includes a house, apartment, mobile home, or other similar place of residence in which a person usually sleeps and eats. It does not include a bunkhouse, dormitory, hotel room, or room in a boarding house.

146 Marc-André Pigeon, *Federal Northern Residents Deductions* Economics Division, Parliamentary Information and Research Service, January 28, 2004.

147 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1815; and *Statement by the Northern Territories Federation of Labour to the Committee*, November 19, 2009, p. 4.

Various other organizations made similar suggestions on how to modify the NRTD to better reflect northern realities. The Nunavut Economic Forum, for example, proposed the following adjustments:¹⁴⁸

- Provide a lump-sum adjustment for the cumulative effects of inflation since the introduction of the NRTD in 1987, with full indexation in future years;
- For work in Canada's extreme northern regions, in recognition of the added costs of living, provide a top-up to the NRTD commensurate with the Isolated Post Allowance provided to federal government employees.¹⁴⁹
- Provide enhanced NRTD benefits for low-income earners who receive less than the maximum residency reduction,¹⁵⁰ and to compensate those who do not receive employer-paid travel benefits,¹⁵¹
- Raise eligibility ceilings for federal government programs (e.g. GST Credit, Child Tax Benefit, etc.) for workers in the North to ensure low-income earners, who earn relatively more than workers elsewhere in Canada, continue to receive these benefits.
- Provide added NRTD benefits to equalize net earnings across north and south regions, as the progressive tax system leads to proportionately more taxes paid for northern workers, who have relatively higher incomes than for the rest of Canada.

The Committee believes that enhancements to the NRTD are required to more accurately compensate for the full costs of living and working in the North. Therefore, the Committee recommends:

Recommendation 20:

That the Government of Canada, to facilitate the development of the northern economy by attracting and retaining more skilled workers, consider enhancing the Northern Residents Tax Deduction to more fully compensate for the costs of living faced by individuals in the

148 Nunavut Economic Forum, *The Northern Residents Tax Deduction: A Discussion Paper*, October 11, 2007.

149 For more information, see the National Joint Council, *Isolated Posts and Government Housing Directive*, August 1, 2007.

150 Since the residency deduction is based on the lesser of \$16.50 per days worked (e.g. 365) and 20% of net earnings, low-income workers making less than \$30,112.50 per year would receive less than the current maximum deduction of \$6,022.50.

151 Since incomes are higher on average for workers in the territories, income levels that are close to poverty levels in relation to the North may be above eligibility thresholds for government programs that are set on a national basis.

North, and consider a policy that provides universality to the travel portion of the Northern Residents Tax Deduction.

7.2.2 Nutrition North Canada Program

On May 21, 2010, the Government of Canada introduced the planned phase-in of Nutrition North Canada program as a replacement to the existing Food Mail program, which will end on March 31, 2011. The purpose of the new program is to make healthy food more accessible and affordable to Canadians living in isolated Northern communities. The new program, which is to commence in stages beginning on October 3, 2010, is being introduced following a review of the Food Mail Program that began in November 2006.

As announced by the federal government, the new program moves to a retail level model from the existing transportation subsidy, the goal of which is to “shorten the supply chain and reduce the handling of fresh foods destined for the North.”¹⁵² The new delivery structure of the program is based mainly on an assessment of options provided through an interim INAC report, released in March 2009.¹⁵³

The federal government plans on providing funding directly to retailers and wholesalers who already ship large volumes of food and goods to the North, based on weight of eligible foods shipped to each eligible community. According to INAC, moving to a retail subsidy “will enable [retailers] to negotiate the best possible prices for their consumers.”¹⁵⁴ In terms of accountability and transparency, INAC states that “the new program will require retailers to demonstrate the subsidy is being passed on to consumers” through a claims processing system to verify shipping invoices and documents, along with audit and financial controls.¹⁵⁵

According to testimony provided by Patrick Borbey of INAC:

The new program model...will create an environment where market forces and competition will lead to a more effective and efficient means of transporting foods to eligible communities... INAC will provide the subsidy directly to retailers and wholesalers, who will make their own supply chain arrangements to ship food to eligible communities. This improvement will enable retailers and wholesalers to negotiate the best possible prices for their consumers and to maintain better quality control.¹⁵⁶

152 INAC, ["Backgrounder,"](#) News release, May 21, 2010.

153 For more information on the Food Mail review process, see: INAC, [Food Mail Review—Interim Report](#), Devolution and Territorial Relations Branch, March 2009.

154 Ibid.

155 Ibid.

156 The Committee, [Evidence](#), 3rd Session, 40th Parliament, June 15, 2010, 1535.

According to INAC, the key features of Nutrition North Canada are:

- Revised eligibility list that gives priority to subsidizing the most nutritious perishable food at a higher rate, including commercially-produced country foods, and promotes more cost-efficient transportation methods;
- Retention of personal orders, to preserve a measure of competition for Northern retailers and provide consumers with flexibility related to special dietary needs;
- Cost efficient modes of transportation for non-perishable and non-food items; increased involvement of Health Canada through community-based health promotion initiatives;
- Creation of an Advisory Board to improve program governance; and
- Increased level of transparency for the subsidy resulting in accountability for the parties involved.¹⁵⁷

In the lead-up to the creation of the new Nutrition North Canada program, various organizations expressed their concerns to the Committee in relation to the impacts that the changes in delivery mechanisms would have on northerners. Retailers such as Edward Kennedy, of the North West Company, stated that the creation of a retail subsidy, and its associated accountability mechanisms, will impose added costs and complexity to their operations due to tracking and reporting requirements.¹⁵⁸

As well, following the announcement of the new program, some Aboriginal groups expressed the following concerns:

- That isolated northern communities will have less access to affordable nutritious foods due to the elimination of food entry points in larger urban centres. As Vuntut Gwitchin MLA Darius Elias explained: "we have one retail outlet in Old Crow that provides food products... so access to a variety of foods that come from our capital city is the only realistic option."¹⁵⁹
- That the eligibility list of food items for the new retail subsidy is not sensitive to the traditional dietary practices of Aboriginal northerners, as food items that are used to prepare traditional meals such as bannock, which include lard as an ingredient, will not be eligible for the higher

157 INAC, "[Backgrounder](#)," News release, May 21, 2010.

158 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1535.

159 "MLAs Endorse Food Mail Program," *Whitehorse Daily Star*, May 13, 2009.

subsidy rate. As Jose Kusugak explained: "... foods such as bannock and pilot biscuits are staples of a well-rounded diet for many Inuit, especially while out on the land hunting and camping."¹⁶⁰

- As subsidies will only apply to country food produced commercially, traditional practices of Aboriginal northerners will be negatively affected, as any benefits through the direct trade of country foods among Aboriginal families would not be realized. As mentioned by Paul Kaludjak, President of Nunavut Tunngavik Incorporated, "I hope that subsidy will again enhance that possibility and help us get that country food to our relatives, where it's needed."¹⁶¹

In response to these concerns, INAC officials stated in general that they would be working with northerners, mainly through the Advisory Board for the Nutrition North program, to resolve any outstanding issues on the introduction of the new program.

As the new Nutrition North Canada program begins its operations, the Committee believes it is important for the Government of Canada to provide regular progress reports on its efforts to resolve outstanding issues expressed by various stakeholders. For this reason, the Committee recommends:

Recommendation 21:

That the Government of Canada, working with its partners and stakeholders, seek to resolve outstanding issues expressed by northerners on the delivery of nutritious foods under the new Nutrition North Canada program in a timely manner. Furthermore, as the new program becomes operational, the Government of Canada should produce a biennial public report that shows the impact of the new program on access to nutritious foods for northerners.

160 "Food for Thought," *Northern News Services Nunavut*, June 21, 2010.

161 "Nutrition North Program Worries Some Retailers," *CBC News*, May 25, 2010.

8. GOVERNANCE

A key factor related to economic development in the northern territories is the concept of governance, which encompasses many forms and involves many stakeholders. For the purposes of this report, in accordance with witness testimony, the concept of governance includes comprehensive land claim and self-government agreements, regulatory regimes, devolution, resource revenue sharing and fiscal arrangements among federal, territorial and Aboriginal governments in the territories.

8.1 Comprehensive Land Claims and Self-Government Agreements

Control of decision-making is essential to economic development. When a body outside of an Indigenous nation makes the decisions, economic development does not work

Steve Nitah, Chief of the Lutsel K'e Dene First Nation, Akaitcho Treaty 8 Dene

Comprehensive land claims are negotiated in areas where Aboriginal land rights have not been addressed by previous treaties or through any other legal means. These modern treaties define a government-to-government relationship between the Aboriginal signatory, the relevant territorial government, and the Government of Canada. They are intended to improve the social, cultural, political and economic well-being of Aboriginal people, while providing all signatories a mutual foundation for the beneficial and sustainable development and use of Aboriginal peoples' traditional lands and resources.

8.1.1 Establishment Issues

The development of a modern land claims policy in Canada began with a landmark decision in the *Calder* case in 1973, in which the Supreme Court of Canada acknowledged the existence of Aboriginal title in Canadian law. Existing Aboriginal and treaty rights of Aboriginal peoples were subsequently recognized and affirmed under section 35 of the *Constitution Act*, 1982, which was amended in 1983 to explicitly confirm that this protection extends to modern land claim agreements.¹⁶²

Self-government agreements allow for power-sharing arrangements between territorial, federal, and Aboriginal governments in law making and administration of human services. These agreements recognize the jurisdiction of Aboriginal governments over such things as education, health, justice, and social services.¹⁶³ Although not specifically

162 A more complete description of comprehensive land claims is provided by Mary C. Hurley, [Settling Comprehensive Land Claims](#), Library of Parliament, Parliamentary Information and Research Service, PRB-09-16E, September 21, 2009.

163 Stephanie Irlbacher Fox, *Governance in Canada's Northwest Territories: Emerging Institutions and Governance Issues*, University of Cambridge, England and Yellowknife, NWT, submission to 2004 Northern Research Forum Open Meeting: The Resilient North—Human Responses to Global Change.

recognized in the Constitution, since 1995 federal policy has generally recognized an inherent right of Aboriginal self-government as an existing section 35 right. Under the federal policy, negotiated self-government rights can attain section 35 protection as treaty rights in new treaties, as part of comprehensive land claim agreements or as additions to existing treaties, but might also be implemented in other, non-treaty forms. The federal policy outlined differing approaches to self-government for First Nations, Inuit and Métis, stipulating that provincial/territorial governments must be parties to agreements in which subject matters addressed fall within their jurisdiction.¹⁶⁴

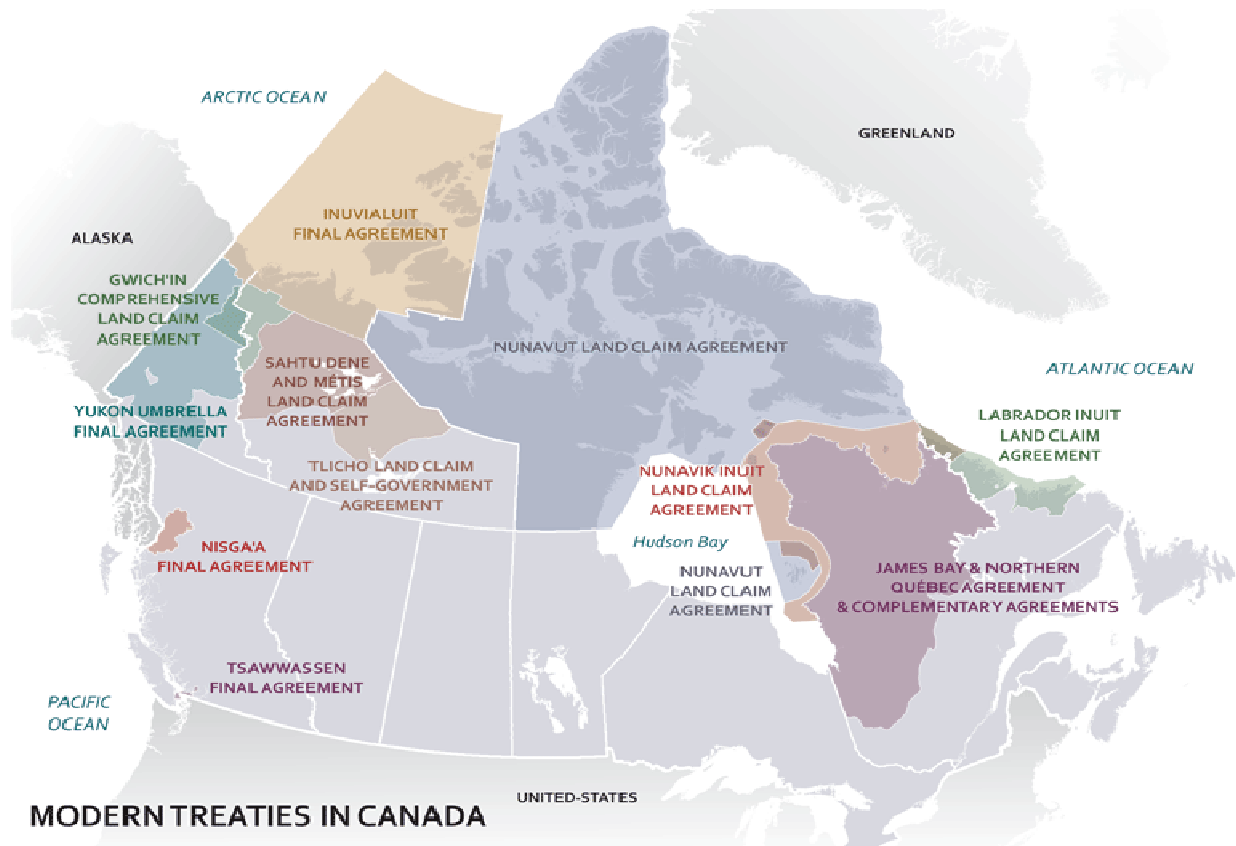
Since comprehensive land claim agreements and self-government agreements set out governance rights including matters such as the ownership of land and resource rights, they are therefore important to economic development. They can help to provide a level of certainty and predictability for business, industry, communities and governments. Almost all land in the northern territories either lies within the boundaries of settled land claims or is the subject of ongoing negotiations.

Currently, a total of 16 comprehensive claims have been settled in the northern territories, which include (see Table C-2, Appendix C for more details on each of these agreements):

- 1984 Inuvialuit Final Agreement, west Arctic;
- 1992 Gwich'in Comprehensive Land Claim Agreement, northwest NWT and northeast Yukon;
- 1993 Nunavut Land Claims Agreement, east Arctic;
- 1993 Council for Yukon Indians Umbrella Final Agreement, through which 11 of 14 Indian bands have settled agreements;
- 1994 Sahtu Dene and Métis Land Claim Agreement, Mackenzie Valley, NWT; and
- 2003 Tlicho Land Claim and Self-Government Agreement, North Slave region, NWT.

164 For more information on the development of Aboriginal self-government agreements, see Mary C. Hurley, *Aboriginal Self-Government*, Library of Parliament, Parliamentary Information and Research Service, PRB-09-16E, December 15, 2009.

Figure 8.1: Modern Treaties in Canada¹⁶⁵



Although land claims agreements have been concluded with the majority of Aboriginal peoples in the northern territories, these agreements have resulted in differing degrees of control and types of arrangements among the federal, territorial and Aboriginal governments. In general, the agreements have involved some measure of relinquishing of their title or claim to certain portions of the traditional lands by the affected Aboriginal communities, in return for which the federal government provides cash compensation and other provisions related to the following issues:

- Ownership and use of lands, waters and natural resources including the subsurface;
- Management of land, waters, and natural resources, including fish and wildlife;
- Harvesting of fish and wildlife;

165 Map excerpted from INAC, *General Briefing Note on Canada's Self-Government and Land Claims Policies and the Status of Negotiations*.

- Environmental protection and assessment;
- Economic development;
- Employment;
- Government contracting;
- Capital transfers;
- Royalties from resource development;
- Impact benefit agreements;
- Parks and conservation areas;
- Social and cultural enhancement;
- The continuing application of Aboriginal and other programming and funds; and
- In some cases, self-government and public government arrangements.

The degree to which comprehensive land claim agreements have been established, and the circumstances under which they have been negotiated, differs within each land claim region, however.

In Yukon, the territorial government has assumed most province-like powers, including control over the use of its lands and resources, and most First Nations in Yukon have acquired self-governing powers that serve to facilitate economic development on their lands. In particular, First Nations in Yukon that are self-governing have the authority of municipalities, with many of the powers of the territorial Government of Yukon, including: ownership of and jurisdiction over settlement lands and residents; authority over culture, heritage and social services; direct involvement in decision-making through resource management boards, in most cases with 50% representation; and taxation powers over occupants of settlement lands.¹⁶⁶

In comparison with First Nations in Yukon, many governance issues remain to be resolved for First Nations and Métis in NWT. While Yukon land claim settlements were achieved through a single Umbrella Final Agreement, which served to streamline the

166 For further information, see: Doug McArthur, "The Changing Architecture of Governance in Yukon and the Northwest Territories," in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada's North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009, pp. 187-231.

settlement process for First Nations in Yukon, a single agreement was not reached among First Nations and Métis peoples in NWT. The federal government accepted claims from the Dene (1976) and Métis (1977) on the condition that a single settlement would be negotiated, which led to a final agreement being drafted but not accepted by the Dene/Métis. Since a NWT-wide process was not feasible, the federal government agreed to negotiate on a regional basis. The Gwich'in, Sahtu and Tlicho have all settled their regional claims, while negotiations with the Akaitcho, Dehcho and Northwest Territory Métis Nation are currently ongoing.¹⁶⁷

For the Inuvialuit and the Inuit of Nunavut, although comprehensive land claims agreements have been signed, neither community has a self-government arrangement, such that they are not involved in law making or the administration of human services on their lands through the establishment of their respective land claims alone. Although the Inuvialuit Final Agreement and the Nunavut Land Claim Agreement differ in many ways, they both share similar fundamental components¹⁶⁸—in addition to cash payments to their representative corporations (i.e. presently known as Inuvialuit Regional Corporation and Nunavut Tunngavik Incorporated, respectively¹⁶⁹), the federal government specifically granted the following rights and benefits to these representative corporations:

- Ownership of large tracts of land through fee simple title¹⁷⁰, with subsurface rights on a small portion of these lands;
- Hunting, fishing and trapping rights;
- Participation in co-management boards with jurisdiction over wildlife and the environment;
- Several other benefits common to these types of agreements, such as mineral royalties, preferential hiring in government, and involvement in national parks.

As stated in a 2009 study by the Institute for Research on Public Policy (IRPP), the lack of comprehensive land claims agreements that provide for self-government in the North stems from “a long-standing preference [on the part of the territorial and federal

167 See INAC, [General Briefing Note on Canada's Self-Government and Land Claims Policies and the Status of Negotiations](#).

168 For more details, see: Graham White, “Nunavut and the Inuvialuit Settlement Region: Differing Models of Northern Governance,” in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada's North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009, pp. 283-316.

169 According to White (2009), “these corporations are the principle political organizations responsible for representing Inuvialuit and Inuit beneficiaries in dealing with the government on land claims implementation.”

170 Definition: A title that signifies the ownership of all the rights in a parcel of real property, subject only to the limitations of the four powers of government (taxation, eminent domain, police power, and escheat).

governments] for public rather than Aboriginal governments at the local and regional levels,”¹⁷¹ such that governance responsibilities would be shared among local residents in general, both Aboriginal and non-Aboriginal. The 2009 IRPP study notes, however, that a framework for self-government based on developments in Yukon is beginning to emerge in more recent self-government negotiations, in which “the agreement is made with rights holders rather than government-defined aggregations,” such that public government would be limited to an administrative concept rather than a legal governing authority. The single comprehensive land claim agreement outside of Yukon that includes a self-government agreement—the 2003 Tlicho Land Claim and Self-Government Agreement in NWT—serves as an illustration; as the 2009 IRPP study notes, “The Tlicho agreement has residual public government dimensions, but it too reverts to the principle that the First Nations government controls the decisions of the new community governments.”¹⁷²

During the Committee’s study of the issue, many witnesses provided comments on the economic benefits for northern communities through the settlement of comprehensive land claims. Although a recent audit of land claim agreements in NWT by the Auditor General of Canada found that federal government efforts to settle land claim and self-government agreements represent a significant achievement and an important step towards sustainable and balanced development, the conclusion was drawn that “much remains to be done” to resolve outstanding claims and fully establish self-government agreements.¹⁷³

This audit also provides evidence on the impact that settled land claims can have on the prospects for economic development in the North. The Auditor General’s report stated that:

Agreements with Aboriginal peoples setting out governance rights and the ownership of land and resource rights are important for environmental protection and economic development because they help provide a level of certainty and predictability for business, industry, communities, and governments.¹⁷⁴

As Ronnie Campbell, Assistant Auditor General, mentioned in his testimony to the Committee regarding applications for development projects in NWT:

In areas where there was no land claim settlement, there were a considerable number of applications referred to the crown for additional consultation, which I think reflected the fact that aboriginal groups did not feel that they had been properly consulted. We

171 Doug McArthur, “The Changing Architecture of Governance in Yukon and the Northwest Territories,” in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada’s North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009, pp. 187-231.

172 Ibid.

173 Auditor General of Canada, “[Sustaining Development in the Northwest Territories](#),” in 2010 *Spring Report of the Auditor General of Canada*, Chapter 4.

174 Ibid.

compared that with areas where there had been a land claim settled, and we found that in none of those cases did they have to be further referred for consultation.¹⁷⁵

The general consensus expressed by witnesses before the Committee who commented on the issue of land claims, was that the settlement of land claims was beneficial for northerners as it sets the stage for economic development to occur. For example:

- Hugh Wilson, of Tyhee Development Corporation, states that, although land claims do not solve all problems, they make negotiation and cooperation easier, as can be seen in the case of Nunavut with the Nunavut Land Claims Agreement.¹⁷⁶
- Donald Balsillie, of Dezé Energy Corporation states that, in relation to the land claims settlement process in NWT, “if people knew the rules and the road map, it would be a lot quicker and fewer costs would be associated with that.”¹⁷⁷
- Steve Nitah, Chief of the Lutsel K’e Dene First Nation, Akaitcho Treaty 8 Dene, mentions that, in relation to a withdrawal of land “[t]here is an opportunity to have an economic project on some of the withdrawn lands. In the three years since the withdrawal, we have not been able to take advantage of this unique feature, since we are unable to get an interim economic package from the federal government, which we were negotiating as a companion to this withdrawal.”¹⁷⁸

To help expedite economic development, Floyd Roland, the Premier of NWT, states that what is needed is “a comprehensive plan for the NWT, one that is developed by northerners and supported by Canada,... [including] the negotiation of government systems through land, resources, and self-government agreements.”¹⁷⁹

Given the overwhelming evidence provided to the Committee on the benefits that settled comprehensive land claims and self-government agreements can have in facilitating economic development, the Committee recommends:

175 Ibid.

176 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1345.

177 Ibid, 1350.

178 Ibid, 2000.

179 Ibid, 0835.

Recommendation 22:

That the Government of Canada work in partnership with Aboriginal organizations, territorial governments, and federal departments and agencies to expedite the resolution of all outstanding land claims and self-government agreements in the northern territories.

The 2010 Spring Report of the Auditor General also reveals a key issue in terms of federal government funding to Aboriginal governments in support of their efforts to achieve self-government. In her testimony to the Committee, Sheila Fraser, Auditor General of Canada found that:

On average, the agreements we looked at were signed more than six months after the beginning of the fiscal year, and several were signed in the last month before the agreement expired. Officials told us that this situation has resulted in overdraft charges and penalties, damaged business relationships, delays in meeting payroll, and the loss of experienced staff. These issues can affect First Nations' ability to participate in negotiations... For us, the solution to all of this consists of multi-year [funding] agreements.¹⁸⁰

In communities that have not yet settled their land claim agreements, to resolve this issue, the Committee agrees with the findings of the Auditor General that the establishment of mechanisms such as multi-year funding arrangements is required to support Aboriginal communities in their efforts to negotiate self-government agreements, and therefore recommends:

Recommendation 23:

That the Government of Canada identify and implement mechanisms, such as multi-year funding for contribution agreements, where possible, to ensure timely and adequate funding for the activities of Aboriginal communities in relation to their negotiations on self-government.

8.1.2. Implementation Issues

It has been proposed by Aboriginal signatories to comprehensive land claim agreements, as well as other bodies that, although the federal government has fulfilled the letter of the existing comprehensive land claim agreements with respect to the transfer of funds and the recognition of rights to land to the Aboriginal signatories, the spirit of the objectives specified in the agreements have not yet been reached:

180 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 6, 2010, Sheila Fraser, Auditor General of Canada, Office of the Auditor General of Canada, 1635.

- In 1998, the Auditor General issued a report critical of the federal role in land claim implementation on various counts;¹⁸¹ while a second report in 2003 observed ongoing shortcomings in the government’s implementation practices with respect to the Gwich’in and Nunavut agreements.¹⁸² It cautioned against unresolved disagreements over treaty interpretation or implementation.
- Aboriginal signatory groups in Canada formed the Land Claims Agreements Coalition in 2003 to advocate for improved implementation policies and practices.
- In May 2008, a report of the Standing Senate Committee on Aboriginal Peoples recommended a number of reforms to federal implementation policy and practice, including greater collaboration with the Land Claims Agreements Coalition.¹⁸³

This view is also shared by many witnesses who appeared before the Committee during the course of its study. For example:

- Darrell Beaulieu, of the Northern Aboriginal Business Association, stated that “one of the issues [The Land Claims Agreement Coalition] bring up is that the Gwich’in and the Sahtu [sic] and the Tlicho have finalized their agreements, but they’re not fully implemented to benefit them as they understood they would when they were negotiating.”¹⁸⁴
- Belinda Webb, of Inuit Tapiriit Kanatami, suggested that a collaborative approach is necessary in order to fulfill the spirit and intent of land claims agreements: “all key areas of responsibility within Inuit Nunangat agreements, such as wildlife management, land use planning, environmental assessment, and project review regimes, are based on principles of co-management.”¹⁸⁵

There has been a general recognition among all parties to the agreements that further efforts are needed in order to rectify the shortcomings in land claims agreement

181 Office of the Auditor General of Canada, “[Indian and Northern Affairs Canada—Comprehensive Land Claims](#),” in *1998 September Report of the Auditor General of Canada*, Chapter 14.

182 Office of the Auditor General of Canada, “[Indian and Northern Affairs Canada—Transferring Federal Responsibilities to the North](#),” in *2003 November Report of the Auditor General of Canada*, Chapter 8.

183 Senate, Standing Committee on Aboriginal Peoples, *Honouring the Spirit of Modern Treaties: Closing the Loopholes—Interim Report: Special Study on the Implementation of Modern Land Claims Agreements in Canada*, May 2008.

184 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 2020.

185 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 5, 2009, 1105.

implementation. For example, in February 2009 INAC released an internal impact evaluation on comprehensive land claim agreements, which recommended that:

In partnership with Aboriginal organizations and other federal departments and agencies, consider leading the establishment of a policy for the implementation of comprehensive land claims which would clarify roles and responsibilities and the federal approach to implementing CLCAs.¹⁸⁶

As well, in March 2009 the Land Claims Agreement Coalition released a model treaty implementation policy, stating that:

The core commitment of this policy is that the Government of Canada will work with Aboriginal signatories to ensure that each modern treaty is fully implemented consistent with its spirit and intent, the developmental objectives of treaty-making in Canada, and the honour of the Crown.¹⁸⁷

Given the general recognition that a collaborative approach is needed to resolve issues among all parties in relation to comprehensive land claim agreements, the Committee therefore recommends:

Recommendation 24:

That the Government of Canada, working in partnership with relevant organizations, which could include the Land Claims Agreement Coalition, outline concrete steps to resolve implementation issues, and seek to provide adequate resources to ensure effective transition and on-going implementation, to the agreement of all parties.

The following sections describe some of the more significant issues raised by witnesses before the Committee in relation to governance and the implementation of land claims agreements. Implementation issues not strictly related to governance (i.e. general economic development, skills development and labour market outcomes, health, and support for Aboriginal business) are dealt with in other sections of this report.

8.1.3 Impact Benefit Agreements (IBAs)

According to the National Aboriginal Health Organization, an IBA is defined as “a *confidential* agreement negotiated in the context of resource development between a company, the relevant provincial or territorial government and affected [Aboriginal] organizations.”¹⁸⁸ Its main purpose is to establish the terms under which Aboriginal people

186 INAC, *Impact Evaluation of Comprehensive Land Claim Agreements*, Evaluation, Performance Measurement and Review Branch, Audit and Evaluation Sector, February 17, 2009.

187 Land Claims Agreement Coalition, *Honour, Spirit and Intent: A Model Canadian Policy on the Full Implementation of Modern Treaties Between Aboriginal Peoples and the Crown*, November 21, 2008.

188 Cathleen Knotsch and Jacek Warda, *Impact Benefit Agreements: A Tool for Healthy Communities?* National Aboriginal Health Organization, July 2009.

will benefit from a development project. An IBA can focus on either specific economic benefits, or it can refer to broader socio-economic and environmental aspects, such as capacity building, Aboriginal traditions, or concerns related to minimizing the ecological impact of development projects.¹⁸⁹

One of the main concerns expressed by witnesses in relation to IBAs was the lack of conformity in its provisions, and the role to be played by each party of the agreement to fulfill these provisions. Industry representatives also point to a lack of transparency with respect to benefit arrangements as an explanation for the difficulties they have when promoting a given project to northern communities, as these agreements are confidential to the parties involved with the agreement. As Mike Peters, of the Canadian Association of Petroleum Producers, stated:

Communities are not always well informed on the full range of benefits, and this leads to circuitous discussions and escalation of demand.¹⁹⁰

To resolve the issue of clarity in roles and responsibilities for governments, industry, Aboriginal organizations, and the general public, Hugh Wilson, of Tyhee Development Corporation, suggested that the federal government develop a policy that would serve as a roadmap to guide all parties through the development of an appropriate IBA arrangement.¹⁹¹

The Committee is in general agreement of the need to clarify roles and responsibilities for the purposes of arriving at effective implementation of IBAs in the development process. The Committee therefore recommends:

Recommendation 25:

That the Government of Canada work with Aboriginal organizations and industry to develop a template for the development of effective Impact Benefit Agreements, which could include a clarification of the roles and responsibilities of the parties.

8.1.4 Dispute Resolution Mechanisms

Comprehensive land claim agreements in the North include chapters that specifically identify a range of processes that would resolve disputes among parties when they arise. These mechanisms include arbitration panels with the authority to make binding decisions. With the exception of the Inuvialuit Final Agreement, the consent of each affected party is required to refer disputes to arbitration.

189 Ibid.

190 The Committee, *Evidence*, 2nd Session, 40th Parliament, June 16, 2009, 0905.

191 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1320.

Many witnesses from the business sector appearing before the Committee noted that, in relation to land claim implementation, there is a lack of clarity in what the requirements are for Aboriginal consultation prior to establishing a development proposal. Many witnesses, such as Hugh Wilson, of Tyhee Development Corporation, state that this lack of clarity leads to increased disagreement and conflict among all parties involved.¹⁹²

As well, other industry representatives mentioned that, when disputes arise through the process of negotiating an agreement for a development proposal, due to a lack of an effective dispute resolution mechanism, often applicants have no other option than to make concessions so that the project can be approved. In particular, Mike Peters, of the Canadian Association for Petroleum Producers mentioned that:

Dispute resolution was provided for in the land claims settlements in the Mackenzie Valley, but no such mechanism has been introduced.¹⁹³

A 2008 study by the Standing Senate Committee on Aboriginal Peoples examined the lack of a commitment by the federal government to resolving impasses over funding and other implementation matters, stating that the federal government's lack of referring disputes to arbitration has undermined the renewed relationships that treaties sought to establish:

Aboriginal signatories are left with no meaningful recourse to the arbitration mechanisms available to them under their Agreements, and, as a result, forces disputes to the courts.¹⁹⁴

The views expressed by witnesses before this Committee, as well as the examination by the Standing Senate Committee on Aboriginal Peoples, is supported by statements made by the Office of the Auditor General of Canada. In relation to dispute resolution mechanisms, a 2003 report stated:

Our review of the work of the arbitration panels found that no cases had come before them since the claims were settled over 10 years ago. Yet disputes continue to remain unresolved. Furthermore, if it is true that Canada cannot agree to be bound by a decision of a third party on funding matters, then any money dispute can never be resolved through arbitration. Therefore any belief that arbitration is there to resolve money-related disputes, and make land claims work more effectively, is an illusion.¹⁹⁵

Given the evidence presented above, the Committee believes that in cases where disputes arise in the implementation of treaties, resolution must be found through

192 Ibid.

193 The Committee, *Evidence*, 2nd Session, 40th Parliament, June 16, 2009, 0900.

194 Senate, Standing Committee on Aboriginal Peoples, *Honouring the Spirit of Modern Treaties: Closing the Loopholes—Interim Report: Special Study on the Implementation of Modern Land Claims Agreements in Canada*, May 2008, p. 19.

195 Office of the Auditor General of Canada, "Indian and Northern Affairs Canada—Transferring federal responsibilities to the North," in *2003 Report of the Auditor General of Canada*, Chapter 8, p. 9.

appropriate alternative dispute resolution mechanisms, including through such means as mediation and arbitration. To help inform all parties in their efforts to streamline development projects and minimize conflicts, the Committee believes that it is necessary for the federal government to develop and implement a formal dispute resolution mechanism, in accordance with provisions in the land claims agreements. The Committee therefore recommends:

Recommendation 26:

That the Government of Canada work with Aboriginal peoples and northern industry to ensure that a formal dispute resolution mechanism is established prior to the submission of a development proposal in the northern territories.

8.1.5 Procurement in the North

Comprehensive land claim agreements often contain provisions for economic development that oblige Canada to conduct procurement, or the purchase of goods, services or construction, in such a way that is fair, transparent, and opens the bidding process to Aboriginal groups in comprehensive land claim agreement areas.

In relation to contracting requirements under the comprehensive land claim agreements, the federal government's Procurement Strategy for Aboriginal Business (PSAB) is meant to: "stimulate Aboriginal business development; and increase the number of Aboriginal firms competing for and winning federal contracts."¹⁹⁶ The PSAB seeks to achieve greater participation by Aboriginal businesses in federal contracting through several means, such as supplier development activities¹⁹⁷ and mandatory and voluntary set-asides, which generally limit public bidding on federal government contracts to Aboriginal businesses.

Through various internal evaluation studies by the federal government, it is generally recognized that the PSAB is an underutilized tool for growing Aboriginal business.¹⁹⁸ This view is validated by the comments of various witnesses that appeared before the Committee. In general, witnesses stated that, as the PSAB is a set of voluntary guidelines, there is a lack of commitment by the federal government to actively promote and pursue increased involvement in federal contracts by Aboriginal businesses.

196 INAC, *Evaluation of the Procurement Strategy for Aboriginal Business*, Departmental Audit and Evaluation Branch, August 2002.

197 According to INAC, *Web-Based Guide to Doing Business with the Federal Government, Module 1: Procurement Strategy for Aboriginal Business*, supplier development activities "are those undertaken by departments and agencies to raise awareness for Aboriginal suppliers of what the various departments buy, who in the departments make the buying decisions, what particular things they look for when they buy, how they buy things, and how they evaluate and qualify potential suppliers,"

198 See, for example, INAC, *Toward a New Federal Framework for Aboriginal Economic Development: Annexes*, 2008.

For instance, Nicole Sikma, of Arctic Cooperatives Limited, stated that: “INAC, the department responsible for the program, does not adhere to the policy.”¹⁹⁹

In relation to Article 24 of the *Nunavut Land Claims Agreement*, which states in general that the Government of Canada must develop Aboriginal procurement policies for all contracting in Nunavut,²⁰⁰ Paul Kaludjak, of Nunavut Tunngavik Incorporated, referred to an issue related to preference for southern, non-Aboriginal businesses:

We're constantly impacted by southern contractors. On many occasions, the local contractor loses out, because they failed to be recognized by the policy of the land claims agreement... If you're going to do business in Nunavut, [southern business] have a 21% advantage over a contract review at any time...²⁰¹

A 2007 report by the Office of the Auditor General, on the Inuvialuit Final Agreement, provided support for the view that, despite the PSAB, Aboriginal businesses continue to be at a disadvantage in opportunities for federal contracting.²⁰² The audit focused on Section 16 of the Agreement, which obligates federal organizations to inform the Inuvialuit of contracts being offered for tender, and includes provisions for the preference of their Inuvialuit businesses during the bidding and evaluation process. The audit found that there was a lack of communication of the contracting obligations across federal government departments, little guidance on how departments should fulfill these obligations, and a lack of monitoring for compliance.

Some possible reasons to explain the preference of southern businesses for federal contracting in the North was offered by testimony by Tony Butler, of Pan Arctic Inuit Logistics Corporation. Mr. Butler offers two main reasons in relation to the federal government's bidding process:²⁰³

- *Bid evaluation*: Firms that invest time, money, and effort to meet or exceed their Aboriginal employment commitments are judged on an equal footing with firms that do not, since bidders' past performance in achieving their aboriginal benefits targets are assessed solely on whether or not there is an outcome, not on whether the outcome was a success or a failure—this encourages firms to make significant commitments when bidding, without any concern towards meeting those commitments, and this fact reduces

199 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1830.

200 For information on the federal government's contracting policy related to all comprehensive land claims agreements, see: Treasury Board of Canada Secretariat, *Contracting Policy Notice 1997-8*, December 10, 1997.

201 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1045.

202 See Office of the Auditor General of Canada, “*Inuvialuit Final Agreement*,” in *2007 October Report of the Auditor General of Canada*, Chapter 3.

203 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 25, 2010, 1535.

the incentives for firms to invest in developing meaningful Inuit participation of lasting benefit.

- *Awareness of opportunities:* As some crown agencies and federal initiatives are not subject to the procurement review process, obligations under the land claims may not be considered or may be considered too late in the process, thus making Inuit procurement less likely, and more difficult for the Inuit to mount timely efforts to establish partnerships or joint ventures.

To remedy this situation, Mr. Butler stated that, through the evaluation process of selecting a bidder, the federal government needs to apply a graduated approach to evaluating past performance to account for degrees of success, including a mechanism to evaluate both quantitative and qualitative results, and to establish lead time in the bidding process to allow for the development of corporate capacity within Aboriginal businesses.²⁰⁴

Although the federal government has taken some positive steps in resolving the issues highlighted above, especially those in its responses to the findings of the Auditor General of Canada, evidence presented to the Committee strongly suggests that there continues to be a lack of success in the procurement of Aboriginal businesses in the North. The Committee therefore makes the following recommendation:

Recommendation 27:

That the Government of Canada work to enhance its current contracting policy to more effectively award contracts to businesses that achieve their Aboriginal benefits targets, as provided under the relevant land claim agreements, and provide more lead time in the bidding process to allow better preparation by northern businesses.

8.2 Overview of Regulatory Regimes in the North

To attempt to achieve an efficient regulatory regime without a land use plan in place is to my mind probably impossible.²⁰⁵

Robert Overvold, Sahtu Land Use Planning Board

The regulatory systems in the North were developed to ensure the responsible management of the region's significant renewable and non-renewable resources. They were created from the settlement of comprehensive land claim agreements in Yukon, NWT and Nunavut. Termed under the land claims agreements as "Institutions of Public Government", as they are open to Aboriginal and non-Aboriginal membership,

204 Ibid.

205 The Committee, *Evidence*, 3rd Session, 40th Parliament, March 30, 2010, 1550.

many regulatory bodies have been established based on these agreements. These regulatory bodies—which are co-managed among Aboriginal, territorial and federal governments—provide for the protection of heritage resources, the management of hunting/harvesting, land use planning, environmental assessment and land and water management (see Table 8.1 for a list of the various boards in the northern territories).

Table 8.1: Land and Resource Boards in the Northern Territories (selected)

Territory	Board Function		
	Advisory	Regulatory	Dispute Resolution
Yukon	Yukon Environmental and Socio-economic Assessment Board	Yukon Water Board	Yukon Surface Rights Board
	Yukon Land Use Planning Council	Yukon Fish and Wildlife Management Board	
NWT	Inuvialuit: Environmental Impact Screening Committee/Review Board	NWT Water Board	Arbitration Boards (Inuvialuit, Gwich'in, Sahtu)
	Mackenzie Valley Environmental Impact Review Board	Mackenzie Valley Land and Water Board	
	Land Use Planning Boards (Gwich'in, Sahtu)	Land and Water Boards (Gwich'in, Sahtu, Wekeezhii)	
Nunavut	Nunavut Planning Commission	Nunavut Water Board	Nunavut Surface Rights Tribunal
	Nunavut Impact Review Board		

Source: Adapted from Neil McCrank, *Road to Improvement: The Review of the Regulatory Systems Across the North*, Report to the Honourable Chuck Strahl, Minister of Indian Affairs and Northern Development, by the Minister's Special Representative, May 2008, Table 1.

Although there are many complicating factors and differences in treatment across settlement region, for illustration purposes, a simplified representation of the regulatory process in the northern territories can be presented in the following manner:

1. Proponent and regulator determine if an assessment is required by law.
2. Proponent submits the proposal to the advisory board.
3. Advisory board reviews the proposal to ensure that enough information is included to conduct an assessment.
4. Advisory board begins the assessment and gathers and reviews relevant information from the public, governments, experts in the field, and other stakeholders that have a vested interest in the proposed activity.

5. After taking into account all available information, the advisory board determines potential environmental and socio-economic effects of proposed project, and provides a recommendation to relevant regulatory board, and ultimately to final decision-making bodies at the federal, territorial and Aboriginal government level.
6. Regulatory bodies review the advisory board's recommendation, and either accept/reject/amend the proposal.

Any disputes that occur in terms of a project proposal may be forwarded to the respective dispute resolution board in each settlement region, where applicable (as shown in Table 8.1).

Each region in the northern territories has unique circumstances and institutional development issues to address. As regulatory systems in each territory have evolved independently, differences exist in the roles and authorities attributed to each regulatory body. Under the Inuvialuit Final Agreement, for example, separate boards exist for fish and game, while in Nunavut one board has jurisdiction over both.²⁰⁶ Similarly, Nunavut, Yukon and the Inuvialuit region each have boards dealing solely with water issues, while in the Mackenzie Valley land and water management are combined into single boards. Other differences exist for the legal foundations of these boards, in terms of their structure and mandate. Added to these varying roles and structures is uncertainty in terms of how these arrangements may evolve further along with the transfer of responsibilities for land and resource management through further land claims settlements with Aboriginal governments and devolution agreements between the federal, territorial and Aboriginal governments. The following provides an overview of the regulatory regimes in place in each territory.²⁰⁷

Yukon²⁰⁸

In comparison with regulatory regimes in other territories, the process in Yukon is deemed to be relatively streamlined. This is made possible through several factors—a single comprehensive land claim agreement that covers essentially the entire territory (i.e. the Umbrella Final Agreement), devolution of decision-making responsibilities for land and natural resource use from the federal government to the Yukon territorial government, except in cases where development is to occur across political boundaries, and a single regulatory body for conducting assessments (i.e. Yukon Environmental and Socio-economic Assessment Board (YESAB)).

206 Graham White, "Treaty Federalism in Northern Canada," in *Publius*, Volume 32, Summer 2002, pp. 89-114.

207 Ibid.

208 For more information on the regulatory process in Yukon, see: Yukon Environmental and Socio-economic Assessment Board, [Annual Report 2009/10](#).

Chapter 12 of the Umbrella Final Agreement and Yukon First Nation Final Agreements called for the establishment, through federal legislation, of an assessment process that would apply on all lands within Yukon: federal, territorial, First Nation and private. The Council of Yukon First Nations (CYFN) and the Yukon Government agreed to work with the Government of Canada to establish a unique development assessment process for Yukon; the *Yukon Environmental and Socio-economic Assessment Act* (YESAA).

An assessment under YESAA is required when a project activity is listed in the regulations and requires a permit or authorization, when there is a transfer of land, or if the project utilizes federal funding. The assessment process is initiated when an individual or organization submits a project proposal to YESAB. Once the proposal is received, assessors look at the potential environmental and socio-economic effects of proposed activities by gathering and analyzing relevant information. The assessor then recommends under what conditions the project should proceed, if at all. The recommendation is then submitted to the relevant decision bodies, which can be federal, territorial and/or First Nation governments. The decision bodies make a final determination on whether to accept, reject or vary the YESAB recommendation.

NWT²⁰⁹

In the Mackenzie Valley region of NWT, environmental considerations and the issuing of licences and permits fall under the *Mackenzie Valley Resource Management Act* (MVRMA), the Sahtu and Gwich'in land claims legislation, and the Tlicho agreement of 2005. The MVRMA was originally created to meet a federal obligation under the Sahtu and Gwich'in land claim agreements and implementing legislation. It called for the creation of public boards to manage the application process for the development of renewable and non-renewable resources in the Mackenzie Valley.

The application for non-renewable resources development begins when a developer applies to an MVRMA-created board for a land use permit and/or water licence. Once an application is received, several organizations become involved.

- The MVRMA assigns to the Minister of Indian Affairs and Northern Development (IAND) several responsibilities for resource management in the Mackenzie Valley. These include operational and governance responsibilities. At the operational level, responsibilities include adopting, with or without modifications, or rejecting recommendations of the Mackenzie Valley Environmental Impact Review Board (MVEIRB), as well

209 For more information on the regulatory processes in NWT, see: Office of the Auditor General of Canada, "Indian and Northern Affairs Canada—Development of Non-Renewable Resources in the Northwest Territories," in *2005 April Report of the Auditor General of Canada*, Chapter 6; and "Inuvialuit Final Agreement," in *2007 October Report of the Auditor General of Canada*, Chapter 3.

as approving water licences issued by the land and water boards for larger projects.²¹⁰

- Gwich'in, Sahtu, and Mackenzie Valley land and water boards. These federally created boards are responsible for regulating the use of land and water and the deposit of waste in the Mackenzie Valley. The boards receive applications for the land permits and/or water licences needed before such projects can proceed. If a project is limited to Gwich'in or Sahtu land, the board for the region in question manages the application process. If the project crosses boundaries or is on land not covered by a settled land claim, the Mackenzie Valley Land and Water Board is responsible.
- Gwich'in and Sahtu land use planning boards, which ensure that the application complies with the land use plan for the area responsible for preparing land use plans.
- Before the land and water board can proceed with an application, it must notify any organization or individual affected by the proposal. This could include any number of federal and territorial organizations and local governments, as well as land claim settlement organizations.

The steps in the approval or rejection of an application for a permit or licence as set out in the MVRMA are similar to steps 1 to 6 outlined above. This process involves four boards: the Mackenzie Valley Land and Water Board; its two panels, the Gwich'in Land and Water Board, the Sahtu Land and Water Board; and the MVEIRB.

On completing an environmental assessment, the MVEIRB will determine whether the project is likely to have a significant adverse impact on the environment or to be the cause of significant public concern.

The course of action open to the minister upon receiving a report from the MVEIRB is limited. He or she can adopt the recommendations, refer them back to the board for further consideration, reject them, or after consulting the MVEIRB, adopt the recommendation with modifications. The minister cannot modify the recommendations without consulting the MVEIRB.

Under the Inuvialuit Final Agreement, the process of conducting a regulatory review follows a similar pattern as for the Mackenzie valley. In general, two committees were created to consider the environmental impacts of most types of proposed developments, ranging from the Mackenzie Gas Project to the commercial filming of grizzly bears and

210 The Minister of Indian Affairs and Northern Development is also responsible for appointing the board chairs, and board members where half are selected from First Nation nominations and the other half from government nominations.

caribou in Ivvavik National Park. The Environmental Impact Screening Committee (the Screening Committee) screens proposed development projects within the region for their impact on the environment and wildlife. When the Screening Committee determines that a full environmental review of a proposed development is warranted, these can be referred to the Environmental Impact Review Board, also created under the agreement. Both the Screening Committee and the Environmental Impact Review Board are made up of equal numbers of appointees from the Inuvialuit and the federal government.

The agreement also provides for two wildlife management advisory councils, one for the North Slope, in the Yukon, and the other for the Region's lands in the Northwest Territories. The councils' role is to provide advice concerning the state of the Region's wildlife and natural habitat.

Overall, due to the varying land claim jurisdictions and lack of settled land claims across many regions, the regulatory system in NWT is considered to be the most complex of the three northern territories, especially when project proposals cut across jurisdictional boundaries, either within NWT or across territorial or provincial boundaries.

Nunavut

Through articles 5.2.1 and 10.1.1 of the Nunavut Land Claims Agreement, a system was established for issuing land use permits and water licences, and a process was developed for dealing with environmental concerns. This system includes relatively clear provisions for the regulatory process, establishment of timelines, reporting responsibilities, and dispute mechanisms.

As with the Umbrella Final Agreement in Yukon, Nunavut has one settled land claim agreement, although it is more integrated than in Yukon since there are no outstanding agreements to be finalized in any particular settlement region.²¹¹

The NLCA provides for the screening of project proposals to: determine whether or not a review is required; gauge and define the extent of the regional impact of a project; review the ecological and socio-economic impacts of proposals; determine whether proposals should proceed, and if so, under what terms and conditions; and monitor projects as they proceed.

Overall, the regulatory system in Nunavut is considered to be challenged in comparison to its counterpart in Yukon, as there is currently no central land use plan. Although there are regional land use plans for the Kivalliq and North Baffin regions of Nunavut, the Nunavut Planning Commission states that they "are old and largely obsolete."²¹²

211 As mentioned previously, in Yukon 11 of 14 First Nations have settled land claim agreements.

212 Nunatsiaq Online, [NPC promises draft Nunavut land use plan by fall](#), March 24, 2010.

The following section presents some of the major concerns expressed by witnesses before the Committee in relation to the current regulatory process in the northern territories, along with their suggestions on how the federal government could address these concerns.

8.2.1 Regulatory Process

Although the current regulatory process in the northern territories has developed in a manner that helps to ensure a balanced approach to economic development and environmental protection, it is generally viewed by project proponents and other stakeholders as in need of substantial improvements to better address the economic development potential of the northern territories, especially in NWT where multiple layers of approval exist, and in which competing demands often make the system inefficient and cumbersome.

In light of these concerns, the federal government announced the Northern Regulatory Improvement Initiative (NRII) on November 7, 2007.²¹³ The objective of the NRII, which was developed through a April 1, 2007 Cabinet directive on Streamlining Regulation, is to “initiate the establishment of Canada as a best-in-class regulator, based on the concepts of efficiency and effectiveness.”²¹⁴ To achieve this goal, the Cabinet directive further states that “regulators will be directed to improve timelines by focusing resources on larger, more significant regulatory proposals while holding the government accountable and ensuring the safety of Canadians.”²¹⁵

The NRII has two main goals: in the short and long term, operational-level improvements to areas of federal responsibility; and in the long term, implementation of an improved regulatory agenda. The longer-term approach includes a plan to examine the current regulatory systems for non-renewable resources in Northern Canada and to develop a process to make improvements.

Many of the criticisms expressed by witnesses before the Committee on the existing regulatory system in the North relate to a desire to create a more streamlined process to minimize overlap in decision-making bodies across federal-territorial jurisdictions. This overall theme is compatible with the views expressed by Neil McCrank, the Minister of IAND’s former Special Representative on the Review of the Regulatory Systems of the North, in his testimony before the Committee. In reference to his May 2008 report to the Minister of IAND, Mr. McCrank mentions a series of proposed solutions for

213 INAC, *Announcement of Northern Regulatory Improvement Initiative and Minister's Special Representative*, November 7, 2007.

214 Neil McCrank, *Road to Improvement: The Review of the Regulatory Systems Across the North*, Report to the Honourable Chuck Strahl, Minister of Indian Affairs and Northern Development, by the Minister's Special Representative, May 2008.

215 Ibid.

improving the northern regulatory environment in the northern territories. The most relevant of which for the Committee's study are the following:

- Complete all land use plans, incorporating the views of northerners, and with federal government approval;
- Amalgamate the land use permitting and water licensing functions under a single board for the Mackenzie Valley, with final decision-making authority; and
- Provide regulatory bodies with sufficient support and a structured plan for orientation, training, and continued education.²¹⁶

8.2.1.1 Completion of Land Use Plans

More generally, the Committee has received many comments from witnesses on the increased clarity and efficiency that can be achieved through the completion of land use plans. In addition to the findings of the McCrank report, similar conclusions were reached through the 2010 Spring Report of the Auditor General of Canada,²¹⁷ the 2005 NWT environmental audit,²¹⁸ and the 2009 Report of the Joint Review Panel for the Mackenzie Gas Project.²¹⁹ Ken McKinnon, of the YESAB, provided an illustration:

In the Champagne-Aishihik traditional area, there's a block of land where we're getting application after application for agricultural purposes, on an almost daily basis. We've now refused about 15 applications, but our staff has to go through the total process of assessing every application because there's no land use plan.²²⁰

As well, Robert Overvold, of the Sahtu Land Use Planning Board, viewed the completion of land use plans as a necessary first step to attain regulatory efficiency:

The planning board works with communities to identify development opportunities and constraints and to find ways to maximize those opportunities and the benefits for communities, while protecting the values they have identified.²²¹

216 Ibid., and the Committee, *Evidence*, 2nd Session, 40th Parliament, June 9, 2009, 0905.

217 Office of the Auditor General of Canada, "Sustaining Development in the Northwest Territories," in *Spring 2010 Report of the Auditor General of Canada*, Chapter 4.

218 Senes Consultants Limited, *NWT Environmental Audit*, 2005.

219 Joint Review Panel for the Mackenzie Gas Project, *Foundation for a Sustainable Northern Future*, December 2009.

220 The Committee, *Evidence*, 2nd Session, 40th Parliament, December 8, 2009, 1145.

221 The Committee, *Evidence*, 3rd Session, 40th Parliament, March 30, 2010, 1550.

8.2.1.2 Amalgamation of Permitting and Licensing

Streamlining the regulatory process by amalgamating existing board structures also received general support from witnesses before the Committee. Although this would essentially require a re-negotiation of comprehensive land claim agreements, a daunting task to say the least, many proposed that the potential increases in efficiency would far outweigh the possible risks. For example:

- Donald Balsillie, of Dezé Energy Corporation, stated: “I don’t think these claim agreements should be cast in stone, because as societies move on, things change, and there’s a necessity to go back to the mechanics of any agreement with understanding. Having used that vehicle, hopefully they can see improvements all the way around for everyone in this territory.”²²²
- Tim Zehr, Nunasi Corporation, remarked that: “exploration throughout the NWT has pretty much died off because of all the bureaucracy that’s been created. There are concerns about the same thing in Nunavut... the regulatory process for permitting should take anywhere from nine to 18 months, and right now it's taking up to four years.”²²³

8.2.1.3 Local Control of Final Decision-Making

Various witnesses also agreed with the McCrank report recommendation that control of decision-making authority be transferred from the federal government to a single local decision-making board in each settlement region. Some of the more pertinent examples offered by witnesses are the following:

- Randy Clarkson, of the Klondike Placer Miners’ Association, described how the lack of Transport Canada personnel and little coordination in federal stream regulation in Yukon are causing unnecessary regulatory delays. To expedite regulatory approvals, Mr. Clarkson suggested that the federal authority under the *Navigable Waters Protection Act* be moved from Transport Canada to local Yukon placer inspectors.²²⁴
- Stephen Mills, of YESAB, echoed the comments from Mr. Clarkson, adding that, to minimize confusion at the federal level, the Northern Major Projects Office should be encouraged to act as a facilitator to promote coordination among regulators during the assessment process.

222 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 1410.

223 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 25, 2010, 1635.

224 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009, 1315.

Illustration: Nunavut Planning and Project Assessment Act

Recently, the federal government introduced an initiative with the intention of addressing a key recommendation from the 2008 McCrank report on streamlining the regulatory process across Nunavut. The initiative, along with the comments received through witness testimony, provide a useful case-in-point in examining the measures required to ensure effective regulatory streamlining.

In support of the NRII and the completion of land use plans in Nunavut, the federal government introduced Bill C-25 (the Nunavut Planning and Project Assessment Act; NUPPAA) into the House of Commons on May 12, 2010. The legislation was developed by INAC in consultation with the Government of Nunavut, Nunavut Tunngavik Incorporated, the Nunavut Impact Review Board and the Nunavut Planning Commission. As stated by INAC in a background document, the legislation is intended to:

[p]rovide clarity, predictability, consistency and legal certainty to the planning and assessment processes in Nunavut that will foster economic investment for the benefit of Inuit, Northerners and industry.²²⁵

In general, the introduction of Bill C-25 was received by stakeholders as a positive first step towards improving the existing regulatory system in Nunavut, although some expressed concerns in relation to how these changes will be implemented. For example, Stephanie Autut, of the Nunavut Impact Review Board, mentioned that:

The draft legislation will create the one-window approach that is currently lacking,” although “additional resources will be required for the boards to participate in this implementation planning and in equipping the organizations to meet new requirements and timelines.²²⁶

In response to this issue, Michael Wernick, Deputy Minister of INAC, provided reassurance that, although “implementation will add to the workload of certain agencies in Nunavut, including the Nunavut Impact Review Board,... they will get the resources they need.” It was not mentioned, however, what funding would be dedicated for this purpose.

Some also expressed concerns that Bill C-25 does not go far enough to address regulatory streamlining. For example, Stephen Quin, of Capstone Mining, mentioned that:

The bigger issue is the parallelism of the federal process with the local process. In the current setting the minister has a legal liability and responsibility... I think that is a significant area that could be simplified and eliminated, as it has been in Yukon. The federal ministers do not sign off on territorial permits in Yukon.²²⁷

225 INAC, [Government of Canada Introduces Long Awaited Legislation to Strengthen Nunavut's Land Use Planning and Environmental Assessment](#), News Releases, May 12, 2010.

226 The Committee, [Evidence](#), 3rd Session, 40th Parliament, May 13, 2010, 1535.

227 The Committee, [Evidence](#), 3rd Session, 40th Parliament, June 1, 2010, 1700.

As well, Lawrence Connell, of Agnico-Eagle Mines Limited, in reference to the duplication in the regulatory process that would continue to exist following passage of Bill C-25 said:

If I take a project through the environmental assessment process and on through permitting in Nunavut, I will have gone through three distinct levels of public hearings. At the end of this five-year-long process, even the elders in the community are asking, 'why are you coming back with the same project, with another public hearing round? Why can't these be rolled up and why can't we move forward?'... Right now it's a retreat back to what's entrenched in the land claim agreement, and we're stuck with a process that just isn't working for anybody."²²⁸

Witnesses from the mining industry in general are of the opinion that the development of a single land use plan for Nunavut should incorporate their views to enable efficiency in the planning process. As Brooke Clements, of Peregrine Diamonds Limited stated:

The legislation should promote efficient and timely advancement of projects at all phases of the exploration and mining cycle. Industry should be recognized as a valuable partner in drafting and finalizing land use plans that will be developed under the legislation."²²⁹

Given the general agreement from witnesses on the measures required to ensure successful regulatory streamlining, the Committee recommends:

Recommendation 28:

That the Government of Canada work closely with territorial governments, local communities and Aboriginal organizations, with the goal of achieving the completion of land use plans.

8.2.1.4 Support for Regulatory Board Operations

As mentioned in the overview section (4.4.2), regulatory co-management boards, created as a part of comprehensive land claim agreements, are responsible for developing land use plans and balancing development with environmental needs through the issuing of permits for land and water use. In general, appointments are shared among federal, territorial and Aboriginal governments, with a board normally having no less than one-third Aboriginal representation.

Comments from witnesses in relation to federal government responsibilities in support of regulatory board operations focused on such issues as nominations and appointments, funding, and training.

228 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 8, 2010, 1605-1610.

229 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 1300.

Board Nominations and Appointments

Nominations and appointments to the regulatory co-management boards follow a similar process across the North. Federal, territorial and Aboriginal governments are responsible for suggesting nominations, with terms normally lasting for three years. Federal INAC officials are then tasked with making recommendations to the Minister of IAND based on this input, who then makes the final decision on appointments.

The Committee heard from various witnesses on their experiences with delays in board member appointments. Overall, witnesses stated that delays in this process were mainly due to appointment process, rather than for the nomination process. For example, Paul Quassa, of the Nunavut Planning Commission noted that:

Sometimes it takes about six months to a year, maybe sometimes two years, even, to appoint some of the members who have been nominated by the appropriate bodies.²³⁰

As a result of these delays, co-management boards often lose quorum, which limits a board's ability to fulfill its land management duties in a timely manner. This view is also supported by a recent internal audit of the NWT regulatory process commissioned by INAC which found that the process:

Involves each nomination package passing through a minimum of 24 pairs of hands in five different government operating units before Ministerial approval is finalized. In total, the current process requires more than fifty discrete activities and steps. Appointments that do not follow the "standard" process invariably pass through additional steps and hands.²³¹

The Auditor General of Canada arrived at a similar conclusion in a 2007 study on the Inuvialuit Final Agreement.²³² The audit found that delays, although also occurring through the nominations process, were found to be most significant in relation to the ministerial appointment process.

As an alternative to altering the board appointment process, Stephanie Autut, of Nunavut Impact Review Board, proposed a strategy of staggered appointments and lengthened terms:

By legislation or amendment to the NLCA, the following be implemented: that transitional provisions be made to restore the staggering of terms of appointments for members, with future appointments to be made only to fill the balance of the term of the predecessor; that each chairman be given the authority, in defined circumstances, to extend the term of a member for expired appointments until new appointments are made; and that except

230 The Committee, *Evidence*, 3rd Session, 40th Parliament, March 30, 2010, 1605.

231 INAC, *NWT Environmental Audit*, Part A: Audit of Regulatory Regimes, Section 6: Cross-Cutting Themes, contracted to SENES Consultants Limited.

232 Office of the Auditor General of Canada, "Inuvialuit Final Agreement," in *2007 October Report of the Auditor General of Canada*, Chapter 3.

in exceptional circumstances, all new appointments be made to each board once annually.²³³

Given the evidence that delays in regulatory decision making in the North are caused by a slow and inefficient board nomination and appointment process, and since these appointment processes cannot be easily modified, the Committee makes the following accommodating recommendation:

Recommendation 29:

That the Government of Canada, to minimize the risk of failing to meet quorum for regulatory boards, stagger appointments and extend the term of existing board members, where possible, until new appointments can be made. As well, the Government should seek further enhancements to streamline the nomination and appointment process, to the satisfaction of all parties.

Funding Issues

The federal government is mainly responsible for funding the co-management boards. As is common under provider-receiver relationships, conflicts can and do occur between the need to restrain costs and requirements for sufficient funds. Prior to fiscal year 2000-2001, co-management boards were funded through annual contribution agreements. Following complaints by board members that a lack of multi-year funding restricted their ability to perform their on-going work as regulatory bodies, federal funding was thereafter provided through multi-year, or “flexible transfer” arrangements, coupled with the development of accountability through budgets and workplans.

In recent testimony provided to the Committee, the regulatory co-management boards expressed concerns in relation to the absence of adequate resources and human resource capacity, resulting in difficulties in assessing development proposals in a timely manner. Dionne Filiatrault, of the Nunavut Water Board, provided an illustration:

The Government of Canada has committed billions of dollars to Canada's northern strategy, yet the boards have not been informed of parallel increases in the funding to respond to this increased development. To be effective, the Nunavut Impact Review Board and the water board must have adequate financial and administrative resources to hire, train, and retain qualified staff and to ensure that the necessary systems are developed to communicate requirements and track a wide range of project proposals and related applications.²³⁴

According to the land claims agreements, funding arrangements for the operations of co-management boards require periodic renewal of funding (i.e. every five or ten years)

233 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 13, 2010, 1540.

234 Ibid, 1540.

to satisfy on-going commitments. This process is consistent with INAC funding policy, as stated within its implementation handbook:

Where a need for additional funding has been established, the federal implementation manager must seek either a reallocation from within the Implementation Plan or additional comprehensive land claim funding from INAC or from Treasury Board.²³⁵

Despite the stated federal policy, witnesses pointed out that delays are occurring in the process of re-negotiating funding arrangements with co-management boards with the result that local communities are left in a state of uncertainty as to whether they will have sufficient funds to deliver on their responsibilities to manage the development process. Along with the proposed introduction of a single land use plan in Nunavut, Paul Quassa, of the Nunavut Planning Commission (NPC) referred to a pre-existing deficiency in federal funding (estimated at \$1.5 million), which would be even higher with the introduction of a single land use plan through NUPPAA (estimated at \$2.5 to \$3 million):

Implementation of NUPPAA will cost a lot because the NPC has to develop, implement and maintain a public registry, which will require additional staff and a new database program. The core funding is based on 1993 levels [with an annual adjustment for price increases]²³⁶—which does not even cover cost of living increases. The government needs to provide funding allocation to cover [pre-existing and new] financial deficiencies.²³⁷

The Committee finds that delays in renegotiating funding are a persistent and recurring problem. The Inuit of Nunavut have yet to renegotiate a renewal of their implementation contract which expired in 2003. Consequently, regulatory bodies in Nunavut agree that they are unable to properly discharge a number of their key responsibilities.²³⁸

Given the extensive evidence on this issue, the Committee is concerned that sufficient funding is not being committed to support the relevant organizations with the increasing responsibilities that will befall them. The Committee therefore makes the following recommendation:

235 INAC, *Implementation of Comprehensive Land Claim and Self-Government Agreements: A Handbook for the Use of Officials*, 2003.

236 As explained by John Bainbridge, Senior Policy Advisor with Nunavut Tunngavik Incorporated, *Negotiating in Good Faith: An Analysis of the Negotiations to Update the Nunavut Implementation Contract*, "Section 5.4 of the General Provisions of the Nunavut Implementation Contract provide that the fiscal year allocations will be subject to annual adjustments ... in the 'Final Domestic Demand Implicit Price Index' (FDDIPI). [As] the purpose of the FDDIPI is to harmonize US/Canada trading accounts,... [it is] un-reflective of... the changing circumstances in Nunavut."

237 The Committee, *Evidence*, 3rd Session, 40th Parliament, March 30, 2010, 1550.

238 Ibid.

Recommendation 30:

That the Government of Canada work closely with territorial governments, local communities and Aboriginal organizations to resolve issues of funding by the end of the 2010-2011 fiscal year, to ensure adequate support for the increasingly demanding requirements of regulatory co-management boards in the North.

Training Issues

Many witnesses were of the opinion that INAC has not provided sufficient support for training to the boards to ensure they are adequately prepared to fully discharge their responsibilities. Most witnesses expressed that there needs to be a guarantee of adequate capacity and appropriate expertise of the members on regulatory co-management boards. As stated by Dionne Filiatrault, of the Nunavut Water Board:

Boards are committed to hiring and training Inuit beneficiaries, with more than 50% of employees in this category—but beneficiary training has been funded through outside sources, which is administratively complex and uncertain. This training has been provided by the Nunavut Implementation Training Committee (NITC), which received their funding through a single one-time grant negotiated as part of the NLCA. The boards were advised by NITC, in April 2010, that unless new funding could be negotiated (as was expected in 2003) all training programs would be discontinued within two years. This would severely limit the boards' ability to train Inuit beneficiaries, especially to enter senior positions within the organization.²³⁹

The Committee believes that adequate training for regulatory co-management board members is crucial to facilitating an efficient and effective regulatory decision-making process in the northern territories. Therefore, the Committee recommends:

Recommendation 31:

That the Government of Canada work closely with territorial governments, local communities and Aboriginal organizations to provide regulatory bodies with sufficient support and training, including the development of federal-territorial-Aboriginal agreements and training programs.

8.2.1.5 Regulatory Monitoring

Regulatory monitoring provides important information for decision making by co-management boards and other regulators on development. Both INAC and Environment Canada have responsibilities for monitoring cumulative impact, or changes to the environment caused by an activity combined with changes caused by other past, present, and future activities.

239 The Committee, *Evidence*, 3rd Session, 40th Parliament, May 13, 2010, 1540.

Under the comprehensive land claim agreements in NWT, INAC is responsible for monitoring cumulative impact. Environment Canada currently conducts limited monitoring of weather, climate, water, stratospheric ozone, and air quality throughout the North under its national mandate derived from the *Canadian Environmental Protection Act* and the *Department of the Environment Act*. Some of these national programs provide data for assessing cumulative impact.

INAC conducted an environmental audit in 2005 as required by the MVRMA and reported that, despite years of planning, a program to monitor cumulative impact had not been implemented, as required under the Act and settled land claims.²⁴⁰ The report identified the lack of long-term, multi-year funding as a limiting factor.

The Auditor General of Canada, in its 2010 Spring report, found that INAC had made little progress since 2005. The Auditor General stated that, in 2009, INAC developed a draft operational plan that identified tasks for a program to monitor cumulative impact and began to increase spending in this area, although, it is noted, the draft plan does not identify specific monitoring requirements, the resources needed to carry out the program, or timelines for key milestones. In its testimony before the Committee, the Auditor General found that:

11 years after receiving the mandate to do so, INAC had not yet put in place a program to monitor cumulative impact. Similarly, funding for Environment Canada's program that would support cumulative impact monitoring ended in 2007. As a result, neither department had implemented this program.²⁴¹

As referenced by the Auditor General of Canada, the lack of progress on the implementation of a cumulative impact monitoring program in the NWT limits the ability of co-management boards to understand baseline conditions, track and monitor environmental change, and ultimately identify the effect of development on the environment.²⁴²

Given the importance of a cumulative impact monitoring program in tracking the effectiveness of regulatory decisions, or their effects on the environment, and with evidence provided by the Auditor General and an internal INAC audit that the Department has not implemented this program, the Committee recommends:

Recommendation 32:

That Indian and Northern Affairs Canada should immediately develop and carry out a program to monitor cumulative impact in NWT. In so

240 Senes Consultants Limited, *NWT Environmental Audit*, 2005.

241 Sheila Fraser, Opening Statement Before the Standing Committee on Aboriginal Affairs and Northern Development, May 6, 2010.

242 Office of the Auditor General of Canada, "*Sustaining Development in the Northwest Territories*," in *2010 Spring Report of the Auditor General of Canada*, Chapter 4.

doing, INAC should work with Aboriginal groups to identify the information requirements of the co-management boards in the NWT for cumulative impact monitoring and provide a means of sharing this information among the federal and territorial governments, co-management boards, and Aboriginal communities.

8.3 Devolution, Resource Revenue Sharing and Fiscal Arrangements

Ottawa must come to the negotiating table and devolve control of this land and its resources to the Canadians who live here, as has been done in every province.

Robert Long, Government of Nunavut

8.3.1 Devolution and Resource Revenue Sharing

Devolution is the process of transferring province-like authority to the territorial and Aboriginal governments in the North, including control over such areas as health and social services and the regulation of lands and resources. In contrast to provinces, the federal government retains jurisdiction and ownership of lands transferred to a territorial government through a devolution agreement, while land already owned by Aboriginal peoples through comprehensive land claims agreements are excluded from this transfer process.²⁴³

Associated with devolution is a resource revenue sharing agreement, which is contained as a provision in comprehensive land claim agreements. In the case of devolution, the resource revenue sharing agreement sets out how revenues from the collection of royalties and fees through resource extraction are to be shared among federal, territorial and Aboriginal governments.

Although most province-like powers have already been transferred to the territories from the federal government through various devolution agreements over time, overall the transfer of control over non-renewable natural resources, such as oil and gas, has not. The current state of devolution for non-renewable natural resources, however, varies among the northern territories.

In all cases across the northern territories, the federal government has restricted devolution and resource revenue sharing negotiations to territorial onshore activities, while territorial and Aboriginal governments are seeking to obtain a share of the potential revenues generated from developing the Arctic offshore. To support their position, territorial governments cite provisions in their devolution agreements while Aboriginal governments cite offshore jurisdiction according to their comprehensive land claim

243 James P. Feehan, "Natural Resource Devolution in the Territories: Current Status and Unresolved Issues," in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada's North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009.

agreements²⁴⁴—a recent Library of Parliament study estimates that Canada’s Arctic region holds about 25% of the remaining reserves of conventional crude oil in Canada, and 33% of its natural gas deposits.²⁴⁵

Yukon

Yukon is the only territory to have a devolution agreement with the federal government in relation to non-renewable natural resources. In 1998, the Yukon Oil and Gas Accord provided for the transfer of control over oil and gas, and collection of royalties by the Government of Yukon. Complete devolution, including other forms of natural resources, both non-renewable and renewable, occurred for Yukon by 2003.²⁴⁶

Through devolution, Yukon has the authority to set royalty rates and fees in relation to natural resources such as oil and gas, and collect the resulting revenues that accrue from onshore activities.

In general, the resource revenue sharing provisions of the devolution agreement result in the Government of Yukon receiving a “net fiscal benefit” with no impact on federal transfers through Territorial Formula Financing (TFF) for the first \$3 million in annual royalties (note: further details provided in the following section).²⁴⁷

In terms of Aboriginal ownership of northern natural resources in Yukon, the 1993 Umbrella Final Agreement²⁴⁸ with the Council of Yukon First Nations²⁴⁹ includes provisions for such things as land rights and resource management, a portion of which includes subsurface land rights. The Agreement also sets out what portion of mineral resource royalties collected by the Government of Yukon are to be shared with Aboriginal land claimants; 50% for the first \$2 million in annual royalties from mineral resources, less any royalties received by First Nations, and 10% thereafter.²⁵⁰

244 For further information, see James P. Feehan, “Natural Resource Devolution in the Territories: Current Status and Unresolved Issues,” in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada’s North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009; and Stephanie Irlbacher-Fox and Stephen J. Mills, *Devolution and Resource Revenue Sharing in the Canadian North: Achieving Fairness across Generations*, May 2007.

245 Frédéric Beaugregard-Tellier, *The Arctic: Hydrocarbon Resources*, Infoseries, Library of Parliament, October 24, 2008.

246 Stephanie Irlbacher-Fox and Stephen J. Mills, *Devolution and Resource Revenue Sharing in the Canadian North: Achieving Fairness across Generations*, May 2007.

247 Ibid.

248 See section 4.4 on *Governance* for a description of the Umbrella Final Agreement.

249 Known as the “Council for Yukon Indians” at the time of the Agreement in 1993.

250 James P. Feehan, “Natural Resource Devolution in the Territories: Current Status and Unresolved Issues,” in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada’s North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009.

Northwest Territories

In the absence of devolution in NWT, the authority for management and regulation of non-renewable natural resources, and the right to collect royalties on them remain with the federal government. Although the federal and NWT governments, and Aboriginal organizations with settled land claims signed the Northwest Territories Lands and Resources Devolution Framework Agreement in 2004, which establishes the process for negotiating an agreement in principle for the devolution of onshore lands to the NWT government, a final agreement is yet to be concluded.²⁵¹ The main elements of the NWT Framework agreement include a transfer of INAC's Northern Affairs Program to the NWT government, and possibly to Aboriginal and self governments, a transfer of land ownership and management to NWT territorial and Aboriginal governments, and a resource revenue sharing agreement.²⁵²

The latest terms of the resource revenue sharing agreement, as proposed by the NWT government, include a 50% share of resource royalties (with a cap as yet undetermined), and up to a 25% share of the net fiscal benefit of resource revenue sharing to be shared among Aboriginal governments, with eligibility for additional revenue to support the delivery of provincial-like programs under Aboriginal self government.

Nunavut

As with NWT, no final agreement has been reached between the federal- territorial governments and Aboriginal representative organizations on land and non-renewable natural resource devolution. Preliminary discussions between the federal and the Nunavut public government and Aboriginal organizations commenced in 2004, with a focus on the devolution of provincial-like authorities over management of lands and resources in Nunavut that are currently the responsibility of INAC.²⁵³

In terms of natural resource revenue sharing, the Government of Nunavut is seeking a more generous arrangement with the federal government in comparison with those of other territories. Citing the lack of a current net fiscal benefit from the development of non-renewable resources, as development projects in Nunavut are relatively minor, the Government of Nunavut is requesting 100% ownership, control and management of its natural resource revenues, with no revenue resource sharing or offsetting of TFF payments until the territory reaches an agreed upon level of development.²⁵⁴

251 Ibid.

252 Stephanie Irlbacher-Fox and Stephen J. Mills, *Devolution and Resource Revenue Sharing in the Canadian North: Achieving Fairness across Generations*, May 2007.

253 James P. Feehan, "Natural Resource Devolution in the Territories: Current Status and Unresolved Issues," in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada's North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009.

254 Ibid.

Witness Comments on Devolution

Overall, input from witness testimony on the issue of devolution were generally positive. The general perception by many was that it allows local economies to develop in an efficient and effective manner. As well, there was general agreement that the process of devolution should be expedited in NWT and Nunavut. For example, Dr. Harvey Brooks, Deputy Minister with Economic Development, Government of Yukon stated that devolution should be applied to other territories as it happened in Yukon, since:

When [devolution] was put together, the idea was that there were tremendous benefits from the local management and harmonization of regulation around natural resources... Now we're coming right to the brink of that understanding, that yes, we've been very successful in terms of regulatory harmonization.²⁵⁵

Applying the Yukon model was also espoused by Stephen Quin, of Capstone Mining Corporation, who stated:

The concern that people often have with devolution is that standards are going to get relaxed, they're not going to follow the processes, and they're going to take shortcuts. Well, Yukon can't do that. Ottawa has set the rules under YESAA on how this works, and Yukon cannot change YESAA.²⁵⁶

As well, comments from NWT Premier Floyd Roland provided further clarity on the benefits of devolution:

Devolution creates a stable climate for industry and investment by providing clarity around land ownership, land management, and who needs to be consulted when and by whom, but devolution takes political will, the will to give northerners a fair share of the resource revenues made from their land.²⁵⁷

The Committee is in agreement with the views of witnesses on the benefits of devolution through greater control of local community decision-making. The Committee therefore makes the following recommendation:

Recommendation 33:

That the Government of Canada, as a priority, commit to work with the NWT and Nunavut governments, and with Aboriginal governments toward the achievement of full devolution agreements.

255 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009, 0905.

256 The Committee, *Evidence*, 3rd Session, 40th Parliament, June 1, 2010, 1655.

257 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 19, 2009, 0840.

8.3.2 Fiscal Arrangements and Net Fiscal Benefit

Territorial Formula Financing

Since the economies of the northern territories are relatively underdeveloped in relation to the rest of Canada, they are largely dependent on federal government support for the provision of public services to their citizens. TFF, the main federal funding program that supports territories,²⁵⁸ is intended to ensure a standard level of public services that is comparable to that offered in the provinces.²⁵⁹

According to the latest estimates from Finance Canada, in 2010-2011, the three territories will receive a total of \$2.7 billion in TFF payments. Of this, the governments of Yukon will receive \$653 million (62% of its total revenues), NWT will receive \$920 million (68% of its total revenues), and Nunavut will receive approximately \$1.1 billion (85% of its total revenues).

258 The territorial governments also receive federal funding for health through the Canada Health Transfer, and for education and social programs through the Canada Social Transfer. As annual funding levels for these two transfers are relatively minor in comparison with TFF, they are not addressed within this report. Details on these, as well as other federal transfers for the territories are available through Finance Canada, at <http://www.fin.gc.ca/access/fedprov-eng.asp>.

259 Finance Canada, *Territorial Formula Financing*.

Table 8.2: TFF and Territorial Revenues, 2010-2011

	Yukon	NWT	Nunavut	All Territories
\$M				
Total revenues	1,048.3	1,357.4	1,284.5	3,690.2
TFF	653.0	920.0	1,091	2,664.0
Other federal transfers ¹	37.8	95.5	76.6	209.9
Own source	357.5	341.9	116.9	816.3
\$ per capita				
Total revenues	30,832	31,276	39,281	33,517
TFF	19,206	21,198	33,364	24,196
Other federal transfers ¹	1,112	2,200	2,343	1,906
Own source	10,515	7,878	3,575	7,414
TFF				
% of all territories	24.5	34.5	41.0	100.0
% of total revenues	62.3	67.8	84.9	72.2

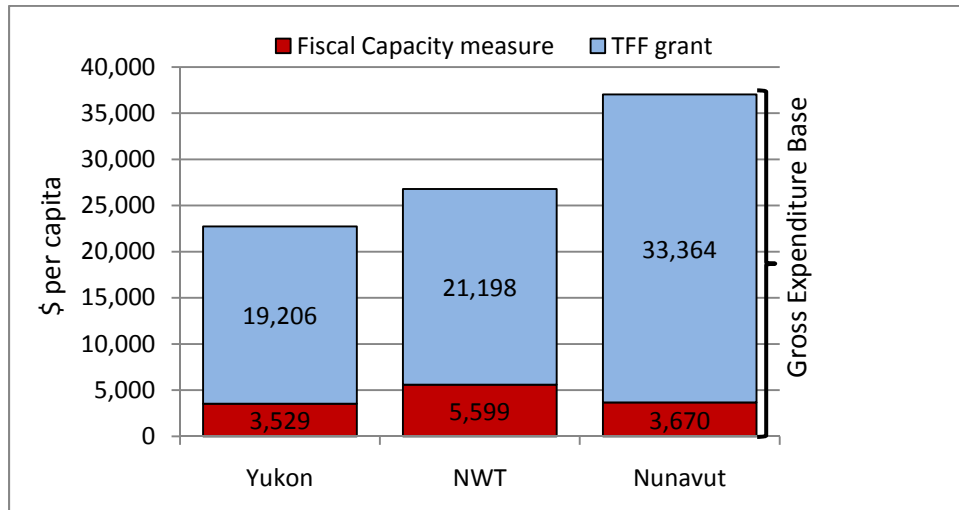
Source: Calculations using data from the Conference Board of Canada, *Territorial Outlook*, July 2010; totals may not add due to rounding.

1. Includes Canada Health Transfer and Canada Social Transfer, and targeted support for labour market training, infrastructure and health care wait-times reduction.

According to Finance Canada, each territory's TFF grant is based on the difference between a proxy of its expenditure needs, termed the "Gross Expenditure Base" (GEB), and a measure of the capacity to generate own-source revenues,²⁶⁰ excluding natural resource revenues. This mechanism is illustrated in Figure 8.2.

260 Includes seven of the largest own-source revenue sources for the territories (personal income, business income, tobacco, gasoline, diesel fuel, alcoholic beverages and payroll), which are used to arrive at a measure of revenue-generating (fiscal) capacity per territory, relative to a given standard (i.e. the Representative Tax System). Other own-source revenue sources, excluding natural resources revenues, are estimated in a revenue block.

Figure 8.2: Mechanics of TFF Grant



Source: calculations using data from the Conference Board of Canada, *Territorial Outlook*, July 2010.

On a per capita basis, Nunavut receives by far the most in TFF support of any territory, as its gross expenditures relative to its revenue-generating (fiscal) capacity, excluding natural resource revenues, are estimated to be higher than for the other territories.

It is worth noting that the TFF grant calculation is not based on actual expenditures and revenues, but rather the GEB is a Finance Canada estimate of the funding needed to support territorial programs, and the revenue-generating (fiscal) capacity is a measure of the potential revenue that could be raised if each territory applied tax rates comparable to those of the provinces.

The fact that the calculation of the TFF grant is based on a proxy for territorial expenditure need, rather than actual need, was problematic for some witnesses. As mentioned by Elisapee Sheutiapik, Mayor of Iqaluit and President of the Nunavut Association of Municipalities (NAM):

In NAM's submission to the Expert Panel on Equalization and Territorial Formula Financing, we pointed out that the expenditure needs gap in... [Territorial Formula Financing] is not just a measure in accounting ledgers... The expert panel's report cited many examples of how Nunavut is even more challenged by conditions associated with poverty than are its sister territories and that an adjustment to the TFF is not sufficient to address gaps in programs, services, and infrastructure in Nunavut.²⁶¹

261 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 24, 2009, 0840; see also Expert Panel on Equalization and Territorial Formula Financing, *Achieving a National Purpose: Improving Territorial Formula Financing and Strengthening Canada's Territories*, May 2006, p. 47.

Given available evidence on the mechanics of the TFF grant, and due to the relatively poor living conditions in the North as evidenced within this report, especially for Nunavut, the Committee is in agreement with the views expressed by Ms. Sheutiapik and that of the Expert Panel in relation to expenditure need. Therefore, the Committee recommends:

Recommendation 34:

That the Government of Canada explore more rigorous techniques to estimate expenditure need for the purposes of calculating the Territorial Formula Financing grant, including measures of relative living standards in the territories, before the next review of the Territorial Formula Financing program in 2012.

Net Fiscal Benefit and Devolution of Natural Resource Revenues

To provide an incentive for territorial governments to increase their own source revenues and develop their economies, as Finance Canada states, the TFF grant calculation excludes 70% of the territories' measured fiscal capacity.²⁶² That is, for every dollar of potential revenue increase, the TFF grant would decrease by 70 cents, leaving a gain of 30 cents for the territory.

The fact that the TFF grant is clawed back as a territory increases its revenue-generating capacity is a matter of contention for territorial governments. As mentioned above, to help generate meaningful progress in economic development in Nunavut, the Government of Nunavut is requesting that initially none of its TFF grant be withheld as it begins to increase its revenue-generating capacity through the process of devolution.

This issue is related to the concept of net fiscal benefit, which measures the extent to which territorial natural resource revenues resulting from devolution are offset by reductions in the TFF grant. For the devolution agreement in Yukon, for example, the federal government incorporates a clawback in the TFF grant as the territory begins to collect annual oil and gas revenues above \$3 million. The rate of the clawback grows progressively the more the territory's natural resource revenue grows beyond \$3 million, from 60% to 80%, thereby reducing the net fiscal benefit to the development of oil and gas in Yukon substantially. For other natural resources, which were devolved prior to the 2003 devolution agreement, the clawback is more restrictive as it reduces the TFF grant dollar-for-dollar for annual revenues beyond \$3 million—meaning that there would be essentially no net fiscal benefit to the development of these other natural resources for revenues above \$3 million per year.²⁶³

262 Finance Canada, *Territorial Formula Financing*.

263 James P. Feehan, "Natural Resource Devolution in the Territories: Current Status and Unresolved Issues," in *The Art of the State, Volume IV: Northern Exposure: Peoples, Powers and Prospects in Canada's North*, ed. Frances Abele et al., Institute for Research on Public Policy, 2009.

As Aboriginal comprehensive land claim agreements include provisions for sharing in the territory's natural resource revenues, the TFF clawback has implications for their potential revenues as well. Similar issues would occur for NWT and Nunavut, if the federal government did not agree to a relaxation of these restrictions in their negotiations. This issue is raised by many witnesses who provided testimony to the Committee. As stated by Robert Holmes, of Energy Mines and Resources, Government of Yukon:

With that \$3 million that the Yukon gets to keep, there's a responsibility to share a portion with First Nations. This structure creates a problem in that the Yukon cannot provide capacity support for First Nations to participate in regulatory reviews or increase opportunities for them in resource management.²⁶⁴

Given the disincentives for economic development that would be introduced through the process of devolution as a result of the clawback mechanism in the TFF grant, the Committee believes that further discussion among federal, territorial and Aboriginal governments is warranted. The Committee therefore makes the following recommendation:

Recommendation 35:

That the Government of Canada continue to work with the territorial governments to improve the clawback provisions of the Territorial Formula Financing grant to better promote economic development.

264 The Committee, *Evidence*, 2nd Session, 40th Parliament, November 17, 2009, 0855.

LIST OF RECOMMENDATIONS

Recommendation 1:

That CanNor continue to work with territorial governments, Aboriginal leaders and other stakeholders in the North to develop, by the end of the 2011-2012 fiscal year, a formal mechanism for collaboration among federal, territorial and Aboriginal governments to ensure that its activities and programs are tailored to the unique needs of the North.

Recommendation 2:

Where applicable, that funding by the Government of Canada for infrastructure projects be provided through multi-year agreements.

Recommendation 3:

That the Government of Canada continue to work with its partners and stakeholders to facilitate the development of P3 proposals that are deemed viable for infrastructure development in the northern territories.

Recommendation 4:

That the Government of Canada provide support to northern communities and businesses, working in collaboration with territorial and Aboriginal governments to identify and facilitate the expansion of transmission grids in the North where they are most needed.

Recommendation 5:

That the Government of Canada develop a northern strategy for the increased production and use of renewable energy sources. Furthermore, the Government of Canada should continue to support pilot projects and demonstration activities, to better inform northern communities and businesses on the environmental merits and potential cost-savings of renewable energy.

Recommendation 6:

That the Government of Canada coordinate its efforts with its partners and stakeholders to better adapt northern infrastructure to climate change risks, ensuring that sufficient monitoring and reporting systems are in place to assess ongoing infrastructure performance.

Recommendation 7:

That the Government of Canada continue to support Industry Canada in the development of broadband in the northern territories beyond the planned expiry of funding through Broadband Canada after 31 March 2012.

Recommendation 8:

That the Government of Canada, in order to satisfy the employment requirements in the North, continue to facilitate partnerships and continue to provide financial support to territorial and Aboriginal governments, businesses and communities to establish educational structures and training programs that attract Aboriginal students.

Recommendation 9:

That Human Resources and Skills Development Canada work with Aboriginal groups and each territorial government to assess the impact of their Aboriginal skills training programs to ensure that they are leading to improvements in the skills and employment prospects of Aboriginal peoples over time.

Recommendation 10:

That Human Resources and Skills Development Canada work directly with territorial governments and Aboriginal communities to co-develop a strategic plan for producing annual reports on the long-term performance of Aboriginal Skills and Employment Partnership and Aboriginal Skills and Employment Training Strategy, and report back to this Committee with their proposed strategic plan by October 2011.

Recommendation 11:

That the Government of Canada help support the Government of Nunavut to establish a full system of bilingual education, in English and Inuktitut, to enable a more labour-ready population in Nunavut. Furthermore, the appropriate funding arrangements to achieve this goal should be established through consultation and agreement

between the Government of Canada, the Government of Nunavut, as well as Nunavut Tunngavik Incorporated, as the organization representing land claim holders in Nunavut.

Recommendation 12:

That the Government of Canada discuss increases in its long-term funding with territorial and Aboriginal governments in support of their early learning and early childhood development programs, to significantly reduce or eliminate waiting lists and facilitate the full participation of northern families in education, skills training and the wage economy.

Recommendation 13:

That the Government of Canada make it a priority to continue to work with territorial and Aboriginal governments and community organizations to develop and enhance essential programs supporting the economically vital traditional activities of Aboriginal peoples and other northerners, such as for hunting, trapping, fishing and gathering, as well as traditional arts such as carving and sculpting.

Recommendation 14:

That the Government of Canada continue to work with territorial governments and Aboriginal organizations to fund aboriginal student-training programs, through partnership with specific companies or industry sectors, and consider, along with the territorial governments an initial subsidy for training and wages conditional on trainee performance.

Recommendation 15:

That the Government of Canada, to reduce dependence on social assistance, continue to work with territorial and Aboriginal governments to offer conditional training allowances, especially in seasonal industries, that emphasize transition to long-term employment, and the connection between income and education.

Recommendation 16:

That the Government of Canada enhance its work with all three territorial governments, in concert with the three northern colleges, UArctic, and other relevant northern training institutions, to consider and develop options for increasing educational and knowledge capacity in the North.

Recommendation 17:

That the Government of Canada continue to work with territorial governments and northern Aboriginal communities to facilitate more targeted training programs and informational material for entrepreneurs on how to establish and maintain a business, particularly in those sectors designated as national priorities.

Recommendation 18:

That the Government of Canada enhance its work with territorial governments, educational institutions, and businesses to develop coordinated communication plans for educational and skills training programs and services available in the territories.

Recommendation 19:

To meet the continuing needs of housing in the North, the Government of Canada should consider extending new funding to the territorial and Aboriginal governments to significantly close the gap in core housing needs in the North.

Recommendation 20:

That the Government of Canada, to facilitate the development of the northern economy by attracting and retaining more skilled workers, consider enhancing the Northern Residents Tax Deduction to more fully compensate for the costs of living faced by individuals in the North, and consider a policy that provides universality to the travel portion of the Northern Residents Tax Deduction.

Recommendation 21:

That the Government of Canada, working with its partners and stakeholders, seek to resolve outstanding issues expressed by northerners on the delivery of nutritious foods under the new Nutrition North Canada program in a timely manner. Furthermore, as the new program becomes operational, the Government of Canada should produce a biennial public report that shows the impact of the new program on access to nutritious foods for northerners.

Recommendation 22:

That the Government of Canada work in partnership with Aboriginal organizations, territorial governments, and federal departments and agencies to expedite the resolution of all outstanding land claims and self-government agreements in the northern territories.

Recommendation 23:

That the Government of Canada identify and implement mechanisms, such as multi-year funding for contribution agreements, where possible, to ensure timely and adequate funding for the activities of Aboriginal communities in relation to their negotiations on self-government.

Recommendation 24:

That the Government of Canada, working in partnership with relevant organizations, which could include the Land Claims Agreement Coalition, outline concrete steps to resolve implementation issues, and seek to provide adequate resources to ensure effective transition and on-going implementation, to the agreement of all parties.

Recommendation 25:

That the Government of Canada work with Aboriginal organizations and industry to develop a template for the development of effective Impact Benefit Agreements, which could include a clarification of the roles and responsibilities of the parties.

Recommendation 26:

That the Government of Canada work with Aboriginal peoples and northern industry to ensure that a formal dispute resolution mechanism is established prior to the submission of a development proposal in the northern territories.

Recommendation 27:

That the Government of Canada work to enhance its current contracting policy to more effectively award contracts to businesses that achieve their Aboriginal benefits targets, as provided under the relevant land claim agreements, and provide more lead time in the bidding process to allow better preparation by northern businesses.

Recommendation 28:

That the Government of Canada work closely with territorial governments, local communities and Aboriginal organizations, with the goal of achieving the completion of land use plans.

Recommendation 29:

That the Government of Canada, to minimize the risk of failing to meet quorum for regulatory boards, stagger appointments and extend the term of existing board members, where possible, until new appointments can be made. As well, the Government should seek further enhancements to streamline the nomination and appointment process, to the satisfaction of all parties.

Recommendation 30:

That the Government of Canada work closely with territorial governments, local communities and Aboriginal organizations to resolve issues of funding by the end of the 2010-2011 fiscal year, to ensure adequate support for the increasingly demanding requirements of regulatory co-management boards in the North.

Recommendation 31:

That the Government of Canada work closely with territorial governments, local communities and Aboriginal organizations to provide regulatory bodies with sufficient support and training, including the development of federal-territorial-Aboriginal agreements and training programs.

Recommendation 32:

That Indian and Northern Affairs Canada should immediately develop and carry out a program to monitor cumulative impact in NWT. In so doing, INAC should work with Aboriginal groups to identify the information requirements of the co-management boards in the NWT for cumulative impact monitoring and provide a means of sharing this information among the federal and territorial governments, co-management boards, and Aboriginal communities.

Recommendation 33:

That the Government of Canada, as a priority, commit to work with the NWT and Nunavut governments, and with Aboriginal governments toward the achievement of full devolution agreements.

Recommendation 34:

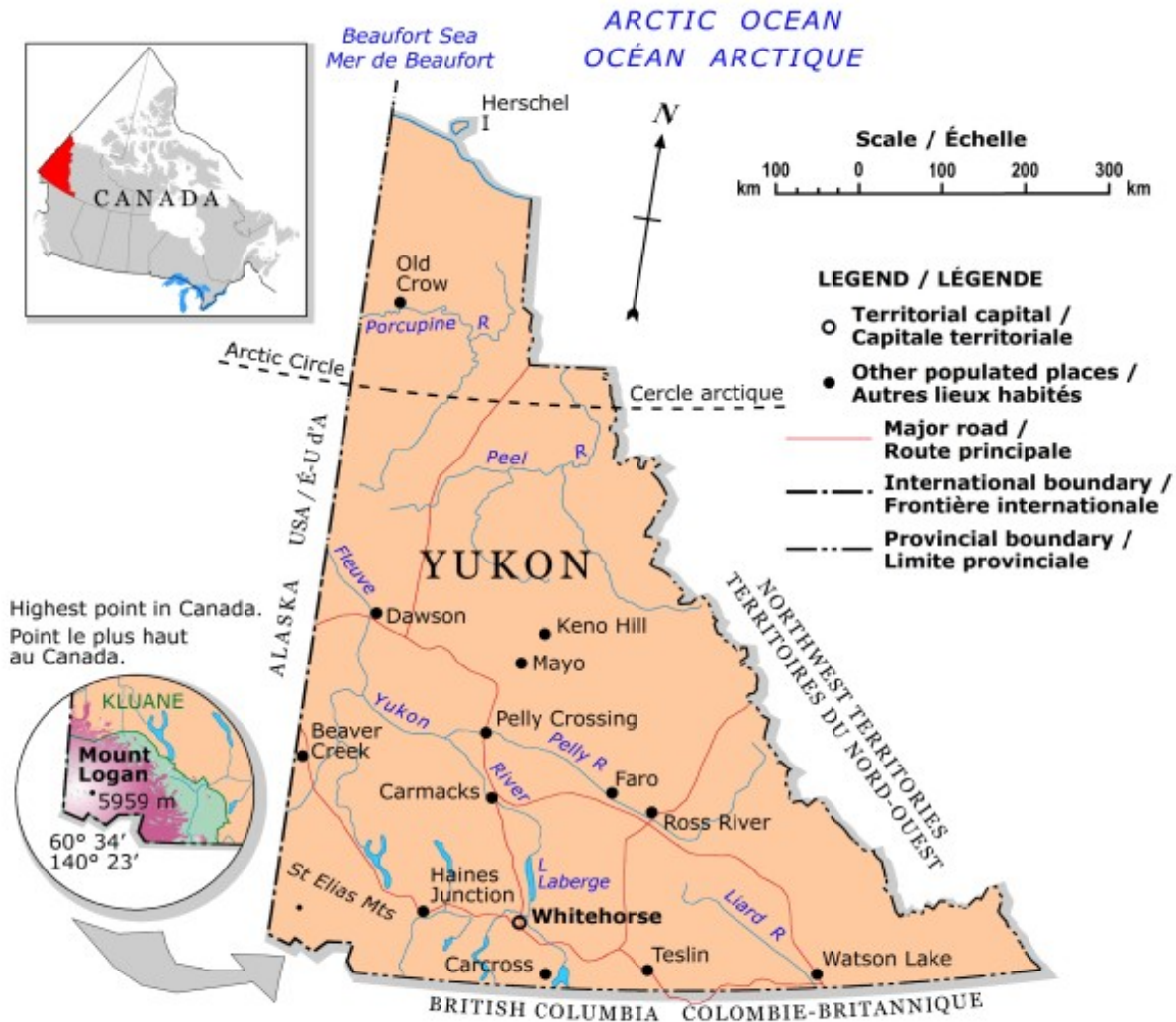
That the Government of Canada explore more rigorous techniques to estimate expenditure need for the purposes of calculating the Territorial Formula Financing grant, including measures of relative living standards in the territories, before the next review of the Territorial Formula Financing program in 2012.

Recommendation 35:

That the Government of Canada continue to work with the territorial governments to improve the clawback provisions of the Territorial Formula Financing grant to better promote economic development.

APPENDIX A: MAPS OF THE NORTHERN TERRITORIES

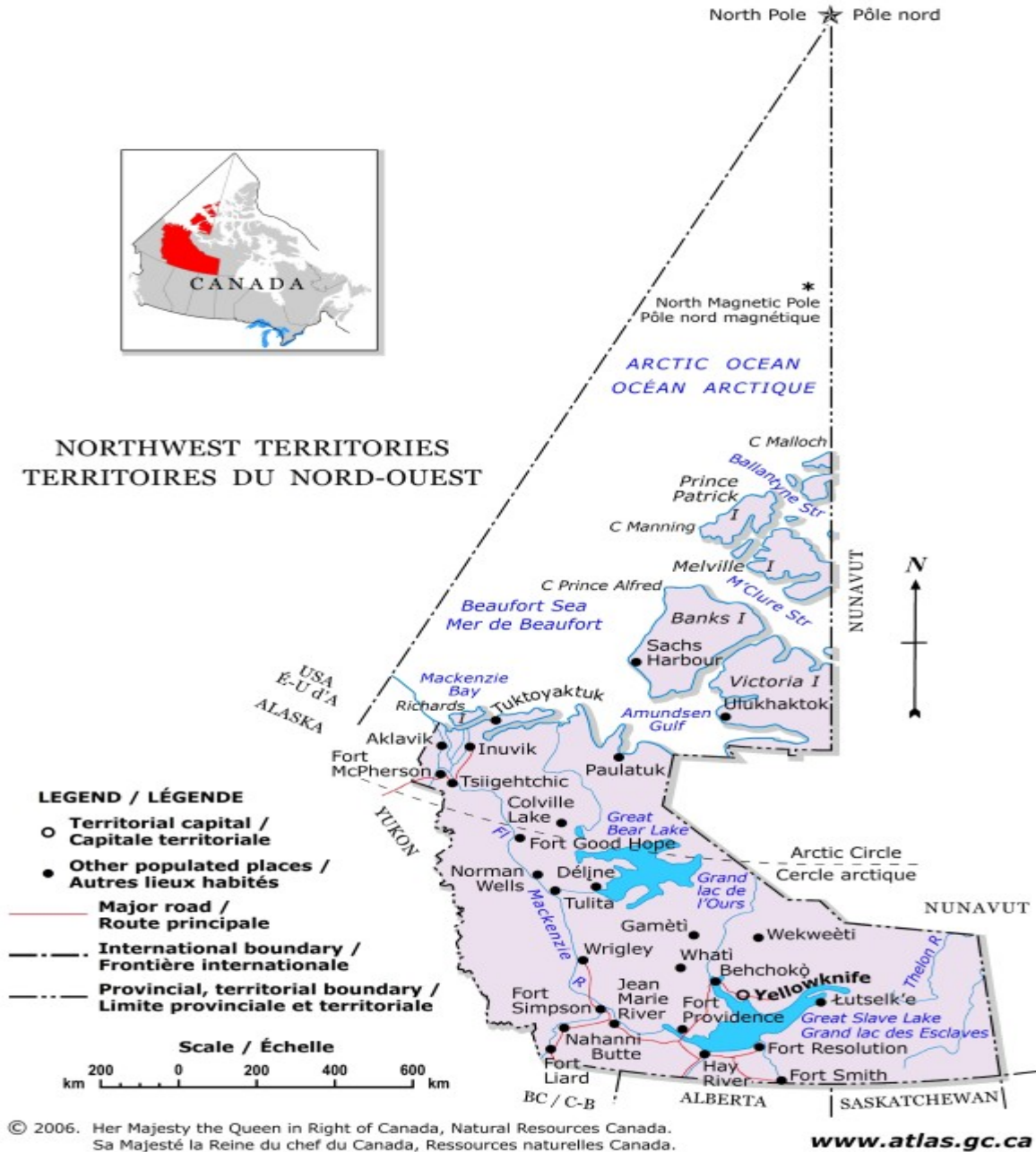
Map A-1: Yukon



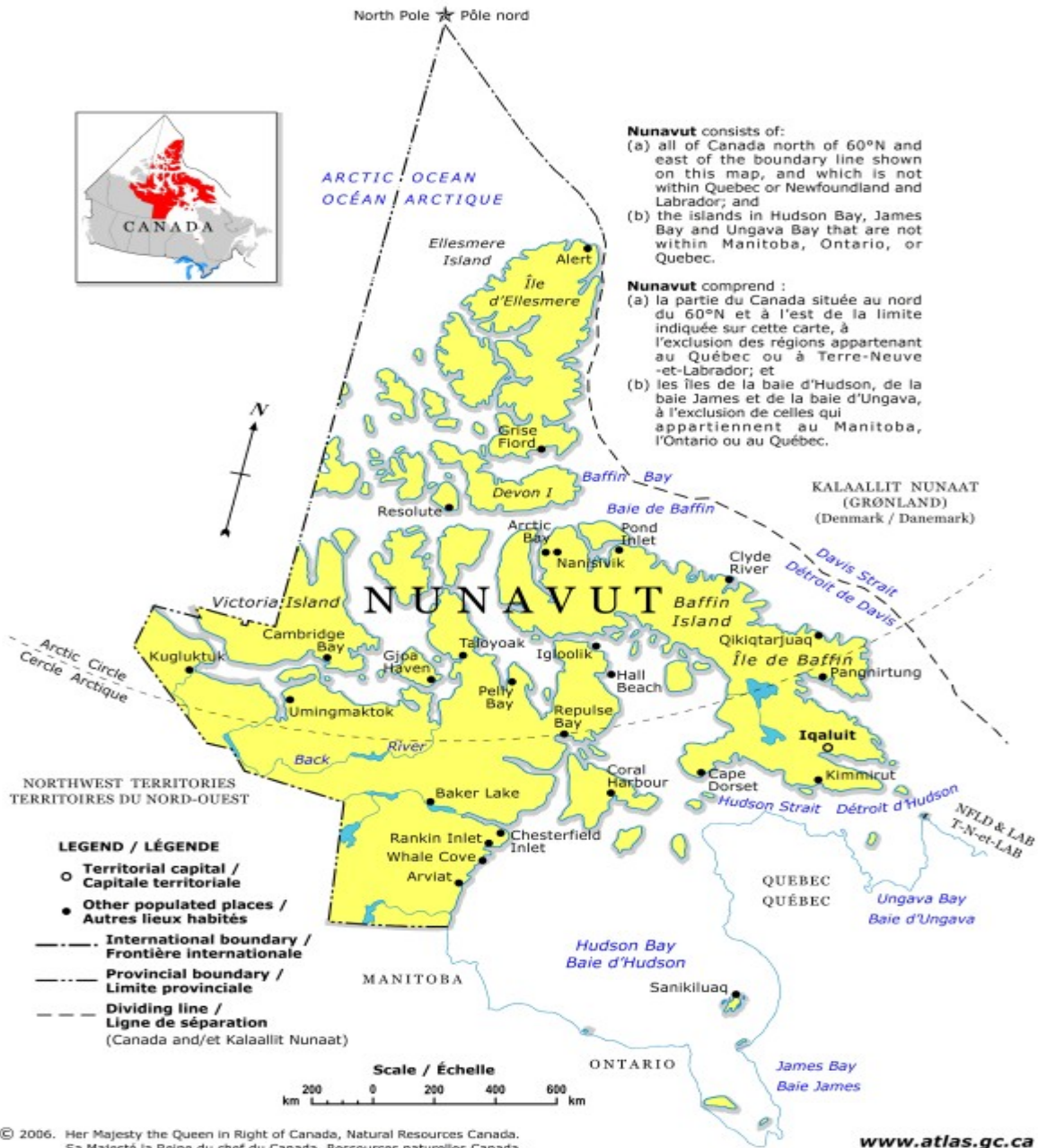
© 2006. Her Majesty the Queen in Right of Canada, Natural Resources Canada.
 Sa Majesté la Reine du chef du Canada, Ressources naturelles Canada.

www.atlas.gc.ca

Map A-2: Northwest Territories



Map A-3: Nunavut



APPENDIX B: GOVERNMENT OF CANADA SUPPORT FOR NORTHERN TERRITORIES ECONOMIC DEVELOPMENT

Table B-1: Government of Canada Support for Community and Business Development Programs

Program	Funding Allocation (2007-2008) ¹
<p>Community Economic Development Program (CEDP)</p> <p>Provides core financial support for Aboriginal communities for public services in economic development. The financial support is intended for community economic development planning and capacity development initiatives, development of proposals and leveraging financial resources, and carrying out economic development activities.</p>	<p>Allocated to each region's core funding. Regional offices further distribute the funding to address commitments under existing Alternative Funding Arrangements (AFAs), and to support other Aboriginal communities according to the regional allocation plan, on the basis of population and/or remoteness. One-time allocations can also be provided to address disincentives to aggregation of community organizations due to initial one-time costs of establishing working relationships/plans.</p> <p>Northwest Territories: \$3,512,009</p> <p>Nunavut: \$2,658,910</p> <p>Yukon: \$463,901.</p>
<p>Community Economic Opportunities Program (CEOP)</p> <p>Funds can be accessed for projects which lead to community benefits such as employment, greater use of land and resources, enhanced infrastructure, and a better economic climate. Some projects may include: assessing community investment readiness; opportunity research, identification, assessment and evaluation; feasibility studies; professional services (legal, accounting, engineering, planning, financial, architectural) to provide due diligence; early stage engagement of investors; community engagement; negotiations; project planning; and environmental assessments.</p>	<p>Allocations based on a review by INAC of individual projects, which is directly related to the community economic benefits and the need for funding that has been demonstrated in the application.</p> <p>Funding is restricted to not exceed \$3,000,000. As well, funding will not exceed two-thirds of the total project cost for economic infrastructure projects or 80% of the total cost for all other types of projects. Recipients must provide at least 10% of eligible project expenditures.</p> <p>Northwest Territories: \$2,485,426</p> <p>Nunavut: \$528,240</p> <p>Yukon: \$341,325.</p>
<p>Community Service Support Program (CSSP)</p> <p>This program funds the implementation of national and regional plans to deliver support services to Aboriginal community economic development organizations. The support services are intended to increase the economic capacity with community organizations to carry out one-time projects and ongoing activities related to development.</p>	<p>Potential recipients identified by regional program management and asked to submit a proposal. Funding allocated to the regions based on their share of the total Aboriginal population.</p> <p>Northwest Territories: \$218,519</p> <p>Nunavut: \$239,575</p> <p>Yukon: \$168,000.</p>

¹ CanNor provides \$9.5M annually for the Community Economic Development Program, the Community Economic Opportunities Program, and the Community Service Support Program.

Program	Funding Allocation (2007-2008) ¹
<p>Aboriginal Business Development Program (ABDP)</p> <p>Provides financial support and advice to Aboriginal-controlled businesses, including: planning, support, start-ups and acquisitions, expansion, and marketing. ABDP also works in partnership with a network of Aboriginal financial institutions to enhance available debt financing for Aboriginal small businesses. New initiatives such as Loan Loss Reserves and Major Resource and Energy Developments.</p>	<p>Funding is allocated based on review of individual projects.</p> <p>CanNor provides \$2.3M for ABDP across the three territories.</p>
<p>Strategic Investments in Northern Economic Development (SINED)</p> <p>SINED is a five-year program providing targeted support for economic development projects. SINED focuses on strengthening the driver sectors of the territorial economies, economic diversification and encouraging Northerners' participation in the economy.</p>	<p>\$90 million over five years (1 April 2009 to 31 March 2014):</p> <ul style="list-style-type: none"> - Targeted Investment Program provides \$22,261,667 per territory. Investment plans are established for each territory, with the advice of northern governments and stakeholders, and updated annually. - The Innovation and Knowledge Fund provides \$2,500,000 per territory. These investments assist territorial residents to participate in and benefit from innovation, and the knowledge-based economy. - Partnership and Advisory Forums funding of \$100,000 per territory, per year, previously only allocated in the Northwest Territories is now available to each territory, totaling \$500,000 per territory over five years. - Pan-Territorial Fund of \$5 million over five years (\$1.25 million per year from years 2 to 5), used for projects that include multiple territories or a territory and one or more provinces.
<p>Community Adjustment Fund (CAF)</p> <p>Four objectives: economic diversification, capacity development, enhancing economic infrastructure base, and building the knowledge base.</p>	<p>The Agency has received \$32.8 million over two years for the three territories.</p>

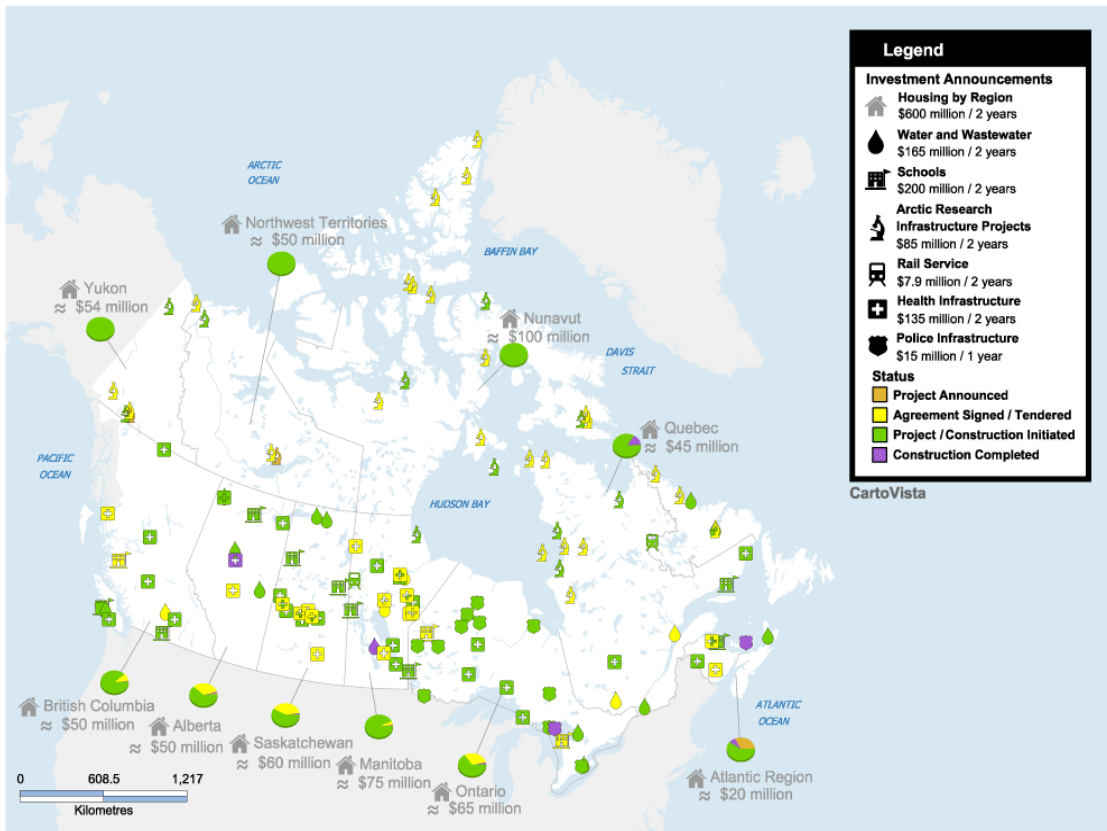
Sources: Based on information obtained from INAC: December 2009; *Summative Evaluation of INAC's Economic Development Programs, April 2009*; and *CEDP Guidelines*. Information for CanNor programs from: *SINED*, and *CAF*.

Table B-2: Selected Federal Support for Infrastructure in Northern Communities

Federal Program	Yukon	Northwest Territories	Nunavut
Transportation and Communities			
Building Canada Fund ¹	\$182.9M over 7 years, ending 2013-2014 - \$175M, plus per capita - 75% maximum federal	\$185.8M over 7 years, ending 2013-2014 - \$175M, plus per capita - 75% maximum federal	\$182.7M over 7 years, ending 2013-2014 - \$175M, plus per capita - 75% maximum federal
Gas Tax Fund ¹	\$37.5M over 5 years per territory, ending 2010-2011; plus \$60M per territory over 4 years, ending 2014-2015; additional funding expected thereafter.		
Canada Strategic Infrastructure Fund ²	\$120M for 4 projects, ending 2012-2013 - Project-based, with 50% maximum federal	\$72M for 2 projects, ending 2012-2013 - Project-based, with 50% maximum federal	\$47.8M for 3 projects, ending 2012-2013 - Project-based, with 50% maximum federal
Infrastructure Stimulus Fund ³	\$3.8M for 14 projects; ending 2010-2011 - 50% maximum federal	\$5M for 21 projects; ending 2010-2011 - 50% maximum federal	\$3.6M for 2 projects; ending 2010-2011; - 50% maximum federal
Recreational Infrastructure Fund ⁴	\$1.2M for 7 projects, ending 2010-2011 - Project-based, with 33% federal contribution	...	\$567,000 for 4 projects, ending 2010-2011 - Project-based, with 33% federal contribution
Renewable Energy			
Green Infrastructure Fund ⁵	\$71M for 1 project ⁶ , 2009-2010 to 2010-2011 - Project-based, with 50% maximum federal
ecoEnergy	...	\$426,700 for 5 projects, 2008-2009 to 2009-2010 - Grant system	\$750,000 for 1 project ⁷ , 2008-2009 - Grant system
Clean Energy Fund	...	\$10-20 million each for 2 geothermal projects - Project-based, through Request for Proposals	...

1. Source: Infrastructure Canada, *Infrastructure Framework Agreement*; Yukon, NWT, and Nunavut.
2. Source: Infrastructure Canada, [Canada Strategic Infrastructure Fund](#).
3. Source: Infrastructure Canada, [Infrastructure Stimulus Fund](#).
4. Source: CanNor, [Infrastructure Programs](#); and [Canada's Economic Action Plan](#).
5. Source: Infrastructure Canada, [Green Infrastructure Fund](#).
6. Federal government investment in Yukon infrastructure through *Mayo B hydro facility and Carmacks-Stewart Transmission Line*.
7. According to information provided by Indian and Northern Affairs Canada on May 20, 2010, federal government provided \$750,000 to Qulliq Energy Corporation for the extension and upgrade of residual heat recovery systems in Arviat, Iqaluit, Baker Lake, and Rankin Inlet.

Map B-1: Canada's Economic Action Plan: Aboriginal and Northern Investment Announcements



Source: Government of Canada, *Canada's Economic Action Plan, Year 2—Budget 2010: Leading the Way on Jobs and Growth*, March 4, 2010, Chapter 5, p. 226.

Table B-3: Inventory of Northern Infrastructure

Type	Yukon	NWT	Nunavut
Transportation			
All-weather roads (2008 length)	4,800 km Except for Old Crow, all communities connected	2,200 km For communities: - 20% year-round highway access; - 65% no highway access for 2 months/year during transition from ferry to ice crossings; - 13% winter roads; and 2% - no access	Except for one 21-km road between mining community of Nanisivik and Arctic Bay, no road infrastructure
Winter roads (2008 length)	No major winter roads	1,450 km public 570 km private (oil and gas and mining development)	Few private winter roads for mine resupply
Airports (2008 #)	29 (13 airports and 16 aerodromes) Operated by Government of Yukon	27 community-based airports, plus several privately-operated air strips	All 26 communities rely on air transport system for essential needs. Only 2 airports have paved runways
Marine (2008)	No existing marine infrastructure (Alaska ports are strategic link)	Rail/truck to barge marine resupply system for communities and industrial operations (privately owned). Four communities depend on system for bulk commodities.	All communities have beach landing sites, with 1 port not connected to a community
Energy			
Hydro-electric dams	4 large dams	5 large dams, supplying 75% of total energy generation	None

Diesel facilities	19	26	27 stand-alone diesel plants in 25 communities; managed by Qulliq Energy Corporation; owned by Government of Nunavut
Energy Transmission	2 electricity transmission lines; 1 natural gas pipeline originating in NWT, picking up gas from 3 Yukon wells, and taking gas into B.C.	2 electricity transmission lines 1 major pipeline from Norman Wells to Alberta	None
Communications			
Microwave radio, fibre optic cable, satellite (# of communities)	7,354 km network of microwave radio 3,250 km network of fibre optic cable Satellite services covering some northern and eastern NWT communities		Satellite services covering all Nunavut communities

Source: Adapted from National Round Table on the Environment and the Economy, *True North: Adapting Infrastructure to Climate Change in Northern Canada*, 2009, Table 11.

Table B-4: Selected Major Federal Programs in Support of Aboriginal Education and Labour Market Development

Federal Program	Description	Dates In Effect	Funding
Human Resources and Skills Development Canada (HRSDC)			
Aboriginal Skills and Employment Training Strategy	<p>Strategic priorities:</p> <ul style="list-style-type: none"> - Demand-driven skills development; - Partnerships with the private sector, provinces and territories, and across whole-of-government; and - Accountability for improved results. <p>Programs to be designed and delivered by Aboriginal organizations to help Aboriginal people to prepare for, obtain and maintain meaningful and sustainable employment, assist Aboriginal youth to make successful transitions from school to work or to support their return to school, and support child care programs.</p>	Apr 2010-Mar 2015	\$246M annually, all PTs
Aboriginal Skills and Employment Partnership	<p>Objectives:</p> <ul style="list-style-type: none"> - Sustainable employment for Aboriginal people leading to lasting benefits for Aboriginal communities, families and individuals; - Promote maximum employment for Aboriginal people on major economic developments through a collaborative partnership approach; - Increased skill levels in the Aboriginal workforce; - Increased direct and indirect employment for Aboriginals across Canada; - Decreased Aboriginal unemployment and dependency on social assistance; - Improved skill levels (i.e. literacy, numeracy, computer skills, post-secondary certification); - Increased Aboriginal business opportunities; diversified workforce within communities. 	Jun 2007-Mar 2012	\$96M in 2010-11 \$42M in 2011-12
Aboriginal Skills and Training Strategic Investment Fund	<p>Economic Action Plan initiative to strengthen partnerships between Aboriginal employment service organizations and employers through training-to-employment programs related to concrete job opportunities. It will also support greater investments in training for individuals facing barriers to employment such as low literacy and essential skills.</p> <p>Objectives:</p> <ul style="list-style-type: none"> - Entering into a number of training-to-employment projects leading to concrete, guaranteed job opportunities by establishing partnerships with small and medium-size employers; - Supporting projects to assist Aboriginal people with barriers to employment, including literacy and essential skills challenges; and - Supporting pilot projects to test innovative approaches to Aboriginal labour market programming as well as projects that are national in scope. 	Apr 2009-Mar 2011	\$45.1M in 2010-11

Source: HRSDC, 2010-2011 Report on Plans and Priorities.

APPENDIX C: GOVERNANCE IN THE NORTHERN TERRITORIES

Table C-1: Government of Canada Regulatory Bodies in the Northern Territories

Federal Regulatory Body	Description
Canadian Environmental Assessment Agency	Administers the <i>Canadian Environmental Assessment Act</i> to produce guidelines respecting environmental assessments by a Review Panel, public participation and certain procedures (e.g. the project registry, participant funding, climate change considerations, cumulative effects, biodiversity).
Environment Canada	Under the <i>Department of Environment Act</i> , responsible for preserving and enhancing the quality of the natural environment, conserve migratory birds and water resources and conduct meteorology. Coordinates environmental policies and programs for the federal government.
Fisheries and Oceans Canada	Manages Canada's inland and oceanic fisheries, habitat and aquaculture. Also responsible for shipping, navigation and aspects of marine safety. Relevant legislation: <i>Fisheries Act, Oceans Act, Navigable Waters Protection Act, Canada Shipping Act</i> and <i>Coastal Fisheries Protection Act</i> .
National Energy Board	Responsible for the regulation of the construction and operation of inter-provincial/territorial and international pipelines and designated power lines, the export and import of natural gas, the export of oil and electricity and for the regulation of Frontier oil and gas activities. In the case of a determination respecting a pipeline proposal, the Board reviews economic, financial and technical feasibility and the environmental and socio-economic impacts of the project.
Transport Canada	Oversees the safety, security and marine infrastructure for the operation of passenger and cargo vessels, including navigation safety and communications, port operations, ship inspection, transportation security and the transportation of dangerous goods (including bulk liquids and gases).

Source: Adapted from Neil McCrank, *Road to Improvement: The Review of the Regulatory Systems Across the North*, Report to the Honourable Chuck Strahl, Minister of Indian Affairs and Northern Development, by the Minister's Special Representative, May 2008, Table 4.

Table C-2: Comprehensive Land Claim Agreements in the Northern Territories

Terr	Name	Settle Date	Eff. Date	# of pers.	Land (km ²)	Total Area (km ²)	Compensation (current dollars)	Self Gov ?
NWT	Inuvialuit Final Agreement	5 June 1984	24 July 1984	4,000	91,000 (13,000 with mineral rights)	435,000	- \$78M (1984\$) - \$10M to economic enhancement - \$7.5M to social development	No
NWT & YUK	Gwich'in	22 Apr 1992	22 Dec 1992	2,500	22,422 (6,158 with mineral rights; 1,554 in Yukon)	57,000	- \$75M over 15 years (1990\$)	No
NWT	Sahtu Dene and Métis	6 Sep 1993	23 Jun 1994	3,200	41,437 (1,813 with mineral rights)	280,278	\$75M over 15 years (1990\$)	No
NUN	Nunavut Land Claims Agreement	25 May 1993	26 Apr 1995	30,000	351,000 (37,000 with mineral rights)	1,900,000	\$580M (1989\$), plus interest and financial benefits over 14 years	No
NWT	Tlicho Agreement	25 Aug 2003	4 Aug 2005	3,500	39,000 with mineral rights	210,000	\$106M (2005\$) over 15 years	Yes
YUK	Council for Yukon Indians Umbrella Final Agreement	29 May 1993		6,000	41,595 (25,900 with mineral rights to be allocated to all 14 FNs)	All of Yukon	\$243M (1989\$) for all YFN - \$195M to 11 YFN (1989\$), 15 years	Yes
<ul style="list-style-type: none"> - Vuntut Gwich'in First Nation (29 May 1993; 14 February 1995) - First Nation of the Nacho Nyak Dun (29 May 1993; 14 February 1995) - Champagne and Aishihik First Nations (29 May 1993; 14 February 1995) - Teslin Tlingit Council (29 May 1993; 14 February 1995) - Little Salmon/Carmacks First Nation (21 July 1997; 1 October 1997) - Selkirk First Nations (21 July 1997; 1 October 1997) - Tr'ondëk Hwëch'in First Nation (in Dawson City) – (16 July 1998; 15 September 1998) - Ta'an Kwach'an Council (in Whitehorse) – (13 January 2002; 1 April 2002) - Kluane First Nation (18 October 2003; 2 February 2004) - Kwanlin Dun First Nation (19 February 2005; 1 April 2005) - Carcross/Tagish First Nation (22 October 2005; 9 January 2006) 								

Source: INAC, [General Briefing Note on Canada's Self-Government and Land Claims Policies and the Status of Negotiations](#).

APPENDIX D: GLOSSARY OF TERMS

Aboriginal: Persons of First Nations, Métis and Inuit ancestry.

Bilingual: In the case of Nunavut, the English and Inuktitut languages.

Comprehensive land claim agreement: A modern treaty that defines a government-to-government relationship between the Aboriginal signatory, the relevant territorial government, and the Government of Canada.

Devolution: The process of transferring province-like authority to the territorial and Aboriginal governments in the North, including control over such areas as health and social services and the regulation of lands and resources.

Governance: Includes comprehensive land claim and self-government agreements, regulatory regimes, devolution, resource revenue sharing and fiscal arrangements among federal, territorial and Aboriginal governments in the territories.

Impact Benefit agreement: A confidential agreement negotiated in the context of resource development between a company, the relevant provincial or territorial government and affected Aboriginal organizations.

Net fiscal benefit: The extent to which territorial natural resource revenues resulting from devolution are offset by reductions in the Territorial Formula Financing grant.

Procurement: A government policy which seeks to attain value for money, public access to information on government contracts, and fair opportunities for suppliers to compete for government contracts.

Public-private partnership: A cooperative venture where there is an allocation of the risks inherent in the provision of a public service between the public and private sectors.

Resource revenue sharing: In the case of devolution, a resource revenue sharing agreement sets out how revenues from the collection of royalties and fees through resource extraction are to be shared among federal, territorial and Aboriginal governments.

Revenue-generating (fiscal) capacity: A measure of the potential revenue that could be raised if each territory applied tax rates comparable to those of the provinces.

Self-government agreement: An agreement that allows for power-sharing arrangements between territorial, federal, and Aboriginal governments in law making and administration of human services.

Territorial Formula Financing: The main federal funding program that supports territories, intended to ensure a standard level of public services that is comparable to that offered in the provinces.

APPENDIX E List of Witnesses Third Session, 40th Parliament

Organizations and Individuals	Date	Meeting
Canadian Environmental Assessment Agency Steve Burgess, Executive Director, Project Reviews, Operations	2010/03/25	5
National Energy Board Sheila Leggett, Vice-Chair		
Canada Mortgage and Housing Corporation Sharon Matthews, Vice-President, Assisted Housing Sector	2010/03/30	6
Mackenzie Valley Environmental Impact Review Board Richard Edjericon, Chairman		
Nunavut Planning Commission Marg Epp, Senior Finance Officer Paul Quassa, Vice-Chair		
Sahtu Land Use Planning Board Robert Overvold, Board Member Heidi Wiebe, Senior Planner		
Office of the Auditor General of Canada Frank Barrett, Principal Ronnie Campbell, Assistant Auditor General Sheila Fraser, Auditor General of Canada Scott Vaughan, Commissioner of the Environment and Sustainable Development	2010/05/06	15
Canadian Association for Renewable Energies Bill Eggertson, Executive Director	2010/05/11	16
Inuit Circumpolar Council (Canada) Violet Ford, Executive Council Member, Vice-President on International Affairs Chester Reimer, Representative	2010/05/13	17
Nunavut Impact Review Board Stephanie Autut, Executive Director		
Nunavut Water Board Dionne Filiatrault, Executive Director		

Organizations and Individuals	Date	Meeting
Nunavut Water Board Thomas Kabloona, Chairman	2010/05/13	17
Nasittuq Corporation Jacques Plante, President	2010/05/25	18
National Round Table on the Environment and the Economy Robert Page, Chair		
Nunasi Corporation Tim Zehr, President and Chief Operating Officer		
Pan Arctic Inuit Logistics Corporation Tony Butler, President		
As an individual Thomas Berger	2010/06/01	20
Capstone Mining Corp. Stephen Quin, President		
Mackenzie Valley Aboriginal Pipeline LP Robert Reid, President		
Conference Board of Canada Gilles Rhéaume, Vice-President, Public Policy	2010/06/03	21
First Nations Bank of Canada Keith Martell, Chairman and Chief Executive Officer, Board of Directors Bill Namagoose, Board Member		
Yukon Energy Corporation David Morrison, President and Chief Executive Officer		
Agnico-Eagle Mines Limited Lawrence Connell, Corporate Director of Sustainable Development, Corporate Office	2010/06/08	22
Nunavut Resources Corporation John Stevenson, Manager		
Baffinland Iron Mines Corporation Greg Missal, Vice-President, Corporate Affairs	2010/06/10	23
Icefield Instruments Inc. Erik Blake, President		

Organizations and Individuals	Date	Meeting
Qulliq Energy Corporation Peter Mackey, President and Chief Executive Officer	2010/06/10	23
Canadian Northern Economic Development Agency Michael Nadler, Director General, Policy and Planning Michel Robillard, Vice-President	2010/06/15	24
Department of Indian Affairs and Northern Development Patrick Borbey, Assistant Deputy Minister, Northern Affairs Elizabeth Copland, President, Nutrition North Canada Advisory Board Paula Isaak, Director General, Natural Resources and Environment Branch Jamie Tibbetts, Director General, Devolution and Territorial Relations Branch		

APPENDIX F List of Witnesses Second Session, 40th Parliament

Organizations and Individuals	Date	Meeting
<p>Department of Indian Affairs and Northern Development</p> <p>Patrick Borbey, Assistant Deputy Minister, Northern Affairs</p> <p>Timothy Gardiner, Director, Northern Economic Development Directorate, Northern Strategic Policy Branch</p> <p>Stephen Traynor, Director, Resource Policy and Programs Directorate, Natural Resources and Environment Branch</p>	2009/03/31	12
<p>Government of Nunavut</p> <p>Rosemary Keenainak, Deputy Minister, Department of Economic Development and Transportation</p> <p>Ed McKenna, Director, Department of Economic Development and Transportation, Policy, Planning and Communications Division</p>	2009/04/02	13
<p>Government of the Northwest Territories</p> <p>Garry Singer, Director, Department of Industry, Tourism and Investment, Investment and Economic Analysis</p> <p>Peter Vician, Deputy Minister, Department of Industry, Tourism and Investment</p>		
<p>Government of Yukon</p> <p>Harvey Brooks, Deputy Minister, Department of Economic Development</p> <p>Steve Rose, Director, Department of Economic Development, Policy, Planning and Research</p> <p>Harley Trudeau, Senior Representative, Intergovernmental Relations</p>		
<p>First Nations Finance Authority</p> <p>Steve Berna, Chief Operating Officer</p> <p>Joe Hall, Chairperson</p> <p>Deanna Hamilton, President and Chief Executive Officer</p> <p>Tim Raybould, Senior Policy Advisor</p>	2009/05/28	22

Organizations and Individuals	Date	Meeting
As an individual Neil McCrank	2009/06/09	25
Canadian Association of Petroleum Producers Mike Peters, Manager, Northern Canadian Operations	2009/06/16	26
Imperial Oil Resources Ventures Limited Randy Ottenbreit, Development Executive, Mackenzie Gas Project		
NWT and Nunavut Chamber of Mines Lou Covello, President Pamela Strand, Vice President, Nunavut Trevor Teed, Vice President, Northwest Territories		
Yukon Chamber of Mines Claire Derome, Vice President Scott Kent, Executive Director		
Canadian Northern Economic Development Agency Nicole Jauvin, President and Deputy Minister Michel Robillard, Executive Vice-President	2009/10/22	32
Department of Indian Affairs and Northern Development Patrick Borbey, Assistant Deputy Minister, Northern Affairs Hon. Chuck Strahl, Minister		
Department of Finance Chris Forbes, General Director, Federal-Provincial Relations and Social Policy Branch Sean Keenan, Senior Chief, Personal Income Tax Division, Tax Policy Branch Elisha Ram, Director, Microeconomic Policy Analysis, Economic Development and Corporate Finance	2009/10/27	33
Department of Human Resources and Skills Development Paul Thompson, Associate Assistant Deputy Minister, Skills and Employment Branch		
Department of Natural Resources David Boerner, Director General, Central and Northern Canada Branch, Geological Survey of Canada	2009/10/29	34

Organizations and Individuals	Date	Meeting
Department of Transport Donald Roussel, Director General, Marine Safety Guylaine Roy, Associate Assistant Deputy Minister, Policy	2009/10/29	34
Infrastructure Canada Taki Sarantakis, Associate Assistant Deputy Minister, Policy and Priorities Directorate Samantha Tattersall, Director of Policy, Policy and Priorities Directorate		
Department of Fisheries and Oceans Barry Briscoe, Regional Director, Oceans, Habitat and Species at Risk David Burden, Acting Regional Director General Wade Spurrell, Assistant Commissioner, Central and Arctic Region	2009/11/03	35
Department of Industry John Connell, Director General, Small Business and Tourism Branch Shari Scott, Director, Internet Policy, Broadband Canada: Connecting Rural Canadians		
Department of the Environment Virginia Potter, Director General, Canadian Wildlife Service Michael Wilson, Executive Director, Environmental Assessment		
Parks Canada Agency Bill Fisher, Director General, Western and Northern Canada		
Inuit Tapiriit Kanatami Gordon Miles, Coordinator, National Economic Development Committee for Inuit Nanangat Belinda Webb, Director, Social, Cultural and Economic Development Department	2009/11/05	36
Air North Stephen Mills, Vice-President	2009/11/17	37
Alaska Highway Aboriginal Pipeline Coalition Pearl Callaghan, Operations Leader Ruth Massie, Chair		

Organizations and Individuals	Date	Meeting
<p>Association of Yukon Communities David Austin, Director</p> <p>Council of Yukon First Nations Andy Carvill, Grand Chief Richard Runyon, Economic Development Officer</p> <p>Government of Yukon Brian Alexander, Deputy Minister, Department of Tourism and Culture Harvey Brooks, Deputy Minister, Department of Economic Development Pierre Germain, Director of Tourism, Department of Tourism and Culture Robert Holmes, Director, Department of Energy, Mines and Resources Rick Lemaire, Director of Cultural Services, Department of Tourism and Culture Richard Provan, Senior Policy Advisor, Department of Economic Development</p> <p>Klondike Placer Miners' Association Randy Clarkson, Professional Engineer</p> <p>Pelly Construction Ltd. Jennifer Byram, Vice-President</p> <p>Skills Canada Yukon Dan Curtis, Executive Director</p> <p>Sundog Carvers Andrew Finton, Founder, Sundog Carving Program</p> <p>Teslin Tlingit Council Victoria Fred, Legal Counsel Chief Peter Johnston, Chief Executive Officer</p> <p>Tourism Industry Association of the Yukon Mary Ann Ferguson, Second Vice-Chair Sandy Hachey, Executive Director</p> <p>Tr'ondëk Hwëch'in First Nation Gary Wilson, Representative</p> <p>Vuntut Development Corporation Stephen Mills, President</p>	2009/11/17	37

Organizations and Individuals	Date	Meeting
Whitehorse Chamber of Commerce Rick Karp, President Richard Runyon, Second Vice-Chair	2009/11/17	37
Yukon Federation of Labour Alex Furlong, President and Chief Executive Officer Ron Rousseau, Representative		
Yukon Film and Sound Commission Barbara Dunlop, Film and Sound Commissioner		
Yukon Historical and Museums Association Marc Johnston, Director, Board of Directors		
Akaiicho Treaty 8 Dene Chief Steve Nitah, Chief of the Lutsel K'e Dene First Nation Chief Ted Tsetta, Chief of the Yellowknives Dene First Nation (Ndilo)	2009/11/19	38
Alternatives North Doug Ritchie, Member		
Arctic Energy Alliance Andrew Robinson, Executive Director		
Canadian Zinc Corporation John F. Kearney, Chairman Alan Taylor, Chief Operating Officer		
Dezé Energy Corporation Donald Balsillie, Chairman Daniel Grabke, Managing Director		
Government of the Northwest Territories Hon. Michael Miltenberger, Deputy Premier and Minister of Finance and Environment and Natural Resources Hon. Floyd Roland, Premier Peter Vician, Deputy Minister, Department of Industry, Tourism and Investment		
Mine Training Society Ted Blondin, Director Hilary Jones, General Manager		
Nogha Enterprises Limited Gilbert Cazon, Acting General Manager		

Organizations and Individuals	Date	Meeting
North West Company Edward Kennedy, President and Chief Executive Officer	2009/11/19	38
Northern Aboriginal Business Association Darrell Beaulieu, Chief Executive Officer		
Northern Territories Federation of Labour Mary Lou Cherwaty, President		
Northwest Territories Arts Council Boris Atamanenko, Manager, Community Programs		
Northwest Territories Association of Communities Terry Kruger, Communications and Policy Coordinator		
Northwest Territories Community Futures Association Todd Noseworthy, Chairperson		
Northwest Territories Metis-Dene Development Fund Ltd. Fred Koe, Director		
Tuktoyaktuk Hunters and Trappers Committee Charles Pokiak, Director		
Tyhee Development Corporation Hugh Wilson, Vice-President, Environment and Community Affairs		
Arctic Co-operatives Limited Stéphane Daigle, Regional Manager, Regional Office - Nunavut Andy Morrison, Chief Executive Officer Nicole Sikma, Director, Board of Directors	2009/11/24	39
Baffin Regional Chamber of Commerce Chris West, President		
Government of Nunavut Robert Long, Deputy Minister, Department of Economic Development and Transportation		
Hamlet of Pangnirtung Simeonie Akpalialuk, Economic Development Officer		
Municipality of Iqaluit Elisapee Sheutiapik, Mayor		
Nunavut Arctic College Daniel Vandermeulen, President		

Organizations and Individuals	Date	Meeting
<p>Nunavut Arts and Crafts Association Rowena House, Executive Director</p> <p>Nunavut Broadband Development Corporation Patrick Doyle, Chief Executive Officer</p> <p>Nunavut Development Corporation Brian Zawadski, Senior Business Advisor</p> <p>Nunavut Economic Forum Mark Morrissey, Acting Chair</p> <p>Nunavut Housing Corporation Lori Kimball, Chief Financial Officer Patsy Owljoot, Acting President</p> <p>Nunavut Sealink & Supply Inc. Manasie Mark, Sealift Administrator</p> <p>Nunavut Tourism Colleen Dupuis, Chief Executive Officer</p> <p>Nunavut Tunngavik Inc. Brad Hickes, Manager, Economic Development and Business Development Paul Kaludjak, President Jeffrey Maurice, Fisheries Advisor</p> <p>Peregrine Diamonds Ltd. Brooke Clements, President</p> <p>Qikiqtani Inuit Association Glenn Cousins, Representative, Business Development and Training</p>	2009/11/24	39
<p>Yukon Environmental and Socio-economic Assessment Board Ken McKinnon, Chair of the Board Stephen Mills, Executive Committee Member</p> <p>Yukon Land Use Planning Council Ian D. Robertson, Council Member</p>	2009/12/08	43

APPENDIX G
List of Briefs
Third Session, 40th Parliament

Organizations and individuals

Athabasca Denesuline

Capstone Mining Corp.

National Aboriginal Economic Development Board

Nunavut Planning Commission

Nunavut Water Board

APPENDIX H
List of Briefs
Second Session, 40th Parliament

Organizations and individuals

Arctic Co-operatives Limited

Association of Yukon Communities

Canadian Zinc Corporation

Coalition of Northern Aboriginals

Department of Fisheries and Oceans

First Nations Finance Authority

Government of the Northwest Territories

Kitikmeot Inuit Association

Northern Territories Federation of Labour

Northwest Territories Community Futures Association

Northwest Territories Literacy Council

Northwest Territories Metis-Dene Development Fund Ltd.

Nunavut Arctic College

NWT and Nunavut Chamber of Mines

NWT Treaty 8 Tribal Corporation

Pealow, Michael

Pembina Institute

Skills Canada Yukon

Teslin Tlingit Council

Whitehorse Chamber of Commerce

Yukon Federation of Labour

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings (*40th Parliament, 3rd Session: [Meeting Nos. 5, 6, 15, 16, 17, 18, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30, 31 and 38](#)*) and (*40th Parliament, 2nd Session: [Meeting Nos. 12, 13, 22, 25, 26, 32, 33, 34, 35, 36, 37, 38, 39 and 43](#)*) is tabled.

Respectfully submitted,

Bruce Stanton, MP

Chair

