

The New Northern Policy Universe

The Arctic is an essential part of Canada's history. One of our Fathers of Confederation, D'Arcy McGee, spoke of Canada as a northern nation, bounded by the blue rim of the ocean. Canadians see in our North an expression of our deepest aspirations: our sense of exploration, the beauty and the bounty of our land, and our limitless potential...But the North needs new attention. New opportunities are emerging across the Arctic, and new challenges from other shores.

Speech from the Throne, 2007

WHILE CANADA'S NORTH HAS INDEED LONG HELD A SPECIAL PLACE IN OUR country's narrative, its presence on governments' policy agenda has tended to ebb and flow over time according to domestic political and economic circumstances (see Frances Abele's chapter in this volume). The reasons behind the current surge of interest and renewed attention, however, are clearly global in nature. As Rob Huebert has observed elsewhere, "The Arctic is facing a transformation of epic proportions at almost every level. Furthermore the rate of change is accelerating in ways that are not yet understood. There are three main factors that are contributing to this change: 1) climate change; 2) resource development; and 3) geopolitical transformations" (Huebert 2008, 19).

The effects of climate change can already be seen in all circumpolar regions. Beyond their impact on ecological, economic and human systems, they give rise to significant global strategic issues, as previously remote and inaccessible areas are poised to become less so. For Canada, the increase in marine traffic and access that is likely to occur with the opening of the Northwest Passage has enormous economic and geopolitical implications, especially given the passage's unresolved status as internal waters or an international strait. With the prospect of vast (discovered and undiscovered) reserves of oil, natural gas and minerals in

the Arctic, the whole region is fast becoming a focal point for claims from a number of countries with Arctic shorelines, as Huebert points out in this volume.¹

No matter how they play out, these forces of change will have a significant impact on Canada's northern communities. Northerners will inevitably be faced with complex and unprecedented challenges that, depending on how they are managed, will present either threats or opportunities for the region's inhabitants. This dimension often receives insufficient attention in federal government policy statements and expert analyses of strategic interests. This is unfortunate, because sound public policy for Canada's North needs to address the ways in which the potential transformation of the region, which has a population of just under 115,000,² will affect residents' daily lives.

The 2007 Speech from the Throne included the following commitment: "Our Government will bring forward an integrated northern strategy focused on strengthening Canada's sovereignty, protecting our environmental heritage, promoting economic and social development, and improving and devolving governance, so that northerners have greater control over their destinies" (Government of Canada 2007). Although the federal government has yet to issue a policy statement outlining the strategy, it has made several announcements and significant budget commitments related to each of the four objectives set out in the Speech from the Throne (see appendix). While Ottawa's efforts so far seem to be more focused on addressing sovereignty concerns and fostering future economic development, one of the overarching messages to come out of the research and commentary in this volume is the central importance of the other two objectives. As many of our contributors reiterated, environmental protection will be essential to preserve ecosystems, human health and quality of life (including maintaining Aboriginal customs and traditions) in the context of climate change. As for social development and improved governance, we believe these constitute the true prerequisites for northerners to "have greater control over their destinies." Northerners and their governments must be better equipped to benefit from any future resource and other development that may occur. They also need to have the capacity to play an active part in shaping and adapting the Arctic of the future, the benefits of which should be broadly shared.

A truly integrated northern strategy is what is needed — one that takes into account the global forces that are affecting life in the North and its prospects, and that also places a particular focus on the well-being of its communities and

residents. Put another way, what is required is a new northern policy universe that, with the full participation of northerners, will lead to changes that will strengthen the economic, social and human capital of the region.

The main purposes of this concluding chapter are to identify the key elements of this policy universe and to offer a number of observations about potential actions. As policy-makers look to the medium and longer terms, they will face important and complex challenges, such as how to improve the life chances of northerners (particularly Aboriginal peoples), address inadequacies in treaty implementation and the entanglement of jurisdictions (notably in the regulatory field) and find more equitable ways of sharing resource revenues. We will address these interrelated issues later in the chapter. However, before presenting our analysis, we look briefly at the three overarching factors of climate change, sovereignty and resource development.

Climate Change, Sovereignty and Resource Development

Climate Change

IN JANUARY 2009, AS THIS VOLUME WAS BEING COMPLETED, A NATIONAL ROUND TABLE on the polar bear was held in Winnipeg. This unprecedented event followed predictions that two-thirds of the world's polar bears (more than half of which live in Canada) would disappear by the middle of this century (Amstrup, Marcot, and Douglas 2007, 36). The main cause is the disruption of their habitat, notably the shrinking of the polar ice cap as a result of climate change.³ There are good reasons why the polar bear has become the poster animal of the campaign against climate change, beyond its iconic character. Because the Arctic is extremely exposed and sensitive to climate-related change, that is where concrete evidence of the far-reaching implications of this worldwide phenomenon is first manifesting itself.⁴

The phenomenon of shrinking Arctic ice has been explained as follows: "Melting ice leaves behind open ocean water that has a much lower reflectivity (or albedo) than that of ice. Open ocean water absorbs about 80 percent more solar radiation than sea ice does. And so as the sun warms the ocean, even more ice melts, in a vicious circle" (Homer-Dixon 2007). Although this process is far from

linear, it is occurring at a faster rate than previously anticipated. In September 2008, the extent of sea ice in the Arctic region as a whole was 34 percent smaller than the long-term average from 1979 (when satellite measurements began) to 2000 (although it was 9 percent larger than the record for the smallest area, set in 2007). Perennial sea ice, the year-round layer that remains even when the surrounding seasonal ice melts, has been shrinking rapidly from year to year: it used to cover 50 to 60 percent of the Arctic, but in March 2008 it covered less than 30 percent of the region. Based on current estimates of the thickness and extent of the ice cap, scientists have predicted that the Canadian Arctic will be free of seasonal ice by 2015 or even 2013.⁵

The most important consequence of these changes is the increased navigability of Arctic marine waters, which will provide greater access to the region. In mid-September 2007, the main channel of the Northwest Passage (Lancaster Sound to M'Clure Strait – see map in Franklyn Griffiths's chapter) had been open (nearly ice free) for about five weeks. Researchers, political commentators and other observers predict that these trends will expand intra-Arctic access as well as south-to-Arctic shipping for resource exploration and development, commercial and tourism activities, and a myriad of government functions (for example, security and environmental monitoring).

On the important matter of shipping, once the Northwest Passage through the Parry Channel becomes ice free, it will provide a shipping route that is considerably shorter than those used at present. For instance, it is 15,930 kilometres by sea from London to Yokohama through the Northwest Passage, compared to 23,300 kilometres via the Panama Canal (Lasserre 2007, 39). However, some have questioned the imminence of a new marine highway. For example, Frédéric Lasserre has pointed out that the Northwest Passage could not accommodate the largest cargo ships now being built. In addition, the Northern Sea Route (north of Siberia) presents a viable alternative, in part because sea ice in the Russian Arctic has been shrinking more rapidly than in the Canadian Arctic (40). In light of this, Griffiths suggests that a marked increase in commercial shipping between the Atlantic and Pacific oceans through the Northwest Passage should not be expected in the near term.

Looking beyond the potential for expanded shipping and passage within Canadian Arctic waters, climate change is already having an enormous impact on the lives of northerners. A recent report on the impacts of and adaptation to

climate change documents some of the profound consequences of climate-induced changes in permafrost, sea ice, lake ice and snow cover on infrastructure maintenance and design as well as the biodiversity issues and effects on humans resulting from shifts in species availability, accessibility and quality (Furgal and Prowse 2008 and Huebert in this volume). As Mary Simon notes in her commentary, “The effects of climate change in the Arctic are wide-reaching — they affect the health of Inuit and of wildlife and ecosystems, and they disrupt the already fragile economies of our communities.” Hunting and travel have been affected by shorter ice-road seasons, and there are reports of sightings of insects and birds never seen before in the region. Those pursuing traditional and subsistence-based ways of life in the more remote Aboriginal communities may be most vulnerable to these effects (Furgal and Prowse 2008).

Much of the vast research program undertaken for the 2007-08 International Polar Year (IPY) was intended to lead to a better understanding of these complex changes and their implications. As Hanne Petersen suggests in this volume, the participating countries need to sustain the momentum of research activity the IPY helped trigger, and make use of these results to guide their future policies. However, the years ahead will also require concrete action in a range of sectors, in collaboration with northerners, aimed at mitigating the effects of climate change and helping them adapt to its inevitable impact.

Sovereignty

On the geopolitical front, the major powers will obviously be interested in the Arctic for economic and strategic reasons. Russia in particular has made clear its intention to become considerably more active in the area along its northern shores. Russia’s assertions of its Arctic interests — such as its planting of a Russian flag on the North Pole sea floor in 2007 and militarily “testing” Canadian Arctic boundaries in 2009 — certainly caught the world’s attention, as has its announcement that it intends to rebuild its submarine force to be stationed in its northern naval bases. But the United States, Denmark and Canada have also become more actively engaged in this new global “hot spot” that is the Arctic — a magnetic epicentre where melting polar ice is engaging global environmental, economic and strategic forces and players.

As Franklyn Griffiths and Rob Huebert demonstrate in their chapters, this nexus of interests explains the heightened attention paid by the Government of

Canada and others to safeguarding their Arctic sovereignty. Huebert provides a thorough survey of issues that have arisen related to Canada's claims in the region.⁶ Some are minor, such as the dispute with Denmark over tiny Hans Island. Others, related to potential economic development, are more significant. One of these is the disagreement between Canada and the United States over a portion of the Beaufort Sea where there may be extensive oil and gas reserves. But the most politically salient issue concerns sovereignty over the Northwest Passage, which Canada claims as part of its historic internal waters, giving it authority to pass legislation and impose regulations on all Canadians and foreigners on the passage's ice and waters. The United States has long disagreed with Canada's claim, arguing that the passage is an international strait, a position that was reiterated in a presidential directive on Arctic region policy issued during the Bush administration's final weeks (Bush 2009).

Several of the Harper government's initiatives since 2007 have — wisely we believe — avoided pursuing legal resolution of its claim over the Northwest Passage. Huebert notes that it is not certain the International Court of Justice would actually side with Canada. Rather, the federal government is concentrating on establishing a heightened presence and a monitoring role in the Arctic. Increased military surveillance is to be bolstered by enhanced scientific knowledge (for example, completing the geological mapping of the continental shelf off Canada's northern coasts and building a world-class Arctic research station). In August 2008, it was announced that the *Arctic Waters Pollution Prevention Act* would be amended to allow the Canadian government to regulate all shipping and enforce environmental laws in zones up to 200 nautical miles (an increase from the present 100 nautical miles) offshore (see appendix).

The Harper government's emphasis on heightened surveillance and regulation is a sound policy stance, although it remains to be seen whether Canada's material capacity and presence on the ground will increase enough to turn the government's promises into reality. In this context, Griffiths proposes an alternative approach. He argues that Canada needs to move beyond military presence and surveillance to embrace a much broader agenda based on Arctic stewardship. Such an agenda would entail using "existing and new institutions to address a host of matters relating to the Arctic environment, health, social and economic development, human resources and circumpolar affairs." Along the same lines, in this volume Sheila Watt-Cloutier advocates "respectful stewardship of the land through natural resource comanagement bodies."

Looking at Arctic sovereignty more broadly, we believe that two directions deserve particular attention. First, it will be important to work much more closely with other Arctic countries to improve knowledge and develop joint approaches on climate change, pollution and sustainable development. As Huebert notes, the Cold War inhibited the development of multilateral cooperation in the North. Now there are forums through which this multilateral cooperation can take place, such as the Arctic Council, established in the 1990s with Canadian leadership. There is nevertheless clear potential for more concerted action that is not unduly focused on differences about legal claims.⁷ In their article for *Policy Options*, Terry Fenge and Tony Penikett call on Canada to play a more assertive role in the Arctic Council's sustainable development activities (2009). There have recently been some signs that the federal government intends to do just that as Canada prepares to assume chairmanship of the Arctic Council in 2013.⁸

A second direction concerns the role of northern residents in safeguarding Canada's Arctic sovereignty. Griffiths notes that the 1993 Nunavut Land Claims Agreement called for a marine council to provide advice to government agencies on marine matters in the settlement area covered by the Agreement. He suggests that if the council were enlarged to include representation from the Beaufort Sea-Mackenzie Delta area, it could become a key forum "for priority setting and analytical input into federal government policy on High Arctic issues."

In our view, suggestions along the lines of those made by Griffiths and Watt-Cloutier merit serious consideration. So do other avenues that draw on the knowledge and perspectives of indigenous peoples living in the Canadian Arctic and give northerners a larger say in decisions that will affect their immediate communities.

Resource Development

The 2008 United States Geological Survey estimated that the Arctic as a whole contains more than one-fifth of undiscovered, recoverable oil and natural gas resources. A recent review undertaken for Indian and Northern Affairs Canada (INAC) suggests that 33 percent of Canada's conventionally recoverable resources of natural gas and 25 percent of its recoverable light crude oil are located in the NWT, Nunavut and the Arctic offshore (INAC 2008, 9). This explains why the prospect of a more accessible Arctic has led to a flurry of activity on the part of multinational oil companies. For instance, Royal Dutch Shell spent more than US\$2 billion in 2008 to acquire drilling leases in Alaska's Chukchi Sea. In 2007,

Exxon Mobil and Canada's Imperial Oil bid nearly US\$600 million for a large exploration block in the Beaufort Sea. Such developments strengthen the perception of the Arctic as the new frontier. And much like the resource-rich frontiers of previous eras, this one is subject to the boom-and-bust nature of resource development, but even more so due to the very high costs and uncertainty associated with exploration and operating in the North (see Terry Fenge's commentary in this volume). The sudden halt, slowdown and postponement of some development activities in the North in the last few months of 2008, just as a worldwide economic recession and financial crisis took hold, attest to that.

Looking to the longer term, the 2008 report of the Arctic Council's Protection of the Arctic Marine Environment Working Group presents four development scenarios based on greater or lesser resource demand, on the one hand, and greater or lesser stability in governance, on the other:

Arctic race: High demand and unstable governance set the stage for a "no holds barred" rush for Arctic wealth and resources.

Arctic saga: High demand and stable governance lead to a healthy rate of development that includes concern for the preservation of Arctic ecosystems and cultures.

Polar lows: Low demand and unstable governance lead to a murky and under-developed future for the Arctic.

Polar preserve: Low demand and stable governance slow development while introducing an extensive Arctic eco-preserve with stringent "no-shipping zones." (Arctic Council 2008)

Despite current low energy and resource prices, it is reasonable to assume that as global economic growth resumes, the demand for the Arctic's resources will rebound and prices will recover. This means that the most probable scenarios will be "Arctic race" or "Arctic saga," or some combination of the two. Moreover, the resource players in the circumpolar North will likely go beyond the Arctic states to include China, Japan and others.

It is nevertheless unlikely that resource development will proceed as quickly as some had anticipated. The cost of exploiting nonrenewable resources in the North is very high, and the drop in oil prices since mid-2008 has already dampened exploration activities. Regardless of the pace at which development ultimately proceeds, oil, gas and mining activity can provide significant benefits for northern residents. As Tom Hoefler notes in this volume, Aboriginal workers have been a significant part of the labour force at the Diavik diamond mine since it opened. Larger projects such as these provide training and employment

opportunities for workers and start-up momentum for new local businesses as well as direct and indirect benefits for local suppliers and neighbouring communities. On the other hand, they may also bring environmental and social disruption and, in the case of certain resources such as uranium, concern about the long-term consequences.

We now turn to the elements of a new northern policy universe that takes account of the global forces just discussed and is founded on a broader view of balanced and participatory development.

N o r t h e r n e r s a n d T h e i r C o m m u n i t i e s : W i n n i n g t h e B a t t l e t o L o s e t h e W a r ?

MANY COMMUNITIES IN NORTHERN CANADA ARE LOCATED IN SOME OF THE MOST spectacular landscapes on the planet, with abundant fresh air and water and ready access to healthy foods from the land and sea, as well as quiet and solitude in good measure. They benefit from the neighbourliness and community solidarity that is characteristic of the North's indigenous societies, reinforced by the tendency of all people living in small places to get to know each other and to readily offer mutual aid.

If the North has many advantages as a healthy place to live, it also has major social challenges that must be addressed. As Jack Hicks shows in his chapter, the suicide rate in Nunavut is alarmingly high compared to all other jurisdictions in Canada, and young Inuit men are most in danger. While Nunavut has the highest suicide rate, it is a fact that all over northern Canada, Aboriginal young people, especially young men, are far more likely to kill themselves than are their non-Aboriginal peers. As Hicks argues, no simple generalizations should be made about why this long-term human disaster continues to unfold. It seems possible, though, that it is related to the stresses of the rapid changes that have visited northern societies in the last half century and, perhaps, to certain structural features of the new communities that have been created.

It is also clear that these high suicide rates are a manifestation of a number of interrelated social problems. Among these, rates of alcohol and drug abuse

and associated violent crime are already high in some places and growing in others. As in the rest of Canada, literacy, education and employment levels are lower for Aboriginal people than for non-Aboriginal people.⁹ While in many parts of the North Aboriginal languages, cultures and traditions remain strong, there are some worrying signs. Only three northern Aboriginal languages are considered endangered but for all of them, to varying degrees, there is reason to be concerned about their future vitality.¹⁰ There is also a pronounced disparity, almost everywhere in the North, between incomes and employment opportunities in the few regional centres (such as the capital cities) and those in the more than 100 small, predominantly Aboriginal communities. There is some early indication of a drain of young people from these communities to the regional centres and the south. In short, a pattern of uneven development may be emerging.

Southern and northern Canadian society benefits from the existence of viable and healthy communities in all parts of the North. Canada's national purposes have long been served by the presence of the northern indigenous peoples, as their communities provide support to Canadian sovereignty claims, members for the resident militia who have monitored the northern boundary and, of course, destinations for tourists and bases for mineral explorers who wish to share in the North's bounty. More important, northern communities are home to various indigenous peoples whose members choose to remain close to the land and who keep their cultures, languages and practices alive through their harvesting, artistic and recreational uses of the land, ice and sea. Concerns about the future of this traditional culture and its importance are eloquently expressed by our contributors in the section "Voices of the New Generation."

A New Approach to Sustaining Healthy Northern Communities

Clearly there is work to be done to create the conditions under which all northern individuals, families and communities will have an opportunity to live satisfying and balanced lives. While not all will choose to live in the smaller northern communities, or indeed to remain in the North at all, it is in Canada's interest that those who do are able to lead a satisfying life.

In the healthiest small communities, the connection to the land is still strong, and substantial numbers of people make their living in the mixed economy. As Frances Abele explains in her chapter, the term mixed economy, as applied to northern communities, refers to the household-based organization of

production and sharing based upon income from a variety of sources: wages, commodity sales (art, fur, crafts), harvesting from the land and transfer payments. Where the mixed economy is able to thrive, it can foster overall community well-being in many ways: by providing people with meaningful work and an opportunity to hone and share skills and expertise; by satisfying norms of sharing and mutual aid, healthy food, recreation and spiritual satisfaction; and by offering a practical arena for the teaching and development of indigenous languages. In short, the existence of a mixed economy can be a rich store of social and human capital upon which to build the future.

The viability of the North's 20 or so larger communities, cities and towns, on the other hand, depends on wage employment and small businesses. Many of the larger centres — the territorial capitals Yellowknife and Whitehorse, for example — have origins in mining, to which has now been added a very substantial public sector. Others, such as Iqaluit, the newest territorial capital, owe their present form and size almost entirely to their role as government and administrative centres. In the wage centres, home to the majority of the northern population in almost every region, economic vitality thus depends upon resource development and public expenditures. Larger communities tend to have a higher proportion of non-Aboriginal people (and transients), as well as higher labour force participation and lower unemployment rates.

It seems clear that Aboriginal, provincial, territorial and federal governments must be able to develop economic development strategies that create the conditions under which both the small, mixed-economy communities and the larger wage centres can develop in a balanced way. This means taking into account the greater vulnerability of more remote communities to climate-related changes and, more broadly, the potentially disruptive social and environmental effects of resource development. It also means having the social infrastructure in place to ensure the resident population is educated, healthy and capable of taking advantage of the economic opportunities that may emerge. All the governments involved need to coordinate their efforts so that decisions to promote more balanced economic development are based on knowledge about which policies are most helpful to community development. The key element, however, is that northerners and their governments be in a position to make these fundamental decisions for themselves and to take ownership of their futures.

Some Immediate Steps

What are the immediate obstacles to balanced development? Some have to do with physical infrastructure. Although the severity of the problem varies from place to place, in many parts of the North housing is inadequate.¹¹ Too many people live in overcrowded conditions that increase the spread of infectious diseases such as tuberculosis. Moreover, overcrowding affects young people's performance at school and the ability of all members of the household to live their lives in a balanced way. Women and children who live in violent domestic situations are particularly vulnerable, as they may literally have nowhere to escape to.

Overcrowding at home is not the only infrastructure problem that leads to lower educational attainment among Aboriginal children. The education system itself contributes to the problem. One problem is that in many small communities there is a very high turnover rate for teachers. This also relates to capacity issues overall as territorial governments — facing a lack of human resources — often recruit potential teachers for public service positions (see Greg Poelzer's chapter in this volume). In addition, curricula and school materials are still not adapted to the localities where they are used. Although the severity of the problem varies a good deal across the North, all regions could benefit from having more northern-trained educators. There are signs these problems are being more fully recognized. In April 2009 the Inuit Education Accord, developed by Inuit Tapiriit Kanatami and a number of other parties, was signed — something Mary Simon called “a milestone in Inuit education (Bell 2009).¹²

In the area of health care, problems of hard infrastructure are compounded by problems of human and social capital. There is a shortage of health care professionals at all levels, and there are very high costs involved in serving people in numerous and remote small centres. Quite often, primary medical care is still being provided by visiting practitioners from the south, with all the costs and discontinuities of care this can involve. The innovative community-based health care and North-specific illness prevention programs that have been developed in some locations are urgently needed across the North.

From the perspective of communities, all these factors converge and reinforce each other. Investment in one area, without attention to the others, is unlikely to be sufficient. Decisions about economic development, social services expenditures, health care arrangements, educational opportunities and recreational facilities have a cumulative effect in small centres. These communities are

remarkably vulnerable to small changes in personnel or opportunity: an effective teacher leaves because of inadequate housing or lack of suitable health care for one of her children, and in the transition, while a new teacher is found, many children in the community fall behind; a federally funded program that supports a group of older teens to organize a music program for younger children leads to a decrease in overall drug use and fewer losses to theft in the retail co-op. These are the endemic vulnerabilities of all small places and also, of course, their strength. We believe that individual program interventions must take place within the context of a holistic approach to the health of the community, understood in the broadest sense.

If there are gathering signs of worsening social and economic conditions in northern communities, there are also reasons for optimism. The North has many assets. The permanent population is young and increasingly well educated. In general, northern residents have high expectations of their governments and there are high levels of political participation, especially when one takes into account the geographical obstacles to communication and organization. They live in small centres where community solidarity and neighbourly support are strong and where relatively modest, sustained interventions can make a large difference.

G O V E R N A N C E : C U R R E N T S O F C H A N G E A N D E M E R G I N G I S S U E S

CANADA'S APPROACH TO INSTITUTIONAL SELF-GOVERNMENT IN THE NORTH HAS BEEN impressive. As various authors in this volume demonstrate, extensive changes have resulted from the signing of modern treaties with Aboriginal peoples since 1975. Indeed, to quote Doug McArthur, "a new constitutional settlement is in the making." One major change has been the creation of a host of Aboriginal governing institutions, in many cases directly elected by Aboriginal residents, and land claims (beneficiary) organizations. The territories all have public governments (elected by all residents), and a new system of public government is being established in Nunavik (see Thierry Rodon and Minnie Grey's chapter in this volume). However, public government in some parts of the North differs from the Westminster-based institutions in the rest of Canada. For example,

members of the Nunavut and NWT legislatures are not affiliated with parties and are responsible for selecting the cabinet.

In addition, northern leaders have gained a higher national profile. Unlike the pattern even 20 years ago, the territorial premiers are full members of the Council of the Federation and attend First Ministers' Meetings on the same footing as provincial premiers. These and other developments in the past three decades demonstrate that Canadian federalism is flexible enough to incorporate new institutions for indigenous peoples and to accommodate quite a measure of asymmetry in governance structures.

Concerns have nevertheless been raised about jurisdictional complexity in the territories. In fact, each region of the North faces similar questions of democratic development — questions set in motion by modern treaties and self-government, but not fully resolved by them. For example, in the Northwest Territories, there are now numerous and relatively well-funded regional Aboriginal organizations and governments. Will these become the prime representatives or advocates for the people living in their ambit? If so, what will be the role of the territorial government? In his commentary, George Braden (a former NWT premier) suggests that “the western North will become a balkanized collection of Aboriginal institutions competing with territorial public governments that do not have the jurisdiction or financial resources to effectively govern in the interest of all territorial residents.”

In Nunavut the tensions are different, but the underlying cause is similar. Nunavut Tunngavik Incorporated (NTI), the single beneficiary organization, represents about 85 percent of the electorate and it controls and benefits from development of about 18 percent of the territory's land. What will the working relationship be between NTI and the Government of Nunavut, particularly if resource development accelerates? In light of the transformation brought about by modern treaties, it was inevitable that governance in the territories would become more complex. Aboriginal governments and land claims organizations have substantial responsibilities, and it is clear, as Graham White concludes in his chapter, that these organizations will play a key role in long-term political developments. Concerns like Braden's nevertheless need to be borne in mind, particularly in the context of economic development.

Treaty Implementation

As outlined by several of our contributors, distinctly different Aboriginal governance arrangements and intergovernmental collaborative institutions have been developed

in each northern region. For example, all 11 of the agreements with First Nations in Yukon provide for self-government, but only one of the modern treaties in the Northwest Territories is of that type.¹³ However, all the modern treaties entail land claims settlements and have provided for considerable cash payments to beneficiary organizations. Elsewhere in this volume, Richard Van Loon (a former associate deputy minister of Indian affairs and northern development) assesses the situation as follows:

Land claims settlements have brought hundreds of millions of dollars to Aboriginal-owned corporations to be managed or invested for the land claims beneficiaries. On the whole, these funds have been managed well and with the appropriate level of accountability. They have produced some remarkable commercial successes, as well as many employment opportunities and financial benefits. But they are also a burden because they require careful management, which should, as far as possible, be handled by the beneficiaries themselves, and that draws talented Aboriginal people away from other valuable activities.

The implementation of modern treaties has given rise to dissatisfaction among Aboriginal peoples that goes well beyond the management questions Van Loon mentions. One set of issues concerns the position of the Department of Indian Affairs and Northern Development (DIAND). First, the department is charged with coordinating overall federal responsibility in Indian and northern affairs, which means that the mandate of the small Northern Affairs Program — the principal federal institution focused on the North — is to fulfill the government's wide-ranging constitutional responsibilities in the North, a task that requires an unusual degree of coordination and leverage in negotiating with other departments. Second, the department employs the modern treaty negotiators as well as the people with primary responsibility to implement the treaties (including funding and monitoring). These two functions require quite different institutional attitudes and skill sets, and it is not surprising that tensions between the two roles sometimes arise.

A number of the authors in this volume echo these concerns and describe the difficulties encountered as a result. Some even suggest that federal institutional arrangements need to be revised and brought in line with the radically altered governance landscape in the territories and the full spectrum of northern social, environmental and economic matters that need to be addressed. Tony Penikett proposes that DIAND be reorganized to better reflect its "emerging roles as facilitator and funder of treaty implementation and devolved programs." Natan Obed, one of the young leaders who attended the Northern Exposure conference, says "the federal government must learn how to coordinate its actions across

departments, despite political change and attrition among federal bureaucrats.” Stephanie Irlbacher-Fox and Stephen Mills suggest a deputy-minister-level committee be established, with a dedicated staff to assist relevant departments “in implementing systems or protocols.” Van Loon proposes that a biennial review of implementation, prepared by an outside commission or an internal body with the participation of land claims organizations, be published. In light of the importance of this issue for the successful implementation of modern treaties within the signatory communities, these and other possible ways to encourage a stronger shared commitment and better horizontal coordination within the Government of Canada merit serious consideration.

Another source of tension concerns the capacity of Aboriginal governments to carry out their responsibilities under modern treaties. The Land Claims Agreement Coalition, founded in 2003, has called for the development of an implementation policy that would “give rise to much needed capacity building and training at all levels to ensure successful governance” and would “provide adequate resources during the pre-implementation period to ensure effective transition and ongoing implementation” (quoted in Irlbacher-Fox and Mills).¹⁴ The coalition’s position has been endorsed by the Standing Senate Committee on Aboriginal Peoples (St. Germain and Sibbeston 2008, 41).

A broader though related issue pertains to what some see as a quite rigid view of modern treaties, the terms of which are enumerated in “final agreements.” While not all such treaties have been formally protected under section 35 of the *Constitution Act, 1982*, they all have legal authority. This need not, however, close the door to subsequent adjustments in their implementation. In this regard, the James Bay and Northern Quebec Agreement (JBNQA), signed with the Crees of Eeyou Istchee and the Inuit of Nunavik in 1975,¹⁵ provides a salutary example. According to Martin Papillon, “The implementation of the JBNQA largely followed old models of state-led and state-controlled development in Aboriginal communities, and relations with governments suffered from an absence of formal dispute resolution and intergovernmental coordination mechanisms” (2008, 26).¹⁶ Following negotiations, the Crees and the Quebec government signed the Paix des Braves agreement in 2002. Though not a new treaty, it modifies the JBNQA regime in a number of respects, in particular to clear the path for additional hydroelectric projects.¹⁷ Drawing on this experience, Papillon concludes that governments should acknowledge that “treaties must adapt to changing realities on the ground” (26).

While the Paix des Braves agreement reflects particular circumstances, it demonstrates that the implementation of modern treaties can be adjusted without the treaties themselves being renegotiated. In our view, Aboriginal governance needs to be seen as an ongoing and adaptable process. This means opening the door for parties to modify self-government arrangements to take into account changes in circumstances and enable communities to take the necessary steps to enhance the capacity of their members and thus secure future progress.

Toward an Arctic Economic/Regulatory Union

The vast changes in northern governance of the past three decades have, by design or happenstance, led to jurisdictional tensions and overlap — both territorial-Aboriginal and Aboriginal-Aboriginal. Of the three territories, the problem may be most pronounced in the NWT, because it has a wider diversity of Aboriginal governments, not all of which have achieved self-government. In addition, its population is split almost evenly between Aboriginal and non-Aboriginal people (the former counted for half of the population in 2006). Although there are 14 First Nations in Yukon, the fact that they all fall under the 1993 Umbrella Final Agreement makes their interface with the territorial government easier.¹⁸ In Nunavut, where 85 percent of the population is Inuit, there is a significant overlap between the constituencies served by the territorial government and NTI, the land claims organization. Even so, there have been some notable tensions between the Nunavut government and NTI over certain policy issues, which suggests some adjustments may be required in these governance models as they evolve (Rodon forthcoming). Should the “Arctic race” scenario come to pass, the non-Aboriginal population of Nunavut could grow substantially, which could put more distance between the interests of Nunavut and NTI.

The resulting jurisdictional complexity has led some political and business leaders to claim that it is almost impossible to obtain approval for economic development projects in the territories. Gordon Erlandson addresses this issue in his commentary. Drawing on his extensive experience in the resource sector, he writes: “The problem with northern regulatory systems... is not that they are complex, but that they don’t work — at least, not in relation to the business cycle for oil and gas development.” The long history of attempts to build a pipeline through the Mackenzie Valley is often used as a case in point. Indeed, it served as a catalyst for the Northern Regulatory Improvement Initiative and the federal

government's appointment of Neil McCrank to review and report on the possibility of streamlining the northern regulatory system.

In May 2008 McCrank presented his report to the Minister of Indian Affairs and Northern Development, Chuck Strahl. McCrank sees the regulatory challenges in the North as truly enormous. He notes, for example, that there are now more than 20 comanagement bodies in the three territories, each with its own membership, staff and advisers. The largest number of these boards is in the NWT. In this regard, McCrank writes: "I've heard from industry that it's becoming impossible to do business in the NWT — it's too complex, it's too unpredictable, it's inconsistent, there are no timelines" (McCrank 2008, 96-7). To return to the four scenarios outlined earlier in this chapter, what some see as a regulatory quagmire suggests a fifth scenario, a combination of an Arctic race and polar lows, namely high demand for resources and stalemated governance resulting in unrealized economic potential and missed opportunities.

The McCrank Report included a number of recommendations for streamlining the regulatory regimes in the North, especially in the NWT. Its first recommendation, however, was that "priority should be given to completing the Land Use Plans in all areas, and obtaining their approval from the federal Government" (McCrank 2008, 15). These plans, which are being developed by the Regional Land Use Planning Boards established by the *Mackenzie Valley Resource Management Act (MVRMA)*, are meant to "provide for the conservation, development and use of land, water and other resources in a settlement area. Any regulatory authority issuing an authorization for the use of lands or waters, or the deposit of wastes is legally bound to abide by the approved Land Use Plans" (15). As for the approval process for the Mackenzie Gas Project, the report offers two options for consideration. The first would involve a fundamental restructuring and require all parties to agree to amend the comprehensive land claims agreements and the *MVRMA*, while the second would involve less restructuring but might still necessitate amendments to the *MVRMA*. Under both options, the unfinished land claims process would need to be completed before the regulatory process is addressed. Thus one of the major stumbling blocks on the regulatory front is not only that some land claims have not been settled, but also that land-use plans have not been approved. This complicates regulatory reform because it is difficult to assure Aboriginal groups that their as-yet-undefined rights and interests are being respected. So the intractability remains. What is also

clear, as Terry Fenge points out, is that Ottawa is no longer in a position to act unilaterally to resolve this issue.

In this context, George Braden's view is that all parties need to recognize that the environment in which they operate has changed since the modern treaties were finalized and, therefore, the parties' views also need to change. In particular, Braden believes the solution will "require Aboriginal stakeholders to look beyond their individual settlements and regions and consider how they can contribute to the strength of the territory within which they reside." This broader perspective could be encouraged if, as suggested above, the other parties to modern treaties, namely governments, adopted a perspective that sees treaty implementation as an ongoing process that allows for adjustment when circumstances warrant. Contemporary governance recognizes that governments and other actors have complex, often dynamic relationships that entail new forms of collaboration and power sharing. This is certainly true in Canada's North, and one of the major challenges for the future will be to minimize the degree to which fluid relationships and the diffusion of decision-making stand in the way of ensuring the best outcomes for all northerners.

N o r t h e r n E c o n o m i c D e v e l o p m e n t : T e r r i t o r i a l G o v e r n m e n t F i n a n c i n g a n d D e v o l u t i o n

THE FINANCING OF TERRITORIAL GOVERNMENTS RAISES EQUALLY CHALLENGING governance issues. The long-standing model, which is based essentially on federal transfers, may not be up to the task in terms of the demands and the growing pressures that will be placed on territorial governments in the context of rapid resource development and economic growth. On the recommendation of the 2006 report of the Expert Panel on Equalization and Territorial Formula Financing, the 2007 federal budget made significant changes to the Territorial Formula Financing (TFF) arrangements,¹⁹ but some of the more fundamental problems have not been resolved.

As James P. Feehan documents in his chapter, these TFF transfers are very large and represent a correspondingly large proportion of the territories' total

revenues: the per capita transfers for 2008-09 and the share of the territories' overall revenues are as follows: Yukon — \$18,166 (64.5 percent), NWT — \$18,704 (65.4 percent), Nunavut — \$30,265 (81.2 percent). Given that the largest provincial Equalization transfer is under \$2,500 per capita (for Prince Edward Island), and that Ontario's overall per capita revenues (as projected for 2008-09 in its 2008 budget) are less than \$8,000, these TFF transfers are indeed large. Not surprisingly, perhaps, this has led to concerns about whether the territories are, in effect, not much more than fiscal wards of the federal state and whether this degree of transfer dependency is more likely to hamper rather than enable the prospects of northerners.

The concerns with respect to the magnitude of the transfers need to be examined more closely. The first point to note relates to the primary difference between Canada's two approaches to horizontal fiscal equity — Equalization and TFF. While both programs are conceived to address the gap between “expenditure needs” and “revenue means,” the formal Equalization Program implicitly assumes that expenditure needs are identical, in per capita terms, in all provinces. In sharp contrast, the operating assumption of TFF is that per capita expenditure needs differ dramatically north and south of 60 and among the territories themselves; hence the critical importance of the gross expenditure base (GEB) in determining TFF transfer payments.

The GEB is intended to reflect the level of revenues needed to provide territorial citizens with public goods and services that are reasonably comparable to those available to people south of 60. Indeed, the first task of the Expert Panel on Equalization and Territorial Formula Financing in assessing TFF was to address the unique factors affecting the territorial GEBs, including faster population growth than in the rest of Canada; greater geographical dispersion and isolation; high health care costs and poor outcomes; important social challenges; and deficiencies in education, infrastructure and housing. The panel's conclusion was that the GEBs needed to be (and later were legislated to be) larger for all three territories than a continuation of their historical trajectories would have delivered, and that a more in-depth analysis was needed for Nunavut in order to ensure that its GEB was adequate. All of this is consistent with the Equalization provisions of our Constitution, namely, that access to reasonably comparable public goods and services at reasonably comparable levels of taxation is the right of all citizens, no matter where they may reside. These public goods and services just happen to cost a great deal more to produce and deliver north of 60.

Second, the high levels for TFF transfers to the territories might be interpreted as indicating that they are economic laggards. However, in terms of per capita

GDP, this is certainly not the case. The result of the combination of significant mineral development, on the one hand, and a small population, on the other, is that the NWT has a per capita GDP of \$97,923. This is by far the highest in Canada. Alberta comes a distant second (at \$69,789), while Yukon has the third-highest (\$51,154), Nunavut ranks eighth, and Prince Edward Island has the lowest (\$31,278) (Statistics Canada 2007). Given the potential energy/resource endowments north of 60, under an “Arctic race” scenario the resulting per capita GDPs, especially in the NWT and Nunavut, could easily be an order of magnitude higher than that of the lowest province. And Yukon would not be far behind if offshore energy resources were assigned to it.

Third, Ottawa derives significant revenues from resource development in the territories, and these revenues would obviously escalate sharply if new large-scale projects came to fruition. In terms of per capita federal revenues and transfers by province/territory, looking at the NWT (the territory where most mineral development is occurring at present), the federal government received \$16,721 per capita in revenues from the NWT for 2004. Alberta is the next largest source of revenue at \$7,927 per capita, followed closely by Yukon and Ontario (West 2007). More to the point, the amount of TFF transfer received by the NWT for fiscal year 2004-05 was \$678 million (Expert Panel 2006, 25), or \$15,658 per capita, which is less than the \$16,721 per capita that Ottawa collects in revenues from the NWT. To be sure, Ottawa transfers other monies besides the TFF to the NWT, just as it provides other payments to the provinces (for example, through the Canada Health Transfer). Nonetheless, this casts quite a different light on the true extent of transfer dependency.

The fourth point relates to what is now the obvious question: If GDP in the NWT is so large and if Ottawa gets so much money from NWT resource development, why is the TFF transfer for the NWT still so high? The reason is that territories do not have anywhere near the access to the incomes/revenues generated within their borders that the provinces or Ottawa have. This is partly because the expenses associated with northern resource enterprises (transporting workers and machinery, capital expenditures and depreciation, infrastructure spending) are very high and, therefore, reduce profits and in turn territorial corporate income taxes collected per unit of output or GDP. Moreover, because the NWT and Nunavut have not signed resource devolution agreements with Ottawa, the royalties flow to the federal government rather than to the two territories. And while much is typically

made of the fact that Yukon has a resource devolution agreement, the reality, as Feehan points out, is that the agreement excludes offshore resources, and the “associated revenue-sharing arrangements are quite ungenerous.”

Fifth and finally, the territories get precious little in income tax revenues from the many “fly-in” workers in the territorial resource enterprises: rather, the provincial component of these workers’ personal income tax is paid to the province where they reside on December 31, and one presumes that most of the spending of these fly-in workers is also undertaken in their home provinces. Overall, since Ottawa ensures that the territories do not receive much own-source revenue from resource development, it must therefore fill the resulting gap between a territory’s GEB and revenue with a correspondingly higher TFF transfer. Based on the above analysis, the level of TFF transfers reflects, to a considerable degree, the federal government’s decision to constrain the territories’ ability to access own-source revenues.

The existing arrangements are obviously problematic on economic grounds because the territories are not the principal fiscal beneficiaries of their economic development decisions, and on political grounds because they effectively force the territories to plead for federal dollars and thus appear to be wholly transfer dependent when they are, or certainly will be, anything but.

This should matter to the federal government on equity, efficiency and strategic grounds. The equity issue is captured by what Van Loon calls the “ultimate objective” of the territorial governments, namely, “full provincial powers and seats of completely equal status at the table of Confederation.” Creative as Canada’s approach to northern governance has been, there is not much evidence of equality with the provinces when it comes to natural resource devolution and other fiscal issues. For instance, given that the federal government has allowed two Atlantic provinces access to offshore resource revenues, it is hard to deny this to the territories. In this context, Nunavut is a most interesting case. For purposes of establishing Canadian sovereignty, the federal government argues that the Arctic waterways are in effect part of Nunavut’s “internal” waters, while claiming at the same time that any oil and gas found in these same waters constitute “offshore” resources. Another fiscal issue relates to the question of fly-in workers. One of the possible compromises might go as follows: Since the territories are not accorded the full fiscal privileges of provinces, there is less reason that they should be bound by south-of-60 fiscal arrangements that will clearly work against them. Specifically, why not allow the territories to collect the territorial personal

income taxes for fly-in workers, on the one hand, and, on the other, have Ottawa and the provinces agree that these territorial taxes will be a credit against any provincial taxes owing under the existing December 31 residence regime. This would be a much better avenue for capturing some income from the thousands of fly-in workers than the present 2 percent NWT payroll tax, which also applies to residents and thereby limits the NWT's ability to implement an appropriate territorial income tax.

As a bridge between equity and efficiency issues relating to resources, it is convenient to focus on within-territory resource revenue implications. Consider Nunavut, although what follows also has implications for the NWT. In a recent article, the Nunavut Economic Forum described the issue of the split in mining royalties between the Nunavut government and NTI as follows:

Article 25 of the NLCA [Nunavut Land Claims Agreement] stipulates that 50 per cent of the first \$2 million and 5 per cent of all additional royalties generated on Crown Land are to be transferred to Nunavut Trust. Additionally, the Mary River iron deposits, as with the deposits of all six mining prospects discussed earlier, are on land where the Inuit own subsurface rights. In these cases, NTI receives royalty payments directly under a far more lucrative schedule that amounts to 12 per cent of net profits from operations. The government of Nunavut, even under a complete devolution agreement, holds no title to these lands and therefore will receive none of the royalty revenues generated from them. (Nunavut Economic Forum 2008, 72)

The report does note that the Nunavut government would get the fiscal benefits of the wages-and-salaries and corporate-profits components of the development (subject to earlier observations on the taxation and spending of fly-in workers and the 70 percent TFF clawback of additional own-source revenues). Nonetheless, one of the key issues at stake here is the role of the public government of Nunavut, which has limited revenue capacity, in providing territorial-based public goods and services when Inuit governing bodies are becoming increasingly wealthy as a result of investing their compensation funds and receiving revenue from resource development on their lands. This challenge could be even more significant if future resource development led to a sizable migration of non-Inuit into Nunavut, a situation that could further accentuate the tensions between the Nunavut government and NTI.

The efficiency argument is straightforward. If maximizing territorial revenues associated with resource development is effectively ruled out, then the territories will seek other criteria for making decisions relating to development,

such as imposing resident employment and training conditions, requiring companies to undertake major infrastructure initiatives and utilizing the regulatory process to tilt benefits in their direction. Northern economic development already faces enough challenges on the governance/regulatory front without further diverting firms from pursuing market incentives.

Finally, on the strategic front, the federal government's decision to not devolve more resource revenues to the territories may well prove very costly, especially in light of the equity and efficiency issues noted above. In particular, as the *Mayer Report on Nunavut Devolution* notes, Nunavut's demands for resource devolution go well beyond the Yukon model and comprise not only full fiscal devolution along provincial lines, but also full management and oversight of resources, including the transfer of responsibility for human resources and physical infrastructure (Mayer 2007). It might have been wise if Ottawa had embarked earlier, even unilaterally, on an initial program of resource devolution as a way to address the various equity and efficiency issues related to territorial development. The trump cards would now seem to be more in Nunavut's hand. In any event, aspects of the preceding analysis will presumably be given serious consideration by Bruce Rawson, the chief federal representative, during the review of Nunavut devolution.²⁰

Looking to the Future

THE LAST GENERATION OF ABORIGINAL AND NON-ABORIGINAL NORTHERNERS WORKED hard, in collaboration with southern political leaders, to develop major constitutional and legislative changes that were subsequently adopted by Parliament and the territorial legislative assemblies. As a result, the political map of northern Canada was redrawn, traditional political institutions were linked to newer concepts of governance, new systems of land stewardship and public decision-making were invented, and standard operating procedures for resource development companies were transformed. The overall intent was to ensure a healthy and democratic way of life for all of the North's residents, commensurate with that afforded other Canadians. Moreover, all this was achieved peacefully, through compromise, focus and determination. It would be tragic indeed if, in the wake of these enormous achievements, northern communities themselves failed to flourish.

It is evident that the future of Canada's northern regions is closely tied to the well-being of its residents and the strength of its communities. The gaps in life chances between Canadians in general and many northerners, particularly Aboriginal peoples, are deeply unsettling and unacceptable. Social well-being must be an integral part of a northern policy framework. This will require, among other things, significant improvements in the stock and quality of housing and improvements to health care. Broad-based measures to reduce the alarmingly high rates of suicide, particularly among young men, are urgently needed. In addition, basic education levels must be raised and new opportunities provided for post-secondary learning. This is a daunting task that needs to be undertaken by northerners themselves but that will also require the sustained collaboration of all the government bodies involved. As Nellie J. Cournoyea reminds us in her commentary, "The North is at a different stage of development from southern Canada." Both she and Doug McArthur convincingly argue that this reality needs to be taken into account in all decisions related to northerners' efforts to build capacity and pursue self-sufficiency.

Canada is a wealthy country and we have the capacity to study and learn from our own experiences and those of other nations around the North Pole. Recent scholarship has demonstrated the value of comparative circumpolar research, although thorough analysis that can link policy interventions with social and economic outcomes has barely begun (Poppel et al. 2007). Such work would be quite valuable as northerners and the circumpolar countries of which they are a part prepare to cope with the twin pressures of global warming and accelerated industrialization of the North. To advance this type of research, dedicated international funding programs and a northern-based university system (as Poelzer recommends) are needed. In addition, research initiatives must include a human development component, as was the case in the 2007-08 International Polar Year.

Huge progress on Aboriginal self-government has been made through the host of modern treaties signed in Canada's northern regions since 1975 (see McArthur, White, and Rodon and Grey in this volume). In light of the scale of these changes, it is understandable that certain difficulties concerning implementation have emerged. A number of participants in this research project consider that it is unsatisfactory that one ministry, Indian and Northern Affairs Canada, should be almost solely responsible for treaty implementation. In their view, the federal government needs to adopt a more horizontal approach. On this, we agree.

We also believe the Government of Canada should undertake an in-depth study, supported by a consultative process, to address calls for greater flexibility and adaptation in the implementation of modern treaties; the study should explore practical measures, including a policy statement or guidelines, and the merits of companion agreements.²¹

A number of major issues will affect future economic development in Canada's North. One of these is the regulatory environment in the territories, which has become highly complex. In part this reflects the increase in the number of actors involved in various consultation and approval processes in the lead-up to the actual launch of projects. Some believe the territories' public governments do not have sufficient authority — at least in practice — to adjudicate among competing interests and chart the way forward in reasonably expeditious ways. The various governments and organizations involved must move beyond defending their particular interests in order to develop, and act on, a shared vision of sustainable development for their communities and regions.

Another major concern is the way that the benefits of northern development, particularly in the resource sector, are shared — or, rather, not adequately shared — with northern residents. As we have demonstrated here, the territories are perceived as being more dependent on transfer payments from the federal government than any of the provinces that receive equalization. While there is certainly a national interest in resource development in Canada's northernmost regions, there is a strong case, on both political and economic grounds, for allowing the territorial governments a greater capacity to raise own-source revenues than they do at present. Finding a satisfactory accommodation will not be easy, but the federal government should demonstrate a renewed commitment in this regard. A more equitable sharing of wealth with the territories would not only be consistent with the various transfers of authority that have taken place over the past three decades, but would also underpin the actions necessary to strengthen human capital and the vitality of northern communities. Finally, there is a need for a new vision of balanced economic development led by the people who live in the North. In this regard, a clear, empirically based understanding of how community economies work is needed in order to help inform an approach to development that strikes a balance between that dimension and more conventional approaches to northern economic development.

As we have underlined here, a new northern policy universe must not only take account of global environmental and geopolitical trends but also provide a

broader, more comprehensive framework for action in a number of areas of public policy and governance. Above all, it should focus more closely on the future well-being of northerners and their communities and ensure they do have greater control over their destinies. While we do not claim to have presented a complete agenda for reform, we have highlighted several issues that require serious attention.

In concluding, it is appropriate to return to Rob Huebert's comment, quoted at the outset, that the Arctic is facing a transformation of epic proportions. Climate change and melting sea ice are transforming our traditional vision of the Arctic as Canada's northern frontier and its people as guardians of our northern sovereignty. Progressively, the Arctic will find itself at the crossroads of the interplay of international economic and geopolitical interests involving many of the world's political powers. Northerners' relationships with south-of-60 Canadians will likewise evolve as they become more fully engaged in new geo-economic and political realities and opportunities. We hope that this volume not only serves to document this dramatic "Northern Exposure," but also contributes to the ongoing discussion about the social, economic and governance changes required to strengthen the peoples, powers and prospects of Canada's North.

Appendix

Recent Federal Government Commitments in the North

	Schedule	Budget
Sovereignty		
Expansion of the Canadian Rangers program from approximately 4,200 to 5,000	2008-09 to 2028-29	\$240 million
Acquisition of eight new Arctic/offshore patrol vessels and building of a deepwater Arctic docking and refuelling facility in Nanisivik, Nunavut	2008-09 to 2033-34	\$7.4 billion
Complete mapping of the underwater continental shelf to meet 2013 United Nations Commission on the Limits of the Continental Shelf deadline	2008-09 to 2012-13	\$40 million
Construction of a new Polar-class icebreaker ¹	By 2017	\$720 million
Amend regulations to make reporting by ships in Arctic mandatory under NORDREG and to extend its application to-200-nautical-mile limit	2009	–
Environmental protection		
International Polar Year research focused on climate change impacts, including the human dimension	2007-08 to 2013-14	\$156 million
Conducting feasibility study for the establishment of a world-class Arctic research station	2009-10	\$2 million

Appendix

Recent Federal Government Commitments in the North (cont'd)

	Schedule	Budget
Land set aside to expand Nahanni National Park (Northwest Territories)	Announced August 8, 2007	–
Amending the <i>Arctic Waters Pollution Prevention Act</i> to allow Canada to regulate all shipping and enforce environmental laws up to 200 nautical miles (from the present 100 miles) offshore	Bill C-3 introduced January 28, 2009	–
Economic and social development		
Initiatives related to proposed Mackenzie Gas Project	2009-10	\$37.6 million
Mackenzie Gas Project impact fund	Once project approved	\$500 million
Northern Regulatory Improvement Initiative to respond to mounting development pressures	Neil McCrank submitted a report on May 20, 2008	–
Accelerating construction of a commercial fishing harbour in Pangnirtung, Nunavut, to support the emerging commercial fishery in that territory	2008-09 to 2010-11	\$25 million
Geological mapping, primarily in the North, to support the exploration and development of mineral resources	2008-09 to 2010-11	\$134 million
New regional economic development agency for the North	2009-10 to 2014-15	\$50 million a year

Appendix

Recent Federal Government Commitments in the North (cont'd)

	Schedule	Budget
Strategic investments in northern economic development programs	2009-10 to 2014-15	\$90 million
Additional funding for affordable housing in the territories	2006-07 to 2011-12	\$500 million
Extending for one year the 15 percent Mineral Exploration Tax Credit to help companies raise capital for mineral exploration	2009-10	
Improving Internet/broadband service in the Northwest Territories and Nunavut	2009-12	\$36 million
Infrastructure (Building Canada Plan)	2007-14	\$175 million to each territory
Arctic Research Infrastructure Fund	2009-11	\$85 million
Governance		
Increasing funding for Territorial Formula Financing for territorial governments	2006-07 to 2008-09	\$195 million (total for three fiscal years)
Strengthening the Nunavut government's financial management capacity	2007-08	\$28 million
Signing of Nunavut Protocol Agreement on devolution	September 5, 2008	–
Bruce Rawson appointed as chief federal representative for Nunavut devolution	January 15, 2009	

Source: Compiled by authors from federal budget documents (2006-09) and official announcements.

¹ Prime Minister Harper announced on August 28, 2008, that the new icebreaker, to be named after former prime minister John G. Diefenbaker, would replace the *Louis S. St-Laurent*, which is expected to be decommissioned in 2017. The new icebreaker will have greater icebreaking capabilities than any other vessel currently in the Canadian fleet.

Notes

- 1 One well-regarded international publication even suggested the Arctic could become the theatre for a new Cold War (*Courrier international* 2008).
- 2 In 2006, the aggregate population of the three territories, Nunavik and Nunatsiavut was 114,539.
- 3 The increased melting of sea ice means polar bears have a shorter period for feeding on the ice, particularly to catch seal pups, in order to put on fat for the months when they have to live onshore. In 2008, the United States listed the polar bear as threatened under its *Endangered Species Act*. Inuit spokespeople have noted that the polar bear population in Canada has increased from about 8,000 in the early 1970s to the current estimate of about 16,000 (Bird 2009).
- 4 See, in particular, the first section (“The Changing North”) of Rob Huebert’s chapter.
- 5 National Snow and Ice Data Center (2008), National American Spatial Agency (2008), National Snow and Ice Data Center (2007). T. David Barber, who participated in a 15-month Arctic scientific expedition, predicted in December 2008 that the Arctic would be free of multi-year ice in the summer by 2015 (in Séguin 2008). Research led by Wieslaw Maslowski of the Naval Postgraduate School in California has predicted that by summer 2013 there will be no ice in the Arctic other than a few outcrops on islands near Canada and Greenland (in McKie 2008).
- 6 See the section of Huebert’s chapter titled “Current Canadian Action”; and Coates et al. (2008, 169-87).
- 7 In a speech in January 2009, the NATO Secretary-General, Jaap de Hoop Scheffer, called on the four NATO countries with Arctic coasts, as well as Russia, to prevent the region from becoming a source of division (Boswell 2009); see also Young (2008, 81).
- 8 The Minister of Foreign Affairs and International Trade recently indicated that Canada intended to play a leadership role in Arctic affairs and that he plans to meet the other members of the council “to further engage them on the challenges and opportunities unfolding in the Arctic” (Foreign Affairs and International Trade Canada 2009).
- 9 Young and Bjerregaard (2008); see Frances Abele’s chapter in this volume for more detail.
- 10 The endangered languages are Tlingit (in Yukon), Kutchin-Gwich’in (Northwest Territories [NWT] and Yukon) and North Slave or Hare (NWT). A measure of the vitality of a language is its “continuity index” — a ratio that compares the number of people who speak it at home with the number of people for whom it is their mother tongue. A continuity index of under 100 is considered to indicate some decline in the strength of the language. For northern languages, the continuity index in 1996 ranged from a high of 86 for Dene and Inuktitut, to a low of 24 for Kutchin-Gwich’in (Norris 1998).
- 11 For example, it is estimated that Nunavut, with a population of just over 30,000, requires nearly 3,000 new housing units to approach national standards and an additional 270 new units a year to keep up with the population increase. There has been some recognition of this need in recent federal budgets, which allocated \$300 million for housing in the three territories in 2006, and another \$200 million over two years in 2009 (divided unequally, with Yukon and the NWT each receiving \$50 million, and \$100 million being transferred to Nunavut). Although substantial funding (\$400 million) was earmarked for housing on reserves, there was no new money for housing in Nunatsiavut or Nunavik.
- 12 Fourteen Inuit and public government bodies, including Chuck Strahl, the Minister of Indian Affairs and Northern Development, signed the Inuit Education Accord, which, Simon said, would push for Inuit-friendly curricula.
- 13 The agreement with the Tlicho, concluded in 2003, provides for self-government.

According to Doug McArthur, the Tliche treaty “is considered state of the art — the template for future settlements in the NWT.”

- 14 In March 2009, the coalition released a “model national policy” on land claims agreements (Land Claims Agreement Coalition 2009).
- 15 In 1978, the Naskapi First Nation signed a parallel agreement and joined the institutions established by the 1975 agreement.
- 16 In this context, Irlbacher-Fox and Mills note that, although the dispute resolution provisions of the Yukon self-government agreements were used on one occasion, the federal government has declined to participate in the dispute resolution process provided for in the Nunavut and Gwich’in land claims agreements.
- 17 The agreement, valid for 50 years, provides for joint jurisdiction by the Quebec government and Cree in the seven municipalities of James Bay and surrounding territories. In exchange, the Cree gave their consent to hydroelectric development of the Eastmain and Rupert Rivers by Hydro-Québec.
- 18 In 2006, 25.1 percent of the Yukon population was Aboriginal (according to the Aboriginal identity measure used by Statistics Canada).
- 19 As Feehan notes, the reworked TFF reverted to its earlier formulation of “filling the gap” between what might be termed a territory’s expenditure needs and its revenue means. The former is defined in terms of a gross expenditure base (GEB) adjusted annually for a territory’s population growth rate and the average growth rate of provincial government spending. From this GEB one subtracts a territory’s revenue means, defined as 70 percent of its own-source revenue capacity (where this revenue capacity is calculated on the basis of the seven largest territorial revenue sources). The difference between a territory’s GEB and 70 percent of its own-source revenue capacity is its TFF transfer. This means that for every dollar of additional revenue capacity, a territory’s transfer falls by 70 cents.

- 20 Rawson’s appointment was announced on January 15, 2009 (Indian and Northern Affairs Canada 2009).
- 21 A companion agreement would not re-open the original treaty but, as with the Paix des Braves, would modify the application of certain of its provisions in light of changes in circumstances and needs since its signing.

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