



View over Happy Valley, Iqaluit, Nunavut, Canada  
Photo courtesy of Anthony Specca

# Making Nunavut a Full Partner in Canadian Confederation

**Anthony Specca**

## **Policy recommendations**

- Canada should match its political vision for Nunavut—as a socially healthy and economically vibrant partner in Canadian Confederation—with a long-term fiscal roadmap for achieving true human security and development there. Without this fiscal commitment, the political vision cannot be achieved.
- In particular, Canada should urgently undertake a systematic assessment of the true cost of providing adequate public services in Nunavut, including the necessary infrastructural base to improve living standards and boost business investment and activity. Canada should then recalibrate its fiscal support for Nunavut on the basis of that assessment.
- Canada should also devolve control of public lands and resources to Nunavut as soon as possible, including a meaningful share of the royalties generated.

## Overview

Canada is well known as a world-leader in human well-being. Ever since the launch of the UN Human Development Index (HDI) in 1990, Canada has ranked among the world's top ten countries in every single year except one. But though Canadians can take a just pride in their country's achievement on the global stage, it nevertheless masks grave concerns at home.

In the Canadian North, particularly in Canada's Arctic territory of Nunavut, this high standard of human development is conspicuously lacking. On most socio-economic indicators—health, education, housing, poverty, food security, crime, suicide and so on—Nunavut lags national standards, in some cases to a shocking degree. While Canada's HDI has long been one of the highest in the world, Nunavut ranks alongside Occupied Palestine and Paraguay with respect to health and educational outcomes.

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How could one of the world's wealthiest countries have come to this? One part of the problem is the obstacles that have been thrown in Nunavut's

path. To take but one example, the 1983 European ban on seal products wiped out 60 percent of community income in what is now Nunavut, dealing its majority Inuit people an economic blow from which they have not yet entirely recovered. Another is the high cost of living—two to three times that of southern Canada—and the huge gaps in basic communication, transportation and energy infrastructure that make Nunavut an unattractive place to invest and do business.

Nunavut has made great strides in the face of these challenges. Thanks to a 1993 agreement with the Canadian government recognizing their indigenous rights, the Inuit of Nunavut have won a separate territorial government, co-management of environment and wildlife, a say over the pace and scope of development, and unqualified ownership of hundreds of thousands of square kilometres of mineral-rich land. Inuit are now lawyers, teachers, politicians, business executives, accountants and pilots. All the same, Canada has still not fully lived up to its responsibility to help the new territory of Nunavut flourish.

## Nunavut—still Canadian national space?

One of the fundamental principles of Canadian Confederation is that its citizens are entitled to comparable levels of public service at comparable levels of taxation no matter where in Canada they live. In Nunavut, like elsewhere in Canada, the territorial government provides most public services. Nunavut's government uses virtually

all the same tax-raising powers as any other Canadian jurisdiction to fund these services, but its exceedingly narrow tax base means it must rely on federal grants for around 90 percent of its budget.

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However, as lagging socio-economic indicators manifestly show, these grants are insufficient to fund comparable public services in Nunavut. In fact, Canada has never based the level of its fiscal support for Nunavut on any systematic evaluation of the real cost of delivering public services there. Canada has also never fully committed to closing the gaps in Nunavut's public infrastructure.

Rather, Canada's major block grant to Nunavut is ultimately still based on what Canada was originally willing to spend on the North in the early 1980s. During the last major review of Canadian fiscal arrangements in 2006, the federal government's own expert panel questioned the adequacy of this approach. They called on Canada to undertake an urgent and detailed analysis of true public spending need in Nunavut—a call that has gone unheeded.

Moreover, Canada has retained control of the lands and mineral resources in Nunavut that it did not transfer to Inuit under the 1993 agreement—more than 80 percent of the territory in total. Canada will

receive all royalties from any mineral development on these lands—royalties that could flow instead to Nunavut to help bolster its own fiscal capacity. Indeed, Nunavut is the only jurisdiction in Canada whose citizens lack control of publicly owned lands and resources.

These two factors—insufficient federal support and persistent federal control—suggest that Canada continues to view Nunavut as primarily national space. Nunavut's resources are to be developed to benefit Canadians generally, and Canada intends to spend as little as politically possible on public services and infrastructure there.

## The moral dimension of Confederation

Simply spending more government money in Nunavut is not a cure-all. There is a role for private-sector investment and activity in Nunavut, where jobs are scarce yet nearly a third of the population is under 15 years of age. Nunavut's own government must also set clear priorities and deploy limited resources prudently. But Nunavut's government cannot foster a healthy society without adequate federal help, and the private sector cannot build a growing economy without an adequate infrastructural base and a well-educated labor force.

In 2009, Canada published a vision for Nunavut as a socially healthy and economically vibrant partner in Canadian Confederation. However, Canada has failed to match this political vision with a fiscal roadmap for achieving it. As a result, the people of Nunavut still lack public services comparable to

those their fellow citizens in southern Canada enjoy, and Canada's claim to top the league-tables of human development can ring hollow in many of the territory's communities.

This is a moral failure as much as a political or economic one. As citizens of Canada, the people of Nunavut simply deserve better. Like any moral failure, it requires a change of mindset in the way Canada thinks about Nunavut, and not merely a suite of technical solutions.

With their stunning recent election victory over the

Conservatives, Prime Minister Justin Trudeau's new Liberal government may now have the chance to change Canada's mind. Prime Minister Trudeau has already sent a strong signal by appointing Nunavut MP Hunter Tootoo as Minister of Fisheries and Oceans. He should now direct his government to take the necessary steps to make Nunavut a full partner in Canadian Confederation, starting along the lines of the policy recommendations above.





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