



*Nunavut
Economic Development
Strategy*

Building a Foundation for the Future



Statement from the Co-chairs

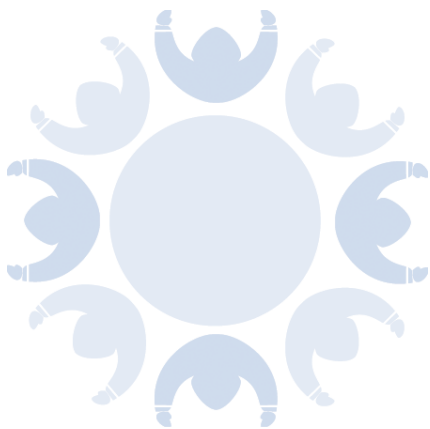


Working Together

The Nunavut Economic Development Strategy has been prepared by a broad coalition of government, Inuit organizations and non-governmental and private sector groups. We share a common desire to see Nunavut build a solid foundation for economic development and growth. We believe that Nunavummiut need strong community and territorial economies to attain the goal all societies seek: “a high and sustainable quality of life.” Recognizing that Inuit comprise 85 per cent of Nunavut’s population, we are determined to achieve this fundamental goal without compromising the unique

culture, values and connections to the land that have supported Inuit society over countless generations.

We recognize that no organization by itself can make significant progress in this direction. Accordingly, we are determined to work together so that our respective human, organizational and financial resources are focused in areas of common commitment. The Nunavut Economic Development Strategy is the first result of this co-operative effort. Our Strategy is intended to point to the areas where we will focus our collective resources. We believe that this Strategy guides investment in a





Statement from the Co-chairs

balanced way. It aims to develop an economy that serves our future needs and incorporates knowledge gained from the past.

On April 1, 1999, in accordance with the terms of the Nunavut Land Claims Agreement, Nunavut became a new political jurisdiction within Canada's federation.

In the first year of its existence, the Government of Nunavut agreed on a vision for the Territory and to identify priorities for action in the first five years. *The Bathurst Mandate* documented these decisions, including a commitment to prepare an economic strategy for Nunavut.

In September 2001 Cabinet met at Repulse Bay (Naujaat) to explore specific directions for a Nunavut Economic Development Strategy. Through *The Naujaat Challenge* that emerged from that meeting, public consultations were undertaken and a series of background papers were prepared.

In a complementary effort, Nunavut Tunngavik Inc. sponsored the *Piliriaksaliuqatingiukniq Conference* at Gjoa Haven in June 2002. This conference helped identify common ground and priorities for Nunavut's

economic development. In response to a proposal from Nunavut Tunngavik Inc. to collaborate on developing a collective territorial strategy, Cabinet agreed to initiate with them the Sivummut Economic Development Strategy (SEDS) process. The SEDS Group and Steering Committee were asked to lead this territorial effort. Membership of the SEDS Group encompasses the full range of organizations engaged in Nunavut's economy.

In March 2003, the Sivummut II Economic Development Strategy Conference was held in Rankin Inlet. Taking its name from a previous conference held in Rankin Inlet in 1994, this meeting provided clear direction on how the Strategy should focus collective resources. The Strategy set out here is based on the ideas generated through these processes. It reflects a broad consensus on the direction needed for Nunavut's economic development.

With many of the goals and actions in the Nunavut Economic Development Strategy, we have set our sights high. A number will require resources that are not

currently in hand. Some may argue that building ambitious activities into our Strategy is risky. We believe, however, that these goals and actions are necessary for Nunavut's economic growth. We think that they are attainable - if we use our resources wisely, and make a solid case for outside investment.

Some of the ideas contained in this Strategy will be familiar. What is new is that all the major participants and sectors in Nunavut's economy share the principles, directions and priorities. This creates a powerful basis for moving ahead - for collaborating and preparing the detailed work plans needed for implementation. These work plans will be developed in the coming months.

The Honourable Olayuk Akesuk
Minister
Sustainable Development
Government of Nunavut

Paul Kaludjak
Vice-president, Finance
Nunavut Tunngavik Inc.



The Sivummut Economic Development Strategy Group



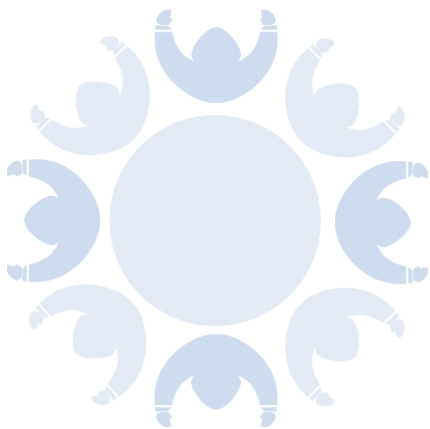
The Sivummut Economic Development Strategy (SEDS) Group consists of more than twenty-five Nunavut-based organizations and institutions, plus the Federal Government. As members of the SEDS Group we have agreed to collaborate on an economic development strategy for Nunavut.

The need to work co-operatively on economic policy for Nunavut was emphasized in the *Nunavut Economic Outlook: An Examination of the Nunavut Economy*, a study prepared by the Conference Board of Canada (May 2001), which argued that “further collaboration will be required that involves setting specific objectives for action and moving beyond general agreement on common principles.”

The SEDS Group recognizes that the challenges Nunavut faces in developing its economy are significant. We understand there are no easy answers or quick fixes to the challenges at hand.

We also recognize that considerable progress has been made, and continues to be made, in the development of our economy. It is our goal to continue the good work and progress already achieved by past governments, the private sector, and non-governmental organizations.

This is the first economic development strategy by Nunavummiut, for Nunavut, and so it has been important that in its preparation, that we build the level of organizational co-operation, familiarity and trust.





The Sivummut Economic Development Strategy Group

This Strategy will focus on our collective efforts to advance Nunavut's economic development. We will need to continue to work together and foster collaboration to carry through on the actions this Strategy requires.

The members of the SEDS Group listed below are committed to working together on the development of the Nunavut economy. We have agreed to identify within our own organizations the areas where we can contribute to the implementation of this Strategy. We have committed to participate, with the other member organizations, in preparing the detailed work plans necessary for implementation.



- Arctic Co-Operatives Limited
- Atuqtuarvik Corporation
- Baffin Region Chamber of Commerce
- Government of Nunavut
- Indian and Northern Affairs Canada
- Iqaluit Chamber of Commerce
- Kakivak Association

- Kitikmeot Corporation
- Kitikmeot Economic Development Commission
- Kitikmeot Inuit Association
- Kivalliq Chamber of Commerce
- Kivalliq Inuit Association
- Kivalliq Partners in Development
- Kugluktuk Chamber of Commerce
- Nunavut Arctic College
- Nunasi Corporation

- Nunavut Association of Municipalities
- Nunavut Employees Union
- Nunavut Federal Council
- Nunavut Research Institute
- Nunavut Tunngavik Inc.
- Qullit Nunavut Status of Women Council
- Qikiqtani Inuit Association
- Qikiqtaaluk Corporation
- Sakku Investment Corporation



Executive Summary



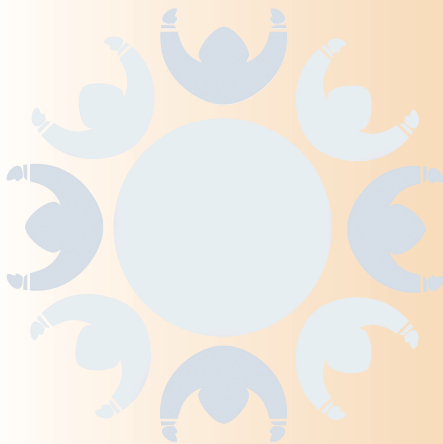
The Need for a Strategy

The central case made by the Nunavut Economic Development Strategy is that economic growth is necessary if Nunavummiut are to advance development, and attain what the Conference Board of Canada has described as the basic goal of any economic development strategy: “a high and sustainable quality of life.”

The Nunavut economy has excellent prospects for growth. The mining industry, fisheries, tourism and the arts and cultural industries expect significant development over the next decade. This growth will be necessary to meet the demands of Nunavut’s rapidly expanding working age

population. A growing economy will ensure that everyone can have a livelihood and play a productive role in his or her community.

At present the Nunavut economy is still in a developmental stage. Physical infrastructure is limited, the workforce is under-skilled, essential services are under-developed. Government is by far the largest component of all economic activity. Although Inuit family and community ties are very strong in Nunavut, some of the most important supports underlying successful modern economies are under great strain, like the health and schools systems.





An economic development strategy for Nunavut must recognize that in developmental terms the Nunavut economy is far behind other jurisdictions in Canada. Nunavut still has to put almost all the economic fundamentals in place before it can have a thriving, diverse, business – and community – driven economy. This Strategy points to the economic and social fundamentals we need for economic growth.

The Strategy provides a very important starting point for answering business and economic development questions. It sets out a broad strategic direction and a number of specific priorities for the coming decade. An over-all work plan and specific sector work plans with budgets, timelines and assigned concrete tasks will be devised over the next two years. These plans will also address such important investment issues as the stability of the regulatory regime, the business climate, and commitments to infrastructure development.

Many of the goals and actions in the Nunavut Economic Development Strategy are ambitious; some require resources we do not currently possess. Although this approach might be questioned, we believe that all the goals and actions we

have outlined are necessary for Nunavut's economic growth. We also believe these goals can be attained by using our resources wisely and making a solid case for outside investment.

Broad-Based Co-operation

The Strategy has been developed by a very diverse group of organizations that have come together as the Sivummut Economic Development Strategy (SEDS) Group. Each SEDS Group partner contributes to the economy in a significant way.

The members of the SEDS Group share a desire to work toward a strong economic future for Nunavut, and are committed to implementing the Strategy. Each organization has agreed to identify areas where they can contribute during implementation. Each will also prepare a detailed work plan to guide implementation.

The importance of this collaboration cannot be overstated. The SEDS Group is unique in Canada in its attempt to bring all significant elements of the economy to the discussion table. SEDS Group members have stated that the

existence of this partnership is in itself the first step towards implementation of a full strategy. Having all key players identified and committed at the start is a crucial ingredient to the success of the strategy and to the long-term well being of Nunavut.

Guiding Principles

Through the consultation process the SEDS Group came to agree on a set of principles to guide thinking about the Strategy. These principles are:

- **Cultural integrity** - preserving the primary relationships and values that come from Inuit Qaujimagatuqangit;
- **Determination and realism** - recognizing our limits and building on strengths;
- **Community control** - placing control of economic development in the hands of community members;
- **Co-operation and co-ordination** - integrating economic development activities with community efforts in the areas of community wellness, community learning and community governance; and,





- **Sustainability** - building sustainable economies to benefit future generations.

Prospects for Growth: Economic Sectors

This Strategy begins with a conventional analysis of the main sectors of Nunavut's economy. Three sectors offer excellent prospects for large-scale economic growth: minerals, fishing, and tourism. All three offer possibilities to build community assets in the form of training, jobs, and business opportunities. Another important sector for growth will be the small and Inuit business sector. Other vital sectors – harvesting, sealing, and the arts economy – have grown out of the traditional Inuit economy. These sectors offer most communities the chance to develop an economic base while at the same time maintaining contact with Inuit traditions.

The Strategy describes the role of the public sector in the Territorial economy. While this sector is now by far the most dominant in the economy, its relative importance is expected to decline by the end of the decade, as growth expands in other economic sectors.

Challenges

One of the guiding principles of the Strategy is that we must be realistic. Included under this principle is the necessity to appraise the shortcomings and challenges of the economy as it stands right now. The challenges to economic growth have been summarized in four main categories:

- **Rapid population growth and limited employment prospects**
 - Nunavut has the youngest population in Canada, with those less than 25 years of age making up more than half of all our people; the average unemployment rate including people who have stopped looking for work, is 27.2 per cent of the working age population, and in some communities exceeds 50 per cent.
- **Declining rates of growth in government spending**
 - While the Government of Nunavut's budget will continue to grow incrementally over the next decade, the rate of growth will lag behind the pace needed to adequately stimulate the economy.

- **A struggling Inuit and small business sector** – Recent studies have emphasized the frailty of the Nunavut-based private sector, with its high overheads and underdeveloped infrastructure.
- **Maintaining a healthy relationship to the land** – Increased opportunities in mining, harvesting, and fishing will bring with them the temptation to adopt the industrial values of the mainstream Canadian economy, values that are often in direct opposition to Inuit traditional wisdom about the land.

Focusing on Fundamentals – Four Ways to Grow Nunavut's Assets

Economic growth is vitally necessary for Nunavut. But what kind of economic growth?

In this Strategy the main analytic tool used to talk about economic fundamentals is the concept of capital. Capital generally refers to the assets or wealth of a community. Here the idea of wealth is expanded to include natural resources like mineral wealth (natural capital), people's abilities and potential



(human capital), the capacity of Nunavut organizations (organizational capital), and physical assets as diverse as buildings, airport runways and satellite dishes (physical capital).

The Strategy argues that Nunavut and Nunavummiut must increase the existing capital assets in the Territory, and attain basic thresholds in each area of capital, if a diverse, mature economy is to be achieved. The process of developing each of these areas of Nunavut’s economic potential is described in the Strategy as “capital formation.”

Strategic Planning and Priorities

Four Areas for Strategic Planning: The Land, People, the Community Economy, and the Territorial Economy

Participants in the Sivummut II Conference held in Rankin Inlet in March 2003 analyzed and discussed the Nunavut economy under four main headings: The Land; People; the Community Economy; and, the Territorial Economy.

This order provides an intuitive and useful way of looking at the Nunavut economy. Respect for the land and for people comes first. Community decision-making and control are placed next in priority, with the Territorial economy as the final consideration. The decision-making process that comes from this approach will ensure that the Nunavut economy has a solid foundation based on sustainability, on families, and on communities.

Strategic Priorities

The strategic priorities section of this document is the core of the Strategy. Each of the thirteen strategic priorities has been placed in one of the four strategic planning areas – the Land, People, Community Economies, and the Territorial Economy. Each can be cross-referenced with the four types of capital – natural capital, human capital, organizational capital, and physical capital.

All strategic priorities have been assigned large-scale goals or actions to be accomplished by 2005, 2008 or 2013.

Strategic Priorities: The Land

- Respecting the Land
- Maintaining Our Mixed Economy
- Building on the Knowledge of Our Elders

Strategic Priorities: People

- Economic Development For Our Youth
- Education & Training
- Basic Needs – Housing, Hospitals, and Schools

Strategic Priorities:

Community Economies

- Community Capacity Building and Organizational Development
- Small and Inuit Business Development
- Building the Knowledge Base in Our Communities

Strategic Priorities:

The Territorial Economy

- Putting the Nunavut Land Claims Agreement to Work
- Sector Development and Support Systems
- Infrastructure – From Buildings to Broadband
- Accessing the Global Marketplace





Next Steps: Implementation

The SEDS Group is a working committee established by the Nunavut Economic Forum to prepare the Nunavut Economic Development Strategy. Once the Strategy is complete the Nunavut Economic Forum will take up the work of coordinating implementation of the Strategy among all its members.

To be useful this Strategy must lead directly to implementation. A key feature of implementation of the Strategy will be the creation of a detailed work plan or strategic plan based on the essential elements of the Strategy. This work plan will in turn lead to detailed sector development strategies.

Other implementation objectives include:

- revitalizing the Nunavut Economic Forum, and jointly funding a small secretariat to support it;
- preparing a communications plan for the Nunavut Economic Forum to use to promote economic development and the implementation of this Strategy;

- sharing information between members;
- supporting research and data collection related to Nunavut's economy;
- promoting and integrating program initiatives;
- fostering co-operation between agencies involved in economic development programs;
- promoting Inuit participation in developing Nunavut's economy; and,
- increasing participation of Nunavut communities in economic development planning, programs and opportunities.

Finding the Revenues to Implement the Strategy

Finding additional revenues for economic development is central to implementation of the Strategy. Options for acquiring the finances necessary to support the implementation of this Strategy are limited. Under the current formula financing arrangement, the resources of the Government of Nunavut will continue to be

constrained. If economic development cannot be supported by new money in the Government of Nunavut budget alone, other sources of financing must be arranged. The Strategy proposes the following options:

- **Making the best use of existing resources** – The Government of Nunavut, municipal governments, Inuit organizations, and other agencies supporting economic growth in Nunavut must assess their own priorities, financial management practices and spending initiatives, to find ways to support the implementation of the Strategy.
- **Focusing expenditures within Nunavut** – By increasing the circulation of financial capital within Nunavut, and reducing the leakage of financial resources from our economy, we can make a significant contribution to economic growth. Governments, the Inuit organizations, the private sector, and individuals, must seek ways to reduce costly purchases of goods and services from outside Nunavut, and to increase investment within the Territory. We need to “buy Nunavut.”



- **Increasing federal investments** – Implementation of this Strategy will require new federal resources. The Government of Nunavut has little room to manoeuvre in fiscal terms, but the federal government does have access to funding for investment in our economy.
- **An Economic Development Agreement** – Other regions and provinces have been able to influence how the federal government invests in their economies through economic development agreements, supported by a federally funded regional development agency. Canada and Nunavut must negotiate similar federal funding arrangements.
- **Building on the NLCA** – Opportunities exist to support and integrate economic development activities through Nunavut Tunngavik Inc., the Regional Inuit Associations, Inuit Birthright Corporations and Inuit community economic development organizations, and through Nunavut Tunngavik Inc.'s contract with the federal government to oversee the implementation of the Nunavut Land Claims Agreement.
- **Formula Financing** – The negotiation of a new formula financing agreement between the federal government and Nunavut provides an opportunity to increase the funding available for economic development.
- **Devolution of control of our resources** – Nunavut must pursue devolution of federal powers over natural resources and resource royalties, following the examples of Yukon and the Northwest Territories. Resource revenues will reduce the Territory's dependence on the federal government. Increased control will enable Nunavummiut to take advantage of economic opportunities as they occur.
- **Amending the Northern Residents Deduction** – Improvements will provide more equity between Nunavummiut and Canadians living in other regions by allowing a greater income tax deduction that better reflects the high cost of living in the Territory.
- **Private Investment** – We need to attract private investors who will share our values and principles, and work with us to expand Nunavut's developing economy.

Measuring Progress

Measuring progress is critical if we are to move forward on developing our economy. The SEDS Group developed six action items to measure the progress of strategy implementation by 2005:

- Identify what needs to be measured – indicators of significant positive or negative impacts.
- Use these indicators to measure the contribution of policies, programs and work plans to capital formation for the land, people, organizations, and infrastructure.
- Focus efforts on those activities that produce the greatest return in terms of capital formation or asset building.
- Help communities assess their development through an annual "State of Our Community" report.
- Prepare an annual territorial progress report based on the "State of Our Community" reports combined with an assessment of Territory-wide information.
- Convene a Sivummut III Economic Development Strategy Conference.



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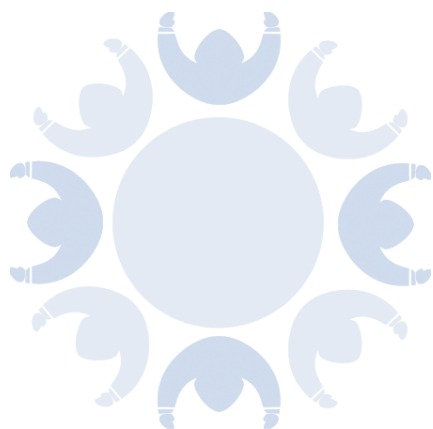




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Introduction



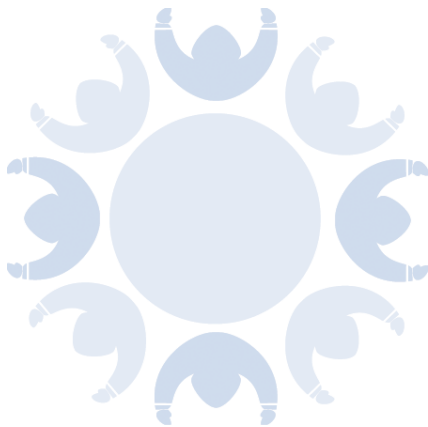
The Necessity for Economic Growth in Nunavut

Economic growth is necessary for Nunavummiut to advance development, and attain “a high and sustainable quality of life.”

After making this statement, we must ask: What kind of economic growth will lead to this way of life? Can we develop our economy in a way that is consistent with our

culture, values, and traditions, while at the same time enabling us to participate more actively in the national and global economy?

Before contact with European culture the rate of technological change in Inuit culture was very gradual, measured in generations,



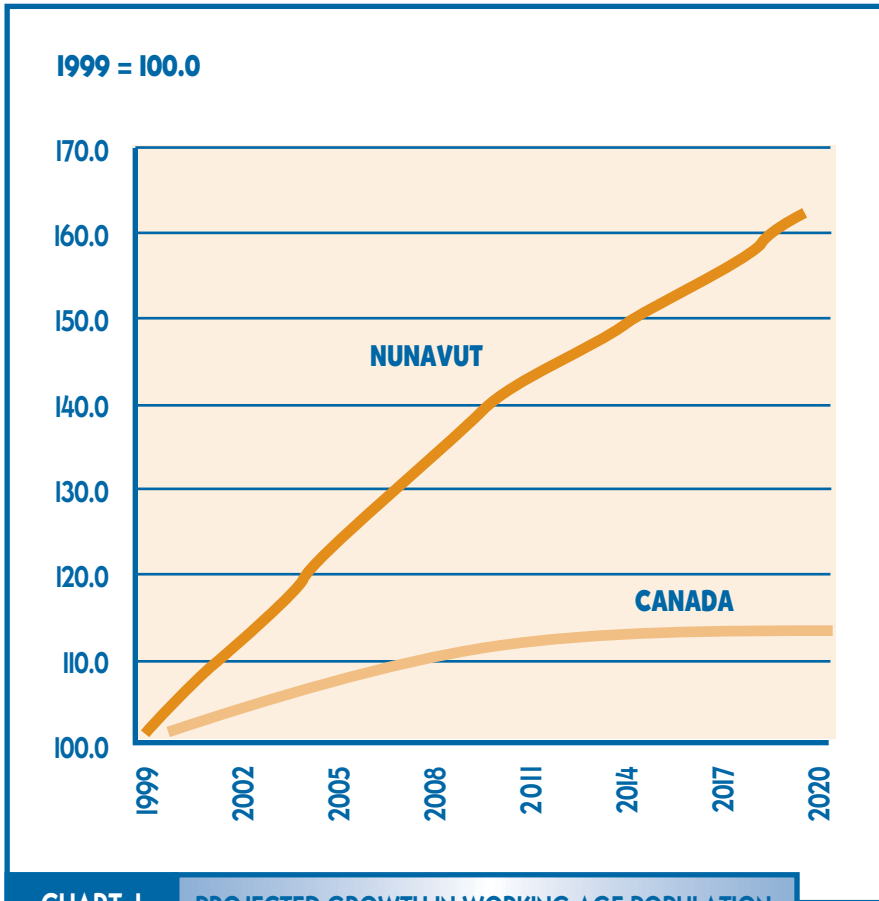


CHART I PROJECTED GROWTH IN WORKING AGE POPULATION, 1999-2020, NUNAVUT AND CANADA

The number of people in Nunavut aged 15-64 is projected to grow 38% by 2020, from 16,324 in 1999, to 26,348 by the end of the next decade. In the same period Canada's working age population is projected to grow by 11%.

Source: Nunavummit Kiglisiniartiit

rather than years and months, as change is measured today.

Population growth was limited naturally to what could be supported by the land. Inuit had no need to think about “economic growth” or “creating new opportunities.”

Today the rate of change in Nunavut’s mixed economy is fast-paced. Modern transportation systems have reduced dependence on country food. The cash-based economy in Nunavut provides less work for people than did the traditional economy, in which everyone had a job (to use a modern term).

The population is growing faster than the current economy can sustain. Forty per cent of Nunavummiut are under the age of fifteen, ensuring that the labour force will continue to grow over the next decade, with more and more young people reaching working age





each year. (See Chart 1.) A growing economy will ensure that everyone can have a livelihood and play a productive role in his or her community.

This Strategy provides a very important starting point for answering questions about how we will support economic growth. It sets out a broad strategic

direction and a set of specific priorities for the coming decade. An over-all work plan and specific sector work plans with budgets, timelines and assigned concrete



BUILDING A FOUNDATION FOR THE FUTURE



Our Prospects for Economic Growth

tasks will be devised over the next two years. These plans will also address such important investment issues as the stability of the regulatory regime, the business climate, and commitments to infrastructure development.

In this Strategy the main analytic tools used to discuss economic growth are the ideas of “capital” and “capital formation.” Capital generally refers to the assets or wealth of a community. In our

thinking about the economy the idea of wealth is expanded to include natural resources like mineral wealth, people’s character or potential, the capacity of Nunavut organizations, and physical assets as diverse as buildings, airport runways and satellite dishes.

In the SEDS Group we believe that Nunavut must take this broader view of wealth creation. At the same time our challenge in

developing an economic strategy for Nunavut is to ensure the development process does not come at an intolerable cost to our values, culture, and traditions.

We are optimistic about the Nunavut economy, which has excellent prospects for sustainable growth. This Strategy provides a guide to moving forward on economic development, to building a foundation for the future.



1 Guiding Principles for the Strategy



Nunavummiut can look forward to a period of greater prosperity, but only if we meet the challenges to economic growth and put in place the fundamentals for development.

In developing our economic strategy, we are guided by the following principles:

Cultural Integrity

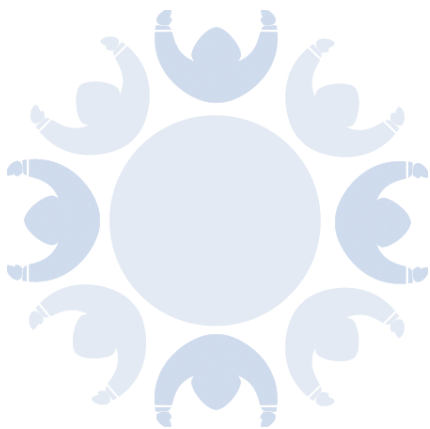
The Strategy is based upon and supports the primary relationships and values that come from Inuit Qaujimajatuqangit¹, “what Inuit have always known.” It will foster the use of our languages – Inuktitut and Inuinnaqtun, English and

French – in all areas of activity.

It will direct our activities in a manner that enables us to become part of the larger Canadian and global economy while maintaining our culture and traditions.

Determination and Realism

The Strategy reflects our determination to achieve significant measurable results over the next ten year period and beyond. At the same time, we are realistic. We recognize that we have limited resources at our disposal. The



¹ Inuit Qaujimajatuqangit means “what Inuit have always known,” or traditional knowledge. Some Inuit elders have advised that Inuit Qaujimajangit would be a better term for Inuit knowledge in an economic development strategy, because it includes a contemporary as well as a traditional meaning. Inuit Qaujimajatuqangit is used throughout this document, as the term adopted by the Department of Culture, Language, Elders & Youth in the Government of Nunavut. It is understood, however, that Inuit knowledge includes not only what has been handed down from the past, but also what is contemporary and changing.



Co-operation and Co-ordination

The Strategy aims to integrate economic development activities with community efforts in the areas of community wellness, community learning and community governance. It seeks to reduce duplication and to promote the development of social networks that can help community members develop a shared vision and motivate them to work together. On a territorial level, it will foster co-operative working relationships among the three levels of government, Inuit and other non-governmental organizations (NGOs) and the private sector.

Strategy, accordingly, is ambitious, but it creates a foundation for seeking the resources that will be required for its full implementation. We recognize fiscal realities and the need to be creative within existing funding structures. Funding pressures will require that we choose between competing priorities.

Self-Reliance

The Strategy builds the capacity of individuals, families and communities in order to reduce dependency and develop our skills

and our resources, and to fully participate in and benefit from the development of our economy.

Community Control

The Strategy seeks to place as much as possible the control of economic development in the hands of community members, to assist them to develop strong organizations that represent their interests, and to enable them to develop their assets and to take advantage of economic opportunities.

Sustainability

The Strategy will help us build local and territorial economies that are sustainable and benefit our youth and future generations. We will put people and the environment at the centre of our thinking about the economy.



2 Our Prospects for Economic Growth



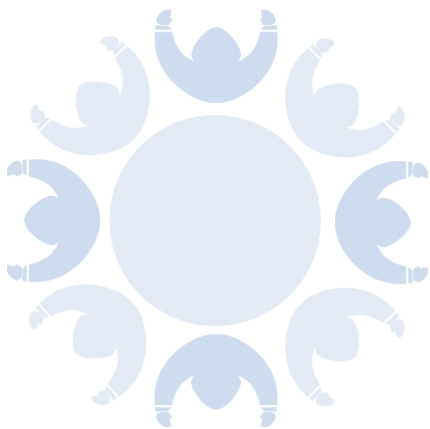
The Next 10 Years

We believe there is reason to face our economic future with confidence.² Nunavut already has in place many of the fundamentals necessary for economic growth. Most importantly, the Nunavut Land Claims Agreement provides a solid legal and regulatory framework for Nunavut's governance and economic development. It establishes certainty for investors.

Our institutions of governance are now in place. Our population is young, vital, and growing. Oppor-

tunities for development in the wage-based economy are abundant. Our land-based economy still plays a central part in our on-going economic and cultural development. We look ahead with optimism.

Our public sector remains strong, providing many job opportunities to Nunavummiut and business opportunities to our entrepreneurs. We see possibilities for adding value to our arts and cultural industries, doubling our fishery



² The characteristics of Nunavut's economy, and its prospects for growth, have been described by the Conference Board of Canada in their landmark study, *Nunavut Economic Outlook: An Examination of the Nunavut Economy May 2001*. An update of the *Nunavut Economic Outlook* was prepared by the Conference Board in September 2002.



and food processing sectors, and increasing the value of tourism to Nunavut outfitters and businesses.

While Nunavut is currently experiencing a temporary slow-down in our mining sector, with the closure of the Polaris and Nanisivik mines, we expect that as many as four new mines will be brought into production by the end of the decade. These new developments in the mining sector will include agreements to ensure much greater linkages to Nunavut's economy, through employment and business opportunities, than mining operations have provided in the past.

To achieve these benefits from the wage-based economy, however, we must invest in our productive capacity. This investment must make use of resources from inside our Territory, as well as from outside Nunavut. As a developing economy with many emerging sectors, Nunavut offers a very good socio-economic return on the investment of public funds in education, training, infrastructure, entrepreneurship development, and sector initiatives.

In the following pages, we briefly describe the principal economic sectors in Nunavut, which provide the setting for future economic activity.

Three sectors offer excellent prospects for economic growth: mining, the fishery, and tourism.

We anticipate that our traditional economy will remain strong, and continue to provide income opportunities for Nunavummiut in the harvesting and sealing sectors.

We also view the arts economy as having significant potential for growth, as Nunavummiut add new media, such as film, to our established commercial art forms.

The public sector will continue to grow, although the pace will begin to slow by the end of the decade. For this reason we look to growth in the small business sector in the next ten years.

For each sector we offer a view of its potential contribution to the economy by the end of the decade. These expectations will help determine the priorities and provide direction for all the organizations that participate in Nunavut's economic development.

Harvesting

The harvesting sector includes hunting for household consumption and traditional food distribution, as well as for the commercial sale of meat and skins. Major wildlife species that can be harvested include musk ox, caribou and seals.

The replacement-cost value of country food harvested in Nunavut is estimated at more than \$30 million annually. However, this sector provides more benefits than cost savings. These include the health benefits of country food, the cultural and social importance of hunting in an individual's personal development and the opportunity it provides people to participate productively in their community's economic life.

Given the natural limits to development of this sector, priorities for harvesting are clearly defined in the Nunavut Land Claims Agreement: conservation, subsistence use, and then, commercial use.





(PERCENTAGE)

	INUIT	NON-INUIT	TOTAL
ACTIVE	33	8	30
OCCASIONAL	52	60	53
RARELY OR NEVER	15	32	17

TABLE I SELF-REPORTED HARVESTING ACTIVITY IN NUNAVUT BY ETHNICITY

Source: 2001 Nunavut Household Survey, Nunavummit Kiglisiniartiit

The changing aspirations of many Inuit who are seeking wage employment, rather than deriving their livelihood solely from the land, will also affect development of this sector.

We are optimistic about the future of the harvesting sector in Nunavut. Many Inuit, particularly in our smaller communities, will continue to maintain their livelihoods on the land. Harvesting will remain our most important source of healthy food.

Traditional harvesting is based on the use of knowledge – in this case, Inuit Qaujimagatuqangit – for

productive purposes. This knowledge of the land can be applied to new economic opportunities – eco-tourism, environmental monitoring, resource management, security, prospecting for minerals, even film making (as the success of *Atanarjuat* demonstrates). Harvesting can help build the foundation for economic growth in other sectors.

Small-scale commercial harvesting in Nunavut has a promising future. The annual harvest of Southampton Island caribou for a

specialty meat enterprise has been successful and could become a significant supplementary source of income for the community. Musk ox could also be harvested in the Kitikmeot region for a small meat processing industry there, and for the production of qiviut (musk ox wool) and leather products.

Sports hunts – for polar bear and musk ox – are also important small-scale community-based enterprises within the harvesting sector, and a vital source of income for local outfitters.

Our Expectations for Harvesting by 2013

- Land-based training will be integrated into schools as a means to instil basic life skills and to maintain knowledge of the land.
- The number of harvesters will be maintained or will increase, and the role played by women in the harvesting economy will be fully recognized in economic development policies and programs.
- The allowable harvest of caribou and musk ox will amount to \$35 million annually in food and value-added production.



- Sports hunts will provide an important source of income to harvesters and guides, and will be organized by Nunavut-based firms, to ensure the full economic benefits are experienced in the Territory.
- Sustainable, small-scale meat processing plants will operate in four Nunavut communities, and at least two will be certified to export to Europe.
- There will be at least two small-scale operations processing the by-products of the harvest (such as qiviut).

Sealing

Sealing has long provided Inuit families with an important source of food. The availability of seal helps lower the demand for imported food and seal meat (like other country food) has greater nutritional value than most store-bought products. Sealskins continue to provide clothing to our families and are an important resource for Nunavut’s arts & crafts industry.

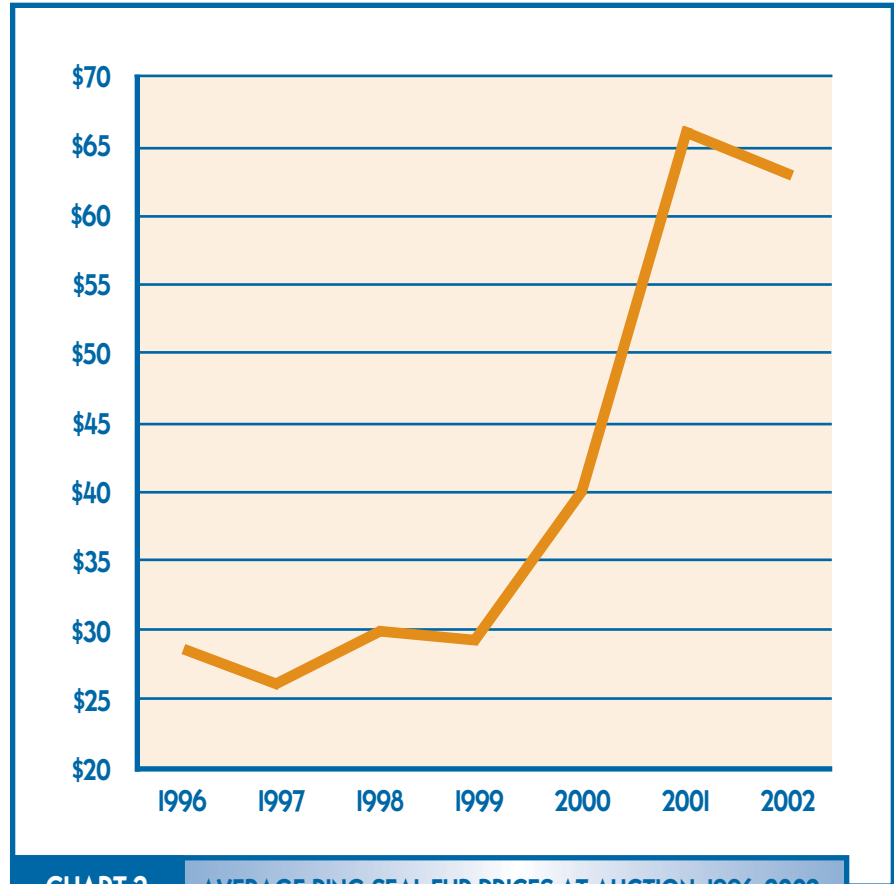


CHART 2

AVERAGE RING SEAL FUR PRICES AT AUCTION, 1996-2002

Source: Fishing & Sealing Division, DSD

The resurgence of market demand for sealskins (ring seal) in the past two years allows hunters to again earn some income from this traditional economic pursuit. (See Chart 2.)

An emerging fashion industry, based on the use of sealskin, gives cause for optimism about the future of this sector. Sealskin garments designed and manufactured in Nunavut are receiving a





warm and excited reception in southern markets, as well as here at home.

We are committed to ensuring that seal harvesting and production continues to provide an alternative to the wage economy as a means to support the cultural and economic aspirations of Inuit.

Sealing will continue to be practiced as an expression of Inuit culture, a source of food, and as a sustainable livelihood. It can be a viable income alternative where wage employment opportunities are limited. Sealing helps independent hunters finance the growing costs of subsistence harvesting and creates employment and income for Inuit producers in the arts & crafts and fashion garment trade.

Our Expectations for Sealing by 2013

- Improved market conditions will ensure that seal harvesting remains an important component of Inuit subsistence culture as well as a source of income.

- Seal harvesting activities will return to pre-1980 levels, providing good income opportunities for individual harvesters.
- Promotional and educational initiatives will result in worldwide understanding of the cultural and socio-economic importance of sealing to the people of Nunavut.
- A vibrant fashion industry will develop in Nunavut using sealskins (ring seal) in high-end garment production as well as in smaller scale arts & crafts.
- International trade barriers to sealing, such as the U.S. Marine Mammal Protection Act (MMPA), will either be overcome, or optional trade avenues will have been opened to lessen their impact. Regulatory processes will be streamlined.
- Sealskin prices will continue to rise, and the European market for Nunavut sealskins will continue to grow.
- Nunavut's sealing strategy will be recognized internationally as a sustainable economic activity providing significant support to Inuit communities.

The Arts Economy

From soapstone carving to making feature films, the arts in Nunavut have demonstrated for more than 50 years that Inuit cultural activities, above all, Inuit stories, can form the basis for viable economic activity.

Carvings were perhaps the first Inuit export, capturing stories in stone. Inuit knowledge has always been used to support traditional economic activity. Now it is applied in unique forms of art that generate more than \$30 million in sales annually.

Many Inuit obtain their only earned income from creating and selling art. In the 1999 Nunavut Labour Force Survey, more than 4,200 persons – one in seven in the Territory – identified themselves as “active artists.” For most Inuit families, making art continues to be an important source of cash income.

The arts economy is a vital contributor to healthier communities. For some, it is a form of



Our Prospects for Economic Growth

communication, self-expression and healing. Making art can foster self-esteem, promote learning and create cultural pride. It teaches discipline and encourages entrepreneurship.

Nunavut's image in Canada and in the world is formed almost entirely by our Inuit artists. Other economic sectors and tourism in particular depend on this image for business success.

We need to update our understanding of the size and economic potential of the arts economy and the cultural industries in Nunavut. Product development and marketing of visual and performing arts, creative writing and film need to be addressed. We need a plan of action for the entire sector, including a strategy for training and art education and for the development of physical infrastructure.

The past three years has seen an explosion of activity in Nunavut in filmmaking and television production. We expect this to continue in the next decade, and to change our thinking about how the arts

contribute to economic life in Nunavut. Since April 1, 1999, we have also seen more young people participate in the cultural industries, not only as carvers, printmakers and weavers, but also as jewellery designers, graphic artists and performing artists. The arts economy has a bright future in Nunavut.

Our Expectations for the Arts Economy by 2013

- This sector will contribute at least \$50 million annually to the Territorial economy, while providing 250 full time jobs, in addition to maintaining its high rate of participation by thousands of Inuit.
- The contribution made by women to the arts economy will be fully recognized.
- We will identify and work for the removal of trade barriers to the export of Nunavut art made with bone, baleen, ivory or skin.
- All communities will be able to access safely a supply of stone for carving.
- The Nunavut Arts & Crafts Association will double its current membership.
- The intellectual property of Nunavummiut will be protected in law, and all Nunavut exports will share a common "brand" based on the excellence of our art and our traditions on the land.
- There will be locations throughout Nunavut – heritage centres, galleries, and other public spaces – where artists can work and have their work displayed.
- Nunavut artists will play a major role not only in the tourism industry, but also in education, and will contribute to the establishment of a silattuqsarniq – an Inuit heritage school to teach the Inuit way of life – in Nunavut.
- There will be a rational and coordinated system in place for marketing the work of Nunavut's artists, in which government agencies and the private sector will work in partnership.
- Nunavut's film commission will expand its role to become a development corporation supporting a growing industry in film, television and new media.





and services required by the public sector can be supplied by local businesses. It is a responsibility of government to ensure that its spending generates greater socio-economic benefits and to create programs to meet this objective.

In Nunavut we must work to achieve the most economic benefit from every dollar spent by government. In the same way that other industries are required to operate in the North, the government can be held accountable for hiring and training local people and tendering service contracts so local businesses can participate. In this way we can use the public sector to build a more diversified economy in which private businesses and independent entrepreneurs will play an increasingly important role.

The Public Sector

The public sector is Nunavut's main economic driver and will remain so for the foreseeable future. Government spending on wage and non-wage activities constitutes 65 per cent of the Territory's overall annual expenditures. Government and non-commercial services also provide Nunavummiut with more

than half the available wage-based jobs. The Government of Nunavut alone spends over \$800 million every year providing programs and services and building essential infrastructure.

Government operations – at the federal, territorial, and municipal levels – present the Territory with many economic opportunities. In addition to employment, the goods

Our Expectations for the Public Sector by 2013

- Government spending initiatives will maximize the socio-economic benefits of every public dollar spent in the territory.





- Program spending by all three levels of government, and across departments, will be better coordinated.
- Increased flexibility in programming design will allow communities to use funding programs to respond to specific community needs.
- Procurement procedures will change to make conditions more favourable for local business, by separating elements of large contracts and providing more flexibility in local contracting procedures.
- The Government of Nunavut's Nunavummi Nangminiaqtunik Ikajuuti (NNI) policy will be effectively contributing to greater participation of local and Inuit firms in selling goods and services to government, and in providing Inuit employment.
- Significant gains will be made in achieving a representative public

service in government, as required by Article 23 of the Nunavut Land Claims Agreement.

- Inuit Impact and Benefit Agreements (IIBAs) will be implemented for parks and successfully negotiated for new mining developments.

Small and Inuit Business

The number of registered Inuit firms has grown rapidly over the past decade, a sign that the entrepreneurial spirit is alive and well in Nunavut. (See Chart 3.)

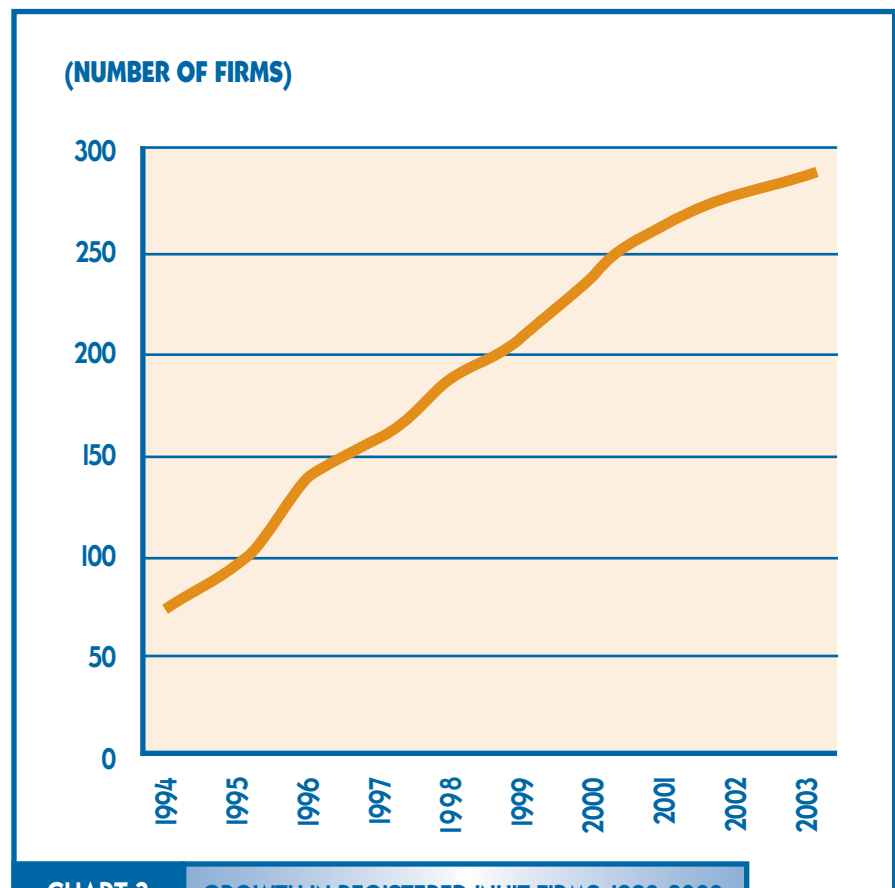


CHART 3

GROWTH IN REGISTERED INUIT FIRMS, 1993-2003

Source: Nunavut Tunngavik Inc.





Despite this growth, small business in Nunavut, especially Inuit small business, is struggling to find a place in the Territory's economy. Inuit face significant obstacles to starting up or expanding businesses.

Nevertheless we are optimistic about the prospects for small and Inuit business in Nunavut. The anticipated slow down in government spending by the end of this decade makes it essential that the private sector take a prominent role in our economy. In the short to medium term, supplying government needs, especially in decentralized government communities, offers a basis for getting the small and Inuit business sector firmly established in Nunavut. Export markets for Nunavut products in tourism, food processing, and the arts sector and cultural industries provide more opportunities for small business development.

The Inuit Impact and Benefit Agreements required under the Nunavut Land Claims Agreement also provide an opportunity for Inuit small business to participate

in contracts for supplying goods and services to the larger national and multi-national companies involved in major development projects in Nunavut. But signing IIBAs will not be enough. Today, when training in business planning and start-up funding is readily available, we expect that local entrepreneurs will get the support they need to turn their ideas into successful business ventures.

Our Expectations for Small Business by 2013

- Inuit firms will supply governments with goods and services to a representative level.
- The number of registered Inuit firms will more than double.
- Access to commercial loans and equity financing will be comparable to what is available for small business in the rest of Canada.
- Nunavut businesses will obtain a significant portion of their financial capital from savings.

- Federal and Territorial government procurement processes will be altered to ensure they are accessible to Nunavut businesses.
- Nunavut Land Claims Agreement provisions such as the requirement for IIBAs will be actively used to foster small and Inuit business development.
- Basic infrastructure will be more readily available, including affordable high-speed Internet services in all communities.
- Education and training in business will be readily available in Nunavut.

Tourism

Nunavut's tourism sector encompasses many areas including adventure, natural and cultural tourism, sports fishing and hunting, parks visits, and business travel. The sector provides a valuable export product for the Territory – currently our most important source of external capital – and supports and promotes Inuit culture as well as the Territory's natural resources.



(PERCENTAGE OF TOTAL VISITOR SPENDING)

SERVICE

AIRFARE WITHIN NUNAVUT	79
ACCOMMODATIONS	85
RESTAURANTS	90
ARTS & CRAFTS (INCLUDES SOUVENIRS)	79
TOURS	5

TABLE 2

BUSINESS TRAVEL EXPENDITURES

Source: Parks & Tourism, DSD, Government of Nunavut

Our Expectations for Tourism by 2013

- Nunavut will be recognized as one of the world’s premier ecotourism destinations.
- Annual direct tourism revenues will exceed \$20 million, and at least forty per cent of the travelers in Nunavut will be vacationers to the Territory.
- A system of Heritage Rivers and Territorial parks will be established, representative of Nunavut’s ecosystems.
- Visitor service centres will operate in Nunavut’s population centres that have direct links to southern gateways.
- Direct sustainable scheduled transportation links will be established with our circumpolar neighbours, especially Greenland.
- Each community in Nunavut will have facilities to welcome visitors and to encourage them to extend their stay.
- Cruise ship visits to Nunavut communities will increase significantly, with a corresponding increase in income for small and Inuit business services and arts & crafts producers.

The tourism sector is a good fit for Nunavut culture and communities. It builds on knowledge developed in the land-based economy. Tourism supports and engenders pride in Inuit culture.

While tourism activity may change from year-to-year, it does not experience dramatic boom and bust cycles. It can and should be a community-based economic activity providing opportunities across the Territory for people to develop products and participate in the local economy.

During the next three to five years, with the closing of Nunavut’s mines and before new mining properties are developed, tourism

will be Nunavut’s single most important economic activity in the private sector, in terms of its contribution to the Territory’s GDP. (“GDP,” or “Gross Domestic Product,” is the total dollar value of all goods and services we produce in Nunavut.)

In 2000, visitors spent \$61 million within Nunavut. However, the greater part of this expenditure was made by business travellers who typically spend very little on tours and similar vacation activities. (See Table 2.) Nunavut can significantly increase the income from tourism by attracting vacationers looking for experience-based holidays – a growing segment of Canada’s tourism market.





- There will be at least one inbound tour operator – an Inuit firm – in each of Nunavut’s tourism regions.
- We will have established base-line data and a system to monitor key indicators within the tourism sector.
- A partnership based *Tourism Training Fund* will be established.
- A solid institutional framework for tourism will be in place, based on partnerships and emphasizing community capacity building.
- Made-in-Nunavut legislation and policy will have been enacted in support of Nunavut’s tourism strategy.

Commercial Fisheries and Fish Processing

The fishing industry provides more than 300 seasonal jobs and contributes almost \$9 million annually to the economy in wages and royalties. Much of this income is generated by the shrimp and turbot fisheries. The potential exists for these benefits to be much higher.

Fisheries directly adjacent to our Territory have a landed value in excess of \$100 million. If we acquire

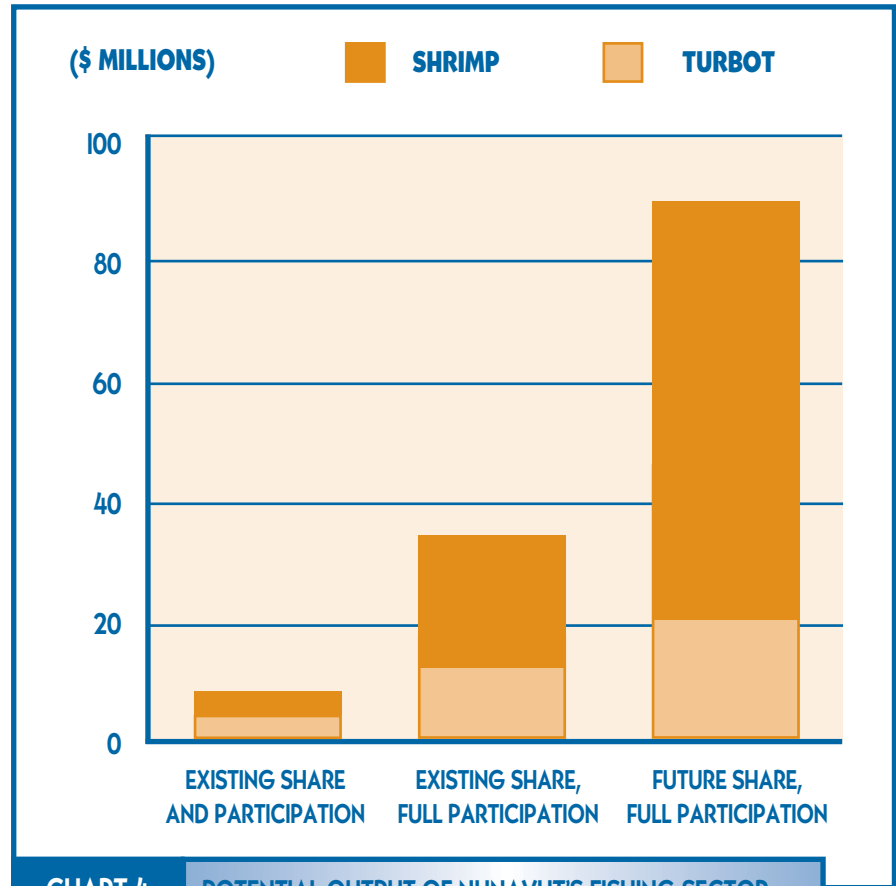


CHART 4

POTENTIAL OUTPUT OF NUNAVUT'S FISHING SECTOR

Source: Fishing & Sealing Division, DSD, Government of Nunavut

ownership of 85 per cent of this resource – a target we are pursuing with the federal government – major economic gains can be achieved.

Ownership is not the only challenge facing the industry. We retain only a fraction (8 per cent) of the overall potential value of the catch. (See Chart 4.) This is the





result of the current low level of participation by Nunavummiut in the industry. To improve this situation will require investment in infrastructure, training, knowledge, and organizational development.

In Pangnirtung we see the benefits to employment when our participation in the fishery extends to the processing of the product. Fish

processing facilities need to be expanded along the Davis Strait to help ensure that Nunavummiut benefit fully from the sustainable use of this resource.

With this investment in place, our expectations are that the fishery can be one of the key growth areas in our economy.

Our Expectations for Commercial Fisheries and Fish Processing by 2013

- We will reach the goal of 85% ownership of Nunavut adjacent resources.
- At least 200 new jobs will be created in our offshore fisheries.
- There will be at least two new fish processing facilities operating in Nunavut.





- Nunavut’s fishing industry will include a small fleet of inshore and offshore-based fishing vessels to support both sectors of the industry.
- We will successfully develop and diversify emerging fisheries such as clams, flounder, and scallops, providing significant direct employment opportunities.

Mining

The mining industry in Nunavut is at the end of an era. In 2002, the Polaris and Nanisivik mines closed. Both had operated in Nunavut for over 20 years, and in 2001 accounted for a major part of the \$186.9 million dollars that mining contributed to Nunavut’s GDP. Closure is also on the horizon for Echo Bay’s Lupin gold mine, where production is currently suspended.

Despite these closures, the prospects for mineral development in Nunavut in the decade ahead are excellent. There are encouraging prospects for diamonds, gold and base metals. The Jericho Diamond Project, Doris North Gold Project and Meadowbank Gold Projects have all submitted applications to go into production.

(PER CENT)

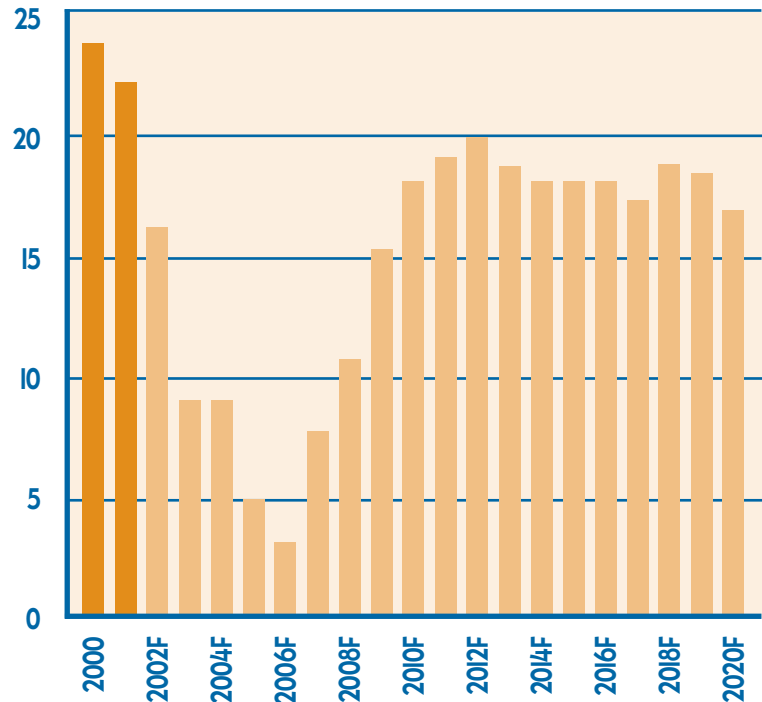


CHART 5

MINING'S CONTRIBUTION TO NUNAVUT'S REAL GROSS DOMESTIC PRODUCT

With the closing of Nunavut's currently operating mines, the sector will contribute much less to GDP in the next few years. By the end of the decade, however, new mines will open, and the contribution to GDP will increase dramatically.

Source: 2002 Nunavut Economic Outlook, Conference Board of Canada; Statistics Canada





With the closing of Nunavut's currently operating mines, the sector will contribute much less to GDP in the next few years. By the end of the decade, however, new mines will open, and the contribution to GDP will increase dramatically.

Confirmed diamond finds in the Melville Peninsula are especially encouraging. At least four new mines could be in production in

Nunavut within the next ten years, providing hundreds of jobs and adding hundreds of millions of dollars to Nunavut's GDP.

There are many other known mineral deposits in Nunavut that could be developed with improved transportation infrastructure, such as the proposed Bathurst Port and Road. The lack of transportation, communications and other

infrastructure makes for high costs and causes otherwise attractive mineral deposits to be uneconomic for development. The future of Nunavut's mining industry depends on the development of infrastructure.

The Nunavut Land Claims Agreement contains strong provisions to help ensure that Inuit will benefit directly from mining development projects. The Agreement requires industry to negotiate Impact and Benefit Agreements with Inuit and with local communities for major development projects. Mineral and hydrocarbon developments on lands owned by Inuit will provide benefits to Inuit and local communities.

In some communities private businesses have positioned themselves to benefit from mining-related activities. Efforts are also underway so that Nunavut residents, particularly Inuit, receive the training they need to secure employment opportunities in the mining industry.





We need to develop a mineral resources sector in which all Nunavummiut can prosper. This is closely linked to the need to devolve the control of and responsibility for lands and natural resources, from the federal to the Nunavut government.

Our Expectations for Mining by 2013

- All of the required federal legislation concerning the Nunavut Impact Review Board and the Nunavut Planning Commission will be enacted and brought into force.
- Working with the federal government, Nunavut will manage its own land and resources for the benefit of Nunavummiut and all Canadians.
- We will establish 100% reclamation bonding for all mining activities.
- A geoscience database will be established, covering at least 75% of Nunavut's landmass, to support exploration and investment decisions.

- There will be at least four mines operating in Nunavut.
- No less than 50% of all expenditures associated with mineral exploration and production will accrue to Nunavut's labour force and businesses.
- A mineral tenure system will be implemented that includes electronic map staking to provide certainty and reduce costs.
- A sustainable mining policy and development strategy will be in place.

Oil & Gas

Nunavut has proven oil and gas potential. In several places oil has appeared on the surface of the land naturally: in the oil sands on Melville Island, as oil staining on lime stones on Bathurst Island and as oil and gas seeps in Davis Strait.

Exploration started in the early 1960s after the Geological Survey of Canada had mapped the prospective geology in the Arctic

Islands. Oil & gas exploration was heavily subsidized by federal tax incentives.

From 1961 to 1984 one hundred and sixty wells were drilled, resulting in nineteen significant discoveries, seventeen in the Sverdrup Basin in the High Arctic. The known reserves account for five per cent of Canada's known oil reserves, and fifteen per cent of Canada's known gas reserves. These reserves are estimated to value over a trillion dollars.

Future development will have to address challenges created by year round ice cover, remote location, and the limitations of available technology.

Indian and Northern Affairs Canada manage petroleum exploration and development in Nunavut through the Canadian Petroleum Resources Act. Under the Act the Minister is able to establish work commitments for exploration in Significant Discovery Licence areas (SDLs). To date the



Our Prospects for Economic Growth

Minister has never issued these work commitments, allowing the companies to hold the SDLs at no cost, and without undertaking any further exploration or development.

Over the past three years Indian and Northern Affairs Canada has reopened the Sverdrup Basin area for companies wishing to apply for exploration rights. Future oil and gas exploration is expected to start with the known discoveries and only then extend into unexplored areas.

A revival of the oil and gas industry in Nunavut is expected to bring benefits to Inuit in Nunavut comparable to those of the Iñupiat in Alaska, and the Inuvialuit and Dene in the Northwest Territories.

Our Expectation for Oil & Gas by 2013

- There will be a resumption of oil and gas exploration and development activities in Nunavut.

- Drill orders will be issued for all of the existing SDLs.
- As in the mining sector, no less than 50% of all expenditures for oil and gas exploration and production will accrue to Nunavut's labour force and businesses.
- Petroleum exploration will exceed \$50 million per year and research on technologies to develop high Arctic resources will be ongoing.



3 The Challenges to Economic Growth



Several key economic sectors in Nunavut are poised for growth. Hundreds of new jobs will be created and there will be many new opportunities for businesses to sell their goods and services in a growing economy.

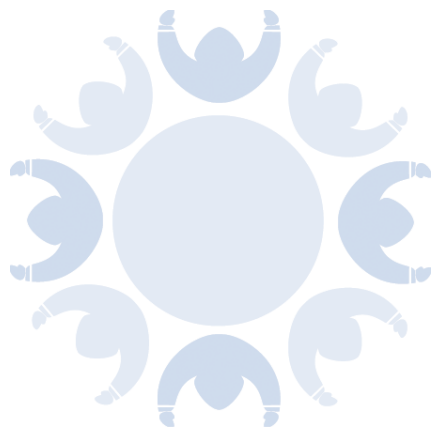
In the past, economic growth in Nunavut has proceeded without the full participation of Nunavummiut. Jobs have been filled with workers from southern Canada while goods and services have been supplied by firms based outside the Territory.

A principal challenge of this Strategy is to ensure we are not

bystanders to our own economic development. We must participate fully in the economic growth that we anticipate for Nunavut in the next ten years.

As the Conference Board of Canada has observed of Nunavut's economy: "The challenge is NOT in creating future opportunities, they are coming. The central issue is Nunavut's preparedness for those opportunities."

If we are to be prepared, we must recognize and respond to the challenges to economic growth in the Territory.





Rapid Population Growth

Nunavut has the youngest population in Canada, with those under 25 years of age making up more than half of all our people. (See Chart 6.)

Our youth today have different expectations about life in Nunavut than their parents and grandparents had in the past. Our youth are a part of the consumer society in Canada and expect to have rewarding jobs and to live the “good life” like any other Canadian. Their

demands for a better quality of life, in terms of access to goods and services, will have profound impacts on our society and our economy.

In 1999, Nunavut’s unemployment rate was 20.7 per cent. This means that 2,258 persons were unemployed. This measure was taken using national standards. By including in the unemployment rate persons who stated they believed there were no jobs available, and so had stopped looking for work, the number of unemployed rises to 3,230 persons, or 27.2 per cent of the working age population. Many communities – one fifth – had unemployment rates exceeding 50 per cent.

The largest group who make up the unemployed is our youth. The unemployment rate for persons aged 15 to 24 approaches fifty per cent. (See Chart 7.)

In preparation for the entrance of young people into the labour force, we need more jobs and better education. If we cannot provide jobs and education, and as our population continues to grow, we leave our youth with few options but to seek employment outside the

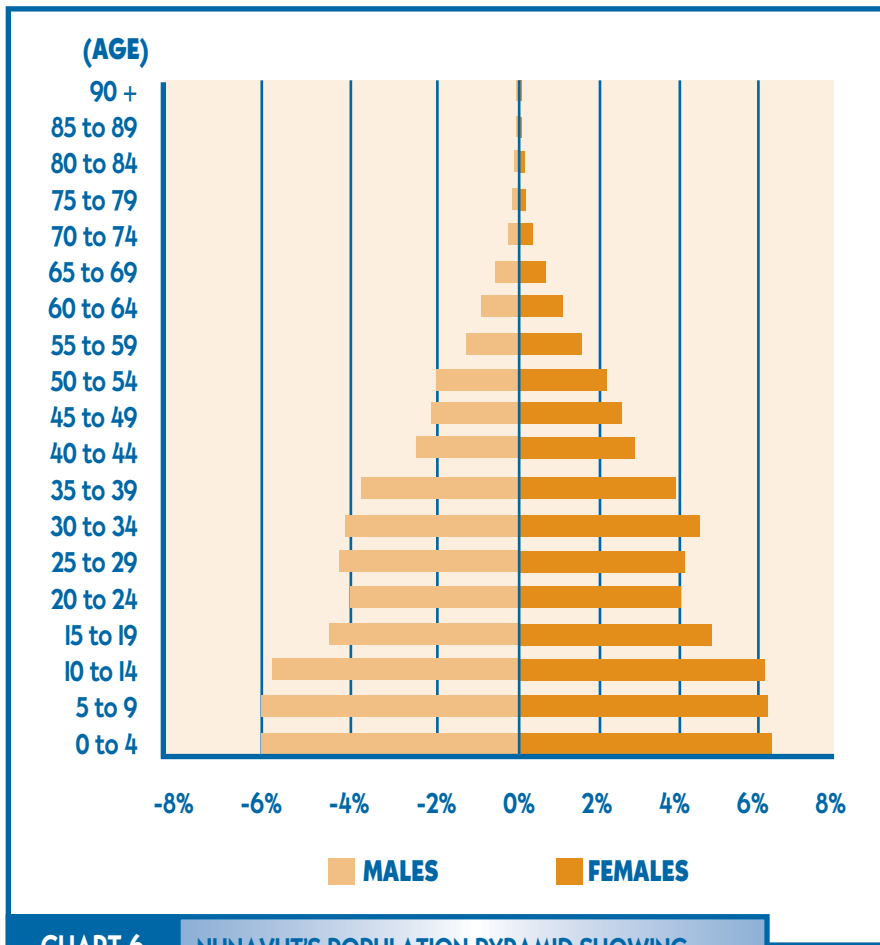


CHART 6 NUNAVUT'S POPULATION PYRAMID SHOWING AGE AND GENDER, 2001

Source: Nunavummit Kiglisiniartiit, Government of Nunavut





(PER CENT)



CHART 7

NUNAVUT'S UNEMPLOYMENT RATES, 1999

Nunavut's unemployment rate is measured using national standards. However, when those persons who have stopped looking for work, because they know that no jobs are available in their community, are included in the total of the unemployed, the rate increases significantly.

Source: Nunavut Economic Outlook May 2001, Conference Board of Canada; 1999 Labour Force Survey, Nunavummit Kiglisiniartiit, Government of Nunavut

Territory, or to stay home and lose hope for the future. Neither option is acceptable. An understanding of the pressure population growth will place on the economy in the immediate future demands that we take strong action today.

The Rate of Government Spending

Government growth is currently driving the Nunavut economy forward. Government activities today provide opportunities for employment, training and community business development in Nunavut. But government spending cannot provide the only basis for long-term growth of the Nunavut economy, because we know that the rate of government spending will begin to slow down by the end of the decade.

Today, both the territorial and federal governments are working hard to get established in Nunavut. Infrastructure is being built, staff is being hired, and programs and



services are being put in place. The process of decentralization of headquarters functions in the Government of Nunavut to ten communities outside of Iqaluit is providing impetus to economic growth throughout the Territory.

The task of establishing government in Nunavut will soon be completed. Government spending will continue to rise as it responds to the health and education needs of a growing population. But by the end of this decade basic government services will be in place and the pace of public sector growth will slow.

Unless other sectors in our economy make a greater contribution to economic growth, we will see a decline in GDP per capita – the total value of all goods and services we produce, divided by the total population – in Nunavut.

Our challenge then, is to ensure there is diversification in the Nunavut economy, with strong growth in several economic sectors, in addition to government. Nunavut's economic future ultimately must be based on a healthy and vibrant private sector.

A Greater Role for Small Business

The private sector, especially small Nunavut-based business, is still a very small economic sector, measured as a proportion of the whole economy. It lags far behind business in the rest of Canada. For example, retail and wholesale trade in Nunavut represented just 6.6 per cent of GDP in 1999, while in Canada the same business sector contributed 11.1 per cent to the economy.

Business in Nunavut faces many challenges:

- the cost of doing business in Nunavut may be the highest in Canada, an issue underlined in recent years by steep increases in power rates and insurance costs;
- labour costs are high and governments and Inuit organizations regularly outbid business for talent;
- private-sector opportunities may require skills and capital that small and Inuit businesses do not currently possess;
- many public sector tenders are too large for local businesses to bid on them;
- Inuit trades people have difficulty obtaining formal qualifications because of language and literacy barriers in current testing methods; and,





- Nunavut has a small population and, therefore, a very small base of customers for business.

To reach a larger market, Nunavut businesses must cope with the realities of geography, which result in very high costs of trade.

The inadequacies of community infrastructure – communication networks and transportation links, for example – are barriers to the growth of small businesses.

Small businesses find it difficult to obtain financial capital in Nunavut because of the lack of personal savings and the absence of community lending institutions. This can prevent entrepreneurs from developing their businesses and limits local participation in larger public sector contracts.

The challenge here is clear – we must make it a priority of the Strategy to overcome the obstacles facing small business so that the creativity and energy of entrepreneurs can be brought into the mainstream of Nunavut's economic development.

Maintaining Our Relationship to the Land

The land is the source of life for the people of Nunavut. It is the foundation for Inuit culture and for the land-based economy. The land provides the natural resources, environmental services and physical challenges that have prompted development of Nunavut's wage-based economic sectors.

Within Nunavut's vast territory are unique animal and marine species, unmatched natural beauty and diverse mineral, oil and gas resources. In spite of its great expanse and the low density of human occupation, our land is vulnerable to human impact. Climate change is emerging as a major threat to a diverse wildlife population. Transboundary pollution has introduced persistent organic pollutants from distant industries into our country food. Mine tailings and abandoned military sites have left lingering environmental damage across the Territory.

Protection of the land must be a key component of our strategy for the development of Nunavut's economy. Our ability to maintain the land-based economy depends on the protection of our wildlife populations and their habitats. Yet of all Canadian jurisdictions, Nunavut possesses the least information on the environment, the land and its resources. Basic topographic, geological and marine mapping has yet to be completed. Knowledge of Nunavut's marine resources is poorly developed. Fundamental research on the social, cultural and economic relationships between people and the land is sparse. This is ironic and difficult to accept for people who have depended in the past on a deep and intimate knowledge of the land for their survival.

We need to learn more about predicting, monitoring and avoiding the cumulative impacts of new development activities. Our success in protecting the ecological integrity of our land is critical to the future performance of our mixed economy,



based on both wage and land-based economic activity. It is equally critical to our cultural survival.

While our knowledge of Arctic ecosystems is growing, there is still much to be shared between our elders, and their knowledge – Inuit Qaujimagatuqangit – and western science.

We also recognize that a sustainable development approach is needed to avoid the high financial costs of environmental damage. We have seen that waste storage, absorption of greenhouse gas emissions and the stockpiling of mine tailings have caused damage to be paid for

by the generations who follow. The longer we continue economic activities without due regard for the impact on our land, air and water, the more it will cost us to repair the damage in the future.

Traditional economic relationships should provide the foundation for how we live in Nunavut today. Self-reliance, hard work, the use of knowledge and technological know-how are all traditional Inuit qualities that can be used to support development in today's global economy.

Although it is often suggested that growth and efficiency of production should be its only purpose, economic development itself can be defined in different ways. Many economists insist that a broader definition must be used, if economic development is to be sustainable. We must learn to accept cultural limits on production so that the natural environment is able to continue to provide for future generations.



4 Focusing on the Fundamentals



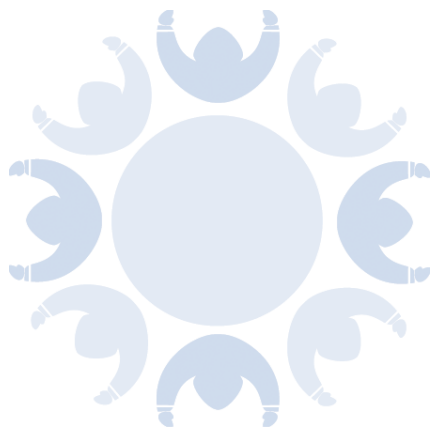
The achievement of a high and sustainable quality of life is possible only through balanced improvements in our economic, social, and environmental performance. Performance is gained through investments in our human, physical, natural and social assets, or “capital.” Until basic thresholds are attained in each of these four fundamental areas, economic growth will pass us by.

The preparation of an economic development strategy for Nunavut has included an assessment of the “four forms of capital” essential to wealth creation in the Territory. We face many challenges in the development of these fundamental elements, which are essential for economic growth.

The Environment – “Natural Capital”:

The land is the ultimate source of goods and services we need to carry out productive economic activities. Some of the “consumable goods” provided by the environment include wildlife for food and clothing, water for personal and industrial consumption, minerals, oil and gas for energy and manufacturing.

Some of the “services” provided by the environment include the provision of the clean water, air and soil required for healthy living, the healing effects of natural beauty and its promotion of human well-being, and the temporary storage of waste produced by human activity.





In developing our economy, our challenge will be to build our knowledge of the land in order to support protection of our environment and appropriate development of its resources.

Our People – “Human Capital”:

A strong economy needs people who have the education, skills and experience to enable them to contribute to the economic activities going on around them. Without this capacity, we will not experience the benefits of the Territory’s economic growth.

A strong economy also needs healthy people determined to pursue education, to make sustainable livelihoods and to create solutions to meet new challenges. People require a wide range of supporting infrastructure to maintain health and motivation, from housing to energy to sanitation systems.

In developing our economy, and to ensure that Nunavummiut benefit from it, a principal challenge will be to support literacy, education and training for the people of Nunavut.

Organizational Development – “Social/Organizational Capital”

Social and organizational capital refers to the way in which the different parts of society interact with each other. This interaction can take place between individuals, businesses and organizations. It is also reflected in the way we organize and combine the various assets and resources found within our communities.

The Nunavut Land Claims Agreement is one of the most important tools for organizing capital investment in Nunavut.

Communities need many kinds of organizations in order to support local human and business capacity-building, to take action when economic opportunities arise, and to ensure that economic development takes place in ways that are compatible with shared community values and priorities.

In developing our economy, our challenge will be to continue improvement of the organizational and institutional environment required for economic development.

Infrastructure – “Physical Capital”

Physical capital refers to the tools and manufactured structures needed to carry out economic activities, and to turn creative ideas into productive realities. This includes fundamental infrastructure such as housing; local, regional and national/international transportation and communications systems; and, the buildings, tools and equipment needed to carry out productive activities. It also includes the financial resources that allow us to acquire these assets.

In developing our economy, our challenge will be to determine how resources can be allocated best to the many capital projects needed throughout the Territory. We must also ensure that spending on infrastructure provides spin-off benefits to society, such as training and creating business opportunities for local entrepreneurs.



5 Our Strategy: Make This Decade a Period of Capital Formation



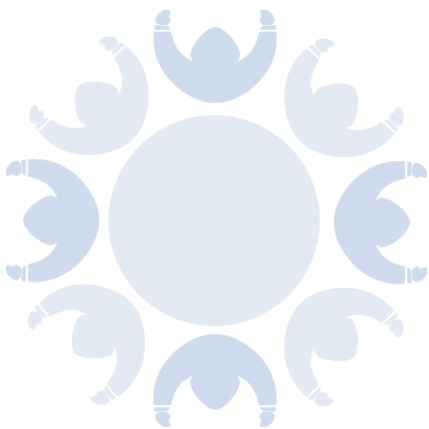
The economic reality in Nunavut is one of great potential but currently little reward. In terms of GDP per capita, the Territory historically has ranked close to the national average, because of the output of the mining sector. However, official unemployment rates remain well over 20 per cent and are in reality much higher, especially for our youth. One result of the lack of employment has been that income per capita in Nunavut is the lowest in Canada. (See Chart 8.)

Nunavummiut need to be more active participants in their own economy. To achieve this goal, we must ensure that investments in economic development involve more than our natural capital and include investments in our human and organizational resources as well. We need to ensure that the

physical capital – infrastructure – is in place to link our natural resources to our people so we can be fully involved in future economic activity.

Our principal task in the next ten years is to ensure that the four forms of capital necessary for wealth creation are present in Nunavut: that is, to foster the formation of natural, human, physical and social capital in the Territory. That is the core of our Strategy.

Nunavut's economy might be compared to a jet aircraft just beginning to become airborne. As it begins its ascent, the aircraft operates inefficiently, using a great deal of fuel and energy to travel a comparatively short distance. Once the aircraft attains sufficient





altitude however, it levels off and travels rapidly and efficiently toward its destination. Occasional turbulence or changes in wind direction require adjustment to speed and flight path, but these are minor corrections. The aircraft travels so efficiently at cruising altitude that the high cost of getting airborne – the fuel and energy that had to be invested – is more than justified.

Nunavut clearly needs significant capital investments. The current level of investment is insufficient to get our economy “airborne.” Accordingly, our Strategy must include a long-term plan for capital formation. Investments made today will pay great dividends in the years to come.

We must get Nunavut’s economy up to “cruising speed.” Provided we make the necessary capital investments, Nunavummiut can look forward to an economy with the potential to generate significant new wealth, and a high and sustainable quality of life, for all its people.

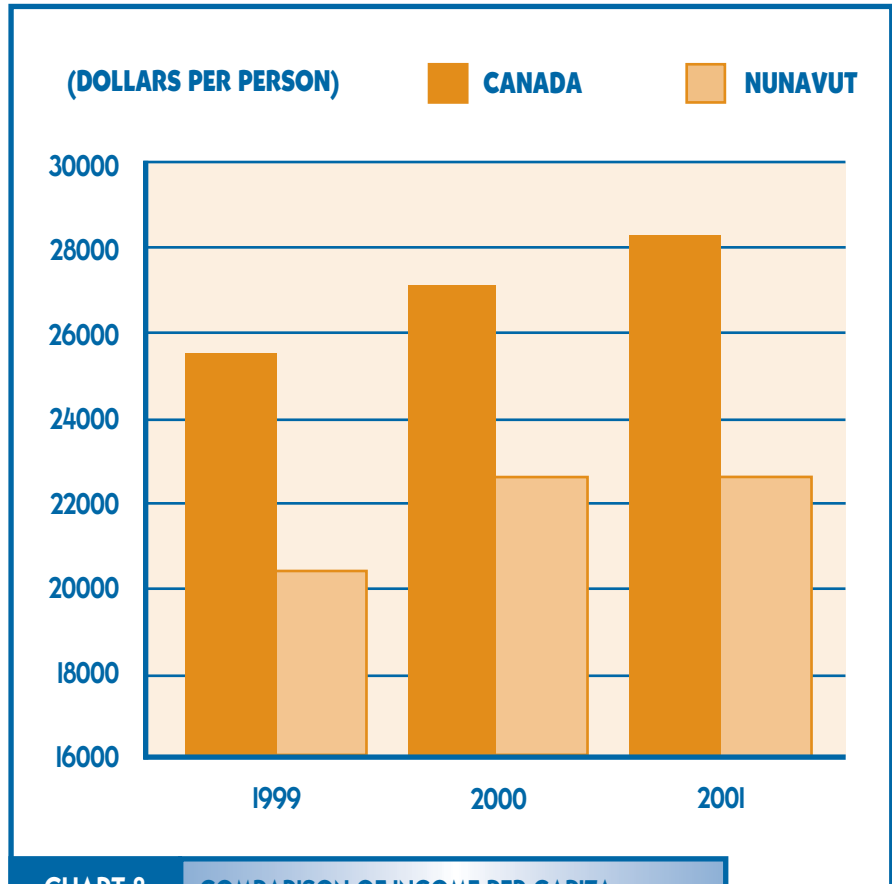


CHART 8

COMPARISON OF INCOME PER CAPITA

Average incomes in Nunavut lag behind those in the rest of the country.

Source: National and Provincial Accounts, 2001, Statistics Canada



6 Strategic Priorities for Development, 2003-2013



Defining Our Mission: What We're Going to Do, and Why

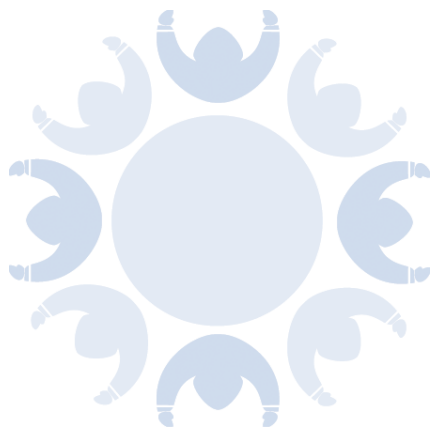
Our approach to the development of the Nunavut economy emphasizes the need for comprehensive, multi-sector strategies, focusing on four key areas: the land; people; our community economies; and, the territorial economy.

Working in each of these areas, we can focus on the fundamentals for successful development. We can ensure that our actions are consistent with our values and principles.

We have identified at least three strategic priorities in each of these

four areas. Taken together, these priorities provide our strategic direction for the next decade, 2003-2013. By working together on these priorities, we can ensure that Nunavummiut participate fully in the growth anticipated for the Nunavut economy over this period and beyond.

For each strategic priority, we propose specific measurable objectives. These are listed under each priority area under the heading "Action."





It will be our task in the months ahead to review each of these objectives and to develop specific action plans to bring our organizations and resources together to achieve them.

Strategic Priorities: The Land

1. Respecting the Land

Responsibility for Nunavut's natural resources is shared. For example, legislative responsibility for wildlife management on land rests with the Government of Nunavut and with the federal government for fish and marine mammals. Article 5 of the Nunavut Land Claims Agreement (NLCA) established the Nunavut Wildlife Management Board, and set out the principles for wildlife management in the Territory.

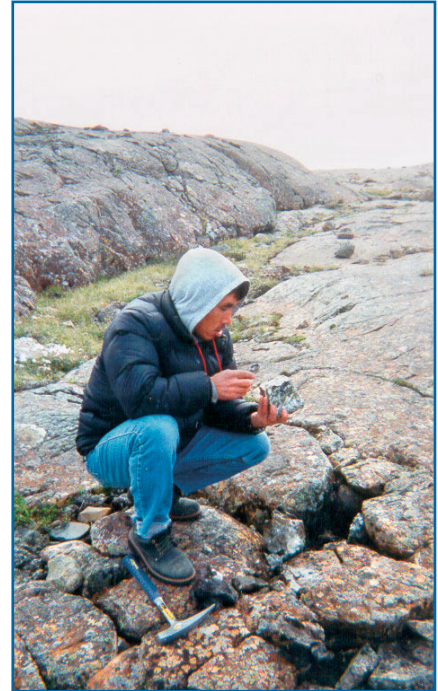
Environmental protection is also a shared responsibility, though federal responsibility is limited to Crown lands. (This will change when Crown lands and natural resources are transferred to the Government of Nunavut through devolution.) In addition, Inuit are the second largest landowners in Nunavut, after the federal government. Nunavut Tunngavik Inc. (NTI) and the Regional Inuit

Associations own and manage 350,000 square kilometres of land in Nunavut.

The NLCA also assigns important roles to Institutions of Public Government and Inuit organizations for the management and use of the land. Under the NLCA, development activities are subject to review by the Nunavut Impact Review Board and the Nunavut Water Board. These reviews may lead to full federal Environmental Impact Assessment Reviews. Projects must be consistent with regional land-use plans prepared by the Nunavut Planning Commission.

Institutions of Public Government assess development impacts, but are dependent for their effectiveness on the knowledge available and have limited resources. Important knowledge gaps exist in areas such as wildlife population, habitat health, integration of formal scientific knowledge and Inuit *Qaujimagatuqangit*, and the assessment of cumulative impacts.

Under Article 12.7.6 of the NLCA there is a requirement for government to monitor the long-term condition of the ecosystem and the socio-economic



environment of Nunavut. The implementation of this obligation is essential to our economic future.

Knowledge and informed debate are required for sound decisions about economic development. We need to compile existing information and fill gaps in this knowledge. Our Strategy therefore recognizes the need for on-going knowledge development about the land, the natural environment, and our relationships with the land, and the application of this knowledge to sustainable development.





Action

To maintain and enhance our relationship to the land we will:

By 2005:

- Begin comprehensive implementation of the Nunavut Land Claims Agreement obligation to establish a general monitoring program for all of Nunavut.
- Implement a climate change strategy for Nunavut.
- Establish a sustainable development policy for Nunavut.
- Complete a comprehensive strategy to develop management plans and other required research.

By 2008:

- Introduce a program to enable communities to participate in planning for sustainable resource development.
- Legislate a modernized Nunavut Environmental Protection Act that will be applicable to all devolved lands and resources.
- Complete the regional land use plans required for all of Nunavut.
- Fully implement the water policy developed by NTI and the Regional Inuit Associations for Inuit Owned Lands.

- In cooperation with the federal government, address the water, sewage and solid waste infrastructure needs of Nunavut's communities.

By 2013:

- Fully implement the Nunavut Ikuma Energy Strategy to address alternative energy opportunities, greenhouse gas emissions reduction, and the impacts of climate change.
- Complete detailed geoscience mapping of Nunavut's land and hydrographic research of Nunavut's marine areas to bring knowledge levels to national standards.

Ongoing:

- Ensure that environmental stewardship is a component of all community development plans.

2. Maintaining Our Mixed Economy

Nunavut's economy is like a tapestry. It is made up of traditional Inuit activities that comprise a land-based economy, woven together with more recent, sector-specific activities and

industries that make up the wage-based economy. The resulting fabric is a mixed economy.

These two economies interact to support each other. For example, families will purchase the equipment and supplies needed to get out on the land, using money earned from jobs in the wage-economy. Similarly, many Nunavummiut supplement their wage-economy incomes by harvesting food – activity within the land-based economy. At the same time, getting out on the land helps everyone maintain his or her sense of personal balance and relieves the stress experienced on-the-job.

The land-based economy is the primary source of country food – a mainstay of Inuit culture, social relationships, and good health. The connection to the land builds social, family and community ties. It is also an important source of artistic inspiration. It provides income. Participation in land-based activities helps us remain connected to our past and to pass on what we have learned to the next generation.



We must continue to invest in our land-based economy. Youth need opportunities to learn to participate in activities on the land safely and with confidence.

Including the land-based economy as a prominent element in the education of our young people will permit greater participation by elders. It will also promote the recognition of the traditional economy and Inuit *Qaujimajatuqangit*, as knowledge that is equal to certified educational programming originating from southern Canada.

Within our mixed economy, the wage-based economy links Nunavut to opportunities and challenges in the national and global marketplace. It provides opportunities to trade our resources, our labour and the products of our work for goods and services from across the Territory, the nation, and the world. Developed with care, the wage-based economy offers the potential for the economic growth we seek without placing too much pressure on our land.

Action

To support development of our mixed economy we will:

By 2005:

- Develop career profiles and training and skills programs for all parts of Nunavut's economy, including both the wage-based and land-based economy.
- Revise the harvesters' support policies of the Government of Nunavut and NTI, so that they are complementary, and reflect a better understanding of how Nunavummiut divide their time between the wage-based and land-based economies.
- Develop innovative on-the-job training programs for the wage-economy and on-the-land training programs for the land-based economy.
- Institute a certified program to teach the knowledge and skills required for participation in the land-based economy.

By 2013:

- Establish a college-level program on the traditional economy, either within the proposed *silattuqsarniq* (Inuit heritage school) or as a

component of existing post-secondary educational and research institutes.

Ongoing:

- Develop training programs to meet the labour force needs of the land-based economy.
- Involve elders in land-skills programs in the schools.
- Help people transfer their land-based knowledge and skills to the wage-based economy, through research, information sharing, and implementing land-skills certification programs.
- Monitor economic development programming to ensure that there is an appropriate balance in support for the land-based and wage-based components of Nunavut's economy.
- Help youth to understand their options for sustainable livelihoods, and to know that all activities – whether based on the land, in the modern economy, or volunteering within the community – are valued, productive, and should be supported.





3. Building on the Knowledge of Our Elders

Our economy must accommodate Inuit culture, respecting our values and traditions while supporting future change and development.

Our economy also must respond to the tremendous social challenges we face. In only a few generations, we have witnessed dramatic changes in the roles of men and women, in the expectations of adults and youth, and in the roles played by elders in teaching our children. The Nunavut economy must provide opportunities for all Nunavummiut to play productive roles, including our elders.

This is so because of the importance of the land in defining who we are and how we will develop our economy. Inuit Qaujimagatuqangit expresses the relationship between our people and the land. The custodians of this knowledge are our elders.

The approach to economic life that is expressed in Inuit Qaujimagatuqangit is as relevant to

Nunavummiut today as it was to Inuit generations ago. The long experience of Inuit, in surviving and establishing rich cultural traditions in the same natural environment for thousands of years, demonstrates the effectiveness of small-scale development.

Success on the land has always depended on the application of knowledge and appropriate technology. The same approach is essential for development to be successful in our modern “knowledge economy.”

To ensure that our culture and values continue to shape our approach to economic development, elders and youth need opportunities to interact with each other. Our youth must learn from the values and economic traditions that have contributed to our self-reliance for generations.

In Greenland, a one-year program focused on language and culture is taught at the Knud



Rasmussenip Højskolia – a folk school in Sisimiut. A similar educational institution in the Greenlandic community of Qaqortok focuses on trades training and traditional life skills.

There is considerable interest in establishing a similar school – silattuqsarniq – in Nunavut. A communiqué agreed by the Government of Nunavut, the



Government of Greenland and NTI in 2001 provides for co-operation in exploring the establishment of such a school in Nunavut, and a working group was established for this purpose.

In the context of economic development and international trade policy, the knowledge of our elders is referred to as “cultural property,” and, as such, its value is recognized. This is important to Nunavut because of the potential economic value of this cultural property. Inuit must retain control of the production of Inuit designs. There is additional value for Nunavut in the brand recognition associated with this work. If the power of these designs is reduced when cheap copies are made in other countries, it undermines the Nunavut original. Many Inuit designs, such as the inukshuk, the ulu, the amauti and the kayak – have been widely copied. While it may not be possible to fully protect these designs, they should be promoted as Inuit and as forming part of the distinct identity of Nunavut.

Action

To build on the knowledge of our elders we will:

By 2005:

- Publish the research into the use of Inuit Qaujimagatuqangit to understand the impact of global warming in Nunavut.
- Renew the participation of elders in teaching in every school in Nunavut.
- Publish a report on the feasibility of a silattuqsarniq (Inuit heritage school) in Nunavut, including a proposal for curriculum development.

Ongoing:

- Complement formal science with Inuit Qaujimagatuqangit for a better understanding of our land and its natural resources.
- Support measures to protect Inuit intellectual property in Canadian law and international conventions.

Strategic Priorities: Our People

Economic and social development starts with people – our “human capital.” Our society’s level of literacy, education, skills and knowledge directly affects our

ability to achieve our economic goals. Our health status, and our individual and community well being, will also determine what we can achieve in the development of our economy.

We are unique in Canada. As a political jurisdiction, Nunavut is home to the largest majority of Aboriginal people – 85 per cent – in Canada. We also have the youngest population in the country. By 2020, we expect our population to grow to 44,000 persons, and with a continuing predominance of young people.

Our society has undergone tremendous social and economic change over the past two generations. The way we are taught and the way we make a living has changed rapidly. New economic opportunities have arisen very quickly, and we have not been prepared for them. As we have seen, southerners have filled many of the new jobs, and companies from other parts of Canada have taken advantage of the many new business opportunities.

In supporting our people, we must also invest in the infrastructure people need to live





healthy and productive lives within our communities. People require appropriate housing, recreational facilities, clean water, adequate sewage disposal, affordable transportation, communications, and clean energy. These types of infrastructure allow us to participate in our mixed economy to produce economic growth. They also ensure that this growth serves to strengthen our relationships with each other, and with the land.

Gender equality plays a central role in economic development. In Nunavut today more women are working for wages, and pursuing a wider range of jobs and income opportunities. But women continue to face particular challenges in achieving economic equality and self-reliance. Despite progress women in Nunavut have not achieved full equality with men nor gained equal participation at all levels of decision-making in our society.

We should be concerned not only with women and men as co-equals but also with the relationship between them, and how their roles have been created in our society.

Attaining gender equality is dependent on the achievement of equal outcomes for both men and women.

4. Economic Development for Our Youth

Young people need opportunities outside of school to engage in productive activities that promote life-skills, learning, develop self-esteem and confidence and engender leadership skills. Our youth want opportunities to gain work experience and to know the satisfaction of contributing to the well-being of their families and their communities.

Young people also need opportunities to develop their abilities and interests and to acquire the skills needed to maintain a sustainable livelihood in the future. In many Nunavut communities, however, the programming and mentoring, volunteer opportunities, and entry-level jobs that can be used for this purpose are limited, so that many youth today do not have the chance to experiment and to learn about their options for productive economic roles.



It is also important that our youth receive an early introduction to our economy and their potential roles in it. This introduction must take place in our schools.

The Conference Board of Canada pointed out that while it is possible to identify the values that are “driving development” in Nunavut, it must be asked “whether these values are in fact important to Nunavut’s younger population.”



During *The Naujaat Challenge* consultation process, young people expressed a strong desire to participate in the wage-based economy and to pursue an education, develop careers, to travel and enjoy attributes of a consumer lifestyle, like other young people in Canada.

Our youth also expressed a desire to maintain the Inuktitut and Inuinnaqtun languages, to participate in traditional activities, and to understand and use Inuit Qaujimagatuqangit as a foundation for their future way of life.

What young people question are not the values based on our traditions and culture, but the capacity of today's society to ensure that youth will have the knowledge to carry these values forward into the future.

Finally, it is as youth that we are first confronted with gender roles and gender equality issues. There is evidence that among Inuit youth, many girls and young women are adjusting more effectively to the economic challenges in Nunavut than are boys and young men.

Action

To ensure that our youth benefit from our economic development activity, we will:

By 2005:

- Support youth organizations at the community, regional and Nunavut-wide level, to establish an advocacy network so that the voice of youth is heard.
- Implement a comprehensive inter-agency youth job program.
- Establish a culturally-centred jobs program for Inuit youth.
- Establish a Junior Achievement program in every Nunavut high school to promote interest in business and an understanding of the opportunities and risks.
- Develop a youth strategy for Nunavut that addresses the role of youth in our economy.

Ongoing:

- Create jobs and work experience opportunities for youth, particularly through co-op programs combining work and education.
- Provide ways for youth to access information about youth programs supported by the

federal and Territorial governments, and the Inuit organizations.

- Involve Nunavut youth in the Arctic Council program on the Future of Children and Youth of the Arctic.
- Develop programs for leadership, entrepreneurship and other skills.
- Assist youth in developing proposals to make use of youth programs.
- Ensure that Inuit youth are able to nurture strong connections with their heritage through support for language and culture.
- Address issues of women's economic autonomy and well-being, including unpaid work, sharing of family responsibilities, and women's entrepreneurship, to help ensure young women have options for participation in Nunavut's mixed economy.
- Undertake a project to explore the alienation of young men from productive economic roles in our communities, and to determine ways in which traditional mentoring systems can be applied to modern economic life.





5. Education & Training

Our economic strategy proposes to build on our people's skills, knowledge, and abilities. We need to do this in ways that support both the land-based and wage-based economies.

We believe that the realities of Nunavut society, including language and heritage – especially the use of Inuktitut and Inuinnaqtun and Inuit Qaujimagajatuqangit – must be the starting point from which our education, training and labour force development strategies emerge.

Culture-based programs must be supported from kindergarten through to college, in order to give youth the confidence they need in both Inuit and non-Inuit culture. In Inuit culture elders are respected for the knowledge they have gained over a lifetime of observation and learning. It is vital that our youth learn from the elders' values and economic traditions that have contributed to our self-reliance in the past, in order to build the foundation for Nunavut's economy in the future.

An economic strategy must put great effort into helping people gain the essential education or training they need to work in either the traditional or the modern mixed economy.

In the modern economy literacy and basic math skills are essential to obtain jobs, manage businesses and to take advantage of higher education and training opportunities. Many people in our Territory leave school early, and do not possess adequate skills in these areas. We must support students to stay in school. We must also encourage adults to return to school, and provide them with financial assistance to do so.

Nunavut also needs trades people with certified skills. Inuit have gained reliable skills through a lifetime of experience. But without formal certification they are unable to obtain the employment in which these skills can be applied. Certification problems must be addressed.

In the spirit of Article 23 ("Inuit Employment within Government") of the NLCA we must provide education and training for Inuit

for all levels of employment, from entry level to senior management, in order to keep jobs in Nunavut and gain real control over the future of the Territory. Under Article 23, Inuit participation in government employment must be increased to a representative level. Today, each government organization must have an Inuit Employment Plan. This will lead government to make the workplace a "place of learning," where formal education and training programs are available for people to improve their skills while they work.

Nunavut Arctic College is an established institution with facilities in most communities across the Territory. The College can play a critical role in preparing Inuit to participate in Nunavut's economic development. The College can support people by providing mid-career learning opportunities, assisting employees to gain the full range of skills and experiences they need to progress in their career. The College can also take the lead in training people as business or government managers.



The Municipal Training Organization was established to provide employees of community governments with direct, work place-based skills training. This training helps to ensure they become more effective in their current job and to be more self-confident and productive.

Action

To improve the ability of Nunavut's labour force to participate in our economy we will:

By 2005:

- Work together to make Nunavut Arctic College a stronger resource for adult education and skills certification in Nunavut, including the completion of the development of a new funding allocation model for the College, which reflects the reality of delivering programs in Nunavut, and which allows for the strategic purchase of programs and services, and for the development of performance indicators, and accountability criteria.

- Complete and maintain an inventory of facilities, which can be used to support community-based delivery of apprenticeship and trades programs.
- Ensure student access to school guidance counsellors who are qualified to provide culturally relevant advice and direction and who have direct links to sources of current information about the economy and the Nunavut labour force.
- Expand and strengthen math and science, numeracy and literacy programs in Inuktitut and Inuinnaqtun, as well as in English and French.
- Take the steps to ensure full use of currently available training programs that allow Nunavummiut to participate in our economic growth sectors, and in particular, in mining, fishing, and tourism.
- Examine the establishment of industry focus groups on training to assist in ensuring that programs being developed meet corresponding needs, and which can be monitored to determine levels of success and impact.



- Complete work on the *Nunavut Adult Learning Strategy* and identify priority areas for strategic investment in post-secondary education over the next 20 years, and develop a corresponding implementation strategy.
- Work to provide student allowances to adults who wish to take Adult Basic Education upgrading.





By 2008:

- Conduct a comprehensive evaluation of our education and training programs to ensure they are meeting our basic needs.
- Adopt a Nunavut-based curriculum in our schools, which includes instruction in household and workplace economics.

Ongoing:

- Research and report on the educational and skill levels of Nunavummiut and identify gaps in relation to economic opportunities and share this information with communities.
- Working with Nunavut-based community and regional organizations, develop a standardized needs assessment tool which can be applied across the Territory, and which can provide consistent, quality data for program planning and evaluation.
- Develop programs and services to engage those Nunavummiut who are currently not in the work force nor in literacy and Adult Basic Education programs.

- Support research on the educational and skills levels of Nunavummiut and identify gaps in relation to economic opportunities.
- Support a Nunavut curriculum relevant to students' experience, including academic knowledge, vocational and trades training, land skills education and cultural education.
- Maintain and where required, extend the annual community needs assessment process to ensure the delivery of relevant adult education programs in every community, in every term.

To assist Nunavut's private sector to successfully compete with government and Inuit organizations for the skilled people it needs, we will:

- Promote co-op education programs – where students spend time in both school and work placements – that are focused on private and co-operative sector opportunities.
- Establish incentives within government and Inuit organizations that encourage

high school graduates to seek post-secondary education and private sector experience.

- Ensure that education and training opportunities in the community include the study of the local economy and development of entrepreneurial skills.
- Partner with municipalities to ensure training for municipal staff.
- Support an internship program to ensure the development of a representative senior management corps in government.

6. Basic Needs – Housing, Hospitals and Schools

Considerable financial resources are currently dedicated to building and renovating houses, schools, health centres and municipal infrastructure.

Our rapidly growing population will ensure infrastructure development in the Territory will be a major focus of public spending for years to come.

Adequate social infrastructure is essential for the development of Nunavut's economy. Crowded and



sub-standard housing directly affects an individual's productivity. Workdays lost to absences because of poor health, and the effects of inadequate housing on the performance of students are examples of how substandard housing impacts the economy.

The housing shortage also limits the mobility of the workforce. If local housing is not available, potential employees from outside the community cannot be hired. At the same time, individuals may be reluctant to change employers, even if they can be more productive in a new job, if it means giving up a job that includes a housing benefit.

The Government of Nunavut's capital budget accounts for more than \$70 million in annual spending. This investment presents a good opportunity to support trades training and private sector development.

Meeting the demand for new housing provides an important stimulus for economic development. Housing development provides the opportunity and the rationale to support trades training, as well as offering business opportunities to the local construction industry.

Essential to local participation in economic growth are an appropriate scale and pace of development. In some cases, large, southern-based construction firms, using outside labour, are the only companies that can secure government contracts for multiple housing developments that are tied to an accelerated schedule. This pace and scale of development can be a major barrier to local and Inuit firms.

Another form of exclusion that holds back the development of social infrastructure in Nunavut is related to the participation of Inuit in federal Aboriginal programming. Federal funding for public housing in Canada was significantly reduced in the 1980s. Funding for Aboriginal housing has continued uninterrupted – but only on reserves. Inuit in Nunavut have been subject to the same public housing cutbacks as non-Aboriginal Canadians.

This issue was anticipated by the Nunavut Land Claims Agreement, which should be used to lever federal infrastructure funding, particularly for housing, in Nunavut.

Action

To achieve economic development objectives through our capital spending, we will:

By 2005:

- Develop and implement policies and best practices to ensure capital projects help to achieve training and business development objectives.
- Use the provisions of the NLCA to obtain additional infrastructure funding from the federal government.
- Include an assessment of the readiness of the local labour force and business sector in the timing of our capital projects.
- Encourage the enhancement of incentives to promote Inuit employment through government and other contracting procedures, as was done by the federal government with the DEW-line cleanup, and is done to a limited extent under the NNI policy.
- Explore and report on how housing development can best support trades training and local construction businesses while remaining timely and cost effective.





Ongoing:

- Support housing design that meets the needs of Nunavummiut, and that is energy efficient.
- Promote private home ownership and personal investment in housing, taking into account the need for measures to assist with maintenance and upkeep costs.

Strategic Priorities: Our Community Economies

Nunavut communities are the bedrock of our mixed economy. It is through communities that income and profits generated from our economic sectors enter Nunavut's economy. If our community economies are strong, wages paid by government or by other enterprises will circulate through local businesses and provide investments in wage or land-based economic expansion. If community economies are weak, money earned will simply flow away from Nunavut as people purchase goods and

services from the south and invest their savings in southern institutions, businesses, and real estate.

We will not achieve our goals of increased well-being, self-reliance, and sustainability unless we promote Nunavut's economy by means of community development. The achievement of Nunavut's development goals ultimately depends on how well sector activity is integrated into Nunavut's household and community economies.

Unfortunately, families in our communities have missed out on many opportunities to benefit from Nunavut's wage-based economy. Community assets have not been developed to meet the needs of specific economic sectors, and the strengths of our communities have not been fully used in economic development.

Nunavummiut – and Inuit in particular – know well that economic activity can proceed all around us without our full participation. Mines have been operated using labour and materials



imported from the south. Vessels based in southern Canada fish Nunavut's waters. Housing and other construction activity takes place using trades people from other parts of Canada.

For our economy to grow, and for Nunavummiut to participate in that growth, we must identify and find ways of applying the assets of our communities in our strategies for the development of our economic sectors.





7. Community Capacity Building and Organizational Development

If the participation of Nunavummiut in the economic growth of the Territory depends on linking that growth to our communities, we need a strategy to promote that connection.

Accordingly, the Government of Nunavut and Inuit organizations in Nunavut have made a commitment to community economic development (CED).

CED is attractive for two principal reasons. First, it promotes a bottom-up approach to development, which involves the full participation and control by local people, as an alternative to the outside-in approaches to development that have had limited success in the past. Secondly, a CED approach to economic growth is a sustainable development approach, recognizing that economic growth can be maintained only when people's basic needs are addressed and the natural environment is protected.

If communities and their municipal governments are to be key actors in economic development, they must have the capacity and the organizational strength to play this role.

Municipal governments need strong regional support if they are to implement a CED agenda. The support offered communities by the federal and Territorial governments and Inuit organizations comes primarily in the form of programs and services. This can create problems for the community and frustrate development unless some key issues are addressed.

Federal and Territorial government programs and services – including those delivered on government's behalf by Inuit organizations – are designed to be universal, equitable, and fair. Programs are structured to treat everyone the same. Communities, on the other hand, have specific developmental requirements, unique to each community. Programs and services must be

flexible enough to meet specific community needs, and designed with community involvement. Program delivery, wherever possible, must continue to shift from the federal and Territorial government, to the community.

At the community level, to be successful development must be holistic, and integrate wellness, good governance, sustainable economic development, education and training, and language and culture.

For the federal and Territorial governments, and the Inuit organizations, each of these areas is usually the mandate of a different department. This fragmentation can make it difficult for communities to establish partnerships for development with these larger organizations.

CED is a process in which the implementation of solutions takes place over several years. Government and Inuit organizations, on the other hand, must work within short-term, fiscal year funding cycles.





Building a regional network to support community economic development will help break down the programming stovepipes in government. It will ensure local development is guided by a community vision and moves toward the achievement of considered, practical, economic goals, to which regional support agencies can respond.

One proposal that should be explored is the creation of a “circle of support” program for each community. The federal and Territorial governments, and the Inuit organizations, could use this forum at the community level to coordinate their activities, provide information to communities, and ensure community involvement in program design and delivery.

Ensuring ready access to both federal and Territorial governments is critical to community capacity building. It is important to have a strong federal and territorial presence in Nunavut, in all regions, to ensure an effective partnership among all three levels of government in the Territory.

The role of the federal and Territorial public servant – and development workers in Inuit organizations – must shift from that of a provider of services and funding, to one of facilitator of relationships, helping the community to express its own unique vision of the future, and helping local groups to work together.

An important part of community capacity building includes support for effective community governance. Our communities are small, where people interact on a regular, informal, and personal basis. Such conditions make community life highly desirable, but they can also act as barriers to development. Local politics and family relations can become major issues. Training in community economic development should be available in every community to help support transparency in community governance.

Our communities are rich in community-based economic development organizations. In

most communities, there is a co-operative association, a women’s organization, a hunters and trappers’ organization, and a community economic development committee sanctioned by municipal council. Many communities have established community development corporations, and some have a chamber of commerce, board of trade, or tourism development committee. Working together, and with regional support, these organizations can be a powerful force for community development.

Action

To support communities in taking charge of their local economies, and to participate in sector-based economic development, we will:

By 2005:

- Create inter-agency (government and Inuit organizations) Community Development Committees to support community planning, and to prepare a joint response to community initiatives.



- Support collaborative “circle-of-support” organizational structures at the community level.
- Ensure a strong presence of program officers from both the federal and Territorial governments throughout Nunavut, in all regions.
- Establish a Community Development Initiative – or “Healthy Communities” Initiative – under the leadership of a single department, or small secretariat, to coordinate Government support for community and economic development.
- Make training in CED available to municipal council and community economic development committee members.
- Clarify the roles and responsibilities of the federal and Territorial governments, the Inuit organizations, and the municipal government, in terms of service delivery, and community development. This should form a major part of the development of a common, inter-organizational, CED strategy.
- Prepare an inventory of CED and community development programs, including associated mandates and funding commitments.

- Provide assistance to Hunters and Trappers Organizations to help them pursue sustainable economic objectives.
- Address and resolve community governance issues by establishing effective training programs that focus on the CED agenda.

By 2008:

- Design legislation to define and sanction the role of the community development corporation.
- Develop a support system for communities that can provide technical expertise, help those communities secure resources and education and training, foster community planning, and coordinate economic development agencies’ responses to these plans.

Ongoing:

- Support the strategies developed by communities through their independent planning processes.
- Ensure that the long-term nature of the development process is reflected in government and other economic development agencies’ program design.
- Provide training and mentoring programs that extend to all community members.



- Encourage the federal and territorial governments, and the Inuit organizations, to direct their efforts not simply toward the delivery of programs and services, but toward community development.
- Strengthen inter-regional linkages among Inuit organizations – notably the regional development corporations, the Regional Inuit Associations, the Community Land and Resource Committees, Community Liaison Officers, and Hunters and Trappers’ Organizations – with respect to





the economic and community development aspects of their mandates.

- Review the transfer of funds for program and service delivery from both the federal and territorial governments and agencies to municipalities, to identify current funding patterns and gaps, and publish the findings, with recommendations for changes.

8. Small and Inuit Business Development

Nunavut's small business sector faces many obstacles, especially our small Inuit firms. As we have explained, the challenges for starting and sustaining small businesses range from access to capital, to the availability of assistance in developing business plans and other business services, to shortages of trained labour, to a lack of basic infrastructure at the community level, to inadequate Internet service. At the same time, there has been a steady and impressive growth in business start-ups, reflecting the determination of both Inuit and non-Inuit entrepreneurs to take an active part in Nunavut's economic development.

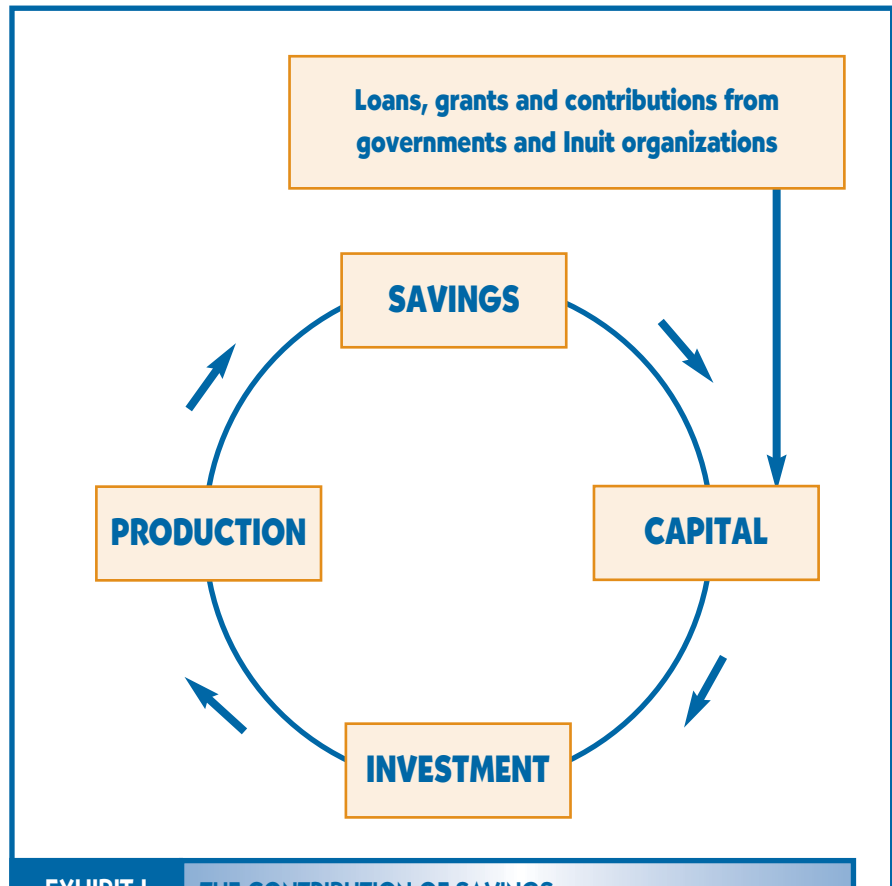


EXHIBIT I

THE CONTRIBUTION OF SAVINGS TO BUSINESS DEVELOPMENT

The business development cycle depends on savings. A deficiency of savings in our communities puts pressure on government and Inuit organizations to substitute loans, grants and contributions.

Source: Based on "A Positive Spiral of Development" in Stan Burkey, People First: A Guide to Self-Reliant, Participatory Rural Development (London 1988)



Tackling these challenges is a priority of this Strategy. Doing so will require fresh thinking, as well as close and persistent cooperation among the various levels of government, and non-governmental organizations. In particular, as the private sector grows and investment opportunities emerge, adequate investment capital must be made more readily available to local businesses.

Approaches must be found to foster closer collaboration among lending organizations, and to encourage the extension of a one-window application system. In the near future, household savings must increasingly become a prominent source of the capital needed to support private-sector growth. (See Exhibit 1.) At present, facilities that could support the accumulation and investment of savings in our communities are, with a few exceptions, completely absent. Changing this must be a high short-term priority.

Building a successful private and co-operative sector requires qualified labour. Incentives need to be adjusted to encourage skilled people to seek careers in Nunavut's business sectors. Without such encouragement, communities will have difficulty linking their economies to territorial opportunities. Again, government and non-governmental organizations have a role to play in providing these incentives.

Business support programs and government policies both strongly affect the private sector. Nunavut's business sector is in an emerging stage and is very sensitive to these initiatives. We need to ensure that programs and policies intended to support business in the short term, lead to strong and highly competitive businesses in the longer term. Reviewing and reforming existing programs and policies must receive priority attention.

Access to property, both for business facilities and for use as security for financial capital, has an impact on business development in Nunavut. The effect of our distinctive system of land tenure on the accumulation of financial capital must be understood, and measures to improve access to business financing need to be found.

Finally, and most importantly, Inuit need to be provided with more readily accessible training and





information about what is required to successfully start and operate a business, how procurement and tendering systems work, and how a business can be sustained. This information, whether provided in writing, on the web, or in person, must be made available in Inuktitut and Inuinnaqtun.

Action

To support small and Inuit business development, we will:

By 2005:

- Develop and implement measures to improve how public sector and non-government institutions currently administer business loans and risk capital.
- Expand the Business Development Centre Program to all Nunavut communities. This effort will involve persuading the federal government to fund the program, as it does in southern Canada.
- Strengthen the role and capacity of the Chambers of Commerce in Nunavut to better accommodate the circumstances and explicitly meet the needs of Inuit small business.

- Review the impacts of government policies, programs, and incentives on the development of local business capacity, with a view to implementing improvements.
- Assess and where required reform government purchasing to strengthen its contribution to community economic development.
- Re-examine the 'claw-back' provisions of the income support program. These provisions reduce individual entitlements in order to offset other income, but the result is an erosion of personal savings that could be used to foster business growth.

By 2008:

- Design and implement a "business aftercare" program to help small firms maintain and expand their operations.
- Create a community savings and loans network, such as co-operatives, credit unions, community bonds, or other measures, as a means of increasing the availability of capital for business development.

Ongoing:

- Work with financial institutions to investigate how risk capital can be secured using the current property system in Nunavut.
- Work with Nunavut's local businesses to help them win government contracts, particularly through full implementation of the obligations of Article 24 of the NLCA, by improving access to governments' electronic tendering systems, and by splitting projects into smaller contracts that local firms can manage.
- Monitor and report on the outcome and socio-economic benefits of government contracting.
- Support the Nunavut Development Corporation in fulfilling its commitment to transfer to community ownership the assets of the community-based businesses its funds.
- When planning the timing of capital projects, take into account the readiness of local businesses to supply goods and services. Whenever possible, projects should be initiated only after communities have had time to prepare for the benefits that may arise from these projects.



9. Building the Knowledge Base in Our Communities

In the traditional land-based economy, knowledge was essential to the production of food, clothing, and shelter. Knowledge was shared, so that everyone understood his or her role in ensuring the survival of the family.

Economic development in communities today is no less dependent on the use of knowledge. Much of the knowledge essential for economic development originates outside the community, and is highly technical. When communities attempt to access this information, they often encounter poorly prepared source materials, language barriers, and inadequate information and communications systems. Communities have the right to the information they need for development to proceed.

The Nunavut Broadband Development Corporation is a new agency, which is attempting to address this issue, by bringing high-speed Internet services to all Nunavut communities. This will allow access to outside information, but just as importantly, permit communities to communicate with each other, using their own language.

A great deal of the information communities need for economic development already exists within the community. It includes basic data on population, local employment, and education attainment, and 'hidden' data, often not available in English, on local assets and individual abilities.

Some of the most important information a community needs for development concerns how residents define a "high and sustainable quality of life," and what indicators they would select to measure its achievement.

Communities have the right to the information they need to promote and support their development.

Currently, departments of the Government of Nunavut often lead community development planning in the Territory. These planning initiatives can be useful as a starting point for community organization. We recognize, however, that some communities may wish to undertake their own planning processes, independent of specific government departments and programs.



PHOTO BY SEAN O'NEIL

Despite improved communications systems and consultation techniques, and the inclusion of municipalities in the land use planning process as specified in the NLCA, communities still struggle to obtain information about major development projects that may affect them. Municipal representatives are not routinely included in oversight committees for major development projects, and community consultations usually occur after the design development planning stage has been completed.





Communities need support for data collection, research, and access to the information they need to develop their local economies and to assess the consequences of that development. The focal point for information gathering and for the distribution of that information, both from within and without the community is the community economic developer (EDO). The EDO plays a key role in his or her community, and can have a major impact on community development.

The EDO should receive greater support, both from the federal and Territorial governments, and the Inuit organizations, which depend on the position for program delivery, and from municipal councils. The role of the EDO has changed profoundly in the last decade, and has assumed much broader responsibilities than in the past. The community economic developer functions as a local “change agent,” sometimes having to provoke a shift in local thinking about an issue to ensure there is a constructive response to changing economic circumstances. It is a difficult and demanding role to play in any community.

Action

To assist communities in the collection and application of knowledge to the development of the local economy, we will:

By 2005:

- Work with the Nunavut Economic Developers' Association, the Nunavut Association of Municipal Administrators, Nunavut Arctic College, the Municipal Training Organization, and the Council for the Advancement of Native Development Officers to establish a permanent education program for EDOs, and to link EDOs with regional and territorial support organizations.
- Provide information on Nunavut's economy, sector opportunities, and available economic development programs, in a CED directory.
- Initiate an annual “economic development week” and trade exhibition for communities.
- Make the implementation of the community development plan the primary task of the community economic developer.

- Include the community economic developer as a member of the community labour force development team – the “circle of support.”
- Ensure that guidelines are established under Article 12 of the NLCA for proposed resource development projects, and that these guidelines lead to assessments that address community priorities effectively while enabling the review process to proceed efficiently. This process should involve the federal and Territorial governments, the Institutes of Public Government, and communities.

Ongoing:

- Help communities and organizations to share information on their experience, successes, and best practices in CED.
- Ensure that data collected in communities, such as Nunavummit Kiglisiniartiit's 2001 Nunavut Household Survey, is made available to and promoted in all communities.
- Assist communities to take the lead in community economic development planning and development initiatives.



- Inform communities at the earliest stage of proposed developments and include affected communities in oversight committees for all proposed development.
- Promote the teaching of economics – including home economics – in our schools, and connect the school curriculum to the productive life of the community.
- Support the growth of the Nunavut Economic Developers Association, and commit to informing its members of all government and development agency activities, as a matter of routine.
- Increase financial support for EDOs through partnerships, and encourage municipalities to build partnerships and secure matching funds for community development.
- Support the Nunavut Broadband Development Corporation, to help ensure that every community has access to high-speed Internet services, and that these services are available at a public access centre where translation and interpretation assistance is available.

Strategic Priorities: Our Territorial Economy

We have argued that we should be optimistic about our economic prospects in a number of specific sectors. In preparing for these opportunities, we must work to influence the way these sectors develop. This influence can be achieved through increased local ownership, community involvement, improved regulation, and through greater participation of Inuit as employees in sector activities. To achieve these advances will require the implementation of the priorities outlined in the Strategy for people and communities.

Our influence over sector development must also include safeguards for the natural environment – our strategic priorities for the land – that reflect the central importance of our land-based economy and the role it plays in our society.

Our challenge is to strike the right balance in the sectors that make up our Territorial economy. We seek to balance capital-

intensive resource development activities in mining and the fishery with knowledge and culture-intensive sectors such as harvesting, the arts economy, and tourism, which require a lower level of financial investment.

We also seek to balance distribution of our skilled people between the public service and the private sector. This balance will help to ensure that our knowledge, perspectives, and values are reflected both in Nunavut's public policy, as well as in the way private businesses develop. Building our private sector from within will help to ensure that our economy is founded on our strengths, and reflects our values.

Within sectors, we recognize a need to balance investment in overall growth with Nunavut participation in the sector. For example, we seek to increase mining activity in Nunavut, but at a pace that allows Nunavummiut to gain the jobs and business opportunities that arise from this growth.

By balancing our support to Nunavut's economic sectors, we can ensure that Nunavut enjoys





steady growth at a rate that allows Nunavummiut to fill the jobs and take advantage of the business opportunities that arise. We want to avoid “boom and bust” development. We also intend to create a wide variety of economic opportunities. This will ensure people are able to find their particular niche in the economy where they can apply their individual skills and interests.

In addition to these ingredients, we have found common factors throughout Nunavut’s economic

sectors that require special attention. In particular, we must take into account the need for increased knowledge of our land, greater local participation in economic opportunities, strengthened organization and partnerships, and expanded infrastructure. Action plans designed specifically for each sector will need to address each of these four areas.

10. Putting the Nunavut Land Claims Agreement to Work

The Nunavut Land Claims Agreement (NLCA) is the largest land claims settlement in Canadian history. It is protected by Canada’s Constitution, so all federal and Territorial legislation and regulations must conform to it. Many of its provisions are linked to the socio-economic development of Nunavut.

The NLCA establishes clear title to one fifth of Canada’s landmass, including Inuit ownership of 356,000 square kilometres of surface lands, and 37,800 square kilometres of subsurface mineral rights. Inuit receive a portion of

annual resource revenues from minerals, oil, and gas extracted from Crown Lands, and 100% of the royalties from resource developments on Inuit Owned Lands.

Further, Inuit received a capital transfer from Canada of \$1.148 billion, paid over 14 years into a trust. A portion of the interest has already been set aside for economic development, including the capitalization of Atuqtuarvik Corporation (an investment and loan corporation), support for Inuit harvesters, and support for regional development corporations. The entire capital settlement will be in place by 2012, at which time Inuit capacity to invest in Nunavut’s economic development will increase significantly.

In the meantime, Inuit are eligible under Article 2.7.3 of the NLCA to participate in government programs available to other Canadian Aboriginal peoples, notwithstanding the fact that they have a settled land claim. This is potentially a powerful tool for securing access to substantial additional resources for economic development.



A particularly important provision of the NLCA (Article 32) requires government to consult with Inuit (through NTI) on policies and programs that impact on the social and cultural lives of Inuit. This includes policies and programs that relate to Nunavut's economy, and to the social impacts on Inuit of changing economic conditions.

Governments are businesses biggest customers in Nunavut, and under Article 24 of the NLCA, governments are required to assist Inuit firms to compete for government contracts for goods and services. The Government of Nunavut has completed and implemented a policy providing preference to Inuit firms to help increase their participation in government contracting. As yet, the federal government has no comparable policy, making implementation of Article 24 an outstanding issue to be dealt with between NTI and the federal government.

The NLCA also requires that Inuit Impact and Benefit Agreements (IIBAs) be prepared for any major development project (such as minerals, oil and gas, or road and port projects). The intent is to ensure that such projects benefit Inuit, and that any negative impacts are mitigated or compensation provided. The requirement for IIBAs will alter how such major projects are implemented in the future, in marked contrast with past development practice. Examples from other areas of the North in Canada show that such agreements can provide substantial economic and social benefits to Aboriginal communities.

Article 23 is another provision of the NLCA that has the potential to significantly affect economic development. It requires that the federal, Territorial and municipal governments employ Inuit in their public services at a representative level: that is, a level that corresponds to the proportion of Inuit in

the total population (about 85%). Currently, Inuit make up just 41% of the Territorial government's public service, and only 33% of the federal public service in Nunavut (in both cases a decline from 1999 levels). Further, Inuit are employed primarily in the lower skilled occupational groups, and on average receive salaries 20% lower than non-Inuit public servants.

The problem of under-representation is a consequence of the state of Nunavut's labour force. The pool of Inuit qualified for government employment is exhausted. The shortage of qualified Inuit often compels government (and private sector employers) to hire from southern Canada. Without a significant improvement in Nunavut's education and training system, there is little prospect of improvement. Today, 75% of the Inuit labour force does not have a high school diploma. Initiatives to implement Article 23 must be





directed at the labour force as a whole, and toward the expansion of training and education opportunities.

The economic costs of not implementing Article 23 are significant for both Inuit and government. Pricewaterhouse Coopers has calculated in a recent study that the primary costs to Inuit (in the form of lost wages) amount to \$123 million annually. If these wages were earned by Inuit, rather than being paid to mostly transient workers from southern Canada, there would be a large reduction in the “leakage” from Nunavut's economy. In addition, the study found that governments incur an annual cost of \$65 million for recruiting, relocation and further training of the imported workforce, and to support a large, youthful, unemployed resident labour pool. If Article 23 was implemented effectively this cost to government would be reduced significantly and tens of millions of dollars freed for other productive uses.

Action

Full implementation of the NLCA is a legal obligation of the federal government, the Government of Nunavut, and NTI. Given the potential for the Land Claim to contribute to the development of the economy, full implementation must be a high priority for this Strategy. Accordingly, we will:

By 2005:

- Support the establishment of a mandatory training program on Land Claim awareness for public servants of the federal and Territorial governments.
- Begin aggressive implementation of a work plan to implement Article 23, with the aim of achieving 50% Inuit in government by 2007 and 60% by 2013.
- Complete negotiations between the federal government and NTI on a policy that gives effect to the federal government's Article 24 obligations.
- Establish a collaborative process between NTI, the Government of Nunavut and the federal government designed to ensure

that Inuit enjoy access to federal programs as required under Article 2.7.3 of the NLCA.

- Mandate the Nunavut Implementation Panel to give priority to implementation of Land Claim provisions related to economic development.

By 2008:

- Support the inclusion of the NLCA in the curriculum of Nunavut schools and in appropriate Nunavut Arctic College courses.
- Arrange for the third 5-year independent review of Land Claim Implementation required by Article 37, to include a specific section examining progress on implementing the provisions that relate to economic development.

11. Sector Development & Support Systems

Nunavut has had some success in building major economic sectors from community-initiated activities. The carving industry is a good example. Sport hunting is another example of local expertise and



knowledge combining to create businesses with global reach. We believe that many other skills learned in the land-based economy can be transferred successfully to the wage-based economy. In some cases, such a transfer may require us to prepare a clear profile of these skills and then establish a process to certify them.

Many of Nunavut's economic sector activities do not arise from within our Territory. Rather, they have been introduced from outside the Territory and have few connections to community capabilities. For example, the shrimp and turbot industries emerged in response to influences from outside the Territory, and Nunavut is now seeking to link these activities back to our communities. In doing so, we are faced with the task of re-creating the Arctic fishery. The traditional and historical use by Inuit of subsistence fisheries is helping to make this transition a success.

We have had a similar experience in the mining sector, where the initiative has come from outside the Territory. Here again, efforts are



being made to create links between our communities and this sector through prospector training and participation in the extraction and processing stages of the industry.

Building the Territory's economy out from our communities requires that we expand our horizons, take control of the opportunities at hand and find our place in the global economy. In our commitments to

community economies, we must focus on supporting community-based initiatives, encouraging entrepreneurs, and improving organizational capacity.

There is also a need for support for economic activities that take place beyond the borders of individual communities. Products for export in harvesting, fishing, mining and tourism are found outside communities, and in some





cases can be developed with little local involvement. We need strategic plans for each of these economic growth sectors to emphasize the linkages to our communities as the means to connecting Nunavummiut with the sector economic opportunities.

Sector development does not automatically translate into jobs and income in our communities. Too often, development plans project employment benefits, or contributions to GDP by a specific sector, but do not specify how community residents can participate. To overcome this shortcoming, sector plans must address the issue of capital formation in Nunavut. If these plans demonstrate how sector development will contribute to the general welfare, through positive impacts on the environment, on human development, organizational capacity, and the creation of physical infrastructure, then they will be more likely to attract investment and other support, both from within and outside the Territory.

In addition to the specific economic sectors we have highlighted, it is important to recognize that strategies need to be developed for a number of critical economic support systems. We have discussed some of the ways that housing and other social infrastructure contributes to economic development. As strategies are refined for the development of transportation and energy systems, community infrastructure, and for information and communications technologies, their role in the economy, through the contribution they make to capital formation, also must be recognized.

In many cases, the existence of these support systems is an essential precondition to sector development, and a determinant of community participation in the sector. Government plays a large role in the development and regulation of these systems, and can ensure that they are linked to sector development in ways that produce the maximum benefit for Nunavummiut.

Action

To integrate community strengths with opportunities in neighbouring communities and regions, we will:

By 2005:

- Direct policy and program spending toward initiatives that are supported by multiple communities, and across the different regions of the Territory.
- Assess the opportunities that sector developments provide to community-level businesses and support efforts to improve access to these opportunities. For example, in the fishing industry, work must continue on attaining greater control of the adjacent resource.

To support sector development opportunities, we will:

By 2005:

- Create action plans for each of Nunavut's economic growth sectors.
- Assess community assets in these sector action plans and establish priorities for investment based on community initiatives.



- Ensure that sector plans take into account the ability of Nunavummiut to gain an acceptable share of the benefits from development.
- Support development activities that contribute to the requirements for capital formation in each of four areas that support wealth creation in the Territory.
- Incorporate strategies to link the arts sector and cultural industries in Nunavut to other economic sectors and into sector action plans.
- Work with business and community leaders, and with women, youth, and elders to ensure that sector development proceeds in the best interest of Nunavummiut over the long term.

Ongoing:

- Assist individuals, communities and local businesses to adapt to emerging economic opportunities. For example, a local hunter can participate in both the land-based and wage-based economies. Using the skills and knowledge derived from subsistence harvesting, he or she can adapt to other

economic roles, such as conservation or wildlife officer, eco-tourism operator, hunting or fishing guide, or commercial harvester.

12. Infrastructure – From Buildings to Broadband

Our focus on the four elements necessary for wealth creation – especially on the land, our people, and our communities and organizational capacities – includes the classic driver of economic growth, physical capital. In the study commissioned from the Conference Board of Canada on the Nunavut economy, we were reminded: “... the state of infrastructure in Nunavut is a serious problem that is affecting both economic and social development.”

We interpret infrastructure to include the knowledge we need to take full advantage of our resource development opportunities, particularly in the mining, oil and gas, and fishing sectors.

We have discussed social infrastructure: housing, commercial space, water and sewage treatment systems and waste management. Schools, childcare, and health facilities, also are essential elements of social infrastructure that allow our economy to grow.

More typically, infrastructure in the context of economic development refers to the large physical structures required for the operation of the economy. In Nunavut this includes our power supplies, our roads and airports, marine facilities, tourism infrastructure such as docking facilities for cruise ships, visitor centres, facilities for the visual and performing arts, and telecommunications systems.

Some of this infrastructure is in place in every Nunavut community, but it might fairly be said that while this infrastructure may ensure survival, it is insufficient for development of a modern economy.





Many in Nunavut argue that an investment in a large scale infrastructure project, such as the Bathurst Inlet Port and Road Project, or the Nunavut to Manitoba Road, will produce an explosion of economic activity that will benefit all Nunavummiut. Others point out that even basic small-scale infrastructure – for example, fixed wing aircraft at strategic community locations – would produce a significant increase in participation by Nunavummiut in the tourism and mining industries.

Nunavut is the only Canadian jurisdiction where *all* communities are without road connections. With one exception, our communities are coastal. Yet marine infrastructure remains undeveloped, and our only deep-water port (at Nanisivik) has closed with the mine.

A related issue is the sub-standard condition of hydrographic information for navigation of Arctic waters. It is essential for Nunavut to have up-to-date nautical charts, sailing directions, bathymetric maps, and tide and current tables.

This information will ensure the safe and efficient conduct of Arctic marine transportation. It will also support the development of sustainable fish harvesting plans.

Nunavut comprises more than 20% of Canada's landmass, but less than half of the Territory has been mapped to national standards. This is a major barrier for mineral exploration companies, which often do not have the basic geological information they need to make a decision to invest in Nunavut.

Telecommunications and broadband infrastructure in Nunavut are essential to building the knowledge base in our communities. Broadband, in particular, has been described by the Conference Board of Canada as having "the capacity to transform Nunavut's economy." Yet only half of Nunavut's communities have local dial-up access to the Internet, and all depend on narrowband connections. A principal barrier to broadband connections is the dependency of all communities on high-cost satellite communications.

This issue is being addressed by the Nunavut Broadband Development Corporation, working in partnership with the federal and Territorial governments, and Inuit organizations.

Finally, the state of Nunavut's infrastructure is a matter of national interest. With the warming of the Arctic Ocean, Canada's sovereignty in the North must be supported. The rapidly expanding use of polar air routes, which significantly reduces travel time between southern Canada and international destinations, also places demands on Nunavut's infrastructure.

We must improve our understanding of how transportation and warehousing infrastructure deficiencies in particular are currently preventing communities from accessing economic opportunities. Ultimately, these deficiencies must be addressed through capital investment if inter-community and inter-regional business collaboration is to expand, and our economy is to grow to its potential.



Action

To support the development of physical and knowledge infrastructure we will:

By 2005:

- Establish broadband networks in all Nunavut communities that are accessible by municipal government, community-based organizations, and by the private sector.
- Continue to encourage the federal government to proceed with the environmental review process for the Bathurst Port and Road Project, with a view to initiating construction by 2005.
- Initiate community consultations and environmental impact analysis of proposed routes for the Nunavut to Manitoba Road.
- Renew and enhance the partnership between the federal and Territorial governments, and NTI, for the support of the Nunavut Geoscience Centre.
- Under the fisheries Memorandum of Understanding with the federal government, secure an agreement to conduct exploratory activities on new fish species.

- Negotiate an agreement with the federal government to address Nunavut's economic infrastructure needs, in addition to the current agreement to fund social infrastructure (water and sewage facilities).

By 2008:

- Secure a commitment to undertake a hydrographic charting program for Nunavut's coastal communities.

Ongoing:

- Invest in air, marine, and surface transportation infrastructure that support community access to economic opportunities.

13. Accessing the Global Marketplace

Nunavut provides a very limited market for our domestic goods and services. If Nunavut is to build a strong private sector, we need to focus on export markets, in addition to the local community.

Over the past three years, the Government of Nunavut has promoted local products in national and international markets. This marketing is intended to raise

awareness of Nunavut and the products we have to offer. However, at the present time the availability of ready-to-market Nunavut products is extremely limited. Current revenues from exports are based on sales of a very small range of products. Many of our exports depend on natural resources that are inherently limited – specialty cuts of caribou meat products, for example. We need to improve our understanding of the capacity of wildlife and other natural resources to support export development.

The potential strength of the “Nunavut” brand must be recognized. With an appropriate marketing strategy, “Nunavut” will be known globally as a brand associated with our people and our land – setting us apart from other regions.

Finding stable markets for processed country food, arts and cultural products, and tourism products – as examples of three export sectors – can help diversify the economy and provide Inuit with jobs in the wage-based economy





and the opportunity to unite traditional activities with income generation.

A major issue related to export expansion is access to investment capital. Our local markets cannot produce the level of investment we need to support our goods and services businesses. To meet the existing consumer demand in our communities, goods and services have been imported, thereby avoiding the capital costs associated with local production. This has led to leakage of domestic earnings to the south, and has hindered the development of local savings investment, and entrepreneurial capacity. Investment from the south often leaves business ownership and decision-making in the hands of outsiders. Where control and ownership resides outside the community, low education levels persist and opportunities to gain business experience through employment are limited.

Nunavut has a large number of products with potential for commercial success in the world

market: beautiful and “untouched” landscapes for tourism, wild foods, and art and cultural products, including those produced by knowledge-based industries like film and design.

We cannot wait for the world to discover our riches: we must promote them. Through improved product development and integrated marketing efforts of Nunavut’s goods and services, we can begin to develop a solid economic foundation based on Nunavut’s unique assets.

One way to achieve this objective is through the creation of an Export Development Agency. This initiative would build on work already underway, including participation in Team Canada trade missions to Europe, Asia, and the United States, and the recent completion of a Nunavut tourism strategy. It could bring together the federal and Territorial governments, municipalities, Inuit organizations, and agencies like Nunavut Tourism and the Nunavut Development Corporation, in a joint effort to promote Nunavut internationally,

and open new markets for Nunavut businesses.

Nunavut can become a more active participant in the “Northern Dimension of Canada’s Foreign Policy,” established by the federal government in 2000 to promote Canadian interests, values, and common issues within the circumpolar world. The Policy promotes sustainable economic development and trade, and co-operation with the European Union and circumpolar countries. In addition, we can use the Arctic Council – a body that Canada helped to establish in 1996 – to advance commercial interests with our circumpolar neighbours. The Inuit Circumpolar Conference is another forum through which economic co-operation and trade with other Arctic regions can be advanced.

We must strengthen and expand trade among Nunavut’s communities. Inter-community trade has been on the economic development agenda in Nunavut for many years. Inuit want to exchange



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country foods, traditional clothing and tools, and to enjoy the variety of goods available in the Territory. Inter-community trade is also attractive as a means of building relationships between communities and individuals, of sharing knowledge and expertise, and of developing business skills that can be used one day in international trade.

Trade in country food also has an importance because of its relationship to our basic needs. Currently, foods from southern Canada, many highly processed and of minimal nutritional value are displacing higher quality traditional foods. In many cases, these southern foods are shipped to Nunavut at considerable cost to the consumer, while the retailer receives a federal subsidy through the food mail program. The shipment of traditional foods between communities in Nunavut, on the other hand, is not subsidized.

Action

To access the global market, we will:

By 2005:

- Complete a collaborative study on the feasibility of establishing an *Export Development Agency* to provide export readiness support and mentoring to Nunavut businesses, assist in product development, implement a Nunavut Branding Strategy, and organize trade missions and other promotional events.
- Establish programs that encourage the development of niche markets for Nunavut land-based products.
- Complete a *Nunavut Investment Strategy*, including an assessment of the potential for the participation of the Territory in Canada's immigrant investment program.
- Establish programs that support trade of food products among Nunavut's communities.

By 2008:

- Establish a *Nunavut Commission on Food Autonomy* that will explore how Nunavummiut can improve their diet and nutrition, how communities can strengthen local food production and distribution, and how reliance on southern food imports can be reduced.

Ongoing:

- Work through the "Northern Dimension of Canada's Foreign Policy," the Arctic Council, and the Inuit Circumpolar Conference to promote Nunavut's economic interests with our Arctic neighbours.
- Investigate other areas where inter-community trade might be practical and supportive of Nunavut's overall economic development.
- Review the marketing system currently used for the arts & crafts to determine its effectiveness and identify opportunities for cooperation.



7 Taking Action for Sustainable Economic Development

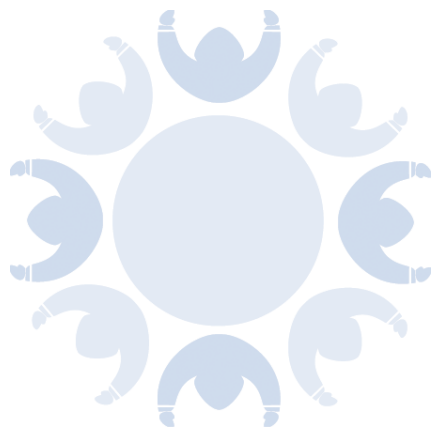


Building Capacity through Consensus

Nunavut enjoys a rich variety of organizations, each of which brings resources, energy, and knowledge that is critical to our social and economic success. We envision the development of strong, collaborative partnerships that focus the full diversity of Nunavut's collective vision, while ensuring tangible benefits for all partners.

All jurisdictions in Canada strive for some form of collaboration on economic development. In Nunavut

this collaboration – shared commitments and partnerships – is essential if we are to achieve the velocity required for Nunavut's economy to take off. Cooperation, partnership, shared commitments and consensus have been the tools used to create the Territory and to develop its governance structure. These tools now must be applied to the economy.





Nunavummiut favour a collaborative approach because of six features of our economy and society:

- The Nunavut Land Claims Agreement, as well as the structure of our institutions makes co-management a legal requirement.
- Inuit Qaujimajatuqangit fosters mutual support and social cooperation and favours decisions by consensus.
- The commitment to principles of sustainable development requires an inclusive economic development strategy.
- Maintaining our connections to the land-based economy requires a joint effort of all economic groups.
- The dominant role of the public sector within the economy makes a cooperative approach imperative to ensure a greater role for the private sector in the future.
- The negotiations to secure control by Nunavummiut over the land and its resources will require that all economic development agencies work together to achieve this goal.



1. Implementation: The Nunavut Economic Forum

The SEDS Group is a working committee established by the Nunavut Economic Forum (NEF) to prepare the Nunavut Economic Development Strategy. With the completion of this Strategy, the NEF will coordinate implementation.

The NEF was established in 1998. Inuit organizations, the federal, Territorial and municipal governments, and the private sector recognized that all participants in the Nunavut economy had to work together to support economic development. They concluded that a coordinating body would be needed to advocate cooperation and to eliminate redundancy in economic development initiatives.





In the late 1990s an economic development agreement (EDA) seemed imminent, and the NEF was formed in part to consult with the public to identify priorities for new investment in our economy. When the EDA proposal was not funded by 2000, the NEF turned its attention to the production of the first examination of the Nunavut economy, which was published by the Conference Board of Canada in 2001.

The original NEF members formed the SEDS Group to develop the Nunavut Economic Development Strategy on a collaborative basis. Implementation of the Strategy will now depend on NEF members to work internally to ensure that the commitments established in the Strategy are carried out. Objectives of the NEF include:

- sharing information between members;
- supporting research and data collection related to Nunavut's economy;

- coordinating economic planning;
- promoting and integrating program initiatives;
- fostering co-operation between agencies involved in economic developing programs;
- promoting Inuit participation in developing Nunavut's economy; and,
- increasing participation of Nunavut communities in economic development plans, programs and opportunities.

The NEF can act as a facilitator for these processes, but the authority rests with every organization and the actions they take.

The wide representation of NEF members is both a strength and a challenge for implementation of this Strategy. Detailed work plans must be prepared to guide NEF members, which should in turn lead to detailed sector development strategies.

Action

To promote the full implementation of this Strategy, we will:

By 2005:

- Re-vitalize the NEF, and jointly fund a small secretariat to support it.
- Complete detailed work plans based on this Strategy.
- Prepare a communications plan for the NEF to use to promote economic development and the implementation of this Strategy.
- Develop collaborative and consistent strategies for working with communities and for the development of the Territorial economy.
- Support the Clyde River Protocol between the Government of Nunavut and NTI, and add co-operation on economic development to its list of agreed priorities.
- Co-operate in a program review process to improve the service that organizations provide to Nunavummiut and their communities.





By 2008:

- Assist in the creation of detailed sector development strategies for all the economic growth sectors identified in this Strategy.

Ongoing:

- Use the NEF to monitor and report on our progress in achieving the commitments agreed to in this Strategy. (Members must meet regularly to maintain close working relationships in this collaborative effort.)
- Work within our own organizations to implement the commitments made in this Strategy.
- Share information on spending on economic development, in order to avoid duplication and wherever possible, to enhance the sum of our individual efforts.

2. Finding the Revenues to Implement the Strategy

The principal message of this Strategy is that investments must be made in capital formation over the next 10 years to provide the foundation for Nunavut's future economic growth. Where will the

money come from for these investments? How will we pay for implementation of the Strategy?

Our options for acquiring the finances necessary to support the implementation of this Strategy are currently quite limited. We see nine principal avenues for funding Nunavut's economic development during the period of capital formation covered by this Strategy. Each requires partnership.

i. Making the Best Use of Existing Territorial Resources

The Government of Nunavut, the Inuit organizations, and other agencies involved in Nunavut's economy must assess their own spending initiatives and find ways to support this shared Strategy. Further, they must make efforts to align their programs and expenditures with one another as much as possible.

The Government of Nunavut has an opportunity to review its programs and where appropriate make adjustments to optimize their fit with the priorities set out in this Strategy. This will also involve taking the Strategy into account in the negotiations between the federal government and the

Government of Nunavut for the new transfer payment agreement.

The Inuit organizations, including NTI, the Regional Development Corporations, the Community Economic Development Organizations, and Atuqtuarvik Corporation, also have a part to play in providing resources for the Strategy. As they review their roles in its implementation, they need to determine how to bring their program activities into line with the Strategy. NTI has a significant role to play by beginning to think through how the interest on the Land Claim capital settlement can be used to support Nunavut's economic development.

ii. Focusing Expenditures within Nunavut

Because of the limited diversity in Nunavut's developing economy, and the high cost of doing business, expenditures within the Territory do not produce the same spin-off effects, in terms of employment creation and business development, as similar expenditures in other parts of Canada. Incomes in Nunavut circulate only to a limited extent before they leak out in the





form of expenditures and investments that benefit economic interests outside the Territory.

Targeting government expenditures to Nunavut businesses through purchasing procedures is one way to limit this leakage. Increasing Inuit employment in government, as required under Article 23 of the NLCA, is another.

All Nunavummiut, through their governments, the Inuit organizations, the private sector, and as individuals, should make goods and services produced in Nunavut their spending priority.

iii. Increasing Federal Investments

Optimizing existing territorial resources is essential, but implementation of this Strategy will require additional new resources. While the Government of Nunavut is the principal economic development agent in the Territory, it has little room to manoeuvre in fiscal terms. Government revenues are growing, but will continue to be outpaced by expenditures. (See Chart 9.)

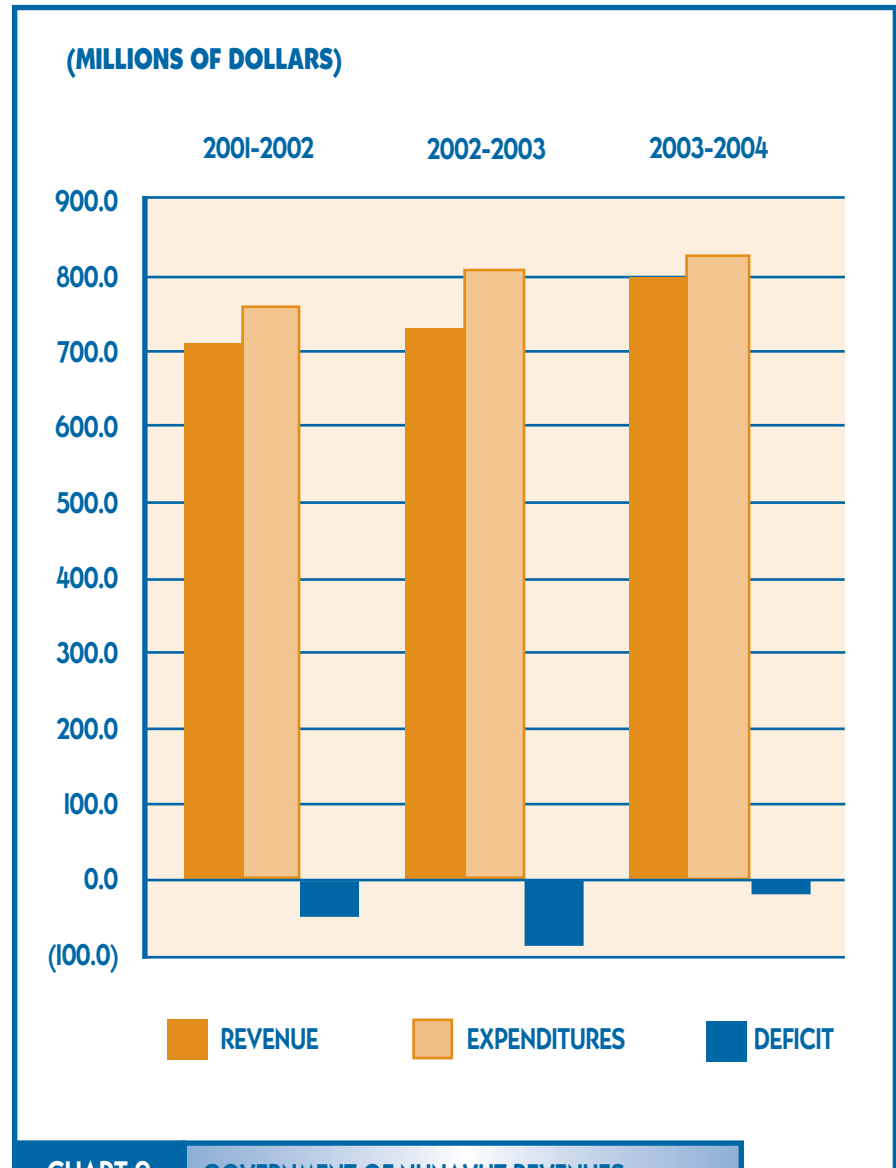


CHART 9

GOVERNMENT OF NUNAVUT REVENUES AND EXPENDITURES

Source: Department of Finance, Government of Nunavut



The Government of Nunavut is not able to generate the surpluses that are needed for investment in future economic production. The federal government, on the other hand, does have access to financial resources for investment in Nunavut's economy. In its first years of operation the Government of Nunavut produced an accumulated surplus. Now that the Territorial government has basic public services up and running, however, that surplus has been absorbed, and is not available for investment in economic development.

We are looking to the federal government to work with the Government of Nunavut and other organizations in the Territory, and to provide the resources needed to address some of the strategic priorities identified in this Strategy. In particular, federal investment is needed to produce the major infrastructure required to achieve lift-off in Nunavut's economic growth sectors.



iv. Concluding an Economic Development Agreement

Our success in implementing this Strategy will depend critically on support from the federal government. Yet Nunavummiut must struggle to apply national economic programming standards to our unique development circumstances, and to the distinct needs of Inuit among Canada's Aboriginal

peoples. We have little control over federal economic development program design, and so it is difficult to direct program funding to our specific investment needs.

In other regions of Canada, the federal government does provide a mechanism for directing federal program spending to regional and community economic development priorities. Through economic development agreements (EDAs),





regions and provinces have been able to influence how the federal government invests in their economies, and to secure investments in addition to regular program spending and federal fiscal transfers.

Economic Development Agreements once were at the core of the federal government's regional development strategy for the Northern territories. The first bilateral General Development Agreement was signed between Ottawa and the Government of the Northwest Territories in 1979. Economic Development Agreements were renegotiated by the federal government with the Northwest Territories and Yukon without interruption until 1996, when the last five-year agreement with the Northwest Territories expired and was not renewed.

In the budget plan tabled by the Minister of Finance on February 24, 1998, Ottawa committed "to working with territorial governments and other Northern partners to develop a modern

economic development strategy that recognizes the dynamics of the North and the needs to establish more diversified economies."

Despite federal support in principle for a Northern Economic Development Strategy in 2000 and again in 2001, EDA funding has not been approved.

The implementation of this Strategy depends on the federal government and Nunavut negotiating federal funding arrangements comparable to those enjoyed by the other regions of Canada. In December 2002, the SEDS Group prepared and submitted an EDA proposal to the federal government. This proposal requested an allocation of \$66 million over a 5-year period for investment in the key areas identified in this Strategy.

Among other issues, the SEDS Group EDA proposal points out that economic development in every jurisdiction in Canada, *excepting the three Territories*, is the focus of a federally-funded regional development agency

(RDA), reporting to the federal Minister of Industry. The failure to give development in the North a similar emphasis in Ottawa has made it more difficult to direct sufficient public investment toward the attainment of the thresholds necessary to support economic growth. An EDA provides the mechanism by which Nunavut and the federal government can address this issue.

v. Building on the NLCA

Inuit organizations also have a role to play in securing additional resources for Nunavut's economic development by utilizing the provisions of the NLCA.

The renewal of the ten-year funding levels for the 2003-2013 period under the NLCA Implementation Contract also will have significant bearing on economic development in Nunavut. In particular, the provision of significant new resources for implementation of Article 23 will enable us to tackle Nunavut's training and education needs.



Article 2.7.3 of the NLCA provides for Inuit eligibility under federal government programs that are available for Canada's Aboriginal peoples, notwithstanding the conclusion of the Nunavut Land Claims Agreement. This Article guarantees access to federal programs that could contribute significantly to sector development and provide investments essential to the growth of Nunavut's economy. By working together to implement this provision of the Land Claim, NTI and the federal government can make a major contribution to Nunavut's development.

vi. Formula Financing

The current formula financing agreement between the federal government and Nunavut is being renegotiated this year. This will provide an opportunity to increase the funding available for economic development, and to reduce disincentives in the formula to revenue enhancement.

vii. Concluding a Devolution Agreement

As our economy grows over the next decade, we can expect that royalties paid by private companies on the extraction of natural resources on Crown lands will rise significantly. These royalties are now paid to the federal government, with a small share paid to the Nunavut Trust. Tax revenues from resource development in Nunavut also will increase substantially, and with the application of Inuit Impact and Benefit Agreements and other measures, important economic spin-offs can be attained.

Nunavummiut must obtain the greatest benefits possible from the development of our resources. A condition for achieving this goal lies in the devolution of federal jurisdictional powers over resources to the Territory.

Federal powers over natural resources were devolved to Yukon this year and negotiations toward

the same end have commenced with the Northwest Territories, with the involvement of Aboriginal organizations. Discussions with the Government of Nunavut and NTI on devolution for Nunavut, on the other hand, have been deferred.

These discussions must be re-started with a view to commencing negotiations.

The benefits of a devolution agreement for Nunavut will be substantial, and long-term. Resource revenues would lessen the Territory's need for financial assistance in economic development and infrastructure investments, and decrease its overall dependence on the federal government. These revenues are a key component of the self-reliance that Inuit have been seeking through their decades-long political struggle since the 1960s.

Nunavummiut need control over their resources, in order to benefit from future economic development activities, and to ensure that the revenues they produce for govern-





ment are invested in the key areas needed for economic growth. It is particularly important that Nunavut gain greater control over its resources prior to a resource-based economic boom. Devolution of land and resource management will help ensure that mineral development proceeds in a manner and at a pace that is acceptable to Nunavummiut. In particular, it will help Nunavut to ensure its people are ready to take full advantage of these economic opportunities when they occur.

viii. Amending the Northern Residents Deduction

The Northern Residents Deduction is intended to alleviate the high cost of living in Canada's remote regions, including the Arctic. As a measure of tax relief, however, its effectiveness is limited.

The Northern Residents Deduction is a non-refundable tax credit, so that no payments are made to individuals (as with the child tax credit, for example). The deduction is capped at twenty per

cent of an individual's net income, and many of our lowest income earners are not eligible. In addition, the deduction is the same throughout "Northern" Canada, so that tax-payers in Whitehorse or Yellowknife, and many in the provinces, receive the same benefit as residents of Pond Inlet or Rankin Inlet in Nunavut.

The cost of living is clearly higher in communities not serviced by roads, a category to which all Nunavut communities belong. This reality is not reflected in the Northern Residents Deduction.

A number of changes to this deduction would give the people of Nunavut some movement towards equity with Canadians living in the south, and with Canadians living in other regions of the North. Establishing a truly Northern Resident Deduction, for Canadians without road access, paid as a refundable tax credit, will inject more buying power into our communities, and stimulate the local economy.

ix. Attracting and Making the Most from Private Investment

Private investors are beginning to show strong interest in participating in Nunavut's economic sectors – particularly in mining, fishing, tourism, and the cultural industries, such as film. The Government of Nunavut has been exploring means of attracting investors, just as NTI has adopted a regulatory framework designed to attract investment in resource development on Inuit Owned Lands. We need to continue these processes, collaborating where appropriate, to attract investors who will share our development values and principles, and work with us in expanding Nunavut's economy.

We also need to make sure that outside private investment benefits Nunavummiut. The provisions contained in the NLCA requiring the conclusion of Inuit Impact and Benefit Agreements for major development programs need to be used effectively to maximize those benefits for local communities and



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the Territory as a whole. Further, outside private investors engaged in projects that might not qualify as major developments should be encouraged to enter into IIBA-type agreements, so that their projects maximize local benefits.

Action

To secure the revenues needed to implement this Strategy, we will:

By 2005

- Negotiate an Economic Development Agreement with the federal government to help ensure federal investments in our economy are directed toward the priorities identified in this Strategy.
- Secure agreement from the federal government to double the amount of the Northern Residents Deduction for the residents of Northern communities that do not have road access, remove the 20 percent cap, and change the deduction to a refundable tax credit.

- Begin accessing federal program resources utilizing Article 2 of the NLCA.
- Begin accessing additional new federal resources for implementation of Article 23 of the NLCA.
- Renegotiate the formula financing agreement, and build in flexibility to permit more of Nunavut's revenues to flow toward economic development.
- Review all government subsidy programs to determine their impact on economic development, and their contribution to capital formation.
- Conduct a review of social-economic initiatives in Nunavut – expenditures, programs, services, and systems – by all economic development agencies, to eliminate duplication of effort and overlapping expenditures, and to optimize program effectiveness.

By 2008

- Conclude an agreement with the federal government on the devolution of land and resource management.
- Begin planning for investment of interest due to become available from the NLCA capital settlement.

Ongoing

- Explore legislative, regulatory and policy options for improving the climate for outside investment in Nunavut's economy.
- Negotiate Inuit Impact and Benefit Agreements for major development projects that secure strong benefits for community and Territorial economic development, including training and employment programs that will have lasting benefits for Inuit.
- Explore and where appropriate enter into IIBA-type agreements with private investors undertaking projects in Nunavut in addition to "major" developments.





Measuring Progress

Monitoring our economic progress is critical to our ability to learn and to advance.

The things we measure tell us if we are getting the results we desire. If the results are favourable, we can continue along the same path. If we are not getting the expected benefits from our investments or from our programs, we can make the changes needed to improve the outcome.

It is also important that we measure the things that are important to us. This will include standard assessments of data showing sector and labour force development, and also the results of Inuit Employment Plans and implementation of Inuit Qaujimagatuqangit.

This Strategy has identified four forms of capital – land, people, organizations, and infrastructure – that, when brought together in

appropriate ways, improve our performance in terms of our economy, society and environment. Appropriate investments in each of these four forms of capital are important if we are to achieve our development goals. As we move forward with the implementation of this Strategy, monitoring our progress in these four areas will help ensure that our investments are achieving the balanced progress we desire.

One of the most useful tools available for this purpose is the NLCA, and the obligation specified under Article 12.7.6. (This obligation has not yet been implemented.)

Action

To ensure the Nunavut Economic Development Strategy is maintained as a relevant and active tool for building the foundation for our future, we will:

By 2005:

- Identify what we need to measure in order to indicate significant positive or negative impacts in each of these areas.
- Use these indicators to measure the contribution of our policies, programs, and work plans to capital formation in each of the four fundamental areas in which we must invest for development: land, people, organizations, and infrastructure.
- Focus our efforts on those activities that produce the greatest return in terms of capital formation.

1. “State of Our Community” Reporting

Communities are a central focus of our economy. This is reflected in this, the first Nunavut Economic Development Strategy. For this Strategy to succeed, we must know whether our actions are having the positive impact on communities that were intended. Accordingly, we will:



By 2005:

- Support communities in monitoring the status of their community's development through an annual "State of Our Community" report.

2. Territorial Progress Reporting

It is crucial that Nunavut monitors and reports on its investments and the effect they are having on performance. By creating a history of these activities, we will be able to build on our successes and limit our failures. We will:

By 2005:

- Prepare an annual Territorial progress report based on the "State of Our Community" reports

combined with an assessment of Territory-wide social and economic factors.

3. Sivummut III Economic Development Conference

It was nine years ago that the first Sivummut Economic Development Conference was held in Rankin Inlet. We cannot wait another nine years before reviewing the progress made in implementing our Strategy.

Times change and with them theories and approaches to development, and the values of the people the Strategy affects. New challenges can appear and new successes can present oppor-

tunities unimaginable ten years earlier. The international success of *Atanarjuat* and the discovery of diamond-bearing rock across the Territory are examples of new opportunities that have changed our perspective on how we can support economic growth in the future.

In order to ensure that our economic development strategy continues to reflect our vision and the new economic realities of the future, we will:

By 2008:

- Convene a Sivummut III Economic Development Strategy Conference.



Conclusion



From Words to Work

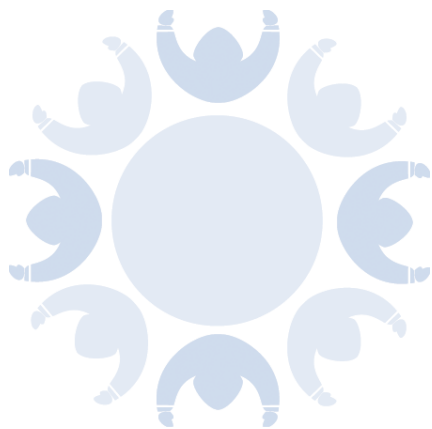
We need to focus on the fundamentals for economic development. This will be the key to the full participation of Nunavummiut in our economy in the next ten years.

We must build the foundations for the Nunavut economy: whether it is knowledge of the natural environment through Inuit Qaujimagatuqangit and western science (natural capital), or education and training for our youth (human capital), or broadband networks in all our communities (physical capital), or the development of strong business organizations (social capital).

At the same time, we must also look outward. We need detailed strategies and action plans to

attract partners who will invest in our economy. This investment will come from the private sector, who will work with us to pursue opportunities in specific economic sectors, like tourism, mining and fishing. We also need investment from the public sector, to help us reach the thresholds, in terms of capital formation, that must be attained to support development and economic growth in Nunavut.

The preparation of detailed strategies and action plans should continue in the collaborative framework established in the SEDS Group. More can be achieved in economic development when we work together.





It has been our purpose to provide a guide to the way forward for the development of the Nunavut economy. We have stressed the importance of maintaining the basic relationships that sustain us – to the land, to our families, and to our communities. We have acknowledged the contribution our elders make to the economy, and have proposed ways to ensure this knowledge helps our youth to play productive roles now and in the future. We have emphasized the growing importance of small business, and the need to support its development in our communities. We have called for more effective use of the tools for economic development at our disposal, and, in particular, the Nunavut Land Claims Agreement. Finally, we have proposed actions to support the broad Territorial economic agenda – preparing specific sector strategies, improving our infrastructure, and developing Nunavut products for export.

When these issues are addressed in specific work plans, and are the focus of a network of economic



interest groups from government, Inuit organizations, non-governmental organizations, and the private sector, we can expect progress.

An economic development strategy alone will not create employment and sustainable livelihoods, start new businesses, or build new infrastructure. Yet without a strategy, agreed by all economic interest groups, progress in these areas will be slow and stop-and-go. Only after all of

Nunavut's development organizations come together, decide on common goals, and determine to work collaboratively, can we build the foundation we need for sustainable economic growth in the future.

The SEDS Group has started this process, and in the Nunavut Economic Development Strategy, provided a framework and direction for joint action – for moving from words to work.



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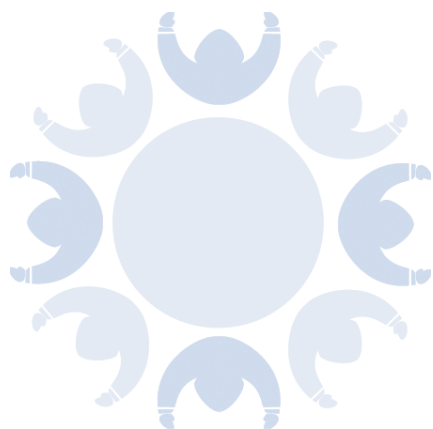
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