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The Role of the Public Sector in Northern Governance.

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The Role of the Public Sector in Northern Governance

Ken Coates and Greg Poelzer, with Heather Exner-Pirot, Joe Garcea, Thierry Rodon, Rebecca Schiff, Graham White, and Gary Wilson

Preface

This report draws on the expertise of an experienced team of academic researchers, each with extensive knowledge of Northern politics and governance. Its purpose is to provide an overview of the achievements, challenges, and opportunities facing public sectors in the territories and Northern provincial regions. While there are numerous issues to consider, this report examines a subset of interrelated concerns, including human resource and fiscal capacity constraints; the barriers and unique strengths of Northern governance environments; and the specific governance arrangements that regulate and manage Northern economic development. In recent years, all of these issues have been significantly transformed by major transitions, such as federal devolution, the expansion of Aboriginal participation (in governance and economic development), and the emergence of complex multi-level governance arrangements. Achieving the desired results for most Northern regions continues to be a long-term and challenging prospect. Yet, anyone questioning the ability, impact, and commitment of the Northern public sector need only look at the transitions in governance in the territorial North, and in exemplary provincial regions, such as Nord-du-Quebec and Labrador, to appreciate the impact of an empowered, creative, and engaged public sector.

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The authors accept collective responsibility for the views expressed and any errors that remain. The merits and insights of this report reflect the contributions and support of all who helped us.

EXECUTIVE SUMMARY

The Role of the Public Sector in Northern Governance

At a Glance

- Northern Canada has experienced dramatic shifts in governance over the past 40 years.
- Governance in the territories has changed relatively swiftly compared with governance in the Northern portions of the provinces.
- This report seeks to understand the extent to which Northern public sectors work effectively to meet the needs of Northerners, while addressing the special challenges of Northern regions within Confederation.

This report seeks to address a question that is central to the present and future development of the Canadian North: Is the public sector working effectively to meet the needs of Northerners and to address the special challenges of the North within Confederation?

The public sector in the Canadian North has gone through a veritable revolution. Northern Canada has experienced dramatic governance changes over the past 40 years, starting with the granting of responsible government to the territories in the 1970s and continuing through the settlement of major Aboriginal claims, devolution of federal powers to territorial governments, and the expansion of Aboriginal self-government. In contrast, the governance of Northern provincial regions has changed much more slowly, with improvements in Aboriginal governance not yet matched by significant shifts in the public governance of provincial Northern regions. These transitions, combined with unprecedented levels of natural resource development and the socio-economic challenges facing most small, remote, and predominantly Aboriginal communities, have placed intense pressure on the multiple governments involved in delivering public programs and services throughout the North. While critics complain about the "jurisdictional chaos" of multi-level governance, the reality is that governments have responded constructively and creatively to the changing political, social, and economic landscapes of the territories and provincial Northern regions.

Indeed, there are few, if any, areas in Canada that have witnessed such a revolution in governance. The development of co-management systems, applying duty to consult requirements, adapting to modern treaties and Aboriginal self-government, and managing the many complications of devolution have presented Northern civil servants with daunting logistical, financial, and management problems. In the main, and despite the additional pressures of intense resource development, these tasks have been managed without serious crisis or even regional controversy.

Northern civil servants, however, would be the first to identify significant structural, inter-jurisdictional, and financial barriers to managing the Northern regions effectively. These challenges range from the politics of smallness to the increasingly demanding task of building professional capacity to satisfy the growing needs of geographically dispersed remote communities. In some cases, significant administrative and logistical challenges prevent governments from delivering on their mandates in an effective and efficient manner. While there are numerous issues to consider, this report examines a subset of interrelated concerns for Northern public sectors in the territories and provincial Northern regions, specifically the:

- degree to which questions of human resources capacity limit the effectiveness of Northern governments and administrations;
- actual fiscal capacity of Northern governments and administration, and the relationship between financial resources (which are, in a straight numerical reporting, higher per capita than in the rest of the country) and the ability to address community and individual needs in the North;
- manner in which policy is developed and implemented in Northern Canada, with a view to understanding the barriers and unique strengths of Northern governance environments;
- specific governance arrangements that regulate and manage economic development and the use of natural resources (renewable and non-renewable) in the North, which through land claims agreements and other arrangements have been transformed in recent years to expand Aboriginal participation.

It is impressive that the North has moved forward as quickly and creatively as it has. That these four concerns of our study require more concerted action is hardly a surprise. Nor should declaring that there is a need for significant change be seen as a criticism, let alone an indictment of the state of the Northern public service. Several of the key Northern challenges—especially relating to small settlements and transitions to Aboriginal self-government and regional authority—are both highly significant and extremely complex. Achieving the desired results will take many years, if not decades. Yet, anyone questioning the

ability, impact, and commitment of the Northern public service need only look at the transitions in governance in the territorial North to appreciate the impact of an empowered, creative, and engaged public sector.

CHAPTER 1

Introduction and Methodology

Chapter Summary

- In the Canadian North, where federal, territorial, provincial, regional, and Aboriginal governments feature prominently, the abilities and contributions of the public service are critical.
- Collaboration across governments, including emerging non-government actors such as Aboriginal development corporations, is changing the fundamentals of Northern governance.
- Increasingly, governance in the North is less about the standard intergovernmental relationships (federal–territorial and federal–provincial) and more about multi-level relationships, with regional and Aboriginal governments playing a key and expanding role.
- The combination of sharply increased socio-economic development in the North and high expectations for government involvement and effective public sector participation is creating enormous challenges for effective governance.
- This report examines governance challenges and best practices in Canada's North, focusing particularly on the role and effectiveness of the public sector.

"I am confident that the Public Service can take a lead role in galvanizing the collective power of our society to tackle the large and complex issues Canada faces. To do this well, we will need to hone our skills as network-builders, facilitators and partners. This collaboration will be our springboard for developing the professional, broad-based and creative advice that will serve the greatest range of citizens' needs."[1]

Successful modern societies depend on high-quality civil services. Indeed, the policy advice, service delivery, and national oversight provided by the public service are fundamental to the very sustainability of modern societies. Even at times, as at present, when the political culture runs counter to the post-war belief in the efficacy of the state as the foundation for regional and national prosperity, the public service plays crucial roles in terms of regulation, protection, infrastructure development, and the provision of essential services. In the Canadian North, where federal, territorial, provincial, regional, and Aboriginal governments feature prominently, the abilities and contributions of the public service are even more critical. The socio-economic success of the North depends to a very substantial degree on the capability of front-line service providers, managers, and policy-makers, in combination with administrative structures, systems, and cultures. Equally important, the nature of governance in the North has changed profoundly. Collaboration across governments, including emerging non-government actors such as Aboriginal development corporations, is changing the fundamentals of Northern governance. Increasingly, governance in the North is less about the standard intergovernmental relationships (federal–territorial and federal–provincial) and more about multi-level relationships, with Aboriginal and regional governments playing a key and expanding role.

1 Privy Council Office, *Nineteenth Annual Report to the Prime Minister on the Public Service of Canada*, 9.

For more than a half century, public sector activity—including health care, social services, infrastructure investments, education, and public administration—has accounted for a significant amount, in some instances more than half of gross domestic product, of economic activity in Canada's North. It is clear that the public sector plays a key role in supporting the current level of economic development in Canada's North and is therefore crucial to attempts to create a sustainable and more prosperous future. The combination of sharply increased socio-economic development in the North and high expectations for government involvement and effective public sector participation is creating enormous challenges for effective governance.

This report examines governance challenges and best practices in Canada's North, focusing particularly on the role and effectiveness of the public sector. Conversations between members of the research team and Northern officials at the national and sub-national levels identified a substantial list of long-standing questions and concerns. Addressing them all would be well beyond the scope of this project. For the purposes of The Conference Board of Canada, this report examined a smaller subset of issues, specifically the:

- degree to which questions of human resources capacity limit the effectiveness of Northern governments and administrations;
- actual fiscal capacity of Northern governments and administration and the relationship between financial resources (which are, in a straight numerical reporting, higher per capita than in the rest of the country) and the ability to address community and individual needs in the North;
- manner in which policy is developed and implemented in Northern Canada, with a view to understanding the barriers and unique strengths of Northern governance environments;
- specific governance arrangements that regulate and manage economic development and the use of natural resources (renewable and non-renewable) in the North, which through land claims agreements and other arrangements have been transformed in recent years to expand Aboriginal participation.

This report seeks to address a question that is central to the present and future development of the Canadian North: Is the public sector working effectively to meet the needs of Northerners and to address the special challenges of the North within Confederation?

Methodology

This project draws on the expertise of an experienced team of researchers, each with extensive knowledge of Northern politics and governance. The team members include:

- **Project Leaders**: Dr. Ken Coates, Director of the International Centre for Northern Governance and Development, University of Saskatchewan, and Dr. Greg Poelzer, Executive Director, International Centre for Northern Governance and Development. Dr. Coates also took the lead on Yukon and Ontario; Dr. Poelzer took the lead on Alberta and Northern Saskatchewan.
- **Northern British Columbia**: Dr. Gary Wilson, Department of Political Science, University of Northern British Columbia
- **Northern Manitoba**: Dr. Joe Garcea, Department of Political Studies, University of Saskatchewan, and Dr. Heather Exner-Pirot, School of Nursing, University of Saskatchewan
- **Northwest Territories**: Dr. Graham White, Department of Political Science, University of Toronto
- **Labrador**: Dr. Rebecca Schiff, Division of Community Health and Humanities, Faculty of Medicine, Labrador Institute, Memorial University of Newfoundland
- **Northern Quebec and Nunavut**: Dr. Thierry Rodon, Département de Science Politique, Université Laval

Researchers were assigned to each of the Northern jurisdictions and, indeed, were selected on the basis of their familiarity with the governance and administrative systems in the North. In most cases, the researchers had several decades of direct research experience in the North, and had extensive personal contacts with government officials and Northern politicians. The researchers, and indeed the report

The goal of the field research was to provide an overview of the achievements, challenges, and opportunities facing public servants in the North.

itself, was welcomed by government officials, who without exception cooperated in full and recognized the importance of an external evaluation of the current state of the public sector in Northern Canada.

The team conducted an extensive literature review of available research on Northern government and the Northern public service. This review explored the needs and challenges in the region and the impact of the resolution of land claims, devolution, and self-government on the transformation of the quality and effectiveness of local and regional public administration in Canada's North. This included examining issues such as the financial dependency of many Northern regions on the Government of Canada; the growing disconnect between what Northerners need and want and what the territorial, provincial, regional, and federal public sectors can actually provide; significant capacity gaps; and cross-cutting administrative issues.

To ensure comprehensive coverage of the North, team members were also individually assigned to conduct field research in each of the territories and the Northern regions of the provinces. Researchers visited their assigned Northern jurisdictions and, depending on the situation of each jurisdiction, met with relevant provincial, territorial, regional, Aboriginal, and federal government officials; representatives from the private sector; regional commentators; and other specialists with established interests in the North. Dialogues with officials and stakeholders took place in the form of open-ended interviews that focused on the specific experiences and programs in each jurisdiction. Close to 100 interviews were conducted by the members of the group. The team then collectively reviewed the results of each member's research efforts, which added to their years of experience working with public servants in the North.

The project team was not attempting to produce a jurisdiction-by-jurisdiction or department-by-department study of the public sector in the North. Instead, the goal of the field research was to provide an overview of the achievements, challenges, and opportunities facing public servants in the territorial and provincial Norths. This project was launched with the purpose of identifying broad patterns in the

actions and structures of the Northern public service. As such, and to protect the identities of study participants who shared their insights, the report does not cite particular examples—positively or negatively—of specific departments, governments, or initiatives. The observations and recommendations offered in this report are more general. Though our recommendations may not apply equally to all parts of the North, we are confident that they reflect the general pattern of public service engagement, accomplishment, and aspiration in the territories and the provincial North. Additional research and support was provided by Paola Chistie and Joelena Leader of the International Centre for Northern Governance and Development, University of Saskatchewan.

The Centre for the North conducted an extensive review of the findings of this research. This included external and internal reviewers, as well as significant reviews by the Centre for the North's Roundtable members, and study participants. All of the comments and suggestions received were taken into account to finalize the report. The findings, conclusions, and recommendations, however, are those of the authors.

CHAPTER 2

Governance in Transition in the North

Chapter Summary

- The North of the 2010s bears little resemblance to the North of the 1960s.
- The major advances in Northern governance are due, in substantial measure, to the skill, energy, and devotion of the public service, which is a dominant employer in many Northern regions, and especially the territories.
- The civil service has many of the highest-paid, ongoing positions in the Northern workforce.
- The focus herein will be on the territorial and provincial civil services and, to a limited degree, the evolving Aboriginal governments in the North.

Starting in the 1960s and continuing to the present, Northern Canada has experienced unprecedented constitutional, political, and legal changes. The most recent example of this transition has been the June 2013 final agreement to transfer control over natural resources and lands from the Government of Canada to the Government of the Northwest Territories, effective in 2014. In the 1960s, the territorial North had little political or administrative authority, a small bureaucracy, and a great deal of control exercised from Ottawa. The Northern provinces, in contrast, had limited federal presence but operated under policies and regulations set by respective provincial governments. Aboriginal communities, likewise, had little formal authority and very uneven capabilities, and operated under the control of the federal Department of Indian Affairs.

Jump forward to the 2010s. In 2014, a new territory, Nunavut, marks its 15th year since coming into being in 1999. Extensive devolution of federal authority has occurred to all the territorial governments. Modern treaties have been signed across the North, starting with the James Bay Agreement in the 1970s and continuing through an extensive series of accords with Aboriginal groups across the territorial and federal North. The redrafting of key legislation, including the *Yukon Act*;[1] the inclusion of existing Aboriginal and treaty rights in section 35 of the *Constitution Act, 1982*; the granting of responsible government to Yukon and the Northwest Territories; the extension of Aboriginal self-government to

1 *Yukon Act.*

dozens of Northern communities, "duty to consult and accommodation" requirements; and other innovations, have transformed the foundations of Northern governance.[2] By comparison, the provincial Norths have experienced much less dramatic changes, save for those shifts directly affecting Aboriginal communities. Several provinces, most notably Newfoundland and Labrador, and Quebec, have introduced innovative reforms of Northern governance. However, the other provinces have mainly tinkered with Northern administrative arrangements—reorganizing departmental structures and introducing various economic and community development strategies—in an attempt to address regional needs and aspirations. Nevertheless, the North of the 2010s bears little resemblance to the North of the 1960s.

Understanding the Role of the Public Service in the North

The major advances in Northern governance are due in substantial measure to the skill, energy, and devotion of the public service. The workload over the past 40 years has been more than formidable, with often under-staffed and under-resourced administrative units making impressive commitments to keep up with legislative requirements and political demands. The expansion work has been more than one of degree; indeed, the new activities have often required fundamental redrafting of administrative structures and responsibilities, major transfers of authority, and substantial rewriting of political arrangements. Operating under severe time constraints and political pressure, the civil servants in the territorial North, in particular, have managed their way through an extensive administrative transformation. They did so without significant public controversy and, in the case of devolution efforts, without major disruptions in service or conflict with employees.

It is important to have an understanding of the scale and nature of the Northern public service. The focus herein will be on the territorial and provincial civil service and, to a limited degree, the evolving regional

2 *Constitution Act, 1982.*

The public sector is the largest and best-paid group of employees in the territorial North and has a sizable presence in many Northern provincial regions.

and Aboriginal governments in the North. The Government of Canada previously had a large and determinative presence in the territorial North and a much smaller role in the provincial Norths. The federal government's operations in the North have changed dramatically. The Government of Canada is the primary funder of the territorial governments and thereby plays a vital, but now fiscally indirect, role in the management of Nunavut, the Northwest Territories, and Yukon. (The Territorial Formula Financing transfer provides unconditional grants to the territorial governments, allowing local administrations to provide national-standard levels of service at comparable levels of taxation.) There is still a sizable number of federal offices and officials in the three territories (and a significantly lesser number in the provincial Norths), but the processes of devolution, land claims, and the creation of Nunavut have reduced the federal government's physical presence in the North while changing the role of federal civil servants who previously managed and shaped the destiny of the territories.

The Size of the Public Service in the North

The public sector is the largest and best-paid group of employees in the territorial North and has a sizable presence in many Northern provincial regions. In 2010, Yukon's public sector employee base was 5,918 people, or 32 per cent of all employees in the territory.[3] By 2012, that number grew to 6,258 public sector employees. This sector also had the highest average weekly earnings, at $1,134.03.[4] Similarly, the number of public sector employees in the Northwest Territories has grown strong, rising from 9,300 in 2008[5] to 10,600 in 2012,[6] an increase of more than 15 per cent in five years. The situation in Nunavut is marginally different, although the total number of government employees is very high (6,034 in 2012, out of a total territorial population of almost 35,000 people at the time). The total number of government employees had fallen from 6,169

3 Government of Yukon, *Survey of Employment, Payroll and Hours*.

4 Ibid.

5 Government of the Northwest Territories, *NWT Annual Labour Force Activity—2010.*

6 Government of the Northwest Territories, *NWT Labour Force Activity—July 2012.*

in 2011.[7] Interestingly, in Nunavut's 10 largest communities, the number of public sector employees was listed as 3,800 in 2006, a decline of 300 from the 4,100 civil servants in 2005.[8] It is particularly important to appreciate that public sector employment and public sector economic activity are especially crucial in smaller, remote communities where private sector activity may be very limited. In particular, the civil service dominates the territorial workforce and has many of the highest-paid, ongoing positions in the territorial economy.

Administrative Structures of the Territorial Governments

In the territories, the role and functions of, and constraints on, the civil service are, of course, determined by the administrative structures of each territorial government and its relationships with the Government of Canada.

Yukon

The Yukon Legislative Assembly is the only legislature in Canada's territories that is organized along political party lines. In Nunavut and the Northwest Territories, the legislative assemblies are instead elected on a non-partisan consensus government model. Yukon moved toward responsible government earlier than the Northwest Territories; it was also the first territory to implement Aboriginal self-government. The first territorial government consisted of a federally appointed commissioner and council, based in Dawson City. The federal government added elected membership, moving to a fully elected council as of 1908. Almost as quickly, the government started downsizing the Yukon Territorial Council, abolishing it in 1918 before reinstating a small, elected three-member council the following year in response to local outrage. The

7 Statistics Canada, *Public Sector Employment, Seasonally Adjusted (Quarterly) (Provinces).*

8 Government of Nunavut, *Labour Force Statistics for the 10 Largest Communities in Nunavut.*

commissioner's post was downgraded to that of Gold Commissioner. After the Second World War, the number of elected representatives in Yukon was expanded to five (1951) before eventually reaching the current complement of seventeen.

With the introduction of party politics in Yukon in 1978, and the famous Epp Letter of 1979 that established responsible government, the executive council was replaced with a full Cabinet-style administration, made up of a government leader and elected Cabinet members. The commissioner's post had become largely ceremonial.[9]

Like provincial governments, the Yukon government is responsible for education, social services, tax collection, most highways, and community services. Like the provinces, however, Yukon now has authority over natural resources, with the exception of wildlife. Resource management programs, including those in forestry, mines, and land, have gradually been transferred from the federal to the territorial government.

Devolution—the transfer of federal government responsibilities to the territorial government and, in some instances, to Aboriginal governments—has further refined and redefined Northern governance. The core Devolution Agreement was signed on April 1, 2003. The Agreement transferred the federal government's lands and resources authorities related to the Northern Affairs Program in Yukon to the Yukon government. Responsibility for public lands, water, forestry, mineral resources, and environmental assessment was devolved to the Yukon government on April 1, 2003. While the Yukon government now manages non-renewable resources, it does not (as in the other territories) own Crown land.

The complexities of devolved governmental responsibilities soon became evident after the April 1, 2003, transfer of administrative responsibility from the federal to the territorial government. As of this date, the Yukon government assumed management responsibility for all public lands, waters, forests, mineral resources, and environmental assessment

9 Coates and Morrison, *Land of the Midnight Sun*.

processes in the territory. Yet, according to Natcher and Davis, the territorial government has largely appropriated policies and practices from the legacy federal regime in its dealings with Yukon's First Nations.[10]

Aboriginal Self-Government

The Yukon administrative environment has also been transformed by Aboriginal land claims agreements, even though the proportion of Aboriginal people in Yukon is much lower than in the other territories. The Council of Yukon First Nations Umbrella Final Agreement was signed on May 29, 1993, as a template for negotiating Final Agreements with Yukon First Nations. Nearly 9 per cent (41,595 km^2) of Yukon's total land base is covered under the Umbrella Final Agreement (UFA), which allocates responsibility for resource control and land use planning to Yukon First Nations.[11] Yukon First Nations have the authority to establish bylaws for use and occupation, to develop and administer land management programs, and to levy fees for the use of land within the settlement region. Eleven Yukon First Nations have Final and Self-Government Agreements to date. The year in which each First Nation's agreements came into effect is as follows[12]:

- Champagne and Aishihik First Nations (1995)
- Teslin Tlingit Council (1995)
- First Nation of Nacho Nyak Dun (1995)
- Vuntut Gwitchin First Nation (1995)
- Little Salmon Carmacks First Nation (1997)
- Selkirk First Nation (1997)
- Tr'ondëk Hwëch'in (1998)
- Ta'an Kwäch'än Council (2002)
- Kluane First Nation (2004)
- Kwanlin Dün First Nation (2005)
- Carcross/Tagish First Nation (2006)

10 Natcher and Davis, "Rethinking Devolution," 276–77.

11 Natcher and Davis, "Rethinking Devolution."

12 Indian and Northern Affairs Canada, *Building the Future*, 5.

The self-governing First Nations are no longer covered by the *Indian Act*, having surrendered their exemptions from income tax in the process.

Three First Nations have not settled land claims and remain Indian bands under the federal *Indian Act*[13]—Liard First Nation, Ross River Dena Council, and White River First Nation.

The Aboriginal self-government agreements in Yukon establish new systems for intergovernmental relations. Both parties, the individual First Nations and the Government of Yukon, must consult each other before implementing new laws. These new arrangements carry financial implications as well. The self-governing First Nations are no longer covered by the *Indian Act*,[14] having surrendered their exemptions from income tax in the process. Those First Nations with self-government agreements have new taxation powers, which give them revenue-producing potential from settlement plans. The federal and territorial governments have not, however, surrendered their ability to charge and collect taxes. Complex financial arrangements govern the transfer of programmatic responsibilities from the federal and territorial governments to self-governing First Nations.

The emerging self-governing First Nations, in turn, face significant challenges recruiting public servants: "There are special difficulties for demographically small Aboriginal communities to recruit from their own ranks enough trained and talented individuals to assume management responsibilities."[15] The funding provided in the initial agreements fell well short of the multigenerational investments needed to prepare First Nations peoples and communities for the technical and professional challenges of self-government.

On a territorial level, however, new fiscal arrangements with the Government of Canada that commenced in 1985 transformed the foundations of territorial finances. Before 1985, funding was provided on a program-by-program basis, with the federal government determining priorities and allocations. After 1985, the Government of Canada provided direct allocations to the Government of Yukon, via Territorial

13 *Indian Act.*

14 *Indian Act.*

15 Ibid., 273.

Formula Financing and other major transfers (such as, most recently, the Canada Health and Canada Social Transfers). These arrangements left the determination of expenditures and priorities to Yukon's politicians and its civil service. The authority and autonomy of the Government of Yukon have increased dramatically, as have its expenditures. From 1998 to 2013, for example, Yukon's actual expenditures have grown from just over $464 million to more than $1 billion. (See Table 1.)

Table 1
Yukon Annual Expenditures—Actual
($ 000s)

Year	Amount
2012–13	1,059,796
2011–12	1,007,561
2010–11	977,520
2009–10	1,006,617
2008–09	890,075
2007–08	829,346
2006–07	813,864
2005–06	753,520
2004–05	698,074
2003–04	626,579
2002–03	555,709
2001–02	535,113
2000–01	505,313
1999–2000	483,465
1998–99	464,771

Source: Government of Yukon, *Department of Finance*.

Northwest Territories

The Northwest Territories has gone through comparable administrative and political changes, albeit at a slower pace and with a stricter adherence to Northern community-based political structures than in Yukon. The territory continues to operate on the basis of a consensus-style government, without political parties and with the premier and the entire Cabinet selected by the elected members of the territorial assembly. The Government of the Northwest Territories derives its authority from the *Northwest Territories Act*,[16] a federal statute. The Northwest Territories originally covered much of the Canadian landmass, incorporating what are now the Prairie provinces, Yukon, Nunavut, and much of Northern Quebec, Northern Labrador, and Northern Ontario. As a political entity it was governed from Ottawa from 1870 until the 1970s, except for the brief period between 1898 and 1905 when it was governed by an elected assembly.

In 1966, The Carruthers Commission, under Lester B. Pearson's government, made several major recommendations for reorganizing the territory's governance, including that the territorial seat of government be located in the territories; for which Yellowknife was selected. Over time, the Government of Canada transferred both administrative responsibilities and the finances necessary to deliver programs to the Government of the Northwest Territories. As in Yukon, this includes education, public works, social services, and health care. Most recently, the completion of devolution agreements in 2013 (to take effect in 2014) has expanded territorial jurisdiction over a variety of other province-like areas and responsibilities, including surface and subsurface natural resources, the management of public lands, and the establishment and collection of revenues based on the development of natural resources.[17, 18]

16 *Northwest Territories Act.*

17 Government of the Northwest Territories, *2012 Public Service Annual Report*.

18 See also Alcantara, "Preferences, Perceptions, and Veto Players."

Territorial Formula Financing, coupled with other major federal transfers, has resulted in sharp increases in the territories' public expenditures.

The parties to the territory's devolution are the Government of the Northwest Territories, the Government of Canada represented by Aboriginal Affairs and Northern Development Canada (AANDC), the Inuvialuit Regional Corporation, the Northwest Territory Métis Nation, Sahtu Secretariat Incorporated, the Gwich'in Tribal Council, and the Tłı̨chǫ Government. Additional First Nations have indicated an interest in signing on. The emerging system of governance integrates the territorial government's existing responsibilities with functions coming from the federal government. The Department of Industry, Tourism, and Investment and the Department of Environment and Natural Resources have taken on federal functions related to their existing mandates, and a new Department of Lands will be created to support, manage, and administer the sustainable use of public land in the territory.
The Government of the Northwest Territories' existing responsibilities for managing Commissioner's Lands have been transferred from Municipal and Community Affairs to the new Lands department.[19]

As of 2012, there were 43,349 people living in the Northwest Territories, a decrease of 2 per cent from 2011. (With the exception of Newfoundland and Labrador, all other provinces and territories experienced positive growth over the same period.) Almost half of the population is Aboriginal (28 per cent Dene, 11 per cent Inuit or Inuvialuit, and 9 per cent Métis). Aboriginal people make up 90 per cent of those living in rural communities (outside the regional centres, including Yellowknife).[20]

As in Yukon, Territorial Formula Financing, coupled with other major federal transfers, has resulted in sharp increases in the public expenditures of the Northwest Territories. From 1999 to 2013, the Government of the Northwest Territories' actual expenditures grew from just over $760 million to over $1.6 billion. (See Table 2.) Government responsibilities, of course, expanded in lock-step with the enhanced funding. The major changes in the financial arrangements were that the Government of the Northwest Territories secured more funds and more

19 Government of the Northwest Territories, *Devolution of Lands and Resources.*

20 Institute of Public Administration of Canada, "Northwest Territories: Demographics, Healthcare Priorities and Challenges," 47.

discretion over funding allocation. Yet, the territory has experienced very uneven fiscal and governance development across its regional expanse. The negotiation of Aboriginal rights in the territory is extremely complex, with unresolved land claims, settled claims, actual and pending court cases, and self-government agreements and negotiations. Most areas have settled land claims and have numerous communities pursuing extensive self-government agreements. Other areas are not pursuing comprehensive claims but are seeking other ways of addressing their rights and governance needs.

Table 2

Northwest Territories Annual Expenditures—Actual

($ 000s)

Year	Amount
2012–13	1,623,938
2011–12	1,533,100
2010–11	1,483,520
2009–10	1,443,453
2008–09	1,407,815
2007–08	1,302,780
2006–07	1,176,310
2005–06	1,118,757
2004–05	1,022,781
2003–04	970,749
2002–03	919,879
2001–02	872,482
2000–01	801,682
1999–2000	760,365

Source: Government of the Northwest Territories, *Expenditures*.

Nunavut

The Nunavut Land Claims Agreement (NLCA) led to the creation of Nunavut in 1999, providing the Inuit of the Eastern Arctic with some 1.9 million square kilometres—roughly one-fifth of Canada—and with substantial surface and subsurface rights. The Government of Nunavut is a consensus-based, unicameral legislative assembly with 19 seats. It is a public government, and does not operate—as do other Indigenous self-governing units—on an ethnic basis. Because of the demographic preponderance of the Inuit, however, the Government of Nunavut serves mostly Inuit communities. It is a government, a territorial government, created by an act of the Canadian Parliament, but with a second "constitution" in the form of the NLCA enshrining the result of special Inuit negotiations with Canada. The Government of Nunavut is led by the premier and Cabinet, elected from the membership of the legislative assembly. Non-Cabinet members function as an opposition group, although without the formality and conflict orientation of Southern political parties.[21]

Although Nunavut has a comparatively small population, it covers a vast area; one marked by extremes in winter weather and defined by administrative diseconomies of scale. As with Yukon and the Northwest Territories, Nunavut receives Territorial Formula Financing, as well as smaller major federal transfers (such as, most recently, the Canada Health and Canada Social Transfers). Not surprisingly, the Government of Nunavut's expenditures have more than doubled since its inception, from just over $643 million in 1999 to over $1.7 billion in 2013. (See Table 3.)

Nunavut does not share the same extent of political development as the Northwest Territories or Yukon. Progress on devolution for Nunavut has moved slowly, in large part due to the graduated pace of Government of Canada–Nunavut negotiations around the initial implementation of Nunavut. To this end, Canada, Nunavut, and Nunavut

21 Legislative Assembly of Nunavut, *Fact Sheet: Consensus Government in Nunavut*.

Tunngavik Incorporated signed a negotiation protocol on Nunavut lands and resources in 2008, which sets out the guidelines for these important discussions.

In sum, Nunavut is an emergent political jurisdiction, coping with the complex challenges of Inuit socio-economic development and the exceptional workload associated with implementing territorial structures and the land claims agreement. There is both a general concern for the high cost of government in Nunavut as well as a strong awareness of the local socio-cultural and community economic development issues faced by the people of the territory.

Table 3
Nunavut Annual Expenditures—Actual
($ 000s)

Year	Amount
2012–13	1,757,541
2011–12	1,663,481
2010–11	1,556,236
2009–10	1,505,742
2008–09	1,445,771
2007–08	1,299,063
2006–07	1,203,503
2005–06	979,854
2004–05	886,872
2003–04	861,171
2002–03	802,652
2001–02	765,184
2000–01	709,371
1999–2000	643,209

Source: Government of Nunavut, *Department of Finance*.

Administrative Structures of the Provincial Norths

There is no single pattern of Northern administration at the provincial levels. Each province approaches its Northern regions in manners consistent with provincial history, the political and economic authority of the region, and the values of the provincial government and/or governing party. The result has been a hodgepodge of political arrangements, all of which render the Northern provincial regions subservient to Southern political capitals in ways that offer less autonomy than what the Northern territories currently possess. Each Northern provincial region does, of course, have similar political and administrative structures as the rest of its respective province, but with social, economic, and cultural situations that are more similar to the territories than to Southern provincial regions.

The following sections provide a synopsis of Northern regions in British Columbia (B.C.), Alberta, Saskatchewan, Manitoba, Ontario, Quebec, and Newfoundland and Labrador. A brief overview of Northern provincial regions provides an indication of the complexity of Northern governance under provincial arrangements. It must be noted that definitions of the "North" vary widely, both within and between the provinces. In some provinces, regional district boundaries, and/or the demarcation of health authorities, resource management systems, forestry districts, and/or other dividing lines provide some guidance. However, this multiplicity of working and sometimes conflicting Northern definitions can make it difficult for comparative analysis.

British Columbia

Regional districts of B.C. that are considered to be in the "North" of the province are Skeena Queen Charlotte, Bulkley Nechako, Fraser Fort George, Peace River, Kitimat Stikine, Northern Rockies, and Stikine. Similar to counties in other parts of Canada, regional districts provide municipal-like services in areas not incorporated into a municipality, and may play a stakeholder role in regional affairs shared between residents of unincorporated areas and neighbouring municipalities. The regional districts are managed by a combination of indirectly elected

officials (including the mayors of major towns) and directly elected representatives, typically for outlying areas. In recognition of their demographic diversity, the votes given to regional district officials are unequal.[22] District staff provide a variety of services in rural areas, from planning to waste management. However, the provincial government maintains control over land and resources, while federal departments and Aboriginal governments also maintain responsibilities throughout each region.

B.C.'s provincial government provides programs for economic development that target Northern districts. RuralBC is an initiative launched in 2009 as a link between government and rural communities, with the goal to ensure they each have the tools to achieve their unique vision for the future. There are two dimensions to RuralBC—the first is the Regional Economic Policy and Projects Branch, Economic Development Division, Ministry of Jobs, Tourism and Skills Training, which is responsible for providing policy and program-level support for rural British Columbia. This branch (located in Victoria) is charged with identifying ways to meet provincial- and/or regional-level needs and opportunities. It also works collaboratively with multiple stakeholders in and outside of government, to represent and support the needs of rural communities. The Economic Development Division has offices and staff throughout the province. Its regional managers have community, business, and economic development expertise unique to the provincial government and collaborate with federal and provincial departments and officials on multi-level governance matters.[23]

The second branch, the Regional Economic Operations Branch, offers Community Adjustment Services, which provide one-window access to the provincial government. Transition services help community leaders, industry, the province, and other interested parties to develop and implement a coordinated response to industry downsizing or closure. The goal of Community Adjustment Services is to assist a community

22 Government of British Columbia, *Regional Districts*.

23 Government of British Columbia, *About Us.*

to establish financial viability, and in turn, socio-economic resilience. Community adjustment services are driven by the expressed needs of the community, and the processes are led or co-led by community representatives. Key initiatives of RuralBC are five regional economic trusts, which include the Northern Development Initiative Trust, which was "established in 2004 and infused with $185 million. It focuses on providing loans and grants to stimulate economic diversification and job creation in Central and Northern British Columbia. The goal of the Trust is to inject $2 billion in the regional economy every decade."[24] The Northern Development Initiative Trust provides resources for businesses, community infrastructure projects, and capacity-building for Northern municipalities.

Alberta

Northern Alberta has been understood as a distinct region—typically defined as being above the line of commercial agriculture—for many decades. The area's separate history, tied initially to the fur trade and, later, to the development of the Mackenzie River valley and the Athabasca oil sands, has set it apart from the rest of the province socially, economically, and politically. Alberta has not been known for its strong and specialized policy approach to the North. Indeed, such basic issues as the absence of a four-lane highway between Edmonton and Fort McMurray is seen locally as a sign that the Government of Alberta is not overly concerned about the reality of Northern living. At the provincial level, Northern Alberta is represented in the Legislative Assembly of Alberta by members elected in the ridings of Athabasca-Redwater, Barrhead-Morinville-Westlock, Bonnyville-Cold Lake, Dunvegan-Central Peace, Fort McMurray-Wood Buffalo, Grande Prairie Smoky, Grande Prairie Wapiti, Lac La Biche-St. Paul, Lesser Slave Lake, and Peace River.

24 Ibid.

The Northern Alberta Development Council is the economic arm of the provincial government that promotes economic development in the North. It has responsibility for an area encompassing 150 communities and more than 350,000 people (more than double the population of the three territories, to provide an obvious comparison). Its work focuses primarily on Northern planning and development, with extensive collaborations with educational institutions and Northern corporations in addressing the economic needs of the region.[25]

Saskatchewan

The Northern Saskatchewan Administrative District is defined by the same boundaries as Division No. 18, Saskatchewan census division (Statistics Canada). Division No. 18 has 58 census subdivisions: 24 are municipalities (a portion of the City of Flin Flon, 2 Northern towns, 11 Northern villages, and 10 Northern hamlets); 32 are First Nations communities (31 Indian reserves and an Indian settlement); and there is an unincorporated Northern settlement as well as the unorganized balance of Division No. 18. All municipalities within the District (Division No. 18), except for the Northern Hamlet of Black Point, are recognized as census subdivisions.

The Northern Affairs Division, now called Northern Engagement, emphasizes regional economic development and planning, seeking to address the serious economic gap between the North and the rest of the province. Saskatchewan has maintained such programs since the late 1940s,[26] but continues to struggle to bring equality of opportunity to the region. This area—constituting half the province but holding fewer than 40,000 people—faces formidable challenges. The population is young, more than 80 per cent Aboriginal (Cree, Dene, or Métis) and quite poor. The area's rich resources, particularly in uranium, have brought some

25 Northern Alberta Development Council, *Putting Opportunity on the Map*.

26 Saskatchewan's Northern Administration District is defined in the province's *Northern Municipalities Act*, but its creation dates back to *The Northern Administration Act, 1948*; see Government of Saskatchewan, *What Is a Northern Administration District?*

benefits to the North, but not enough to compensate for the high cost of living in the North, the small and isolated nature of most communities, and the largely seasonal economy.[27]

Manitoba

For Manitoba, the Northern region, which constitutes half the province, is largely underdeveloped and sparsely inhabited. Administrative responsibility for the area rests with the provincial Department of Aboriginal and Northern Affairs, created in 1966. Provincial efforts in the North were aided in the 1970s and 1980s by financial accords with the federal government, including the Canada/Manitoba Special Rural Development Agreement, the Northlands Agreement, and the Northern Development Agreement. The Northern Flood Agreement provided compensation for the socio-economic costs associated with hydroelectric development in the region. In addition, the Native Affairs Secretariat, founded in 1982, provides additional services to the North's largely Aboriginal population. The two units were merged in 1999 to create Aboriginal and Northern Affairs. One particular division, Local Government Development, works with the smaller urban communities across the North to improve governance, planning, and infrastructure development.[28]

Northern Ontario

Northern Ontario is a vast jurisdiction, with large tracts of sparsely populated areas that have limited access to transportation connections; although several sub-regions have been the focus of infrastructure development. In geographic terms, Ontario's Northern region is commonly divided into two economic regions, Northeastern and Northwestern Ontario; but further divisions arise according to political boundaries and the jurisdictions of regional, local, and Aboriginal governments. Like other provincial Northern regions, Northern Ontario has large electoral districts, covering comparatively small populations but

27 Government of Saskatchewan, *Northern Engagement*.

28 Government of Manitoba, *Manitoba Aboriginal and Northern Affairs History*.

Northern Ontario administers a series of districts to address the needs of remote areas that lack municipal or similar administrative structures.

substantial areas. As may be expected, the more remote Northern areas do not have a great deal of administrative authority, in large measure due to their small, widely dispersed populations and limited socio-economic opportunities for area communities.

Northern Ontario struggles with myriad social and economic challenges. Even the promising Ring of Fire mineral development has run into substantive difficulties, with Aboriginal protests, infrastructure deficits, and jurisdictional conflicts slowing project development. The surge in mining activity has produced greater employment and general economic activity, but without a large increase in take up from Aboriginal people. The Ministry of Northern Development and Mines provides many government programs and is charged with promoting economic development throughout the region. Other provincial ministries have active commitments in the area. Federal departments, particularly Aboriginal Affairs and Northern Development Canada (AANDC), as well as Health Canada, play important public service roles with respect to Northern Ontario's First Nations. Many of the core services on reserve, such as health and education, are provided by local First Nations and regional tribal councils under federal contribution agreements. These services may also include provincial participation. In addition, the Federal Economic Development Initiative for Northern Ontario (FedNor), established in 1987, provides contributions, strategic policy advice, and investment support across a range of Northern economic development sectors, with a special interest in First Nations development.

The province administers a series of districts across the North, to address the needs of remote areas that lack municipal or similar administrative structures. It also established Improvement Districts (to respond to the needs of areas facing rapid development pressures), roads area boards, local services boards, planning boards, and other similar organizations. The administrative system is designed to respond to the needs of a vast area facing very different levels of development and social programming needs, to permit local input as and when

required, and to provide for the effective management of a large and differentiated region. That said, the vast majority of Northern Ontario's residents live within municipalities that administer local services.

Quebec

The Nord-du-Québec region, the largest such unit in Quebec, is covered by the James Bay and Northern Quebec Agreement (JBNQA) of 1975. In part because of the modern treaty, major provincial government commitments to regional autonomy, and federal government transfers, Northern Quebec is considerably better off financially than other Northern provincial jurisdictions. Administratively, the region is subdivided into Nunavik and Eeyou Istchee-Jamésie. The Cree Regional Administration, an ethnic administration, provides supra-municipal services for the nine Cree nations in Eeyou Istchee. The Cree Board of Health and Social Services of James Bay and the Cree School Board are providing health and education services to the Cree population. The Cree have recently signed an agreement with the provincial government to create the Eeyou Istchee-Jamésie Regional Government, a hybrid ethnic and public system of governance.[29] Nunavik has three distinct public administrations—the Kativik Regional Government, the Nunavik Regional Board of Health and Social Service, and the Kativik School Board. While most Northern regions emphasize local Aboriginal self-government, Northern Quebec is marked by the development of region-wide administrative units, either through public administration (Nunavik) or through a public/ethnic hybrid form of governance (Eeyou Istchee-Jamésie).

The *Act Respecting Northern Villages and Kativik Regional Government* of 1978 provides the legislative context for much regional governance development.[30] The Inuit of Nunavik have also negotiated the creation of a Nunavik government since the mid-1980s.[31] An agreement in principle was signed in 2007, and the final agreement was submitted

29 *Agreement on Governance in the Eeyou Istchee James Bay Territory.*

30 *An Act Respecting Northern Villages and the Kativik Regional Government*.

31 Rodon and Grey, "The Long and Winding Road to Self-Government."

to a referendum in 2011 but was voted down by the Inuit of Nunavik.[32] Plans for this largely Inuit region came into sharper focus in 2011 when Premier Jean Charest created Plan Nord, an aggressive program of resource development. The Northern village municipalities operate in much the same manner as other Quebec municipalities, with comparable administrative responsibilities and rights (such as taxation), as well as electoral structures.

Labrador

Labrador occupies the Northern part of the province of Newfoundland and Labrador. It is larger than the main island of Newfoundland but has well under 1/10th of the province's total population.[33] Physical separation from the main island has contributed to Labrador's unique character and political culture. More recently, amendments to the Constitution of Canada (December 2001) officially changed the name of the province to Newfoundland and Labrador.[34] On the economic front, major investments at Hebron and Muskrat Falls have created new jobs and business opportunities for the region, although controversy continues to surround the historic delimitation of rights to Churchill River power, pitting Newfoundland and Labrador against Quebec. Finally, in Western Labrador, the proposed Alderon iron ore mine promises increased economic activity for the towns of Wabush, Labrador City, and their surrounding area.

Politically, the Aboriginal people of Labrador include the Inuit (Northern coast and Central region plus the Happy Valley-Goose Bay/Upper Lake Melville area), the Innu (First Nations occupying Northern, Western, and Central regions), and the NunatuKavut Community Council (South coast, formerly known as the Labrador Métis Nation). There are five Inuit communities, and two Innu First Nations located in Labrador. As for the latter, the Government of Canada did not recognize the Mushuau

32 Rodon, "La quête d'autonomie des Autochtones du Québec."

33 Government of Newfoundland and Labrador, *Federal Government Moves Forward*.

34 CBC News Canada, *Newfoundland's Name Change Now Official*.

The growing economic importance of Labrador has been matched by greater attention to the region's socio-political development.

Innu and Sheshatshiu Innu as Indian bands under the *Indian Act*[35] until November 2002. This is one of several regional attempts to address a province-wide federal challenge. Under the 2011 National Household Survey, some 60 per cent of First Nations people in Newfoundland and Labrador did not have registered Indian status.[36]

The Nunatsiavut (Labrador Inuit) government was sworn in on December 1, 2005 as the Labrador Inuit Land Claims Agreement (LILCA) came into effect. In recent years this self-governing entity has expanded its operations considerably. Moreover, major economic agreements have been reshaping the political and economic structure of the region. The Labrador Inuit Association (forebear of the Nunatsiavut Government) and the Innu Nation each signed Impact and Benefit Agreements (IBAs) related to the large-scale Voisey Bay mine in 2002.

The Innu have not yet finalized a land claims agreement, although they reached the so-called New Dawn Accord (Tshash Petapen Agreement) with the Government of Newfoundland and Labrador in 2008. Furthermore, a 2011 Innu Agreement in Principle was subsequently signed between the Innu Nation, Canada, and Newfoundland and Labrador, for the purposes of negotiating a larger comprehensive land claims settlement. This anticipated claims settlement, which will encompass parts of Northern and Central Labrador, is expected to be modelled, in part, after the 2005 LILCA.

The Innu Nation also signed a major IBA related to the further development of hydroelectric power on the Lower Churchill River. By contrast with the Labrador Inuit and Innu, the NunatuKavut (Labrador Métis or Southern Inuit) do not have a land claims settlement or agreement in principle. The Government of Canada has acknowledged

35 *Indian Act*.

36 Statistics Canada, *Aboriginal Peoples in Canada*. We note that the subsequent registration of Newfoundland and Labrador's Qalipu Mi'kmaq band under the *Indian Act* in 2012 has altered this statistic.

their status as Aboriginal people for the purposes of fishing and related harvesting activities. Yet, for its part, the Government of Newfoundland and Labrador has not formally recognized the NunatuKavut.

The Government of Newfoundland and Labrador has placed increasing emphasis on Labrador in recent decades, largely due to the emergence of Aboriginal organizations, land claims agreements, and the development of the resource potential in the region. Unlike other Northern provincial regions, Labrador is easily and obviously defined by its separation from the main island. The province's responsibilities in Labrador are overseen by the Department of Labrador and Aboriginal Affairs, which is responsible for the negotiation and effective implementation of land claims, self-government, other agreements related to the development of Labrador, and Aboriginal governments; the coordination and development of policies and programs relating to Aboriginal issues in the province and significant issues of government interest in Labrador; the advancement of social and economic development in Labrador and the social and economic well-being of Aboriginal people in the province; the management of intergovernmental relations respecting Labrador and Aboriginal issues; the monitoring and evaluation of government programs and services in Labrador; the provision of public information and education in matters related to land claims; and the administration of Labrador-specific programs as delegated by the provincial government. The growing economic importance of Labrador has been matched by greater attention to the region's socio-political development, a process accelerated by the rising authority of Aboriginal groups and governments and the transformative impact of modern treaties.

Summary

The administrative structures for Northern provincial regions vary widely, but many share several characteristics (although Labrador and Northern Quebec have made major changes in some regards). Common characteristics, particularly for sparsely populated remote Northern regions, include limited regional control, domination by provincial

governments, large and comparatively poor Aboriginal populations, and department-type structures for Northern regions with limited political and administrative authority. To this list we may also add our observations of regional frustration with the status quo. Compared with their counterparts in the territories, public servants operating in remote Northern provincial areas generally have fewer resources and less effective autonomy with which to dispense public policy.

CHAPTER 3

The Territorial Political Environment

Chapter Summary

- The territorial political environment is dramatically different from that of many other parts of the country.
- A large percentage of territorial Northerners work directly for government, or work for private sector companies that depend on government contracts or agreements. Taking into account their families and extended relations, it becomes evident that public sector reform may be difficult and contentious.
- Starting more than two decades ago, the emergence of self-governing Aboriginal communities and the establishment of Aboriginal development corporations have been transforming the very foundations of Northern governance.
- The governance gap between the North and South is already substantial and may become more pronounced over time.
- The greatest innovation in Canada's North has been the incorporation of Aboriginal ideas, values, people, and organizations into the apparatus of Northern governance.

The territorial political environment is dramatically different from many other parts of the country. Because a large percentage of territorial Northerners work for government, are closely connected with government workers, or are from the private sector and nonetheless depend directly on government, it can be difficult for Northern political actors to institute deliberate public sector reforms.

Territorial governments shy away from major confrontations with the public sector. Public servants play a major role in territorial politics, and it is not uncommon for union interests to conflict with those of the territorial government. Actual confrontation, however, is quite unusual; instead, an uneasy truce governs most government–labour and union–government relationships.[1] Politicians running on an anti-government platform—a common feature of politics in the South—are extremely rare in the territorial North, for very sound electoral reasons. Major government-driven change in the public service, while not impossible, will be extremely difficult and contentious.

The wide presence of government workers (reinforced by their family members and friends) in the North is not without significant benefits, however. Because of the size and political reach of its public service, the territorial North has sustained rich and comprehensive debates about the role of government in society; albeit tempered by a culture of self-sufficiency and individualism that encourages skepticism of the role of government in society. Residents care about government decisions, policy initiatives, and administrative achievements and challenges, for the simple reason that government matters are pivotal to the territories. By contrast, in many Northern provincial regions, where individualism is also prominent and where the federal government has a much smaller footprint, provincial governments are generally viewed as distant, aloof,

1 Thompson, “Drawing Down the Dempster.”

and even substantially irrelevant. It is ironic that the territories are home to the richest and most entrenched government-centric political environment in the country while just south of the territorial/provincial boundaries lie some of the least government-centric political cultures in the country. In the territorial North, residents believe that they have the scope and freedom to redefine government in their own interests and to suit their ends—an approach that is not entirely in line with national legal and political requirements.

Herein, however, lies a potential challenge for the North. Across Canada and, indeed, in much of the Western world, government has been under considerable pressure to downsize, seek efficiencies, and otherwise reduce its role in contemporary society. The process, which started in earnest under Margaret Thatcher in the United Kingdom and Ronald Reagan in the United States, hit Canada during the Liberal governments of prime ministers Jean Chrétien and Paul Martin and continued under Prime Minister Stephen Harper and the Conservative Party.[2] Many provincial governments, faced with mounting deficits and debt, have likewise had to reign in expectations among the electorate. The change is due, in part, to a general questioning of the utility of the activist state and, most pragmatically, to the mounting costs of the national and provincial health care systems.

Impacts of Devolution in the Territorial North

The trajectory in the territorial North, in particular, is the opposite. The Government of Canada has steadily reduced its presence in the region, with accords on health and education now over 40 years old. Canada has, at regional insistence, continued to reduce its formal presence. Territorial authorities are absorbing the impact of such off-loading, not always (in the opinion of local administrators) with the resources needed to do the work properly. As they mature and as resource development activities expand, the territorial governments are tackling new challenges. Aboriginal governments have a much higher presence

2 Lee and Strang, “The International Diffusion of Public-Sector Downsizing.”

Some Northerners think the federal government and civil servants have backed off too far, directing people too quickly to the territorial authorities.

in the territorial North than elsewhere in Canada, and the highly contentious and even troubled experience with treaty implementation is adding to government engagement with Indigenous organizations. Government activity, therefore, is not declining much, if at all, in the North, based on discussions with government officials. Across Canada as a whole, however, the combination of "small government" approaches and financial challenges have resulted in reductions in government services and, in the eyes of many Canadians, declines in the quality of government services. The governance gap—essentially the difference in the effective role of government and civil services in the affairs of a province, territory, or country—between the North and South is already substantial and may get more so over time. Likely effects of this transition are a change in national enthusiasm for Northern governance in the future and declining federal sympathy for the necessarily high administrative costs of maintaining territorial governments.

The changing role of the Government of Canada, most notably in Yukon but increasingly in the other territories, is an important element in the transition of the North. With devolution in Yukon, the federal presence has declined, with many former federal civil servants transitioning to new posts in the territorial government and with the effective administrative role of the Government of Canada shifting rapidly. For Northerners long used to an active—even an activist—national government, this has been an abrupt change. Indeed, it is not uncommon to hear criticism of the Government of Canada for not doing things that are no longer within its area of responsibility. More generally, there is a growing sense across the North that the federal government and federal civil servants specifically have backed off too far, directing people too quickly to the territorial authorities, while no longer exercising their former administrative freedom, and relying on under-resourced headquarters operations. The misunderstandings about the new role and responsibilities of the Government of Canada are a logical consequence of devolution, which remains a work in progress in the Northwest Territories and Nunavut. The confusion about administrative duties and areas of competence will likely continue for some time, particularly among older Northerners raised in times of preponderant federal power.

Role of Modern Treaties and Aboriginal Self-Government Agreements

Even as the territorial North is responding to the challenges associated with devolution, a more significant transition lies ahead. The modern treaties allow for extensive Aboriginal self-government, a process that is well under way in Yukon and the Northwest Territories. By contrast, under the terms of the Nunavut Land Claims Agreement, which created the Nunavut public government, Aboriginal self-government is not envisaged.

Starting more than two decades ago, the emergence of self-governing Aboriginal communities and the establishment of Aboriginal development corporations have been transforming the very foundations of Northern governance. The latter, Aboriginal development corporations, hold enormous potential for the North, as they manage the assets arising out of land claim settlements and resource development activity. This is particularly the case in Nunavik, where the Makivik Corporation is a powerful influence. Development corporations also provide an alternate source of political power[3]—one freed from the constraints of local and regional governance—which may complicate political life in the territories and in the Northern provincial regions.

Self-governing communities and the development corporations will collectively require thousands of employees if they are to be effective, adding to the already significant presence of government-related employment and authority in the territorial North. Particularly in the case of self-government, the emergence of these new political actors places enormous pressures on territorial and federal governments to create administrative space and establish appropriate liaison, planning, and accountability procedures. The present state of devolution and treaty implementation represents only the first phase in the emergence of an Aboriginal bureaucracy and expanded Indigenous government presence

3 For an example in Nunavut, see Rodon, “Working Together.”

in the territorial North. The next few phases, under way differentially across the North, will bring even greater change and more intense multilateral governance relationships.

Decentralization

The government restructuring under way in the territorial North is considerably different from anything the country has seen before, with concomitant challenges and uneven outcomes. Devolution and Aboriginal self-government would, by themselves, create major organizational and administrative difficulties. In the case of Nunavut early on, the territorial government decided to implement an extensive decentralization process that sought to distribute jobs and economic benefits throughout the territory and to buttress community sustainability in the process.[4] Nunavut decentralization has been a costly and expensive experiment, and some recentralization is already occurring within units. The relocation of government offices and staff to small and often remote communities might have seemed like a desirable community development strategy, but it failed to anticipate patterns of work and the need for close administrative interaction. There does not appear to be much support for aggressive decentralization among the public and the civil service, and further decentralization appears to be off the political table. The public appears to support the concept of decentralization, but not in the way that it has been implemented.[5]

The dominance of the territorial capitals in their respective regions—Whitehorse, Yellowknife, and Iqaluit—carries both advantages and disadvantages for their respective regions. The three capitals are active, politically intense, and tightly interconnected governance environments. Each plays a dominant role in the economy, society, and political life of its respective territory. In all three communities, the public service is the single strongest and most influential socio-political force. They are, in effect, company towns, with government being the largest corporation.

4 Hicks and White, “Whatever You Do, Don’t Recreate Yellowknife.”

5 Rogers, “Decentralization Works in Nunavut.”

The demographic size of the territorial capitals—by far the largest community in each territory—gives them an economic clout to match their political and administrative roles. There are strong anti-capital sentiments in all three jurisdictions, with comments about isolation, poor responsiveness, and failures to understand community interests that are comparable to how the capital cities have perceived Ottawa. Such dissonance is an inevitable aspect of political life, but it is exacerbated in the territorial North by the power and size of the public service.

As the public and political response to decentralization processes in Nunavut revealed, patience is not necessarily a Northern governance virtue. The idea of repositioning government offices was undertaken in part at the launch of Nunavut and would likely have had greater difficulty getting off the ground subsequently. The politicians, the general public, and even the private sector wanted action.[6] The expectations placed on the Northern public service are very high—unrealistically so, we would argue—and do not take into account the range and breadth of issues that require urgent attention. Indeed, the fundamental challenges and the need for carefully considered government action in the North are very significant. These circumstances do not lend themselves to quick government or private sector solutions or, indeed, to dramatic improvements in socio-economic conditions.

Addressing the Colonial Legacy

Among Canada's many impressive achievements has been a gradual, but nonetheless systematic, erosion of the colonial mindset that dominated Northern governance before the Second World War and that declined unevenly after that time. For generations, the idea that Ottawa ruled, through federally appointed civil servants and with little local political or administrative engagement, held sway across the North. The push-back that started in the 1960s, involving both non-Aboriginal politicians in Yukon and the Mackenzie Valley, and among Aboriginal leaders across the North, resulted in an important conjunction

6 McKibbon, "Ng Says GN Will Train to Fill Decentralized Jobs."

of growing regional confidence and declining federal dominance. Even as the Government of Canada was winding down some of its activities in the Northern regions, Ottawa-based agencies had lost most of their paternalistic, colonial airs and became more closely engaged with Northerners. One could argue, in fact, that the pace and variety of innovations that occurred across the North have led to growing interest among the Government of Canada and provincial governments in Northern policy, programming, and administrative initiatives. Flattery and imitation, perhaps, may ultimately prove to be the reverse of colonialism and external control, as has been shown in the growing national and international interest in Northern Canadian innovations in self-government, the co-management of resources, economic development approval processes, and modern treaty negotiations.

Greater Aboriginal Inclusion in Northern Governance Regimes

No doubt the greatest innovation in Canada's North has been the incorporation of Aboriginal ideas, values, people, and organizations into the apparatus of Northern governance. With the possible exceptions of Northern Quebec and Labrador, where the provincial governments have reached out extensively to the First Nations and Inuit people, the territorial North leads the country in terms of fulsome and constructive engagement with Aboriginal peoples. While difficulties remain, particularly relating to the pace and oversight of resource development in Yukon, the Northwest Territories, and Nunavut, the reality is that there may be no other jurisdictions in the world where Aboriginal rights and engagement with Aboriginal peoples has a higher priority than in the three Northern territories. Modern treaties matter, as do constitutional powers and Supreme Court decisions affecting Indigenous participation. The process of "indigenization" is most notable in Nunavut, where the Inuit control their own organizations and the public government,[7] and

7 Article 23 of the Nunavut Land Claims Agreement seeks to increase Inuit participation in government to a demographically representative level. The public government is responsible for the delivery of public services for all Nunavummiut.

in the Northwest Territories, where the adoption of consensus-style decision-making in the legislature represents an attempt to internalize Aboriginal cultural values.

A Focus on Solving Practical Challenges

Indeed, and to a greater degree than seemed possible only a decade ago, the territorial North has moved beyond the high-level constitutional and Aboriginal struggles that defined the region for more than a generation. With the exception of unsettled land claim areas in the Northwest Territories and Yukon, governments have largely put aside the lengthy debates about conceptual relations and have focused instead on practical problems, real deliverables, and efforts to improve the quality of life of residents. At present, the primary emphasis rests with economic development and, specifically, on Aboriginal participation in employment and business. While many Aboriginal communities and organizations are cautiously interested in resource development, there are other groups and individuals, along with environmentalists and those involved in Northern tourism, who harbour opposing development priorities.

But practical progress—often dramatically so—is also occurring in many other fields, from public health and the localization of educational curricula, to environmental assessment and judicial reforms. Over the past 20 years, the celebratory announcements grabbed headlines across the country, giving the impression that much had changed when, in fact, new structures had merely been formed. The steady but gradual emergence of practical initiatives, while critical to the lives of Northerners, does not attract the same kind of attention and can give the misleading impression that not a great deal is being accomplished.

Embracing a Northern Negotiation Culture

A final general point needs to be made. The territorial North has been engulfed in formal, intense, and often controversial negotiations since the 1960s. These political struggles brought about real change, from responsible government and the recognition of Aboriginal legal rights, to devolution and Indigenous self-government. But the negotiations

Negotiations are a part of public life at all levels of government, but are considerably more extensive and comprehensive in the North.

associated with each of these political and administrative achievements took an enormous amount of time and energy and consumed the talents of two generations of Northern political leaders and civil servants. The negotiation culture that formed over time is now deeply entrenched. Ottawa would, for example, prefer to shift to formula funding for First Nations governments, but the latter expect and demand annual negotiations and funding based on real needs. Aboriginal self-government agreements proceed only after extensive negotiations and a great deal of compromise. Treaty implementation, much to the surprise of many, has turned out to be as negotiation-rich as the original treaty-making process itself. The culture and economics of consultation and negotiation, which created and then sustained a veritable industry of consultants and experts, contributes to reinforcing the ethos.

The Northern negotiating culture is an important element in territorial governance and administration. Negotiations are a part of public life at all levels of government but are considerably more extensive and comprehensive in the North. The effort and resources (human capital and direct costs) represent a substantial opportunity cost for Northern governments and society, one that is difficult to quantify but that implicates how leaders and organizations spend their time. Government officials, in both the territorial and Aboriginal governments, who are devoting time to negotiations, will have less time and fewer resources to devote to other urgent social and economic needs. But, major items of debate—such as treaty implementation processes, Northern capacity-building, technical agreements, and self-government accords are concluded—time and effort will be released for other purposes.

It understates the situation to say that Northern governance is in flux. The pace and intensity of change is at a level rarely experienced in Canadian public life. The dramatic and impressive transformation of Aboriginal engagement with federal and territorial governments, the negotiation of land claims settlements, and the establishment of Aboriginal self-governance have added a new vitality as well as layers of complexity to Northern governance. The territorial North has registered

major achievements and raised expectations for public governments and the public service, while stretching human and financial resources to the extreme in the process.

CHAPTER 4

The Special Governance Issues and Needs of Northern Provincial Regions

Chapter Summary

- Most Northern provincial regions face very different issues than the territories.
- Among Northern provincial regions are some of the least governed, most poorly served, and politically disempowered parts of the country.
- Regions such as Labrador and Northern Quebec provide viable policy options for improving Northern circumstances.
- The gap in scale and breadth of government services between the territories and Northern provincial regions appears to have become more pronounced over the past few decades, particularly in light of the expansion of services for, and delivered by, Aboriginal communities.
- As the situation now stands, Canada's Northern provincial regions will remain an administrative patchwork, improving or declining based largely on the strength of their regional economies and the nature of provincial government interests in Northern policy.

The Northern provincial regions face very different issues than the territories do. They have, perhaps surprisingly, greater challenges, comparable socio-economic troubles, much more limited resources, and generally receive far less attention from governments. Compared with their territorial counterparts, Northern provincial regions face some of the most severe public sector issues in Canada—but these regions rarely register on the national radar. The provincial Norths are not homogenous. Several are dominated demographically by non-Aboriginal people and possess vibrant, non-renewable resource economies. In others, Aboriginal communities constitute the largest and most significant elements in the regional order. These regions provide a study in contrasts. Some of the wealthiest parts of the country—like Fort McMurray, Alberta—are in the provincial North, but so are several of the poorest and most troubled, including Northern Manitoba and Northern Saskatchewan.

On the governance and public service level, the Northern provincial regions share a series of important commonalities. Seen collectively, they include some of the least governed, most poorly served, and politically disempowered parts of the country. While there are promising developments, particularly in Nunatsiavut (Labrador) and across Northern Quebec, the reality is that many Northern provincial regions suffer from a severe deficit of provincial and federal government attention. As they have for generations, many of these regions truly constitute Canada's Forgotten North.

Under-Governed and Under-Resourced

Many of the Northern provincial regions are, compared with the territories, seriously under-governed and under-resourced. If the territorial regimes in Yukon, Northwest Territories, and Nunavut have adapted and responded reasonably well to the socio-economic concerns of the contemporary North, the provincial Norths generally lag well behind. The distance between Northerners and Southern-based provincial bureaucracies—the provincial equivalent of the territorial–Ottawa relationships—creates considerable political and administrative separation and, on occasion, dissonance. At the same time, the number of employees assigned to Northern provincial regions and the comparatively limited services available for regional residents stands in sharp contrast to the extensive coverage provided in the territories. Indeed, the gap in scale and breadth of government services between the territories and the provincial Norths appears to have become more pronounced over the past few decades, particularly in light of the expansion of services for and delivered by Aboriginal communities. There has not yet been sufficient research on the administrative systems in the provincial Norths but, with the possible exception of Northern Quebec and Nunatsiavut (Labrador), there appears to be a substantial underfunding and under-governance of the provincial Norths.

The challenge holds for the Government of Canada as well. Indeed, the federal government has an inadequate presence in the governance of the provincial Norths. Recent research by the authors of this report in Northern Saskatchewan revealed that Northern Aboriginal and non-Aboriginal people alike see both provincial and federal governments as distant and not particularly relevant to their region.[1] Outside of Aboriginal Affairs programming, much of which is administered by the First Nations (save for those communities under third-party supervision), the Government of Canada has small numbers of civil servants located in Northern regions. Most of those federal staff work on resource

1 This work was conducted under the International Centre for Northern Governance and Development.

development and natural resource management issues. They do not administer a substantial set of programs, initiatives, or funding lines that come even remotely close to matching the federal presence in the territories. Given that provincial governments are responsible for their respective Northern regions, it follows logically that provincial authorities should play a primary role. Yet, given the large number of Aboriginal people in Northern provincial regions, many of whom live under socio-economic conditions that are among the poorest in the country, it is reasonable to expect a more sustained federal government interest in the provincial Norths.

Increasing Regional Autonomy

Residents of the provincial Norths occasionally comment on the preferential arrangements available for the governments and people of the territorial North. Indeed, on everything from support for post-secondary education to local engagement with resource management, the provincial Norths lag well behind their territorial counterparts. Northerners in the provinces operate within existing province-wide administrative structures, and each province partitions its jurisdiction somewhat differently. As we discuss in the following section, some interesting patterns have emerged.

Northern Quebec has a unique and locally empowering regional administration and governance structure; Northern Ontario, in contrast, lacks strong regional arrangements (particularly in its remote districts). Over 20 years, and partially as a result of the Labrador Inuit Land Claims Agreement (LILCA) and negotiations with the Innu Nation, Labrador's residents have gained greater autonomy within Newfoundland and Labrador, while being incorporated into province-wide systems in other fields. Northern British Columbia, despite a large regional population and strong economy, does not have a strong regional governance system. Three of the regions facing the greatest socio-economic challenges[2]—

2 The Community Well-Being Index, produced by the Government of Canada, is not a perfect measure of local conditions, but does provide important insights into regional differences.

Provincial governments tend to get publicly active when major development projects appear on the horizon—such as Ontario's Ring of Fire.

Northern Ontario, Northern Manitoba, and Northern Saskatchewan—have nothing approaching the structural and administrative arrangements of Northern Quebec. The Quebec model presents a significant challenge to the rest of the provinces, and demonstrates the value to Aboriginal and remote communities of both regional autonomy and regional governance systems. Northern British Columbia has the potential to become like Northern Quebec, particularly in terms of creating an innovative regional administrative structure founded on modern treaties (and the requirement for such treaties). British Columbia, however, is not quite at this point, at present, largely due to the slow (and expensive) negotiation of modern treaties, intense debates about pipeline construction, and a legacy of distrust between Aboriginal and non-Aboriginal governments. Yet, British Columbia has also been a focal point for clarifying the Crown's roles and responsibilities. For example, the June 2014 Supreme Court of Canada decision in Tsilhqot'in Nation v. British Columbia (2014 SCC 44) has helped to clarify the test and legal characterization of Aboriginal title as well as the Crown's powers and duty to consult. (Importantly, there has not to date been a systematic study of the impact of new political and administrative structures—to say nothing of land claims agreements and IBAs—on community well-being. This remains a major gap in the collective understanding of regional reforms on Northern community socio-economic conditions.)

The authority of Southern-based provincial governments and the absence in much of the North of regional autonomy serves as a brake on the development of regional governance. While provincial politicians tend to bemoan the limited Northern engagement with provincial elections and political processes, the connections between Southern governments and the North can be quite weak. Provincial capitals are, to Northerners, distant places—it is a long way from the Athabasca basin to Regina, from Fort Ware to Victoria, or from Fort Severn to Toronto—with little direct bearing on daily lives. Provincial governments tend to get publicly active when major development projects appear on the horizon—as Ontario is now doing in the Ring of Fire area; and as Quebec did when James Bay hydro development emerged as a major possibility, and now, more recently, with Plan Nord; or as Newfoundland

and Labrador has done around Muskrat Falls. For much of the rest of the time, and largely because responsibility for Aboriginal communities has historically been seen as a federal government responsibility, provincial authorities have played a lower profile role—although they do provide many crucial services, develop regional infrastructure, and manage much of the planning for medium- and long-term development. Furthermore, with varying degrees of engagement across the country, provincial governments have established regional offices and even regional development strategies in an attempt to support Northern economic growth.

The absence of regional authority makes it very difficult to attract and retain top public servants within the Northern provincial regions. These regions have attracted scant attention from researchers, and not much is known about the internal dynamics of the various Northern provincial bureaucracies. Anecdotally, Northerners complain about the limited numbers of Northern and Aboriginal public servants in the government workforce. There are also high turnover rates among Northern staff members, as the regions are often seen as career stepping stones rather than destinations. The rise of Indigenous governments has, of course, created competition for Aboriginal public service workers and, as financial resources flow to First Nations, Inuit, and Métis communities, non-Aboriginal specialists are attracted as well. The poverty cycles in the Northern provincial regions, which make public service work in health, education, and economic development extremely challenging, also make such positions difficult to fill. When the standard challenges of Northern recruitment are added in, including high costs, isolation, and long winters, the difficulties of staffing Northern provincial offices become even greater.

Northern Quebec is perhaps the best test case for this assumption, although clear civil service recruitment and retention patterns have not yet had time to emerge in this area. The establishment of the Kativik Regional Government (KRG) and the Makivik Corporation under the James Bay and Northern Quebec Agreement (1975) created, over almost 40 years, a region-wide set of business operations and regional

governance systems. Improvements in regional autonomy, which have left Aboriginal people with substantial control over governance and service delivery, have supported the development of regional capacity and administrative ability. KRG, for example, manages airports and a regional Internet service; promotes employment and training; coordinates economic development; oversees policing; supports Inuit harvesting; conducts environmental research; manages parks; and coordinates municipal infrastructure, including sports and recreational activities. Working on a regional basis has created both an economy of scale in operations and a broader case for career development and progress for KRG's civil servants.

Unsettled Aboriginal Land Claims

Taken collectively, the provincial Norths are a hodgepodge of Aboriginal–government relationships, ranging from pragmatic and wide-ranging accommodations in Northern Quebec, to the unsettled situation in Northern British Columbia. Historic treaties cover a small portion of Northern British Columbia, and all of Northern Alberta, Saskatchewan, Manitoba, and Ontario. Against the backdrop of these historic treaties, a controversial system of governance developed through instruments such as the *Indian Act of 1876*. This unique form of governance, applicable to the reserves of Indian bands and federally administered by Aboriginal Affairs and Northern Development Canada (AANDC), has evolved to what are presently local community administrations that operate under a band-elected Chief and Council. According to the 2011 National Household Survey, of those people who reported being a registered Indian, 45.3 per cent (or 316,000) lived on a reserve.[3]

Labrador and Northern Quebec are included in modern treaty arrangements. Northern British Columbia is an outlier, with a portion of Treaty 8 extending into the province and with the Nass Valley covered by

3 Statistics Canada, *Aboriginal Peoples in Canada*.

The Inuit of Northern Quebec opted for a non-ethnic regional governance model, requiring the surrender of some local autonomy to regional authorities.

the Nisga'a treaty. Treaty negotiations are under way in much of the rest of the North, with First Nations groups operating at very different stages of discussions.

Developments in the Northern provincial regions reveal the transformative potential of modern treaties. The James Bay Northern Quebec Agreement has had a troubled history, marked by conflict over the failure to fully implement the accords. But despite the legal and financial disputes, there is an impressive record of political and administrative transformation, in regional and Aboriginal governments. This is an example of what scholars describe as "nested federalism," whereby these governments have limited autonomy within their "host" province, but greater autonomy than that of a municipal or local government.[4]

There are many significant elements in the recent treaty developments for the Nisga'a (in Northern British Columbia) and for Aboriginal communities in Northern Quebec and Labrador—particularly in terms of local employment and governance, the adaptation of Canadian practices to Indigenous norms, and the establishment of substantial development corporations managing, collectively, hundreds of millions of dollars in assets.[5] While the general pattern in Aboriginal self-government has been, as in Yukon and the Northwest Territories, to empower individual First Nations and communities, the Inuit of Northern Quebec opted for a non-ethnic regional governance model that entailed the surrender of some local autonomy to regional authorities.

The Northern Quebec model has produced some positive outcomes, but the legacy of the James Bay Northern Quebec Agreement has also fragmented and localized public sector efforts to deliver the socio-economic and health results that promoters of regional governance desired. By contrast, Northern Labrador, under the 2005 LILCA, developed a regional approach[6] that has the potential to avoid the

4 Wilson, "Federalism in the Russian Provincial Norths," 36.

5 Alcantara and Wilson, "Mixing Politics and Business in the Canadian Arctic."

6 The LILCA model is expected to be repeated in Northern and Central Labrador with the Innu once a final comprehensive land claims agreement has been concluded.

intensely localized governance model that is also commonplace in the Yukon and Northwest Territories. In Yukon, for example, the Council of Yukon First Nations operates in a manner similar to the Assembly of First Nations and does not handle many administrative matters for its member First Nations—in deference to local First Nations autonomy. This distinction in modes of governance—between local self-government and shared regional administration—is likely to be the focal point for experimentation and debate among Aboriginal governance circles for a generation or more.

Future Prospects

Creating a national approach to meet the diverse challenges of Northern provincial realities will be difficult. Political, constitutional, jurisdictional, and financial barriers are substantial and well entrenched in many Northern provincial regions. Relatively successful models, such as Northern Quebec's, which has its own significant challenges, will not be readily extended to other Northern provincial contexts. Provincial differences are real and appropriate; provincial governments have very different strategies for developing and administering their Northern regions. Compared with Nord-du-Quebec, for example, neighbouring Northern Ontario has borne some of the most significant long-term conflicts between governments and Aboriginal peoples, and is far away from achieving the internal coordination and level of Aboriginal–government collaboration required to transform the delivery of government services across the North.

The provincial Norths in Canada will remain an administrative patchwork, improving or declining based largely on the strength of their regional economy and the nature of provincial government interest in their respective Norths. The results, unfortunately, will be continued poor and incomplete government services to some of the country's most socially and economically disadvantaged citizens, and the continued political and administrative marginalization of the small and little-known communities of Northern provincial regions.

CHAPTER 5

Accomplishments of the Northern Public Sector

Chapter Summary

- Criticisms are more prominent than compliments in discussions of the Northern public service, in large part because of the high expectations in the North and the well-known list of work pending across Northern regions. However, it is vital there be a clear recognition of the achievements of the Northern public sector.

- The territorial governments have stabilized, or are stabilizing, the Northern public sector, resulting in greater continuity in management and keeping historical memory in the North.

- In the territorial North, Aboriginal peoples are not regarded as special interest groups. This is perhaps the single greatest change in Northern public affairs in the last three decades.

- The Northern public sector has nationally and globally significant expertise, particularly in Aboriginal relationships, community-based engagement, and environmental planning. Governments in other countries regularly call on public government and Aboriginal government representatives to explain Northern initiatives.

- The territorial North is doing path-breaking work, under enormous pressures to expedite resource development and to ensure meaningful Aboriginal participation in new economic and political developments.

Criticisms are more prominent than compliments in discussions of the Northern public service, in large part because of the high expectations in the North and the well-known list of work pending across Northern regions. Therefore, it is vital that there is a clear recognition of the achievements of the Northern public sector. For example, Yukon's achievements with devolution are truly noteworthy. A major transformation of government occurred without serious conflict, labour strife, and financial crisis. That most of the country heard next to nothing about such a significant process speaks volumes about its success and impact, as well as the general lack of Canadian interest in Northern developments. A Northern crisis would be a national story; a Northern achievement attracts substantially less attention.

Devolution is not the only significant achievement. As noted before, no other jurisdiction in Canada has ever been through the transformative changes experienced in the territorial North over the past 40 years, and the rapid pace of change continues. Among the most significant achievements are a stabilized public sector, increased Aboriginal participation, specialized resource development initiatives, and competitive wages and benefits.

The achievements of the territorial public sector are substantial and have attracted considerable attention across Canada and internationally. Northern politicians and administrators, including those engaged in land claims negotiations, are in demand internationally as consultants and advisors. While it is clear that a great deal of work remains to be

done, we recognize that civil servants in Northern Canada have made impressive contributions to Northern development, throughout a period of unprecedented change and administrative transformation.

A Stabilized Public Sector

The territorial governments have stabilized the Northern public sector, creating greater continuity in management and preserving a corporate history of territorial affairs—albeit with a strong bias toward the experience of the capital cities and the non-Aboriginal administrators and politicians. By contrast, the stories of administrative transitions in the smaller, largely Aboriginal communities are less likely to be recorded. Nonetheless, there are increasingly stable public sectors in the territorial North and in some Northern provincial regions, that possess nationally and globally recognized expertise, particularly on subjects such as Aboriginal relationships, community-based engagement, and environmental planning.

Increased Aboriginal Participation

Efforts to increase Indigenous participation in governance have continued apace, with few questions raised about the seriousness of territorial governments in setting and meeting higher targets for Aboriginal hiring, training, and skills development. The coincidental growth of Aboriginal governments has made it harder to recruit and retain Indigenous staff. Moreover, business opportunities within emerging development corporations and the broader private sector are likely to play an increasing role in drawing talented Aboriginal professionals away from government.

Across the territorial North, major steps have been taken to coordinate the work of territorial and Aboriginal governments. Some very significant challenges remain in this category, and there are obvious territorial concerns about the style and scale of Aboriginal governments as envisaged under the modern treaties and self-government planning. Nonetheless, a “settlement culture” has emerged across the North,

Most other nations fall far short of Canada's achievements in accommodating Aboriginal peoples in Northern Canada.

reflecting a general understanding of the importance of the land claims agreements, an appreciation for the importance of the modern treaties, and a recognition and even acceptance of the value of working collaboratively.

The public sector's commitment to community engagement and Aboriginal participation in government has been impressive, particularly when seen in light of the initial resistance in Yukon and the Northwest Territories to Aboriginal empowerment. The concept of collaborating with Aboriginal governments is well accepted, even if frustrations remain about the direction and implementation of some of the self-government structures. The territorial governments have made major strides in dealing with Aboriginal governments as governments, particularly on issues of resource development, environmental management, and social programs. The co-management regimes in the Northwest Territories hold considerable promise, as do collaborations between governments, the private sector, and Aboriginal development corporations. Aboriginal peoples are not regarded as special interest groups. This is perhaps the single greatest change in Northern public affairs in the last three decades, although the imbalance in capacity and overall resources between the Government of Canada, territorial governments, and the much smaller and still emerging Aboriginal governments, limits the opportunity for effective collaboration.

Specialized Resource Development Initiatives

There are several areas where Northern Canada is doing very well. Specialized initiatives, particularly on matters relating to land and resource management, environmental protection,[1] cross-cultural integration, and community engagement, are among the very best in Canada, if not the world. While there are important initiatives in place in Scandinavia and New Zealand, most nations fall far short of Canada's achievements in accommodating Aboriginal peoples in Northern Canada.

1 Kirchhoff, Gardner, and Tsuji, "The *Canadian Environmental Assessment Act, 2012* and Associated Policy."

Yet, as many observers, including the Aboriginal leaders who negotiated and implemented the Northern Canadian agreements, have pointed out, so much remains to be achieved that it is hardly time to celebrate. It is important to recognize that the territorial North is doing path-breaking work, under enormous pressures to expedite resource development and to ensure appropriate and sustainable Aboriginal engagement. Public governments in other countries—particularly Australia and New Zealand, but also Scandinavia, Russia, and many developing nations—are intrigued by the Canadian experiments and regularly call on public government and Aboriginal government representatives to explain the Northern initiatives.

Over the past few years, the territorial North has accomplished something that many observers did not anticipate. In the wake of the modern treaties and new governance arrangements, the territories have both witnessed and supported a major increase in resource development activity. Far from being a brake on economic growth, as many expected, Aboriginal and territorial governments have moved swiftly to make significant resource projects possible. Many of these, from the now stalled Mackenzie Valley Pipeline project to the large-scale Mary River mine in Nunavut, called for substantial direct engagement by Aboriginal peoples. The prospective Mackenzie Valley Pipeline is an excellent case in point. When the pipeline was proposed in the 1970s, regional Aboriginal groups took the lead in protesting the project. When the pipeline re-emerged as a possibility later in the century, Aboriginal governments were actively involved in the planning and, indeed, planned to take an equity position in the development project. The transition is emblematic of the changing attitudes of Aboriginal groups to resource projects and related developments, provided that they have a major role in the oversight, planning, and implementation of the initiatives. Territorial governments have started a process of cooperative resource development with the private sector and Aboriginal governments that has the potential to change the economic profile of the territorial North.

Competitive Wages and Benefits

High wages have long served as an enticement to people working for governments in the North. The current situation is a significant advance on earlier arrangements. Northern salaries are solid and competitive and are certainly no deterrent to pursuing a career within the territorial governments. The governments of Yukon, Northwest Territories, and Nunavut are now known to be very good employers, with greater attention being paid to working conditions and working environments, and not just wages and benefits. Yet, succession planning attracts considerable attention, in part due to high rates of turnover within departments, as does the recruitment and retention of Aboriginal and Northern residents into the civil service. All three governments invest in professional development, with varying degrees of success, in an ongoing attempt to keep their staff members current with developments in their fields.

CHAPTER 6

Challenges of the Northern Public Sector

Chapter Summary

- The standard challenges of the North—high costs, isolation, distance, small population, and dependency cultures—have a significant impact on Northern governments and the Northern public sector.
- Considerable work lies ahead in ensuring that Northern governments provide their respective regions with the services and support needed for ongoing success and adaptation to continually changing times.
- The slow pace of treaty implementation in some jurisdictions detracts attention from many other urgent tasks. The challenges reflect issues at all levels of the implementation process, from Aboriginal capacity, competing local priorities, external development pressures, federal–territorial issues, and resourcing for the formidable tasks at hand.
- A review of the governance arrangements in each jurisdiction is essential, with an emphasis on better understanding how administrative decisions impact local economic opportunities and quality of life in Northern regions.
- It makes sense to look seriously at administrative systems in the short term and to identify opportunities well ahead of any financial downturn to produce efficiencies and alternative models that would serve the North better and more efficiently.

Not surprisingly, Northern public sector "balance sheets" are not all on the positive side of the ledger. The accomplishments noted in the last chapter are real and impressive, but individuals interviewed from across the North—from east to west and in the public and private sectors—identified a series of challenges that affect the efficiency and impact of governments and governance in the North. Yukon and the Northwest Territories have quite strong bureaucracies, with some deficiencies and a few areas of concern. Nunavut, in contrast, has a weaker public service—marked by high staff turnovers, the regular mismatch of people and positions, the difficulties associated with a rapid start-up, and limited human resources pools.

In all three territories, the combination of the high expectations associated with the achievement of greater regional autonomy, the logistical difficulties of operating with such sparsely and widely distributed populations, and intense pressures on government officials to respond quickly to both emergency and long-term problems creates an administratively volatile situation. The identified issues suggest that considerable work lies ahead for Northern governments to provide their respective constituents with the services and support they'll need to make the most of continually changing times.

The High Cost of the Public Sector

The standard challenges of the North—high costs, isolation, distance, small population, and dependency cultures—have a significant impact on Northern governments and the Northern public sector. Northern governance is extremely expensive, particularly at the community

level. The absence of economies of scale, distance from territorial and provincial capitals, and the complexities of local administration (including liaison with Aboriginal and federal governments) make the delivery of services to small communities highly expensive. Air travel to places like Resolute Bay, Cape Holman, and Old Crow alone add significantly to the cost of public services. Providing housing for civil servants, ensuring reasonable medical coverage, delivering supplies, and other expenses add to the financial burden of administration. The territorial capitals, particularly Whitehorse and Yellowknife, are considerably less expensive than smaller centres in terms of the cost of service delivery. Measured by the Consumer Price Index, the capitals of the Northwest Territories and Yukon are not far off the standards in other capital cities. Living cost differentials reported by the Northwest Territories government show that its outlying communities range from 25 per cent higher (Hay River) than Edmonton, Alberta, to 75 per cent higher (Colville Lake and Sachs Harbour, among others).[1] The smaller settlements, particularly those accessible only by water or air, have difficulty attracting public sector workers and yet have to contend with formidable social and economic problems. These challenges are more properly understood as those of dependency, poverty, isolation, and the challenges of operating in extreme climates, and are not therefore unique to Aboriginal communities in the North. These issues will not soon be addressed, meaning that the formidable barriers to effective governance and the high costs of providing basic services will continue into the foreseeable future.

Addressing Aboriginal Issues

While there has been great success across the North to increase Indigenous participation in governance and to support the growth of Aboriginal governments, some very significant challenges still remain. In particular, there are serious questions relating to the practical and timely implementation of modern treaties and self-government

1 Government of the Northwest Territories, *Living Cost Differentials*.

agreements—including the roles of all levels of government in carrying these agreements forward into the future. There are also challenges relating to the emerging, and highly significant, role of land claims representative organizations and development corporations in regional and Northern affairs. Aboriginal governments emerging out of modern treaties and self-government agreements have created multi-level governance environments of considerable complexity—assuming many local responsibilities (housing, education, and social services) and interacting with various public government officials (e.g., federal, territorial/provincial and regional/local) on financial matters, development approvals, and environmental management.

Treaty Implementation

The slow pace of treaty implementation in some jurisdictions detracts attention from many other urgent tasks. Nunavut has experienced difficulties in this regard, and the long-standing issues with the James Bay Northern Quebec Agreement are well-known. The Government of Canada recognizes that treaty implementation is a serious challenge across the North; Aboriginal governments routinely express frustration with the lack of resources on all sides to complete agreements. The result is considerable unevenness in treaty processes. In Yukon, for example, three of the fourteen First Nations have yet to sign final settlements, while other First Nations are well-advanced in terms of self-government and practical implementation. Northern Quebec has seen major advances, as have the Inuvialiut in the Northwest Territories. The challenges reflect issues at all levels of the implementation process: from Aboriginal capacity, competing local priorities, external development pressures, federal–territorial issues, and resourcing for the formidable tasks at hand. There is much sentiment across the North that suggests that the modern treaties are finished and that certainty has been established. That is not the case, both because some First Nations groups have not yet settled and, more importantly, because treaty implementation processes remain to be worked out. The modern treaties are impressive documents and represent the serious and thoughtful deliberations of hundreds of people over many years. But

Federal and territorial/provincial governments manage to the level of the law; Aboriginal leaders and managers favour the spirit and intent of the laws.

there are structural problems with some of the agreements. For example, the commitment in the Nunavut accord to having a public service that matches the percentage of the Inuit population in the territory has proven to be unrealistic in the short to medium terms and extremely challenging to implement—reflecting the challenges of Inuk language education and training in the territory as a whole.

The main divide is simple. The federal and territorial/provincial governments manage, for the most part, to the level of the law, as they must do as public servants, while Aboriginal leaders and managers ask for greater attention to the spirit and intent of the laws. The Government of Canada has struggled to complete treaty implementation in most parts of the country, in large measure due to the difficult and complex task of accommodating these divided perspectives on the settlement process.

Implementation of Self-Government Agreements

The self-government files suffer from equal, if not more serious challenges. In Yukon, where self-government agreements are more advanced and have been in operation for some time, it is now clear that the current system has some inherent diseconomies of scale. Yukon has 14 First Nations, representing a variety of cultural and linguistic groups, with a total Aboriginal population of around 7,705 people (according to the 2011 National Household Survey). The small populations of each of the 11 self-governing First Nations struggle to support the substantial administrative apparatus they have taken on to emulate at local levels a territory-like governance structure. Unlike Northern Quebec—where, after several decades of internal debate and with some reluctance, the Indigenous peoples opted for greater regional governance in order to respond constructively to development and other pressures—the Yukon First Nations focus on protecting the autonomy of each First Nation. The Council of Yukon First Nations is not structured along the lines of the Kativik Regional Government that administers services for all Nunavimmiut in Northern Quebec. Northern Quebec also has the Makivik Corporation—which represents land claims beneficiaries and handles federal and provincial negotiations. In Yukon, with power

resting with the individual First Nations, Aboriginal self-government has produced administrative fragmentation and serious diseconomies of scale. If self-government continues along this path, the cost of Aboriginal administration will escalate, administrative challenges will continue, and there may not be a major improvement in services provided to communities.

Quite simply, it is too early to predict the precise trajectory of these arrangements. Choices about administrative arrangements are at the root of Aboriginal self-government, and each community and region will have to make choices about the relative balance and appropriateness of governance structures in the coming decades. Aboriginal governance (like Northern governance in general) remains a work in progress.

Land Claims Representative Organizations and Development Corporations

The emergence of new quasi-governmental units presents additional challenges for Canada's North, ones that are only beginning to attract attention.[2] The land claims-based agencies, which include development corporations, are already major forces in regional and Northern affairs and their importance is destined to grow dramatically. Each of the modern treaties creates a variety of boards and institutions (as well as provides for Aboriginal participation on territorial and federal boards and agencies). These boards are elected by the beneficiaries of the agreements, which, in some instances, represent up to 98 per cent of the regional population. As such, these agencies have broad democratic representation, but are not public governments in the generally understood sense of the term. Moreover, they have limited and often specific mandates that provide for very focused work. In the case of the development corporations, this relates to the management and reinvestment of settlement funds and additional income generated as a result of agreements. These little-known entities could well have

2 Janda, "Why Does Form Matter?"; Rodon, "Land Claim Organizations and the Social Economy in Nunavut and Nunavik"; Alcantara and Wilson, "The Dynamics of Intra-Jurisdictional Relations." For an example in Nunavut, see Rodon, "Working Together."

formidable influence in the years to come—functioning alongside but separate from Aboriginal governments, regional authorities, and territorial governments. Taken collectively, the development corporations in the North already have assets in the billions of dollars, and anticipated resource developments will add even greater sums in the coming years. These agencies are controlled by beneficiaries, and are closer in model and structure to cooperatives than either public governments or businesses. Their operations are not considered "governmental," in that they are not beholden to a general electorate, but consist of a membership that is broadly representative of the Aboriginal community. Because of the agencies' close affiliation with Aboriginal governments and cooperation with territorial/provincial and regional governments, they clearly are part of the "governance" systems in the North.[3]

Greater understanding of these agencies, particularly their mandates, operations, policies, and procedures, is required across the North and with Southern governments, with a focus on building positive relationships with standard government agencies and processes. However, an imbalance may soon emerge, with the Northern governments saddled with a long list of social responsibilities and costly government duties, and the development corporations being comparatively cash rich and without the requirement that they tackle unpopular or intractable problems. Aboriginal development corporations were established to hold funds received from land claims settlements and other agreements, including resource revenues. They provide communities with a large pool of investable cash and the means to create new businesses and opportunities in the region. This has already emerged as a significant issue between the Government of Nunavut, which wrestles with very serious public government challenges, and Nunavut Tunngavik Inc., which has substantial financial resources at its disposal but focuses more narrowly on economic returns and job creation.

3 Rodon, "Working Together."

The development corporations, of course, hold considerable economic, employment, and business development potential for Aboriginal people in the North. They are also the latest piece in a continuing and very complicated business development environment in the North. Indigenous peoples have been quite successful in establishing businesses across the territorial North in recent years, largely connected to collaborative arrangements with resource companies. The achievements in these areas carried considerable cost for some communities, and created economic imbalances within the regions between successful Aboriginal entrepreneurs and their communities. At the same time, these businesses captured income and investment capital in the regions, adding to local economic control and creating jobs and opportunities. From the government perspective, however, the whole field of Aboriginal and Northern business development faces challenges. The structures and procedures associated with the various development projects are complicated, even though they are often directed at people and communities with limited formal education and training. The variety of business development programs is cumbersome and, as for Canadian business as a whole, a source of considerable confusion and frustration. A significant coordination and reduction in federal, provincial/territorial, and local business development initiatives is therefore urgently required. Divided jurisdictions and political responsibilities to constituents make such streamlining challenging, although it is likely that the territorial governments will take the administrative lead on this matter.

Reliance on Federal Funding

The territorial North has exemplary arrangements for federal–territorial transfers, maximizing local autonomy, and providing for a high level of service. In other areas, the arrangements are more complicated. Local politicians and business people have criticized the current structures for allocating federal funding for economic development in the North, even though existing processes conform to common national and international

The territorial governments' success and continued operation rests on sustainable and substantial annual allocations from the federal government.

practices in regional economic development. That these national and international practices are susceptible to governance challenges is an issue that extends far beyond the Canadian North.

There are, however, structural problems with two of the territorial governments that are exacerbated by a long-term reliance on federal funding for core programming. The relatively successful Yukon system, which emulates the standard Canadian model where federal transfers to provincial/territorial governments are based on equalization strategies, is designed to ensure a rough equivalency of service quality and availability. For the most part, it works effectively and efficiently. In the Northwest Territories, by contrast, the consensus approach to government has been less effective from a management point of view. Interviews with government officials, politicians, and community members in the Northwest Territories, most of whom are supportive of the territory's political approach, suggest that the highly localized political culture attached to the consensus system harms long-term planning and implementation, primarily by focusing efforts on short-term policy and programming.

For its part, Nunavut occupies a unique situation, arising from the short time the territory has been in existence, the socio-economic challenges related to Arctic life, economic marginalization, cultural and language issues, and the very complexity of its legal and political environment. As a consequence, it is hardly surprising that Nunavut's situation carries a substantial fiscal burden; one that would likely present significant long-term difficulties for whichever governance system was put in place.

Yet, notwithstanding their different situations, it is also clear that the success and continued operation of all the territorial governments rests on sustainable and substantial annual allocations from the Government of Canada, which have occasionally created expectations about ongoing government support that are not consistent with national norms.

Small and Remote Communities

The underlying fundamentals of the many and scattered small communities of the territorial North raise some substantial questions about the long-term management of the territories. The villages and hamlets are culturally important and there are no indications that residents are ready to move away from their communities en masse (although migration to larger centres and Southern areas remains commonplace). The political imperative—and often with very valuable regional and national purposes—will be to keep these communities intact, even with the administrative and governance difficulties.

The larger issue is that the smaller Aboriginal communities have, in the North as elsewhere in Canada, more political authority than their size and expense would suggest. Aboriginal self-government, combined in the North with land claims, gives some of these smaller centres greater political and administrative responsibility and more (but not necessarily sufficient) resources than a comparably sized non-Aboriginal community. This, in turn, puts intense pressure on local leadership, requires numerous committees and other formal structures, and involves the local government in extensive negotiations with other levels of government. Perhaps a shift to regional administrative units, and a downsizing of the government presence and political authority in smaller settlements, would establish a more appropriate and sustainable role for villages and hamlets in the future. The early developments in Northern Quebec are instructive in this regard, and suggest a promising accommodation of regional governance. The challenge can be put succinctly. Northern governments have not yet figured out the best way of managing the small size of many of their communities. The result has been the significant over-governance of the North generally, although most of the Northern provincial regions (with the exception of Northern Quebec and most of Labrador) suffer from a problem of under-governance. A comprehensive review of the appropriate service levels and administrative support provided to smaller settlements is required.

High Costs of Service Delivery

Each of the Northern governments faces substantial diseconomies of scale in its operations, related to the need to cover a full range of administrative responsibilities while serving a small and widely distributed population. The similarities to Southern governments are considerable, with little evidence of a substantial rethinking or re-evaluation for administrative arrangements. This is not to accuse the territorial governments of being overly large and unnecessarily complex. Instead, the problem lies with the development of extensive community outreach and consultation procedures that have been very costly.

The current level and cost of services in the territorial North largely prevent Northern governments from capitalizing on new technologies for public service delivery and administration. There are considerable opportunities for efficiencies, particularly related to the time and costs associated with regular travel inside the region. Other Northern countries have created higher-quality infrastructure as a matter of national/regional commitment. Canada takes a less direct approach. A major investment in Northern Internet and related infrastructure, combined with a pan-governmental commitment to establishing electronic government services (including videoconferencing) wherever practicable—in health care, legal proceedings, government meetings, education, and the like—could help the North address many of its critical governance and administrative issues.

Governments should also revisit their departmental structures to ensure that efficiencies are identified, and to create territory and even region-wide administrative arrangements that are better suited to Northern realities and resources. Consideration should be given to greater cooperation between Northern governments, through such measures as establishing a single tourism promotion unit for the North. Special attention has to be paid to the prospects for aligning major government programs—health, education, and economic development—with Northern realities. There is a tendency at present to replicate Southern models, structures, and expectations in the North rather than to develop more regionally appropriate procedures and arrangements. In time,

particularly when a budget crisis hits, the territorial governments will take a critical look at their structures and procedures. Efforts to streamline government structures and make governance more efficient have been resisted by Northern residents, who have extremely high expectations about consultation, responsiveness, and local control. It makes sense to look seriously at administrative systems in the short term and to identify opportunities well ahead of a financial downturn to produce efficiencies and alternative models that would serve the North better and more efficiently.

The relative absence of a critical financial perspective applies in other areas. In the eyes of many Northern (and Southern) business people, public sector employees in the North have insufficient exposure to the operations, schedules, and needs of the private sector. There is strong perception among business leaders that public officials do not understand the business environment and are opposed to private sector developments. In a comparative sense, Northern public servants have considerable experience with private sector operations, particularly as this relates to large-scale mining developments. The high salaries and good working conditions afforded public servants are, however, another complaint brought forward by the private sector, particularly from Northern-based firms. The general view is that, to head off continuing complaints in this area, each government should, as appropriate, establish meetings of senior business and government leaders to review programs, services, and processes to ensure that there is greater mutual understanding.

Capacity Challenges

Capacity problems are extensive across the North, but the challenges are particularly acute in the smaller, outlying communities. It can be extremely difficult to get professionals—nurses, doctors, social workers, and teachers, in particular—to work in the settlements, and turnover rates among staff of core institutions can run very high. The challenge is not limited to outside personnel. Northern-raised people, including Aboriginal professionals from the settlements, are not always enamoured

Part of the Northern public service challenge rests with the related regional culture of consultation.

with small town, isolated living. Migration to regional centres and to the South remains high even among these groups, although less so in Nunavut and Nunavik. Professionals in the social services area, including social work and nursing, face the additional challenge of being related to some of the people with whom they are working, which creates trust and privacy issues and adds to the difficulty of assuming such positions. The challenge of recruiting and retaining well-educated and skilled professionals only adds to the governance challenges of the small villages and hamlets and undercuts efforts to bring needed improvements to local administrative and political arrangements. All political leaders in the North, whether territorial, provincial, regional, or Aboriginal, understand the serious problems relating to regional capacity. Major investments in education and training are under way, with some new emphasis on the 0 to 5 age category.[4] It will, most analysts agree, take a generation or longer for the education system to catch up with the governance and private sector needs of Northern Canada.

A Culture of Consultation

Part of the Northern public service challenge rests with the related regional culture of consultation, which is an element of the North's extensive and largely successful negotiating environment. Community meetings figured prominently in the land claims negotiations and self-government discussions (where they have occurred). The number and complexity of the consultations would tax any organization. Smaller communities with a wide variety of governance responsibilities, local challenges, and significant capacity issues struggle to cope with the demands on their time and resources, even when the issues at play are potentially of great significance.

Since the 1990s, the level of consultation has steadily increased, related to government programs and policies, development projects, land use planning, education, health care initiatives, and many other

4 Human Resources and Skills Development Canada, *Public Investments in Early Childhood Education and Care in Canada*.

important tasks. Government officials spend a great deal of time working with communities, both through work with local governments and broader Aboriginal organizations. These discussions take a great deal of time and often are not efficient in civil service terms, but are nonetheless relevant to residents. There is growing concern about "over consultation," particularly if community members view the sessions as "rubber stamping" government decisions, and about the diminishing returns associated with returning to issues several times over in order to keep community members (at least those who attend meetings and follow the discussions) abreast of possible activities. Well-conducted consultations are difficult and complicated. As some officials note, there is a significant need for greater coordination within government and with the communities, and for reducing the number of meetings being called in each settlement.

For a while—starting with modern treaty and constitutional matters and later extending to health care and circumpolar issues—regional collaboration between the three territories seemed promising. Those developments have slowed dramatically, with less time and effort being devoted to cooperation and discussion. Competition between the territories and the unique challenges of each jurisdiction appear to militate against sustained and truly collaborative engagement. Territorial meetings are more perfunctory (the same, incidentally, can be seen nationally in the efforts to draw together Ministers responsible for the Northern provincial regions).

Jurisdictional Coordination

Comments about shortcomings in coordination emerged in several of our research teams' conversations with Northern officials. Most of the major issues facing the North do not reside within specific departments but rather cut across agencies, divisions, and even levels of government, particularly with Aboriginal departments more actively engaged in public sector management. In such instances, and similar to other parts of the country, the structures and mandates of governments get in the way of effective problem-solving. The situation is viewed more critically in the

North for the simple reason that the small size of the population and the governments involved should support greater engagement, less formality, and faster decision-making. The current arrangements do not support focused action on cross-cutting problems but, instead, can interfere with appropriate decision-making opportunities.

Across the provincial Norths, for example, there is often no clear understanding of where some Northern regions begin and end. Current definitions of the "North" in each province can be vague and uncertain. It is vital that each province settles on a firm definition of the boundaries of its Northern regions and applies this across internal government departments and administrative units. The clear identification of a region with its own government, as has happened in Northern Quebec and in Nunatsiavut (Labrador), helps focus public sector activity and creates opportunities for efficiencies. In provinces where multiple definitions of Northern boundaries operate in parallel, it is much easier to ignore the collective needs and interests of the region.

Growing Complexity of Governance

The growing complexity of governance in the North has produced other difficulties. The combination of devolution, decentralization, self-government, greater autonomy, and socio-economic realities has resulted in a proliferation of approaches to governance and to such elements as accountability, community engagement, program eligibility, and decision-making procedures. While, on the positive side, this allows for localization and responsiveness to specific cultural or political situations, it also undercuts attempts to standardize government practices and program requirements. This, in turn, creates administrative challenges for the federal and territorial governments.

Current administrative and governance arrangements poorly serve the Northern provincial regions, with the notable exceptions of Northern Quebec and Nunatsiavut (Labrador). In most instances, Southern governments are not sufficiently engaged with Northern affairs. They respond primarily to political crises and resource development

opportunities, such as the debates that have arisen around the Ring of Fire in Ontario, oil sands in Alberta, and the Northern Gateway Pipeline in British Columbia. Northern residents and regions suffer substantially as a result, with major resource developments occurring and comparatively little return investment by the private sector or by governments in the North. A review of the governance arrangements in each jurisdiction is essential, with an emphasis on better understanding how administrative decisions impact local economic opportunities and quality of life in Northern regions..

The Role of the Public Sector

One of the greatest difficulties facing the Northern public service relates directly to the amount, intensity, and immediacy of its work. Many civil servants work close to the socio-economic and cultural issues that shape Northern communities. Across the Northern civil service, over-work is commonplace. This is often related to the inability of government agencies to fill positions promptly and to the dislocations associated with high levels of staff turnover. Government and political leaders need to do a better job of pulling work off employees' tables during such times and informing the public of anticipated service delays. Again, service expectations remain high in the North, and many administrative units lack the qualified personnel to handle both the volume of work and the emotional and cultural intensity of many assignments.

Staffing Issues

Staffing issues rank high on the list of Northern challenges. Outside of Whitehorse and Yellowknife, governments often have to hire technically under-qualified individuals for many positions. The intention, particularly with individuals from the community of employment, is to develop a local corps of professionals over time. When this works—and it often does—the arrangements work to the benefit of the employee, the government agency, and the communities involved. When it does not, governments can encounter considerable challenges within their organization, complaints from program clients, and a significant loss of

The North does not do enough to recognize and celebrate the achievements of its political and administrative leaders.

efficiency. Given that the hiring of technically under-qualified personnel is going to continue, particularly in smaller communities, it is important that governments take steps to address the anticipated challenges. Mentorship programs, perhaps using retired public servants from the North or current Southern-based civil servants, can be very helpful, as can on-the-job training coordinated with complementary education and job-readiness programs.

The North does not do enough to recognize and celebrate the achievements of its political and administrative leaders. Over the past 40 years, Canada has welcomed a new group of "parents" into the nation. They include First Nations, Inuit, and Métis people, territorial politicians and administrators, and opinion leaders, who have made the modern North possible through lifetimes of dedication and hard work. While it is hardly surprising that these individuals are not known across the country, it is disappointing that they are not highly regarded and regularly acknowledged in the North itself. Celebrating achievements is a crucial part of ensuring continued innovation and problem-solving. The North does not do this well.

Final Observations

Because of the size of the public service and the pressing demands on its time, public policy development in the North is weaker than expected. Governments are as busy implementing decisions taken and commitments made 20 to 25 years ago—such as improving water, sewage, hydro, and transportation infrastructure, providing adequate housing, delivering high-quality health care, and providing proper educational opportunities—as they are at addressing contemporary issues. Given the major transitions under way in the North, it is hardly surprising that there is an avoidance of several difficult issues, particularly regarding jurisdictional overlap and the complexities of multi-level governance, and a willingness to stay the course, especially on Aboriginal matters. Time will tell if this approach serves the territorial North well, but the early indications are that fairly substantial steps have to be taken to ensure the success of territorial governance transitions.

There are looming problems on the personnel front as well. The drawing down of powers by Aboriginal governments will result in some territorial employees facing the choice of shifting to Aboriginal governments, finding alternate employment within the territorial governments, or leaving the civil service. For professional reasons, such as the lack of career mobility and professional development inside very small organizations, and for technical reasons, such as the transferability of pensions and benefits, it is unlikely that further devolution will go as smoothly as it did for the federal–territorial transfer. Aboriginal governments will, in particular, be keen to replace staff with Indigenous personnel. In Nunavut especially, the issues have been significant.

The public sector in the Canadian North faces numerous challenges. Some are held in common with the civil service across the country and internationally. Most reflect the unique circumstances of the territorial and provincial Norths. Collectively, these issues and concerns balance off an impressive record of transformation and achievement that has been established over the past 40 years. They help explain the frustration among the public service and with the public at large, despite the important accomplishments associated with the transformation of Northern governance. There are specific steps that can be taken to improve the public sector in the North. Yet, the range and intensity of governance issues, found across Canada's diverse Northern regions, will ensure that the transition to effective and efficient governments is a long-term prospect.

CHAPTER 7

Conclusion and Recommendations

Chapter Summary

- It is impressive that Canada's North has moved forward as quickly and creatively as it has.
- Notwithstanding the accomplishments in Northern governance over the last 40 years, much remains to be done. Yet, there is considerable evidence to support claims that the existing public service is on track to meet the challenges and respond to the opportunities.
- Finally, we offer a series of recommendations based on our findings to the questions presented in this report.

Notwithstanding the accomplishments in Northern governance over the last 40 years, much remains to be done. The Northern public sector has made great strides in terms of Indigenization and localization, transference of powers, the development of the Northern civil service, engagement with Aboriginal communities, and economic management. The North has world-leading capabilities in such areas as modern treaties, Aboriginal self-government, co-management of natural resources, and cross-cultural participation.

All governments must work to continually improve the quality and effectiveness of their public service. This is particularly the case given the many forces for change and adaptation in the 21st century, with major transitions under way globally, nationally, and regionally. The public sectors in the North are probably more critical about the state of their operations than the public at large, although it is clear that the processes of self-government, autonomy, devolution, and Aboriginal empowerment have raised regional expectations.

It is impressive that the North has moved forward as quickly and creatively as it has. That there is more to do is hardly a surprise, nor should declaring that there is a need for significant change be seen as a criticism, let alone an indictment of the state of the Northern public service. Several of the key Northern challenges—especially relating to small settlements and transitions to Aboriginal self-government and regional authority—are both highly significant and extremely complex. Achieving the desired results will take generations more than years, or even decades. Yet, anyone questioning the ability, impact, and commitment of the Northern public service need only look at the evolution of governance in the territorial North to appreciate the present day impact of an empowered, creative, and engaged public sector.

Although more can be done, there is considerable evidence to believe that the existing public service is on track to meet the challenges and respond to the opportunities.

It is important, in conclusion, to provide summative comments on the research questions that defined and shaped this study. Moreover, we offer a series of recommendations based on our findings to the questions.

1. The degree to which questions of human resources capacity limit the effectiveness of Northern governments and administrations. Human resources capacity is the single greatest problem facing governments in the Canadian North. Training, retaining, and developing a full complement of competent, highly professional, and engaged staff members remains a formidable challenge, particularly in the small centres. Staff turnover remains high, and training local residents to assume governance roles is still difficult. This is partly because of the availability of attractive options in the private sector, with Aboriginal governments, or in Southern Canada. To help bolster human resources capacity, we propose the following:

Recommendations

- Various governments and departments have orientation programs, but more could be done to prepare new entrants for working in the Northern civil service. Specialized training programs for newly arrived government officials, for example, on acclimating to the unique challenges of Northern Canadian life, could be beneficial. Moreover, Northern governments may benefit from expanding work/training programs to include job shadowing, co-op programs, and mentorship opportunities for promising Northern high school graduates, both Aboriginal and non-Aboriginal.
- Given the various geographic and material constraints on Northern public institutions, an online Virtual Northern School of Public Service could be established to help prepare employees for Northern service and to provide professional upgrading opportunities.

- Northern governments and the private sector may mutually benefit from greater collaboration on human resources management issues. This could include, for example, collaboration around spousal hiring opportunities, which are crucial for attracting and keeping skilled employees in the North.

2. The actual fiscal capacity of Northern governments and the relationship between financial resources (which are, in terms of straight numerical reporting, higher per capita than in the rest of the country) and the ability to address community and individual needs in the North. The basic parameters of Northern governance—Northern location, distance, climate, isolation, and diseconomies of scale—mean that government in the North is costly. While in some respects the territories may be better resourced than the Northern provincial regions, the reality is that all Northern areas require additional governance support, particularly while major socio-economic, cultural, and political challenges continue to define them. Resource development and the continued socio-economic development of Aboriginal communities will likely reduce these costs over time. But Canada, as a whole, needs to understand that nation-building in Northern regions requires sustained and substantial government investments. To help Northern governments mitigate fiscal capacity challenges, we propose the following:

Recommendations

- Meetings, such as the Northern Development Ministers Forum, and broader networking opportunities inclusive of the private sector, such as the Northern Lights conference and showcase, could be harnessed to more systematically raise awareness of fiscal capacity issues while promoting regional collaboration and innovation.
- Northern governments seeking to bolster their fiscal capacity may benefit from increased exposure to alternative financing arrangements such as public-private partnerships. As new financing mechanisms become available to Northern governments, the governments may benefit from

The work being done around Aboriginal self-government and shared governance in Yukon and the Northwest Territories is of global importance.

striking an intergovernmental working group to help build awareness of good practices and the relative trade-offs of various financing arrangements for Northern governments.

3. The manner in which policy is developed and implemented in Northern Canada, with a view to understanding the barriers and unique strengths of Northern governance environments. Northern governance systems have become among the most innovative in the country. The work being done around Aboriginal self-government and shared governance in Yukon and the Northwest Territories is of global importance. The North demonstrates the potential (and the financial costs) of administrative decentralization. The emergence of new forms of political management in the Northwest Territories and Nunavut serves these territories reasonably well. The development of new governance arrangements in Northern Quebec and Labrador shows that innovation is not restricted to the territorial North. A great deal of additional work and development is required, including a continued effort by the Government of Canada to expand and complete its devolutionary initiatives with the territories and develop new strategies for Northern provincial regions.

Recommendations

- More emphasis could be placed on systematically promoting good practices from the North to offset the prevailing view that Northern governance is not working particularly well.
- The different levels of government associated with Northern regions may benefit from holding joint meetings/review processes in order to help streamline regulatory and consultative processes.

4. The specific governance arrangements that regulate and manage economic development and the use of natural resources (renewable and non-renewable) in the North, which through land claims agreements and other arrangements have been transformed in recent years to expand Aboriginal participation. There is an economic revolution under way in the North that matches—and is

facilitated by—the transformation of governance. New regulations, such as the duty to consult with Aboriginal communities, have changed the dynamics of resource development. Impact and Benefit Agreements, joint ventures, job and business creation initiatives, and other partnerships are increasingly the norm. Aboriginal people with modern treaties have additional decision-making and economic rights. In sum, the empowerment of Aboriginal communities has altered the nature of decision-making in the North. To the surprise of many critics, the authority now held by Aboriginal communities has not stopped resource development in its tracks or prevented economic activity from expanding under these new legal and governance arrangements. They have, instead, created a foundation for substantial partnerships and collaboration that could well change the economic and political foundations of the Canadian North. Where conflicts have emerged, as in Northern Ontario, the clear role of federal, provincial, and Aboriginal governments in both creating and solving problems speaks to the ongoing importance of the public sector in providing direction for the North.

Recommendations

- New Aboriginal governments need a North-centric approach to Northern governance, one that builds on cultural traditions and local realities, rather than importing Southern-based models.
- Each Northern government must work with regional Indigenous leaders to revisit their commitments to providing services in Aboriginal languages to ensure that goals are achievable. Done properly, public sector language initiatives could prove critical to the sustainability of Indigenous languages. Managed poorly, these initiatives could be very costly and could add to the challenges of cultural and language preservation by discrediting the investments and efforts.
- Each government needs to examine programs for the hiring and placement of Aboriginal and Northern employees to ensure that they are not placed in positions above (or beyond) their level of experience and competence.

APPENDIX A

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