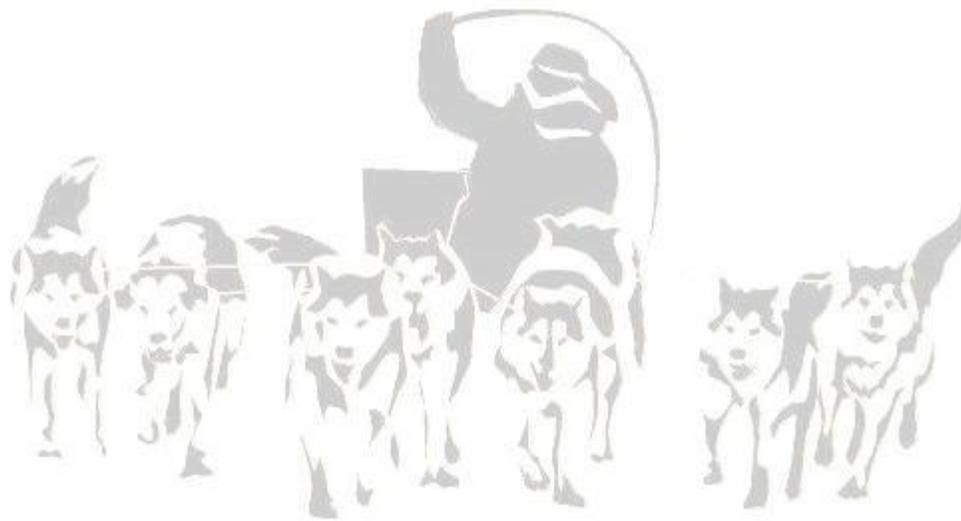




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ABOUT THE NUNAVUT ECONOMIC FORUM

The Nunavut Economic Forum is a broad group of member organizations that was created to identify and share information to support strategic planning for Nunavut's economic development. The primary focus is for members to collaborate in the implementation of the Nunavut Economic Development Strategy, each within their own area of activity and expertise. Successful implementation of the Strategy depends on the actions of each of the stakeholders, with participation and collaboration as key components of progress.



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PREFACE

Nunavut will soon reach its ten-year anniversary. Since the creation of the territory, Nunavummiut¹ have been hard at work building the foundations of a new economy. This task has not been easy having inherited an economy with few near-term prospects, three mines in their final days of operations, and a legacy of under investment in all four forms of wealth-generating capital (human, physical, social, and natural).

Driving Nunavummiut enthusiasm has been the belief that there exists the potential for great prosperity through thoughtful and persistent investment. These investments are just now revealing this to be true. The economic prospects are particularly promising in the mining sector, but Nunavummiut have been relentless in their desire to create a diversified economy. So, while exploration activities continued to uncover vast tracts of mineral wealth and drive development, other investments have continued to support the growth of a small, but expanding commercial fishery, tourism opportunities and development of the traditional arts and culture activities. The Government of Nunavut has developed new and progressive strategies for all of these important economic sectors and has begun their implementation.

While showing tremendous potential, Nunavut's socio-economic future is far from secure. As investments have shown the Territory's economic growth and job creation potential, the task of transforming the labour force, business community and public institutions in a way to take full advantage of these opportunities has become Nunavut's greatest challenge. This task is exacerbated by the fact that Nunavut is home to Canada's youngest population who must cope with a fundamental shift in their economy and the integration of opposing worlds; a traditional world that values family, community and sharing, and a modern world that values individual performance, commercial enterprise and the pursuit of financial gain.

To address these and other challenges, Nunavummiut have agreed that success can only come from economic growth that includes their full participation. The Territory has invested heavily in education and training through a comprehensive strategy for youth

¹ Nunavummiut means the People of Nunavut.



and adults, a new trades training facility and additional public spending on education-related capital and operations. Government and non-profit organisations have developed and are implementing sector strategies that include elements of human capital and community development. These actions must be allowed to continue.

The other reality of Nunavut is the high cost of living that influences the reach of public programming as well as individual wealth. It is difficult to comprehend the financial requirements of public programming and capital construction in Nunavut without first recognising that central governments operate on the premise of increasing economies of scale. In Nunavut with its unique demographic, geographic, and developmental position, these economies of scale do not exist. This makes traditional program delivery expensive—a fact not lost on the thirty economic development agencies that make up the membership of the Nunavut Economic Forum (NEF). These organisations recognised the need to come together to develop and implement a territory-wide socio-economic strategy to coordinate investments and, through collective action, maximise every dollar spent on Nunavut's future.



THE NUNAVUT ECONOMIC DEVELOPMENT STRATEGY AND SINED

This interest in a collective approach led to the creation of The *Nunavut Economic Development Strategy* (the *Strategy*), a ten-year plan to build the foundations of Nunavut's wealth-generating capital (see Exhibit A). The *Strategy*, released in September 2003, has been an unmitigated success from the standpoint of coordinated investment planning and economic development. It has become the cornerstone upon which Nunavut's progress toward its ultimate goal as a society is based.

Exhibit A: The Nunavut Economic Development Strategy

The Nunavut Economic Development Strategy is a comprehensive, modern and open approach to development, and is unique in Canada. Subtitled "Building the Foundation for Our Future", it takes a broad view of economic development by identifying issues related to the land, people and communities in addition to more common economic concerns. It establishes a goal for Nunavut society to reach a high and sustainable quality of life defined by improved income and material wealth and by improved health status, education levels, cultural identity, civic engagement and social, political and economic freedoms. The Strategy has a ten-year timeframe and its recommendations established a new path of cooperation and coordination for organisations throughout Nunavut to work together in achieving success.

In March 2004 the Government of Canada introduced a new economic development initiative for the three territories, now referred to as the *Strategic Investments in Northern Economic Development* (SINED) program. Its underlying purpose has been to build and strengthen the foundations of the Northern economy helping to generate important opportunities for Northerners, their businesses and their communities.² SINED supports specific objectives:

- strengthening the driver sectors of territorial economies;
- broadening the economic base of each territory;
- strengthening Northerners' abilities to take advantage of economic opportunities;
- increasing coordination amongst partners and programs.

² Indian and Northern Affairs Canada, *Strategic Investments in Northern Economic Development*, Information Sheet (November 2005).



But it also has some built-in flexibility that recognises the differing needs across the three northern jurisdictions. This flexibility has made the program extremely successful in Nunavut by allowing it to become a major contributor to the implementation of the *Strategy* and as a result to the advancement of Nunavut's prosperity.

In August 2004 the NEF produced a report in response to this new federal initiative. *Qanijjuq*³ (Preparing for the Journey) afforded representatives of the Government of Canada insight into the economic opportunities and challenges in Nunavut and outlined the priorities of Nunavut society in advancing their quality of life. *Qanijjuq* has become a valuable tool in shaping the investments of Nunavut's \$30 million share of the SINED program, helping to propel the Territory's economy forward. It clarified where Nunavut stood with respect to its stage of development, and introduced the importance of coordinating the investment activities of this new program with those already underway as a result of the *Strategy* which was released one year earlier.

The current SINED program expires in one year on March 31, 2009. The program has been successful in building the foundations of Nunavut's future economy, but there remains much work to be done. In this document, *Qanijjuq II: The Journey Continues*, the NEF investigates the investments supported by the federal government through the SINED program and the opportunities and challenges that will confront the territory over the medium and long term.

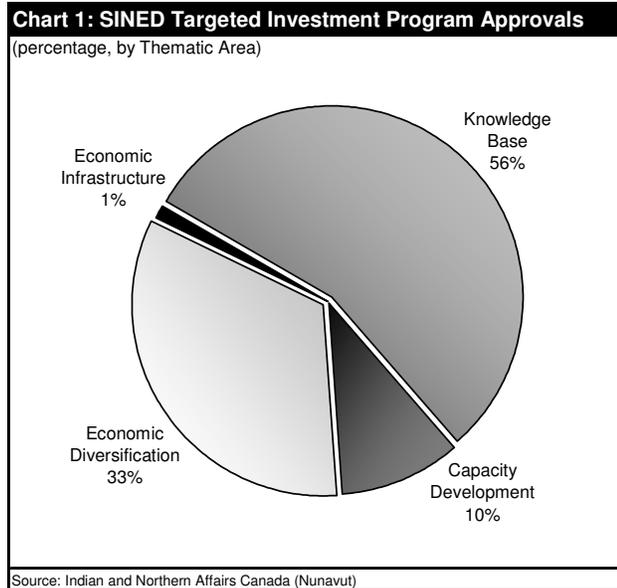
Nunavummiut will re-examine their *Strategy* later this year and through that process clarify and confirm the priority areas for the final five years of implementation. In the meantime, the NEF will use research completed over the past two years to assist in identifying where the current consensus is on this subject. As will become clear, a continuation of the SINED program will mean Nunavut sustaining the momentum gained in its development and securing its economic future.

³ Pronounced (KAN-ee-yee-yook).

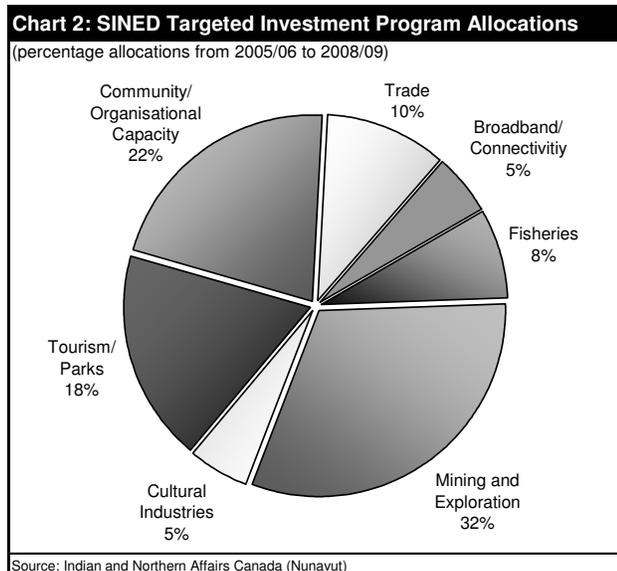


STRATEGIC INVESTMENTS IN *NUNAVUT'S* ECONOMIC DEVELOPMENT

The SINED program was established to promote economic development in Canada's three northern territories, investing \$6 million annually in each region. The majority of the program funds went toward financing the *Targeted Investment Program (TIP)* which identified four thematic areas for investment: building the base of knowledge, enhancing economic infrastructure, capacity development, and economic diversification. Chart 1 shows the distribution of funds to date according to these four themes.



In consultation with the NEF and the territorial government, the Government of Canada agreed to allocate the program's funds according to the *Nunavut Investment Plan (NIP)* that established areas of investment priority based on the *Strategy* to ensure consistency across Nunavut's broader investment activities. Seven areas were earmarked for investments in the NIP including the four sectors with the greatest potential for growth (mining, fishing, tourism, and arts and cultural industries) and three foundational areas where progress will greatly enhance economic efficiencies and improve Nunavummiut participation in the economy. The SINED program's contributions in these areas are shown in Chart 2.





Nunavut's investment plan blends the promotion of economic opportunities in key sectors with the preparation of individuals, businesses, communities and institutions for participation in the advancing economy. The SINED program has done well at distributing its funds broadly across several areas and into many projects. As is evident from the objectives established in the *Strategy*, the territory's economy is at a developing stage and therefore benefits greatly from this approach.

Mining and Exploration

The largest share of program expenditures has been directed at the mining and exploration sector, with the primary focus being the improvement of geoscience. Mining is important for Nunavut's future. Not only can it bring a large number and variety of job and business opportunities to the territory, it also represents economic growth that is entirely private-sector driven—private-sector investment is particularly important for Nunavut where the public purse is already overburdened.

Quality geoscience is the basis from which exploration ideas are generated, however, Nunavut currently has the worst geoscience coverage in Canada. The Government of Nunavut's mining strategy *Parnautit: A Foundation for the Future* has made the "development of geological and topographic information infrastructure" one of four objectives and the contributions from the SINED program have been important in moving it forward.⁴

Other important SINED program investments in resource development include

- developing a reclamation policy, guidelines and standards to ensure the northern environment is protected for use by future generations, and
- advancing interest in exploration of oil and gas reserves in the high Arctic.

Fisheries

Nunavut's commercial fishery includes the harvesting of turbot, shrimp and char, with the latter also providing opportunities for sport fishing. Most of the investments in Nunavut's

⁴ Government of Nunavut, Department of Economic Development and Transportation, *Parnautit: A Foundation for the Future*.



fishery that are sponsored by the SINED program focus on increasing the knowledge base of species with commercial potential. Other investments have gone into gear technology reducing seabed contact and a workshop on developing a sustainable fishery.

Over the past five years, Nunavut has made a real play at developing its commercial fishery through the acquisition of in-shore and off-shore vessels, pooling the resources of several community-based organisations as well as government and Inuit institutions into one central coalition (Baffin Fisheries Coalition), and expanded the fishery by obtaining a greater share of the off-shore quotas and from the discovery of larger stocks through investments in fish science.

Following the objectives established in the *Nunavut Fisheries Strategy*,⁵ investments are needed to improve marine infrastructure, create greater efficiencies within the processing sector, and build up human capital, while continuing work on the advancement of fisheries science and organisation efficiencies. From sustained investments into these key areas, the fishery has the potential of growing its contribution to the Nunavut economy several times over.

Tourism

Tourism in Nunavut is an industry with terrific but still untapped potential. Investments are needed in every aspect of the industry, including product development, human resource training, marketing, and general knowledge of the industry. The SINED program has invested 18 per cent of its total allotment in a variety of tourism-related areas. The single largest investment has been in marketing and in particular the sponsorship of an advertising campaign called “Look Up North”⁶ that was launched in conjunction with the Canada Winter Games in partnership with Yukon and the Northwest Territories. Other important investments have included conducting a visitor exit survey, sponsoring research into developing a travel and tourism act, and developing a parks and special places guidebook.

⁵ Government of Nunavut and Nunavut Tunngavik Incorporated, *Nunavut Fisheries Strategy*, (March 2005)

⁶ <http://www.lookupnorth.ca/>



Cultural Industries

The cultural industries in Nunavut (sometimes referred to as the Arts Sector and Cultural Industries) are important contributors to economic well-being. The sector includes well known and established enterprises and organisations along with a great number of artisans working independently. The SINED program supports several initiatives in this field, including the development of an artist entrepreneurial skills course and support for Nunavut's film industry with its efforts to raise awareness to attract participants and improve marketing.

Similar to the tourism industry, the success in growing the arts sector and cultural industries is dependent on improvements in several areas of Nunavut economy including communication and transportation infrastructure and trade. For example, improved connectivity is of paramount importance to both sectors—not just access to the technology, but also the ability of users to take full advantage of the possibilities broadband provides. For this reason, investments in basic education, that would include information technology, are essential.

Tourism and the arts sector and cultural industries are also dependent on one another. Much of the tourism promotion relates back to Inuit history and culture, while tourists provide artisans with an export opportunity. The success of the film *Atanarjuat (The Fast Runner)* is a case in point—as Canada's first feature-length fiction film written, produced, directed, and acted by Inuit⁷—its success has raised the international profile of Nunavut which can have a significant impact on tourism. For these reasons, investments such as those aimed at product development within the tourism industry can also enhance the cultural industries of Nunavut and vice versa.

Community and Organisation Capacity Building

A recognised challenge facing Nunavummiut is the transformation, integration and participation of its workforce, community institutions and businesses in the new economic landscape that includes growth in mining, fishing, tourism and the commercialisation of cultural activities and products. The SINED program has dedicated 22 per cent of its total investment dollars to promote improvements in communities'

⁷ Official website for *Atanarjuat (The Fast Runner)* www.atanarjuat.com accessed on January 17, 2008.



collective knowledge of this new economy and how they can benefit from it. This includes

- sponsorship of some basic programs to educate people on what economic opportunities exist and how specific industries operate,
- creating a database of potential labour for employers to access when hiring, and
- establishing economic development and land use plans that will give communities and regions greater confidence in their interactions with potential investors and land users.

The outcomes from these investments are best measured over the long term and should include better coping mechanisms and reduced vulnerabilities within communities to the changing socio-economic environment along with greater participation of Nunavummiut in the new and prosperous economy. Both results will also improve the efficiency and effectiveness of economic investments in the future.

Trade

Small, private enterprise is a small component of Nunavut's existing economy. However, if Nunavummiut are to benefit fully from industrial economic growth, their direct involvement through business ownership will be essential.

Entrepreneurs face many challenges in Nunavut. Small local markets limit growth while high cost inputs such as labour, power and transportation test their competitiveness when attempting to access markets beyond their borders. This makes it doubly important that they involve themselves with the growing demands of industry, including mining, exploration and construction and the downstream opportunities these activities create.

The SINED program has worked together with the Government of Nunavut's *Strategic Investments Program* (SIP) to coordinate investments in business development and trade. SIP's mandate is to "support the development of economic foundations by investing in medium and large scale projects that will support business development through a contribution to project equity and by advancing key strategic priorities for



Nunavut.”⁸ As with the SINED program, the SIP is structured to support the implementation of the *Nunavut Economic Development Strategy*. And with the built-in flexibility of the SINED program, it is effortless to coordinate the activities of the federal and territorial programs.

The SINED program has used 10 per cent of its funding to promote several initiatives, with the Community Futures Development Corporation receiving the largest share to improve its Loan Fund reserves. Other initiatives have included the promotion of Nunavut-made goods and services and improving business activity through the Internet (E-commerce).

Connectivity

The *2005 Nunavut Economic Outlook* described investments in broadband technology and connectivity as one of the best possible investments in Nunavut’s future.⁹ Direct access to the rest of the world will change the lives of Nunavummiut forever, reshaping their perceptions, knowledge, and expectations. More immediately, broadband technology will improve the efficiency of financial transactions while bringing the world market to every business in Nunavut, from medium- and large-scale enterprises to entrepreneurs and cottage industries.

The SINED program has been an invaluable contributor to bringing this change to Nunavut’s technological landscape by sponsoring communications infrastructure, building capacity within Community Service Providers’ to deliver broadband services, and investing in several broadband applications for business, governance, education, health and more (See Table 1 for a sample of these investments).

Table 1: Sample of Broadband Projects Sponsored by the SINED

- Voice Over Internet Protocol
- Low-cost Work Station Protocol
- Multi-point Video Conferencing
- Visitor Access
- Portable Equipment Container Prototype
- Financial Services
- Security Monitoring
- Broadband Training Network
- New/Upgraded CAP Sites

Source: Indian and Northern Affairs Canada (Nunavut)

⁸ http://edt.gov.nu.ca/docs/pol/SIP_Policy_EN.htm

⁹ Impact Economics, *2005 Nunavut Economic Outlook* (August 2005).



THE JOURNEY CONTINUES

The first steps toward building Nunavut's foundations for economic growth have been a success. Through the collective efforts of the NEF's entire membership on the Strategy's implementation and coordination with its partners like the Government of Canada, Nunavut's economic future seems more promising than ever before in its history. What remains, however, is perhaps the most critical stage in this process—ensuring this potential is converted into real performance from which Nunavummiut receive tangible benefits.

Later this year, Nunavummiut will convene the Sivummut III Economic Development Conference to discuss the territory's economic opportunities and challenges, with the *Strategy* serving as the focal point for discussions. The NEF has already begun preparations for this event by conducting a thorough investigation into the progress made in implementation of the *Strategy*. Clarifying priorities became one of four themes of this report. Others included creating successful sector-specific strategies, investing in organisational capital, and understanding how we measure success.

Several noteworthy outcomes came out of this investigation. From the standpoint of the NEF itself, it was important that members reconfirmed the underlying conditions that brought the organisation into existence.

Nunavut lacks the financial resources to operate without regard for improved efficiencies amongst its key stakeholders. Responsible and coordinated programming is therefore crucial if Nunavut is to reach its goals. Cooperation in the manner described in the *Strategy* is essential.

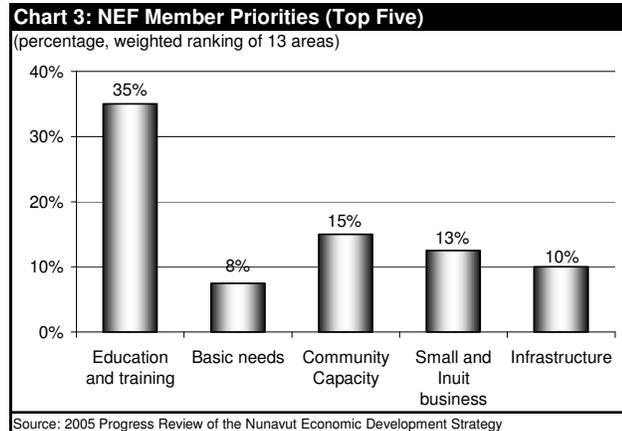
The path forward will not be easy. The Forum will need to work at building trust between its member organisations. But also, greater cooperation can be achieved by finding common ground and, in particular, by helping organisations set common priorities.¹⁰

¹⁰ Impact Economics in association with the Nunavut Economic Forum, *2005 Progress Review of the Nunavut Economic Development Strategy* (May 2006).



Setting Priorities

The NEF gave careful consideration to a new priority list with education, community and organisation capacity and local business development being the top three (see Chart 3). These priorities have not changed significantly since the *Strategy* was created. Over 30 per cent of the action items in the *Strategy* are, in some way, directed at education and training, while another 15 per cent toward community development. What has changed is the more concentrated focus and greater awareness of what is and is not working after the experience gained over the past several years. Also, the pending breakthrough in the mining sector has brought a certain reality to the threat of inadequate participation of Nunavummiut and the vulnerabilities of communities in the new economy.



NEF members recognised that participation on an individual and community basis will be Nunavut's greatest challenge over the next five-year implementation period. Participation should be understood in a broad context and not just another term for employment. In its truest sense, participation is the ability of Nunavummiut to embrace the new economy and be able to cope with all of its impacts and benefits regardless of their level of personal engagement or that of their community.

Moving forward, investments of time and money will be needed to improve outcomes in these three priority areas. This means more support for basic education, the Adult Learning Strategy, non-profit organisations including institutions of public government, and business training and aftercare programs.

As discussed by the NEF members, vigilance is necessary in ensuring that these efforts are coordinated and efficient. A piece-meal approach when attempting to introduce global changes and create healthy communities will not work.



Implementing Sector Strategies

An important foundation in Nunavut's economic development was the creation of sector-specific strategies that more precisely laid out the framework for investments in those areas. To date, this work has all but been completed (see Table 2). The challenge now is one of implementation.

The main challenge is in finding resources to propel these strategies forward; a task recognised in the *Strategy* and later reiterated by the NEF in its *Progress*

Review. A clear and well-designed framework cannot improve one's situation if it cannot be followed because of financial or any other constraint. The SINED program has been an active supporter of the initial steps in implementation of these strategies, with particular emphasis on that of mining, but with support to the strategies for carving stone, arts and crafts and fishing as well. It is hoped that the Government of Canada will remain active partners in these initiatives after March 2009.

Table 2: Sector Strategies

Sector	Status
<i>Fishing</i>	Completed
<i>Sealing</i>	Completed
<i>Mining</i>	Completed
<i>Arts and Crafts</i>	Completed
<i>Carving Stone</i>	Completed
<i>Tourism</i>	In Progress
<i>Housing</i>	Completed
<i>Adulting Learning</i>	Completed
<i>K-12 Curriculum</i>	In Progress
<i>Climate Change</i>	Completed

Source: Updated from the 2005 Progress Review of the Nunavut Economic Development Strategy

Investing in Organisational Capital

As the economy of Nunavut grows, the pressures on Nunavut's institutions will mount, from the largest government departments to the smallest community-based support groups. Their collective ability to deal with this pressure will underpin the level of success achieved and the amount of wealth captured by Nunavummiut from the economic growth.

Most of the institutions responsible for helping individuals and communities adapt to the new economic opportunities are non-profit or non-government organisations. Two reports completed in 2007 investigating Nunavut's non-profit sector have shone light on its role in supporting Nunavut society.^{11,12} They noted, as did the *Progress Review*, that finding mechanisms to support these organisations is critical to Nunavut's success.

¹¹ Aarluk Consulting, for the Nunavut Economic Forum, *Not-for-Profit Groups in Nunavut – A Review*, (April 2007).



The success or failure of organisations such as Nunavut Economic Developers Association, Nunavut Arts and Crafts Association, and the Nunavut Broadband Development Corporation can have a tremendous bearing on community outcomes, and can often contribute to the success or failure of comprehensive programming efforts of the Government of Nunavut, Nunavut Tunngavik Incorporated, of Indian and Northern Affairs Canada.¹³

One cannot underestimate the importance of ensuring communities are comfortable and accepting of progress. There will be people who find economic growth difficult to embrace because of the impacts on families, financial responsibilities, and the divergence of incomes that are inevitable in any economy undergoing a significant transformation. Local support groups not only help individuals understand and cope with these outcomes, but they also bring legitimacy to them.

Determining the specifics of how non-profit organisations such as the members of the Nunavut Economic Forum can be supported to advance economic development is a task of growing importance and will be investigated in upcoming studies as well as being a proposed topic for discussion at the Sivummut III Conference.

Measuring Progress

A challenge for Nunavut is in measuring the outcomes of investments that are by nature long term and often difficult to assess in isolation of other factors and influences. It would be much simpler to measure outputs which are easily identified but which ultimately say little about the progress of Nunavut towards its ultimate goal. This challenge is one that exists for any public program anywhere in Canada. But for NEF members the distinction is important, and as a group, they are dedicated to improving the mechanisms used to measure progress.

NEF members along with its partner in the Government of Canada have worked diligently at tracking Nunavut's opportunities and challenges along with the outcomes of

¹² Impact Economics for Qaujisaqtiit Society, *Understanding Nunavut's Non-Profit Sector*, (August 2007).

¹³ Ibid.



its investments at a broad level through support for the *Nunavut Economic Outlook* series and other investigative reports. Understanding that in most cases it is impossible to isolate the impact of a single program on the economic progress of a Territory, the NEF draws this broad picture and couples it with the expertise of its thirty member organisations to develop a comprehensive understanding of what is most needed at the individual, community and regional level.

As a lead up to the Sivummut III Economic Development Conference, NEF will produce a Nunavut Economic Outlook that incorporates 2007 data, the investments of programs such as SINED, and the progress in implementation of the *Strategy*. This report will bring Nunavummiut up-to-date on investment activities and outcomes from across the Territory and will lay the ground work for discussion at the conference.



BEYOND SIVUMMUT III

The five-year period from 2009 to 2014 will define the next generation for Nunavut—can Nunavummiut embrace the economic potential of their territory and gain measurable benefits while mitigating the difficult cultural transformations and pressures that the economic growth will bring? Proponents of no fewer than seven mineral deposits have begun the formal processes involved in the application for production. Some of these deposits, such as those at Mary River on Baffin Island and Izok Lake in the Kitikmeot Region are grand in their size and scope—will they produce economic benefits for the territory?

The Nunavut Economic Outlook series has long talked about the need to balance growth between economic, social and environmental objectives.¹⁴ This is indeed something to strive for, but rarely do we find a society execute such a strategy so perfectly. In Nunavut's case, the reality is that the economic potential required fewer dollars and far less time to advance than other areas. The Territory must cope with this reality. For the NEF members, the Sivummut III Economic Development Conference represents an opportunity to draw up the plans to meet this challenge and to see the next generation prosper as a result. For the Government of Canada, renewing its SINED program represents an opportunity to be a critical partner in the execution of this very important plan and to see its initial \$30 million of strategic investments result in the transformation of Nunavut's economy into a prosperous contributor to the Canadian economy.

¹⁴ Conference Board of Canada and Impact Economics, *Nunavut Economic Outlook* (2001, 2002, 2005).