

**Sannijaqpuq: A parallel vision for territorial  
intergovernmental relations?**

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## **Introduction**

The Premiers of Canada's northern territories – Nunavut, Yukon and Northwest Territories – are signatories to a tripartite political pact. The Northern Co-operation Accord was first negotiated between the three territories in 1999, and was later renewed in 2003. Generally speaking, the purpose of this Accord is to advance pan-territorial political objectives through unified representation to the Government of Canada. In recent times, as a result of this unity, the territories have managed to leverage additional federal funding for areas such as health care and economic development, as well as attain increases to the annual territorial funding transfer. For the most part, one may reasonably conclude that this intergovernmental agreement has benefited all three territories.

One might view an alliance between Canada's territories as either natural or inevitable. Common perceptions of the territories often bind them into an image in which they are scantily indistinguishable: they share the northern region of Canada and embody its cold climate, economic dependency, quirky constitutional status, influential Aboriginal populations, and geographic distance from the majority of Canadians. Despite such common perceptions (or misconceptions), each of the territories exhibit marked differences in their history, demographics, and political culture. In fact, a closer examination of these elements might lead one to conclude that unified political co-operation is less inevitable than first assumed.

The purpose of this paper is to identify and examine variables essential to the successful continuation of the Northern Co-operation Accord. Toward that end, the following criteria are put forth as primary variables:

- Leadership
- Policy Objectives
- Financial Dependence

Each of these variables will be discussed in the following pages to elucidate their importance, show how they have impacted the success or failure of co-operation to date, and reasonably speculate as to the influence they may have on future co-operation. I argue that each variable is elastic: they are not absolutes, but rather can endure stresses and fluctuations to a loosely defined point that, if reached, may undermine the spirit of pan-territorial co-operation.

### **Regional Co-operation in Canada**

As an object of study in 1973, interprovincial co-operation was deemed by one researcher to be “much neglected.”<sup>1</sup> This is not overly startling in light of the evolution of intergovernmental relations as an exclusive government function. Richard Simeon notes that it was not until the 1970s when provinces such as Saskatchewan and Ontario, as well as the Government of Canada, created independent ministries for intergovernmental affairs.<sup>2</sup> In his monumental *The Structure of Canadian Government*, Mallory notes the growing sophistication of provincial capabilities and the corresponding growth of federal consultation with the provinces, but makes no mention of interprovincial relations.<sup>3</sup> Since the 1970s, intergovernmental relations – and its study -

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<sup>1</sup> Johnathan N. Benson, “Interprovincial Cooperation” in ed. Donald C. Rowat, Provincial Policy-Making: comparative essays, (Ottawa: Carleton University, 1973), 83.

<sup>2</sup> Richard Simeon, Intergovernmental Relations and the challenges to Canadian Federalism Discussion Paper no.7 (Kingston: Institute of Intergovernmental Relations, Queen’s University, 1979), 9.

<sup>3</sup> J.R. Mallory, The Structure of Canadian Government (Toronto: Macmillan, 1971), intergovernmental matters are discussed on pages 386-393; equally silent on the subject is Norman Ward, Dawson’s Government of Canada 6<sup>th</sup> ed. (Toronto: University of Toronto, 1987).

have evolved significantly. However, regional interprovincial co-operation remains a neglected object of study.

Possibly the most notable and enduring example of regional interprovincial co-operation arose in the Maritimes during the early 1970s. Initiated by the Deutsch Report, the Council of Maritime Premiers resulted from a willingness to embrace more formal co-operation in the region.<sup>4</sup> Towards this end, New Brunswick, Nova Scotia and Prince Edward Island signed a co-operation agreement in 1971; in the late 1980s all three provinces enacted mirror legislation entitled *The Council of Maritime Premiers Act*, to legislate recognition of the agreement and enable budgeting of a secretariat to support the Council.<sup>5</sup> Historically, the Council has held, primarily, an economic focus; although education policy has since arisen as a contemporary concern. The relevance of the Council has ebbed and flowed since its inception. Its relative importance to each maritime province has been dependent upon economic trends, political leadership, and the state of the Canadian federation as a whole.

Today there are two larger, and more broadly based, forums for regional co-operation: the Western Premiers' Conference and the Atlantic Premiers' Conference. These First Ministers' conferences provide a forum for regional members to support individual or sub-groups of provinces and territories as they make representations to the Government of Canada. For example, during their annual meeting in 2004, the Western Premiers supported efforts to negotiate the devolution of federal land and non-

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<sup>4</sup> John J. Deutsch and Fred R. Drummie, The Report on Maritime Union Commissioned by the Governments of Nova Scotia, New Brunswick and Prince Edward Island (Fredericton: Maritime Union Study, 1970).

<sup>5</sup> See: <[www.cap-cpma.ca](http://www.cap-cpma.ca)> (Retrieved 15 April 2005).

renewable natural resource responsibilities to the territorial governments.<sup>6</sup> For all practical purposes, the Atlantic Premiers' Conference has subsumed the original Council of Maritime Premiers, although that latter body still functions at an operational level. It is also worth mentioning, that, since 2003, all of Canada's sub-national jurisdictions have employed interprovincial (and territorial) co-operation through the Council of the Federation.<sup>7</sup> In the end "[a]ny particular form of coordination...depends ultimately on the belief by the participants that in the long run such procedures provide benefits for them."<sup>8</sup>

### **One North?**

In December 2004, the Government of Canada and the territorial governments jointly announced the development of a *Northern Strategy* for Canada. The intent of this Strategy is to provide for a "first-ever comprehensive" long-term vision for the North.<sup>9</sup> Although the North has undergone previous regional planning exercises, these have almost exclusively been led by a single federal department, and excluded territorial input or federal interdepartmental coordination. As a consequence, national political direction for the North has tended to be generally uncoordinated and myopic.<sup>10</sup> Prior to this December announcement, the last time Canada's northern region received concerted

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<sup>6</sup> See "News Release" for Western Premiers' Conference, Inuvik, NWT, 7-9 June 2004: [www.scics.gc.ca/cinfo04/850097007\\_e.html](http://www.scics.gc.ca/cinfo04/850097007_e.html) (Retrieved 2 May 2005); all three territories are members of the Western Premiers' Conference.

<sup>7</sup> For understanding of conception, see: Andre Burelle, "The Council of the Federation: From a Defensive to a Partnership Approach," from series of commentaries *Constructive and Co-operative Federalism?* (Montreal: Institute of Intergovernmental Relations Queen's University, Institute for Research on Public Policy, 2003).

<sup>8</sup> Richard Simeon, *Federal-Provincial Diplomacy: the making of recent policy in Canada* (Toronto: University of Toronto, 1977), 312.

<sup>9</sup> [www.northernstrategy.ca](http://www.northernstrategy.ca) (Retrieved 6 January 2005).

<sup>10</sup> For example: Canada, "A Report by the Honourable Jean Chretien, Minister of Indian Affairs and Northern Development, to the Standing Committee on Indian Affairs and Northern Development on the Government's northern objectives, priorities and strategies for the 70's." House of Commons, no.3, 28 March 1972, Minutes of Proceedings and Evidence of the Standing Committee on Indian Affairs and Northern Development, 4<sup>th</sup> session, 28<sup>th</sup> Parliament, 1972, 3:29-38; or, Indian and Northern Affairs Canada, "A Northern Political and Economic Framework," June 1988.

federal policy attention John Diefenbaker, Prime Minister, was speaking of “One Canada.”<sup>11</sup>

Each of these federal planning exercises has conceptualized the North as a cohesive region that justifies a single policy approach. The distance between Old Crow, Yukon and Pangnirtung, Nunavut is comparable to the space between Victoria, British Columbia and Quebec City, Quebec. However, one cannot ride a train nor drive a car across the Canadian North; factors that enhance interregional homogeneity in the rest of Canada, like transportation corridors, are limited or non-existent in the North. Tellingly, a 2002 study of intergovernmental affairs in Nunavut found that relations between the territories did occur, but to a “lesser extent” than with, say, Canada or Greenland.<sup>12</sup> With the geographic distance that exists between the territories, one is left to ask whether regional policy making is a reasonable approach in the expansive and unconnected North?

The separate political history of each jurisdiction has resulted in three regimes that currently exhibit a diverse range of powers and political structures. “By definition,” writes Mark O. Dickerson, “a territorial government is a government in transition.”<sup>13</sup> The most notable transition has been the devolution of powers to territorial governments over the past twenty-five years. The Yukon, so far, is the only territory to have arrived at a land and resource devolution agreement with the federal government. Because of that

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<sup>11</sup> John G. Diefenbaker, “A New Vision,” speech delivered at the Civic Auditorium, Winnipeg, 12 February 1958, <[www.canadahistory.com/sections/documents/diefenbaker\\_the\\_northern\\_vision.htm](http://www.canadahistory.com/sections/documents/diefenbaker_the_northern_vision.htm)> (Retrieved 29 November, 2004); or see, Gordon Robertson, *Memoirs of a Very Civil Servant* (Toronto: University of Toronto, 2000), 165-208.

<sup>12</sup> Annis May Timpson, “Nunavut and Intergovernmental Relations” paper presented at State of the Federation Conference: Reconfiguring Aboriginal-State Relations, IIGR, Queen’s University, 1-2 November 2002, 6.

<sup>13</sup> Mark O. Dickerson, *Whose North?: Political Change, Political Development, and Self-Government in the Northwest Territories* (Vancouver: UBC Press, 1992), 3.

arrangement, Yukon now wields almost complete province-like authority, although their constitutional status has not changed. The other two territories, on the other hand, retain a structure where authority over land use, resource development, and resource revenue collection resides with the federal Crown.

Other considerations are relevant. Although an act of the federal parliament – the *Nunavut Act* – establishes the Nunavut Territory in law, the existence of Nunavut is derived, not from federal powers, but from the indigenous right to self-determination. Nunavut is the result of the *Nunavut Land Claims Agreement* between the Inuit of Nunavut and the Crown.<sup>14</sup> Although Nunavut is a public government where all citizens hold equal franchise rights, Inuit hold special status through both public policy provisions and legal rights entrenched under the Claim. This arrangement also allows Nunavut some flexibility in federal-territorial relations. When policy objectives are not achieved through bilateral talks with Canada, they can be pursued further as Aboriginal affairs issues or through the Claim.

Meanwhile, in the western Arctic, the political landscape is sub-divided between several Aboriginal self-government agreements. Although many land claims have been settled in the NWT, a few remain outstanding, and the Government of the NWT remains a public one. The NWT governance smorgasbord has left some critics to wonder if effective public government will be possible in the future NWT.<sup>15</sup>

Although pan-territorial planning is possible, observers must remember that “[t]here is nothing intuitively obvious about the idea of treating the Arctic as a distinct

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<sup>14</sup> For perspective see: Jack Hicks and Graham White, “Nunavut: Inuit Self-Determination Through a Land Claim and Public Government?” in eds. Jens Dahl, Jack Hicks and Peter Jull, *Nunavut: Inuit Regain Control of their Lands and their Lives* (Copenhagen: IWGIA, 2000), 30-115.

<sup>15</sup> One such critic is Conservative Party MP Jim Prentice; see: <[www.jimprentice.ca/Documents/Dec9-OpEd.asp](http://www.jimprentice.ca/Documents/Dec9-OpEd.asp)> (Retrieved 22 December 2005).

region.”<sup>16</sup> However, with the Northern Co-operation Accord, the territories have purposefully proceeded along a parallel path – in Inuktitut – *sannijaqpuq*.

### **Northern Co-operation**

The announcement of the *Northern Strategy* in December 2004 was not the first time the Premiers of Canada’s territories stood together at an Ottawa press conference. There exists a now memorable photograph of the northern Premiers from the evening of February 5<sup>th</sup>, 2003. The three leaders clearly look dejected. On that night, the northern Premiers decided to walk out of the First Minister’s Meeting (FMM) on Health and reject the \$13.5 billion pledged to revive Canada’s public health care system following the Royal Commission on the Future of Health Care in Canada (Romanow). In breach of intergovernmental protocol, the Premiers abruptly left the FMM and addressed the media before the Prime Minister: “We have the worse conditions in health in the country and we have been pleading for assistance,” said Nunavut Premier Paul Okalik. “Our provincial colleagues recognize this and unfortunately the federal government chose to delay it further. We cannot afford to wait. So we’re taking the extraordinary step of not signing off on the agreement.”<sup>17</sup>

Based on the per capita allotment designed to increase sub-national health budgets, each of the territories would have received an additional \$10 million per year under the February 5<sup>th</sup> FMM offer. One study found that Nunavut spent nearly \$3 million per week on health care.<sup>18</sup> Fifteen days after the North’s rejection of the FMM proposal,

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<sup>16</sup> Oran R. Young and Niels Einarsson, “Introduction: Human Development in the Arctic,” in *Arctic Human Development Report* (Akureyri, Iceland: Stefansson Arctic Institute, 2004), 17.

<sup>17</sup> CBC News, “North rejects national health accord” 6 Feb 2003 <[www.north.cbc.ca](http://www.north.cbc.ca)> (Retrieved 29 March 2005).

<sup>18</sup> Canadian Health Coalition, *Report on Northern Health Care* (2003) <[www.healthcoalition.ca/north-report.pdf](http://www.healthcoalition.ca/north-report.pdf)> (Retrieved 5 May 2005).



the northern premiers received a commitment to \$60 million in additional health funding to be divided between the three territories. The pan-territorial structure of the funding agreement, as well as comments from the northern Premiers, foreshadowed future collaboration; Premier Denis Fentie remarked: “Just because we are small...doesn’t mean we’ll be pushed around.”<sup>19</sup> A premier was now speaking as ‘we’. Seven months after their successful stand on health funding, Premiers Fentie (Yukon), Stephen Kakfwi (NWT) and Paul Okalik (NU) signed the Northern Co-operation Accord.<sup>20</sup>

This was not the first time such a tripartite agreement had been signed. In 1999, only four months after the birth of the Territory of Nunavut, the first Northern Leaders Forum was held in Iqaluit, Nunavut. The logic presented in 1999 was consistent with that that would prevail four years later: “We don’t have the same authority as provinces, so we have to work together to achieve our agenda,” remarked Okalik.<sup>21</sup> In fact, one leader at the time remarked, that the Accord “only captures in writing what had traditionally been done by Northerners for many years.”<sup>22</sup> However, for reasons discussed below, the 1999 agreement failed.

Nearly six years after the collapse of the first Northern Accord, the Northern Premiers Forum has re-emerged and is succeeding. Following the most recent Forum on April 16<sup>th</sup>, 2005, the Government of Yukon issued a press release entitled: “Pan-Northern Approach

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<sup>19</sup> Supra note 16.

<sup>20</sup> Government of Yukon, Government of Northwest Territories, Government of Nunavut, Northern Co-operation Accord, 3 September 2003.

<sup>21</sup> Michaela Rodrigue, “Territorial leaders form united front” Nunatsiaq News <[www.nunatsiaq.com/archives/nunavut990827/nvt90813\\_08.html](http://www.nunatsiaq.com/archives/nunavut990827/nvt90813_08.html)> (Retrieved 9 April 2005); also see: Government of Yukon, “Northern Leaders Adopt Common Position on Key Issues,” 4 March 2000, <[www.gov.yk.ca/news/2000/Mar-00/00-041.htm](http://www.gov.yk.ca/news/2000/Mar-00/00-041.htm)> (Retrieved 9 April 2005).

<sup>22</sup> Northwest Territories Legislative Assembly, Hansard, 14<sup>th</sup> Assembly, 2<sup>nd</sup> Session, 29 February 2000, Joseph Handley, 138.

Pays Off for the Territories.” In that news release, Yukon cited examples where additional pan-territorial funding has been acquired since 2003:

- \$210 million increase in health funding
- \$360 million increase in territorial formula financing
- \$90 million in economic development funding
- \$120 million through the Northern Strategy<sup>23</sup>

Premier Fentie stated: “Working together as a collective, the pan-northern approach has paid-off for the Yukon.”<sup>24</sup> The figures above, and the Premiers’ continued dedication to the Accord, are evidence that the decision to work as one north has, to date, benefited the territories.

## **Variables for Success**

### ***Leadership***

The territories are still evolving into responsible governments. The territorial premiers - still known in official Government of Canada correspondence as ‘Government Leaders’ – have only recently come to influence in Ottawa. It was only in 1992 that FMMs even included territorial premiers as regular delegates.<sup>25</sup> And no territorial premier has ever been a figure of national prominence.<sup>26</sup> However, significant events, like the creation of the Territory of Nunavut and the discovery of diamonds and natural gas in the NWT, have raised the national profile of the North.<sup>27</sup> Today, three territorial

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<sup>23</sup> Government of Yukon, News Release, “Pan-Northern Approach Pays off for the Territories,” 18 April 2005 <[www.gov.yk.ca/news/2005/05-98.html](http://www.gov.yk.ca/news/2005/05-98.html)> (Retrieved 19 April 2005).

<sup>24</sup> Ibid, 18 April 2005.

<sup>25</sup> Canadian Intergovernmental Conference Secretariat, First Ministers Conferences 1906-2004 <[www.scics.gc.ca/pubs/fmp\\_e.pdf](http://www.scics.gc.ca/pubs/fmp_e.pdf)> (Retrieved 5 April 2005); the 1992 territorial inclusion occurred during the FMM on the Economy 24-25 March 1992 in Toronto.

<sup>26</sup> The transition from appointed Commissioner to elected leader occurred at different times: Chris Pearson Yukon was elected leader in 1978, and George Braden in Northwest Territories in 1980; Nunavut was not established until 1999.

<sup>27</sup> The discovery of diamonds and proposed natural gas pipeline in the NWT has also enhanced the northern profile nationally. A similar observation was recently made by Yukon territorial opposition leader Todd Hardy, 29 March 2005, see:

<[www.hansard.gov.yk.ca/hansard/data/31%2Dlegislature/session1/123%5Fmar%5F29%5F2005.html](http://www.hansard.gov.yk.ca/hansard/data/31%2Dlegislature/session1/123%5Fmar%5F29%5F2005.html)>

premiers can influence federal decision making more than three MPs, even when all of those MPs are members of the governing party.<sup>28</sup>

The success of territorial leadership is dependent upon the ability and willingness of premiers to work together. When the first Northern Co-operation Accord was signed in 1999, none of the three signatories were in stable political positions. Nunavut's Paul Okalik was a neophyte politician with no previous electoral experience. He was responsible for governing a territory that was completely dependent upon transfer payments, bureaucratically infantile, and whose very existence had been criticized by groups such as the Reform Party (at the time, the Official Opposition in Parliament). In the NWT, Premier Jim Antoine became transition leader after a leasing scandal caused the resignation of Premier Don Morin. Only four months after the signing of the 1999 Accord, the NWT went to the polls and elected a new Premier. Further west, Yukon NDP Premier Piers McDonald requested the dissolution of the Yukon legislature seven months after the signing of the Accord; he was also replaced, as the Yukon elected a Liberal government in early 2000.

For coalitions to work, some degree of trust must exist between leaders. One researcher found that trust strongly factored into how the division of assets and liabilities played out when the Northwest Territories partitioned between 1993 and 1999 to create Nunavut.<sup>29</sup> Although trust and personal relationships between politicians are difficult variables to measure, these intangible factors often have the most influence on the success of intergovernmental agreements. Despite antagonisms that did (and, to some

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<sup>28</sup> At the time of writing, all three territorial MPs are members of the governing Liberal Party: Larry Bagnell (Yukon), Ethel Blondin-Andrew (Western Arctic), Nancy Karetak-Lindell (Nunavut).

<sup>29</sup> Annis May Timpson, "Hey That's Some Way to Say Goodbye: The Division of the Northwest Territories and the Creation of Nunavut," paper presented at the annual meeting of the Canadian Political Science Association, Halifax NS, 2002.

extent, still do) exist between Nunavut and the NWT, it was actually the relationship between Yukon and NWT that likely had the strongest impact on the failure of the 1999 Northern Co-operation Accord.

In part, the strain between Yukon and NWT was exacerbated by competition for investments from the federal government and multi-national industries. Both jurisdictions were dreaming of building a natural gas pipeline: either an Alaskan natural gas pipeline through Yukon, or an NWT pipeline through the Mackenzie Valley. Even more important was the relationship between the Premiers of Yukon and NWT. It must be recognized that both Yukon Liberal Premier Pat Duncan and NWT Premier Stephen Kakfwi were obstinate, strong-willed leaders. Duncan was known to be especially difficult. She, in fact, lost majority government status in the Yukon legislature when three Liberal Members of the Legislative Assembly (MLA) crossed the floor over frustration with her leadership style. When asked, current Yukon Premier Dennis Fentie recalled how the 1999 Accord “fell through when the former Yukon government didn’t cooperate.”<sup>30</sup> By contrast, the relationship between Fentie, Okalik and Kakfwi, and now with Kakfwi’s NWT successor Joseph Handley, has been far more congenial. It is no coincidence that the 2003 Northern Co-operation Accord has, as a result, been far more successful.

### ***Policy Objectives***

An examination of northern policy must reconcile the fact that two territorial political structures – those of NWT and Nunavut – are designed in a consensus model; Yukon operates within the more recognizable Canadian party system.<sup>31</sup> Although all

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<sup>30</sup> CBC News, “Northern Premiers agree to work together,” 4 September 2003 <[www.north.cbc.ca](http://www.north.cbc.ca)> (Retrieved 29 March 2005).

<sup>31</sup> For background see: Graham White, “Westminster in the Arctic: The adaptation of British parliamentarism in the Northwest Territories,” *Canadian Journal of Political Science* 14:3, (1991), 499-523;

three jurisdictions elect representatives in single-member district plurality systems, NWT and Nunavut territorial election candidates first run as independents, not affiliated with any political party. Then, following the election of MLAs, a subsequent election is held in the legislative assembly - by MLAs only - to select the speaker of the legislative assembly, premier, and cabinet ministers. Thus, rather than arriving to power with a clear policy platform developed by a political party, the first task of any new government in the consensus system is to devise a mandate from which to govern. Because governments in the consensus system are in a constant minority position, there is both a philosophical and pragmatic incentive to develop a mandate that incorporates at least some of the concerns of regular MLAs.<sup>32</sup> From these contrasting systems, common policy objectives between the three territories could be difficult to reach. While the Yukon Premier must, at the very least, meet the objectives of the governing party, the Premiers of NWT and Nunavut must, to some degree, satisfy the objectives of MLAs outside the government.

Current debate over the development of the *Northern Strategy* speaks to this point. On March 2<sup>nd</sup>, 2005 the NWT Legislative Assembly held a debate on the *Northern Strategy* during the Committee of the Whole (all MLAs). Several members expressed scepticism over the regional and pan-territorial structure of the Strategy. As one MLA commented: “I don’t like the fact that we are continually being tied in with the other two

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Kirk Cameron and Graham White, Northern governments in transition: Political and constitutional development in the Yukon, Nunavut and the Western Northwest Territories, (Montreal: Institute for Research on Public Policy, 1995); Kevin O’Brien, “Some Thoughts on Consensus Government in Nunavut,” Canadian Parliamentary Review vol.26, no.4 (2003).

<sup>32</sup> The term ‘regular MLA’ is common parlance in consensus government for a sitting member not in government.

territories. I like to think that we are the Northwest Territories. We are not the pan-territories”<sup>33</sup> Premier Handley offered a counter argument:

Why include the other territories into the strategy? Well, because of it is because [sic] of the pan-territorial vision we need to have, a northern or Arctic vision. Also because one territory talking about its own issues, we may feel it’s really big but when we look at all the priorities the federal government has, we are just a small piece of the whole agenda. So how do we make our issues into a major force in Ottawa? That is to talk about the North as a northern unit because that’s how the Prime Minister sees it.<sup>34</sup>

At this juncture, there has appeared no fracturing between the territories based on policy positions. In fact, there is a noticeable degree of consistency between territorial objectives.<sup>35</sup> The NWT and Nunavut only became separate territories six years ago, and, as a result, many overlapping policy objectives remain; for example: increased jurisdiction over land and natural resources, the diversification of the economy, adequate housing, and sustainable development. The Yukon, although slightly more advanced politically, has struggled economically, and thus still supports similar objectives. It will likely be some time before there is a policy dichotomy strong enough to fracture pan-territorial cooperation.

### ***Financial Dependence***

Running a government in the North is expensive. All three territories rely on transfer payments from the central government to support the provision of public services. These payments, in the model of equalization, are made through a mechanism called Territorial Formula Financing (TFF). The TFF provides for roughly 75 per cent of territorial revenues for the NWT and Yukon respectively, and over 85 per cent of

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<sup>33</sup> Northwest Territories, Legislative Assembly, Debates, 2 March 2005, 3<sup>rd</sup> session, 15<sup>th</sup> Assembly, 3862; for similar comments see: Ibid, 3844, 3852.

<sup>34</sup> Ibid, Debates, 3864.

<sup>35</sup> Government of the Northwest Territories, Strategic Plan (June, 2004); Government of Nunavut, Pinasuaqtavut 2004-2009 (2004); Government of Yukon, <[www.gov.yk.ca](http://www.gov.yk.ca)> (Retrieved 14 May 2005).

revenues for Nunavut. Figure 1, below, illustrates TFF transfers to each jurisdiction over the last three years.

Figure 1  
Territorial Formula Financing (\$000,000)

Territory	2003-04	2003-04	2004-05
Yukon	374	430	466
Northwest Territories	592	600	678
Nunavut	659	687	756

Source: Government of Canada, Department of Finance, <[www.fin.gc.ca/FEDPROV/mtpe.html](http://www.fin.gc.ca/FEDPROV/mtpe.html)> (Retrieved 5 May 2005).

In projecting TFF transfers for 2005-06, the federal Department of Finance estimates that the per capita allotment per territory will be: \$26,574 in Nunavut, \$16,466 in NWT, and \$15,331 in Yukon.<sup>36</sup> What unites the territories, in a fiscal sense, is dependence. With escalating costs in medical travel, energy, and transportation, the territories find themselves regularly travelling to Ottawa cap-in-hand to request increased funding, through either the TFF or through other smaller transfer agreements.<sup>37</sup>

It is the goal of each territory to achieve fiscal self-reliance. This may not be an objective that will be achieved any time soon. Of the three territories, it is no secret that only the NWT manifests projections for fiscal stability in the foreseeable future. This prognostication for success is based upon potential territorial revenues from diamonds, natural gas, and other resources: royalties that currently accrue into the general revenue of the Government of Canada. Some NWT politicians foresee this growth as a reason to abandon their laggard territorial cousins. In a recent debate, one MLA from the resource rich territory said:

<sup>36</sup> Government of Canada, Department of Finance, <[www.fin.gc.ca/FEDPROV/mtpe.html](http://www.fin.gc.ca/FEDPROV/mtpe.html)> (Retrieved 5 May 2005).

<sup>37</sup> The most recent example is: "NWT Premier to pitch \$100m aid package in Ottawa," <[www.north.cbc.ca/regional/servlet/View?filename=handley-request-16042005](http://www.north.cbc.ca/regional/servlet/View?filename=handley-request-16042005)> (Retrieved 16 May 2005).

I know that both Yukon and Nunavut have a lot to offer Canada as well but, in terms of being an economic engine for the country, the Northwest Territories is by far a much better vehicle for that. I know that our economy grew 21 percent last year, whereas Nunavut's actually shrank and the Yukon's was stagnant [sic].<sup>38</sup>

Another went even further:

I have to express my concern, though, by continually being linked at the hip with the other two territories. The Northwest Territories, as everyone knows in Canada, is such a net producer. We're trying hard, we're going forward, I think we're a progressive area. Yet we're being held back in conjunction with the other two territories and I think what we're being told is just because you can win the race, you can't run ahead of the others. So I'm concerned that we're being held back from our potential.<sup>39</sup>

Although the MLAs who made these comments do not represent the views of the Government of the NWT, their views carry influence in the consensus system, and could thus - over the long term - work to undermine or dissolve the Northern Cooperation Accord. Although it does not appear that the NWT is yet prepared to abandon pan-territorial objectives, the territory will not be docile so long as resource revenues continue to flow south. Once resource royalties are counted as territorial revenues, the objectives of the other two territories may not make good fiscal or policy sense for the NWT. Of all variables, fiscal dependence may be the one element influential enough to take the NWT beyond a point where the Northern Co-operation Accord benefits them.

## **Conclusion**

This paper considered three variables deemed essential to the success of the Northern Co-operation Accord: leadership, policy objectives, and financial dependence. It was leadership that caused the 1999 Accord to fail. Since 2003, leadership stability in the Yukon and Nunavut, as well as commitment from successive Premiers of the NWT,

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<sup>38</sup> Supra note Debates NWT 3844.

<sup>39</sup> Ibid, Debates NWT, 3852.



has resulted in an Accord that has benefited the North. Despite a difference in policy-making structures, as well as ranges of political development between the territories, all three territories appear to be able to come to agreement on policy objectives. The one variable that may prove to undermine the effectiveness of the territorial coalition is financial dependence. With a devolution and resource revenue sharing agreement, the NWT may be able to project a level of fiscal independence that will alter its policy objectives and increase calls from regular MLAs to abandon alliances with the Yukon and Nunavut. Until such a time, there is good reason to predict continued commitment to the notion of *sannijaqpuq*.

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