

# **State and Society in a Northern Capital: Yellowknife's Social Economy in Hard Times**

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*You know, we have a \$1.3 billion deficit budget. We are entering a bad economy, with fewer corporate tax revenues because the diamond mines are shutting down and people are leaving the NWT. We need these organizations more than ever, but it may be a moment when we can't afford to start funding them.<sup>1</sup>*

Deep cuts in government spending, declining charitable donations, and diminished corporate and foundation funding following the 2008 financial crisis and subsequent global recession, combine to threaten the sustainability of many voluntary and nonprofit organizations in Yellowknife and across the Northwest Territories (NWT). Faced with sudden income reductions and increased public demand for services, the lively and distinctive third sector<sup>2</sup> in Yellowknife faces a new and uncertain operating environment.

Federal, provincial/territorial, and municipal governments are important to the social economy anywhere, but they have a particular importance in northern communities. Most foundations and corporate donors overlook the north with its small populations and unusual operating conditions. Living and operating costs are high, settler and Indigenous populations are transient, and economic volatility and rapid social and economic change create special challenges for individuals and families.

In this paper, which is part of a larger project on the Yellowknife social economy,<sup>3</sup> we first (and very briefly) situate Yellowknife in the NWT political economy. Then we describe Yellowknife's nonprofit and voluntary sector, by way of illustrating the distinctive features and important role of this sector in creating social well-being. Considering the balance of state forces that affect the sector, we argue that both federal and territorial governments have failed to provide an adequate public support system for the northern social economy, creating a universe of lost opportunity in a territory where the cost of social provision remains high, and the needs

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<sup>1</sup> Anonymous interview, Government of the Northwest Territories official, July 17, 2009.

<sup>2</sup> The related terms social economy, third sector, nonprofit sector all have specific meanings, helpful for different purposes. In this paper, our focus is on the voluntary and nonprofit sector, which we consider to be an aspect of the social economy. We define the social economy as that part of the social productive system that lies outside the direct ambit of government programs and large businesses. Occupying the space between formal public and the private business sectors, the social economy consists of a diverse set of community-based voluntary and nonprofit organizations, as well as small business, cooperatives, and in the north, the diverse and far-reaching land-based productive sector. Organizations operating in the social economy capitalize on community strengths and resources to provide social, cultural, economic, health and other services to individuals and communities. See Abele 2009, Southcott 2009.

<sup>3</sup> Social Sciences and Humanities Research grant #392040, Social Economy Research Network of Northern Canada, Theme: The State and the Northern Social Economy, Project: The Social Economy in Yellowknife.

distinctive. We conclude with some reflections on what our research reveals about local social and economic life in the trajectory of regional development in northern Canada.

### **Yellowknife and the Political Economy of the Northwest Territories**

Yellowknife is a small city by Canadian standards (about 19,000) but in the Northwest Territories it is a metropolis, different in many important ways from all other centres in the territory of which it is the capital. To understand Yellowknife's unique position within the political economy of the territory, it is important to know a little of the territorial context.

The Northwest Territories was long governed by federal officials and an appointed legislative council, both based in Ottawa. There has been a resident government only since 1967, when the seat of government was moved to Yellowknife, then a small gold mining town. The appointed legislature was replaced by an elected one in 1975, at about the same time as Dene, Métis and Inuvialuit began to participate fully in territorial electoral politics. Although there are no political parties in the territorial legislature, with some modifications the government now operates on the Westminster model that prevails in the rest of Canada: there is the normal bureaucratic apparatus and a system of ministerial responsibility.<sup>4</sup> The territorial economy is dominated by public sector expenditures, mineral exploration and development, with a small tourism industry and a strong harvesting sector that provides little taxable cash income but remains an important source of food and cultural continuity.

Just over half of the population of the NWT is Indigenous—Dene, Métis and Inuvialuit. Most peoples have negotiated modern treaties with the Crown, and several have self-government agreements as well. These agreements have radically transformed the architecture of governance in the NWT and indeed, the implications of Indigenous-led political transformation are still being worked out.<sup>5</sup> For many Indigenous people in the territory, negotiation of the treaties and agreements, and launching the institutions they have created, are of the highest priority. Nevertheless, there has been substantial Indigenous participation in the territorial legislature: for example, eight of the last ten premiers have been Indigenous, and in all assemblies since 1975, the proportion of elected officials who are Indigenous has approximately matched their proportion in the population.

Given the dramatic changes in NWT political architecture that are a result of Indigenous mobilization and political action over the last thirty years, it is striking that Indigenous people are still underrepresented in the service positions of the public sector. In the GNWT bureaucracy, Indigenous people represent 31% of employees, and occupy only 16% of senior management.<sup>6</sup> In the third sector, no official data exists, but our research indicates that there are very few

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<sup>4</sup>The Northwest Territories was divided in 1999, pursuant to the modern treaty signed by Inuit of Nunavut. Roughly half of the old NWT became the new territory of Nunavut. See Hicks and White 2000, White 1991, White 2000.

<sup>5</sup> For a list of all modern treaties and self-government agreements in the NWT, see Table 1. Besides new governments, the treaties have created new institutions of collaboration and regulation, such as co-management boards. The academic literature on these new arrangements is substantial. Good recent analyses appear in MacArthur 2009, Zoe 2009, Braden 2009, Funston 2006, Irlbacher-Fox and Mills 2009, White 2009.

<sup>6</sup> In 2008, the GNWT employed 1,421 Indigenous persons, 29 of whom were in senior management positions. GNWT, 2008. The GNWT does not collect data that distinguishes among Dene, Métis, Inuvialuit or indeed, Aboriginal people from other parts of Canada.

Indigenous people working in Yellowknife nonprofit and voluntary organizations, save those organizations that are aligned explicitly with Indigenous political purposes.<sup>7</sup>

<b>Table 1. Treaties in Northern Canada</b>		
<i><b>Historic Treaties</b></i>		
Treaty 8	1899	Alberta, British Columbia, NWT, Saskatchewan
Treaty 11	1921	NWT, Yukon
<i><b>Modern Treaties</b></i>		
James Bay and Northern Quebec	1975	Quebec
Northeastern Quebec	1978	Quebec
Inuvialuit	1984	NWT
Gwich'in	1992	NWT
Nunavut	1993	Nunavut
Sahtu Dene and Metis	1994	NWT
Council for Yukon Indians Umbrella		
Final Agreement	1993	Yukon
Vuntut Gwich'in First Nation	1993	Yukon
First Nation of Na-Cho Nyak Dun	1993	Yukon
Teslin Tlingit Council	1993	Yukon
Champagne and Aishihik First Nation	1993	Yukon
Little Salmon/Carmacks First Nation	1997	Yukon
Selkirk First Nation	1997	Yukon
Trondek Hwech'in	1998	Yukon
Ta'an Kwach'an Council	2002	Yukon
Kluane First Nation	2003	Yukon
Kwanlin Dun First Nation	2004	Yukon
Carcross/Tagish First Nation	2005	Yukon
Tlicho	2005	NWT
Labrador Inuit	2005	Newfoundland and Labrador
Nunavik Inuit	2008	Quebec

The economy of the NWT is dominated by mineral development, but the Government of the NWT lacks direct access to resource revenues. These remain in federal control, a circumstance that explains some of the heavy dependence of the territorial government on direct federal transfers.<sup>8</sup> In contrast, Indigenous signatories to the modern treaties have title to important portions of their original territories, including sub-surface rights. With this potential revenue source, and with compensation funds held in common, Indigenous organizations in the NWT enjoy a relatively stable financial base. Both the territorial and Indigenous governments are

<sup>7</sup> This circumstance is discussed again below, but analyzing it is outside our purposes here. We are devising a second paper that addresses the question of Indigenous-non-Indigenous participation in the NWT social economy directly. Understanding the pattern of participation that we allude to here requires an analysis of recent political history and, more centrally, the changing forms of voluntary community care in contemporary Indigenous society. For a characterization of this conceptual difficulty, see Abele 2009, Nahanni 1992.

<sup>8</sup> In 2008-2009, 65.4% of the NWT budget was comprised of direct federal transfers (\$805 million). Territorial governments do not participate in equalization, but are funded under a special regime called Territorial Formula Financing, which takes into account population and past practice. See Feehan 2009.

vulnerable to the boom and bust cycle characteristic of all resource-based economies, and, as the quotation at the beginning of this paper suggests, the current declining cycle in mineral exploitation is putting particular stress on government expenditures.

The historical forces that have produced the complicated political institutional landscape in the NWT have also affected population distribution. Today, over half of the 31,000 residents of the NWT live in the Yellowknife region, including the small Dene communities of Ndilo and Detah. While Yellowknife's population is 77.8% non-Indigenous, Detah's population is 98% Indigenous.<sup>9</sup> The non-Indigenous people of Yellowknife are a heterogeneous group comprised of recent migrants, some long-time residents, and some second and third generation northerners. The city has an ethnically diverse population not seen elsewhere in the territory. For example, the visible minority population of Yellowknife was reported at 9.8%, and was of predominantly Filipino and Southeast Asian origin.<sup>10</sup> By contrast, the next largest population centre, Inuvik, had a visible minority population of only 3.4%.<sup>11</sup> And Yellowknife's overall population is older than the territorial average, while its Indigenous population is much younger. The average age of Yellowknife's general population is 32.2 years, compared to 26.1 years for Yellowknife's Indigenous residents, only slightly older than the Indigenous territorial average of 26.0 years.<sup>12</sup> Thus, a picture emerges of a predominantly non-Indigenous majority in the city, with small neighbouring Aboriginal communities.

The capital is thus a relatively large and heterogeneous wage-based centre in a territory otherwise dominated by Indigenous purposes and politics. Its diverse population and strong labour market supported by the resident public service and associated businesses, make it distinctive in a territory otherwise characterized by more homogenous small regional centres and even smaller, predominantly Indigenous communities. This tension was expressed in the 1990s in a battle over territorial ridings, as Yellowknife residents objected to mounting imbalances in the proportion of territorial legislative seats in the city, versus those in rest of the territory. The conflict was resolved in Yellowknife's favour, and since 1999, there have been seven seats from the city and 19 from the rest of the NWT.

Economically, Yellowknife is unique among existing NWT communities in having its origins as a Depression-era mining town that was transformed into a public service-dominated metropolis and service centre. Yellowknife lives the paradoxical life of a public service town and resource metropolis, profoundly affected by international markets. It is perhaps not surprising that volunteerism and small enterprise has long been an important aspect of Yellowknife community life. Although we suspect that similar patterns may exist in the set of 'next largest' centres (i.e. Inuvik, Hay River, Fort Smith), Yellowknife is surely unique in terms of size (it is five times the size of the next largest city) and proximity to the territorial seat of power.

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<sup>9</sup> Canada 2006a.

<sup>10</sup> "Visible minority population" is defined as persons, other than Aboriginal peoples, who are non-Caucasian in race and non-white in colour. Canada 2006b.

<sup>11</sup> Canada 2006b.

<sup>12</sup> The average age of the Canadian population is 39.5 years, whereas the NWT's average age is 31.2 years. Canada, 2006a, 2006b.

## The Social Economy in Yellowknife

The diversity and size of Yellowknife's social economy reflects the unique conditions under which it has developed. For example, as the capital and largest city of the NWT, Yellowknife is a focal point for the social, economic, and political activity of the territory. Voluntary and nonprofit organizations have clustered in Yellowknife to capitalize on the proximity of the GNWT and its large public service, federal regional offices, a sizable private sector, and territorial Aboriginal organizations. The accessibility of these institutions, in conjunction with the small scale of northern society, has created opportunities for the sector to engage with government and large business that do not exist elsewhere in Canada. Indeed, the sector demonstrates a remarkable level of complexity as a result of its location and these opportunities.

The diversity of the sector is also a result of Yellowknife's remote location and its function as a regional service centre for the Western Arctic. The concentration of medical, social, and transportation services in the city attracts residents from across the NWT and Nunavut. The sector therefore serves both permanent and transient populations, each with their own set of challenges and needs. Moreover, the unique characteristics of northern life (outlined below) require Yellowknifers to draw upon resources and provide services that would be provided by government or business in other parts of Canada. As such, these conditions have prompted the sector to develop programs, services, and activities with a scope far beyond those typically found in similarly sized communities to Yellowknife.

The Social Economy Research Network of Northern Canada's (SERNNNoCa) 2006-2008 census of the northern social economy identified a total of 440 organizations in the NWT; of these, 149 were in Yellowknife.<sup>13</sup> Of Yellowknife organizations, 106 can be considered voluntary and nonprofit organizations. The present study is built upon a sample of 40 of these voluntary and nonprofit organizations based in Yellowknife.<sup>14</sup> Table 2 identifies the organizations and sorts them in terms of their locus of operation (local or territorial) and their status as branches of national organizations, or territorial innovations.

As is evident from the table, a significant portion of Yellowknife's voluntary and nonprofit sector organizations are unique to the NWT. Perhaps not surprisingly, Aboriginal organizations loom large on this list. While most of these have affiliations with national bodies (for example, the Tree of Peace Friendship Centre is a member of the National Association of Friendship Centres), they were formed in the crucible of territorial politics, are quite independent, and have a strong local character.<sup>15</sup> Organizations such as Alternatives North, Ecology North, and the Yellowknife Association of Concerned Citizens for Seniors (YACCS) were formed by

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<sup>13</sup> The census, which included Yukon and Nunavut as well as the NWT, was completed as of May 2008. Since the census relied upon internet and other sources, and a mail-in questionnaire, the number for Yellowknife is probably an underestimate, since it does not account for small organizations that are difficult to identify by this means, such as amateur sports teams.

<sup>14</sup> In this paper, we define voluntary and nonprofit organizations as those which have service to community or members as their primary purpose; are independent from government and business; are self-governing; rely in whole or in part on voluntary labour; are nonprofit seeking; and, have some structure and regularity in their operations. Our sample was drawn based on available information from interviews and public documents.

<sup>15</sup> We do not include Aboriginal governments in our list, or the Aboriginal organizations that are paragovernmental, mostly focused on political representation and political development.

Yellowknifers in response to community needs, and did not model themselves after organizations outside the territory. Other organizations that originated in the territory include those that serve identity communities, such as the Philippine Cultural Association of Yellowknife and l'Association franco-culturelle de Yellowknife, and numerous others formed for cultural purposes, have established deep roots in the community and secured support from the public, the territorial government, and the private sector.

<b>Table 2. Organization Origin/Primary Territorial Activity Locus</b>	
<b>Territorial Organizations</b>	<b>National Organizations</b>
<i>Operating at Local Level</i>	<i>Operating at Local Level</i>
L'Association franco-culturelle de Yellowknife Aurora Arts Society Back Bay Community Association Centre for Northern Families Folk on the Rocks Society Northern Frontiers Visitors Centre Philippine Cultural Association of Yellowknife Tree of Peace Friendship Centre Victim Services YACCS Yellowknife Community Garden Collective Yellowknife Guild of Arts and Crafts Yellowknife Homelessness Coalition Yellowknife Seniors Society	Active Living Alliance Community Living Association of Yellowknife Girl Guides of Canada John Howard Society of the NWT Rotary Royal Canadian Legion Special Olympics YWCA
<i>Operating at Territorial Level</i>	<i>Operating at Territorial Level</i>
Aboriginal Sports Circle of the Western Arctic Alternatives North Autism Society NWT Dene Nation Ecology North Native Communications Society Native Women's Association of the NWT Northern Arts and Cultural Centre NWT Helpline NWT Montessori Society NWT Literacy Council SportsNorth Federation Territorial Writer's Association	Canadian Cancer Society Canadian Mental Health Association Canadian National Institutes for the Blind Canadian Parks and Wilderness St. John's Ambulance

National organizations operating in Yellowknife maintain relationships with their regional and national counterparts. These relationships range from financial contributions to institutional and programming support (i.e. training, networking, and the sharing of program materials and resources). National organizations operating at the local level tend towards service and community organizations such as Rotary or Community Living. Conversely, national

organizations operating at the territorial level are primarily health advocacy organizations such as the Canadian Cancer Society or the Canadian National Institute for the Blind.

The sector's organizational activities are quite diverse, and they serve the breadth of Yellowknife's population. These activities range from offering health services to promoting Indigenous arts and culture. While many organizations rely primarily on voluntary employment to offer programs and services in the community, a significant number are staff-based. That is, they employ one or more persons to coordinate services, submit funding applications, maintain the organization's financial accounts, and promote the organization's mission. The largest of these organizations, such as the YWCA, can employ as many as one hundred people.

The size of health and social service organizations reflects several factors, many of which are related to the operating and policy environment of the organizations. First, organizations such as the YWCA have identified service gaps and community needs that require large resource investments to meet and satisfy. Operating a family violence shelter requires more than capital and operating investments, but also consistent and well-trained staff to meet residents' needs. Second, working with vulnerable populations requires staff trained to appropriately meet the needs of clients. Finally, the number of employees in health and social service organizations reflects the restructuring of health care and service provision across Canada following cuts by the federal government in the mid-1990s. Governments have started contracting out service provision of health and social programs to the private and nonprofit sector, while at the same time leaving newly identified service needs to be met by the third sector.

By contrast, Yellowknife also has a well-developed set of advocacy organizations, primarily clustered around environmental, health, and social issues which are primarily volunteer-based. Alternatives North, for example, was founded in 1992 as an umbrella advocacy organization composed of Yellowknife unions, church groups, environmental organizations, and women's groups. The organization promotes social justice in the territory and structures its work around three sets of activities: research, education, and advocacy. It is completely volunteer run, and only receives occasional funding from its participation in such government environmental impact assessments as that for the Mackenzie Gas Project.

Our research leads us to make four preliminary observations about the nonprofit and voluntary sector in Yellowknife. First, Yellowknife's sector is diverse in its activities, membership, institutional formations, and funding. The social economy is both broad and deep. Second, the voluntary and nonprofit sector is a significant driver of the local economy. The sector is an important source of employment in Yellowknife, especially in the health and social services sector. In addition, its activities in employment training and education, commercial activity (art sales, food services, etc.), and service provision (daycare, housing, rehabilitation, etc.), contribute considerably to Yellowknife's economy.

Third, a significant portion of the sector relies either primarily or exclusively on government funding, contracts, and contribution agreements to offer their programs and services. This relationship is not inconsequential and represents an important investment by the government in building and supporting civil society in the territories. Finally, this analysis demonstrates the prevalence of the social economy across Yellowknife and territorial society. The size and scope

of sector organizations, in particular, represent a significant site of civil society activity, and a strong foundation underpinning northern society which needs to be supported and fostered by governments, citizens, and the private sector.

### **Bait and Switch: The Failing Federal Policy Framework**

Yellowknife's voluntary and nonprofit sector is reflective of local needs and preferences, but it is equally the result of broad shifts in government policy. These shifts have been profound. On the one hand, governments have grown increasingly reliant on voluntary and nonprofit organizations to facilitate their policy and program objectives. Following state retrenchment in the late 1980s and 1990s, governments downloaded service provision to social economy organizations. This new role for voluntary and nonprofit organizations created new relationships with government and, according to Phillips, reflected "an emerging transition from a paradigm of 'government' — of government departments unilaterally setting policy and contracting for services — to one of 'governance' in which governments work collaboratively and horizontally with other government and with voluntary and private sector partners."<sup>16</sup> While this reliance has narrowed in scope at the federal level since 2006, voluntary and nonprofit organizations are nonetheless still firmly embedded in the machinery of the state and the state in them.<sup>17</sup>

The shifts in government have been matched by changes in voluntary and nonprofit organizations themselves. First, these organizations have started conceptualizing themselves as a *sector*. In part, this recognition is the result of moving from a model based on charity to one based on civil society and the social economy.<sup>18</sup> It is also characterized, however, by the emergence of strong national leadership—beginning with the Voluntary Sector Roundtable in 1995—widespread academic interest in voluntary and nonprofit organizations, and, arguably, growing interest in community-based solutions to community challenges and needs.<sup>19</sup> Second, voluntary and nonprofit organizations have responded to broader forces, such as the widespread state retrenchment, which have placed pressure on them to develop a common front for greater influence.

Three federal government programs have influenced and directed the social economy in Canada: the Voluntary Sector Initiative (VSI), the Canada Volunteerism Initiative (CVI), and the Social Economy Initiative (SEI). These programs were developed and implemented under Liberal governments between 2000 and 2004. All three initiatives were cancelled or not renewed by the Conservative government elected in 2006.

In June 2000, the Liberal government announced the creation of the VSI. Its broad mandate included the development of a framework agreement to guide the creation of a new government and voluntary sector relationship (*Accord Between the Government of Canada and the Voluntary Sector*), a set of codes to govern funding and policy relationships between the federal

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<sup>16</sup> Phillips 2003: 17.

<sup>17</sup> For more on the embedded state, see Cairns 1995. For application to the voluntary and nonprofit sector in Canada, see Brock 2005.

<sup>18</sup> Phillips 2003: 18. See also, Ehrenberg 1999.

<sup>19</sup> Elson 2007: 54, Hall et al. 2005: 24, Phillips 2003: 17.



government and the sector,<sup>20</sup> and the promotion of volunteerism across Canada. The VSI represented a monumental policy undertaking, and was “intended to affect the entire voluntary sector and every department of government” at the federal level, which it did with varying success.<sup>21</sup>

The CVI was developed during the VSI’s second phase of implementation, and was a program designed to reach beyond the operations of the federal government and its relationship to national voluntary and nonprofit organizations, and into the provinces and territories. It had three goals: “to improve the ability of organizations to benefit from the contributions of volunteers; to encourage Canadians to participate in voluntary organizations; [and] to enhance the experience of volunteering.”<sup>22</sup> Under this initiative, funding was secured for the development of thirteen regionally-based, nationally connected resource networks. In the NWT, the regionally-based network took the form of Volunteer NWT.

The CVI was slow in establishing itself in the NWT, however, and it was not until 2003 that representatives of the Government of the Northwest Territories began approaching sector leaders in Yellowknife to encourage their participation in the program. Few organizations felt they had the capacity to undertake such a large project, but after months of negotiations Sports North agreed to administer and house the new organization.

Volunteer NWT’s mandate was to support both formal and informal volunteerism in the territory, and its activities included: 1) capacity building projects through volunteer training; 2) advocacy work promoting the social and economic benefits of the voluntary sector to both the public and government; 3) research on volunteerism in the territory, including funding arrangement and Indigenous participation; and 4) a communication function linking organizations and volunteers into a pan-territorial network.

Volunteer NWT died involuntarily almost five years after its creation following the cancellation by the federal Conservative government of the VSI and CVI. Volunteer NWT was able to secure a one-year funding agreement from the GNWT, but that funding was not renewed and it ceased operations in June 2008.

The final program with lasting influence on the sector was the SEI, which was announced in the 2004 federal budget by the Martin Liberal government. The initiative was personally supported by the Prime Minister and received a considerable amount of attention across the federal government and within the sector itself. The program included new funding agreements and programs to support the sector, research grants, and capacity building programs. As it turned out, most of the SEI was never implemented. In late 2005, the Martin government fell and it lost the subsequent federal election. Only the monies allocated for the programs in the province of Quebec and the SSHRC grants were fully authorized before the Conservative government took power. The other programs were promptly cancelled.

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<sup>20</sup> *Code of Good Practice on Funding* (2002), *Code of Good Practice on Policy Dialogue* (2002).

<sup>21</sup> Brock 2005.

<sup>22</sup> National Volunteerism Initiative Joint Table 2001: 13.

Unfortunately, the SEI never had the opportunity to take root in the NWT, and its cancellation left many organizations in the territory in a state of shock. Having planned on receiving a significant investment in government funding and support, sector organizations were left without the promised support and had to quickly revise their plans and expectation to meet the new and austere federal policy environment.

That new environment developed quickly following the formation of Harper's Conservative government in 2006. It has adopted four political or policy approaches which have adversely affected the operating environment of the voluntary and nonprofit sector. First, the Conservatives undertook a "cleansing of all programs visibly branded with the Liberal stamp," following their transition to power, including the VSI, CVI, and SEI.<sup>23</sup> Second, the introduction of the *Federal Accountability Act* created new barriers for voluntary and nonprofit organizations to access federal funds. Strict new application and reporting processes have added considerably to the workload of already overburdened organizations. Third, the federal government narrowed the scope of activities which could be undertaken by voluntary and nonprofit organizations using federal funds by, for example, limiting literacy funding to family and youth programs. Finally, by ignoring the sector in its major policies and programs, the government has delegitimized the sector as an integral component of civil society and service provision in Canadian communities.

These events at the federal level have left the voluntary and nonprofit sector without a partner in government and with a considerably diminished voice. While the development of the VSI, CVI, and SEI sparked considerable engagement with the sector by government, the period following the 2006 federal election has been marked by a lack of government interest verging on neglect. Much of the national capacity to represent the interests of the voluntary and nonprofit sector have been lost to program and funding cuts. As such, the current global recession represents only one of several factors limiting the ability of the sector to meet its goals.

### **Rural-Urban Tensions: The Government of the Northwest Territories and the Social Economy**

The substantive policy measures introduced by successive federal Liberal governments, as well as their widespread engagement in the voluntary and nonprofit sector, were not replicated in the NWT. On the one hand, the territorial government was slow to respond to the opportunities presented by the federal government's enthusiasm for the sector. While the federal VSI was announced in 2001, the GNWT did not adopt similar sector-wide approaches. On the other hand, following the Conservative government's retreat from the sector, the GNWT did not intervene to replace lost funding and organizational supports. Instead, the GNWT mirrored the federal government's approach of benign neglect. It simultaneously promoted the importance of the sector, while denying sector organizations resources to meet their diverse service mandates and goals.

The only significant GNWT policy to target the voluntary and nonprofit sector took its inspiration from the federal government's VSI. In 2005, the GNWT launched the *NWT Volunteer Support Initiative* (NWT VSI), developed to meet local needs and to improve the social,

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<sup>23</sup> Phillips, Laforest, and Graham 2008: 15.

economic, cultural, and environmental condition of communities through the voluntary and nonprofit sector. The initiative was sweeping and well-developed, and its Action Plan had four goals: 1) address the challenges of recruitment, retention, and training of volunteers; 2) build capacity in the sector to respond to community and social service needs; 3) promote the participation of the sector in the territorial government's policy processes; and 4) facilitate connections and relationships within the voluntary sector, and between the sector and government.

In the absence of adequate funding for its implementation, however, the NWT VSI largely failed at improving state-sector relations and in cultivating a favourable operating environment for the sector. Both institutional and political constraints account for this failure. First, until recently, the GNWT's voluntary and nonprofit sector initiatives have been housed in line departments and not in central agencies such as the Executive. This has limited the implementation of sector-wide policies across the government. Voluntary sector leaders seeking to renew relationships with the territorial government have been forced to negotiate department by department, creating an enormous advocacy and administrative burden. There has been no GNWT-wide financial commitment to the support of the voluntary sector. Suffering from the absence of implementation plans, inadequate funding, lack of internal coordination and inconsistent evaluations, these programs have languished in bureaucratic purgatory.

Second, political dynamics within the legislature have hampered efforts to support Yellowknife's social economy. The tension between MLAs representing Yellowknife and those representing other NWT communities has constrained government efforts at improving state-sector engagement. One MLA observed that there is a

big dichotomy between the capital and the rest of the communities, and that is very real. Most of our largest voluntary organizations are in Yellowknife and so to provide resources to them is problematic from this perspective. It is difficult to build support [among MLAs] with a real altruistic perspective, which would be unique to find among those members. It's partly about gaining the trust that the Yellowknife MLAs are working just as hard for other constituencies in other parts of the North."<sup>24</sup>

Competition for scarce resources amongst MLAs—many of whom are responding to the poor living conditions in their home communities—has placed the issue of supporting the voluntary and nonprofit sector in a tenuous political position. As another MLA put it, "It's not that the others don't see the benefit in volunteering that [we] do, its not a philosophical difference, it's just more important to them that they get the water fixed in their community than to spend \$50,000 on Volunteer NWT."<sup>25</sup>

In October 2007, a territorial election brought in a new government under Premier Floyd Roland. Volunteer NWT and the leaders of other sector organizations believed that a new government provided an opportunity to reinvigorate the NWT VSI, as well as renew the government's commitment to the *Declaration*. In addition, a new and vocal group of Yellowknife MLAs had been elected, including Glen Abernethy, Wendy Bisaro, Bob Bromley, and Robert Hawkins.<sup>26</sup> Each demonstrated a strong commitment to the sector during the election and in their first

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<sup>24</sup> Anonymous interview, Government of the Northwest Territories official, July 17, 2009.

<sup>25</sup> Anonymous interview, Government of the Northwest Territories official, July 17, 2009.

<sup>26</sup> Abernethy (Great Slave), Bisaro (Frame Lake), and Bromely (Weledeh) were newly elected in 2007, while Hawkins (Yellowknife Centre) was elected for a second term.

months at the Legislative Assembly. For example, after much effort, the group had “enhance support for the voluntary sector” added to the list of initiatives included in the government strategic vision.

This was not the only change the group advocated. Indeed, during member statements in November 2007, Abernethy criticized the government’s lack of progress in meeting its commitments under the NWT VSI and demanded action on the part of the Premier. He stated:

Many of the organizations within the sector feel that the lack of progress may be related to the lack of the GNWT staff dedicated to this area, as well as the lack of a government-wide approach on supporting the sector itself.

Further, they feel that some of these challenges may be overcome by assigning the responsibility, mandate and accountability for implementing the government’s commitment to the Executive under one Minister.

Mr. Speaker, later this afternoon I’ll be asking the Premier some questions regarding the effectiveness of having the responsibility for the voluntary sector under the Department of MACA [the Department of Municipal and Community Affairs] and how the government intends to move forward in order to provide the support committed to the voluntary sector in March 2005.

Abernethy’s comments demonstrate an understanding by political actors that there were serious deficiencies with the design and structure of the NWT VSI, and that reform was needed.

Abernethy’s call to action formed part of a concerted campaign by sector leaders and supporters to have responsibility for the voluntary and nonprofit sector moved from MACA to the Department of Executive’s Financial Management Board (FMB). As one sector leader stated, “MACA just lost interest and put its focus on other things. It really became apparent that we were just banging our heads dealing with a department who couldn’t tell other departments what to do.”<sup>27</sup> Sector leaders hoped that moving responsibility to the FMB would enable the central agency to implement a government-wide approach to sector financing, policy, and programming. In making this change, sector leaders envisioned an access point where the sector could engage in a meaningful dialogue with public servants who had influence over all departments. As another sector leader commented, “we were speaking with people [at line departments] who would listen politely, but then say they were really powerless to do anything outside their own department. We were hoping to see government-wide changes, because this sector works with virtually all government departments.”<sup>28</sup>

In late 2008, the Roland government moved responsibility for the sector from the Minister for MACA to the FMB. While no immediate policy changes followed this move, the FMB did organize a summit with the voluntary sector for March 2009. The Summit brought together twenty-four volunteers and representatives of sector organizations. Participants were divided into four focus groups examining the coordination and management of volunteers, volunteer recruitment, volunteer training, and volunteer recognition. At the same time, another group of volunteers and representatives participated in a Nongovernmental Organization Funding Focus Group, which examined issues around funding and funding access, application and reporting processes, and state-sector relationships.

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<sup>27</sup> Anonymous interview, sector leader, July 9, 2009.

<sup>28</sup> Anonymous interview, sector leader, July 12, 2009.

After six months of silence, a thin (twelve-page) document was released by MACA, which summarized the minutes of the summit. No explanation was given for why responsibility for the file had been passed back to MACA. Billed as a “first step,” the report stated that MACA would use the feedback received during the summit to produce a 2009-2012 GNWT Volunteer Support Initiative. As yet, no public action has occurred. In addition, other than the release of notes from the NGO Funding Focus Group, no action on the part of FMB has been taken.

The policy direction of the GNWT is much the same as it was in 2007. Symbolic commitments have been made to encourage greater engagement and cooperation between the government and sector organizations. While a dedicated group of MLAs has lobbied consistently in the Legislative Assembly, little positive policy change has been made. In part, this represents the stark choices faced by a government whose resources do not match the demands of its citizens. It may also reflect the absence of pressure from a cohesive and consistent voice from the voluntary and nonprofit sector. The lack of such a voice is itself the result of federal and territorial cutback. Without it, it is difficult for the sector to both hold the government to account and to capitalize upon policy opportunities when they occur. As one representative of the sector put it, “it would be a hollow victory if the sector doesn’t capitalize on [the move to FMB] before the end of this government, as things may revert back to the way they were. We need to keep this momentum.”<sup>29</sup>

### **Old Companions: The City of Yellowknife and the Social Economy**

Municipal governments all over Canada have a long history of support for community groups and probably the most intimate relationship with them. Arguably, Yellowknife’s relative geographic isolation and its status, until 1967, as the only city in a territory governed from a distant capital, created an even closer relationship. The City of Yellowknife consistently and substantially supported the voluntary and nonprofit sector since the inception of the municipality in 1940.

The contemporary relationship between the sector and the City takes three forms: 1) facilities support, 2) council recognition, and 3) grant funding. The City of Yellowknife supports the voluntary and nonprofit sector through capital investment and the provision of facilities, including parks, sporting facilities, meeting rooms, and the public library. These facilities are available to voluntary and nonprofit organizations for a small fee or at no cost. The City recovers approximately 40 to 50 percent of its costs from rental fees. It subsidizes the maintenance of these facilities through property taxes and government transfers. While not providing all of the capital funds necessary for the construction of new facilities—relying instead on partnerships with large business and other levels of government—the City does continue to operate and maintain these facilities once they have been built. Without this type of subsidy, sports teams, arts organizations, and others would not have access to the appropriate spaces to run their programs.

The City is also heavily involved in recognizing the contributions of volunteers and the voluntary and nonprofit sector. This often occurs through Council Proclamations, as well as other recognition programs such as the Heritage Committee’s local art purchasing program. The

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<sup>29</sup> Anonymous interview, sector leader, July 10, 2009

Mayor and Council frequently cite local organizations in their meetings and make efforts to participate as board members, volunteers, and participants with sector organizations.

The most significant program the City of Yellowknife offers to support the voluntary and nonprofit sector is its grants and contributions program. In 2009, approximately \$425,000 was distributed amongst sector organizations. The program has two components: special grants and core funding. To qualify for a special grant, an organization must submit an application which demonstrates that its program has an educational and community enhancement component; is open and inclusive; and would benefit from City support. The process is designed to be accessible, and applications are judged by both members of Council and the public. Grants range from \$2000 to \$12,000 and can be held for up to three consecutive years. After this three year period, organizations are directed to the core funding program which offers financial stability to organizations. The goal of the core funding program is to promote self-sufficiency, and it encourages organizations to seek funding from other levels of government or foundations.

Financial resources for the grants program come from the City's general revenues. The overall amount which the City can contribute to the sector is capped under the *Cities, Towns, and Villages Act* at two percent of general revenue. Thus, the ceiling for the program is determined by the municipality's tax base. For the past two years, the City has hit its ceiling and has been unable to distribute as much money as organizations have qualified for. It seems likely that individual organizations will see their contributions cut in the coming years as demand for the program increases. Indeed, a councilor involved in the grants program stated: "We have already started warning groups that they will not be receiving as much support as they have in the past if this cap stays in place."

This difficulty, which seems to serve no one's interest, persists despite the majority of "urban" MLAs and the large number (7 of 19) of Yellowknife members. It appears that their ability to act on this matter is hampered by a division endemic to the party-less territorial legislature. Two of the Yellowknife members are members of the seven-person Executive (and so bound by Cabinet solidarity) while five are outside it, and so cast in the role of the official opposition. Common priority setting and collaboration across this divide is difficult.

### **Tentative Conclusions and Early Thoughts**

From the arrival of non-Indigenous people in northern Canada, political, social and economic "development" has been defined by the purposes of large, exogenously motivated institutions, be these mercantilist trading companies, religious organizations, or the British and Canadian states in their various phases. The large contours of this process, and northern Indigenous peoples' responses to it, are well-understood in the North and have been reasonably well-studied by scholars. Scholarship has neglected, however, close studies of the immediate impact and longer term implications of several decades of development policy on specific communities, and upon people's daily lives. The analysis presented in this paper is an attempt to begin to come to terms with this aspect of northern development policy, by focusing on an arena of activity that is, paradoxically, at once most open to shaping by self-organizing citizens while it is profoundly vulnerable to twitches and gaps in government priorities.

The recent history of the social economy in Yellowknife illustrates this circumstance very well. Despite the Northwest Territories' long period of massive institutional innovation and political development, in important ways the society of the territory still tends to be divided along ethnic lines, and these lines are entangled with geography. The divisions are rural-urban, with the rural communities being the sites of Aboriginal majorities and the strongholds of Aboriginal cultures. The social division is most visible in the third sector in Yellowknife, where even those organizations that provide services to a largely Aboriginal clientele tend to have few or no Aboriginal employees.

Another consequence of territorial history is that the Yellowknife social economy is to some degree an enclave, despite the best efforts of people living in the capital to extend their work and their connections to smaller communities, and despite the inter-personal connections of many. Some of the reasons for this are obvious: in a territory of widely dispersed communities, few roads and patchy broadband Internet connections, communication and collaboration among settlements is expensive and time-consuming. We believe that there are other reasons for the separation as well, to do with the particular character of the societies of the smaller, predominantly Aboriginal communities and those of the wage centres where there is a significant labour market, such as in Yellowknife. This is a matter that we intend to explore in future work.

Whatever the reasons for the relative distinctiveness of Yellowknife, we may note that the difficulties faced by its third sector are not so different from those facing the sector in the rest of Canada. High among these difficulties are inconsistent government funding practices and insufficient reliable funding for important aspects of the sector's vitality. Its difficulties are similar to those of the third sector elsewhere in Canada, refracted through the particular divisions and history of the territory. In this condition, cross-sectoral unity is even more important, and so the federal and territorial cuts that eliminated support for network-building have had a powerful impact.

The current study is preliminary. We believe it is the first academic consideration of Yellowknife's social economy. More critique and further work on the history of the sector in the city is needed. We are particularly interested in better understanding the relations between the sector and the various populations of Yellowknife and environs, as they have evolved since the establishment of the city in the 1930s. Watch this space for further analysis!

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