

UNDERSTANDING POVERTY IN NUNAVUT



REPORT PREPARED FOR
**THE NUNAVUT ROUNDTABLE
FOR POVERTY REDUCTION**

AUGUST 31, 2012

The Income Support Program in Nunavut exists to help those unable to access a minimum standard of living. In Nunavut, half of the population needs this help for at least a portion of the year, and almost 60 percent of the population live in public housing. Nearly 70 percent of Nunavut's children live in households rated as food insecure and 15 percent of children will experience at least one day in the year when they do not eat. In Nunavut, poverty is not a fringe or special interest issue.

It is the issue.

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By Impact Economics
August 31, 2012

This research report was made possible through financial contributions by the Nunavut Anti-Poverty Secretariat, Department of Economic Development & Transportation, Government of Nunavut.

The views expressed in this report are the author's and do not necessarily reflect the opinions of the Department of Economic Development & Transportation or of the Government of Nunavut. Research for this report was conducted throughout 2011 and 2012.

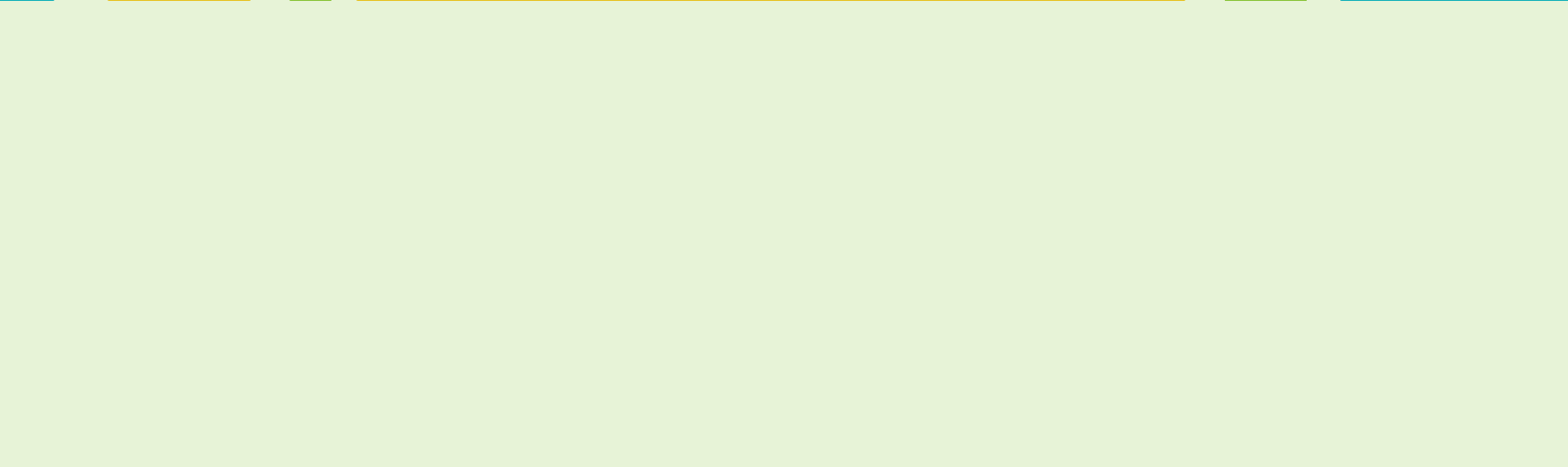




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PREFACE

When the research for this report began in 2011, the Nunavut economy was performing marvellously. The mining sector was performing particularly well. A gold mine had opened a year earlier and two others were well on their way to being developed. Several other mining prospects targeting gold, silver, iron, diamonds, and uranium were moving aggressively towards development.

The economy was doing so well that a pause was needed to reflect on the research topic of poverty. What will this advancing economy mean for Nunavut? Will the pending research discover that poverty is really the result of decades of limited economic opportunity and that the next decade will see radical improvements as these projects develop and more Nunavummiut enter the workforce?

These questions were contemplated in the *2010 Nunavut Economic Outlook*, subtitled *Nunavut's Second Chance*.¹ At that time, it seemed that Nunavut's economy had come out of the 2008-09 world economic recession stronger than it had gone in. Its economy was the strongest in the country. The prospects for growth in the mining sector were better than before, primarily due to changes in ownership of some of the more advanced projects. The mineral properties that were discovered by junior mining and exploration companies were now in the hands of large multinational companies with proven track records in developing and operating mining projects all over the world. It also helped that the demand for natural resources was high and that the equally high world prices for these resources were making Nunavut's geographically isolated mineral properties financially viable.

Mining wasn't the only sector performing well. The public sector was enjoying increased financial support as a

result of the Canada Economic Action Plan. The federal government introduced this Plan as a way to soften any negative effects of the recession. For Nunavut, it was an opportunity to improve its public infrastructure, especially housing where the funds were used to build 285 public housing units, which were in addition to the 725 built using funding from the Nunavut Housing Trust.

With this economic story as its backdrop, one would likely be surprised at some of the findings reported in the Nunavut Economic Outlook. Concern was expressed about lagging social performance and a segment of the population that did not show signs of readiness to cope with the changes that were coming. It was never suggested that the pending economic growth was bad or unwanted, but rather, Nunavummiut were not prepared to seize the opportunity in full. What were needed were more aggressive preparations that would put in place the right mix of economic, social, and cultural supports to manage the impacts and benefits of rapid economic change.

One conclusion from the report was that Nunavut would experience a rise in income disparity, which is already more extreme in Nunavut than elsewhere in Canada. A wider separation of haves and have-nots has negative implications for the advancement of Nunavut society, for future growth of the economy, and for the achievement of Nunavut's goal of a high and sustainable quality of life for all.

These findings became the starting point for the focussed research on the topic of poverty. What were the implications of the fast growing economy and the prospect for clear winners and losers in the process? It was immediately clear that poverty was not just a question of economic opportunity, but more study was needed to understand what else was involved.

As the research progressed, something happened that affirmed some initial hypotheses. Over a period of two or three months in early 2012, Nunavut was hit by a series

¹ Impact Economics, 2010.

of bad news stories. Newmont Mining had decided to place its Hope Bay Gold Project on long-term care and maintenance. Agnico-Eagle Mines announced it would shorten the mine life of its Meadowbank Gold Mine, and simultaneously slow the pace of development at its Meliadine Project. Meanwhile, if it wasn't apparent before, it was now clear that the pending federal budget would introduce austerity measures aimed at eliminating its deficit. This meant no additional money for housing and limits on other infrastructure projects important to Nunavut. Seemingly overnight, Nunavut's near term positive economic outlook had collapsed.

Shortly thereafter, in May 2012, the United Nations Special Rapporteur on the right to food conducted an official visit to Canada. In his end-of-mission statement,² Olivier de Schutter said that a large number of Canadians are unacceptably too poor to feed themselves decently and that Inuit are in a particularly desperate situation³ The response from the Government of Canada largely dismissed the United Nation's findings.⁴ The ensuing debate has brought national attention to the plight of Nunavut's poor. Issues of food insecurity, failing health, inadequate housing, and high unemployment are now centre stage. The food protests across Nunavut have encapsulated this debate.⁵

Of course, the path of economic growth is forever changing. Six months after the string of economic setbacks and after the initial research on poverty had concluded, some of Nunavut's major economic players were once again promoting their projects. Improved financial returns at Meadowbank prompted its owners to soften their previous statements and reintroduce the possibility of a longer mine life. MMG Inc. announced its intentions to submit a project proposal for the Izok Corridor Project, and the Nunavut Impact Review Board approved the Mary River Iron Project (albeit with 184 conditions that the project proponent must meet).

What we take from the constant changes to the economic landscape is a need for a deeper understanding of poverty that looks beyond the latest press release from a mining company or the latest data from Statistics Canada. Economic growth is an important component to poverty reduction, but when viewed in isolation the picture is incomplete. Understanding poverty in Nunavut must include exploring the complex relationships between the social, economic, political, historical, and geographical factors that influence Nunavut's development.

2 De Schutter, 2012.

3 Impact Economics, 2008 and 2010.

4 Payton, 2012a

5 See the Feeding My Family facebook page and website <http://www.feedingmyfamily.org>.

1. INTRODUCTION

The income support program in Nunavut exists to help those unable to access a minimum standard of living. In Nunavut, half of the population needs this help for at least a portion of the year, and almost 60 percent of the population live in public housing. Nearly 70 percent of Nunavut's children live in households rated as food insecure and 15 percent of children will experience at least one day in the year when they do not eat. In Nunavut, poverty is not a fringe or special interest issue. It is the issue.

There can be no doubt that Nunavut's long-term economic potential is promising. Anyone looking from afar will likely view this potential as a great opportunity. And indeed it is. But there's a problem that can be missed with a cursory glance. For Nunavut, poverty has the potential to undermine the possibility of future prosperity and threatens to impede the distribution of benefits of this economic breakthrough.

*The most critical problem of sustainable development is the eradication of poverty. That is because poverty is not only an evil in itself. It also stands in the way of achieving most other goals of development, from a clean environment to personal freedom.*⁶

Poverty can push society into making irrational decisions. History is full of examples of this. Just the threat of poverty or the possibility that one's standard of living will decline can influence how people evaluate their choices and can result in a reordering of priorities. We can see this through examples of developing countries forsaking their social values and their environment for economic gains, sometimes with dramatic long-term consequences.⁷

The *Nunavut Economic Development Strategy* states that the ultimate goal of Nunavummiut is to reach a "high and sustainable quality of life" that is a balance of economic, social, cultural, community and environmental improvements. But as the 2008 and 2010 editions of the

Nunavut Economic Outlook reveal, some improvements are coming much faster than others.⁸

The advancing economy is revealing that there are many Nunavummiut who are not ready, are unwilling, or are unable to participate. There are many reasons for this lack of participation, but for now, regardless of the reasons why, these people are being left behind.

In other parts of the country, there is a separation of rich and poor, of haves and have-nots. But this occurs on a much smaller scale than it does in Nunavut. Approximately 50 percent of Nunavummiut would be deemed poor if we use participation in the Income Support Program as the measure of poverty.

The stated goal of Nunavummiut for a high and sustainable quality of life applies to all Nunavummiut, not just those who are prospering. The territory will not reach its goal without addressing the issues of poverty no matter how big and impressive the economy becomes.

The fight against poverty begins with a clear understanding of what it means for Nunavummiut. It is common to see poverty defined in terms of income and its purchasing power. Someone is deemed to be poor if their income is insufficient to acquire the necessary goods and services needed for survival. This is a good place to start a discussion of poverty because so many of our associations with being poor relate to what we can or cannot afford.

But we cannot stop here. Why is it that some people are poor while others are not? What path led people to become poor?

We see the causes of a deprivation of financial resources as a component of poverty itself; that inadequate financial resources (not enough money) is the result of

6 See "Chapter 1: What is Development?" in Soubbotina, 2004.

7 Diamond, 2004.

8 Impact Economics, 2008 and 2010.

other forms of deprivation (other things are absent from the person's life). So, right from the start, it is understood that poverty cannot be eradicated simply through the provision of money. Providing money ensures people are able to buy food and clothing and are not destitute, but it doesn't alter their financial prospects and can instead create an environment of dependence from which it is hard to escape. We must nurture those elements of people's lives that are deficient and that lead to further deficiencies in the basic resources we all need to care for ourselves.

The research for this report began by confronting a few common prejudices. First and foremost, it was assumed that people are not poor simply because they are lazy; no one chooses to be poor. This doesn't eliminate personal responsibility as a part of the strategy to reduce poverty, but it does eliminate the very unproductive suggestion that poverty can be solved if people would just get up in the morning and go to work.

If we were to trace the genealogical roots of Inuit families, one could almost guarantee that those that are now poor were not always that way. Many Inuit will argue that, until recently, there was no such thing as poverty as we understand it today. Life was a question of self-reliance and survival. There is no doubt that life brought hardship and suffering at times. But so long as there was a food source, Inuit could use their skills and knowledge to access it. They survived by their own means.

Today, survival is accomplished by purchasing the necessities of life with money acquired through employment. Nunavut has a small but growing wage economy that creates enough jobs to serve the resident population, but too many Inuit are not able to access these jobs. Some are missing necessary skills or education, others face language barriers, and still others are unable to move to where the jobs are located. This is new for Inuit. Some have lost the ability to survive by their own means. This is poverty in Nunavut.

THE CREATION OF NUNAVUT

The political origins of the creation of Nunavut on April 1, 1999 date from the period of the settlement of Inuit in permanent communities by the Government of Canada in the 1960s and 1970s.

The rapid transformation of Inuit society that occurred in this period brought with it a wide range of societal problems. These included threats to Inuit language and culture, a breakdown in traditional social structures and traditional economic activities, a rapidly growing population, and limited employment opportunities.

Having committed to the settling of Inuit, the Government of Canada struggled to address the problems that were evident in the new communities. There were some successes, but also some catastrophic failures of public administration.

These have been documented and brought to public attention through inquiries into the forced relocation of families from Inukjuak to Resolute and Grise Fiord, the Qikiqtani Truth Commission on the killing of Inuit sled dogs, and most notably the current work of the Truth and Reconciliation Commission.

By 1973, when the two-year-old Inuit Tapirisat of Canada launched a study of Inuit land use and occupancy, a group of Inuit leaders had emerged who were determined to address these problems themselves. The creation of a new territory, over which they would have political control, was to be the means.

By 1974, the Inuit at that time were very politically aware. They were beginning to understand what was going on. Prior to that, they had come to the conclusion that the situation in the Arctic was not acceptable. We knew that things had to change, that they could not continue the way they were. We were not in control of our land. We were not in control of our education. We were still recovering from the colonial era. So, we all understood that things had to change, and land claims and the Inuit Tapirisat of Canada were seen as the instruments of change.⁹

In 1993 the Canadian Parliament adopted the *Nunavut Land Claims Agreement Act* and the *Nunavut Act*. On April 1, 1999, the new territory and the Government of Nunavut came into existence.

9 John Amagoalik in McComber, 2007, p. 76.

Knowing why some Nunavummiut are poor while others are not is not always obvious. In the transition to the modern-day Nunavut, some families' survival skills and knowledge, their particular expertise in the subsistence economy, their geographic location, their interest or hesitancy in moving into government-sponsored communities, and their readiness to work within this new economic system have certainly influenced the probability that their descendants are poor today.

All aspects of life for Nunavummiut must be investigated to fundamentally alter poverty that is so entrenched and pervasive in Nunavut society. Reducing poverty will require a strong economy that provides opportunities for local participation. It will need a population better equipped to cope with and manage change in their communities. It will need new approaches from government in its programs and policies aimed at assisting the poor and improving their prospects and that of their children. Reducing poverty will require a wholesale change in the manner in which Nunavummiut view welfare and may ultimately lead the territory toward monumental shifts in governance, sharing, and expectations.

This report is an introduction to understanding poverty in Nunavut. It has been written while the Nunavut Roundtable for Poverty Reduction, co-sponsored by the Government of Nunavut and Nunavut Tunngavik Inc., has undertaken public engagement on poverty reduction in Nunavut. The outcomes of this participatory approach, aimed at creating a space for a public dialogue on poverty, have contributed to the thinking behind this report. The report presents information on the different dimensions of poverty and on existing public policies and programs. It also investigates how poverty might be measured.

The goal of this research is to learn about poverty and its challenges in Nunavut. A better understanding of the complexities of these challenges will provide a foundation for informed discussion and effective public policy.

2. PURPOSE OF REPORT

With the start of the Third Legislative Assembly in 2009, the Government of Nunavut announced its goal to reduce poverty. Almost immediately Nunavut Tunngavik Inc.¹⁰ (NTI) publicly stated its intention to work with the government in this endeavour. Recognizing that poverty reduction requires the involvement of many different agencies, the government and NTI agreed to co-chair the Nunavut Roundtable for Poverty Reduction,¹¹ where collaborative work could proceed on the preparation of Nunavut's poverty reduction action plan.

The plan – *The Makimaniq Plan: A Shared Approach to Poverty Reduction* – was completed in November 2011 and released a few months later.

The purpose of this report is not to prove the existence of poverty, defend a particular definition, or to present specific solutions for the eradication of poverty. It is accepted that poverty exists, that it is more complex than simply the lack of money, and that there isn't a single solution to rid Nunavut of its poverty crisis.

This paper has been prepared to support the work of the Nunavut Roundtable for Poverty Reduction in its efforts to implement *The Makimaniq Plan* and to support continuing discussion on the subject of poverty in Nunavut.

We begin this discussion in the next chapter (Chapter 3) with an overview of selected socio-economic trends in Nunavut. Measures and indicators of well-being are presented. The purpose is to provide readers with an overview of current conditions.

10 Nunavut Tunngavik Incorporated (NTI) ensures that promises made under the *Nunavut Land Claims Agreement* (NLCA) are carried out. Inuit exchanged Aboriginal title to all their traditional land in the Nunavut Settlement Area for the rights and benefits set out in the NLCA. The management of land, water and wildlife is very important to Inuit. NTI coordinates and manages Inuit responsibilities set out in the NLCA and ensures that the federal and territorial governments fulfil their obligations. See <http://www.tunngavik.com>

11 The Nunavut Roundtable for Poverty Reduction is co-sponsored by the Government of Nunavut and NTI. Participants include government, Inuit organizations, communities, NGOs and the business community. The Roundtable receives administrative and organizational support from the Nunavut Anti-Poverty Secretariat, for the Government of Nunavut, and from the Department of Social and Cultural Development, for Nunavut Tunngavik Inc.

PUBLIC ENGAGEMENT FOR POVERTY REDUCTION

Seeking a collaborative approach for the preparation of a poverty reduction action plan, the Nunavut Roundtable for Poverty Reduction adopted a public engagement methodology.

Public engagement is promoted by the Public Policy Forum (PPF), which defines the process as “a new way of thinking about how governments, stakeholders, communities and ordinary citizens can work together to achieve complex, societal goals.” Supported by the PPF, the Government of New Brunswick used the method successfully to prepare their poverty reduction strategy in 2009. The PPF also has played a key role as a consultant to the Roundtable.¹²

Nunavut’s public engagement for poverty reduction process was launched October 18, 2010, and proceeded in three stages: dialogue, deliberation, and decision-making. Community dialogues on poverty reduction took place across the territory during the winter of 2011. In this stage the focus was on community assets, and how these can be strengthened to ensure a future free of poverty.

In May and June 2011, regional roundtables were convened to discuss specific actions and policy initiatives to address poverty reduction.

The third stage of public engagement, the Poverty Summit, was held in Iqaluit November 28-30, 2011. *The Makimaniq Plan: A Shared Approach to Poverty Reduction* was prepared and agreed “on-the-spot” during the summit.¹³

The Makimaniq Plan was formally adopted by the government and NTI on February 24, 2012, and was validated by the public at subsequent regional gatherings. Implementation will take place over the next eighteen months, and before the end of 2013, a new five-year collaborative poverty reduction action plan will be launched.

In Chapter 4, the multiple dimensions of poverty in Nunavut are introduced. Human capabilities and social exclusion are given equal measure to the more traditional approach that focuses on economic or financial well-being. The public engagement methodology adopted by the Nunavut Roundtable for Poverty Reduction is also introduced in this chapter.

Public engagement brings together all of those citizens who need to be involved in the solution to a complex problem like poverty, including governments, Inuit organizations, communities, non-governmental organizations, the business community, and ordinary citizens. Although public engagement is new to Nunavut, participation as a methodology to enhance poverty reduction goals has been used in international development work for more than 35 years. Participatory methods attempt to provide citizens, including those with direct lived experience of poverty, the opportunity to participate in the design, development, and implementation of policies and programs to reduce poverty. When combined with the technical knowledge gained through research, the process shines a light on the opaque nature of poverty, and shows the path we must take to reduce it.

Our goal in preparing this paper is to understand poverty in Nunavut. This requires that we define poverty in Nunavut, and provide measures that can be used to assess the effectiveness of policies and programs aimed at poverty reduction. It is a challenging task: poverty is an enormously complex subject, and perhaps no more so than in Nunavut.

This complexity makes it very difficult to produce a succinct definition for poverty in Nunavut. We must first take a broad view of the problem. Poverty is about more than just money. Economic well-being, human capabilities, and social inclusion must have equal parts in our definition. A narrower view will oversimplify the research and focus exclusively on economic performance, employment, and income. Perhaps the most significant risk of this narrower view is that our research will not include Inuit views of poverty. As has been learned

12 Lenihan, 2012a and 2012b.

13 Nunavut Roundtable for Poverty Reduction, 2011a.

through the public engagement participatory processes, to understand poverty in Nunavut we need to hear directly the stories of how people have come to be poor, and about the challenges they confront in the struggle to meet their basic needs.

How is it that so many Nunavummiut are dependent on the Government of Nunavut's Income Support and Public Housing Programs? To learn why requires an investigation into the quality of life for Nunavummiut in terms of their health, educational attainment, equality, equity, and safety. It requires the exploration of the social and economic changes Inuit have experienced over the past 50 years. What role do Inuit culture and values play in Nunavut's state of development? How do Inuit values marry with Canadian and Nunavut public institutions?

It is not enough to study poverty for the purpose of counting the number of people who struggle with its effects. The history of what brought them to this state must be known. These complexities are examined in detail in Chapters 5, 6 and 7, which address poverty in terms of deprivation of income, human capabilities, and social inclusion, respectively.

In Chapter 8 the report turns to the discussion of public engagement, and how this process has helped us to understand poverty in Nunavut.

The report concludes in Chapter 9 with a discussion of typical poverty measures and their usefulness for understanding poverty in Nunavut. Chapter 10 offers a few suggestions for "next steps" for the Nunavut Roundtable for Poverty Reduction.

The approach used in this research is to synthesize what we already know in terms of economic well-being, human capabilities, and social inclusion from existing reports and literature. The 'new' data on poverty in Nunavut emerged through the participatory processes undertaken by the Nunavut Roundtable for Poverty Reduction during public engagement in 2011. When combined with the objective data, the information gathered by the Roundtable provides a clear understanding of poverty in Nunavut.¹⁴

14 Nunavut Roundtable for Poverty Reduction, 2011b. Reports on each of the three stages of public engagement sponsored by the Nunavut Roundtable for Poverty Reduction in 2011 can be found on its website at <http://www.makiliqta.com>

3. NUNAVUT'S POVERTY INDICATORS

This chapter presents some selected data that are typically used in an assessment of poverty. It is not a comprehensive data set, but the information provides a useful overview of commonly-used poverty indicators. Many of the data presented here are reintroduced later in the report in the context of specific topics in the discussion on poverty.

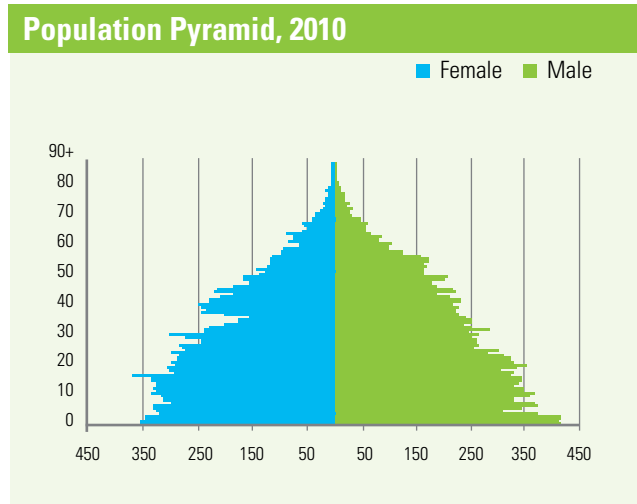
3.1 DEMOGRAPHY

Nunavut's demographic profile is unique in Canada (see Figure 3-1). The majority of Nunavummiut are under the age of 25, while the population of senior citizens and elders is relatively small. This large number of children puts pressure on the territory's education system and contributes to a "dependency ratio" that is the highest in the country at 78 percent. This ratio refers to the percentage of people dependent on the productive activities of others; that is the total of the number of people below the age of 19 and over the age of 65, compared to those between these ages. It is reported as the number of dependents for every 100 people in the working age range.

Understanding the nature of this dependency ratio helps in identifying groups that may be vulnerable to poverty. In Nunavut, the high ratio is caused by high fertility rates amongst women between the ages 15 and 24. The result is large families with young parents, who may struggle to graduate from school, with low family incomes, and childhood poverty.

In most other parts of Canada, demographic concerns are focused on the ageing population and the large numbers of senior citizens (elders). This is less of an issue in Nunavut today, where there is concern about the economic and social demands of young people as they grow up, enter the workforce, and form family units of their own.

Figure 3-1



Source: Statistics Canada CANSIM Table 051-0001

It is worth noting, however, that the number of Nunavummiut over the age of 60 will double in the next 20 years. At present, Nunavut does not have the health care system or long-term facilities to provide adequate care for its ageing population. It raises concerns over how many elders might live their final years in poverty.

3.2 EDUCATION AND GRADUATION RATES

Nunavummiut do not perform well in school. The territory's graduation rate reached an all-time high in the 2009-10 school year. It was 39.5 percent (see Figure 3-2). This is comparable to the education attainment of the worst performers amongst Organization for Economic Cooperation and Development (OECD)¹⁵ countries, such as Turkey and Mexico.¹⁶ Comparisons of Nunavut's graduation rates with the rest of Canada further highlight the poor state of affairs (see Figure 3-3). A study conducted in 2003 found Nunavummiut to have very low skills in reading, writing, and mathematics when compared to other Canadian jurisdictions, though it is noted that these tests were in English.¹⁷

15 Organization for Economic Cooperation and Development.

16 See various years of the OECD publication *Education at a Glance* available at <http://www.oecd.org>

17 Human Resources and Skills Development Canada and Statistics Canada, 2003.

3.3 LABOUR MARKET

Nunavut's workforce is underdeveloped. This is apparent when looking at the number of foreign workers (foreign to Nunavut) needed to supply the labour demands of the public and private sectors. Job tourists fill some of this labour demand. These are workers who visit the territory for relatively short periods of time and never take up permanent residency in Nunavut. Others come for periods of up to five years, some do raise their families in Nunavut, but few have any intention of remaining in the territory long term.

While the enduring population is unable, unwilling, or unready to access the jobs, employers must find the labour from somewhere. The people who relocate to Nunavut to fill these positions spend their earnings locally, invest in their new community, and contribute to society in many important ways, but they ultimately leave taking their knowledge, experience, and savings with them. An opportunity is lost.

To understand Nunavut's labour market one must separate the data into its Inuit and non-Inuit components (See Table 3-1). Non-Inuit residents living in the territory exhibit different socio-economic characteristics from the Inuit population, differences that are lost in the data for the overall population.¹⁸ In 2011, non-Inuit residents represented 22 percent of the labour market's source population (individuals aged 15 and over), but represented a much larger portion of the workforce, at close to 36 percent. Their overall employment rate (calculated as the ratio of number of employed to the number in the labour force) was 89.2 percent, with virtually no unemployment.

This is in stark contrast to Inuit labour. Their unemployment rate was 22.5 percent in 2011, while their employment rate was 46.2 per cent.

Separating the data in this way helps in identifying who is more likely to be receiving income support, living in public housing, and suffering from at least one form of poverty.

18 This is true of all socio-economic data. However, in most cases, these data are not separated into Inuit and non-Inuit categories.

Table 3-1

LABOUR FORCE CHARACTERISTICS FOR PEOPLE AGED 15 AND OVER, NUNAVUT, 2011

	Inuit	Non-Inuit	Total
Total population aged 15+	16,400	4,700	21,100
Labour force	9,800	4,300	14,100
Employed	7,600	4,200	11,800
Unemployed	2,200	100	2,300
Participation rate (%)	59.6	91.9	66.8
Employment rate (%)	46.2	89.2	55.8
Unemployment rate (%)	22.5	-	16.5

Source: Nunavut Bureau of Statistics, StatsUpdate, Released January 6, 2012

Table 3-2

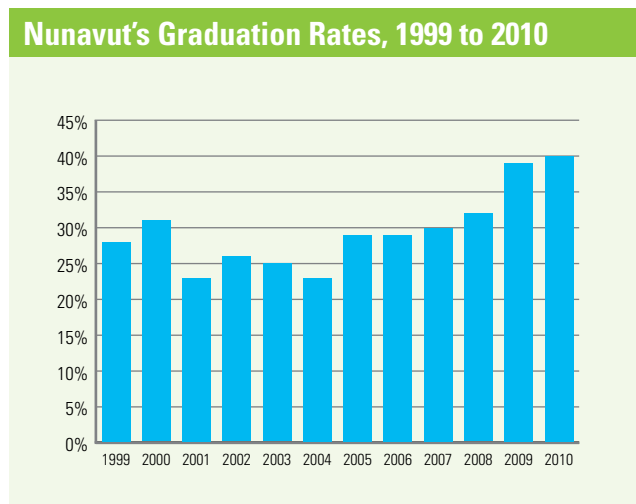
SELECT HEALTH STATUS INDICATORS FOR NUNAVUT AND CANADA

LATEST AVAILABLE FIGURES

	Nunavut	Canada
Household food insecurity, 2007-2008	31.9	7.7
Life expectancy at birth, males, (2005-2007)	67.2	77
Life expectancy at birth, females (2005-2007)	70.2	82
Infant mortality rate (per 1,000 live births) (2005-2007)	12.1	5
Self-assessed health status, male, (% reporting very good or excellent health)	42.3	60.7
Self-assessed health status, female, (% reporting very good or excellent health)	51.6	60.3
Cigarette smoking, (% of daily or occasional smokers age 12 and over) *	62.3	22.1
Percentage of non-smokers regularly exposed to second-hand smoke at home	17.6	6.2
Adult body mass index (Age 18+) (30 and greater) 2008	27.7	17.2

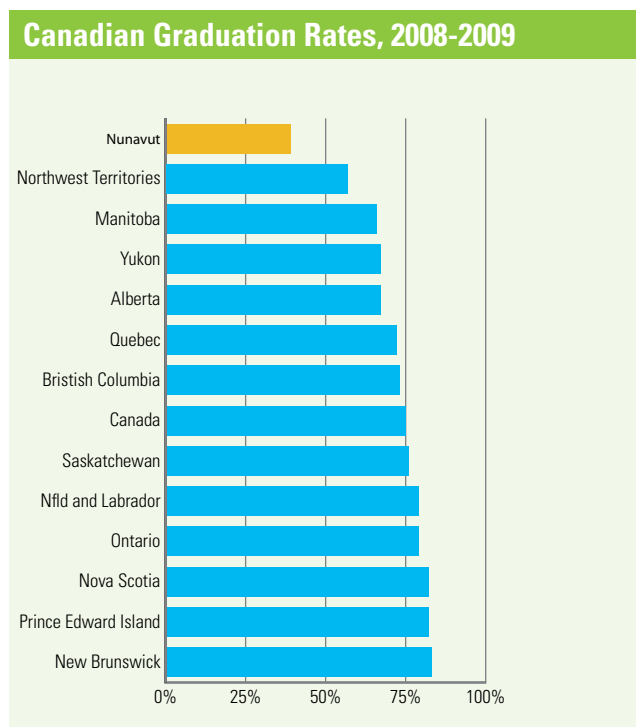
Source: Statistics Canada, Canadian Institute for Health Information
 Note: * Data for Nunavut's 10 largest communities

Figure 3-2



Source: GN Department of Education; Statistics Canada CANSIM Table 05-0001

Figure 3-3



Source: Statistics Canada, Catalogue 81-595-M No. 088

3.4 HEALTH INDICATORS

Nunavummiut fare poorly on most health status indicators in comparison to other Canadians (see Table 3-2).

Life expectancy remains 10 years below the national average for males and 12 years lower for females. Likewise, infant mortality, which is the death rate for infants below the age of one, is more than double the national rate. There are three times more smokers in relative terms in Nunavut than throughout the rest of Canada. There is also more obesity in Nunavut, which increases the risk of future health conditions such as diabetes. Note the low self-assessment of health.

This statistic is correlated with perceptions of happiness; that is, low self-assessment of health is correlated with low levels of happiness.¹⁹

3.5 FINANCIAL STATUS AND LOW MEDIAN INCOMES

The 2006 Census shows that among income earners, Nunavummiut have an average after-tax income that is comparable to the national average (see Table 3-3). However, their median income – the level of income from which there are equal numbers of people above and below the amount – was the second lowest in the country at the time of the 2006 Census (Newfoundland and Labrador was lower). This large gap between average and median income is often correlated with high levels of poverty. When coupled with a high dependency ratio, the low median income can indicate a risk of high rates of poverty among children and the elderly.

Most income statistics ignore the effect of prices and therefore do not represent the purchasing power of that income. In Nunavut, prices for some goods and services, such as that for food, housing and transportation, are double or triple the prices in Canadian provinces.²⁰

In addition to the purchasing power issue, a majority of Nunavut's population live in government housing. Government subsidizes a portion of the rent, heat, utilities, municipal taxes, and maintenance costs for these homes, with an overall average cost of \$23,000 per

Table 3-3

AVERAGE AND MEDIAN INCOME LEVELS FOR THOSE WITH A SOURCE OF INCOME

	Nunavut	Canada
Total - Population 15 years and over	19,340	25,664,220
% Without income	10.5%	4.8%
% With income	89.5%	95.2%
Median 2005 after-tax income \$	20,042	23,307
Average 2005 after-tax income \$	28,781	29,214

Source: Statistics Canada - 2006 Census. Catalogue 97-563-XCB2006014.

unit on an annual basis. The comprehensive support for housing lowers the amount of income a family needs to meet its basic needs and must be considered when studying income levels and poverty in Nunavut.

3.6 INCOME SUPPORT

The Government of Nunavut offers numerous programs aimed at supporting the poor and reducing the financial burden associated with the high cost of living found in Nunavut, including the cost of hunting, fishing, and trapping. The two most important programs are the Income Support program and the Public Housing Program.

The Income Support Program:

- ▶ Ensures that all Nunavummiut have access to a minimum standard of living; and,
- ▶ Helps residents who are able to work become more independent through counselling and training.

The Income Support Program has several components including Social Assistance, Senior Supplementary Benefit, Fuel Subsidy, and Daycare Subsidy.

19 Richards & Gross, 2012.

20 Statistics Canada, 2010.

Social Assistance is by far the largest program within the system of Income Support with the total cost approaching \$32.6 million annually.²¹

The number of residents drawing on social assistance is significant. In 2008-09, more than 50 percent of Nunavut's population received support at some point in the year (though not necessarily entirely dependent 12 months of the year), over 40 percent of Nunavummiut aged 60 years or older received the Senior Supplement, while 45 percent of children under the age of 18 received the Nunavut Child Benefit.

3.7 HOUSING SUPPORT

The Government of Nunavut also runs a massive Public Housing Program; massive because it represents more than 15.6 percent of the government's budget (only the Departments of Education and Health and Social Services spend more money in a typical year), applies to half of the entire housing stock in Nunavut, and services close to 60 percent of the population (see Table 3-4).

A housing program like this is unique in Canada and is the result of special circumstances within Nunavut's housing market. The majority of households pay rent rather than a mortgage. Unassisted private ownership accounts for approximately 22 percent of homes in Nunavut compared to 67 percent nationally.

The high cost of building and maintaining a home makes ownership unattainable for a majority of Nunavummiut, due in large part to the low levels of financial wealth, lack of savings, and limited access to mortgages and new construction loans. Many of the tenants of public housing cannot afford market rates for rent and utilities, nor are they able financially to assume the responsibility for maintenance and upkeep of their home. The Government of Nunavut covers these costs. There is a further issue of no real housing market outside the capital city of Iqaluit.

It should also be noted, however, that the lack of a housing market is influenced, at least in part, by government support for public and staff housing. Alternative forms of shelter are not necessary as long as these government programs exist.

Table 3-4

NUNAVUT'S PUBLIC HOUSING NUMBERS, 2010

Current Housing Stock	9,400
Public Housing Units	4,400
Government Staff Housing Units	1,350
% of Population Living in Public Housing	57%
% of Population Living in Public Housing that are Inuit	99%
O&M Cost per Unit (public housing) ¹	\$23,180
O&M Cost per Unit (staff housing) ²	\$12,000
Nunavut Housing Corporation Budget ³	
Spending (incl. other expenses) ⁴	\$195 m
% of total budget (incl. other expenses) ⁴	15.6 %

Source: Statistics Canada, *Nunavut Housing Needs Survey*. Prepared for Nunavut Housing Corporation, October 2010. The number of public housing units has risen to 5,130 as of the winter, 2012.

Notes: (1) Nunavut Housing Corporation (2) Nunavut Housing Forum (3) Government of Nunavut *Main Estimates 2012-13* (4) other expenses refers to a grant received from the CMHC equal to \$38 million in 2012-13.

Table 3-5

HUMAN DEVELOPMENT INDEX, NUNAVUT AND CANADA, 2010

	Nunavut	Canada
Life Expectancy at Birth (years)	69.9	81.0
Life Expectancy Index	0.789	0.965
Average Educational Attainment (years)	9.9	11.5
Average Educational Attainment Index	0.751	0.871
Expected Years of Schooling	13.2	16.0
Expected Years of Schooling Index	0.641	0.777
Education Index	0.730	0.865
GNI per capita (2008 US PPP adjusted dollars)	42,627	38,668
Income Index	0.857	0.842
HDI	0.790	0.889

Source: Sharpe, A., and Hazel, E. (2011). *Estimating Nunavut's Human Development Index*. Centre for the Study of Living Standards.

21 Department of Finance, 2011.

3.8 HUMAN DEVELOPMENT INDEX

The Human Development Index (HDI) was originally developed by the United Nations as a comparative tool to be used in the study of nation states. It has since been altered and adapted to serve as a comparative tool for other jurisdictions. Its value comes from its ability to provide a quick and concise measure of how a country, province, territory, or community compares to another.

An HDI for Canada's provinces and territories was recently updated to include Nunavut (see Table 3-5). Nunavut ranked last. The findings were also inserted into the world rankings for the purpose of comparison. In this case, Nunavut's ranking was forty-second, with Canada as a whole ranking eighth. (Norway was first.)²²

3.9 SUMMARY

The data presented in this chapter is a starting point for a conversation on poverty in Nunavut and offers a basic understanding of its pervasiveness in the territory. Readers will have noticed that Nunavut's social and economic performance is different from what the average Canadian experiences. Some of the highlights from the chapter include:

- ▶ The demographic profiles of Nunavut and Canada are the complete opposite – Nunavut's largest population cohort is below the age of 15 whereas Canada's largest population cohort is approaching 60.
- ▶ Most indicators of education and health status are decidedly lower in Nunavut than in the rest of Canada – graduation rates are approximately half the national average and life expectancy is 10 to 12 years less.
- ▶ There is a heavy dependence on public housing in Nunavut – more than half of Nunavut's housing stock is public housing versus approximately 6 percent in Canada.
- ▶ There are fewer people employed on a percentage basis – Nunavut's unemployment rate was 16.5 percent in 2011 versus 7.6 percent nationally.

- ▶ And, while income levels are not so different, introducing the purchasing power of income reveals that the average Nunavut resident is considerably poorer than most other Canadians.

All of these differences contribute, in their own way, to the general state of poverty in Nunavut. The differences also imply that any policy response to poverty would likely be different from the typical Canadian approach.

In the next chapter, the different elements of poverty in Nunavut are discussed, including the methodology adopted by the Nunavut Roundtable for Poverty Reduction to ensure that the unique features of poverty in Nunavut were captured and appropriately inserted into its poverty reduction strategies.

²² Information from an unpublished paper prepared for the Government of Nunavut by E. Hazell and A. Sharpe, 2011, *Estimating Nunavut's Human Development Index*. See also Hazell, Gee, and Sharpe, 2012.

4. WHAT IS POVERTY IN NUNAVUT?

4.1 INTRODUCTION

How do we define and measure poverty in Nunavut? The question has generated increasing interest within the Government of Nunavut in recent years. With the commitment of the Third Assembly to “Reduce poverty” as a government priority during its mandate²³, the question has been raised by a number of MLAs. If you want to attack poverty, it is pointed out, shouldn’t you first be able to state what it is?

A new definition of poverty can alter the official number of people living in poverty. This might be useful when tracking the progress of efforts to reduce poverty. However, a new definition does not change the reality of those people, who under the new definition are considered poor, unless it results in tangible action. In that sense, the purpose of creating a new definition of poverty should not be to simply count the number of poor people. There must be a greater purpose.

When developed in a comprehensive manner, the process of establishing a new definition can improve the collective understanding of poverty, how it manifests itself, who is affected by it, and how we respond to it. What is learned through the study and design of a definition informs our policy and programming choices. It can help consolidate public opinions on the subject and address prejudices that negatively inform government policy, public perception, community action and private interests. And when undertaken collaboratively, whether through public engagement or another participatory poverty assessment method, the process offers those experiencing poverty an opportunity to design their own poverty reduction strategies, thereby ensuring future support is directed toward areas that really matter to them.

Poverty was once viewed strictly in financial terms. If your income was below a level needed to sustain yourself, then you were poor. A monetary approach to defining

poverty uses financial wealth as an absolute indicator of the utility (benefits) it provides and as a proxy for other factors. Low financial resources can be indicative of inadequate education, poor health, and other factors that contribute to unemployment and the inability to earn an income.

A definition based exclusively on income and consumption prompts difficult questions:

- ▶ Income serves as a means to purchase goods and services. Who decides what these *goods and services* should be?
- ▶ How do you account for different levels of need (for example, a larger person typically requires more food than a smaller person)?
- ▶ The lack of money is the result of some other form of deprivation, but what?
- ▶ Not knowing what led someone into poverty prohibits us learning why he or she cannot escape it.

CONSIDER THIS

Imagine someone with more than enough money to survive, but who is unhealthy, has few friends or family to count on, has little formal education and no traditional skills, and is generally excluded from community activities. Is this person rich or poor?

Now imagine someone in the opposite position – someone without enough money to survive on their own, but who has good friends and a supportive family, is in good health, has good survival skills, and is a valued member of the community. Is this person rich or poor?

It would seem everyone’s situation is a little bit different. Individuals can have different needs, suffer different limitations, or have different expectations. One person’s view of a life fulfilled can be dramatically different than another’s, influenced by their history, culture, and surroundings. Should these differences matter? Is poverty something that government leaders, bureaucrats, or academics alone can define? Or should those with lived

23 Government of Nunavut, 2009, pp.11-13.

experience of poverty or those who experience the impacts of poverty in their community have a say? The absence of a definition of poverty leaves these questions unanswered and open to perpetual debate.

In Nunavut, like many other jurisdictions in Canada and throughout the world, there is no official definition of poverty. In its absence, we might define poverty based on the participation in the Government of Nunavut's Income Support Program. Defining poverty as a condition experienced by those who fall below a predetermined income level makes it easy to count the number of poor people and in theory, makes it easy to determine how much money each poor person needs to raise their income to this threshold.

However, this approach:

- ▶ Does not address issues of poverty other than those associated with income;
- ▶ Is arbitrary in its assessment of the level of income required to cover the cost of basic needs, and certainly does not reflect the needs of each individual or group, where they live, or what standards they are used to;
- ▶ Does nothing to assist the working poor – those who are just above the arbitrarily set poverty line;
- ▶ Can be perceived as disingenuous with accusations that the poverty income threshold (or poverty line) is being defined by the amount of funds set aside by government for social assistance, not by an assessment of the actual income gap; and,
- ▶ Does not give people the tools to exit poverty, but rather, can leave them in a dependent state from which it is difficult to escape.

Support programs can be difficult to administer fairly because the circumstances for each potential recipient can be different. Governments respond by introducing regulations on eligibility, rates of assistance, and the amount of earned income recipients can keep before support payments are reduced. These rules create a complex system of support that can increase the cost of administration but will not necessarily improve efficiencies or eliminate abuse.

A clear, generally accepted definition of poverty can help to reduce some of these problems.

4.2 A BROAD DEFINITION OF POVERTY²⁴

The United Nations' Committee on Economic, Social and Cultural Rights defines poverty as:

*a human condition characterized by sustained or chronic deprivation of resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other cultural, economic, political and social rights.*²⁵

This definition refers to three approaches to the definition and measurement of poverty. First, there is economic well-being (*deprivation of resources...*). Does an individual have enough money to purchase essential goods and services? Second, there are human capabilities: factors that allow individuals to live lives that are valued and that affect one's ability to improve their well-being and quality of life, including education, health, and housing conditions (*deprivation of capabilities...*). And third, there is the dimension of social exclusion, processes of marginalization where there are barriers to an individual's participation in the economic, political, civic or cultural life in his or her community (*deprivation of choices, security, and power...*).

Can poverty in Nunavut be defined in all three dimensions?

4.2.1... as Economic Well-Being

The conventional way of viewing poverty is in terms of economic well-being: people are poor who do not have enough money to provide for their basic needs (food, shelter and clothing).

Finding a measure for the level of income that will be sufficient to meet basic needs is problematic. Many variables must be considered. First, "basic needs" must be carefully defined, and may include elements in addition to food, shelter, and clothing such as household items, hunting equipment, a washer and dryer, Internet services, etc., depending on one's point of view. Then, the level of consumption required to attain these needs must be determined – how much of each category of need is required? Finally, the amount of income needed

24 This discussion draws on the unpublished discussion paper, *Toward a Definition of Poverty for Nunavut* prepared by the Nunavut Anti-Poverty Secretariat, 2010.

25 United Nations Committee on Economic, Social and Cultural Rights, 2001.

to support the different levels of consumption must be calculated. This implies the need to determine the purchasing power of income, which will vary from one community to the next.²⁶ It also requires that we account for the ability of one to produce ‘more’ from a dollar than another.

The difficulties associated with finding an appropriate answer for questions of basic needs, level of need, and cost for these needs objectively have deterred anyone in Nunavut from establishing a set of basic needs and estimating its monthly cost. As a result, the minimum income level required by Nunavummiut to avoid poverty – Nunavut’s “poverty line” – has not been calculated to date. (It should be noted, however, that this kind of calculation has been made elsewhere.)

How then, do we know poverty exists in the economic realm? Can income levels be used to measure poverty in Nunavut? Are there any consumption-based measures?

As has been discussed, the most commonly-used indicator of poverty in Nunavut is the number of recipients of the Government of Nunavut’s Income Support Program. It is described as the “program of last resort to assist individuals and families in meeting the basic food and housing needs.” In that sense, it ensures individuals avoid destitution, and that they have the resources to survive.

There were 15,523 recipients of this support in 2008.²⁷ This is approximately half of all Nunavummiut who do not generate enough money through their own means to sustain themselves or their family for an entire year. This is the highest level of penetration for this type of programming in all of Canada.²⁸

In its last data release, the National Council of Welfare (NCW) suggested the welfare income level for Nunavut households with two parents and two children was

\$54,543 in 2010 (see Table 4-1). Welfare income is the summation of social assistance, child benefits, and tax credits. For a point of comparison, this is more than twice the level established for Ontario.²⁹

Table 4-1

WELFARE INCOMES BY HOUSEHOLD TYPE, 2010

	Nunavut	Ontario
Couple, Two Children	\$54,543	\$24,116
Lone Parent, One Child	\$48,866	\$18,378
Person with a Disability	\$45,446	\$13,350
Single Employable	\$41,240	\$7,854

Source: National Council of Welfare

The comparison is misleading. The NCW included government’s contribution to public housing in its calculations, which severely skews the welfare income level for Nunavut because of the extreme cost of housing in the Arctic and the penetration of the Public Housing Program.³⁰ These factors elevate the NCW calculations, giving the impression that Nunavummiut cash benefits exceed \$50,000.

The high costs of living and the high rates of dependence will be studied more carefully later in the report, but for now, based on this cursory review, it appears that:

1. Nunavut has the highest poverty levels in all of Canada when basing our evaluation on the sufficiency of income; and,
2. Nunavut is home to the most generous system of support in the entire country, though we cannot yet speak to the adequacy of this support.

4.2.2... as Capability

If a person does not have the capability to make good decisions, to live a healthy life, or to experience a minimal quality of life necessary to be happy, he or she is likely to experience some form of poverty. The deprivation of these and other basic capabilities can actually define

26 Mendelson, 2005.

27 Information from the unpublished report 2008 *Nunavut Social Assistance Recipient Count* based on the Nunavut Client Profile Database, Department of Education, Income Support Division.

28 Information from the National Council of Welfare (NCW), 2007, and Federal-Provincial-Territorial Directors of Income Support, 2010. Reports produced by the NCW are no longer available through the <http://www.ncw.gc.ca> website but may be accessible through third party sites.

29 This information was originally obtained from the National Council of Welfare’s Interactive Welfare Income Map, <http://www.ncw.gc.ca/h.4m.2%40-eng.jsp> accessed May 23, 2012. This information is no longer accessible.

30 Nunavut Housing Corporation, 2012. Approximately 57.5 percent of Nunavut Housing Corporation, 2012. Approximately 57.5 percent of Nunavummiut live in public housing where the Housing Corporation’s average per unit cost for operating and maintaining its properties is \$23,180.

poverty. For example, if a person cannot live a long life, attain an adequate education (formal or traditional), or participate fully in the economic life of their community, they may be said to be poor. The United Nations' *Human Development Index* measures capability poverty in terms of illiteracy, malnutrition, life expectancy, poor maternal health, and illness from preventable diseases.³¹

Does capability poverty exist in Nunavut? Although all Nunavummiut have access to education, health care, and clean drinking water, we know that Nunavut lags behind the rest of Canada in almost all socio-economic accounts. As noted in Chapter 3, Nunavut's HDI is the lowest in the country well behind all other jurisdictions, and does not fare well compared to other developed countries. In an adaptation of the HDI, Aboriginal Affairs and Northern Development Canada created an *Aboriginal Human Development Index* that shows similar results; that is, that Inuit in Nunavut do not measure up to standards enjoyed by non-Aboriginal Canadians.³² The recent *Inuit Health Survey* has pointed to serious deficiencies in young children in terms of their nutritional health and food security.³³

The *Nunavut Economic Development Strategy* establishes human capabilities as an important part of a high and sustainable quality of life.³⁴ Since the release of this Strategy, the Nunavut Economic Forum has been tracking the progress toward this goal through the *Nunavut Economic Outlook* series of reports.³⁵ Those reports have consistently expressed concern over the slow pace of social development in Nunavut that threatens future economic prosperity and the collective goals of all Nunavummiut.

All measures of human capital or capabilities in Nunavut point to a severe deficits. It is clear that capability poverty exists and that it must form a part of our understanding of poverty in Nunavut.

4.2.3... as Social Exclusion

Social exclusion has been defined as "the process through which individuals or groups are wholly or partially excluded from full participation in the society in which they live."³⁶ It contributes to poverty economically, politically and culturally.

In Nunavut, the most obvious examples of social exclusion may occur in the economic realm. There are many barriers to Nunavummiut who wish to participate in the territory's economy, including cultural and language issues and entrepreneurial development.

A lack of monetary income can be viewed as both an outcome of social exclusion arising from a lack of access to employment and as a cause of social exclusion stemming from social isolation and low wealth.³⁷

No one in Nunavut is legally excluded from participation in political activities; however, nepotism can be a factor affecting Nunavut's communities and institutions.³⁸ The effects of social exclusion may be seen in the strengths and weaknesses of Nunavut's social capital. There is an expectation that communities with strong community-based voluntary and non-governmental organizations will be more successful in adapting to social changes taking place as a result of rapid economic growth.³⁹ Growing income disparities, poverty, and social exclusion were all flagged as issues in the *2010 Nunavut Economic Outlook*.⁴⁰

Though traditionally difficult to track empirically, there is enough anecdotal evidence of social exclusion and its link to a deprivation of financial well-being to include it in the understanding of poverty for Nunavut.

31 United Nations Development Programme, various years.

32 Aboriginal Affairs and Northern Development Canada, 2009 & 2010.

33 Nunavut Inuit Health Survey, 2008, and Nunatsiaq News, 2009, July 14.

34 Nunavut Economic Forum, 2003.

35 Impact Economics, 2005, 2008, 2010.

36 European Foundation for Living and Working Conditions in Wagle, 2002, p. 160.

37 Laderchi, Saith, & Stewart, 2003.

38 Duffy, 2003.

39 Impact Economics, 2010, p. 36.

40 Impact Economics, 2010, p. 23.

4.3 FROM ECONOMIC WELL-BEING TO HUMAN WELL-BEING

A definition of poverty in terms of material deprivation and economic well-being is not sufficient to address all the dimensions of poverty identified for Nunavut. We cannot limit the discussion to elements of mere physical survival. The goal in Nunavut is to achieve for everyone “a high and sustainable quality of life.”

This requires that everyone has the capability, through education, health, nutrition and related factors, to participate fully in society (human well-being); that social, political, and cultural factors that lead some to be poor are eliminated; and, that everyone has an income sufficient to meet their basic needs.

The relationship between poverty and “quality of life” is made clear when all three dimensions of poverty are included together. A high and sustainable quality of life can be attained only through progressive development of society’s assets – its human, social, physical, and natural capital. When development lags in any of these areas, society’s quality of life is at risk, and poverty looms large. In this sense poverty may be defined as a very low quality of life, which is the result of gaps in the development of Nunavut in terms of education and training (human capital), environmental management (natural capital), infrastructure (physical capital) and organizational capacity (social capital).

4.4 POVERTY AND SELF-RELIANCE

Despite enduring periods of extreme economic deprivation defined by food scarcity and even starvation, many Inuit argue that poverty did not exist in their indigenous settlements – that poverty is not “traditional.” If today we limit our definition of poverty to one based on economic well-being, or income and consumption, we might give no credence to this claim. Inuit clearly had no or very limited income in their indigenous settlements. By using the income standards, then, Inuit were poor, and their re-settlement to permanent “hamlets” was seen as a way to address the problem. However, as our understanding of poverty has expanded to include capacity and social exclusion, we can begin to see that re-settlement may have been as much a cause of poverty today as it was a remedy.

We understand that Inuit have long had great capabilities within a society characterized by strong social inclusion. Inuit traditionally have been able to rely on their own collective efforts and abilities to achieve a quality of life that they considered “high and sustainable.” Traditionally, Inuit were “self-reliant.” Re-settlement cost Inuit their self-reliance. Traditional Inuit skills deteriorated and social exclusion was introduced.

It is the loss of this self-reliance that may be the most egregious aspect of poverty in Nunavut. Income and consumption are important aspects of poverty, as they are anywhere in Canada, but it is how poverty in Nunavut is linked to Inuit culture and the traditional way of life – the way it erodes both – that really hurts. In this sense, the most appropriate definition of poverty in Nunavut may be simply the “loss of self-reliance.”

4.5 LEARNING FROM COMMUNITY PERSPECTIVES

When the Nunavut Roundtable for Poverty Reduction began its initial round of community gatherings to discuss the issue of poverty, it did so because there was an interest in bringing Nunavummiut together to collaborate on actions to reduce poverty in their communities. Without this engagement, the process might have focussed entirely on the theories and experiences of people dealing with poverty elsewhere in the world. The only measures of poverty available to the Roundtable would have been externally imposed.⁴¹ Whether using one or all three measures – economic, capabilities, or social exclusion – there would be problems with the objectivity of indicators chosen outside Nunavut. There would be no bases from which to account for the viewpoint, experiences, and knowledge of Nunavummiut suffering from poverty. In the absence of this engagement, there was a real possibility that the definition, data analysis, and solutions would miss crucial elements that could contribute to the understanding of poverty and what is needed to reduce it.

An important purpose of the Roundtable’s public engagement process was the effort to learn about poverty in Nunavut from Nunavummiut that were experiencing it either directly or indirectly. As the

41 Laderchi, Saith, & Stewart, 2003.

community dialogues progressed during the first stage, what emerged was surprising uniformity in the views about what needs to be done to reduce poverty. It became clear that Nunavummiut had many shared understandings of poverty. While not a formal definition, the views shared were distinct and clear.

As a participatory exercise to bring the decision-making process closer to people who are affected by those decisions, public engagement resembles what is referred to in the context of international development as participatory poverty assessment (PPA).

PPA is a process that enables local people to share, enhance, and analyse their knowledge of life and conditions, to plan, and to act.⁴² The World Bank defines PPA as an instrument for including poor people's views in the analysis of poverty and the formulation of strategies to reduce it through public policy.⁴³ Participatory methodologies offer a fourth approach to the definition and measurement of poverty.⁴⁴ The World Bank now uses PPA in more than half of its poverty assessments throughout the world.

In Nunavut, questions about the appropriateness of the available poverty measures led to public engagement and the use of participatory methodologies to define poverty. It provided an opportunity for Nunavummiut, through public dialogue, to develop a common understanding of the problem and to express in their own words a definition of poverty that reflects the historical, cultural, social, and physical realities of Inuit from Nunavut. The participatory process also involved people in the decisions about the most appropriate policy options for poverty reduction. *The Makimaniq Plan* is one outcome from this public engagement. *The Makimaniq Plan* is one output from this participatory methodology.

4.6 A DEFINITION OF POVERTY FOR NUNAVUT

If the Government of Nunavut had sufficient resources to meet the basic financial needs of all Nunavummiut, would it then be able to eliminate poverty in the territory? If we use a broad definition of poverty, then the answer must be "No." Providing sufficient amounts of cash and nothing more would eliminate any deprivation of economic well-being, but would produce a population forever dependent on that cash.

The true definition of poverty must include all four elements described in this chapter. Poverty is a lack of financial resources to provide for the things one needs. It is also the absence of skills, knowledge, and capabilities to live a life fulfilled. It is being excluded from one's family, community, economy, culture, and history. And our understanding of poverty must include the views of Nunavummiut, especially those who struggle with poverty in their own lives and in the lives of members of their families.

All of these elements contribute to our working definition of poverty. We can agree that the definition of poverty provided by the United Nations' Committee on Economic, Social and Cultural Rights applies to Nunavut. But to act on this definition, we need to have reliable, objective measures, "a standard for Nunavut's quality of life."⁴⁵ As we work to identify this standard, our best approach to understanding poverty in a way that permits effective action to reduce it, is to apply participatory methods to the problem, in which we ask the public: What is poverty? How do we reduce poverty?

The work of the Nunavut Roundtable for Poverty Reduction began with the question: What is poverty in Nunavut? It found the answer in how the people themselves responded. Their words have guided the research on the economic, human, and social conditions that contribute to poverty in Nunavut. And it will be their words and the many initiatives to reduce poverty already underway in Nunavut's communities – in combination with the research findings – that will guide the actions, policies, and programs developed and supported by the Roundtable.

42 Chambers, 1994.

43 The World Bank, *Participation and Civic Engagement, Participatory Poverty Assessment*.

44 Laderchi, Saith, & Stewart, 2003.

45 Government of Nunavut, 2009, p. 11.

5. DEPRIVATION OF ECONOMIC WELL-BEING

5.1 ECONOMIC CONDITIONS AND OPPORTUNITIES

Nunavut's whole economy consists of a wage-based or formal economy and a non-wage or traditional economy. Both are critical to poverty reduction. In this section, the discussion is related to the wage economy. Elements of the non-wage economy enter the discussion later.

Nunavut's wage economy is shaped by several key factors.

1. The territory is geographically immense.
2. Most of the region is above the tree line and is characterized largely by arctic tundra.
3. It is isolated from the rest of Canada by virtue of the fact that there are no roads connecting any communities together or connecting Nunavut to another province or territory.
4. It is sparsely populated. There are approximately 33,000 people living throughout 25 communities.
5. It has virtually no manufacturing sector and a limited services sector.

As a result of this last point, very little of what Nunavummiut consume is produced in the territory, so economic leakage is high. New money that enters Nunavut's economy does not circulate very long before leaving in the form of imports. Nunavummiut living standards are maintained through a constant flow of money into the territory from outside sources, and not through the circulation of money within Nunavut. Another way to think of this is to consider how few Nunavummiut make a living through the direct spending of other Nunavummiut.

The three largest sources of new money flowing into Nunavut are the transfers from the Government of Canada, private-sector investments, and exports. Federal transfers provide more than 90 percent of the cash needed to operate the Government of Nunavut's

programs and services. The Government's direct impact on the economy comes from its spending on employment, direct transfers to persons and businesses, grants and contributions, and investment in public infrastructure. The federal government also brings money into the region through its own employment, programs and services, specific-purpose funding, infrastructure spending, and defence spending.

Outside investors lend cash to Nunavut's private sector to spend on such things as mineral exploration and mining or commercial developments. An example of direct foreign investment includes the money raised on Canadian and international stock markets to pay the construction costs of the Meadowbank Gold Mine.

Selling Nunavut's goods and services abroad attracts new money from the purchasers of exports. Nunavut's exports include gold, fish, arts and crafts, and tourism.

Most of Nunavut's wage economy revolves around the activities of two sectors, government and mining. Activity in the construction industry, for example, is largely the result of the direct or indirect spending by government or mining companies. Other important economic activities like fishing and tourism operate on a much smaller scale, but make important contributions to the reduction of poverty in non-decentralized communities and those untouched by mineral development.⁴⁶ Fishing and tourism as well as the arts sector, film, and cultural industries offer individuals and families opportunities to operate their own businesses. In some cases, these businesses can sustain a family, in other cases, the money earned supplements income received through welfare.

From the perspective of poverty reduction, the discussion on the economy centres on the opportunities in the labour market from economic expansion and new business development:

- ▶ The largest employer in Nunavut is government. However, it is not an area likely to experience tremendous job growth. Fiscal austerity at the federal level is keeping Nunavut's public sector spending

⁴⁶ The Government of Nunavut has adopted a decentralized governance model whereby some departments are located in one of ten communities outside the capital city of Iqaluit.

in check – a situation that will persist for several years. As a result, it is unlikely that the government bureaucracy will expand. There will be opportunities in areas such as education and health, but these increases will be small on a year-over-year basis;

- ▶ The North West Company is the second largest employer through its chain of retail outlets and grocery stores. Nunavut's retail sector has some room to grow. Iqaluit and communities most affected by resource development such as Baker Lake, Rankin Inlet, Kugluktuk and Cambridge Bay could see an increase in or expansion of its retailers. This expansion is important from the perspective of Nunavut's current and future workforce because retailers employ a lot of unskilled and semi-skilled labour.
- ▶ The construction industry also employs many people, with most of the demand coming during the summer and fall building season. The next few years will see a shift in construction work, with less spending on publicly funded infrastructure and more activity coming in resource development. The challenge for this industry is not the volume of work, but rather the absence of resident labour. A large proportion of the construction industry's workforce resides outside Nunavut. In this sense, the greatest opportunity for increased employment for Nunavummiut will come from accessing jobs that already exist but that are being filled by job tourists (people who visit Nunavut to work, but do not relocate).
- ▶ The mining sector is growing and will be the greatest source of new full-time and permanent jobs in the future. The *2010 Nunavut Economic Outlook* notes that future growth in the mining sector will have an influence on other sectors like construction, transportation, warehousing, logistical services, and resupply.⁴⁷ Production at the Meliadine and Kiggavik mining projects could require 800 employees or more and perhaps as many as 1,000 after accounting for all indirect and induced employment possibilities. The workforce requirements for the Mary River Iron Project will peak at 2,680 during construction and 950 during operations.⁴⁸ Similar to the construction industry, employment in Nunavut's mining sector is

dominated by job tourists. The mining industry can be volatile though, so job prospects based on mine developments must not be treated as a guaranteed opportunity.

- ▶ Commercial fishing is growing in Nunavut. There are currently four active groups that own or have a controlling interest in offshore fishing vessels. Additional opportunities exist in the inshore fishery, which has benefited from a new quota of 500 metric tonnes of turbot in Cumberland Sound. Despite the investments in infrastructure and in training and the increased quotas, the offshore industry has not yet captured the interest of Nunavut's labour. Most Nunavummiut working in the industry are employed seasonally for a fish-processing facility with a small number working independently in the inshore fishery.
- ▶ Employment related to Nunavut's tourism sector has a small but positive impact across a large number of Nunavummiut. It is difficult to project the growth in tourism jobs because the industry is still in its infancy. With some sustained growth in the cruise ship business and the heightened interest from the federal government and Canadians in general, there is the possibility that this industry will soon begin moving towards its potential.

One can see from this brief review that Nunavut's economy is creating employment opportunities. In fact, it is likely that there is enough labour demand to employ the territory's entire labour force (at least during peak employment periods). But Nunavummiut are far from being fully employed. Standing in the way of greater participation in the labour market are issues of education, skills, and mobility constraints, which are lowering the overall supply of ready, able, and willing labour throughout the territory.

To get a sense of the difference between the demand and supply of labour in Nunavut, consider the following data:

- ▶ In 2008, Nunavut's population aged 15 and over equalled 18,600.
- ▶ With a participation rate of 61.9 percent, the total labour force was 11,500.

47 Impact Economics, 2010.

48 Baffinland Iron Mines Corporation, 2012.

- ▶ Average monthly employment was 10,100 with unemployment averaging 1,400 people.
- ▶ That same year (2008), \$126 million in wages, salaries and supplementary income was paid to imported labour.
- ▶ This is an amount sufficient to pay each of the 1,400 unemployed people a wage of \$90,000.⁴⁹

Despite the apparent demand for labour, the official unemployment rate was 16.5 percent in 2011. If you were to factor in the individuals that have dropped out of the labour market because of their perception of no work being available, the unemployment rate would be even higher. The true unemployment rate in some communities can exceed 50 percent at different times of the year.

From this discussion we can conclude that:

1. The current economy is sufficient in creating enough jobs to meet the needs of the existing labour force;
2. Future economic growth is likely to keep pace with the growth in labour supply even when including a rise in participation rates; and,
3. The inability of jobless Nunavummiut to access existing employment opportunities means large sums of wages and salaries are leaving the territory that could otherwise contribute to the reduction of financial poverty.⁵⁰

5.2 LABOUR MARKET CHALLENGES

There are many explanations for Nunavut's need to import labour while unemployment rates remain so high. Some are more complicated than others such as the challenges associated with Nunavut's welfare trap (sometimes referred to as the "poverty trap") and the poor

performance of Nunavummiut in school. These issues are discussed later in the report. This section looks at structural issues that are resulting in a gap between the labour demand and labour supply across Nunavut.

5.2.1 Structural Unemployment

Structural unemployment exists when a discrepancy appears between the unemployed and available jobs; that is, the number of job openings is equal to or greater than the number of unemployed people, but due to a mismatch of skills or an issue of location (unemployed people are not living where the jobs are and are unwilling or unable to relocate), these people remain unemployed. This discrepancy occurs when an economy has undergone a fundamental change in the composition of its overall production. The new economy needs a different mix of labour and capital than existed previously.

The term structural unemployment is best suited for situations where jobs have moved from one community to another and the original employees are unable or unwilling to retrain or move. It is common in towns that have lost their manufacturing base.

This definition might not seem to be a good fit for Nunavut where the jobs didn't exist previously. But if we widen the definition to include the non-wage economy and a time when an Inuk was 'fully employed' in the pursuit of subsistence hunting, fishing, and trapping, then the new modern-day wage economy has certainly created structural unemployment. There is now a mismatch between the supply of labour that possesses skills valued in the non-wage economy and a demand for labour that possesses skills in literacy, numeracy, and modern technology.

⁴⁹ This calculation is for illustrative purposes. We don't have an official count for the number of job tourists working in Nunavut. The difference in the two measurements does reflect, to some degree, the dollar value of Nunavut's imported labour. However, there are other factors that contribute to the difference that have not been fully accounted for.

⁵⁰ There are two additional considerations that flow from this conclusion. One, Nunavummiut are in competition for jobs with all Canadians who are willing to travel to the territory to work. And two, Nunavut has long been a region within Canada that helps to offset unemployment in other parts of the country. Without these jobs, the job tourists might be unemployed and possibly in a poverty situation themselves.

CONSIDER THIS

Previous generations of an Inuit family living in a community that is today in close proximity to an active mine site would have used their traditional skills to survive. Today, food, shelter, and clothing are acquired with money earned in the wage economy and in this example, the jobs are at the nearby mine. A family member must possess the right skills and aptitudes to work there if he or she is to provide for the household. This is the new way of surviving. Without these skills, the family risks living in poverty and being dependent on government support – this is something that did not exist previously; dependence was simply not an option. This is an example of poverty as a new phenomenon.⁵⁰ Poverty among Inuit families today is not a result of having no skills and no abilities, but rather, is the result of the barriers to using these skills and abilities for modern day survival.

The other element of structural unemployment is mobility. Economic growth in Nunavut has been limited to those communities chosen for government decentralization and those in close proximity to a mineral development. This creates a challenge in mobilizing the unemployed workforce in other locations. There are several barriers hindering this mobility.

- ▶ Due to a shortage in housing, moving might mean giving up public housing in your home community and going onto a waiting list in the community where jobs are available.⁵¹ People who make the move without having secured a home become a part of Nunavut's *hidden homeless*; people who stay with family or friends because they have no home of their own, which is a major contributor to overcrowded housing with numerous socio-economic consequences including the expansion of poverty.⁵²
- ▶ For those who own a home, there may not be a buyer for their house and the community they are moving to may not have any suitable houses for sale.

51 This can also happen to students who leave home to attend school but are unable to get housing upon their return.

52 Department of Health and Social Services, 2011.

- ▶ There are no roads connecting Nunavut's communities making relocation a very expensive endeavour. Most Nunavummiut that need to move to gain employment are unlikely to have sufficient savings.
- ▶ There can be resistance to relocation because of family, community, cultural, and historical ties to a region. At home, people have a support network to share and trade services such as childcare, they have emotional support from family and friends, and are more likely to be included in local and regional political decision-making.

Nunavut's mining sector can be used to demonstrate the challenges with excess labour demand and structural unemployment, and where gains are and can be made.

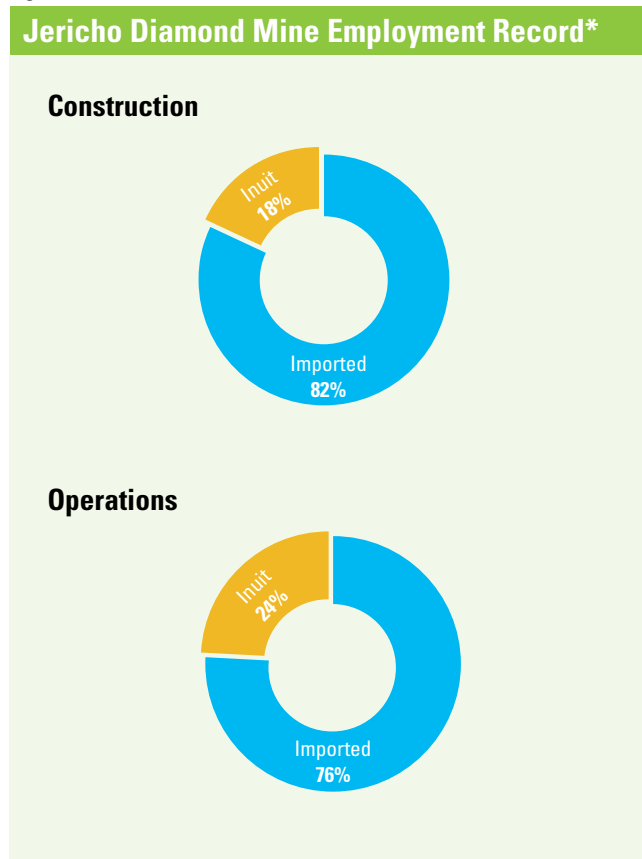
The construction and operations of a mine are large undertakings. They require the assembly of hundreds and sometimes thousands of workers in one location. Inuit participation is often limited to the number of unskilled and semi-skilled jobs needed for the project. There are people in Nunavut with trades' certificates or professional designations, but they are already fully employed. So there is a shortage of skilled labour.

A mine exists in a single location. Nunavut has divided itself politically into three regions and participation at a mine is affected by residency. In the case of the Meadowbank Gold Mine, its operator will fly in at its own expense labour from any community in the Kivalliq region, with preferential treatment given to people from Baker Lake. To date, no one is flying from the Kitikmeot or Baffin regions at their own expense to take a job.

Over the period of ten years, Inuit participation in mining projects has improved in relative and absolute terms. This has come about in large part through the implementation of the *Nunavut Land Claims Agreement*, the signing of Inuit Impact and Benefit Agreements, and a greater focus on training by Inuit organizations, governments, and mining companies.

When the territory was created in 1999, there were three mines operating – Nanisivik, Polaris, and Lupin. A mere handful of employees at these mines were Inuit. All three mines closed a few years later.

Figure 5-1



Source: Kitikmeot Inuit Association, *Final Report on IIBA Implementation*
 Note: * construction employment as of June 2005, operations employment as of July 2007.

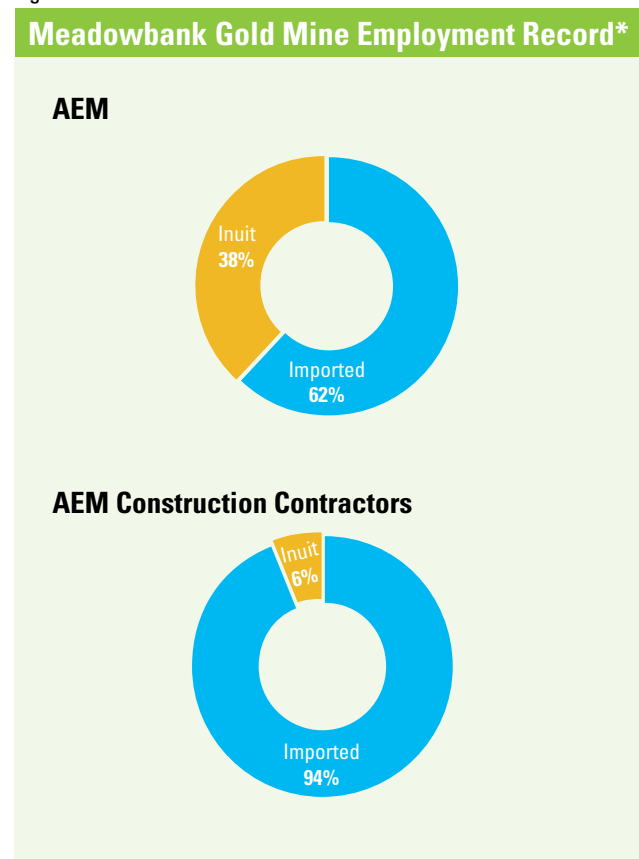
In 2006, the Jericho Diamond Mine opened in the Kitikmeot region. Its owners signed an Impact and Benefit Agreement with the Kitikmeot Inuit Association. The agreement was focussed on Inuit participation and included a detailed training plan that was meant to facilitate an increase in Inuit employment to a targeted 60 percent over a five-year period. Inuit employment reached a high of 24 percent of mine staff before the operations ended in early 2008 (see Figure 5-1).

The Meadowbank Gold Mine is the latest mine to open. Inuit participation in the operations phase is much improved in comparison to the Jericho mine.

The mine's owner, Agnico-Eagle Mines (AEM), has grown its own staff of 637 to include 241 Inuit, which represents 38 percent of the total (see Figure 5-2).

However, it remains that when large numbers of employees are needed, especially skilled labour during

Figure 5-2



Source: Kivalliq Socio-economic Monitoring Committee 2010 Annual Report
 Note: * employment data as of August, 2010 AEM stands for Agnico Eagle Mines

construction, Nunavut's supply comes up well short of demand. This is evident in the employment record of AEM's contractors that were responsible for much of the mine's more labour intensive construction. Of the 798 people working for contractors by the summer of 2010, 48 or 6 percent were Inuit.

There are many Inuit in the Kivalliq region who are unemployed. A majority don't have the right skills or aptitudes for work at Meadowbank or are unable to commit to the two week, fly in/fly out (FIFO) work schedule. And of course, there are hundreds more in the Baffin and Kitikmeot regions that are unemployed. We describe these unemployed Inuit who are unable or not willing to supply the economy with the labour it needs as structurally unemployed.

Understanding that there is a structural element for Nunavut's unemployed is useful when considering social and economic policy choices. The experience of other

developing countries or regions with similar challenges can be studied for possible solutions. Around the world and throughout history, structural unemployment has been characterized by long transition periods and high costs of matching unemployed labour with existing opportunities through education, training, and relocation programs. The experience of others shows it will not be quick, easy, or cheap to solve this problem and there are few success stories that we can draw upon for possible solutions. The deprivation of economic well-being cannot be solved in Nunavut without finding mechanisms to allow at least some of the structurally unemployed to access the economic opportunities that are present.

In the example of the Meadowbank Gold Mine, there were 1,146 people working for AEM or one of its contractors in the summer of 2010 that did not reside in Nunavut. That number alone comes close to equalling the total number of unemployed in all of Nunavut. If we were to factor in the imported labour that were working at the Hope Bay Project site at that time and other mineral exploration sites across Nunavut, one quickly realizes the great potential for financial prosperity if the territory's labour supply could satisfy the needs of these employers.

Proper identification of the structurally unemployed and understanding the challenges of this group will be critical for the creation of effective public policy and support. In the Northwest Territories, a survey of the potential workforce is conducted every five years. The survey targets people who qualify for work but who reported that they were not in labour force.⁵³ Several questions aim to learn why they were not seeking employment. The answers include going to school full time and taking care of children or elderly at home, but also included are answers such as:

- ▶ A lack of daycare that would otherwise allow them to work;
- ▶ An inability to accept rotational work (such as that found in exploration and mining camps);
- ▶ No jobs in their home community;
- ▶ Lack of qualifications for the jobs that do exist; and,
- ▶ Disinterest in the type of work available.

The survey results are separated into categories such as community, gender, ethnicity, and education. Nunavut could make good use of this type of information regarding its potential labour force.

Structurally unemployed Inuit might also benefit from greater emphasis on regional economic development. Analysis of regional discrepancies would facilitate discussions on the redistribution of wealth and the allocation of public spending across the territory. We should not expect that economic growth will be perfectly balanced across the territory and geographical challenges will always be present in Nunavut, so government could consider how it will deal with regions that are economically depressed while others are economically vibrant.

5.2.2 Disengaged Labour

There is another group of unemployed Nunavummiut in addition to those identified as structurally unemployed. These are the individuals who are disengaged from the economy, have dropped out, or who might be capable of working but are simply not interested in the jobs that are available. To be clear, this group does not include those who have made an informed decision to pursue a traditional lifestyle and who prefer to work within the non-wage economy. Such individuals and families are likely economically poor, but are wealthy in other areas that compensate for their income deficiencies. This particular dynamic will be discussed in more detail later.

The characteristics of the disengaged labour make them difficult to study and understand and thus difficult to help. For example, individuals within this group:

- ▶ May or may not have completed high school so it is not clear whether they would benefit from adult education programming; and,
- ▶ Might take part-time, seasonal, or temporary jobs from time-to-time so they may not show up in the unemployed labour force statistics at different times during the year.

53 People who are at least 15 years of age and not actively seeking work.

For these reasons, counting the number of disengaged labour in Nunavut is very difficult; that is, is the individual unable or unwilling to work? The disengaged group is made up of people who have somehow lost their way in the transition over the past 50 years from a non-wage economy that values family, community, and sharing and requires traditional or subsistence skills to a wage economy that values individual performance, material wealth, and career ambition, and brings many financial pressures.

There are economic and social implications for the disengaged labour. They are almost certainly financially poor. They might also suffer from other forms of poverty including forms of exclusion at the family and community level.

We should not be surprised that some Inuit have struggled with this transition into a wage economy. In many respects, Nunavut is in the midst of an important development phase in its evolution that bears close resemblance to other developing regions of the world that have transitioned from one economy to another. In these examples, individuals who did not have the good fortune to be well positioned – geographically, financially, politically, or mentally – tended to struggle.

What can be done to help those who struggle with this transition? Can we even correctly define what it is that Inuit are transitioning to? Can or should Nunavut make an effort to distinguish between the differences in its unemployed workforce? More to the point, could Nunavut offer different policy options to disengaged labour?

The current approach is to offer a mix of income support and subsidy programs aimed at covering the income gap between what people have and what they need and at the same time lowering the cost of necessary goods such as housing, food, and the cost of hunting equipment. These programs prevent people from becoming destitute, but don't in themselves do anything to help people transition into the wage economy or find productive roles in the non-wage economy. These latter objectives are addressed through a mix of government and non-government programming aimed at helping people

understand and cope with change, make “productive choices,”⁵⁴ and attain the training necessary to adapt and succeed.

The challenge with any social safety net-type program is that it can create a welfare trap. For some people, the benefits of welfare outweigh the benefits of working. This happens when claw backs on welfare payments are too steep or do not account for the costs associated with work, with the result that it makes financial sense to receive welfare rather than to take paid employment. This can be damaging on many fronts. A welfare trap can all but negate any effort made to help people understand, cope, and adapt to the ongoing economic and social changes. That is, it can make programming like those associated with “productive choices” ineffective. The welfare trap creates rifts within society, especially between those labelled the “working poor” and those capable of working but choosing instead to receive welfare. From the perspective of public finance, the welfare trap results in government supporting people who could be working and paying taxes, which means government's fiscal position is being compromised on both ends (higher costs and lower revenues).

5.3 FAMILY INCOME

Before investigating Nunavut's welfare trap, it helps to also understand the current state of finances amongst Nunavut families. This draws us into an investigation of the limited purchasing power of a dollar in Nunavut and to differences between Nunavut's poor. What this latter study reveals is that the differences are often related to human capabilities and social exclusion more so than levels of income. They are presented here as a lack of financial resources because in the most immediate sense, the provision of financial support is the only way to alleviate the shortfall. This has implications for Nunavut's social assistance and housing support programs and leads to the possibility of a welfare trap.

5.3.1 The Purchasing Power of a Dollar in Nunavut

Chapter 3 included data on average personal income. Results from the 2006 Census show the average income from all income earners was \$28,781 in Nunavut

54 “Productive Choices” is an element of the Government of Nunavut's Income Support Program, discussed later in this chapter.

compared to \$29,214 for the country as a whole. More recently, Statistics Canada has shown that in 2010, average personal income in Nunavut was actually higher than the national average, per unit.⁵⁵

These figures must be put into context to have any meaning. The value of money is in what it affords. The purchasing power of a dollar in Nunavut is reduced by the high cost of food, energy, housing, transportation, and construction. Examples of the lower purchasing power are provided below:

- ▶ Food costs can be twice as high as in urban centres in Canada (see Table 5-1).
- ▶ The cost of electricity is five to ten times higher than metropolitan centres—power costs for residential customers can range from 55.01¢ per kWh in Iqaluit to \$1.0785 per kWh in Kugaaruk (see Table 5-2).⁵⁶
- ▶ Water and sewage are trucked to and from homes in most communities. This is an extremely inefficient and costly way to provide these services. The provision of water to public housing represents 29 percent of the total operating budget for these units and equals \$6,800 annually, on average.
- ▶ The absence of roads means that residents of smaller communities cannot travel to larger communities to access bigger stores and lower priced markets.
- ▶ No roads also mean the only mode of inter-community and inter-regional transportation is by air (though boats and snow machines are used to a limited degree).
- ▶ The cost of construction for a 900 square-foot, government-built, row house exceeds \$350,000. Alternatively, if you must rent an apartment in Iqaluit, for example, one is confronted with the highest rental rates in the country, with a two-bedroom unit renting for \$2,265 per month, equal to \$27,180 annually.⁵⁷

Table 5-1

WEEKLY COST OF THE REVISED NORTHERN FOOD BASKET FOR A FAMILY OF FOUR

Reference Locations ²⁰¹⁰	Total
Ottawa	\$226
Winnipeg	\$242
Edmonton	\$254
Nunavut Locations	
Iqaluit ⁽²⁰¹⁰⁾	\$398
Other Baffin Communities ⁽²⁰⁰⁸⁻¹⁰⁾	\$435
Kivalliq Communities ⁽²⁰¹⁰⁾	\$425
Kitikmeot Communities ⁽²⁰⁰⁹⁾	\$451

Source: Regional results from price surveys (<http://www.ainc-inac.gc.ca/nth/fon/fc/rgrs-eng.asp#bfn>)

Table 5-2

NUNAVUT'S POWER RATES, NON-GOVERNMENT, EFFECTIVE APRIL 2011 (SELECT COMMUNITIES)

	Domestic	Commercial
Iqaluit	55.01¢	45.59¢
Cambridge Bay	70.48¢	60.68¢
Pond Inlet	84.09¢	77.16¢
Kugaaruk	107.85¢	95.69¢

Source: Qulliq Power Corporation; prices quoted include 5% GST

These price comparisons confirm that a dollar in Nunavut does not equal a dollar elsewhere in Canada in terms of its local purchasing power. However, we cannot make an assessment on the overall cost of living based on this information. One must account for such things as differing food choices, clothing requirements, entertainment options, transportation needs, family size, tax regimes, cultural norms, and consumer habits. How consumers respond to the higher prices – that is, how consumers substitute goods and services as a result of the extreme cost of certain items – must be accounted for in some way. These additional factors complicate the calculations, but it is important to note because in some cases, the outcome is a lower cost of living in Nunavut for certain purchases.

Though a definitive cost of living calculation cannot be completed, what we can conclude from this discussion remains important. There is no debate over the purchasing power of a dollar in Nunavut. It's lower than it

55 Statistics Canada, CANSIM Database Table 384-0012.

56 Qulliq Energy Corporation (QEC), 2011.

57 Information from an unpublished presentation by L. Kendall titled *Iqaluit Housing Review*. Presented to the Canada Mortgage and Housing Corporation on 17 May, 2011.

is elsewhere in Canada. We also can be quite certain that the cost of living is higher, even after accounting for lower taxes and subsidies on housing, fuel, and utilities. More research is needed, however, before we can determine precisely how much higher.

5.3.2 Mean vs. Median Income

With this general understanding in mind, Nunavut's median family income and the discrepancy between it and average income become telling indicators of the deprivation of economic well-being across Nunavut. Where average and median income levels are similar, the overall distribution of income is close to normal; that is, an equal number of people are above the average as are below. A normal distribution with a low variance or standard error would indicate that a large percentage of the population have very similar incomes, with few rich and poor people. As the discrepancy between the two income measures increases (that is, a situation where the median income becomes increasingly lower than the average income) it represents a move away from an even (normal) distribution.

This is important in the context of a discussion on poverty. It signals that an increasing proportion of the overall wealth in a society is accumulating inside a smaller proportion of the population, while an increasingly large proportion of the population are left with a smaller and smaller proportion of this wealth to divide amongst itself. This is a clear signal that a growing number of people are suffering from some degree of financial poverty since it implies more people are living below the average.

In Chapter 3, the discrepancy between average and median incomes in Nunavut and Canada were shown. The 2006 Census revealed the difference in after-tax mean and median income for persons 15 years of age and older was \$8,739 recorded in 2005 dollars. For Canada as a whole, this discrepancy was \$5,907.

The discrepancy is even larger if we exclude income earners from Iqaluit where the median income was \$44,885 in 2005 (see Figure 5-3). For those living outside Iqaluit and who represent 80 percent of the territory's population and over 85 percent of Inuit, annual median income was \$17,066. If we also exclude Rankin Inlet and Cambridge Bay, the annual median income in the

remaining communities falls to \$16,150. In Repulse Bay, the median income was \$10,912. This tells us that financial poverty is most extreme in the smaller communities.

The median income level reported by Statistics Canada is taken from the population that is 15 years of age and older and earning income. In Nunavut, there is a large percentage of the population under that age. This indicates that a large proportion of the population are not wage earners. The result, as we have seen, is the highest dependency ratio in the country at 78 percent. Dependency ratio is calculated as the combined population aged between 0 to 19 years old and the population 65 years and over compared to the population aged between 20 to 64 years old and is expressed as the number of dependents for every 100 people in the working age population. So not only does Nunavut have a high percentage of people living with incomes well below average, there are more children dependent on those lower incomes relative to any other part of the country.

There are three conclusions from this research:

1. There is extensive financial poverty in Nunavut.
2. In some cases outside of the capital city of Iqaluit the depth of this poverty is extreme.
3. The prevalence of extreme poverty in situations where young children are involved is particularly worrisome.

5.3.3 Comparing Needs Amongst Nunavut's Poor

Thus far, the report has described the level and extent of financial poverty in Nunavut, but it has not dealt with differences amongst Nunavummiut. Poor people are not homogeneous, yet it is common to lump everyone below an arbitrarily set poverty line into one category.

One of the errors made here is the assumption that everyone has the ability to make sound financial decisions, or at the very least, that everyone has the same capacity in this regard. In other words, it is assumed that he or she is not experiencing poverty related to human capabilities or social exclusion.

This can be demonstrated with a simple example.

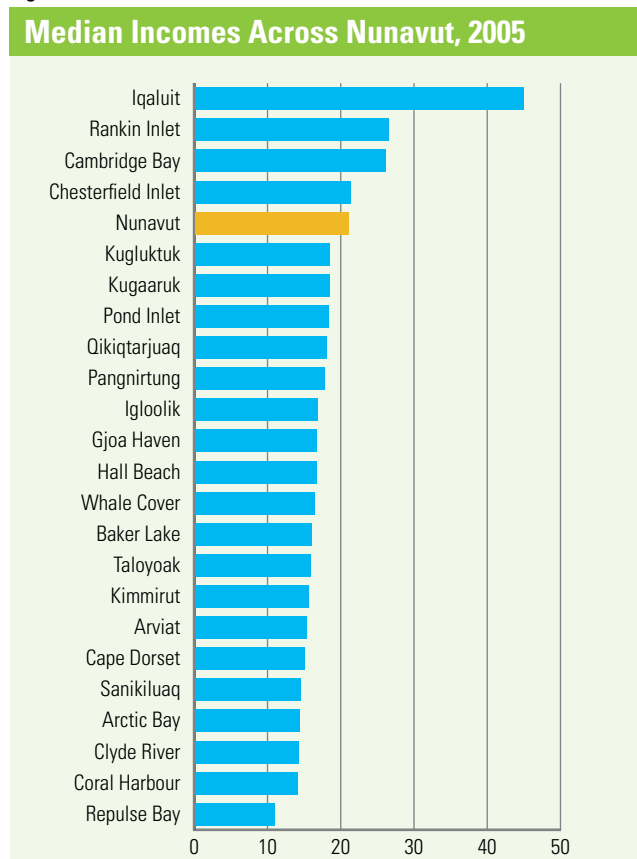
The Government of Nunavut's *Income Support Program* provides families with money specifically to purchase food. In doing so, there are two assumptions being made.

First, the support does not come in the form of a basket of food, but rather the funds to purchase that basket. This affords the recipient with the freedom to choose, however limited that freedom may be. The assumption here is that the choices made will be good ones.

Access to money is viewed as a means to improve one's standard of living through increased material wealth; it can allow for improved diets; it makes recreational activities more affordable; it can be used for education purposes; it can eliminate the need for a second job; it can pay for a vacation; or, it can improve the possibility and efficiency of non-wage, traditional economic activities. Money offers the opportunity to save, which essentially means one can defer the increased standard of living to a later date smoothing out one's living standards over their entire life cycle. But these are all examples of what society might call "good" choices. As one's overall income level drops, the need to exercise good choices becomes exponentially more important. But this strong, positive correlation is generally associated with high levels of human capabilities and social inclusion.

This brings us to the second point: that the amount of money made available for food may be enough for a family that knows how to cook healthy meals from basic ingredients and that might have other means of obtaining additional food, but a person with no additional means and no experience in cooking may not know what groceries to buy or how to prepare them.⁵⁸ This person may use their available financial resources more quickly than others, leading to periods of real deprivation. Additional finances may be required to compensate for other forms of poverty, which, in this case, is a deprivation of capabilities in home economics and traditional activities and potentially a deprivation related to exclusion from family, friends, or community. More financial support is necessary to prevent the individual or family from becoming destitute, but does not solve the

Figure 5-3



Source: Statistics Canada, 2006 Census

root cause of their poverty ensuring they remain on this perilous line between poverty and destitution.

Individual abilities, physical health, community life, economic opportunities, and social status can influence real and perceived needs, and thus real or perceived levels of poverty. From different perceptions, skills, and experiences come different sets of needs and different evaluation criteria. Some families require a higher income to achieve a quality of life equal (real or perceived) to others with lower income. At its most basic level, these differences have an enormous impact on happiness, which can influence other aspects of one's life and the decisions people make. It can also bring about a welfare trap-like situation. Differing perceptions of need can effect decisions regarding employment, with those needing more to be happy demanding a higher paying job before leaving income support.

58 To this end, the Government of Nunavut has launched a campaign to promote healthy eating. Beginning in September 2012, it will introduce a healthy recipe each month for ten months, and promote it through grocery stores. See <http://www.gov.nu.ca/news/2012/september/sep27.pdf>

5.4 PREVALENCE OF FOOD INSECURITY

Inadequate family incomes result in food insecurity. Food security exists in a household when all people, at all times, have access to sufficient, safe and nutritious food for an active and healthy life.⁵⁹ There is a growing concern that an increasing number of Nunavummiut are suffering some form of food insecurity. Research on subsistence hunting and fishing, the Inuit Child Health Survey, the Department of Health and Social Services' *Nunavut Food Guide*, and the introduction of the Nutrition North Canada program are all shining new light on the food insecurity challenges.

But none of these recent news items have captured peoples' attention in the way that the recent food protests have. In May 2012, the United Nations Special Rapporteur on the right to food conducted an official visit to Canada. In his end-of-mission statement⁶⁰, Olivier de Schutter said that a large number of Canadians are unacceptably too poor to feed themselves decently and that Inuit are in a particularly desperate situation.⁶¹ The response from the Government of Canada, including that of the current Member of Parliament representing Nunavut, largely dismissed the United Nation's findings.⁶² The ensuing debate brought national attention to the level and extent of poverty present within Nunavut. Issues of food insecurity, failing health, inadequate housing, and low employment rates became centre stage. Perhaps the most captivating outcome from the debate has been the protests against food prices and the challenges that Nunavummiut are having in feeding their families.

These protests revolve around the price of food. But from the perspective of economics, it must be acknowledged that the high price of food in Nunavut is largely the function of the high costs of transportation and storage, of heating the stores and powering the refrigerators, of wages, and the absence of any real economies of scale. The protest against food prices is really a protest against food prices relative to income levels.

This distinction is important. A lower cost of food for Nunavut's families will be the result of higher and/or better-administered subsidy programs or higher income support payments. Either way, the only immediate solutions are of the non-market variety.

NUNAVUT'S FEEDING MY FAMILY MOVEMENT

On May 29, 2012, Leese Papatsie launched a Facebook page under the title Feeding My Family.

Welcome to our movement. This page is about the disturbingly high cost of food in Nunavut, Canada.

With a few friends, Leese organized protests outside food retail stores across Nunavut, and began an online conversation about food prices that now includes more than 20,000 followers. "I just wanted to voice one simple message: Food costs are too high in Nunavut." she told the *Globe and Mail*, June 8, 2012.

Feeding My Family is about bringing attention to the high cost of providing food in Nunavut. This website and movement is about bringing awareness to the rest of Canada and the world about the living conditions in Canada's newest territory.

Inuit, the founders and principal residents of Nunavut have sustained themselves for generations through a deep relationship with the land and each other. While that strong bond still exists, we now find ourselves balancing that relationship between two worlds. As proud Canadians it disheartens us that an estimated 70 percent of Inuit homes with school age children find themselves food insecure.

Poverty and unemployment in Nunavut is the highest in Canada and a trip the grocery store finds us faced with the highest food prices in the country.⁶³

59 Food and Agriculture Organization of the United Nations (FAO), 1996.

60 De Schutter, 2012

61 Payton, 2012b

62 Payton, 2012b.

63 See <http://www.feedingmyfamily.org/> and the Feeding My Family page on facebook.

Longer-term solutions must look at why families are not able to earn enough income on their own to pay the costs of living in Nunavut. This implies an investigation into minimum and average wages, employment opportunities at the regional and community level, barriers to participation, and costs, benefits, and participation in subsistence living. In some cases, a solution cannot be found in the market, and higher income support and subsidies must be a part of the long-term solution.

The *Nunavut Economic Development Strategy* recommended that by 2008 the territory establish the *Nunavut Commission on Food Autonomy* to explore how Nunavummiut can improve their diet and nutrition, how communities can strengthen local food production and distribution, and how reliance on southern food imports can be reduced.⁶⁴ That commission was never formed; however, *The Makimaniq Plan* has revived the idea by including Food Security as one of its six themes. Under that heading, the plan sets out three action items:

1. Establish a Nunavut Food Security Coalition.
2. Enhance healthy breakfast and lunch programs in schools.
3. Increase support for community-driven food security initiatives.

The Coalition had its inaugural meeting in June, 2012 establishing its mandate to bring together stakeholders from government, Inuit organizations, NGOs, business and researchers to develop a long-term, inclusive, and sustainable approach to food security in Nunavut, while also bringing immediate attention to the acute food insecurity issues of today. The Coalition will act as a venue to share best practices and resources, to monitor and evaluate poverty reduction actions, and to develop a territorial action plan on food security.⁶⁵

There appears to be two main factors at play in Nunavut's food insecurity:⁶⁶

1. Some families do not have enough money to feed family members on a consistent basis over an entire year.
2. Access to country foods through one's own efforts or from family or other community members is deteriorating.

These seem to be straightforward problems. The first instance sounds like an issue for Nunavut's Income Support Program and the federal program to subsidise the transportation of food (Nutrition North Canada). A closer look suggests other factors might be involved. A welfare recipient might be sharing food with people outside the immediate family. Addictions to tobacco, alcohol, illicit drugs, or gambling rob some families of money for food. Poor nutritional choices such as excessive consumption of junk food or highly processed foods can have a substantial impact on a family's food budget, its nutrition, and its health. In other words, food insecurity may not be a simple case of inadequate finances.

The monetary side of this issue could be addressed by providing more financial support to those that need it, but still requires that Nunavummiut have the discussion and form a consensus on the difficult topic of *what constitutes basic needs*. This was highlighted earlier in the report, and will be picked up again in Chapter 9. What must be in a families' grocery cart on a weekly basis in order that their basic needs are met? What is the cost of that basket of food?⁶⁷ Can and should the welfare system assume that a family using the Income Support Program is receiving food through other sources: namely, country food? What other non-food items must be on that list of basic needs? A consensus on this subject is not easy, but the reward of establishing an appropriate level of social assistance would come from such a consensus.

Addressing the non-monetary issues is more difficult. How do we assess how many people outside the family unit are being fed from the food portion of the social assistance payments? How, where, and to what extent are

64 Nunavut Economic Forum, 2003.

65 Nunavut Roundtable for Poverty Reduction, 2011a.

66 This is not to oversimplify the enormous challenge of food security, but rather, it is a way to focus some of the debate into areas that can see tangible action and improvements.

67 These questions were investigated by the Nunavut Department of Finance in 2009-10 in its study of a possible Northern Market Basket Measure.

addictions involved and what do they cost in terms of a family's food budget? And, how much is lost through poor choices at the grocery store?

The second factor in Nunavut's food insecurity is a lack of country food. There are many possible explanations for a decrease in its consumption:

- ▶ Diminished stocks of wildlife and fish;
- ▶ Rising cost of harvesting;
- ▶ Reduced land-based skills, which are lowering the success rate of hunters or fishers;
- ▶ Changing tastes (reported among the younger generations in particular);
- ▶ Less time to spend on the land because of commitments to the wage economy;
- ▶ Less sharing within and between families; and,
- ▶ Larger community populations placing greater pressure on existing wildlife stocks.

The reduced consumption of country food draws on all three facets of poverty. But it is disconcerting how little is known of its causes. There isn't a single element of the country food issue that we can speak to confidently. Using caribou as an example, we know many of the caribou herds are in decline, but biologists have not clearly identified why this is happening or what we should expect in the future. We know many Inuit depend on caribou as a food source, but what is the depth of this dependence? What are the financial implications for a scenario whereby a herd disappears or hunting is severely restricted? What are the social and cultural implications of this scenario? Is the change in tastes reported among young people a permanent change?

Answers to all these questions are needed if we are to know where to direct financial support and to know whether programs can have any chance of success.

There is a lot of informal evidence in Nunavut related to both forms of food insecurity. This evidence must be supported by real hard facts and by tangible action. In this regard, the recently formed Nunavut Food Security Coalition could choose to take up some of this research.

There has been some survey work completed on the food insecurity issue.⁶⁸ One such survey published in 2010 revealed some alarming results related to Inuit children from the age of 3 to 5.⁶⁹

- ▶ Nearly 70 percent of Inuit preschoolers resided in households rated as food insecure (95% confidence interval [CI] 64.7%–74.6%).
- ▶ 31 percent of children were moderately food insecure, and 25.1 percent were severely food insecure, with a weighted prevalence of child food insecurity of 56.1 percent (95% CI 51.0%–61.3%).
- ▶ Primary caregivers in households in which children were severely food insecure reported experiencing times in the past year when their children:⁷⁰
 1. skipped meals (75.8%) – 13.2 percent of Inuit pre-schoolers;
 2. went hungry (90.4%) – 15.8 percent of Inuit pre-schoolers; or,
 3. did not eat for a whole day (60.1%) – 10.5 percent of Inuit pre-schoolers.
- ▶ Primary caregivers in households in which Inuit children were moderately food insecure – 21.6 percent of pre-schoolers – reported experiencing times in the past year:
 1. When they worried food would run out (85.1%) – 18.4 percent of pre-schoolers;
 2. When they fed their children less expensive food (95.1%) – 20.5 percent of pre-schoolers and;
 3. When their children did not eat enough because there was no money for food (64.3%) – 13.9 percent of pre-schoolers.

In another study on food insecurity, the Canadian Community Health Survey reported that almost one-third (31.9 %) of Nunavut households indicated food quality and/or quantity were compromised usually due to limited financial resources compared to only 7.7 percent nationwide. The survey found that lone-parent families had the highest incidence of food insecurity – lone-parent families are twice as common in Nunavut as they are across Canada.

68 From the unpublished paper *Policy Options and Recommendations for Addressing Food (In)Security in Nunavut: Synthesis Document* by Furgal, C., Hamilton, S., Meakin, S., & Rajdev, V., 2012.

69 Egeland, Pacey, Cao, & Sobol, 2010.

70 This is referring to the 25.1 percent of the initial 69.6 percent of children who resided in food insecure homes; or approximately 17.5 percent of Inuit pre-schoolers.

5.5 NUNAVUT'S WELFARE TRAP

For years, the concept of a welfare trap in Nunavut was inappropriate because it assumes jobs are available, and so a welfare recipient has the option to take a job. Until recently, there were few jobs available, especially in communities without any resource development and without a decentralized government presence. An insufficient job market still exists in some communities, but has improved substantially in others. For welfare recipients in those communities with an active job market, the possibility of a welfare trap now exists for real. Reports from Agnico-Eagle Mines have verified this. There are cases where employees have left their jobs at the mine because they believed that their wages did not adequately compensate them for the consequent reduction in income support and housing benefits.

A welfare trap is said to exist when elements within social insurance programs create a disincentive for people to take a paying job. This disincentive can manifest in different ways:

- ▶ Support programs that are too rich – they exceed what people can earn in the wage economy;
- ▶ Support programs that include penalties on earned income that are too harsh – this often comes in the form of welfare payback penalties or income tax rates on low income earners that are too high; or,
- ▶ Support programs that don't properly account for the marginal income gains for labour working at minimum or low wage.

There are other conditions that lead one to choose welfare over work. They are not technically defined as the welfare trap, but have the same result in that it keeps people in a dependent position. The lack of childcare services is one example of this, where an individual would choose to work but is prevented from doing so because of a lack of support services.

Finding the right combination of support and thus lowering or eliminating the welfare trap is a challenge. It requires that social assistance provide individuals and families with the appropriate financial resources to meet their basic needs – no more, no less. In theory, any

amount over this level creates an “incentive” for some recipients to remain on government support even if they are able to work. Any amount less would result in the recipients becoming destitute without enough money to survive. But as discussed earlier, the challenge is in determining basic needs. Who decides? And is it possible to treat all welfare recipients as homogeneous?

The welfare trap can also occur where the gains in standard of living from the effort needed to work are not enough to coax people off welfare or away from their housing subsidy. In this case, several factors are at play. Take for example an individual who receives income and housing support from all available programs. This person receives support without having to work in the formal economy. If and when a job opportunity appears, he or she will assess the merits of that job by the marginal financial gains; that is, the difference between what is currently received through welfare and what would be received from the new job after subtracting any applicable taxes. The person would factor in the costs associated with the physical and mental effort required to perform at the new job. He or she will account for the hours spent on the job and in transit, and any additional expenses (real or in kind) incurred because of the job. In other words, a full-time welfare recipient will require that a new job pay more than their current income support. Depending on the cost-benefit evaluation of work versus welfare, that pay may have to be substantially higher than the ‘pay’ currently received from income support to justify a decision to leave welfare. It is important to recognize, therefore, that an individual's decision to remain on welfare can be rational and well-informed.

The next few pages provide information on some of the elements that influence an individual's decision regarding work versus welfare. This includes the current minimum wage, the cost of living, an appropriate level of income support, the influence of public housing, and the current social assistance programming available in Nunavut.

5.5.1 Minimum Wage

The minimum wage in Nunavut is \$11 per hour. This is the highest in the country in absolute terms (see Table 5-3).⁷¹ It is also amongst the highest in relative terms. Nunavut's

71 Battle, 2011.

minimum wage was 46.5 percent below its average hourly earnings, which is very close to the highest of all provinces and territories; the highest is Prince Edward Island at 49.3 percent.⁷²

At \$11 per hour, a full-time job generates an annual income of \$22,880 assuming an eight-hour workday, paid holidays, and no overtime. After income tax, the take-home pay would be \$20,514, assuming no contributions to CPP and EI and no tax credits apart from those already in the federal and territorial tax system.⁷³

Minimum wage is supposed to represent a wage rate at which one's basic needs can be met and is a means to prevent the exploitation of labour. Is this accomplished with an annual after-tax income of \$20,514? Is this enough to encourage someone to leave the welfare system? It is interesting that this level is very close to the median income of social housing tenants.

The answers to these questions depend on a person's current level of financial and housing support, whether they are single, married, and/or have children, the cost of living in their community, the average standard of living in that community, personal needs and wants, and more.

If, after making these calculations, the amount is not enough to persuade an individual to take a minimum wage job, then how much is enough? What amount will bring all but the most reluctant individuals into the workforce?

5.5.2 Cost of Living

Answering these questions starts with knowledge of the cost of living in Nunavut. This follows closely on the discussion presented earlier about the purchasing power of a dollar in Nunavut. But in that discussion, we have already learned that completing a real cost of living comparison is not possible. But this does not preclude the possibility of calculating a cost of living estimate for Nunavut under an explicit set of circumstances.

72 Ibid.

73 Tax calculations were made using the Canadian Income Tax Calculator provided by Tax-Services.ca, available at <http://www.tax-services.ca/canadian-tax-calculator/income-tax-calculator-canada.html>

Table 5-3

MINIMUM WAGE RATES IN CANADA

Jurisdiction	Effective Date	Minimum Wage Rate
Nunavut	05-Sep-08	\$10.00
	01-Jan-11	\$11.00
British Columbia	01-May-11	\$8.75
	01-Nov-11	\$9.50
	01-May-12	\$10.25
Alberta	01-Apr-09	\$8.80
Saskatchewan	01-May-09	\$9.25
Manitoba	01-Oct-10	\$9.50
Ontario	31-Mar-10	\$10.25
Quebec	01-May-10	\$9.50
	01-May-11	\$9.65
New Brunswick	01-Sep-10	\$9.00
	01-Apr-11	\$9.50
	01-Sep-11	\$10.00
Nova Scotia	01-Oct-10	\$9.65
Prince Edward Island	01-Oct-10	\$9.00
	01-Jun-11	\$9.30
	01-Oct-11	\$9.60
	01-Apr-12	\$10.00
Newfoundland and Labrador	01-Jul-10	\$10.00
Yukon	01-Apr-10	\$8.93
	01-Apr-11	\$9.00
Northwest Territories	01-Apr-10	\$9.00
	01-Apr-11	\$10.00

Source: Human Resource and Skills Development Canada (<http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt1.aspx?lang=eng>)

For example, Statistics Canada compiles data on average household expenditures (see Table 5-4), which we can compare with minimum and average wages. It is perhaps surprising that average consumption by Nunavut households is only 20 percent higher than the national average, and that average shelter costs in Nunavut are below the national average.

These differences are the result of the differences mentioned earlier such as consumer expenditure patterns, average family size, the use of public and staff housing, etc.

Table 5-4

AVERAGE HOUSEHOLD EXPENDITURES, NUNAVUT AND CANADA, 2009

	Nunavut		Canada	
	Average expenditure per household	Households reporting expenditures	Average expenditure per household	Households reporting expenditures
	\$	%	\$	%
Total expenditures	84,439	100	71,117	100
Total current consumption	60,900	100	50,734	100
Food	14,815	100	7,262	100
Shelter	12,824	98.5	14,095	99.8
Household operation	4,285	100	3,428	100
Household furnishings	2,400	96.2	1,896	92.2
Clothing	4,257	98.5	2,841	98.9
Transportation	6,372	69.9	9,753	98.1
Health care	711	78.7	2,004	97.2
Personal care	1,220	99.6	1,200	99.7
Recreation	6,698	98.3	3,843	97.4
Reading and printed materials	143	40.1	232	68.7
Education	*	*	1,238	33.1
Tobacco and alcoholic	4,806	89.7	1,506	82.6
Games of chance (net amount)	452	66.9	255	67.2
Miscellaneous	1,354	67.2	1,180	91.5
Personal income taxes	15,781	90.4	14,399	93.4
Personal insurance and pension	5,198	87.8	4,269	83.7
Gifts of money and contributions	2,560	65.6	1,715	72.6

Source: Statistics Canada, CANSIM Table 203-0001 Note: * unreliable data

We can subtract the cost of housing from the total presented in the table to eliminate it from our comparison. Average household expenditures in Nunavut are less than \$44,000 in this case.⁷⁴ For a comparison to the Canadian average, the average current household expenditure excluding shelter and household operations is approximately \$33,000.⁷⁵

This initial information suggests that the minimum wage is appropriate if we were using the types of measures used in Canada's provinces. The Low Income Measure

(LIM) for poverty, which we discuss in detail later, is typically set at a level 50 percent below median family income. In 2008, Nunavut's median family income was estimated to equal \$58,590. Two people earning minimum wage would have a combined income of just over \$41,000, which is above the LIM. Of course, a lone-parent family would not be able to earn \$41,000 from a minimum wage job. And, as was shown in Chapter 3, the gap between average and median income in Nunavut is wider than anywhere else in Canada. This might invalidate the LIM for Nunavut because 50 percent below the median family income does not appear to be enough for a family to meet its basic needs, using the information presented in the table, even with the cost of housing removed.

74 Calculated as current consumption (\$60,900) minus shelter (\$12,824) and household operations (\$4,285)

75 Keep in mind these are purchases made from after-tax income.

5.5.3 Finding the Right Amount of Income Support

Most support programs including those offered in Nunavut try to lower the welfare trap and create incentives to work by establishing a sliding income scale from which the support payments are determined. Numerous caveats are added that allow for additional support or periods of relief, all in an effort to limit any reduction in standard of living for an individual when transitioning into the workforce.

Theoretically, this reduces the possibility of a welfare trap. Nunavut's Income Support Programs make additional exceptions for participation in traditional economic pursuits in the non-wage economy, and for people who are attending school. It also has allowances built in for individuals seeking professional help in dealing with such things as alcoholism or drug abuse. Similar to other programs in Canada, additional allowances are provided for children, the disabled, and the elderly.

At income levels below \$23,000, families qualify for most if not all welfare programs administered by the Government of Nunavut and the federal government.⁷⁶ For income levels between \$23,000 and \$40,000, families continue to qualify for the programs but some begin to pay out a lower amount. After \$40,000, the benefits begin to decline for most support programs.⁷⁷ Note that these income levels, \$23,000 and \$40,000, are close to what can be earned by one and two people working full-time at the minimum wage.

5.5.4 Relative Importance of Social Housing

Similar to the Income Support Program, the Nunavut Housing Corporation's Public Housing Program contains elements of the sliding income scale as it relates to the cost of rent as well as short-term relief on rent under certain circumstances. Until a household's after-tax income in the previous tax year exceeds \$15,000, the rental charge is \$60 per month. Therefore, a household with one individual working full-time at Nunavut's minimum wage would not qualify for the minimum rent. Allowances exist for students and to encourage youth

employment and savings, while adjustments are made based on cost of living factors in the community, the condition of the housing unit, and the number of people living in it.

For our study of poverty and the welfare trap, we need to view public housing differently than income support. Unlike income support, which is designed to bring all citizens to a minimum standard of living and then encourage people to improve this standard through their own effort, housing doesn't offer a change in standard of living as one's income and rental costs rise. Rent increases according to an income-based scale, but as rent goes up the house being rented does not change. In a typical housing market, one would have the option to rent from the private sector once he or she reached an income level where they were paying the full market rate for their public housing unit. In most parts of Canada, this would improve one's range of choice. That option does not exist in most Nunavut communities.

This is a simple but important distinction. While public housing is strictly a needs-based program, the program brings about a welfare trap-like response from users that is potentially more influential on an individual's decision regarding a job opportunity than that of income support.

- ▶ The housing component of one's overall welfare package doesn't offer the same kind of "reward" for working since the higher rent does not result in a higher standard of living. The rising rent is a disincentive for some to take a job.
- ▶ In this sense, public housing works against the Income Support Program's policies that are aimed at eliminating the welfare trap.
- ▶ This issue is further exacerbated by the fact that the Income Support and Public Housing Programs assess income differently – essentially, family income versus household income. This raises the welfare trap for recipients who might not otherwise choose to remain on welfare.
- ▶ From the most practical standpoint of its monetary implications, Nunavut's Public Housing Program

76 The size of family and presence of children, disabled, and elderly influence the cut-offs and amounts received.

77 Note that these figures are generalized, not the precise amounts. Each program has its own set amount for when benefits are reduced.

costs the government over \$180 million annually,⁷⁸ of which the cost of operation and maintenance is close to \$129 million.⁷⁹ Income support will cost the government \$32.6 million in 2011-12.⁸⁰ This makes the Public Housing Program roughly four times more valuable to Nunavummiut than income support.

The threat of losing one's home as a result of employment is a huge consideration, even though it has never happened. The Government of Nunavut has never evicted a public housing tenant on the sole grounds that he or she has gained employment and no longer qualifies. In all cases where a tenant's household income rises over time, the Nunavut Housing Corporation offers a suite of programs and services to support and encourage upward movement in the family's housing situation. Consideration is given to tenants living in non-market communities that are without affordable private market rental. Where there are no other viable options, the NHC does raise the rent toward market rates to a maximum equal to 28 percent of the household income. But at this point, the household annual income would likely exceed \$100,000 and would not be considered financially poor.

On paper, the Public Housing Program has the necessary caveats to ward off the sort of welfare trap-type responses tenants have described, yet the concern is raised repeatedly in public discussions on Nunavut's welfare programs, whether related to the public engagement process organised through the Nunavut Roundtable for Poverty Reduction or other research efforts.⁸¹ There was a feeling that the monthly rent – whatever it was for each family – was the price for that home. The large one-time increase in rent was too great a shock to a family's finances. This can be seen in the growing arrears for public housing that now stand

at \$18.9 million.⁸² Recent increases have come from households failing to pay the increased rental fee.

The rental adjustment for all public housing tenants occurs in September of each year and is based on the previous year's reported income. Theoretically, someone starting work in January has 20 months before his or her rent will increase. Similarly, in a case where the individual begins work in July, the rental adjustment in the following year would be based on the income earned over half a year. It wouldn't be until one year later that the full adjustment comes into effect. In a case where an individual loses his or her job prior to the September adjustment date, their previous year's income is not considered.

This appears to be a rather generous program with the challenge being in preparing tenants for this rental adjustment. As much as the grace period gives tenants the opportunity to save, it also gives them time to become accustomed to the extra disposable income. Newcomers to the wage economy will have a lot of pent up consumer demand within their family unit and are unlikely to have much left over for savings after a year of work. Thus, the rise in rent can come as a shock to a family's financial situation, despite the fact that they are still better off than they were 20 months earlier.

5.6 GOVERNMENT OF NUNAVUT'S INCOME AND HOUSING SUPPORT PROGRAMS

5.6.1 Income Support Program

Nunavut's Income Support Program is administered by the Department of Education. It is defined as "a program of last resort to assist individuals and families meet the basic food and housing needs while encouraging participants to become more independent."⁸³

The Income Support Program serves two purposes:⁸⁴

- ▶ Income support makes sure that all Nunavummiut have access to a minimum standard of living.
- ▶ Income support helps residents who are able to work become more independent through counselling and training.

78 The Government of Nunavut's 2011-12 Main Estimates show a budget of \$144 million. This does not include the costs covered by CMHC. The figure also excludes the costs associated with the Nunavut Housing Trust.

79 Information from unpublished comments by the Nunavut Housing Corporation to the Draft Social Safety Net Review Update.

80 Department of Finance, 2011.

81 During the Nunavut Roundtable for Poverty Reduction's public engagement process concerns were heard about the potential loss of public housing. The consultation process conducted for Nunavut Economic Forum's Barriers to Business report was given similar information. And the more recent investigation into Nunavut's Social Safety Net has reported this issue. There isn't anything in the program rules that would suggest this should be happening; yet, the comments from users of the system suggest repeatedly that the fear of losing one's home or that the rental costs will rise does play into people's employment decisions.

82 Nunavut Housing Corporation, 2012.

83 Department of Education, 2012a

84 Ibid.

Table 5-5

NUNAVUMMIUT RECEIVING INCOME SUPPORT, 2008-09

	# of people
Social Assistance	15,523
(Total Population Aged 0 to 59)	30,015
Senior Citizen's Supplementary Benefits	679
(Total Population Aged 60+)	1,608
Nunavut Child Benefits	5,815
(Total Population 0 to 18)	12,874

Source: Government of Nunavut, Department of Education, *Social Support Statistics (estimates)*

It is not uncommon to find these two elements combined in one program in other jurisdictions in Canada. By combining basic needs and back-to-work strategies, it suggests that the provision of funds to meet basic needs is conditional on some level of effort to join the workforce or otherwise improve one's productivity. At different times and in different places across Canada there have been efforts to implement these types of conditions.⁸⁵

The risk in imposing these conditions is that they can result in a rise in homelessness as people lose their income support benefits and become destitute. In Nunavut, the threat of being "cut off" from social assistance is not very strong. The severity of Nunavut's climate and the isolation of its communities make conditions for receipt of income support difficult, if not impossible, to enforce.

If the two elements of the Income Support Program are only loosely connected to one another, what gains are made in continuing to link them to each other? It might be that maintaining the connection is the most efficient mechanism in which the government can deliver the two programs, but this efficiency should be tested. Some recipients will receive Income Support benefits for long stretches of time and some may access the program for the rest of their working lives even in a scenario where the economy grows and poverty is drastically reduced. Nunavut might have to accept that for some people in some communities the goal of self-reliance through

85 There are many examples of this idea that welfare recipients should work for their income. It surfaced in Saskatchewan during the early 1980s and later in Ontario in the early to mid-1990s. In both cases, the economies in those provinces were slumping and the new welfare policies appeared as a response to the need for fiscal austerity.

participation in the wage economy is not realistic. In such cases, a different suite of programming might be more beneficial than those geared toward the wage economy.

Any potential gains made by separating these two program elements would have to be weighed against the possibility of further exaggerating Nunavut's existing welfare trap and against any concerns over fairness. No doubt, some Nunavummiut support the existing program's premise – that everyone can and should make a positive contribution to their community if they are to receive financial support from taxpayers.

5.6.1.1 Providing a Minimum Standard of Living

The Income Support Program has several components including Social Assistance, Senior Supplementary Benefit, Fuel Subsidy, and Daycare Subsidy. Social Assistance is by far the largest program within the system with the total cost approaching \$32.6 million annually.⁸⁶ The percentage of residents drawing on social assistance is unbelievable within the Canadian context, though entirely consistent with the findings from this research. Table 5-5 provides the number of recipients of Income Support programs in the 2008-09 fiscal year. The number totalled 15,523 that year – approximately half of Nunavut's population. The number of elders receiving supplementary benefits to their Old Age Security equalled 679 of the 1,608 Nunavummiut 60 years or older. The number of children receiving Nunavut Child Benefit money was 5,815. In 2008, there were eleven Nunavut communities where 60 percent or more of the population was receiving social assistance, and for five of these communities that percentage was above 70 percent.

Not everyone receives the full amount. In many cases, income support is supplementing the working poor. Table 5-6 contains a breakdown of income support expenditures by the amount of annual payment. It should be noted that the number of benefit slips does not translate into the number of households. Payments are made to a designated head of the household. But this designation can be changed from one month to the next, and routinely is. The Income Support Directorate is planning for the introduction of a computerized support

86 Department of Finance, 2011.

Table 5-6

2008 INCOME SUPPORT BENEFIT STATEMENTS

Payment Grouping	Number of Benefit Slips	Percent	Dollar Value	Percent
0 - 5,000	3,874	67%	9,472,014	34%
5,001 - 10,000	1,347	23%	9,474,515	34%
10,001 - 15,000	418	7.2%	4,969,712	18%
15,001 - 20,000	102	1.8%	1,721,802	6%
20,001 - 25,000	22	0.4%	485,931	2%
25,001 - 30,000	16	0.3%	443,421	2%
30,001 - 35,000	5	0.1%	157,443	1%
35,001 - 40,000	8	0.1%	300,383	1%
Over \$40,000	22	0.38%	1,016,028	4%
Totals	5,814	100.00%	28,041,249	100%

Source: GN Department of Education, Income Support Directorate

delivery system that will help identify when and where these changes are made and how many households are represented by the benefits statements. Until then, it is not possible to calculate the amount of support that families are receiving. We can only assume that there is a good reason that households are reassigning their head-of-household throughout the year.

It is important to recognize that an individual or family receiving social assistance is eligible for additional territorial and federal support. Federal support programs include Goods and Services Tax (GST) rebate, Canada Child Tax Benefit and Old Age Security. Nunavut provides public housing through the Nunavut Housing Corporation (NHC). NHC builds and maintains the homes and covers the cost of heating and a majority of the power costs. The minimum monthly rental fee is \$60, which is covered by the Income Support Program along with the cost of power and a portion of the heating costs. The Income Support Program also provides disability benefits (as does the federal government). In addition, the Nunavut Child Tax Benefit supports families with children and a Senior Supplementary Benefit is provided to persons who are 60 years of age or older.

Each program has different criteria, cut-off points, and sliding scales. An example of one family with two parents and three children provides an illustration of how the programs work. Assuming this family lives in Rankin Inlet and generates no income on its own, they would receive the following:

- ▶ For food: \$1,142 per month through Nunavut's social assistance
- ▶ For child support: \$284.66 per month (\$3,416 per year) for the first child, \$264.75 per month (\$3,177 per year) for the second child, \$265.00 per month (\$3,180 per year) for all other children in the family.
- ▶ For clothing: \$50 per month per family member
- ▶ GST Rebate: \$248 per adult and \$130 per child for a total of \$886 annually
- ▶ For housing: \$60 per month for the cost of rent and whatever amount is needed to cover the portion of power costs not covered by NHC.⁸⁷

Summed together, this family would receive approximately \$27,500 annually through territorial and federal income and child support.

Is that enough to meet a family's basic needs?

This amount is 37 percent below the amount spent by an average Nunavut household on goods and services (approximately \$44,000) excluding the cost of housing.⁸⁸ It is also 53 percent below the median family income of \$58,590 recorded in 2008. Using the rule-of-thumb that poverty exists when a family's income falls below 50 percent of the median income, then the family in this scenario would be deemed to be living close to but clearly below the poverty line.

87 Tenants pay 6¢ per kilowatt-hour. The Nunavut Housing Corporation pays the balance.

88 See Table 5-2 on page 23.

5.6.1.2 Supporting Productive Choices⁸⁹

The second element within the Income Support Program “helps residents who are able to work become more independent through counselling and training.”

To facilitate this element of the program, the Government of Nunavut has introduced programs around the concept of Productive Choices. Productive Choices refers to a number of ways in which someone in receipt of income support can work toward independence. Participation is mandatory. It is meant to assist and encourage individuals to make decisions and productive choices from among community opportunities in wellness, learning, training, and work experience to gain and maintain a greater degree of financial independence.

The program has five objectives:

1. To enhance decision-making, accountability and self-reliance of communities and individuals seeking income support;
2. To provide temporary support for individuals until they are able to make productive choices for themselves and their families;
3. To recognize the roles of tradition and culture in people’s lives and the importance of family in the types of income support services offered and the manner in which they are delivered;
4. To assess individuals seeking income support and refer them to community social programs primarily through one community office; and,
5. To make better use of resources, including both income support funds and community human resources

There are a number of examples of Productive Choices that include:

- ▶ Career Activities - Upgrading, career support, employment, training, harvesting, community work/volunteer activities, parenting (children under five years of age).

- ▶ Wellness Activities - Alcohol and drug counselling, mental health counselling, family support, medical assistance, community justice.

Within the suite of programs are the Building Essential Skills Program and the Transition to Work Program:

The Building Essential Skills Program funds skills training for unemployed workers to enhance their ability to find employment. Program participants may be able to receive funding to help cover tuition, books, special equipment, living allowance, transportation and childcare while on an approved training program.

The Transition to Work Program provides additional supports for Nunavummiut making the move from income support to work for the first time, whether in the traditional or wage economy. Recipients without dependents may receive \$175 per month to a maximum of 4 months for full-time employment; recipients with dependents may receive \$350 per month to a maximum of 4 months for full-time employment.

These programs appear to be appropriate for Nunavut. They target many of the unique characteristics found throughout the territory, in particular, those associated with traditional economic activities. However, the effectiveness of these programs is not well understood. As mentioned earlier, the gains achieved by coupling these programs together with social assistance is not clear. There are likely administrative cost savings. And for those that might easily be coaxed into the workforce, these programs are effective. Otherwise, the program stands as an approach to enforcing the notion that recipients of social assistance must make an effort to be productive members of their community. But what about those individuals that simply opt out of the workforce, but are otherwise capable? What about those caught in the welfare trap? How does the program deal with Nunavummiut living in communities that do not have productive opportunities, especially in the wage economy? And finally, are there productive choice options and programming available for the working poor?

⁸⁹ The description of Productive Choices and the associated programs is taken from Department of Education, 2012b. Available at <http://www.edu.gov.nu.ca/apps/authoring/dspPage.aspx?page=29>

5.6.2 Public Housing Program

Nunavummiut apply for a public housing unit through a housing organization located in their community. Their application is rated according to criteria that give priority to those most in need. The rent charged is based on the tenant's ability to pay. The rent scale is based on three principles:

- ▶ Rent is assessed according to net household income reported to the Canada Revenue Agency.
- ▶ Rents are based on a sliding scale between 10% and 28% of disposable income. The minimum rental fee is \$60 per month. The maximum rental fee is determined from the operating and maintenance costs based on private homeowner utility rates.
- ▶ Rent is re-evaluated on an annual basis to account for changes in income.

Nunavut's dependence on public housing was outlined earlier. Public housing dominates the housing market in Nunavut. Over half the population, almost all of whom are Inuit, live in public housing. This market penetration has not diminished over the past decade and the current and future demand for public housing will be relentless in the face of a population dominated by people under the age of 25, the unattainable cost of private market housing, continued high unemployment rates in many communities, and the absence of any other alternatives.

The *2010 Nunavut Economic Outlook* showed projections for the demand on public housing over the next 15 years. Using prudent assumptions on fertility and household formation rates and assuming no change in the occupancy rates or the relative demand for public housing, Nunavut will need 1,672 new public housing units by 2025. This means approximately 110 new units are needed every year for the next 15 years, which says nothing of the need for repair or replacement of some units or dealing with those currently on the waiting list – a number that now exceeds 1,500 housing groups.⁹⁰

This dependency on public housing is a drain on Nunavut's finances. The cost of maintaining and heating an existing unit averages around \$23,000 a year. This contributes to a housing budget that topped \$195 million for the 2012-2013 fiscal year,⁹¹ an amount that excludes the costs associated with the Nunavut Housing Trust and the Affordable Housing Initiative through Canada's Economic Action Plan, which was responsible for the construction of approximately 1,000 new public units over a five-year time frame at a cost of \$410 million.⁹²

Prior to the federal housing support program, the government's build rate was approximately 70 homes per year. The current fiscal position of the Government of Nunavut suggests little or no money will be available for building homes without federal support. The Government of Canada has not renewed any of its housing support programs to date, meaning no new public housing for Nunavut this year. And with no other solution in place, a slower build rate will mean a continuation of limited housing options, more overcrowding, further health and social issues that are linked to housing, and ultimately, a continuation and even an expansion of poverty. Simply put, public housing represents a major challenge for Nunavut's public finances, its future sustainability, and any efforts in poverty reduction.

90 As of January 2012. Nunavut Housing Corporation, 2012

91 Government of Nunavut, Main Estimates 2012-13. Includes \$38 million contribution from the Canada Mortgage and Housing Corporation.

92 The federal program contributed \$300 million. The additional \$110 million corresponds to the funds added by the Government of Nunavut to cover the costs associated with the commitment to build more houses than was possible with the federal money alone.

INUIT RELATIONSHIP WITH PUBLIC HOUSING

Acknowledging the history associated with the current relationship Inuit have with public housing does not give us a solution for the housing dilemma. However, it does help us to understand that this is a challenge that has arisen over generations, which suggests that any solution may require sustained social investment and economic prosperity across a similar time frame.

There is a certain irony associated with the current public housing dilemma in Nunavut. It was not that long ago during the 1950s and 1960s that Inuit were encouraged to take up residency in new federally administered settlements where they could access education and health services and obtain free, state-sponsored housing.

We now consider this dependence on public housing a contributing factor in Nunavut's growing welfare trap and a link to Nunavut's poverty crisis. Inuit are now encouraged to find employment in the wage economy and in doing so reduce and eventually eliminate their dependence on public housing.

It is not clear whether Nunavummiut are interested in a move away from public housing, and in any case, it might not matter. Nunavummiut do not have the finances to alter the current situation in any significant way.

The Government of Nunavut is currently working to develop a new housing strategy. From what we have learned in the research for this report on poverty, the government's research on housing will show that:

- ▶ Nunavut is in the midst of a housing crisis;
- ▶ the current approach is not working and is unsustainable;
- ▶ the need for public housing will grow before it recedes; and,
- ▶ solutions appear too expensive for the Government to afford on its own.

Finding the right path forward for housing is an absolute imperative for Nunavut and a key element in its overall efforts to reduce poverty.

6. DEPRIVATION OF HUMAN CAPABILITIES

If one were studying poverty as a monetary issue exclusively, the research could theoretically end here. But the ideas introduced in this report suggest that poverty is a far more complex subject. Financial poverty is in large part a symptom of other more substantial challenges facing Nunavut's poor.

The earlier discussion on current and future economic prospects showed that there should be more than enough new jobs created in the coming years to keep everyone working, yet official unemployment rates linger at or above 15 percent. It is true that a welfare trap exists in Nunavut, but this is in part because the jobs many welfare recipients qualify for are at or close to minimum wage and don't offer enough financial incentive to coax them away from social assistance. Other jobs that are better paying would require a family to relocate, which would force them to give up their public housing unit. There is evidence to suggest that some Nunavummiut view this to be too great a price to pay for a new job.

Much of the new demand for labour, whether it is in mining, construction, or government, will be for skilled or at least semi-skilled workers. These jobs pay more, but too few Nunavummiut qualify for them. This is a form of poverty related to human capabilities – because of a lack of education and skills, many Nunavummiut are unable to participate in the economy. The result is financial poverty, but the root cause is a deprivation of capabilities.

In the preface and again in Chapter 4, the idea was introduced that poverty is a new phenomenon for Inuit in Nunavut. Here is the prime example of what this is referring to. A job in the wage economy is the new way that Inuit can provide for themselves and their families. It is how their communities will ultimately survive. Too many are missing the right skills, training, education, and development to access these opportunities. The result is unsustainable communities, with residents being prevented from accessing the necessary resources to feed, clothe, and house their family. This is poverty in Nunavut. Much of this form of poverty is related to human

capabilities. Education, training, and skills required to be successful in the job market are perhaps the most critical components for participation in the wage economy, but there are deeper issues and challenges that can impede Inuit from obtaining the education, training, and skills needed.

Lower levels of education, knowledge, and experience in the wage economy can result in the inefficient use of money; that is, poor choices, a lack of planning, and bad financial decisions. As described in Chapter 5, the substitute for these deficiencies is more financial support.

Lower levels of traditional knowledge and culturally-based education such as hunting, trapping, and sealing skills can leave Nunavummiut incapable of participating in subsistence-based economic activities. This eliminates it as a productive alternative to the wage economy, can have social repercussions such as a lost sense of being, and can in part be blamed for an increase in food insecurity.

Mismanaged money and a loss of traditional knowledge can result in food insecurity and deteriorating health. This simultaneously reduces one's capacity to find a productive role in society and raises one's dependence on welfare.

This section of the report starts with a review of Nunavut's demographic profile to provide some context for the discussion. This is followed by a discussion on the state of education and health in Nunavut. The subjects are discussed separately, however, the two should be considered together when considering their effects on poverty.

6.1 DEMOGRAPHY

Nunavut's estimated population as of July 1st, 2011 was 33,320, up 6,500 since the Territory was established in 1999.⁹³ This represents an average annual growth of 1.8 percent over the past ten years. (See Figure 6-1).

In Nunavut, the number of births reached an all-time high in 2010 eclipsing the 850 mark for the first time.

The new record is the result of fertility rates that remain substantially higher than the national average (see Figure 6-2).

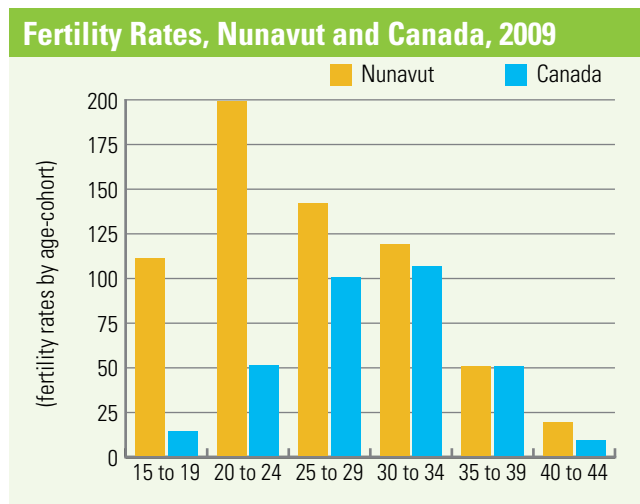
Figure 6-1



Source: Statistics Canada, CANSIM Table 051-0051

In 2009, the last year for which data are available on fertility rates, Statistics Canada calculated the number of births for every 1,000 Nunavut females aged 15 to 19 at 118 and 204 for females aged 20 to 24. For Nunavummiut women aged 25 or older, fertility rates were closer to national averages. Over their lifetime, women in Nunavut will have an average of 3.22 children whereas the average for all women in Canada is 1.66.

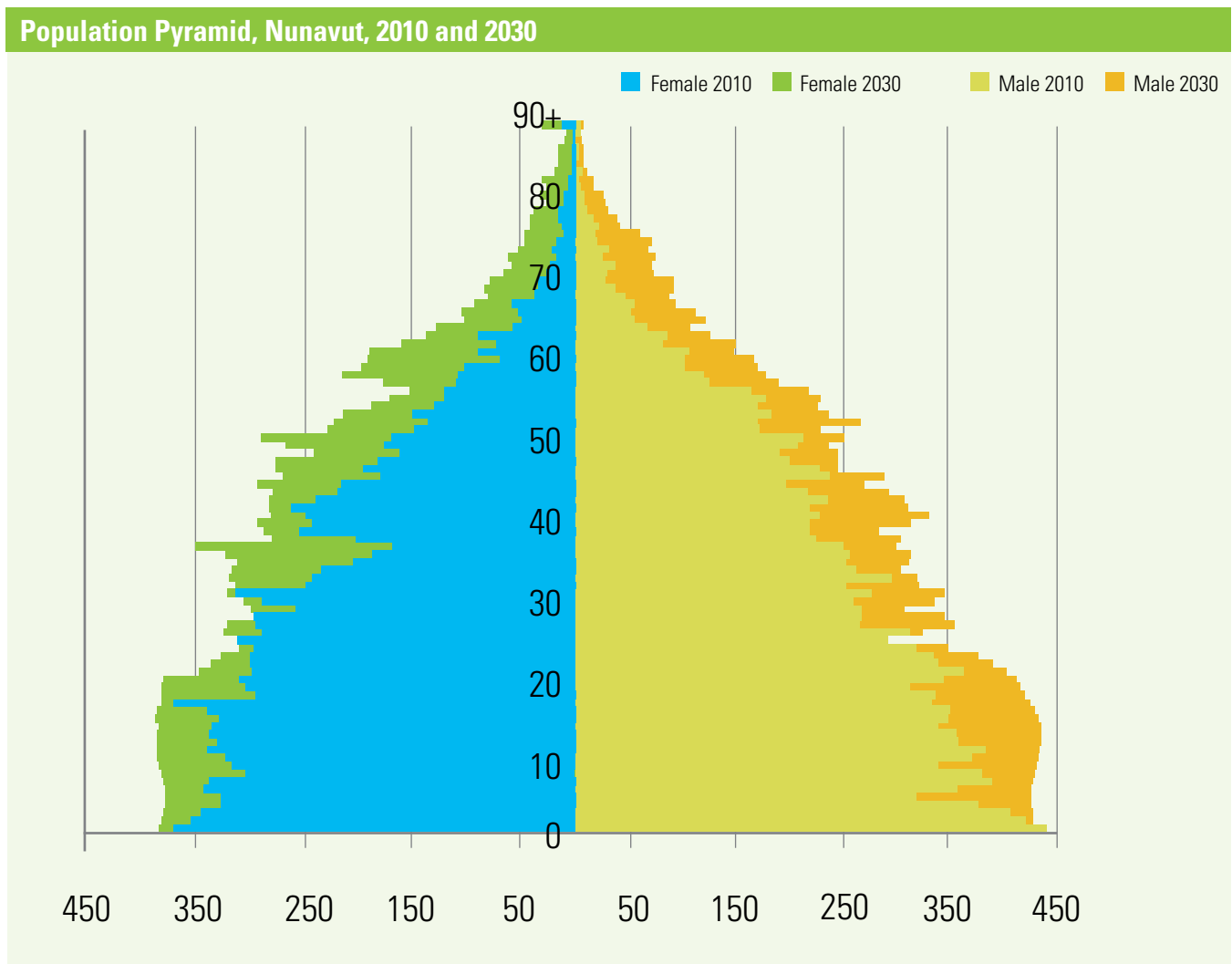
Figure 6-2



Source: Statistics Canada, CANSIM Table 102-4505

93 Statistics Canada, CANSIM Database Tables 051-0001 and 051-0052.

Figure 6-3



Source: Statistics Canada Demography Division, Impact Economics.

Without an immediate reduction in fertility rates, the number of births in Nunavut will grow higher. This is because there are more females aged 0 to 14 than there are 15 to 29. Under this scenario, Nunavut's population will be dominated by a very large youth population for another 20 years. Numerous consequences will result:

- ▶ Teen pregnancies will still be commonplace;
- ▶ The dependency ratio will still be high;
- ▶ The rate of household formation will continue to grow at a pace far beyond Nunavut's ability to build houses; and,
- ▶ Many children will be born into households dealing with issues of poverty.

The *2010 Nunavut Economic Outlook* included a forecast of population growth. It was assumed that fertility rates would gradually decline to 2.5 births per female of child-rearing age – note that this is still very high within the Canadian context. This assumption represents a departure from the trend over the past ten years. But even with this assumption, the number of births in Nunavut will continue to grow for at least the next five years before reaching its peak. This will leave the demographic profile virtually unchanged from what it is today (see Figure 6-3).

The continued rise in births will put increasing pressure on Nunavut's education system. The number of students enrolled in primary and secondary school will continue to grow, as will the number of children in early education programs and attending post-secondary training. Meanwhile, the number of Nunavummiut over the age of 60 will double. This will increase the demand for medical services and elderly care centres. The need for public housing will continue to grow at an unsustainable pace. This adds to the urgency for Nunavummiut to increase their participation in Nunavut's job market, reduce (or change)⁹⁴ their dependence on public housing, and reduce poverty. A very young population with limited participation in the wage economy, strained social programming, and systemic poverty is a particularly dangerous combination. When faced with similar challenges, other parts of the world have collapsed into various forms of social and political unrest. It is not suggested that Nunavut is on the eve of a revolution. It is a region with an open democracy, accessible public education and health care programs, and a growing economy. However, it does suggest that a rise in poverty levels is a very real possibility without substantial action by all Nunavummiut.

6.2 EDUCATION LEVELS AND HUMAN CAPITAL DEVELOPMENT

From the perspective of poverty reduction, we know that education is a cornerstone of a long, healthy, and productive life. But in Nunavut, the majority of the population does not have the education and skills needed to prosper in the new wage economy. Any effort to stem a rise in poverty over the long run requires that they do.

Nowhere is this need greater than with Nunavut's wealth of young people. As we have seen, Nunavut's demographic profile shows that the majority of Nunavummiut are below the age of 25 and that this will not change for at least the next 20 years. It is perhaps obvious to state that the territory's future prosperity depends on its ability to nurture this resource through the provision of quality education and early childhood development.

94 We don't know that reducing the dependence on public housing is a desired or even attainable goal. But there is no questioning the need for change of some kind. This might mean a new model for public housing, a new delivery system, or new expectations. These possible changes should be explored for the purpose of finding a solution.

There has been a lot of attention given to the subject of education in the last ten years in Nunavut. The government has been working on and implementing a new curriculum. There is more and more focus on providing elementary schooling in Inuktitut. There has been a steady rise in the Department of Education budget including the provision of more teachers and support staff. The government has created a the *Nunavut Adult Learning Strategy* and an early childhood development program. Millions of dollars have been spent on new schools and training facilities. But despite the efforts, the data indicates that the territory remains a long way from achieving an acceptable graduation rate and an educated population.

There is plenty of literature that verifies the poor state of Nunavut education levels. The *International Adult Literacy and Skills Survey* (IALSS) conducted in 2003 is one such study. It paints a poor picture of the state of literacy and numeracy amongst adult Nunavummiut (see Figure 6-4 and Figure 6-5).⁹⁵ The information is dated, but given the graduation rate statistics over the past decade, it is likely a good proxy for the current situation.

Almost three quarters of Nunavut's working age population struggle with serious literacy and numeracy challenges or do not meet the minimum level required to participate in a modern knowledge-based economy.⁹⁶ Attendance records reveal a substantial drop as children move into the higher grades. Moving from grades K to 6 to grades 7 to 12, there is on average a 20 percent drop in attendance. Attendance in some secondary schools is less than 50 percent. Why is this happening? It is imperative that students, parents, and communities place more emphasis on education.

Figure 6-6 shows the attendance for elementary and secondary schools in the Kivalliq region for the 2008-09 school year. What is interesting about these results in particular is that the economy in the Kivalliq region is the strongest in Nunavut. Graduates from high school are all but guaranteed employment. Yet in some cases, attendance has gotten worse over the past five years.

95 Human Resources and Skills Development Canada & Statistics Canada, 2003.

96 Department of Education, 2007.

Figure 6-4

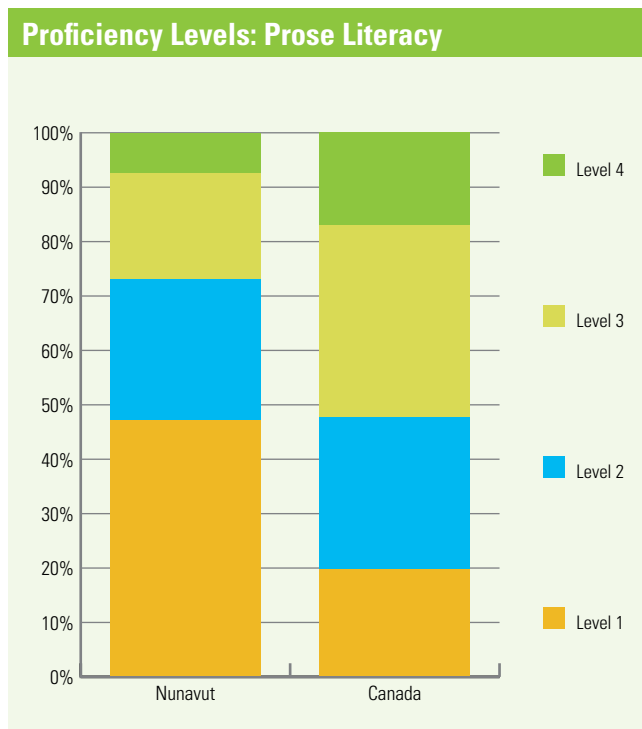
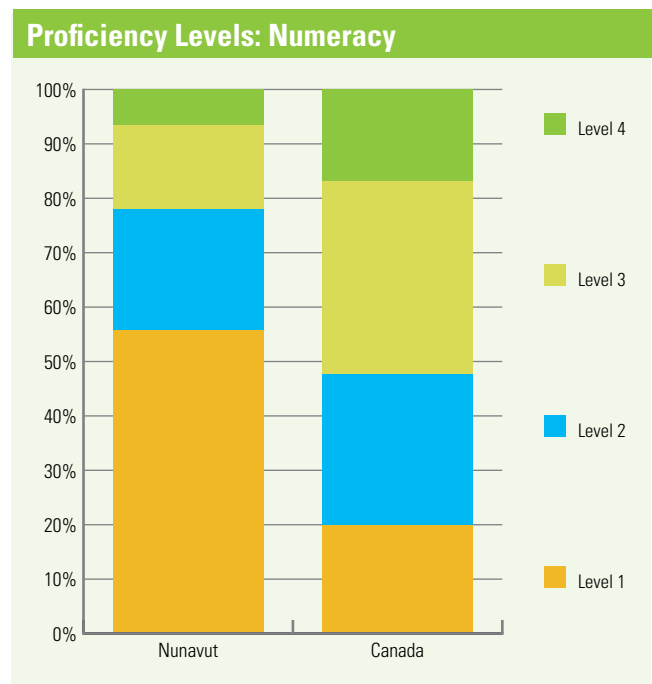


Figure 6-5

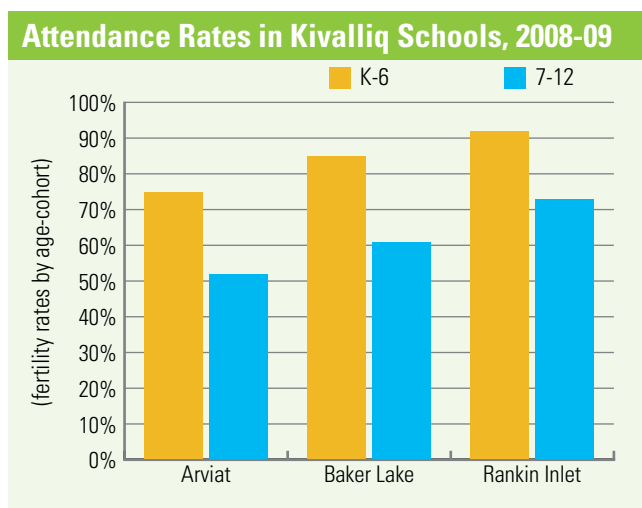


Source: International Adult Literacy and Skill Survey, 2003

Notes: Prose literacy is defined as the knowledge and skills needed to understand and use information from texts including editorials, news stories, brochures and instruction manuals.

Numeracy is defined as the knowledge and skills required to effectively manage the mathematical demands of diverse situations.

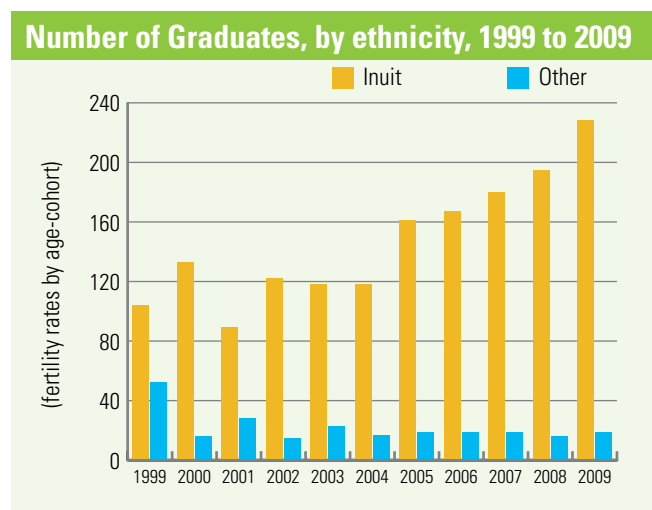
Figure 6-6



Source: GN Department of Education

It was a long held view that children were dropping out because they saw no future in an education. It is hard to believe that is the case today. Our example of the deteriorating attendance record is evidence that there is more to this phenomenon than just job prospects.

Figure 6-7



Source: GN Department of Education

The number of graduates has been increasing, however (see Figure 6-7), and as shown in Chapter 3, the graduation rate has improved. Once through high school, there are resources available for students wanting to continue their education or pursue trades training, including financial assistance, housing and childcare support, assistance in transportation costs, and more.

The Government of Nunavut has invested in a Trades Training School in Rankin Inlet and a new Mining Training Society has formed in the Kivalliq region.

Over the next 15 to 20 years, the number of school-aged people in Nunavut will grow. It is estimated that this cohort will grow from its current level of 9,353 to almost 11,000 by 2030.⁹⁷ This will place more and more pressure on the public school system, including a greater number of Nunavummiut requesting funding for post-secondary education that includes the cost of accommodations and travel.

What does this all mean for the fight against poverty? Education is a key component to anyone's workforce readiness, his or her productivity, health, diet, civic engagement, and social inclusion.⁹⁸ It is widely acknowledged that Nunavut's education performance is poor, with graduation rates lower than anywhere else in Canada and below most OECD countries.

Some would compare Nunavut's education levels with developing countries. But unlike the systems in those countries, all children in Nunavut have the opportunity to go to school and there are resources available to support them including support to attend post-secondary education. In Nunavut, too many children are making the choice to not attend school and are not graduating.

6.3 HEALTH CONCERNS FOR NUNAVUMMIUT

Health is an important contributor to wealth and happiness not only at an individual level but also for the population as a whole. A healthy workforce is a productive workforce. Healthy people perform better in school and are less likely to be absent from work. As Nunavut's economy develops so too must the health of its population.

Nunavummiut continue to fare poorly on most health status indicators in comparison to other Canadians (see Table 6-1). Life expectancy remains 10 years below the national average for males and 12 years lower for females. Likewise, infant mortality, which is the death rate for infants below the age of one, continues to be more than double the national rate.

The death rate for the most common causes such as lung cancer show dramatically higher rates for Nunavummiut than the Canadian average. The notable exception is heart disease where Nunavummiut are ahead of other Canadians. This is likely attributable to the consumption of heart healthy country food, but is yet another reason for concern because of the changing diet away from this food source.

Table 6-1 shows several behaviour related indicators such as tobacco use and level of physical activity. These are important statistics because improvements in health can be achieved simply through changes in behaviour.

Tobacco use in Nunavut continues to be significantly higher than the Canadian average. A 2008 survey by Statistics Canada found that Nunavut had the highest percentage of non-smokers exposed to second-hand smoke at home (17.6%).

There are some constructive efforts to improve public health services and prevent illness in Nunavut such as the creation of a new Public Health Strategy, a Maternity and Newborn Health Strategy, and work on a new overall Health Strategy that would have these two as its cornerstones.⁹⁹ To be effective, public health and prevention require more individual responsibility. The high rates of smoking, obesity and other addictions are examples. The current reality is that Nunavut does not have the health professionals to care for everyone. Results from these new health programs may not be seen for some time, but their benefits will be significant over the long term and will help to reduce poverty.

Health outcomes can be thought of as both a cause and an effect of poverty. People who become ill or disabled can find themselves in financial trouble if they don't have insurance to cover the cost of pharmaceuticals or specialised equipment. This is demonstrated in the United States where a large number of individuals with a pre-existing health condition declare bankruptcy because of an inability to pay for their medical expenses.

97 Impact Economics, 2010.

98 OECD, 2010.

99 Department of Health and Social Services, 2008 & 2009.

Table 6-1

**SELECT HEALTH STATUS INDICATORS FOR NUNAVUT AND CANADA—LATEST AVAILABLE FIGURES
(FIGURES IN PARENTHESES ARE FROM THE 2001 NUNAVUT ECONOMIC OUTLOOK FOR COMPARISON PURPOSES)**

	Nunavut	Canada
Life expectancy at birth, males, (2005-07)	67.2 (68.3)	77
Life expectancy at birth, females (2005-07)	70.2 (71.3)	82
Infant mortality rate (per 1,000 live births) (2005-07)	12.1 (17.9)	5.0
Low-birth weight rate (percentage of live births less than 2,500 grams) (2005-07)	7.6 (7.4)	6.0
Deaths (Age-standardized rate per 100,000 population, 2000-2002)		
- All cancers	414.6	179.1
- Lung cancer	247.9	47.3
- Ischaemic heart diseases	79.7	111.2
- Cerebrovascular diseases	111.7	48.7
- Respiratory diseases	259.6	47.3
- Unintentional injuries	62.4	25.6
- Suicides and self-inflicted injuries	80.2	11.3
Self-assessed health status, male, (% reporting very good or excellent health)	42.3	60.7
Self-assessed health status, female, (% reporting very good or excellent health)	51.6	60.3
Self-rated mental health, males (% reporting very good or excellent)	72.7	74.5
Self-rated mental health, females (% reporting very good or excellent)	68.3	73.2
Cigarette smoking, (% of daily or occasional smokers age 12 and over) *	62.3	22.1
Percentage of non-smokers regularly exposed to second-hand smoke at home	17.6	6.2
Leisure time physical activity, males (% moderately active or active)	55.8	56.4
Leisure time physical activity, females (% moderately active or active)	42.0	48.7
Adult body mass index (Age 18+) (30 and greater) 2008	27.7	17.2
Percent of males that had contact with a medical doctor in past 12 months	49.1	74.4
Percent of females that had contact with a medical doctor in past 12 months	64.4	86.4

Source: Statistics Canada, Canadian Institute for Health Information (from the 2010 Nunavut Economic Outlook)

Note: * Data for Nunavut's 10 largest communities

The more common relationship between health outcomes and poverty is with people who are poor and cannot afford the necessities for a healthy life. In Nunavut, this can be seen in poor diets, a lack of exercise, and poor living conditions (overcrowding and bad air circulation in homes, poor water quality, etc.). The assistant chief medical officer in Nunavut commented that “Issues of poverty ... underlie a lot of the high rates of TB, and they’re ... beyond the control of the health department. They involve a long-term investment. There’s no quick fix solution.”¹⁰⁰

We must conclude that greater public health and personal responsibility and better early childhood care will result in better health outcomes, which in turn should help the fight against poverty. Health is more likely to improve as a result of greater education, improved infrastructure, and more financial wealth. A virtuous circle develops, whereby improved health allows Nunavummiut to perform better in school and at their jobs.¹⁰¹

7. DEPRIVATION OF SOCIAL INCLUSION

Social exclusion occurs when an individual or group is prevented from participating in one or more dimensions of society. Some view social exclusion as the outcome of numerous social and economic factors. Poor education, health, housing, labour force participation, social assistance programming, and poverty combine to affect social exclusion. In this instance, the measure of exclusion incorporates the same variables often used to measure quality of life.¹⁰²

The viewpoint put forward in this report is somewhat different. Here, it has been argued that social exclusion is a factor that can cause or increase poverty.

Traditionally, Inuit worked within family and small community units. In that sense, social inclusion was an absolute – it allowed Inuit to maximize their quality of life.

Today, as was the case centuries ago, all Inuit need a meaningful voice in society if they are to influence the kind of changes needed to ensure self-reliance and social and cultural well-being. Those living in poverty need this voice more than anyone. A society characterized by openness, tolerance, and sharing is likely to have less poverty than it would if it were close-minded and intolerant.

There is a circular dynamic to the problem. Being excluded or marginalized from society can result in poverty, but increased poverty can also result in further marginalization.

There are many aspects to social exclusion and reasons why it happens. People are excluded or marginalized on the basis of gender, ethnicity, religion, geography, education, caste, or wealth. Exclusion can occur at the individual, family, community, regional, national, and even international levels and can manifest itself in the labour market, in politics, or within organisations.

100 CBC News, 2010, August 17.

101 Inuit Tapiriit Kanatami, 2007.

102 Yukon Bureau of Statistics, 2010.

This report does not go into detail on all aspects of exclusion. The focus is on those areas that relate back to poverty. The first is social cohesion and trust. The second is referred to as economic differentiation.

7.1 SOCIAL COHESION AND POVERTY

Social cohesion typically refers to a sense of trust present in society based on having some shared values. A respect for diversity is also included and is equally important. Social cohesion can be thought of as that intangible element in society that keeps it functioning properly.

Social cohesion has been described according to five dimensions:

- ▶ *Belonging/isolation*: social cohesion signifies sharing values, a sense of being part of the same community;
- ▶ *Insertion/exclusion*: social cohesion supposes a largely shared market capacity, particularly with respect to the labour market;
- ▶ *Participation/passivity*: social cohesion calls for involvement in the management of public affairs, in partnerships and in the voluntary/non-profit sector, as opposed to political disenchantment;
- ▶ *Recognition/rejection*: social cohesion considers pluralism not just a fact but a virtue, that is, the tolerance of differences; and,
- ▶ *Legitimacy/illegitimacy*: social cohesion supposes the maintenance of public and private institutions that act as mediators in conflicts.¹⁰³

Accordingly, the level of social cohesion in a society can play a role in economic outcomes and in poverty levels. For example, increased levels of trust between members of a society may reduce uncertainty and the costs of doing business. Alternatively, low levels of trust, ethnic tensions, and disparities of income can be associated with lower confidence in local government, lower political efficacy, less civic engagement, less sharing and charitable work, less happiness and lower perceived quality of life.¹⁰⁴

There are few obvious measures of social cohesion and those used are often difficult to quantify. For example,

level of voter turnout and crime levels are two measures that can be quantified, but levels of trust and public attitudes towards diversity are not so easily understood. Like in many other jurisdictions, assessing the level of social cohesion in Nunavut can be problematic especially when studying cohesion at the family or community level. Research must often rely on anecdotal observation.

The deterioration of social cohesion is not a Nunavut-based issue. A downward trend has been observed throughout the world for over a decade. People everywhere are becoming less connected to their community. Robert Putnam is a scholar on the subject of social change. He observed that in the United States the levels of participation in recreational activities was growing, yet there was a sharp decline in the number of people participating in group activities.¹⁰⁵

As most can observe, the manner in which members of a society interact is changing through social media linked to the Internet. This is happening in Nunavut in the same way it is in the rest of the world. What does this mean for cohesion in Inuit communities in the years to come? And for the purpose of our study, how or why is this related to poverty?

During the recent community dialogue on poverty reduction, many persons discussed how until just recently Nunavut communities would organize feasts regularly, everyone was invited and food was shared. There are far fewer of these events today, people said. There is no empirical data to support the observation, but there is agreement amongst long-time members of many communities that the statement is true. This is a good example of the deterioration of social cohesion at the community level. It suggests a certain decline in community engagement, sharing, and free time. For individuals or families living in poverty, the disappearance of these community events increases their sense of isolation and means a lost opportunity to participate, to share, and to eat healthy foods.

103 Jenson, 1998.

104 Putnam, 2007.

105 Putnam, 2000.

7.1.1 Quantifying Nunavut's Social Cohesion and Trust

There are not many good indicators of social cohesion or trust that are collected through standard statistical surveys. Detailed research on social cohesion often means in-person, community-based and historical research. The few indicators that are tracked in Nunavut include crime statistics, voter turnout, and out-migration of Inuit. These three indicators tend to reinforce the hypothesis that social cohesion has deteriorated in Nunavut over the past few decades.

One shouldn't try to draw too direct a link between these indicators and social cohesion. That is, criminal activity is not a direct result of a loss of trust. Decreasing civic engagement is not the only factor influencing voter turnout. And, mobility is a result of many things apart from a community's spirit such as family, health, and economics. But the level of social cohesion affects community life and is a factor in these actions. It is also possible that poverty is a cause and an effect of this lost cohesion and trust.

7.1.1.1 Crime in Nunavut

Chapter 3 touched on Nunavut's struggles with crime. The territory is consistently the most crime ridden of all Canadian jurisdictions (see Table 7-1); though in 2010 an 11 percent jump in crime in the NWT has given that region the distinction for the year. More disconcerting, though, is the severity of this criminal activity in Nunavut. Nunavut's violent crime severity index is five to six times greater than the average for Canada.¹⁰⁶ Violent crimes including domestic disputes and attacks against women and children are of particular concern. The RCMP has suggested that alcohol plays a part for most, if not all, prisoners in Nunavut's correctional services.¹⁰⁷ Other contributors to crime in Nunavut are overcrowded homes, stress, and poor socio-economic circumstances.

The social fabric of a community can be tested under the strain of violence and fears for one's safety. Poverty surely contributes to the criminal activity in Nunavut and is made worse by it.

106 The Crime Severity Index takes into account the volume and seriousness of crime. To calculate the index, each offence is assigned a weight, derived from average sentences handed down by criminal courts. The more serious the average sentence, the higher the weight for that offence.

107 Impact Economics (2011).

7.1.1.2 Voter Turnout

Voter turnout is often cited as a measure of civic engagement, though there are other factors. Voter turnout in Canada has fallen over the past quarter century,¹⁰⁸ with a major contributor being a decline in participation by young Canadians (of voting age).

The latest statistics on voter turnout are provided in Table 7-2. The participation for federal and NTI elections are noticeably low. We can't go too far with these results and suggest a direct casual link to poverty. The fact that Nunavut has the largest proportion of residents under the age of 25 must be factored in, especially when comparing to other Canadian jurisdictions. But it would also be incorrect to entirely dismiss the notion that a disengaged public is a contributing factor and that this does link back to the social cohesion within Nunavut's communities and the trust Nunavummiut have of their political leaders.

7.1.1.3 Out-Migration

There is a clear trend in Nunavut toward out migration. Every year for the past eight years, there have been more people leaving the territory than there have been coming in. The 2006 Census (though somewhat dated at this point) shows that the migrants are split equally between Inuit and non-Inuit residents. Nunavut Tunngavik Inc. reports that, as of 2009, there were 1,454 beneficiaries living outside Nunavut.

There has been no research conducted to tell us why people are leaving. Similar to the conclusions regarding voter turnout, it would be incorrect to draw a link between the movement of people away from Nunavut and social cohesion. The *Nunavut Economic Outlook* has proposed that social conditions in communities, a lack of housing, the high cost of living, education services, and missing health services are all reasons. Where social cohesion fits in is not clear. But again, it should be considered a possible contributor.

108 Elections Canada, 2011.

Table 7-1

CRIME RATES AND SEVERITY INDEX, CANADA, PROVINCES, AND TERRITORIES, 2010

	Total Crime Rate (reported incidents per 100,000)	Violent Crime Rate (reported incidents per 100,000)	Total Crime Severity Index	Violent Crime Severity Index
NUNAVUT	39,223	10,286	346	506
CANADA	6,145	1,282	83	89
Newfoundland & Labrador	6,725	1,553	80	60
Prince Edward Island	6,206	1,178	66	42
Nova Scotia	6,980	1,564	84	85
New Brunswick	5,496	1,511	69	68
Quebec	4,770	1,073	77	77
Ontario	4,458	985	65	78
Manitoba	10,187	2,087	128	162
Saskatchewan	12,578	2,550	148	154
Alberta	8,084	1,476	98	98
British Columbia	8,404	1,562	102	102
Yukon	20,965	4,226	171	188
Northwest Territories	46,400	8,405	340	325

Source: Statistics Canada, Canadian Centre for Justice Statistics, Uniform Crime Reporting Survey.

7.1.2 Government of Nunavut's Report Card

Hints of deterioration in Nunavut's level of social cohesion were provided by the results from the survey conducted for *Qanukkanniq? The GN Report Card* in 2009.¹⁰⁹ That report was developed as an independent assessment of the Government of Nunavut's policies, programs, and performance. As part of the research, the authors conducted a survey that attracted 2,100 participants in 25 communities. The participants were asked what is going right, what is going wrong, and where improvements are needed. While the point was to learn about the public's perception of the government's performance, respondents to the survey answered the questions in many different ways. All facets of how government affected the lives of families and communities were discussed. But because the role of government in people's lives is so significant in Nunavut economically, socially, and even culturally, the discussion can be seen as a critique of the state of Nunavut society as much as it was about government. And on that topic, the general consensus was that people in Nunavut are

109 North Sky Consulting, 2009.

Table 7-2

VOTER TURNOUT IN NUNAVUT, LATEST ELECTIONS

	% of voters from final voter list
National Election, 2011	48.5%
Nunavut Tunngavik Inc., 2010	36.5%
Territorial Election, 2008	67.5%

Source: Elections Canada, Elections Nunavut, Nunavut Tunngavik Inc.

not doing well. The results from the survey suggest that there is and has been a slow deterioration of Nunavut's social cohesion for quite some time.

In the introduction to the *GN Report Card*, the authors noted that "often people described governance in Nunavut as a vision not yet realized, and at times, a vision derailed. Without doubt, the expectations most people had of Nunavut at its inception have not yet been met."¹¹⁰ This note follows the concerns expressed in the 2009 Throne Speech: "People believe we have lost our sense

110 Ibid. p. 2.

of purpose and belonging – our cultural connection to our land and to our families and communities and our balanced way of life.¹¹¹ In other words, there is a deterioration of important elements of Nunavummiut society that is often referred to as its social fabric.

Based on the different sources, there appears to be some consensus on several important observations regarding the state of Nunavut's social cohesion and overall quality of life:

- ▶ Issues such as poverty, overcrowded housing, alcohol and drug abuse, family violence, and mental health issues dominate the community landscape... a state of social well-being is not being achieved;¹¹²
- ▶ People often expressed the view that many people in the communities had nothing to do and lacked purpose in their lives;¹¹³
- ▶ Nunavummiut lamented that few people had 'jobs', in the context and by the standards of the modern wage economy, while many others are bored and lack purpose. People described the alienating effect this has on their communities and the extremely abusive and negative behaviour that results.¹¹⁴

These statements validate our earlier discussion on the circular nature of poverty in its many forms. They also tell us a little about the lost connection between Nunavut's macroeconomic opportunities and the microeconomic realities for individuals and families. It is clear from these survey results that Nunavummiut recognize the depth of their poverty, the inability to access resources in the wage economy, and its implications for social cohesion at the community level.

The *GN Report Card* also describes a degree of helplessness in Nunavummiut. This has a very direct link to social exclusion; the idea that individuals and families don't feel they have a voice in affecting change in their own public government. These are not issues of democratic rights like you might find in other developing

parts of the world, but rather issues of a government and a citizenry that are disconnected from one another. We don't doubt that most if not all government programs appear robust from the perspective of policy and program design, but between their design and implementation some fail to deliver the intended results. It is significant that Article 32 of the *Nunavut Land Claims Agreement*, which obligates governments to provide Inuit with the opportunity to participate in the design, development and method of delivery of social and cultural programs and services, remains contentious.

A more meaningful connection between Nunavummiut and their government requires that participation in civil society be transformative. The basic theory being that participation is meaningful only when it has transformative elements – it gives citizens the opportunity to control their own development and makes government the institutional body that supports this development.

The role of government and the ability of citizens to influence its operations is a critical issue for any jurisdiction. But for Nunavut, government has a significantly larger role in people's lives than anywhere else in Canada. Unlike other jurisdictions where fewer than 10 percent of the population receive social assistance and even fewer live in public housing, the implications of government policy decisions in Nunavut are enormous relative to the overall state of social cohesion and society's well-being. Any mistakes, oversights, or inefficiencies in government's operations can have an immediate effect on the welfare of all Nunavummiut, not just those directly affected.

There are no obvious solutions provided in the Report Card to address these societal concerns raised by Nunavummiut. It included recommendations related to government's roles and responsibilities and its actions. Some will help in the reduction of poverty, such as improvements in internal efficiencies and in the Government of Nunavut's responsiveness to its constituents. But government doesn't have jurisdiction over every aspect of social inclusion. This is a societal issue that will require the collective efforts of the public and private sectors, communities, and families.

111 Commissioner of Nunavut, The Honourable Ann Meekijuk Hanson, *Commissioner's Address*, 2nd Session of the Third Legislative Assembly of Nunavut, April 1, 2009, as cited in North Sky Consulting, 2009, p. 2.

112 North Sky Consulting, 2009, p. 4.

113 Ibid.

114 North Sky Consulting, 2009, p. 5.

7.2 ECONOMIC DIFFERENTIATION AND POVERTY

Nunavut will need a strong economy if it is to reduce poverty. However, the manner in which the economy grows is equally important. Sometimes the economy can grow without having any impact on social development. For example, from the mid-1970s to about 1990, Canada's real gross domestic product grew on a consistent basis outside the brief recession in the early 1980s. During that prolonged time period, there were virtually no gains in real average personal income. In other words, there were no measurable changes in the makeup of society; the rich maintained their wealth, and the poor didn't escape their poverty. But there are also periods when economic growth can be the driver of social change including poverty reduction. These times can be described as periods of economic development rather than economic growth because the outcomes go beyond gross domestic product (GDP) and influence change elsewhere in society.¹¹⁵

One of the problems with economic growth is it provides no guarantees that it will affect everyone equally; indeed, it rarely does. Growth can actually come at a net cost to society. There are examples where "economic growth was achieved at the cost of greater inequality, higher unemployment, weakened democracy, loss of cultural identity, and/or over consumption of resources needed by future generations."¹¹⁶ Economic growth is defined only by a rise in production and says nothing about how the benefits of that production are distributed. People who are educated and healthy will prosper regardless of the characteristics of the new economy, whereas people with no education or those in poor health will always find it difficult to secure a job and improve their socio-economic position. What's more, those actively engaged in economic pursuits have the resources to ensure their children have similar opportunities, thus perpetuating the division within society.

Fortunately, there are times in the progress of an economy when its growth goes through a development phase. Characterized by more than just increased production, it actually provokes social and political change. This time period should not be confused with

a business cycle. A development phase is a time when segments of the population who were marginalized in the old economy can make a significant leap forward in their standard of living and when the differences between rich and poor might actually narrow.

How does this happen? A development phase is a period often brought about by economic discoveries, new technologies, fundamental shifts in world demand, or new or prolonged investments in capital. With this new economy emerges a new and greater demand for capital; that is, a different mix of labour and capital as well as the need for new labour skills, infrastructure and industrial regulations.

Changing the status quo creates an initial period of inequalities since some people will possess the necessary skills and aptitudes while others will not. For example, in Nunavut, mining companies are proposing to operate in isolated locations with temporary work sites flying labour in and out at regular intervals rather than creating new semi-permanent communities. Some people will not be in a position to work at a mine because of this rotational work schedule or because they do not live in a community where this transportation is made available. Furthermore, the mining industry demands that its labour meet certain standards in numeracy and literacy. This requirement means some are better suited than others to participate. The result is an initial period of widened inequalities (winners and losers).

7.2.1 Dynamics of Mineral Development

This increasing separation of rich and poor is one of the fundamental challenges for Nunavut to address in its journey toward a high and sustainable quality of life.

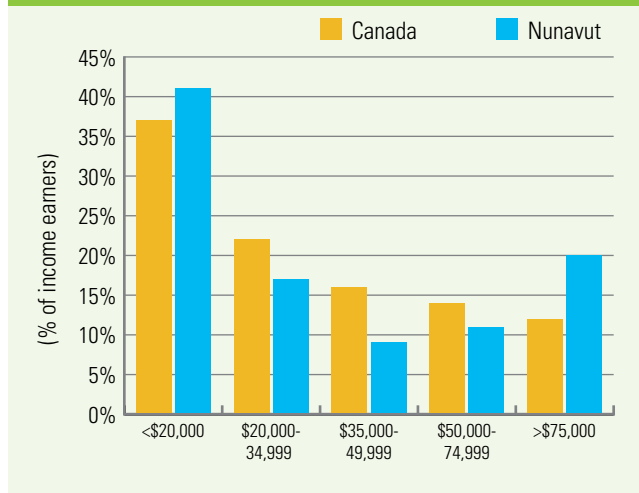
Figure 7-1 provides a visual of the current discrepancy between the rich and poor in Nunavut. From this figure we see that a greater proportion of the territory's wealth is accumulating in the upper and lower income levels when compared to Canada. These inequalities will grow larger if Nunavut is unable to move a portion of the benefits from the current economic growth into the families with lower income levels and who are likely suffering from financial poverty.

115 Friedman, 2004.

116 See "Chapter 1: What is Development?" in Sheram & Soubbotina, 2000.

Figure 7-1

Individual Total Income by Income Levels, Nunavut and Canada, 2008



Source: Statistics Canada, CANSIM Table 111-0008

Inequalities will also widen as a result of geography. Nunavut must develop mechanisms to bring the new wealth into disadvantaged regions and communities.

Combining the two factors – select participation and geographic location – one finds that the benefits from the new economy will accumulate in select families and communities. The result is a widened gap between the haves and have-nots throughout Nunavut. It is not that the poor are becoming absolutely poorer, but their relative poverty is growing.

7.2.2 Influencing the Dynamics of Growth

The changes brought about by a new and growing economy like the one in Nunavut can have a profound effect on society. First, those who profit from the economic growth gain a vested interest in seeing it continue. The preservation of their new and higher incomes and standard of living become inextricably tied to the continuation of the economic expansion. This is especially true for new entrants into the economy because their relative position in society will have improved the most—and in times of great economic expansion the number of new entrants can be significant.

These “champions” of the new economy will promote policies that ensure its continuation and in doing so preserve their new wealth. These policies often involve

the distribution of opportunities and benefits in order to create more champions. This has important implications for the reduction of racial and gender barriers and other attitudes of intolerance, and can result in significant political and social progress.¹¹⁷

Bringing this theory to Nunavut, the question becomes: “How can Nunavut’s economic growth benefit more people, in particular those who are poor and are unable to participate because of inadequate skills or a geographical constraint?”

Examples of economic development spurring social change can be found in Canada and abroad. Medicare was introduced in the 1950s and 1960s during a time of great prosperity for Canada. Norway’s extensive array of social programs was developed only after oil was discovered in the North Sea. These examples represent tremendous shifts in these societies’ approaches to social welfare and, in both cases, have changed the course of their history. The example of Norway is particularly interesting in light of the social progress that the Sami have made in education. Nunavut will need similarly momentous changes if it is to capture the new economic wealth and redirect it toward poverty reduction.

But what should we expect from those who lose out in the period of transition? An initial period of increasing inequality will be tolerated if there are reasons to believe the new economic prosperity will last long enough that everyone will benefit eventually, or at the very least, that their children will benefit. This has a dual meaning. People must see that mechanisms are in place that will allow them to participate in the future and that the new economy’s growth will last long enough for these mechanisms to work.

In addition, the distribution of benefits from this economic growth, the manner in which winners and losers are chosen, must be seen as fair. Fairness invokes further acceptance of the new economy because people see that if they acquire the right skills, they too will benefit directly. If winners are chosen because of family connections, political association, ethnicity, or anything other than relevant skills, those who lose out can become sceptical of the possibility of benefiting themselves. In

117 Friedman, 2004.

cases where this scepticism grows to intolerance, there is a risk they will not only remove their support for the new economy but will actually work against it.

This period of development for Nunavut is critical. The extent to which a society is open and tolerant to new entrants into the labour market is positively correlated with the fairness and sustainability of the economic growth. When these opportunities are absent, real incomes can stagnate and even deteriorate while inequalities widen. During such times, people become insecure in their socio-economic position, more close-minded, and less tolerant toward outsiders. The benefits of greater social inclusion are not obvious to anyone who feels their standard of living and relative position within society is threatened. In these times, positive social change is difficult and perhaps impossible to attain since those wielding the most power become fixated on economic issues and their own financial security.¹¹⁸

It is widely accepted that the market will not promote human development or social change on its own since it places no value on social welfare (despite benefiting from it a great deal). Therefore, public policy matters; that is, what matters is not simply economic activity, but rather the policies that give rise to it.¹¹⁹ Public policy can be thought of as society's collective response to the distribution of benefits.¹²⁰ Relevant and progressive policies can play an important role in improving the fairness and durability of the economic growth, and can encourage greater labour force participation. This is how economic differentiation can affect poverty.

There are important policies in Nunavut such as the *Nunavut Land Claims Agreement* (NLCA) that requires industry negotiate Inuit Impact and Benefit agreements with local Inuit through their representative Regional Inuit Association. Resource development must be reviewed from both a natural and a human environment perspective. We can see how these policies affect participation by comparing the Inuit workforce at the Meadowbank Gold Mine to what was achieved at the Nanisivik or Polaris mines.

The NLCA is a strong “policy” for change, but it's not enough to address the full range of challenges facing Nunavummiut who struggle with poverty. It has allowed some of those ready, willing, and able to participate in the new economy to do so, and includes mechanisms to bring others just outside the labour market into the fold. What the NLCA provisions can't do is redistribute income, or bring opportunities to those without the education or skills, or to those living in a different geographic area. These challenges require their own policies, programs, and actions. The Nunavut Roundtable for Poverty Reduction has started to address these challenges in *The Makimaniq Plan*.

118 Ibid.

119 Stiglitz, 2005.

120 It would be beneficial to think of public policy holistically and not just as a mechanism of government.

8. PARTICIPATORY POVERTY ASSESSMENT IN THE NUNAVUT CONTEXT

Nobody understands poverty like someone living with it day after day, yet until recently, people suffering from poverty were, for the most part, studied from afar. Academics, researchers, and statisticians would use data, observation, and comparison to assess the level and extent of poverty and propose solutions.

Today, this approach remains the most common and to its credit has become increasingly sophisticated over time with the advent of computers, the increased diversity and quality of data, and the growth in research on the subject throughout the world. The level of detail presented thus far in this report is a testament to what can be learned from existing data sources, academic and local research, and a detailed knowledge of Nunavut's social and economic conditions.

Interestingly enough, the improved research methods and better data have given more credence to the importance of the personal perspective on poverty – the participatory approach to the definition and measurement of poverty. In this report, the newfound understanding of poverty has highlighted the need to develop more comprehensive participatory public policy strategies.

This conclusion did not come about immediately. The Nunavut Roundtable for Poverty Reduction set out to engage Nunavummiut in a collaborative approach to developing a poverty reduction strategy. It did so with a definition of poverty that was developed from initial research on economic well-being, human capabilities, and social exclusion, and with some, albeit limited, understanding of the unique experience of Nunavut's poor. This first attempt at a definition did not resonate with participants in the Roundtable. Something was missing.

The discussions continued, in the form of community dialogues. What emerged was a consensus amongst participants in these dialogues about what it means to be poor in Nunavut and where public policy could be used to best improve their day-to-day lives. This is exactly what Participatory Poverty Assessment is defined to be, an instrument for including the views of those directly affected by poverty in the analysis of poverty and the formulation of strategies to reduce it through public policy.

8.1 THE PARTICIPATORY APPROACH

Participatory methods of monitoring and evaluation provide active involvement in decision-making for those with a stake in a project, program, or strategy. They generate a sense of ownership in the results and recommendations.¹²¹

The participatory approach can be used to:

- ▶ Learn about local conditions and local people's perspectives and priorities to design more responsive and sustainable interventions;
- ▶ Identify and resolve problems during implementation;
- ▶ Evaluate a project, program or policy; and,
- ▶ Provide knowledge and skills to empower marginalized groups.¹²²

The participatory approach brings together the perspectives of a wide variety of stakeholders. Participants gain ownership of the process and its outputs. For Nunavut, this local involvement is crucial. It is an element of the current system of governance that seems to have been lost in the creation of the territory and the formation of the government. Nunavummiut need opportunities to connect and to learn from one another. The participatory approach gives them that opportunity.

There are some disadvantages. The participatory approach can be less objective than a more formal assessment based on the facts. It is a time consuming approach, and in Nunavut, because of the high cost

121 The discussion on Participatory Approach is based on a World Bank report by Clark & Satorius, 2004.

122 Ibid.

of transportation, can be very expensive. Whenever research involves forums or focus groups, there is a chance that the discussion will be dominated by strong personalities whose views may not be representative of the group as a whole. The participatory approach may play into the hands of people who are naturally more outspoken. If their assertions cannot be confirmed by other participants' statements or from statistical analysis, the result can be a skewed analysis and potentially harmful conclusions.¹²³

8.2 THE MAKIMANIQ PLAN AND NUNAVUT'S STRATEGY TO REDUCE POVERTY

The primary output from the public engagement participatory process for poverty reduction is *The Makimaniq Plan*. Participants in the Poverty Summit held in November 2011 prepared the plan.¹²⁴ It states that it is a plan that can be embraced by governments, Inuit organisations, non-government institutions, the private sector, and citizens of Nunavut and identifies six themes that frame the territory's approach to poverty reduction.

The themes include (see Figure 8-1):

- ▶ Collaboration and Community Participation
- ▶ Healing and Well-Being
- ▶ Education and Skills Development
- ▶ Food Security
- ▶ Housing and Income Support
- ▶ Community and Economic Development

Under each theme, *The Makimaniq Plan* spells out tangible, collaborative actions that will take place over the 18-month period from January 2012 to June 2013.¹²⁵

The themes that arose in public engagement are very much in line with those from the assessment of poverty using the economic well-being, human capabilities, and social inclusion dimensions. This is not a coincidence. One should expect similar results. The fact that the results of each approach backs up the other is a testament to the validity of the different methods of assessment. Indeed, it

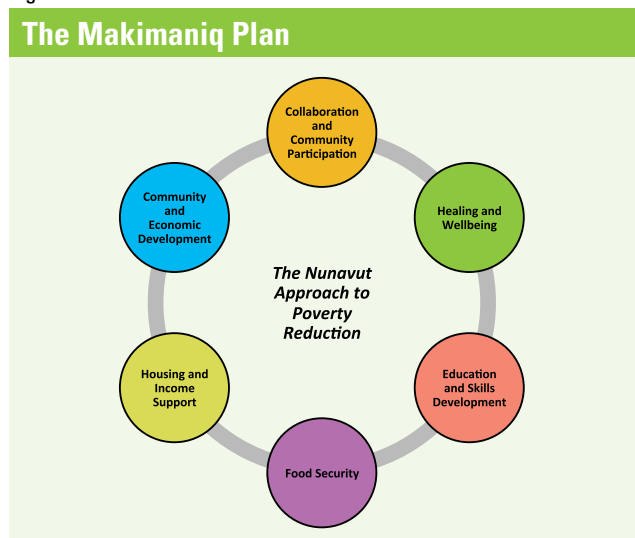
would be strange and perhaps even disconcerting if the different methods returned significantly different results.

Why use a participatory approach in a poverty assessment if it only serves to reinforce the earlier investigation? What is gained?

There are elements of *The Makimaniq Plan* that would not have appeared during the Poverty Summit in the absence of a methodology that supported genuine participation. These subtleties are not found in the theme headings or in their description, but rather, in the empowerment of Nunavummiut, including those with lived experience of poverty, to take ownership of the plan and to insist on action.

An externally produced strategy can fail because of a lack of interest in implementation, whether that disinterest exists within a government bureaucracy or within the electorate. One of the greatest strengths of the participatory approach is the ground swell of support and interest it garners from its participants. Because Nunavummiut were directly involved in developing the selection of the actions included in *The Makimaniq Plan*, and are identified as the primary actors in the implementation of the plan, it is more likely that they will take responsibility for it. This is the transformative potential of public engagement. Participatory processes have the potential to change the relationship between government and people in Nunavut's communities.

Figure 8-1



123 The World Bank recommends Guijt & Gaventa, 1998 as additional reading, available at <http://www.ids.ac.uk/ids/bookshop/briefs/brief12.html>

124 Nunavut Roundtable for Poverty Reduction, 2011.

125 Readers of this report can look at *The Makimaniq Plan* for the detailed action plan under each theme. See www.makiliqta.ca.

Substantive changes to government programs and policies and new spending directives are still required for Nunavut to affect poverty in a substantive and long-term manner. Changes of this nature require statistical analysis and research to ensure public money is spent wisely. Establishing statistical measures of poverty that include economic, human, and social performance indicators are critical because, as we've described, failures in these areas are at the root of poverty. This analysis and decision-making must include the professionals and experts that can study the issues from a global perspective.

But for immediate action that can have an impact today, one needs the resources and energy that only a community can generate. These do not have to be government-led or government-sponsored activities. In fact, some of the most effective action can be entirely community based, whether through a local non-profit organisation, the Church, or an individual's own effort. There are many examples:

- ▶ Organising community dinners;
- ▶ Establishing sharing circles;
- ▶ Working to create a clean and safe community environment;
- ▶ Supporting strong public health programs including the support of young parents; and,
- ▶ Establishing mechanisms to celebrate history and culture.

These examples of community-based programs require little or no money and certainly do not require leadership from government. If the *Feeding My Family* movement has taught Nunavut anything, it is that the efforts of one or two people is all that is required to garner attention and effect change.

9. MEASURING NUNAVUT'S POVERTY

What are the appropriate measures of poverty that coincide with our approach to defining poverty with so many dimensions? Many international organizations and scholars will use complex, theoretical models to study poverty, but choose simplified versions when it comes time to actually measure poverty. One reason is an absence of data and challenges in data comparison. The same challenges exist in Nunavut. There is a reasonably good data set at the macro level for assessments of economic well-being and human capabilities. But there are still challenges associated with quantifying social exclusion and there are no established methods to weigh the various pieces of information to create a meaningful index.

The Participatory Poverty Assessment, the fourth approach to the definition and measurement of poverty, provides a way around these data problems. It relies on the participation of those with lived experience of poverty, and those who struggle with poverty in their families and their community. Certainly, no one understands poverty better. The issue would be the assessment of government programs and policies. The participants' input cannot replace the information gathered through statistical analysis on changing economic, human, or social performance. The most accurate measurement of poverty in Nunavut will come from the use of all four dimensions.

The goal in this chapter is to investigate and understand some of the efforts being made in Canada and internationally to measure poverty that could be useful in Nunavut. More thought is given to approaches that recognize poverty as a multidimensional problem that includes economic well-being, human capabilities, and social exclusion. There are fewer examples of the participatory approach since they are, by nature, unique to the circumstances in which they are employed. However, there are some interesting approaches that are worth exploring.

The typical approach amongst the different measures that incorporate two or more of the dimensions of poverty is to identify representative indicators of each dimension of poverty, collect the data, and design a methodology to combine them into a single index. Amongst these examples, there is no definitive approach for Nunavut to adopt.

9.1 OVERVIEW OF INDICES AND MATHEMATICAL APPROACHES

9.1.1 Income-based Indices

The best-known and most publicized methods to measure poverty relate to family income. This is the classic exercise of defining a poverty line. If your income falls below the line, you are deemed to be living in poverty. There can be no fault found by this approach since income has an enormous influence on what we can or cannot do. The inadequacy of income is often the major cause of deprivations that we associate with poverty.¹²⁶

In some cases, income is compared to average or median income levels of other families in the same town or region. Alternatively, income can be judged based on the share of income spent on specific categories of expenditure. Statistics Canada publishes a Low Income Cut-Off (LICO), which is an income threshold whereby a family will likely devote a larger share (20 percent or more) of its income to the necessities of food, shelter and clothing than other families of the same size and characteristics.¹²⁷ Statistics Canada also calculates a Low Income Measure (LIM), which is the family income level equal to 50 percent less than the median family income. These calculations are made for the ten provinces and for the Census Metropolitan Areas and Census Agglomerations but not for Canada's territories or First Nation reserves. Interestingly enough, these two jurisdictions are the most likely to exhibit high levels and penetration of poverty.

In Chapter 5, some of the pros and cons of the LIM were discussed. Establishing a poverty line based on

median income works when the discrepancy between the median and average income levels is small and in situations where you can state definitively the well-being a family can achieve from an income 50 percent below the median income. If this link between the LIM and basic needs cannot be made, then the measure becomes quite arbitrary.

This type of approach is not particularly useful in directing poverty reduction strategies since it provides no information regarding the particular nature of the poverty that people are facing. According to Statistics Canada, the LIM in Canada in 2008 was \$29,295.¹²⁸ A family of four in Nunavut would be hard pressed to survive on an income at this level without the added support of free housing and supplementary social assistance.

In other measures, income is converted into a basket of goods and services in order to determine whether it affords the family the necessities of life. This is often called the Market Basket Measure (MBM) of low income.

The MBM has never been calculated in Nunavut.¹²⁹ Human Resources and Skills Development Canada (HRSDC) has been tracking the MBM of low income for 48 regions within Canada. In a 2010 comprehensive review of this work, HRSDC looked at extending the geographic range of its study to include the three territories. Statistics Canada advised that "collecting cost data in these large geographical areas with small and scattered populations where costs might vary widely would be very difficult and that the data collected might not be statistically reliable for estimating the cost of the basket in such regions."¹³⁰ However, since that time, work has continued to explore the possibility of calculating the MBM for the capital cities of the three territories. Meanwhile, some provinces are calculating the MBM for their region with assistance from Statistics Canada and in the case of Newfoundland and Labrador, are doing so on a community-by-community basis.¹³¹

126 Sen, 2000.

127 Statistics Canada, 2009.

128 Statistics Canada, CANSIM Database Table 111-0009. Census families include couple families, with or without children, and lone-parent families.

129 Information from an unpublished paper, *Defining Poverty in Nunavut* by A. Speca, Government of Nunavut Department of Finance, 2008.

130 Hatfield, Pyper, & Gustajtis, 2010, p. 9.

131 Scott & Haggart, 2008.

There is still much debate over what items should be included in the basket. This is really a debate on what the minimum standards should be. This judgement creates many problems, though perhaps not insurmountable. The main argument against the MBM and defining basic needs is that there are too many sources of variation between our real incomes and the well-being and freedom we get from them.¹³²

- ▶ Personal differences such as one's abilities or disabilities, health or illness, age and gender, all make individual needs diverse.
- ▶ Environmental differences such as where one lives, its climate, and its distance from services, affects what one needs to survive and the cost of those needs.
- ▶ Social conditions such as the access to education, prevalence of crime, levels of pollution, and the nature of community relationships can influence one's quality of life and drastically alter their financial needs.
- ▶ Community relativity can influence perceived needs. Someone living in an affluent community with a relatively low income will feel themselves worse off than someone living in a poor community who has a relatively high income even though the person in the first case has significantly more money than the person in the latter case.
- ▶ Distribution within a family will affect the well being of individual non-earners within that family which creates different levels of quality of life within a family unit.

Nevertheless, there are also reasons to argue for the adoption of the MBM in Nunavut. It is true that variation between communities and families exists, but there are likely more similarities than differences. The Roundtable discussions have verified this statement;

- ▶ The large majority of poor Nunavummiut are Inuit.
- ▶ The climate varies across the Arctic, but not so much as to influence a typical basket of goods from that regard.
- ▶ Food costs vary to some degree, but these differences are easily tracked, and in fact, are already tracked for the government's Income

Support Program and for such things as the federal government's isolated post allowance.

- ▶ Transportation costs would differ somewhat, and would be substantially higher for the High Arctic communities, but these differences are easily established.

The biggest obstacle would be reaching a consensus on what constitutes basic needs. This would require a thorough community engagement. There would also be costs associated with data collection and monitoring of the MBM.

9.1.2 Deprivation-based Indices

Deprivation is defined as "exclusion from the minimum acceptable way of life in one's own society because of inadequate resources"; or alternately, "the lack of socially perceived necessities."¹³³ This is a needs-based measure that is based on accepted norms of the community. A family is judged to be poor if they cannot meet their basic needs. In that sense, it is "measuring the outcomes of poverty."¹³⁴

Data for this measure of poverty is collected through household surveys where questions are typically related to such things as food, clothing, housing, social inclusion, and leisure. But the questions can be of a qualitative nature. For example, one question might be:

Do you host a supper for family and friends at least twice each month?

This question has economic, social, and cultural elements. It is asking if the household has enough money on occasion to feed people outside the immediate family unit. But it asks the question through the use of a perceived social norm – the dinner party. So it is also asking whether the family has a social network within their community.

Answering no to this question indicates that the family is not able to live a life to the standard judged to be normal. The reason might be financial or social, but regardless, it is indicative of a life below the social norm. In this way, a deprivation-based index measures a

132 Sen, 2000, pp. 70-71.

133 Barini, R. & d'Ercole, M., 2006. Measures of Material Deprivation in OECD Countries. OECD Social, Employment and Migration Working Papers. Paris: OECD. Cited in Scott & Haggart, 2008.

134 Scott & Haggart, 2008.

combination of material and social deprivation. The approach would be useful for Nunavut since poverty is not necessarily income-based in all cases.

The need for an extensive survey on an annual basis makes the approach expensive. It also requires that a consensus is formed on what the cultural norms of the region are, which is similar to defining basic needs. In this sense, it has similar attributes to the MBM approach. The difference is that a deprivation-based measure relies on more qualitative data.

Deprivation indicators can be effective when combined with income-based indices. Together, the two measures can show depth and risk of poverty and provide some context for policy work. The insight gained into the social norms can help governments understand where the priorities for society are and where it should direct support.

This measure is gaining interest in Canada. The Government of Quebec is currently working on a deprivation index.¹³⁵ In Ontario, the Daily Bread Food Bank and Caledon Institute for Social Policy have worked to develop such an index.¹³⁶ Internationally, Great Britain, New Zealand, and Australia are employing this approach.

9.1.3 Unconventional Measures

9.1.3.1 The Canadian Index of Well-Being

The Canada Index of Well-Being (CIW) Network has developed a formula for studying Canadian well-being that utilizes eight areas of life that are important to Canadians and which are factors associated with poverty.

1. Living Standards
2. Healthy Populations
3. Community Vitality
4. Environment
5. Education
6. Time Use
7. Democratic Engagement
8. Leisure and Culture

This approach is interesting conceptually. It is essentially a more comprehensive and thoughtful version of the Human Development Index. The inclusion of variables for time use and community vitality is particularly appropriate for Nunavut. However, data requirements to develop these indices are extensive and for Nunavut, the number of assumptions needed to fill in these gaps in the data would greatly reduce the index's accuracy and therefore reduce our confidence in the results. For that reason, it would be a poor fit for Nunavut.

There is also the challenge of finding meaningful policy from the results without first dissecting the index into its many parts. This is similar to challenges facing other indices such as the HDI. To its credit though, the CIW (which is still a work in progress) will be constructed from a large database crossing many subject areas and therefore could become a useful policy tool, so long as its many parts can be easily scrutinized.

The real contribution of the CIW Network might not be the creation of a new index, but rather the discussions it is provoking on how society should be measuring progress. GDP is not the ultimate measure for growth of society's well-being. To understand and appreciate the rise or fall of GDP requires that we understand the nature of that change in a much more comprehensive way. We now have the data sources and computer technology to conduct a detailed investigation into quality of life and we should be using the results of that research to guide our investment decisions.

9.1.3.2 Happiness Index

When the small Himalayan Kingdom of Bhutan abandoned gross domestic product as its primary indicator of economic growth for its Gross National Happiness Index there were no doubt many economists throughout the world who had a good laugh. But decades later, the idea is gaining interest amongst some of the world's leading economists. Unlike the Canadian Index of Well-being, the Happiness Index makes more out of qualitative information, trusting that there is value in the psychology of how people feel:

135 Ministère de la Santé et des Services sociaux, 2009a & 2009b.

136 Metcalfe Foundation, 2009.

The following seven measures make up the current Gross National Happiness index for Bhutan.¹³⁷

1. Economic Wellness.
2. Environmental Wellness.
3. Physical Wellness.
4. Mental Wellness.
5. Workplace Wellness.
6. Social Wellness.
7. Political Wellness.

In 2007, the European Commission, European Parliament, Club of Rome, Organization for Economic Co-operation and Development, and World Wildlife Federation held a conference “Beyond GDP” to discuss how to better measure progress.¹³⁸ This was followed in 2009 by a second conference “GDP and Beyond, Measuring Progress in a Changing World.”¹³⁹ Meanwhile, in 2008, French President Nicolas Sarkozy asked scholars, including Joseph Stiglitz, Jean Paul Fitoussi, and Amartya Sen to create a commission now known as the Commission on the Measurement of Economic Performance and Social Progress.¹⁴⁰ Its purpose was to:

- ▶ Identify the limits of GDP as an indicator of economic performance and social progress, including the problems with its measurement;
- ▶ Consider what additional information might be required for the production of more relevant indicators of social progress;
- ▶ Assess the feasibility of alternative measurement tools; and,
- ▶ Discuss how to present the statistical information in an appropriate way.¹⁴¹

The Commission published its findings in a report in September 2009. It reflects upon the inadequacy of current measures of economic performance and how measures of development could take better account of societal well-being. The central message is that there is a need “to shift emphasis from measuring economic production to measuring people’s well-being and to do

so while accounting for issues of sustainability.”¹⁴²

From the release of that report and others, the idea of measuring the psychology of a nation has become a part of several countries’ national surveys, including the United Kingdom, France, Brazil, and Canada. In 2010, the British national statistical agency was given an assignment to develop a happiness index for the United Kingdom. Beginning in the fall of that year, the Office of National Statistics began surveying Britons and invited debate on several topics all related to well-being. The questions asked were similar to the types of questions asked in a deprivation-based index survey, but with a greater range of questions and more effort given to recording the ensuing dialogue. Results are now coming in and the debate has turned to how these indices can be used to affect public policy.¹⁴³

Could Nunavut adopt a Subjective Well-Being measurement approach or create its own Happiness Index? There are a lot of elements here that might be appealing to Nunavummiut. The efforts to develop the *GN Report Card* in 2009 contained results from a rather extensive survey that spoke to the general happiness of Nunavummiut. Just that survey alone provided plenty of insight into what Nunavummiut think about their territory, their government, and their future. An expanded effort with more rigorous questions could expand our knowledge in these areas.

To better understand poverty in Nunavut, a Happiness Index would have to provide information regarding the general state of poverty and how it might be influenced through public policy. Initially, it seems obvious to think that someone who is poor would be unhappy, but that may not be the case depending on the types of deprivation they suffer from and what each person values. But that information alone holds tremendous value that could influence public policy. It returns us to the question posed in the first chapter of this report that asked whether or not someone who is financially poor but rich in other areas such as family, health, and community participation is actually poor.

To develop a Happiness Index, Nunavut would need to commit to a territorial survey on a regular basis that would measure the many aspects of one’s happiness.

137 Centre for Bhutan Studies.

138 European Commission, 2012.

139 The Commission to the Council and the European Parliament, 2009.

140 Institute of Development Studies, 2009.

141 Commission on the Measurement of Economic Performance and Social Progress, 2009.

142 Ibid.

143 Office for National Statistics, 2012.

There are numerous studies taking place each year that perform bits and pieces of what would be required for a full survey. Coupled together and properly organized, this research effort might be enough, or at least would provide the basis for a Happiness Survey.

More information is needed on how countries such as Great Britain are creating and using their measures of subjective well-being, and how a Happiness Index could be used to inform public policy decisions. There are others in Canada looking at this, so opportunities to learn or collaborate do exist.

MEASURING WHAT SOCIETY VALUES

Society has shown a tendency, over time, to value what it measures. This is certainly the case for GDP, where a measure of economic growth became the thing that society valued above all else.

Establishing a measure of poverty based on an income measure alone leaves us with the impression that money, or a lack thereof, is the sole cause of poverty. This results in complex income support programs to give poor people more money. If and when this approach doesn't work; that is, if the number of poor people doesn't change, we are left without any other program ideas.

If we were to measure poverty as a function of a family's basic needs instead, then the progress in society's human capital and the level and extent of social inclusion might influence our actions and policy directions.

But would they be more effective?

The research presented in this report tells us that poverty reduction requires good policies and programs that target poverty's root causes. But it also needs a strong and well-organized economy. Both are necessary conditions. In that sense, a change in the way poverty is measured is not enough by itself. But a comprehensive measure of poverty does provide detailed insight into the moral consequences – the true long term and sustainable benefits to society – that economic growth can deliver. All leaders can use this knowledge, whether they are working on economic growth or poverty reduction, to develop appropriate policy responses to existing conditions that will be of mutual benefit to the rich and poor within a society.

9.1.3.3 Measuring Wants and Needs

An interesting tool for the Nunavut's Participatory Poverty Assessment process could be the Global Person Generated Index (GPGI). It is an 'individualized' quality of life measure that uses a mix of open-ended questions, scoring, and points allocation to establish a particular person's satisfaction with the areas of life that are most important to them.¹⁴⁴ The GPGI was initially developed as a means to study quality of life issues associated with health, but has since been adapted to serve broader purposes. There is no record of it being used specifically for poverty, but as described in Chapter 4, there is not much separating the study of quality of life and poverty. The GPGI has three stages:

1. Respondents nominate up to five areas that they consider important to their lives (for example, family) and explain their importance;
2. They score these out of seven to indicate their level of satisfaction (where 0 represents 'the worst you can imagine' and 6 represents 'exactly as you would like to be'); and,
3. They 'spend' ten points across the areas to illustrate their relative importance.¹⁴⁵

A final score is calculated to represent the shortfall between people's desired and actual achievement in these areas.¹⁴⁶

This approach is a means to understand what is important for people and, when combined with the information coming from the explanations given in step one, it can provide a deeper insight into the order of things; that is, how one thing affects another. This knowledge can inform public policy and help to increase the impacts of public spending.

There is some additional thought needed to formulate a methodology that would apply to Nunavut's Participatory Poverty Assessment process. But it seems to be a worthwhile exercise, as it might reveal some interesting and useful results.

144 McGregor, Camfield, & Woodcock, 2009, p. 144.

145 Ibid.

146 Ibid.

9.2 NUNAVUT'S INDEX

There are merits to some of the poverty measures described in this chapter. A LIM for Nunavut has the advantage of being inexpensive, simple to produce, and would not require a definition for basic needs. Every other measure requires this definition or some form of it.

There are many reasons why defining basic needs is difficult, most of which have been described in this report. Nevertheless, it should be stated that other regions in Canada and other countries throughout the world have managed to develop a definition. And, as was discussed earlier, there are several reasons why it might be easier in Nunavut than in other jurisdictions.

A definition of basic needs has to be a priority for Nunavut, whether it is at a community, regional, or territorial level. Furthermore, it would be advantageous to include issues of capabilities and social inclusion in any definition of basic needs such that the measurement approach chosen could go beyond economic well-being.

With a standard definition of basic needs (one based on economic well-being), Nunavut could adopt one of several poverty measures. For example, a Nunavut MBM would be possible. It would be relatively inexpensive to compute and could be easily updated. It would be a good measure of financial poverty and would complement the LIM approach.

A comprehensive definition of basic needs increases the options available to measure poverty. These are more expensive options because they require their own dedicated surveys. What Nunavut gets, though, is an opportunity to develop a deprivation-based index that could include all three forms of poverty explicitly.

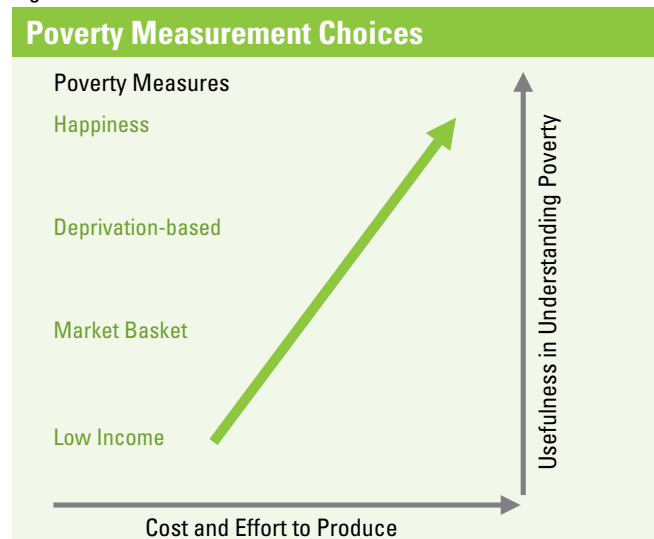
A dedicated survey would also afford Nunavut the opportunity to develop its own happiness index. There are several advantages to this approach. It would account for the complete definition of poverty from quantitative and qualitative perspectives and could add elements that are important to Nunavummiut such as Inuit culture. A happiness index would be useful for measuring progress beyond poverty. It would help Nunavut understand its own development better and clarify how such things as resource development will affect the local population.

Including the perspective of Nunavut's poor affords a number of options for measuring poverty and the progress of poverty reduction strategies. In Chapter 4, we suggested that the Nunavut Roundtable for Poverty Reduction would know when its actions are working because the people will tell them. Of course, this approach would need some parameters. Probably the most important would be a systematic method of recording the changing opinions of Nunavut's poor that allows for a comparison over time. The method introduced in this report, the Global Person Generated Index, could be adapted for that purpose.

The options for measuring poverty that are presented here are not exhaustive. There are literally hundreds of methods and adaptations. Nunavut will need to design its own measure. The ones presented form a good basis to start that process.

The final decision on how Nunavut should measure poverty will come down to costs and public interest (see Figure 9-1). Any measure apart from the LIM will cost money and will require the cooperation of Nunavummiut. A deprivation-based index and/or a Nunavummiut Happiness Index in combination with an index that tracks changes within the participatory poverty assessment would be the best option. They measure the causes of poverty in addition to the depth of existing poverty and

Figure 9-1



include elements of cultural and social norms, and if need be, they can be used to count the number of poor people.

In moving forward with one of these approaches to form a Nunavut Index, it is worth considering how economics as a social science is changing. We should not expect economic reports that are focussed exclusively on GDP to disappear, but there is growing acknowledgement amongst the world's leading economists that these traditional economic measures are poor indicators of development and change. The fact that not a single economic forecasting institution in Canada was able to predict the recent world recession is a good indication of the limitations of this measurement tool. More and more, we are coming to the understanding and agreement that what is important is the performance or development of people. Knowing how the economy fits into this human development takes us well beyond GDP and into the study of such things as poverty, wealth distribution, and a society's happiness. This is the basic theory behind the creation of the CIW. Robert F. Kennedy explained the failings of GDP this way:

*Gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile.*¹⁴⁷

Choosing a poverty measurement tool such as a deprivation or happiness index and giving a greater voice to its citizens living in poverty would be a bold step for Nunavut. It would position the territory as a leader in Canada in the area of measuring development. But more importantly it would go a long way in explaining the nature and extent of the poverty crisis in Nunavut and provide its leaders with some real information on what to do about it.

10. SUMMARY & NEXT STEPS

The purpose of this research report was to begin the process of understanding the nature of poverty in Nunavut. A new and comprehensive approach was proposed for the research. It relies on the pursuit of each of the four approaches to understanding poverty. Each provides distinct information but they are inextricably intertwined with one another. The result is a richer understanding of the subject than would be possible otherwise.

This approach is quickly becoming the norm across Canada. In the same way that we no longer look at the advancement of our society through the single measure of value-added production (that is, through changes in GDP), we cannot look at poverty as being a condition strictly defined by one's financial resources. We must look at all dimensions of the human condition to fully understand and appreciate what it means to be poor and what can be done to eliminate poverty from our society.

Poverty is the deprivation of financial resources to afford the basics of life. Money does not necessarily bring happiness, but it does afford the means to survive.

Poverty is a deprivation of capabilities. The absence of financial resources is often tied to one's lack of skills and abilities to do something about it. But it is not only the skills needed to obtain and retain a job that can leave one in a state of poverty. A deprivation of human capabilities includes the skills needed to live a healthy life and to be a productive member of society. These skills are often obtained by formal and informal education and through lifelong learning. Social assistance gives people funds to make up some, at least, of the shortage and prevents people from becoming destitute, but it is often provided to people whose financial troubles are rooted in a deprivation of human capabilities.

147 Kennedy, 1968, March 18.

Poverty is a deprivation of social inclusion. Some see social exclusion as a result of poverty, but we have proposed it can be a cause of poverty as well. In Nunavut, being cut off from one's family, community, or culture can result in lost access to country food or a lost voice in affecting positive social or economic change. It can mean a loss in access to the wage and/or non-wage economy that provide the necessities of life in Nunavut.

Finally, the research explored a fourth approach to poverty assessment through the engagement of Nunavummiut who are experiencing one or more forms of poverty. Their assessment of poverty melds the three formal dimensions into one descriptive state of poverty. People use examples and stories of how deprivation has caused harm or how it manifests itself into additional societal problems. Finding consensus across this population provides an understanding of poverty that is unique to the description of finances, capabilities, or exclusion and therefore stands as its own dimension.

The report examines these four dimensions, investigating how and why poverty exists in Nunavut and how it is likely to change in the future. We learned many important things, but most important of all is that, regardless of the measurement tool, poverty is pervasive throughout Nunavut and that improvements are occurring slowly, if at all. There is far too little personal income in far too many homes, especially in homes where young children are present. Too many Nunavummiut are emerging into adulthood without the education, skills, and life experiences to survive on their own in what is becoming an increasingly modern Nunavut. Families and communities, once the great strength of Inuit society, are breaking down with the result being less trust and more economic differentiation.

As much as this research was interested in the history and growth of poverty in Nunavut, attention was also given to the future of poverty. There are economic opportunities on the horizon that will bring a lot of financial wealth to the territory. But many questions arose when researching this potential growth: Can and how much of this wealth will Nunavut capture? Who will capture it? And, how much if any will be directed toward those individuals and families unable to access it through their own means?

Can this wealth be used to reduce poverty?

Finding the mechanisms to ensure a positive result from any and all future economic growth is an important next step for Nunavut. But make no mistake; it is a complex and challenging task. With poverty in Nunavut going beyond financial well-being, the distribution of benefits must also go beyond the simple mechanisms of income redistribution.

An important next step will be research into how and where wealth should be directed to have the greatest impact on Nunavut's overall prosperity. The GPGI measurement tool was shown to be one method that could help in this task. This research would benefit from continued investigation of other Canadian and foreign jurisdictions and what is being done elsewhere to cope with, and ultimately benefit from, resource-based economic growth.

Reducing poverty is a task that no single organisation can manage on its own. The report noted that poverty can be influenced by small actions at the community level (sometimes without any aid from government) as much as it can be large undertakings by government to reorganise existing programs or invent new ones. Addressing all of the factors influencing poverty will require the dedication of individuals and families, communities and community-support groups, the private sector, Inuit and non-Inuit organisations, and government at all levels.

The Makimaniq Plan: A Shared Approach to Poverty Reduction is one step in the collective efforts of Nunavummiut to reduce poverty. Moving forward, this poverty reduction action plan will have to include a means to measure existing and future poverty.

As we have come to the understanding that poverty is a subject more complex than the simple deprivation of income, the tools we use to measure poverty must also go beyond simple income-based measures. There are strong arguments for Nunavut to adopt a comprehensive measure of poverty that will allow Nunavummiut to understand the changing complexities of poverty as well as their own future development. Developing a measurement tool and learning how it can influence policy and programming decisions is another important next step.

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