

COMMUNITY ECONOMIC CASE STUDY NAIN, LABRADOR

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RCAP NOTES

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SECTION ONE: AN ECONOMIC HISTORY OF NAIN

Inuit, the original inhabitants of the Nain area in northern Labrador have historically occupied the northern coastal region of the entire Quebec/Labrador peninsula. Inuit of the Thule culture arrived in northern Labrador around 1450 as part of their expansion eastward from the Bering Sea, displacing Inuit of the Dorset culture who had previously settled in the region. These Thule bands followed a semi-nomadic life style based on the harvesting of marine mammals, caribou and other wildlife. The Inuit currently inhabiting the northern communities of Labrador are the cultural and genetic descendants of these Thule bands.¹

Regular contact between Labrador Inuit and Europeans began in the 16th century with Inuit travelling south to the Strait of Belle Isle region to trade and scavenge at Basque whaling stations which were operated in the open-water period. Opportunities for contact increased after the 17th century with the year-round settlement of French and later British fishermen and sealers in Southern Labrador. The establishment of mission stations by the Moravian Church on the northern coast after 1771 provided Inuit with permanent, readily accessible trade facilities in their homeland. This early contact was characterized largely by distrust and tension on the part of both parties and physical violence was a common occurrence.²

Along the north shore of Labrador, regular contact with Europeans occurred later when Moravian missionaries arrived. The Moravian Church, a pre-Lutheran Reformist religious movement, had undergone a revival in Europe in the early 1700's and had sent missionaries to various remote stations around the world, including Greenland, to spread its message. In Labrador, the Moravians acted as intermediaries between the Inuit and the British government as the latter was interested in reducing the tensions between the Inuit and Europeans in southern Labrador. In 1771, Jens Haven, a Moravian missionary fluent in Greenlandic Inuktitut and thirteen other missionaries founded the settlement of Nain.³

In the early nineteenth century, some of the men of European ancestry employed by the fishing companies began to settle in northern Labrador to take advantage of trapping, fishing, and trading opportunities. Many married Inuit women and adopted some Inuit cultural practices to assist them in

¹Fitzhugh 1977: 38.

²Kennedy 1977: 264-265.

³*Ibid.*, 266-267

wrestling a living from the land. These mixed cultural families, raised with two cultural legacies and often bilingual, formed the basis of a unique *Kablunangajuit* or Settler society in northern Labrador. Inter-marriage and cultural borrowing remained common, but Settlers maintained a separate ethnic identity. By the end of the 19th century, Settlers made up a substantial part of the population in the region and formed a distinct group within the society of the north coast.⁴

The influence of the Moravian Church reinforced the maintenance of distinct identities between Inuit and Settlers. Throughout this period and up until the 1920s, the Moravians controlled the social and economic lives of the Inuit in the region. While they appreciated the importance of allowing much of the traditional Inuit culture to remain intact, including language, diet, and traditional subsistence skills, they sought to change other aspects of Inuit culture that conflicted with the Christian doctrine. They administered Inuit and Settlers separately and acted as intermediaries between Inuit and the other outside interests. The missionaries founded the settlement of Nain and set up a trading post there to discourage Inuit from travelling south to trade, and to allow the Mission to become more financially self-sufficient.⁵

During this period the Inuit substantially altered their traditional subsistence patterns to adapt to the changing economy. Inuit began to emphasize the harvesting of resources most valuable to the foreign market. In a bid to stimulate Inuit production of resources to increase economic self-sufficiency the Mission supported the development of the seal fishery in the early 19th century and the cod fishery after 1860, as well as trapping of fox furs, by providing nets, salt, traps and other equipment. The livelihood of Inuit and Settlers came to depend on the cod fishery in summer and seal hunting and netting in fall and spring. In winter this economy was supplemented with hunting and trapping for furs and for food.⁶

Although the trading posts were occasionally profitable enough to allow the Labrador Missions to contribute financially to other missions around the world, by 1924 the situation changed. The markets for several key products weakened, Inuit debts increased, and profits evaporated. Eventually the problems became so severe that in 1926 the Church leased its trading rights to the Hudson's Bay Company. As part of this agreement, the HBC took over from the Church responsibility for the distribution of relief payments.⁷

The Hudson's Bay period saw a dramatic shift in the economy of Nain and of the region. During the Depression, the decline of fish prices put increasing pressure on trapping and the sale of furs as the main source of cash income.

⁴Kennedy 1977, 273.

⁵Brice-Bennett 1977, 101; Kennedy 1977, 267.

⁶Kennedy 1977, 270.

⁷Brice-Bennett 1977, 105; Inglis 1977, 20.

This fit well with the Hudson's Bay Company interest in primarily exploiting the fur trade rather than in developing a wider based economy, to the point where the economic welfare of the Inuit and Settlers was disregarded. Although the HBC still purchased fish products, the prices Inuit received were very low and credit control was tight, limiting their ability to purchase fishing equipment as well as imported goods. To exacerbate the problem, the HBC failed to supply sealing nets to Inuit in Nain, as the Moravians had done previously, depriving them of an essential source of food for both people and dogs.⁸

In 1934 the Rangers, the Newfoundland rural police force, were given responsibility for relief payments and law enforcement in the region.⁹ Relief payments were continued to needy Inuit families but repayment was required as soon as the recipient earned any income. This proved difficult for many Inuit who needed what small incomes they could generate in order to purchase materials for the next hunting or fishing season. By the early 1940s, the economic problems had reached a crisis. The Hudson's Bay Company closed down their posts on the north coast citing lack of sufficient profit. Severe poverty was afflicting Nain and the entire region.¹⁰

The Newfoundland government reacted by forming the first of what was to be several government agencies assigned to oversee and develop the region's economy. The mandate of the Northern Labrador Trading Operations (NLTO) division of the Department of Natural Resources was twofold: to continue to operate the commercial operations vacated by the HBC, and to implement various economic and social programs to help resuscitate the ailing region and increase its self-sufficiency. The programming initiatives mirrored those of the Moravians by attempting to establish a broader-based economy that exploited a wide range of natural resources and attempted to reduce regional dependency on outside assistance. The initial efforts of the NLTO were directed at building an infrastructure to enhance regional exploitation of renewable resources (particularly fishing and sealing), increasing the availability of wage labour, and developing activities that would increase the supply of local food. New facilities and boats were built for cod fishermen, a sawmill was built in Nain to provide lumber for the region, and a number of construction projects were undertaken throughout the region.¹¹

The Second World War had a positive affect on the regional economy, and particularly on the economy of Nain. Higher prices for locally harvested resources meant that family income levels increased, and relief payments declined. This increase in cash earnings meant that more country food was available in the community, since people could afford to purchase the goods necessary to maintain harvesting activities. The building of a military base in

⁸Kennedy 1977, 280; Brice-Bennett 1977, 107.

⁹ Inglis, 1977, 20

¹⁰Brice-Bennett 1986, 10-11.

¹¹ *Ibid.*, 13.

Goose Bay in 1941 provided a significant amount of wage employment to Inuit and Settler labourers from Nain and other northern Labrador communities. More Settlers were employed, however, since they generally had more experience in the wage economy and were more likely to speak English.¹²

For many Inuit, this seasonal work provided an important source of cash enabling them to hunt and trap when they returned to their home communities. However, the availability of wage labour was generally sporadic, and limited in duration. This pattern has persisted in the region to the present time.

People tended to seek wage labour when it was available, but income generated through hunting, trapping, and fishing remained many people's primary economic activity. During the 1940's, prices increased for many of the region's products, increasing the income Inuit derived from harvesting activities. Wage labour had not yet become an essential element of the economy.¹³

During the late 1940's, the NLTO came under increasing criticism for its handling of the region's social and economic programming and for providing more assistance to Inuit than other provincial fishermen. Restricted funding began to limit its resource development programs and the NLTO began to emphasize commercial project development. However, before these changes were fully felt in northern Labrador, a new era began when Newfoundland joined the Canadian Confederation in 1949 and the federal government became an important influence on the economy of Nain and of the region.

Confederation brought direct economic benefits to the inhabitants of Nain, initially in the form of old age pensions, family allowance and other transfer payments that dramatically increased the amount and stability of family income. The entry of Newfoundland into Canada also raised the issue of the relationship of the federal government to Aboriginal people within the new province. The initial terms of union between Newfoundland and Canada did not specify which level of government would now assume the responsibility for Inuit and Innu in Labrador, where treaties had never been signed. The provincial government took the position that all residents were simply Newfoundlanders, and the Indian Act was not applied in the province, which made Inuit in Nain ineligible for federal Aboriginal programs.¹⁴

In 1951 the federal government agreed to begin providing funding for Aboriginal health and welfare in Newfoundland and Labrador. In 1954 the first of a series of federal-provincial cost-sharing agreements was signed eventually covering areas such as health, education, and economic development. Under the 1965 federal-provincial agreement the level of

¹²Brice-Bennett 1986,15-16.

¹³ibid. p.18.

¹⁴Kennedy 1977, 281-282; Brice-Bennett 1986, 20.

government involvement was expanded to include funding for the "construction, maintenance of development of Inuit and Innu communities". Under this agreement, communities were designated as qualifying for funding rather than individuals. Ottawa provided the majority of funding to these designated Inuit communities, and these funds were administered by the provincial government. Under the community system, Settlers living in communities served by the NLTO were eligible for Aboriginal funding.¹⁵

At the same time, northern Labrador was given a higher profile within the provincial bureaucracy with the replacement of the NLTO by the Division of Northern Labrador Affairs (DNLA) in the Department of Public Welfare.¹⁶ The DNLA was expected to consolidate all government activity in relation to northern Labrador, including continuing to manage the commercial trade operations and assisting the native population to become full participants in the provincial economy. The new division moved quickly to address the growing material needs of the population by making a better selection of foodstuffs and hardware available in the government stores in the communities. Support was given to the seal fishery in recognition of the important role seal meat and skins played in the local economy, and equipment was provided for the more commercial harvesting activities of fishing and trapping. Sawmills were constructed to supply regional needs, and various other construction projects were undertaken to develop the infrastructure of the region.¹⁷

However, the impact of DNLA's initiatives to revitalize the regional resource economy was limited by low resource prices, decreased markets for cod, and the lure of wage employment in the expansion of the airbase in Goose Bay and the construction of several Distant Early Warning (DEW) radar sites along the north coast. The construction of the DEW line site near Hopedale drew a substantial number of labourers from surrounding settlements including Nain. Family incomes went up, allowing for the purchase of more expensive harvesting equipment, better clothing and housing improvements. Families continued to hunt and trap over the winter, anticipating the arrival of the next construction season. Inuit and Settlers were more tied into a cash economy. When construction of the sites ended in 1956, with low cod prices and limited income available from hunting and trapping, many Inuit and Settlers moved to Goose Bay to search for employment.

There was a growing perception within the provincial government that the northern resource-based economy was unable to support large populations. The native population, it was felt, would be better served by pursuing wage employment and by being integrated into the larger southern society. To ease administrative costs and to be better able to focus development efforts in the

¹⁵Kennedy 1988, 100-101; Kennedy 1977, 282.

¹⁶ Brice-Bennett, 1986: 21

¹⁷Brice-Bennett 1986, 23-4.

region and communities, the provincial government decided that the population should first be concentrated into larger communities to prepare less-aculturated Inuit for their eventual move south. The northernmost communities of Nutak/Okak and Hebron, predominantly Inuit, were targeted for closure as they were considered to be the most difficult and expensive in which to provide services. The majority of families from Nutak/Okak were resettled at Nain, causing a one-third increase in population, but the majority of Hebron Inuit were initially relocated to Makkovik. However, beginning in the late 1960s they gradually moved to other communities in their own volition and are now primarily settled in Nain.

With access to federal funding through the federal-provincial agreement, the DNLA built new houses in Nain for the resettled population. In addition, Nain received a new school, hospital, wharf, RCMP barracks, and other facilities. This established a model for future economic growth tied to the ongoing provision of federal funding.¹⁸

The relocation left an indelible mark on the former residents of Nutak and Hebron, many of whom were reluctant to leave their homes and the rich fishing and hunting areas. A number of problems arose for both the resettled Inuit and the original inhabitants of the remaining villages. These included increased pressure on local hunting and fishing areas, determining where the new arrivals would hunt and fish, social tensions arising from overcrowding, and housing problems. Many former residents of Nutak and Hebron continued to return to their old hunting and fishing areas during the summer to take advantage of region's abundant resources.¹⁹

During the late 1950's, the fishermen in the region were enjoying high prices for their catches, and the general standard of living increased. In 1959 they became eligible for Unemployment Insurance. The extension of UI benefits assisted in increasing many families' incomes, particularly during the winter months when there was little other opportunity to earn income. Since prices for furs and seal products were still low and construction activities had decreased, the combination of fishing income and the UI benefits provided the largest source of income in the region. Unemployment Insurance benefits were becoming an essential part of the region's economy.

The renewal of the federal-provincial agreement in 1964 provided funding for the expansion of public services, and of infrastructure including new stores, warehouses, oil-generated power plants, fishing stages and salt sheds. Access to further federal funding allowed the DNLA to build a total of 206 houses in Inuit communities during the decade between 1963-1973 (Kennedy 1977:288). Wage employment in these construction jobs provided a third source of income throughout the coastal communities. The DNLA continued

¹⁸Kennedy 1977, 287; Brice Bennett 1986, 36.

¹⁹Brantenberg 1977, 387; Inglis 1977, 29; Brice-Bennett 1986, 55.

to oversee administration of the federal-provincial agreement, after 1967 being renamed the Northern Labrador Services Division (NLSD).²⁰

Nain's economic base was given another boost in 1967 with the construction of a large walk-in freezer for the storage of fish and country food, and in 1970 with the construction of a fish plant for the processing, smoking and storage of large amounts fish for local and export markets. The construction of the Nain fish plant also led to a shift in emphasis from the production of salted cod, char and salmon to fresh frozen products. In order to ensure adequate supplies, the NLSD sent longliners manned by Nain fishermen to gather char and salmon from the fishing camps that dotted the north coast. As well, the NLSD supplied various types of fishing equipment to fishermen, either on a rental or sale basis.

The renewed focus on char and salmon was timely as there was a subsequent decline in both the price and volume of cod caught, and in the seal fishery. The fish processing plant provided employment largely to women,²¹ many of whom had no previous experience with wage labour. With these women being eligible for UI benefits during the winter months, many families saw a dramatic increase in their incomes and the fish plants continued to provide a key source of employment over the year.²²

Other economic development efforts focused upon exploring new sectors of the economy. Arts and crafts production had always played a minor role in the local economies of northern Labrador, but during the early 1970's, they were produced on a larger scale for sale to tourists and to wholesalers. The formation of various arts and crafts associations and craft centres in the region helped promote and market the fledgling industry. Although some communities developed certain distinctive crafts, such as Nain's Labradorite jewellery, arts and crafts production in the region has never succeeded to the degree found in other areas in the Canadian Arctic. As well, a tourist lodge was established by the NLSD near Nain in 1974 but failed largely due to lack of promotion and advertising.²³

By the middle of the 1970's, the town of Nain had strengthened its position economically. A variety of construction projects took place largely due to Federal Provincial Agreement funding. A healthy char and salmon fishery, and operation and maintenance of the fish plants, provided a greater variety of secure jobs. The opportunities for wage labour were greater than at any previous time.²⁴ The economy of the community was supported by a combination of hunting and fishing income (both commercial and domestic use), and seasonal wage employment created to a large extent through

²⁰ Brice-Bennett 1986, 47.

²¹ Kennedy, 1977:228

²² Kennedy 1977, 288; Brice-Bennett 1986, 53-5.

²³ Brice-Bennett 1986, 57.

²⁴ Kennedy, 1977:288

government funded infrastructure projects and federal transfer payments.

A number of other changes critical to the life of the community also took place in 1975. It was during this year that Atsanik Lodge opened in Nain, providing tourist accommodation as well as a bar offering the sale of alcoholic beverages to community residents. Also communication facilities significantly improved with long distance telephone, radio and TV services.

During the 1970's community based political institutions were established in Nain, as well as in the other Inuit/Settler communities of Labrador. The establishment of the Town Council of Nain provided local residents with increased municipal responsibilities and a mechanism for addressing local concerns. The NLSD supported the community councils by transferring responsibility for selected aspects of municipal planning and development, including various construction projects.

At the regional level, the Labrador Inuit Association (LIA) was established in 1973 to represent the political interests of the Inuit and Settler inhabitants of the five northernmost communities and Happy Valley - Goose Bay. The LIA was mandated to promote Inuit culture and language, and to develop pride in the Inuit heritage of Labrador. Despite initial conflict between Inuit and Settlers in regard to political representation, by 1974 both groups believed that they should present a united front in dealing with governments. This resulted in two levels of ethnic identity: in daily activities individuals still considered themselves to be Inuk or Settler, but at a political level this distinction was not made. The membership criteria of LIA were amended to redefine Settlers, or *Kablunangajuit*, as Inuit. At the same time, as its constituency changed, LIA found it difficult to integrate the more unilingual northern Hebron Inuit into the Association, and Kennedy suggests that many Hebron Inuit feel that LIA does not represent them.²⁵

The formation of the LIA resulted in increased influence for Inuit in government policies and programs. In 1981 a new 5-year agreement was signed between the federal and provincial governments which provided a stronger voice to the aboriginal communities. The Inuit town councils and LIA were given representation on the co-ordinating committee for the agreement. LIA received two seats out of eight. The role of the Co-ordinating Committee was to make recommendations on funding allocations under the agreement.

Through the Co-ordinating Committee, both LIA and the Naskapi-Montagnais Association questioned the allocation of funds from the federal-provincial agreement by the Department of Rural, Agricultural and Northern Development (RAND) which replaced the NLSD in the late 1970's. The Aboriginal groups complained that too much funding went to cover the costs of the RAND bureaucracy, the operation of government stores, and school

²⁵Prattis 1990, 59; Kennedy 1988, 101-105.

operations which are normally the direct responsibility of the provincial government. They sought, unsuccessfully, direct funding from the federal government for community projects.²⁶

RAND also moved to transfer responsibility for some of its business operations to other agencies. These transfers often were not carried out with adequate support or planning and negatively affected the future success of these operations. For example, the Nain fish plant was transferred to the Provincial Department of Fisheries (DOF), without adequate management training for local residents nor as a part of a co-ordinated regional economic development strategy. In the hope that the DOF would transfer the ownership of both the fish plant in Nain and in Makkovik to local control, the Torngat Fish Producers Co-operative was formed in 1980. The province resisted this transfer and after the construction of a new fish plant in Nain in 1990, still retained ownership despite overtures from the Labrador Inuit Development Corporation, a subsidiary of LIA.²⁷

After 1980, the economic growth experienced throughout the 1970s was reversed as a result of several factors. Most residents were continuing to pursue a mixed economy based upon the harvesting of renewable resources. Wage labour was obtained when available, but families also had to rely on various forms of transfer benefits or social assistance. However, practically the whole economy now hinged on one industry, the summer char and salmon fishery, which was having increasing difficulties in maintaining its former productivity due to poor ice and weather conditions and decreasing harvests. The poorly organized and maintained collector boat system also a contributing factor. The impact of this decline in the fishery was amplified throughout the town's economy as there was less work for fishermen and less work at the processing plant, and therefore a decrease in UI benefits. According to Brice-Bennett, the region was becoming dominated by massive unemployment and poverty.²⁸

The consequences of a fall in community income in Nain were offset somewhat by the domestic consumption of country food obtained from hunting, fishing, and trapping. Country food provided the community with a source of food that was fresh, nutritionally superior, and culturally valued. Alternatively, store bought food was expensive and of mixed quality and limited nutritional value. Although the value of country food in the regional economy is often neglected in economic analysis of the region, Peter Usher estimated that in 1979 the value which can be imputed to country food was \$1.75 million, higher than the contribution to total regional income from full-time employment, and nearly two-and-a-half times the value of

²⁶Brice-Bennett 1986, 60-1.

²⁷Boult 1991, 46.

²⁸Brice-Bennett 1986, 75-78.

commercial sales of fish within the region.²⁹

The harvesting of country food does not come cheaply however. The purchase of Skidoos, rifles, nets, fuel etc. requires significant cash resources. Fluctuations in the availability of cash income, as occurred in the 1980's in Nain, result in a decrease in harvesting activities as hunters become unable to finance the purchase of new equipment and supplies. To further aggravate the situation, in the early 1980's protests by animal rights groups against the harvesting of seals led to a sharp decline in pelt prices, drastically reducing yet another source of income to hunters.

The fall in community income was mitigated somewhat in the later 1980's by the efforts of LIA's economic development subsidiary, the Labrador Inuit Development Corporation (LIDC) to expand the economic base of the region. In 1985 LIDC began a commercial caribou harvest as a separate activity from the subsistence hunt. In 1987 a modern processing plant was built in Nain to allow for a further expansion of butchering activities and to create further employment.

In 1988 LIDC began a joint-venture shrimp fishing venture with National Sea Products. One of the primary objectives of LIDC in undertaking this venture was the creation of employment for Inuit. Under the arrangement between LIDC and National Sea Products, one half of the available jobs on the vessel are held for Inuit (approximately 20 positions). Training courses are provided to ensure that Inuit are eligible for more senior positions on the vessel. Additional activities pursued by LIDC include applying to take over the Nain fish plant from the provincial government, investigating the potential of aquaculture in the region, mining for semiprecious Labradorite stone, operating a tourist lodge located near Nain that had failed under provincial management, and establishment of an anorthosite quarry for building-stone.

LIDC's successes have provided a bright spot in an otherwise bleak social and economic landscape that has existed in northern Labrador since the mid-1980's. These successes, while not without problems, have provided possible directions for economic development strategies to follow in the future.

²⁹Usher 1980, 49-55.

SECTION TWO: AN OVERVIEW OF THE COMMUNITY ECONOMY

INTRODUCTION

In order to identify and assess critical elements of the economy of the town of Nain, we have compiled a series of socio-economic profiles, each covering an aspect of the local economy or social situation. The information contained in these profiles provides a general overview of the local economy, and a basis for more rigorous analysis.

The objective of this analysis is to develop a clearer understanding of the roles of the various social, cultural, and economic components of the local economy, and how they combine and interact. This enables the development of a model of the local economy, which facilitates identification of the critical factors, barriers, and opportunities associated with the goal of building increased economic self-sufficiency.

A number of information sources were used to compile the socio-economic profiles. These include census data, government reports, publications and annual reports, magazines, and newspapers. Local businesses, government agencies and non-governmental associations completed questionnaires developed for the study. As well, interviews were conducted with representatives of various organisations and government agencies.

Section Two consists of the following nine profiles:

1. Demographic profile
2. Labour Force profile
3. Natural Resource profile
4. Private Sector profile
5. Traditional Economy profile
6. Non-government Organisations profile
7. Government Services & Infrastructure profile
8. Government Plans & Strategies profile
9. Socio-Political profile

The information contained in each profile attempts to be as current and comprehensive as possible. The overall scale of the study, however, presents limits to the amount of primary information that could be collected. While the literature provided detailed secondary information sources for some profiles, other areas of interest lacked a body of current research to draw upon.

The combination of sources used does however provide sufficient descriptive and quantitative information to develop a relatively detailed picture of the local economy. As well, the profiles provide the information base for the analytical discussions contained in the sections of the report to follow.

SOCIO-ECONOMIC PROFILES OF THE COMMUNITY

1. Demographic Profile

Profile Highlights:

- **1991 Population: 1069**
- **Percentage of 1991 population under 20 yr: 48%**
- **Inuit as percentage of 1991 population: 64%**
- **Kablunangajuit as percentage of 1991 population: 28%**
- **Percentage of the 1991 population with English as the primary language in the home: 65%**
- **Number of occupied private dwellings in 1991: 235**
- **Percentage of 1991 population in low income family units: 35%**

Age, Sex and Ethnic Origin

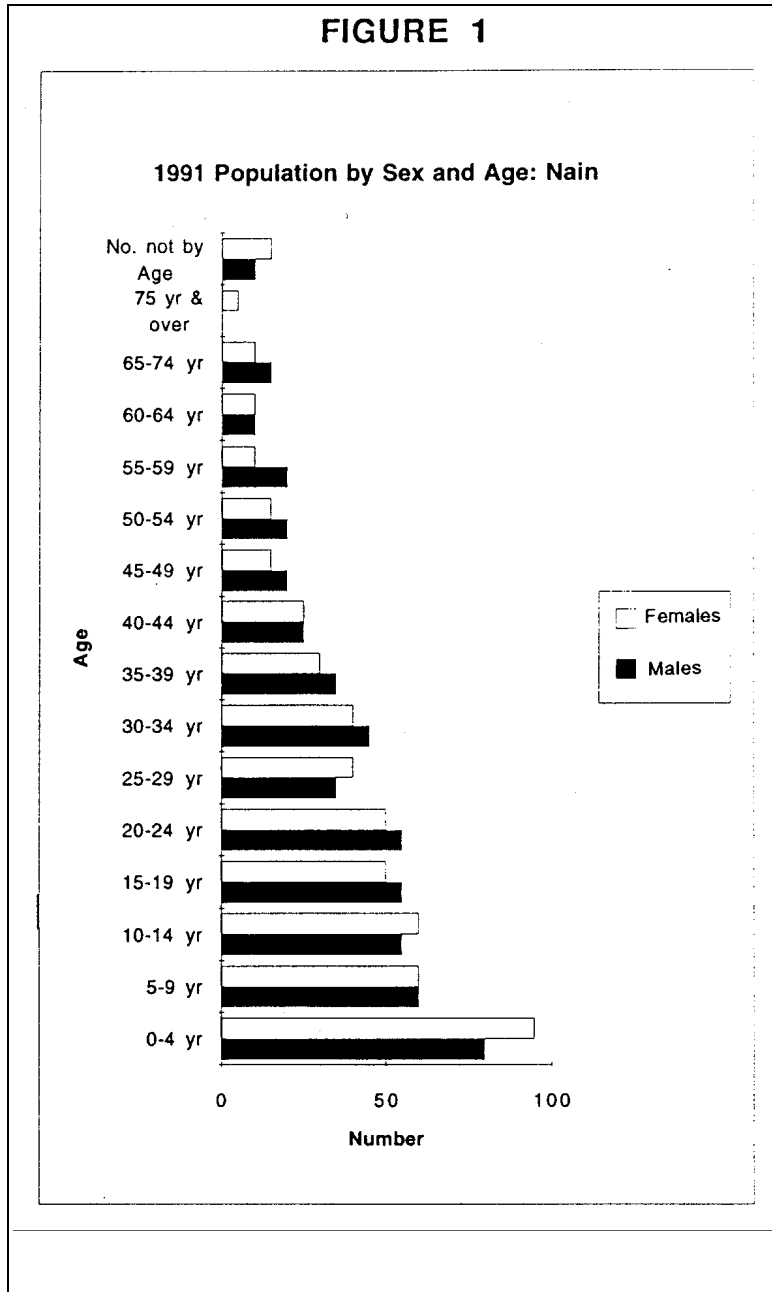
According to the 1991 Census of Canada, the population of the town of Nain in 1991 was 1,069. The overall population of the community is increasing quite rapidly. Since the previous census in 1986, the number of residents has grown by 5%. In the previous period between 1981 and 1986, the population of Nain grew by 8.5%. Generally, in the last decade the communities of northern Labrador have been among the fastest growing in the province.

The distribution of the population by age and sex is presented in Table 1 and in the bar chart, Figure 1. Men and women each represent approximately half the population of the town. A very large proportion of the population is young: 38% of the population is under the age of 15, and 48% or almost half are under the age of 20. At the other end, the proportion of the population 65 years of age and over, 3%, is relatively low. There are 605 people of working age between 15 and 64 years old: 59% of men and 54% of women are of working age.

TABLE 1

TOWN OF NAIN, LABRADOR				
POPULATION				
Population 1986			1.018	
Population 1991			1.069	
Population percentage change			5%	
By Age and Sex				
Age	MALES		FEMALES	
	Number	Percent	Number	Percent
0-4 years	80	14.80%	95	17.92%
5-9 years	60	11.11%	60	11.32%
10-14 years	55	10.19%	60	11.32%
15-19 years	55	10.19%	50	9.43%
20-24 years	55	10.19%	50	9.43%
25-29 years	35	6.48%	40	7.55%
30-34 years	45	8.33%	40	7.55%
35-39 years	35	6.48%	30	5.66%
40-44 years	25	4.63%	25	4.72%
45-49 years	20	3.70%	15	2.83%
50-54 years	20	3.70%	15	2.83%
55-59 years	20	3.70%	10	1.89%
60-64 years	10	1.85%	10	1.89%
65-74 years	15	2.80%	10	1.89%
75 years and over	0	0.00%	5	0.94%
Not by age	10	1.85%	15	2.83%
TOTAL	540	100.00%	530	100.00%

The distribution of the population by ethnic origin is represented in Table 2. The number of people who self-identified in the 1991 census as Inuit (listed as Aboriginal in the table) has remained constant between 1986 and 1991 at 680, or approximately 67% and 64% of the population in 1986 and 1991 respectively. The Inuit population of the town was augmented considerably in the 1950s with the addition of 415 people relocated from Hebron and Nutak. Even today it has been suggested the northern Hebron Inuit form a socially distinct group within the town, and that it has been difficult for the Labrador Inuit Association, which has its head office in Nain, to integrate these more unilingual Inuit.



From the census data, it is not possible to identify exactly the numbers Settlers, or *Kablunangajuit*, in Nain. If the group which self-identified on the

census as "Multiple origins" are taken to be largely representative of the *Kablunangajuit*, they represent approximately 26% and 28% of the total population of the town in 1986 and 1991 respectively, an increase of about 13% over the five year period. *Kablunangajuit* form an influential group in the community, and the Labrador Inuit Association draws much of its leadership from this group.

The remaining population, those of non-Inuit and non-Kablunangajuit origin, represent altogether 8% and 9% of the total population in 1986 and 1991 respectively. Most of the people in this group are of British origin. To a large extent, the delivery of federal and provincial services is the domain of this group, who occupy all the positions in town as RCMP officers, teachers, social workers, and medical professionals.

TABLE 2

<u>TOWN OF NAIN- DEMOGRAPHIC</u>			
BY ETHNIC ORIGIN			
	1986 census	1991	% of Pop.
Total Population	1018	1069	100%
Single origins	760	770	72%
British	65	85	8%
French	0	0	0%
Aboriginal	680	680	64%
Other	15	10	1%
Multiple origins	260	295	28%

Language

English is the primary language used within Nain. 58% of the population listed English as their home language in the 1986 census, and 65% listed English in 1991 (see Table 3). This represents an increase of almost 17% over the period.

Generally, the Inuit in northern Labrador have lower retention rates for the Inuktitut language than Inuit in most other regions of northern Canada. Prattis and Chartrand analysed language retention among Inuit using statistics from

the 1981 census. The results are reproduced in Table 4.

In 1981, approximately 29% of Newfoundland Inuit declared in that Inuktitut was the language used at home. This is a higher ratio of home language retention than the western N.W.T. which had a home retention ratio of only 11%. However, it is significantly lower than the other Inuit regions which had home retention ratios ranging from 52% to almost 97%.³⁰

TABLE 3

TOWN OF NAIN- DEMOGRAPHIC PROFILE				
By Mother Tongue	1986 census	Percent	1991 census	Percent
	Total population	1018		1069
<i>Single responses</i>	745	73.20%	985	92.10%
English	595	58.40%	695	65.00%
French	0	0.00%	0	0.00%
Inuktitut	150	20.10%	285	26.70%
Other	0	0.00%	0	0.00%
<i>Multiple responses</i>	275	27%	85	7.95%

³⁰Prattis and Chartrand 1990, 72-3.

TABLE 4

<u>1981 INUKTITUT RETENTION RATES, NEWFOUNDLAND AND THE REST OF CANADA</u>					
Area	Ethnic Origin	Mother Tongue	Ancestral Retention Ratio (MT/EO)	Home Language	Home Retention Ratio (HL/EO)
Canada	25,390	18,770	74.0%	16,995	66.9%
Newfoundland.	1,855	800	43.1%	530	28.6%
Quebec	4,875	4,535	93.0%	4,465	91.6%
NWT (all regions)	15,910	13,175	82.8%	11,960	75.2%
Baffin Region (NWT)	6,945	6,830	98.3%	6,705	96.5%
Keewatin Region (NWT)	3,815	3,760	98.5%	3,495	91.6%
Central Arctic (NWT)	2,870	2,065	71.9%	1,500	52.3%
Inuvik & Fort Smith Region (NWT)	2,280	615	26.9%	260	11.4%

Source: Prattis, pp. 72-3; from Stats Canada sources (see paper)

Statistics on home language usage for the town of Nain from the 1986 census (Table 3) show that 150 people identified Inuktitut as their mother tongue. This represents a ratio of 22% of those in Nain who listed their ethnic origin as only Aboriginal, that is, Inuit. This ratio represents only a rough estimate, since the data does not distinguish between Inuit and Kablunangajuit speaking Inuktitut and does not include those giving multiple responses. It certainly underestimates the actual ratio.

TABLE 5

TOWN OF NAIN, LABRADOR

Dwelling and Household Characteristics	1986	1991	% of 1991
Total Number of occupied private dwellings	205	235	
by Tenure			
Owned		170	72%
Rented		65	28%
By Structural type			
Single-detached house		190	81%
Semi-detached house		15	6%
Row House		10	4%
Movable dwelling		20	9%
by size of household			
1 person		25	11%
2 persons		35	15%
3 persons		30	13%
4-5 persons		75	32%
6 or more persons		80	34%
by number of census families			
Non-family household		45	19%
1 census family		185	79%
2 or more census families		5	2%
Number of persons in private households		1,065	
Average number of persons per household	5.04	4.5	

The 1991 figures from Table 3 show a large increase in the number of residents in Nain reporting Inuktitut as their mother tongue, and a sharp drop in the number of individuals giving multiple responses for mother

tongue. The ratio of those indicating that Inuktitut is their mother tongue to the number of individuals reporting only Aboriginal as their ethnic origin is 285 to 680, or 42%. This increase may be explained by a change of consciousness among Inuit in Nain in the 1980s to recognize Inuktitut as their primary home language, and a change in practice whereby more Inuit who do speak Inuktitut desired to use it as their primary home language.

TABLE 6

TOWN OF NAIN: DEMOGRAPHIC PROFILE		
INDIVIDUAL & HOUSEHOLD INCOME		
	1986 census	1991 census
All economic families	190	200
Low income economic families	75	70
Incidence of low income (%)	41%	35%
All unattached individuals	60	65
Low income unattached individuals	25	25
Incidence of low income (%)	40.7	36.4
Total population in private households	1010	1060
Persons in low income family units	425	375
Incidence of low income (%)	42%	36%
Household Income - All private households	205	240
Under \$10,000. household income	40	25
\$10,000. - \$14,999.	25	30
\$15,000. - \$19,999.	20	25
\$20,000. - \$29,999.	55	45
\$30,000. - \$39,999.	25	35
\$40,000. - \$49,999.	15	35
\$50,000. - \$59,999.	20	15
\$60,000. - \$69,999.		10
\$70,000. and over		20
Average Household income (\$)	26,863.00	32,612.00
Median Household Income (\$)	21,666.00	27,712.00
Standard error of av. household income (\$)	2,975.00	2,762.00

NOTE: Highest category for household income in 1986 census was - Over \$50,000.00

Household Characteristics

In 1991 there were 235 private households in the town of Nain, representing 200 economic families. Of the 235 occupied private

dwellings in the town, approximately three-quarters were owned and one-quarter rental units. The vast majority of these dwellings were single-detached houses. The majority of households are large in number, with 66% of the households comprised of 4 or more people and 34% of households comprised of 6 or more people. On average there were 4.5 people per household (see Table 5).

Poverty and poor living conditions are widespread within the town. Of the 200 economic families and 65 unattached individuals dwelling in Nain, 35% and 36% respectively of each group are reported as "low income" in

TABLE 7

TOWN OF NAIN-INCOME AND EXPENSE ADJUSTMENTS				
	1986 census	1991 census	Adjusted 1991 (\$)*	% change(+/-)
AVERAGE INCOME				
MALES- 15 years and over (\$)	11,214.00	14,869.00	12,309.00	9.8%
FEMALES - 15 years and over (\$)	9,354.00	12,114.00	10,028.00	5.6%
HOUSEHOLD income (\$)	26,863.	32,612.	26,997.00	0.4%
MEDIAN INCOME				
MALES - 15 years and over (\$)	6,999.00	10,912.0	9,033.00	18.6%
FEMALES - 15 years and over (\$)	6,499.00	9,096.00	7,530.00	11.3%
HOUSEHOLD income (\$)	21,666.00	27,712.00	22,940.00	4.6%
Tenant One-family households- Average gross monthly rent (\$)	271.00	606.00	502.00	38.1%
Owner One-family households- Average major monthly payments	216.00	301.00	249.00	11.0%

* Adjustments made to hold dollars constant at 1986 value calculated using Statistics Canada, Price Index for Newfoundland [cat. 62001]
Note: Percentage change for 5 year period between 1986 and 1991 census

the 1991 census.³¹ Overall 35% of the population resides in low income family units. While these figures represent a reduction from a higher incidence of low income of about 41% reported in 1986, over one-third of the population of Nain can be characterised as low income (see Table 6).

According to Table 6, there has been an overall increase in average household income from \$26,863 in 1986 to \$32,612 in 1991, a nominal increase of 21%. Likewise the median household income shows an increase from \$21,666 in 1986 to \$27,712 in 1991, a nominal increase of 28%. However, if the 1991 levels are adjusted to reflect inflation over the five years, the real increase in average household income has been only 0.4% and the real increase in median household income has been only 4.6% (see Table 7).

In the five year period between 1986 and 1991, 60 new dwellings were constructed in the town of Nain, while 40 older dwellings were removed. This resulted in an increase in the average value of dwellings from \$25,703 in 1986 to \$48,525 in 1991, and an increase in the average number of rooms per dwelling from 4.2 to 4.9 over the period. However, while this represents some improvement, the average value of dwellings remains very low, and an average of 4.9 rooms per dwelling when there are on average 4.5 people per household represents a significant incidence of overcrowding in the dwellings (see Table 8).

The increased cost of accommodation over the five year period has also

³¹Statistics Canada, Low Income Statistics for Census Families and Households. Staff report No. 1991-1

Low income is defined in the 1991 census as the cut-off point where the percentage of income used to purchase basic necessities leads to 'straightened circumstances'. The levels are updated on an annual basis according to changes in the Consumer Price Index. They are also differentiated by family size and degree of urbanization.

resulted in increased financial hardship for households. Between 1986 and 1991 average gross monthly rent for tenant households rose from \$271 to \$606, a nominal increase of 124%. In real terms, adjusting for inflation, the increase is still 38% compared to an increase in average household income of 0.4%. Owners of dwellings were also affected, although not to the same extent: in the five year period average major payments by owners rose from \$216 to \$301, a nominal increase of 39% and a real increase of 11% (see Tables 7 and 11).

TABLE 8

TOWN OF NAIN: OCCUPIED PRIVATE DWELLINGS			
	1986 census	1991 census	
Characteristic			
Total Number of occupied private dwellings	210	235	
Average number of rooms per dwelling	4.2	4.9	
Average value of dwellings (\$)	25,703.00	48,525.00	
Period of Construction			
before 1946	10	0	
1946 - 1960	25	15	
1961 - 1970	40	40	
1971 - 1980	100	80	
1981 - 1985	25	35	
1986 - 1991		60	
Tenant one-family Households without additional			
Average gross rent-monthly (\$)	271.00	606.00	
Number of households. gross rent >= 30% of household	5	10	
Owner one-family households without additional persons			
Average major payments by owner's (\$)	216.00	301.00	
Owner's major payments >= 30% of household income	10	10	
Total number of census families in private households		200	

2. Labour Force Profile

- **There are 660 people in Nain 15 years of age and older**
- **59.8% of them are considered to be in the workforce**
- **For both sexes the highest unemployment is among 15-24 yr. olds**
- **Over half the population in this age group is considered not to be in the labour force**
- **Average full time income for males (1991 census): \$25,226.00**
- **Average full time income for females (1991 census): \$20,565.00**
- **Total average household income (1991 census): approximately \$7.8 million.**
- **Total income is generated from:**
 - **employment-76.6%**
 - **government transfers-22.4 %**
 - **'other sources'-1%**

Community Profile: Labour Force Activity

According to the 1991 Canada census there were 660 people in Nain 15 years of age and over. Of these 395 (59.8%) were considered to be in the workforce: that is, they were either employed, or actively seeking employment. The remaining 40.2 % were not considered to be in the labour force. While some of these may not have been seeking employment, it is reasonable to assume given the general state of the local economy, that a significant number of them have simply given up looking for work, and were therefore not considered as part of the 'unemployed' population.

This compares to a participation rate for all Labrador Inuit of 56.1 % and a participation for all Inuit in Canada of 57.4%.

The participation rate for all of Newfoundland and Labrador is 61.3%; for all of Canada it is 67.9%.

The relatively low participation rates among Labrador Inuit and indeed all Inuit in Canada indicate that the real unemployment rates are significantly higher than those reported.

In the 1991 post-census survey on Aboriginal Peoples, 80.5% of the Inuit respondents in Labrador reported that Unemployment "...is a problem." Indeed, unemployment topped the list of a range of social concerns by a wide margin among Labrador Inuit respondents.

TABLE 9

	Nain	Labrador Inuit	NWT Inuit	All Inuit	Nfld. & Labrador	Canada
Participati on Rate	59.8%	56.1%	57.8%	57.4%	61.3%	67.9%
Unem-ploy ment Rate	22.5%	31.5%	25.6%	25.0%	27.8%	10.2%

Note: Nain percentages represent all residents

Labour Force Activity: Both Sexes

For both sexes the highest unemployment occurred amongst the 15-24 years old age group at 26.3%. However, over half of the population within this age group were not considered to be participating in the local labour force. The participation rate for this age group was only 43.2% according to the 1991 census. While the participation rate had changed by less than one percent between the 1986 and 1991 census, the unemployment rate had dropped from 35% to 26% over the same period.

The lowest unemployment rate and the highest participation rate were recorded for both sexes 25 years of age and over. In this age category the unemployment rate was 21.7%, while the participation rate was 67.4%.

TABLE 10

TOWN OF NAIN: LABOUR FORCE PROFILE		
BY LABOUR FORCE ACTIVITY		
	1986 census	1991 census
BOTH SEXES- 15 years and over		660
In Labour force		395
Employed		305
Unemployed		90
Not in labour force		265
Unemployment rate		22.50%
Participation rate		59.80%
BOTH SEXES - 15-24 years		220
In Labour force		95
Employed		70
Unemployed		25
Not in labour force		125
Unemployment rate	35.30%	26.30%
Participation rate	42.50%	43.20%
BOTH SEXES - 25 years and over		445
In Labour force		300
Employed		235
Unemployed		65
Not in labour force		145
Unemployment rate	22%	21.70%
Participation rate	56.80%	67.40%

Income Characteristics: Males

The 1991 census reported that 95 males had worked a full year, full time the previous year. The average employment income for this group was \$25,226.00. An additional 165 had either worked part-time or for part of the year. The average annual income for this group was \$7,563.00.

The average income for all males 15 years of age and over was \$14,869.00.

This is an increase from 1986 census which reported an average annual income for males 15 and over of \$11,214.00. However when these income levels are held constant at 1986 dollars, using the Statistics Canada Consumer Price Index for Newfoundland the 1991 average income would be \$12,309.00 or an increase of 9.8% (Table 7).

TABLE 11

TOWN OF NAIN: LABOUR FORCE PROFILE		
Characteristic	Females	Males
Worked full year, full time	65	95
Average employment income (\$)	20,565.00	25,226.00
Standard error of avg. employment income	2,672.00	2768
Worked part year or part time	135	165
Average employment income (\$)	6,924.00	7,563.00
Standard error of avg. employment income	1,360.00	1,451.00
Average income, 15 yr. and over (\$)	12,144.00	14,869.00
Median income, 15 yr. and over (\$)	9,096.00	10,912.00
Standard error of avg. income, 15yr. +	1,280.00	1,527.00

Source: Statistics Canada, 1991 Census of Canada

Income Characteristics: Females

Sixty-five (65) females were reported to have worked full time for a full year in the 1991 census. Their average income was reported to be \$20,565.00. The number of females reported to have worked either part time or for part of the year was 135. The average income for females working part time or for part of the year was \$6,924.00.

The overall average income for females in Nain reported in the 1991 census was \$12,144.00. In the 1986 census the average income for females was \$9,354.00. Once again however when we hold the dollars constant as 1986

dollars using the Consumer price Index for Newfoundland the 1991 average income for females would be \$10,028.00, or an increase of 5.6% over a five year period.

Household Incomes

The 1991 census reported 235 private households in Nain. This was an increase from the 205 reported in the 1986 census. The average income for all private households in the 1991 census was \$32,612.00. In the 1986 census the average household income was reported to be \$26,863.00. Once again when the 1991 income figures are held at 1986 dollars the average income is \$26,997.00. This results in an increase in real private household income of only 0.4% over the five year period.

This increase is in sharp contrast to household expenses associated with renting or owning a home. Over the same period of time the monthly expenses associated with renting increased by 38.1%. For home owners, average monthly expenses increased by 11% over the same five year period between census.

Composition of Total Community Household Income

The total average household incomes for the community as reported in the 1991 census results in a total community income of approximately \$7.8 million.

The census reports that 76.6 % of total income is generated through employment. An additional 22.4 % is the result of government transfer payments. This would include Unemployment insurance, social assistance, family allowance and Canada Pension. The remaining 1.1% of total income comes from 'other sources'. In Nain, it can be assumed that the majority of this other income relates to harvesting and/or arts and crafts production.

FIGURE 2

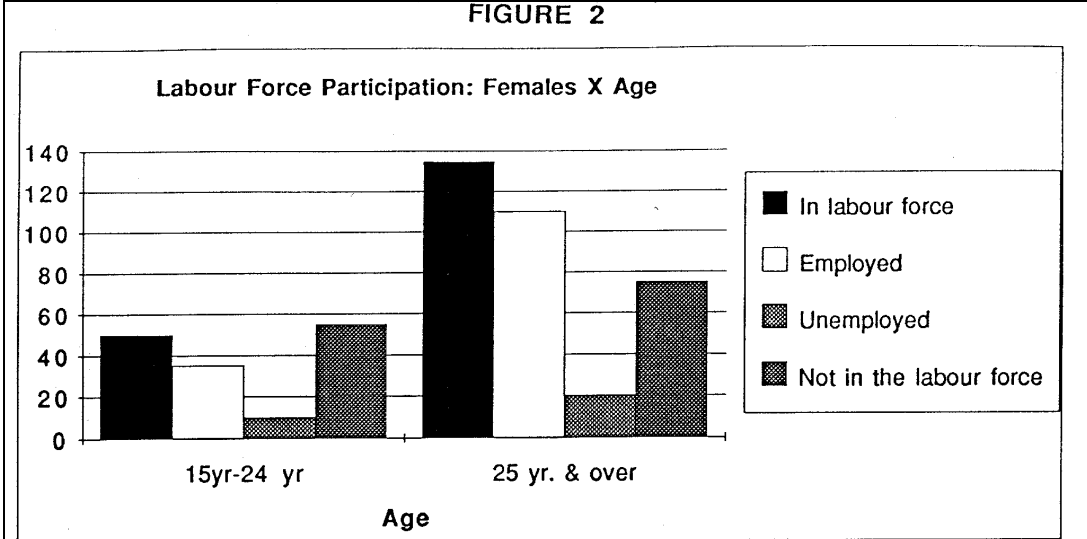
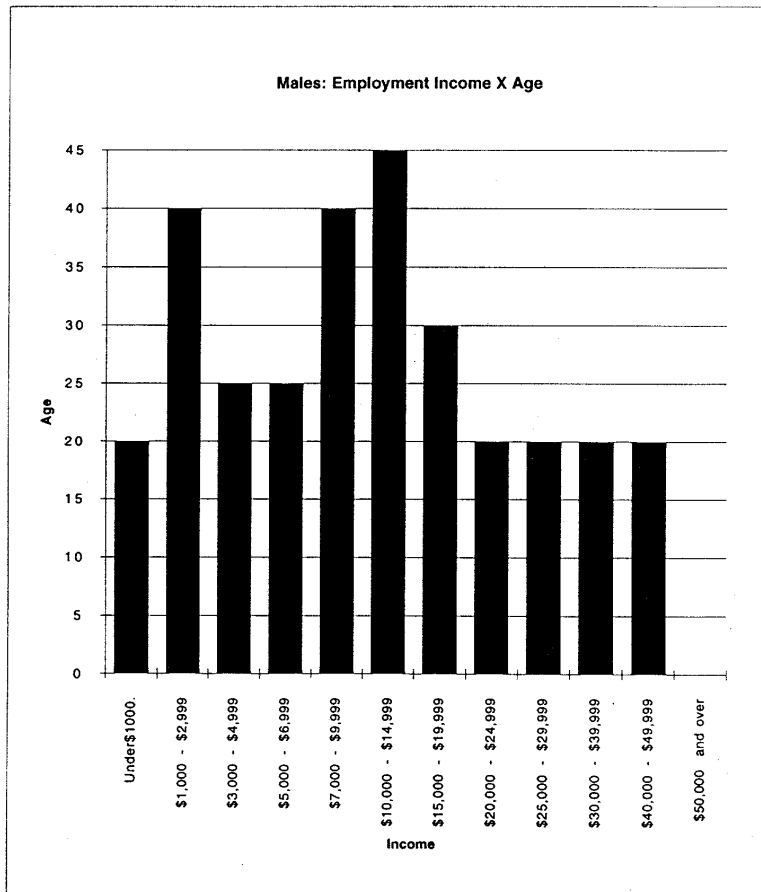
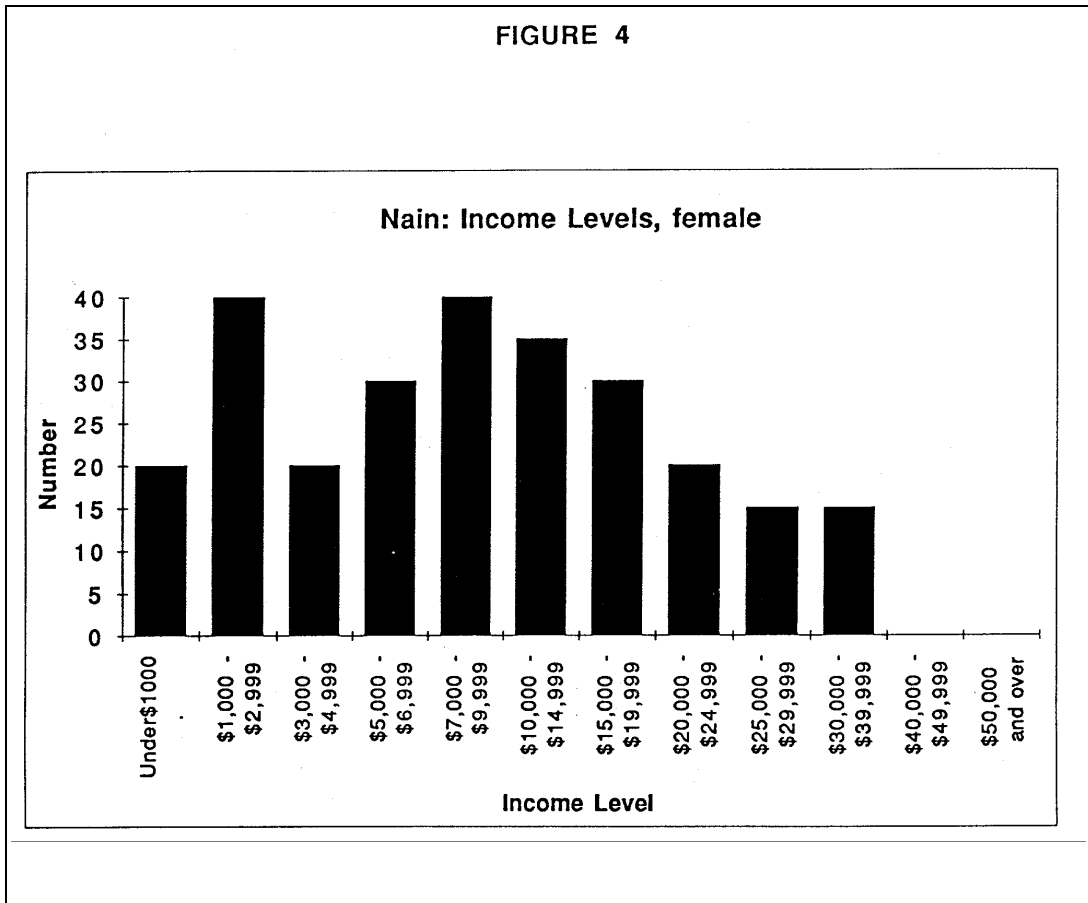


FIGURE 3





In 1990 (the income period for the 1991 census) approximately \$1,000,000.00 in Unemployment Insurance income flowed into the community of Nain. During that year 130 males were eligible for U.I. and received approximately \$600,000.00. The remaining \$400,000.00 was paid out to 100 females who were eligible.

The composition of total community income changes very little between the 1986 and 1991 census periods. In the 1986 census, 76.2% of total income was generated through employment. Government transfer payments contributed 22.4% to total income and 1.4% was generated from other sources. The reduction in the percentage of income generated from other sources no doubt reflects the continuing decline in the state of the fishery and other renewable resource based harvesting sectors.

TABLE 12

Total Community Income 1986 and 1991: Nain, Labrador

Data Source	Employment Income		Govt. Transfers		Other Income		Total Income
	%	\$	%	\$	%	\$	\$
1986 census	76.2	4,128,162.	22.4	1,213,528.	1.4	75,845.00	5,417,535.
1991 census	76.6	6,073,658.	22.4	1,753,220.	1.1	86,096.00	7,826,880.

Note: Estimate of total income: average household private income x no. of private households

3. Natural Resource Profile

Profile Highlights

- Up until the Second World War, renewable resource harvesting provided the people of Nain with their primary source of livelihood.
- The fisheries (including seal, cod, salmon and char) has historically been the most important commercial renewable resources in the north coast economy.
- Since the 1970's the production of fresh frozen char and salmon has been the focus of the Nain fishery. Both species have declined in areas close to the community due to intensive harvesting and possible environmental factors.
- Seals were the principal marine mammal and were an important source of cash income until the anti-sealing activities of the early 1980's destroyed the export markets for seal skins and other by-products.
- The George River Caribou herd provides the primary territorial resource.
- The only non-renewable resources currently under commercial development are Labradorite and Anorthosite which are quarried and sold to export markets.

Renewable Resources

Up until the Second World War, renewable resources provided the primary source of livelihood for the people of Nain and of northern Labrador. Fish, game, furs, and wood gave them not only a source of cash income, but also income in the form of food, shelter, fuel, and clothing. Despite the increasing

importance of wages and of government transfer payments as the key elements of people's livelihood, most households in Nain still participate to varying degrees in the traditional activities of fishing, trapping, hunting, and gathering wood. They still form the basis of many of the social and value systems of both Inuit and Kablunangajuit.

The fishery is the primary commercial resource for Nain, and the resource which originally attracted European exploitation and settlement. The principle species found in the Nain area are salmon, char, and cod. From the establishment of the Moravian missions until the 1970s, the summer cod fishery served as an economic mainstay on the north coast. Since then, however, declining harvests and inadequacies of the collection system, have virtually eliminated the fishery as a viable economic activity for the people of Nain.

Since the 1970s the primary fish resources have been salmon and char. In the late 1970s, between 200,000 and 250,000 pounds of salmon were harvested in the five communities of the northern coast. However, offshore fishing again has significantly reduced the harvest of salmon. In 1992, the provincial Department of Fisheries began a program for voluntary retirement of salmon licences along the south coast of Labrador. This program has now been extended to the north coast around Nain.³²

Char on the other hand is strictly a local resource not shared with offshore fishermen. In fact, the harvest of char is almost entirely restricted to the area from Nain north. During the late 1970s about a third of the commercial landings of char for all of Canada were in Labrador, and the total harvest in these years was probably 400,000 pounds annually. In 1973 the Royal Commission on Labrador estimated the sustainable yield for the coast to be 500,000 pounds. However, over-fishing in the area around Nain has severely reduced the stock of char available, the number harvested, and the size of char taken. Recently, efforts have been made to revive the char fishery north of Nain through the establishment of a weir fishery.³³

The decline of the traditional commercial fishery, first in cod, and later in salmon and char has resulted in efforts to diversify the fishery into other species, most notably shrimp, scallops, and turbot. In 1987 a 1,650 metric tonne shrimp quota was obtained by the Labrador Inuit Development Corporations which is headquartered in Happy valley-Goose Bay, but also has facilities in Nain. Small volumes of turbot and Icelandic scallops have been harvested inshore and brought to Nain for processing.

³²Kinatuinamot Ilengajuk (Summer 1992), 8; Usher 1982, 93-5.

³³Usher 1982, 93-5.

The chief marine mammal resource is seals. In the late 1970s and early 1980s, about 3000 pelts, primarily from ringed seals, were sold annually.³⁴ However the virtual disappearance of the market for seal skins as a result of the anti-sealing campaign by animal rights organisations has drastically reduced the seal harvest, and both ringed and harp seals are now an under-exploited resource.

For the people of Nain, the primary terrestrial wildlife resource is caribou. Caribou is harvested from the George River herd, a migratory herd which is shared among the Inuit and Innu of Labrador, and the Inuit of northern Quebec. Since the late 1970s, the herd has dramatically increased in population and range in the Labrador-Quebec peninsula. By 1980 it was estimated to number around 150,000 animals. Then, in the late 1980s and early 1990s, after what was considered an unprecedented rise in numbers in the early 1980s, it was estimated to have dropped from 750,000 to 500,000.³⁵

Other wildlife resources include birds and small game which are important for domestic consumption.

Non-Renewable Resources

There are only two non-renewable resources in the Nain area which have been exploited thus far. The first is Labradorite, a precious stone used in the making of jewellery. The second is Anorthosite, a granite-based building stone recently quarried for use in building facings and floors.

Both of these resources have been developed to a modest scale by the Labrador Inuit Development Corporation. These quarrying activities have created employment and training opportunities for quarry workers and increased access to raw materials for artisans throughout the region as well as providing revenue from the sale of these products to export markets.

³⁴Usher 1982, 95-7.

³⁵Kinatuinamot Ilengajuk (Spring 1992), 2-3.

4. Private Sector Profile

Profile Highlights

- There are eleven private businesses operating in Nain.
- Of these four are owned by non-aboriginals and five have some level of aboriginal ownership.
- Ten of these business sell more than 75% of their goods and services within the Town of Nain.
- The regionally owned Labrador Inuit Development Corporation is the only business which has significant export markets for its goods and services.
- The private business sector employs aboriginal people at a level roughly equivalent to their share of the local population.
- The response to survey questionnaires indicated that there was a significant level of consensus among local business owners concerning the principle barriers to business development.

Businesses in Nain

There was very little in the way of secondary information on the local business community. As a result survey questionnaires were distributed to all private businesses in Nain. These asked each to provide information regarding its type, ownership structure, number of employees, number of

aboriginal employees, and annual operating revenue. In some cases the questionnaires were simply distributed to the business owner and returned completed. In other instances the local researchers for the study provided assistance to business owners in completing the questionnaire. This process allowed for a comprehensive survey of the local private business sector.

The results from these surveys will be presented as aggregate data in order to ensure confidentiality. The one exception to this is a more detailed discussion of the operations of the Labrador Inuit Development Corporation, which as an aboriginally owned 'birthright corporation' is subject to public scrutiny.

As is generally the case in aboriginal communities a number of individuals generate income through the production of art and handicrafts, and tend to operate very much as part of the informal economy. This type of activity was not included as part of the private sector survey. Rather, only formally incorporated businesses were surveyed.

Responses were received from the eleven businesses which constitute the private sector in Nain. According to the surveys, these eleven businesses comprise the following organisational categories:

Sole proprietorships	3
Partnerships	5
Corporations	3

The ownership of these businesses is distributed between those of Aboriginal and non-Aboriginal origin as follows:

Non-Aboriginal	4
Aboriginal:	
100% Aboriginal	5
50% Aboriginal	1
5 % Aboriginal	1

The majority of the businesses are involved in the retail sector. Other sectors include construction, a hotel, arts and crafts, professional services, mining,

and real estate. Most of the businesses serve the local market. Only one business, the Labrador Inuit Development Corporation, has its primary market outside the region, marketing products in the rest of the province, in Canada, and in Europe. All of the remaining ten businesses sell more than 75% of their goods and services within Nain itself.

In total these businesses reported the following levels of employment within the town of Nain:

	Total Employees	Aboriginal Employees	Aboriginal Employees (%)
Full time	49	42	85.7
Part time	40	28	70.0
Seasonal	28	10	35.7
Total	117	80	68.4

It is worthy of note that the percentage of employees in the private sector in Nain is roughly equivalent to the percentage of the total population of the Town which self-identified as aboriginal in the 1991 census (see Table 2).

Labrador Inuit Development Corporation

The Labrador Inuit Development Corporation (LIDC) was established in 1982 to pursue viable business ventures in order to improve the economic condition of Labrador Inuit. It is a wholly owned subsidiary of the Labrador Inuit Association, serving all Inuit in Labrador. Its head office is in Nain, and its revenues total approximately \$2.2 million.

The goals of LIDC are to provide jobs for members of the Labrador Inuit Association by diversifying the economic base of the region. It has pursued these goals through a number of business projects.

LIDC initially purchased two rental properties in Nain, both of which provide office space to LIA and to other organisations in Nain such as Labrador Legal Services, the community college, and Health and Welfare Canada. According to an organisational review of LIDC done in 1992, the rental properties have consistently made money since 1986 and provide a stable source of cash for other activities of the organisation. In 1992, net income from real estate was

\$109,206, according to the review.³⁶

In 1985 LIDC established the first commercial caribou hunt as a means of providing employment to Inuit. In 1987 a processing plant was built in Nain to process caribou for sale within the province and to export meat to other provincial markets. The hunt operated until last year, when structural problems in the plant required that it be closed down. As a result the future of the commercial hunt is now uncertain.

In 1987 LIDC formed a joint venture company with National Sea Products, PiKalujak Fisheries Limited to fish the 1,660 metric tonne quota granted to the company. Over the first two years of operation, the company realized net income of one million dollars, providing income to LIDC of \$156,148 and \$325,388 for 1988 and 1989 respectively. The following year changes in the charter arrangements whereby National Sea Products provided a vessel and crews resulted in significant losses in revenue. The subsequent sale of National Sea Products' share of the company to a new partner resulted in an agreement for a fixed royalty to LIDC. This provides a minimum annual revenue to LIDC which in 1992 was \$402,875.

LIDC has been negotiating for some time to take over operation and ownership of the fish plant in Nain which is currently owned by the government. The plant, although losing money currently, provides an important source of income to both fishermen and plant workers. The management of LIDC feel they could operate the plant a profit if the plant operations and marketing were reorganized.

The corporation also looked at some initial development in the tourist industry. In 1986 they reopened the Tasiujatsoak Wilderness Camp which was originally run by the provincial government and closed down in 1980. In 1988, the camp hosted 50 tourists, employing seven Inuit through the summer months. However, since then the camp has been unable to attract sufficient tourists to its operation, and has been closed down again.

LIDC has also attempted to develop some of the non-renewable resources of the region. In 1987 the corporation attempted to assist arts and crafts producers in the region by purchasing Labradorite, a semi-precious stone used in jewellery, from local prospectors and marketing it through local entrepreneurs to craftspeople. However, the cost of extracting and transporting the Labradorite proved to be high in relation to the price which a semi-precious stone could command, and sales were limited. The quarry now

³⁶Atlantic Consulting Economists Ltd. 1992. Operational Review of Labrador Inuit Development Corporation (LIDC).

operates on a very restricted basis, providing stone to individuals only on request.

More recently, the corporation has established a partnership with a European company to extract and market Anorthosite, which has flecks of Labradorite in it. A quarry has been developed at Ten Mile Bay south of Nain, and the stone will be marketed in Europe for use in building facings, walls, and floors. LIDC expects that in the next few years, the blocks extracted from the quarry will have a market value of around two million dollars.

Barriers to Business Development

In the private sector survey questionnaires local business owners identified a number of critical barriers to the development of businesses and to the development of a strong, self-sufficient economy in Nain. These are summarized below:

- ***Lack of control over local resources.*** Local resources, whether fish, caribou, or stone, provide the essential foundation for business development in the community. Yet there is little local control over the management of and access to these resources to ensure that laws and regulations take into account local needs, priorities, and problems.
- ***Insufficient resources for education and training programs.*** Only one business reported that it had used government training programs in hiring additional employees or to upgrade the skills of existing employees.
- ***Unemployment insurance system needs tightening.*** The ongoing concern with having the maximum number of people obtain sufficient weeks of work to qualify for unemployment insurance means that employment policies in local businesses are often geared to external objectives rather than to the increased productivity and viability of the businesses.
- ***Lack of infrastructure.*** The absence or poor quality of infrastructure, whether the lack of an adequate runway, the inability to plow roads in winter, or poor construction as in the case of the caribou plant, makes it difficult for businesses to operate competitively.

- ***Lack of co-operation among the main agencies in economic development.*** Most business owners felt that the community as a whole had not given enough time to making plans for development of the local economy. They wish to see greater co-operation among LIA, LIDC, other local businesses, the town council, and elders, to work out an appropriate development strategy.
- ***Need for more government programs for business assistance.*** Most business people said that the provincial and federal governments do not provide adequate assistance to the business community.

5. Traditional Economy Profile

Profile Highlights

- **The traditional economy as represented by domestic consumption of country foods continues to be a significant contributor to the livelihood of the population of Nain.**
- **The ability of households to harvest for domestic consumption is directly dependent on the cash income from other sources needed to purchase the equipment necessary to maintain harvesting activities.**
- **A rough estimate of the 'imputed' value of domestic consumption in 1993 is \$2,000,689. annually.**

The harvesting of wildlife and other resources for consumption directly within the household rather than for sale is an important part of the economy of Nain. For Inuit, the domestic economy traditionally represented the primary means of livelihood. This traditional economy was supplemented by European trade goods acquired as the economy was transformed through the introduction of cash. With the increasing importance of working for wages, harvesting of wildlife for domestic consumption was no longer the primary element of the economy. At the same time harvesting for domestic consumption remains a significant part of the mixed economy of Nain.

The economy of Nain is indeed mixed. The harvesting of wildlife resources today requires a significant level of cash investment in relatively expensive equipment and supplies, including snowmobiles, boats, guns, ammunition, and fuel. An estimate of the annual expenditure on equipment and operating expenses for a hunter in the Northwest Territories in the late 1980s placed the annual investment required at \$10,000.³⁷ The products consumed within the household represent income to the household, since they are direct replacements for goods that would otherwise have to be purchased with cash, but they do not produce cash for reinvestment in harvesting. Therefore, the production of goods for domestic consumption depends on the ability of a household to obtain cash through sales of commodities such as fish or furs,

³⁷R. Ames et al. 1988, 36.

or through wages from employment. For those without sufficient employment to generate the required cash, Unemployment Insurance or social assistance becomes an essential source of cash. In turn, income in kind from the harvesting of wildlife provides an essential supplement to income from employment or government transfer payments which by themselves do not represent a full livelihood for a household.

Despite the significance of traditional harvesting activities, their importance has generally not been recognized within government. Few records of the non-commercial harvest of wildlife are maintained by government departments. Thus the most recent estimate of the volume and value of meat and fish consumed domestically was done in 1979 by Peter Usher using harvest records available at the time and estimates of the edible weight for the key wildlife species. In order to determine the value of this produce, since there is no cash price established through sale, an imputed value was used based on the price of the most appropriate substitute that can be purchased locally. Values were assigned by Usher on the basis of local store prices for frozen meat, fish, and fowl. In the case of seal and caribou, these substitution prices were adjusted upward by a third to take into account the higher protein content of the wild meats over beef and pork. The results for the town of Nain for the year 1979 are shown in the table below:³⁸

TABLE 13
NAIN
EDIBLE WEIGHT AND VALUE OF
MEAT AND FISH CONSUMED
1979

Species	Edible Weight (lbs.)	Value per pound (\$)	Total Value (\$)
Caribou	101,500	4.00	406,000
Seal	37,765	4.00	151,060
Birds and small game	17,500	2.50	43,750
Fish	100,000	2.00	200,000
TOTAL	256,765	--	800,810

The total edible harvest of food for domestic consumption was 256,765 pounds. This represents a per capita harvest, for a population of 890 in Nain at the time, of 288.5 pounds annually. This figure was well above the national

³⁸See Usher 1982,49.

per capita average for consumption of meat and fish in the 1970s --174 pounds annually.³⁹ The value imputed to this domestic harvest was \$800,810. For each of the 150 households in Nain at that time, this represents an addition to household income of \$5,339. With total cash income to households averaging \$13,980 at the time, domestic consumption of food from wildlife harvesting increased household income by a factor of 38%.⁴⁰

In order to consider the significance of the domestic harvest of meat and fish today, information is required on the current harvest levels. Unfortunately such information is not readily available and therefore, it is not possible to precisely determine either the overall importance of country food or the relative importance of various species within overall consumption patterns. . The only information that could be obtained for the purpose of this study was from an interview with William Barbour of the Labrador Inuit Association. He estimated that the current average annual per capita edible harvest for the region was roughly similar to the level in 1979. If the per capita consumption of 288.5 is applied to the current population of 1,069, and an inflationary factor is applied to the imputed values based on changes in the consumer price index for Newfoundland⁴¹, the following estimate of the current edible harvest and value of meat and fish consumed can be made:

TABLE 14
NAIN
ESTIMATE OF EDIBLE WEIGHT AND VALUE OF
MEAT AND FISH CONSUMED
1993

Species	Edible Weight (lbs.)	Value per pound (\$)	Total Value (\$)
Caribou	121,914	8.32	1,014,324
Seal	45,360	8.32	377,395
Birds and small game	21,020	5.20	109,304
Fish	120,112	4.16	499,666
TOTAL	308,406	--	2,000,689

³⁹Usher 1982, 50.

⁴⁰Usher 1982, 19, 55.

⁴¹The consumer price index for Newfoundland in 1979 was 60.1, and in September 1993 it was 124.9 (1986 = 100).

While this represents only a rough estimate of the value of domestic consumption from wildlife harvesting, it does suggest that on average the addition to household income from this wild harvest for each of the 235 households may be currently in the range of \$4,258. Based on a current average household cash income in 1991 of \$32,612, the domestic harvest would increase household cash income by a factor of 13%. Thus, the contribution of traditional harvesting activities to household income may be considerably reduced from that of a decade ago. However, it remains a significant part of the livelihood of the people of Nain. It also suggests that there is still the potential to compound the effects on income of a reduction on employment or in transfer payments: a reduction in cash income in these areas will reduce cash available for investment in traditional harvesting activities and in turn reduce income in kind in the form of wild food.

6. Non-Governmental Organisations

Profile Highlights

- **The town of Nain as the operational centre for the regional Inuit organisations which represent and provide services to the Inuit communities of Labrador benefits from the employment and expenditures associated with this organisational capacity.**
- **There are seven organisations situated in Nain which have a regional mandate.**
- **Nain has five local volunteer organisations. These organisations make a significant contribution to the community in the form of programs and services which respond to local needs. They collectively contribute approximately \$60,000. to locally run programs.**

Regional Organisations

Nain is the centre for a number of regional Inuit organisations. The capacity these organisations bring to the town generates significant benefits for the local economy. Although their budgets are largely dispersed in programs and services throughout the region, the operational and employment benefits provided locally are important contributors to the economy.

The Labrador Inuit Association (LIA)

The umbrella organisation in the region is the Labrador Inuit Association (LIA). The Labrador Inuit Association represents all Inuit in the electoral district of Torngat Mountains, and is primarily funded by the federal government. The core budget for the LIA is provided by the Native Participation Program of the Secretary of State. The organisation also accesses a number of other programs for specific projects.

The mandate of the LIA includes constitutional and land claims negotiations, cultural issues, economic development, health, and social services. To respond to some of the areas of specialized responsibility within its overall mandate, the LIA has established the Labrador Inuit Health Commission and the Torngasok Cultural Centre. These organisations, while operating somewhat as separate entities, are accountable to the LIA through their Board structures. The regional economic development mandate has been delegated to the Labrador Inuit Development Corporation (LIDC).

The Labrador Inuit Association is currently engaged in negotiation with Canada and the Province of Newfoundland to determine a framework for a comprehensive land claims negotiation process. This is a major undertaking which puts considerable operational demands on the organisation. Labrador Inuit are currently the only Inuit group in Canada which do not have a final land claims agreement. The LIA is also active in a range of policy areas including economic development, human resource development, environmental issues, and wildlife management.

The largest program of the LIA is Post-Secondary Education. In the past this program was delivered through the federal/provincial 'Inuit Agreement'. The annual budget for the post-secondary education program is currently \$1,669,620.00. This program provides financial assistance to Labrador Inuit studying at the post-secondary level.

Labrador Inuit Health Commission

The Labrador Inuit Health Commission (LIHC) is a affiliate organization of the LIA with a mandate to deal with all health related matters of concern to the membership of the LIA.

LIHC conducts research in a wide range of health areas, and is involved with aboriginal health issues at the national level. In addition the LIHC delivers three ongoing programs. These are:

- *Community Health Representative (CHR) Programs*

For the last three years this program has provided CHRs in Happy Valley/Goose Bay, Rigolet, Makkovik, Postville, Hopedale, and Nain. The funding for the position in Happy Valley/Goose Bay has recently ended. Nain has two CHR positions.

The CHR program delivers a number of community health programs at the local level. These include parenting, AIDS education, safety and personal health programs, and a sexual assault prevention program in conjunction with community teachers.

The staff of the CHR program are active in a range of training activities.

- *Interpreter Program*

LIHC has a full time interpreter on staff working at the Melville Hospital, who has completed the training program offered by Torngasok Cultural Centre. Interpreter Services are also provided at the hospital in St. Anthony, and through the Friendship Centre in St. John's, as needed.

This program does not provide direct benefits to the economy of Nain.

- *Non-Insured Health Benefits*

The Non-Insured Health Benefits program provides a range of health services to the LIA membership. These include co-ordination and administration of program services for medical specialists, orthodontists, and eyeglasses. Services also include ground transportation for coastal patients arriving in Goose Bay for appointments.

The program also collects health statistics, and provides statistical reports

every six months. These are used to manage program delivery.

- *Health Conference*

The LIHC organized the first LIA Health Conference in October 1991. The purpose of the conference was to review current health programs and health care delivery mechanisms, and establish future priorities. A report of this conference titled, *Planning for the Future: Health Conference Report* received wide distribution.

The resolution from the conference was reproduced in the LIHC 1991/92 Annual Report. It clearly identifies the desire for new and expanded programming arrangements for the delivery of health services to Labrador Inuit.

This resolution reads as follows;

Whereas the Health Care System for the Labrador Inuit has problems and could be improved to serve LIA members better, and,

Whereas over the last few years the number of health organisations serving the Labrador Inuit has increased,

Be it resolved that the LIA Board of Directors recommend to the 1992 Annual General Meeting of the Labrador Inuit Association a gradual staged process through the following steps:

1. A consolidation under LIA of some existing health programs in a newly developed Community Health department to encompass the current work of LIHC, LIADAP, GRHS Public health programs and the setting up of Community Health Committees.
2. As a next stage, a further consolidation under LIA to include GRHS operated Nursing Stations.⁴²

The annual budget for the LIHC was \$2,013,430 for the 1993/94 fiscal year. The LIHC has seven full time employees located in Nain, including program officers, CHRs, and a dental therapist.

⁴²LIHC Annual Report 1991/92: 5)

Current LIHC services provide a foundation for the expanded program delivery capacity called for in the Health Conference resolution. As the resolution outlines, this would involve a consolidation of program delivery within the LIHC of services currently delivered by the federal Medical Services Branch, the Grenfell Regional Health Services, and the Labrador Inuit Association Drug and Alcohol Program.

Torngasok Cultural Centre

The Torngasok Cultural Centre was established in 1975. Its mandate is to "...preserve, promote, protect, Inuit culture and language in Labrador". It receives its core operating budget from the Department of Indian Affairs and Northern Development totalling \$92,000. The centre has also received training funds from the federal *Pathways to Success* component of CAEDS.

The centre co-ordinates language and cultural research, undertakes special projects, and maintains a library collection of reports and publications related to its mandate. In addition the centre is developing a collection of archival material. These functions are based in Nain. The Centre employs one part-time and four full-time employees in Nain.

Labrador Inuit Development Corporation (LIDC)

The LIA also has a business development arm, the LIDC, which is active in a number of business development ventures. The LIHC and the Torngasok Cultural Centre both rent office space in an LIDC owned office building in Nain.

A detailed description of LIDC's activities is included in the Local Business Profile.

OKalaKatiget Society

The OKalaKatiget Society was incorporated in 1982. It provides radio and television broadcast services as well as producing the publication *Kinatuinamot Ilengajuk* (K.I. magazine). The target audience for these services are the Inuit and Kablunangajuit of Northern Labrador and the Lake Melville region.

The OKalaKatiget Society has an eight member Board of Directors who are

elected on a system of staggered two year terms. The society receives an annual operating grant of \$494,800. from the Secretary of State's, Northern and Native Broadcast Access Program. The Society has also been successful in securing approximately \$25,000 per year from private foundations. A recent cut in government programs supporting aboriginal publications has forced KI magazine to move quickly to advertising and subscription revenue. The magazine has been successful to date in managing this transition.

OKalaKatiget Society employs 16 people full time in Nain. These include administrative and technical production staff. Reductions in program funding continue to put restraints on activities and employee training programs. The Society has identified a need to recruit trainers, but currently lacks the resources. A lack of sufficient funds also creates difficulties in retaining employees once they are trained. OKalaKatiget is unable to offer competitive salaries, leading to a loss of employees who were trained on-the-job with the Society.

The equipment required for the television broadcasting operation is expensive and subject to constant technological advances. There are concerns within OKalaKatiget Society that the operation risks becoming technically outmoded, since currently no funds are available to upgrade the equipment.

Labrador Friendship Centre

The Labrador Friendship Centre was established in 1974 and its head offices are located in Happy Valley-Goose Bay. Its mandate is to provide programs and services to aboriginal people. The centre receives \$800,000 in annual operating funding, including core funding from the Secretary of State, project funding from Employment & Immigration Canada, the federal department of Justice, and the provincial government. Additional revenue totalling approximately \$250,000. a year is generated through the operation of a hostel, cafeteria, and from rental income. The Friendship Centre employees 18 full-time employees and six people part-time.

The Friendship Centre has a Board of Directors consisting of eleven members elected every two years at an Annual General Meeting. While the priority program and service group is the aboriginal community, the centre does have some non-native paid memberships and provides services to these clients as well.

Torngat Regional Housing Association

The Torngat Regional Housing Association provides housing to the five Inuit communities designated in the federal/provincial Inuit Agreement. The headquarters of Torngat Regional Housing Association are located in Happy Valley-Goose Bay. Torngat provides housing to LIA members, as well as some of the additional housing needs (i.e. teacher's housing) in the five communities.

Torngat Housing has a six member Board of Directors with one member designated for an LIA representative. The association receives annual funding of approximately \$180,000 from the Inuit Agreement. The association also delivers housing programs for the Newfoundland and Labrador Housing Corporation.

The Torngat Regional Housing Association has one part-time and three full-time employees based in Nain. The association also provides some construction jobs, but only on a seasonal basis.

Local Volunteer Organisations

Nain also has five local volunteer organisations which provide a range of services to the community. These include:

Nain Volunteer Fire Brigade

The local fire brigade was established in 1976 and has a membership of 18 volunteers. Equipment and training costs are provided by funding from the Inuit Agreement. In addition, private fund-raising within the community generates approximately \$38,000 per year.

Nain Craft Council

A local volunteer organisation of arts and crafts producers.

Nain Care

Nain care provides financial assistance to fire victims and people who have medical emergencies. Funding to support these activities is provided through local fund-raising.

Nain Radio Society: C.I.T.N.

The local radio station was established in 1980. It provides local programming to the community in Inuktitut. The Society has a Board of seven members elected annually by the Town residents. Operating costs are raised by running bingos. The operation would benefit from some assistance from government, but no programs exist.

Nain Women's Group

The Nain's Women's Group was established in 1982. Its membership includes the residents of Nain and it has eleven volunteer members who are appointed at the Annual meeting.

The Group runs a weekly bingo to raise funds which amount to approximately \$20,000 a year. This enables staffing of one full time position. The Women's group is also able to donate money to people and the community.

The Nain Women's group also operates a laundry service and a day care (see Appendix 1).

The Nain's Women's Group would like to establish a shelter for women and children, but has been unable to secure the resources to do so. The organisation feels it should be provided with core funding.

7. Government Services and Infrastructure

Profile Highlights

- **There are ten government agencies which provide services and/or programs to the residents of Nain.**
- **Eight of these agencies (5 provincial, 2 federal & 1 municipal) have operations within the community.**
- **Collectively these agencies provide 107 full time, 33 part-time, and 71 seasonal jobs. Approximately 70% of these positions are held by Aboriginal people.**
- **The Federal/Provincial 'Inuit Agreement' plays an extremely important role in defining the nature and extent of government programming delivered to the Town of Nain.**
- **Most government agencies surveyed felt more coordination between federal, provincial, and municipal programming was required to improve service delivery.**
- **There was a high degree of consensus among the agencies as to the areas of opportunity for future economic development, and the main barriers to such development.**
- **Government transfer payments in the form of Unemployment Insurance, old age pensions, and social assistance continue to be significant components of the community's overall income revenue.**

Introduction

The profile of government services and infrastructure has been developed using a number of information sources. All government agencies operating in Nain have been surveyed by questionnaire; the results are outlined later in the profile.

To begin, the profile describes some of the critical elements of the

Canada/Newfoundland & Labrador Contribution Agreement for the benefit of the Inuit communities of Labrador. This agreement is given substantial attention in the profile because of the pervasive and influential role it plays in defining many of the existing economic development programming arrangements for the Inuit communities of Labrador.

The Canada/Newfoundland & Labrador Contribution Agreement for the benefit of the Inuit Communities of Labrador

Overview

When Newfoundland entered Confederation in 1949, the economic welfare of all residents of the northern Labrador coast improved as more funds and in particular social assistance programs were made available.

However at the time of Confederation, and for some time afterwards, considerable confusion existed concerning who was responsible for aboriginal people in Northern Labrador.

The federal government had constitutional responsibility for the welfare of the aboriginal population in Canada but the terms of union with Newfoundland did not refer to the position of Indians and Inuit in the province and so the obligation of the federal government to formulate policies or provide special financial support for native people in Labrador was initially unclear. Although the issue was not resolved for several years, northern Labrador did gain the attention of provincial authorities because of its aboriginal population and substantial changes were made in the administration of the region.⁴³

This uncertainty over responsibility for aboriginal peoples continued for five years after Newfoundland joined Canada. Then, in April 1954, the federal and provincial governments signed two agreements which resolved the outstanding constitutional issue of responsibility for the aboriginal people of Labrador.⁴⁴ Under these agreements the federal government... recognized that it was 90% responsible for Labrador native people and agreed to contribute \$200,000. over five years towards two-thirds of the cost for capital expenditures on education and welfare in Inuit communities and all of the

⁴³ Brice-Bennett, 1986: 20-21)

⁴⁴ *ibid.* p. 35

cost of capital expenditures in Innu communities.⁴⁵

The cost-sharing formula differed between Inuit and Innu communities because of the presence of Settlers in Inuit communities. Settlers or *Kablunangajuit* were not considered aboriginal people by the federal government at the time, despite their frequent intermarriage with Inuit.

In the second agreement the federal government assumed responsibility for all medical and hospital costs for Inuit and Innu over a ten year period, and launched an intensive campaign against tuberculosis, which was epidemic in the region at the time.⁴⁶ Administration of these agreements became one of the principal functions of the provincial department DNLA (Division of Northern Labrador Affairs).

With the renewal of the agreement in 1964, the funds available for construction and other public services projects increased substantially in Labrador native communities.

The federal government contribution was raised to \$1 million annually for five years, and provisions were made to renew and renegotiate the agreement at regular five year intervals. A committee consisting of federal and provincial government representatives was formed to oversee the annual budgets and monitor expenses on projects which the DNLA, as the designated agency for administering the agreement, would undertake in native communities. Increased funds in the Native Agreement were channelled into housing, new stores and other structures related to the operation of DNLA, and facilities for improving the production of local resources in the communities.⁴⁷

Between the mid-sixties and 1975 the province made several requests for increased funding under the native peoples agreements. By 1975 the grant was raised to \$4.5 million annually. From 1976 to 1981 no formal long-term agreement existed; instead, the federal and provincial governments negotiated Letters of Intent annually.⁴⁸ In 1981 a formal five year agreement was negotiated, and two regional Committees, one for the Innu and one for the Inuit were put in place with a view to giving better representation to the

⁴⁵ *ibid.* pg. 35

⁴⁶ *ibid.* p. 35.

⁴⁷ *ibid.* pg. 47

⁴⁸ *ibid.* pg. 60.

communities involved in the program.⁴⁹

Despite these changes, the agreements continued to be controversial from the perspective of the representative Aboriginal groups – the Labrador Inuit Association and the Naskapi-Montagnais Association. There is a persistent concern that too much money is absorbed in administration and is therefore unavailable for development projects. Concern has also been expressed that education, normally a provincial responsibility, is being funded through this agreement.

In 1984 an independent evaluation as called for in the agreement was begun. Preliminary reports in 1984 questioned a number of procedures followed in the distribution of funds, but the full evaluation was never completed.⁵⁰

As well during this period the Labrador Inuit Association was successful in having post-secondary education and non-insured health benefits removed from the agreement. Funding for these services now flows directly from the federal government to agencies established under the L.I.A. to provide these services to Inuit in Northern Labrador.

The Current Agreement

The current Canada/Newfoundland Agreement for the benefit of the Inuit communities of Northern Labrador was signed in July 1989 and provides funding over a five year period ending with the 1993/94 fiscal year.

Objectives of the Agreement

The objectives of the agreement are stated as follows;

- 3.1 [to] make available to the residents of the Inuit communities community based and community developed programs designed to assist and support them in achieving their cultural, social, and economic goals;
- 3.2 provide a measure of financial support for existing provincial and community services and programs for the residents of the Inuit communities;
- 3.3 assist in the improvement of the standard of living for the residents of the Inuit communities; and,

⁴⁹ibid. p 60

⁵⁰ibid. pg.61.

- 3.4 enhance the socio-cultural development of the residents of the Inuit communities and enable them to pursue such socio-cultural development within their normal and traditional communities as well as throughout Newfoundland.

Funding

The federal government contributes to Newfoundland a basic amount of \$24,530,490. over this five year period. The projected dispersal of federal funds over the life of the agreement were as follows:

1989/90	1990/91	1991/92	1992/93	1993/94
4,906,098	6,906,098	4,239,431	4,239,431	4,239,432

Newfoundland agreed to supplement this with contributions"... equivalent to a value ..." of \$11,788,960.00. Newfoundland is also obligated to increase its contribution proportionally to any increases made by Canada. The provincial contributions were projected as follows:

1989/90	1990/91	1991/92	1992/93	1993/94
2,357,792	3,395,922	2,011,749	2,011,749	2,011,748

Allocation of Funds

The funds in the agreement are primarily used to supplement a range of municipal and provincial services. These include:

- Education:

The agreement provides approximately \$1.2 million of federal funds and \$400,000 of provincial funds per year to support the operations of the Labrador East Integrated School Board and the Pentecostal School Board in northern Labrador.

In addition approximately \$177,000. in federal funds is available for adult education and a teacher education program.

- Municipal and Provincial Affairs:

Water and Sewer projects: The current agreement allocates a total of \$13.3 million for water and sewer projects over a five year period. Approximately \$8.7 million of this money is provided by the federal government.

Community Funding: Approximately \$1 million per year over the life of the agreement is provided to the local municipal town councils to supplement their operational budgets.

Institutional training - Occupational Skills training: Approximately \$85,000 per year is available under the agreement to support training activities.

- Housing:

The agreement also contributes to resources for new construction and renovation of existing housing within the Inuit communities. This contribution is used both as capital and for administration of Torngat Housing Association. This portion of the funding totals approximately \$700,000 per year.

- Development:

Under the development category, the agreement provides funding for the operations of government owned stores in each community.

The funding for this totals approximately \$875,000 per year. There is an additional budget category for administration which totals approximately \$150,000 per year. These costs are paid by the province.

Contributions to the Nain Economy

Water and Sewer Projects:

Over the term of the current agreement \$2.8 million dollars has been budgeted for water and sewer projects in Nain. However unlike the other Inuit communities, Nain carries a debenture on its water and sewer projects which totals \$227,000 per year.

The funds allocated for water and sewer projects under the agreement flow to the provincial department of Municipal and Provincial Affairs and are administered by them.

Beyond seasonal maintenance and repairs the majority of the work associated with these projects was given to outside contractors, and had little impact on the local economy.

Community Funding:

In the first year of the agreement 1989/90 the community budget for Nain was set at \$249,000. By the 1992/93 fiscal year the contribution level had risen to \$367,341. This was supplemented by a Municipal Operating grant of \$39,770. and local revenues from taxes and rental of heavy equipment etc. of \$132,978.00. This results in a total budget for community municipal operations of \$540,089.

The Town Council of Nain has been concerned for some time that they receive the lowest per capita funding of all the Inuit communities included under the agreement.

The allocation of funding for Town Councils is based on a combination of per-capita allocations and a base allocation of \$50,000. per community. With this base allocation in place, the per capita allocations were as follows:

	Postville	Rigolet	Makkovik	Hopedale	Nain
91 census Population	231	334	370	515	1069
93/94 allocations	\$246,471	\$314,681	\$358,291	\$349,562	\$383,891
Approx. \$ per capita	\$850	\$792	\$833	\$582	\$312

(source: Town Council of Nain: correspondence to federal & provincial ministers June 18/93)

While the per capita funding levels are low, the Town of Nain still has the same service delivery responsibilities as the other municipal councils. On an annual budget of \$540,089.00, the Town Council must cover all the costs associated with administration, fire protection, recreation, street lighting, garbage collection, town clean-ups, road repairs, and operation and maintenance of equipment, buildings, and the water and sewer system.

Clearly this level of funding is inadequate considering the range of services that must be provided with these dollars. As a result, some services simply are not carried out. For example, roads are not kept open over the winter months because there is not enough money to cover the costs of snow clearing.⁵¹

The Town Council of Nain has made efforts to address this and other infrastructure needs within their community but have been unsuccessful because they do not control adequate resources to access other programs.

For example, the Town Council recently applied to the Department of Municipal and Provincial Affairs for a \$750,000. grant to reconstruct the roads within the town. However the Municipal Capital Works program is a 60/40 cost-sharing program, and the community did not have the \$300,000.

⁵¹Town Council of Nain, Submission to the Royal Commission on Aboriginal Peoples, July 1993

required to access the program.⁵²

The same problem exists in terms of accessing housing sub-division programs. Successful applications are conditional upon a proponent contribution, which once again the Town Council does not have.

Issues Arising From The Agreement

There are a number of important issues which emerge from even a brief investigation of the Canada Newfoundland Agreement for the Benefit of Inuit Communities. All of these issues have a profound impact on the ability of the community to move towards greater economic self-sufficiency.

Legal Status of the Town Council

The Town of Nain is incorporated as a public Municipal government in accordance with the Municipalities Act for the province of Newfoundland. Like their counterparts in the Nunavut region of the NWT, non-Inuit living in Nain have a right to vote and hold elected office.

As a result, the Province of Newfoundland and Labrador has an obligation to provide resources to the Town Council of Nain to deliver municipal services, as it would to any other municipality within the province.

The 'Inuit Agreement' has primarily served to minimize this provincial responsibility, while at the same time depriving the community of the resources it needs to operate at an adequate level.

If the province requires supplemental resources to finance municipal functions in the communities of northern Labrador, these should be addressed through other federal-provincial transfer arrangements, and not on an aboriginally specific basis.

Federal vs. Provincial Responsibilities

As outlined above the Inuit Agreement funds a number of activities or services which in every other jurisdiction of the country would be provincial responsibilities. The other major example of this is education.

⁵²ibid.p.3.

Education is a provincial responsibility. However, the Inuit Agreement provides over \$1 million dollars a year to the school boards in Northern Labrador. With the exception of a relatively minor budget item dealing with Inuktitut language development (\$70,000 in 1989/90) all other activities financed through the agreement would be typical of any northern or remote school board operation.

Once again, it would seem more appropriate that these subsidies be provided through other mainstream federal-provincial transfer arrangements.

Provincial "In Kind" Contributions to the Agreement

While the federal government is committed to providing dollar financing for particular areas of activity under the agreement, the province is only required to

'... contribute equivalent to a value of \$11,788,960.00".(Agreement clause 4.2)

Given that the administration of the agreement also rests with the provincial government, it is extremely difficult for the Town Council to assess accurately whether they are indeed receiving the full benefit of the agreement. As well these arrangements further compound the difficulties associated in clearly delineating federal versus provincial responsibilities, and obligations in terms of providing adequate levels of programs and services.

For example, a major portion of the provincial contribution under the agreement (\$876,748.00/year) is to finance the operations of the community based stores. Over the life of the agreement this represents slightly over 37% of the provincial contribution.

The provincially run stores, however, are one of the most contentious services provided by government at the community level. The food is considered to be expensive and often of poor quality.⁵³

Indeed, the quality of the food available in the stores has been identified as a concern in the Labrador Health Study.⁵⁴

Perhaps what adds to the controversy is the fact that the store budgets are listed under the Development category in the agreement.

⁵³ Town Council of Nain: Submission to R.C.A.P. 1993

⁵⁴ Columbus 1981 p.2

Discussions leading to the transfer of the stores to local or regional ownership have been ongoing for a number of years, but little progress appears to have been made in finding a mutually satisfactory arrangement.

Enhancement of Local Control

One of the stated objectives of the agreement is to provide "... community based and community developed programs ..." (article 3.1) Clearly the agreement has failed to achieve this objective. The vast majority of the funds available under the agreement are administered by provincial departments and do not in any way meet the criteria of community control in design and delivery.

Indeed, it appears the community does not even have advance knowledge of the scale or nature of many of the major initiatives to take place in the community until crews arrive to begin the work. Only a small percentage of the infrastructure development which takes place in the community is managed at a local level.

Delivery of Supplementary Provincial and Community Programs and Services

Once again the agreement has failed to meet its fundamental purpose. The agreement's stated purpose is to ensure that these **supplementary** programs are "... available to all the residents of the Inuit communities." (Article 2.2) After reviewing the agreement and the services it provides it is difficult not to conclude that not only has the agreement failed to achieve its purpose, but that furthermore it has contributed to a situation where even a **basic** level of services has not been forthcoming.

Development of Community Infrastructure

Although the community does have basic water and sewer services in place, it is questionable whether this initial investment will result in long term improvements. First of all the water and sewer system is a below-ground system. In most regions in the Arctic utilidor type systems are preferred due to severe environmental conditions.

In Nain, most homes have access to water and sewer services. However, because of the relatively high cost of hooking up to these services and the relatively low income of many households, a sizeable number of these

households are not part of the system. This means that it is under-utilized, and as a result, is susceptible to freeze-ups; burst water mains are common throughout the winter. A good deal of effort is required each summer therefore to thaw out and repair various portions of the system.

These high maintenance costs continue to be financed from the agreement, absorbing scarce resources which could be used for real development purposes. While the design and construction of the system was managed by the provincial government and was beyond the control of the Town Council, the responsibility for maintaining and repairing the system is a local responsibility.

In turn these constant repairs result in the serious deterioration of the town's road system, which once again is a local responsibility. As mentioned previously, while provincial programs do exist for road improvements the Town Council does not have the financial capacity to access them, and is not assisted in this matter by the agreement.

Impact on Access to Other Government Programming

As discussed above the Agreement has not assisted the Town Council of Nain in accessing other government programs which would serve to address its needs for additional infrastructure development.

The agreement has also had a negative impact on access to other programs by Labrador Inuit. For example, when the Canadian Aboriginal Economic Development Strategy (CAEDS) was announced in 1989, the Agreement was considered to be the primary vehicle for providing federal resources for aboriginal economic development for the Inuit of Labrador.

As a result, when funding was allocated for Community Economic Development organisations under this program, the Labrador Inuit allocation only totalled \$128,000. per year or a per capita funding level of \$32.00. Other Inuit regions, while still under-funded, received \$120.00 per capita. Other aboriginal groups in southern Canada received funding ranging from \$220 to \$242 per capita.

When this obvious disparity was raised with the Department of Indian and Northern Affairs, Labrador Inuit were told that federal economic development funding flowed through the Inuit Agreement. It took three years of lobbying and intervention at the ministerial level to correct this situation. In the meantime Labrador Inuit Development Corporation (the designated community Economic Development organisation) had virtually no resources

with which to develop a capacity to provide community and business development services to their members. In other Inuit regions this capacity has been used to enhance significantly the ability of regional Inuit institutions to promote economic development planning and development initiatives.

Government Transfer Payments

These consist of family allowances (child tax credit), and old-age pensions which provide a small but stable source of income.

Unemployment Insurance Payments

Unemployment insurance payments for Nain have been relatively stable over the last five year period. The number of men collecting UI has dropped from 1988/89 levels of 150 to a current level of approximately 130. Over the same period the number of women collecting U.I. has held constant at approximately 100 recipients.

These trends have resulted in a drop of income from U.I. from 1988 levels of approximately \$1.1 million to current levels of approximately \$1 million.⁵⁵

Social Assistance Payments

This is administered by the provincial Department of Social Services and Rehabilitation. Long-term assistance is available for persons with an ongoing disability. Short-term assistance is available to people who are unemployed and do not qualify for unemployment benefits or are under employed and require relief for less than six months.

Short term assistance is low during the fishing season, and peaks soon after it closes. This is a result of the waiting period between the close of the fishing and the time that fishermen can receive their first UIC cheque, sometime in November.⁵⁶ The summer load consists of single mothers and disabled persons. During the winter, the case load consists largely of those who are unemployed. This reliance has increased due to greater restrictions on UIC

⁵⁵ personal communication: EIC- from 'small area data' Statistics Canada: based on income tax returns

⁵⁶ Usher, P. op.cit. 34

benefits.⁵⁷

There are standard levels for social assistance depending on the recipient's circumstances (single/married/etc.) which are determined by the Department of Social services, but assistance is distributed through an office in Nain. Total social assistance payments to Nain residents during the 1992/93 fiscal year was \$580,000.

Government Survey Questionnaire:

10 government agencies were surveyed, 4 federal agencies, 5 provincial agencies, and 1 municipal agency.

The number of people employed by government agencies in the town of Nain is:

	Total Employees	Aboriginal Employees
Full time	107	59
Part time	33	23
Seasonal	71	67
Total	211	149

Nine of the agencies have a policy of preferential hiring for local people, and ten have a policy of preferential hiring of Aboriginal people. All felt that they can successfully recruit local people for the range of positions required for operations.

List of Local Agencies:

- Grenfell Regional Health Services (provincial)
- Atlantic Canada Opportunities Agency (federal)
- Canada Employment Centre (federal)
- Atmospheric Environmental Services (federal)
- Department of Social Services (provincial)

⁵⁷ Usher, P. Ibid. 34

- Labrador College of Applied Arts and Technology (provincial)
- Town Council of Nain (municipal)
- Royal Canadian Mounted Police (federal)
- Nain Fisheries (provincial)
- Labrador East Integrated School Board (provincial)

While Atlantic Canada Opportunities Agency and the Canada Employment Centre deliver programs to the Nain, neither of these agencies have an operational capacity within the town. These programs are delivered from the regional centre of Happy Valley/Goose Bay to all Labrador communities.

Barriers

Eight of the ten agencies felt that there is not effective co-ordination in program design and delivery between the various federal, provincial and municipal agencies providing services to people in Nain. ACOA plays a lead role in the Labrador Aboriginal Employment Development Strategy (LAEDS) with LIA and other local groups. One of the Strategy's primary goals is to increase access to government programs by local organisations and to encourage networking to achieve common goals.

Six of the government agencies felt they have a clear vision of how to promote the development of their local economy. Six of the agencies also thought they had played a direct role in working with community groups to develop a clear vision of future economic development. ACOA has promoted this through the LAEDS process, and the Town Council has done this through the Community Leader Dialogue process which generates recommendations to improve and implement new programming.

According to the government agencies, the significant opportunities for future development lie in renewable resources, tourism, mining, construction, business management, small business, and arts and crafts; and in more local control of resources and decision making.

Barriers cited include:

- lack of training and management skills
- lack of capital

- lack of basic infrastructure
- lack of long term goals identified
- lack of education
- isolation of town
- lack of control of local resources
- lack of assistance to small business
- funding cut-backs

They say that the lack of appropriate infrastructure limits the productivity of the community.

Infrastructure

Under the federal-provincial agreements, government attempted to provide houses on a universal and ongoing basis. Most of the houses in the five communities, representing nearly 80% of the housing stock, were constructed under government housing programs. Now, the construction and allocation of housing is a municipal responsibility, although funding is still provided through the federal provincial agreements. There is still a continuing need for new housing to reduce the shortage of dwellings and to replace older small, substandard units (Usher 17-18).

The infrastructure also includes:

- a general store operated by the Labrador Services Division in Nain.
- electrical generating facilities provided in the 1960's.
- a school which provides education up to grade 12.
- a campus of Labrador College of Applied Arts and Technology
- a nursing station
- federal and provincial wharves. Resupply is by coastal ferry; the vessel also carries passengers.
- a regional native radio and television broadcaster, OKalaKatiget Society

- an all-weather airstrip in Nain. There are regular passenger, freight, and postal services provided by air.
- long distance telephone services, and satellite television in Nain.
- water and sewage facilities.

8. Government Plans and Strategies

Profile Highlights

- **The provincial Economic Recovery Commission has stated that economic prosperity will come if effective support systems to small and medium sized businesses are provided, and if opportunities for growth that will offset the province's traditional dependence on the fishery, forestry, and mining are identified and developed.**
- **The Commission has accepted the need for a co-ordinated effort to develop the Labrador economy through the pursuit of sustainable economic activities.**
- **Enterprise Newfoundland and Labrador Corporation has been mandated to facilitate this process of co-ordination and the development of a specific strategic development plan for Labrador.**
- **As part of its co-ordination function Enterprise Newfoundland and Labrador also delivers ACOA programs in Labrador and co-chairs the Inuit Agreement management committee for the province.**

Economic Recovery Commission

The report of the Royal Commission on Employment and Unemployment in Newfoundland, *Building on Our Strengths*, argued that the province should abandon its search for mega-project miracle cures to the economic problems it faces. Instead the report recommended that attention should be focused on building a strong foundation for the development of smaller, community-based businesses.

As a result of the report of the Royal Commission, the provincial government appointed an Economic Recovery Commission (ERC), comprised of

individuals from outside the government bureaucracy. The ERC began its work in 1989. According to the First Annual Report presented by the Commission, they were mandated "to address the need for an objective, strategic approach to economic development" by providing support systems to small and medium sized enterprises, strengthening economic planning and co-ordination in the regions of the province, and by identifying and developing new opportunities for economic growth.⁵⁸

The Economic Recovery Commission views itself as a mobilizer and co-ordinator of private and public sector agencies in the development of a common approach to development. Thus it has been providing support services to the Newfoundland and Labrador Rural Development Council to assist it in playing a leadership role for the rural development associations within the province. It has also promoted a closer working relationship between the rural development associations and municipalities.⁵⁹

Along with its role as a "proactive think tank"⁶⁰, the ERC is directly involved through its membership on the board in the direction of the Enterprise Newfoundland and Labrador Corporation (ENL). It delivers business and support services on a more decentralized basis from five regional offices and seventeen branch offices.

In its brochure, *Equalizing Opportunities*, the ENL describes itself as a direct response to the request from rural development associations and other development organisations for a single-window approach to economic growth in the province. Provincial programs and services for small business and economic development are administered by the ENL. To date the corporation has provided six commercial loans totalling \$262,000 to individuals and private companies in the town of Nain.

The corporation is responsible for co-chairing the federal provincial Labrador Inuit and Innu agreements, and for the management of three co-operation agreements between the ACOA and the province. The latter agreements include the Canada-Newfoundland Comprehensive Development Co-operation Agreement, which contributes \$53.8 million to aid the economy of Labrador through development of roads, bridges, water and sewer systems, and through resource and economic development activities in fishery, forestry, and tourism. This agreement primarily supports initiatives in communities south of Goose Bay, but some limited contributions have been

⁵⁸Economic Recovery Commission 1992, 14.

⁵⁹ibid. 15.

⁶⁰ibid. 15

made to projects in northern Labrador communities, including Nain.⁶¹

The ENL is also involved in the implementation of the province's Strategic Economic Plan in Labrador. In June 1992, the provincial government published a plan prepared by government officials entitled *Change and Challenge, A Strategic Economic Plan for Newfoundland and Labrador*. Within this plan, the special development needs of Labrador due to its sparse population and underdeveloped infrastructure are recognized. The plan commits the province to a co-ordinated effort to develop the strengths of the region by directing the Enterprise Newfoundland and Labrador Corporation to facilitate the integration of economic plans for the five economic zones into a regional economic plan for Labrador. According to the annual report of the ERC, economic development working groups now exist in several regions of Labrador, and community leaders have been initially canvassed in each community to identify baseline information for a Labrador plan.⁶²

June 1992 saw publication of the first economic plan endorsed by the provincial government: *Change and Challenge, A Strategic Economic Plan for Newfoundland and Labrador*. An official document approved by Cabinet, it is an action plan: the new economic policy of the Government of Newfoundland and Labrador.

The eight guiding principles of the plan are as follows:

1. Diversification
2. Competitiveness
3. Strategic Industry Focus
4. Private Sector focus
5. Education and Training
6. Client First for provincial government in providing economic, social and community development services.
7. Government, Business, Labour Co-operation
8. Sustainable Development

The ERC and rural development:

The ERC is involved in the direction of the activities of Enterprise Newfoundland

⁶¹Enterprise Newfoundland and Labrador Corporation, *Equalizing Opportunities*; Enterprise Newfoundland and Labrador Corporation, *Helping Businesses Grow*.

⁶²Economic Recovery Commission, 1992, ?.

and Labrador Corporation and is directly connected to the affairs of ENL. There are not any clear boundaries between the two agencies. ENL is a regionalized, decentralized agency. A regional office can approve funding applications up to \$100,000.

ACOA/Enterprise Network:

The ACOA/Enterprise Network provides electronic communications to give rural residents access to business and economic development information.

Rural Development Co-operation Agreement:

Principles of decentralization of authority and client-centred service, which are now articulated in the Strategic Economic Plan, were previously brought to this agreement. For the first time, decisions within a federal-provincial agreement were decentralised to the regions of the province, resulting in more than 80% of all decisions by ENL's regions.

ERC and ENL play a supportive role to the rural development movement, providing assistance as the movement defines its own goals and directions. The old Department of Rural, Agricultural and Northern Development was phased out. ERC and ENL formed new divisions within Corporation called Rural and Development Services with a mandate to encourage and support economic development in rural Newfoundland.

The Newfoundland and Labrador Rural Development Council:

The Royal Commission on Employment and Unemployment argued that the rural development associations' own umbrella organisation, rather than a government department, should play the lead role in supporting the activities of the development associations. The ERC has been working with the Council to strengthen its presence in rural economic development. Services include human resource development, counselling, project development, planning, opportunities identification, and operational support.

Regional Planning and Development:

Recognizing the major role that municipalities have played in regional economic development elsewhere in Canada, the ERC has been interested

in working with municipalities to help strengthen their role in economic development. They have promoted close working relations between rural development associations and municipalities.

The Case of Labrador:

The Strategic Economic Plan recognizes the special developmental needs of Labrador due to its sparse population and underdeveloped infrastructure. The Plan states that “The Province is committed to a co-ordinated effort to develop fully the strengths of the Labrador region in order to improve employment and income prospects through the pursuit of sustainable economic activities based on viable and realistic opportunities.”⁶³

To accelerate this process, the Province will direct the Labrador regional office of Enterprise Newfoundland and Labrador to facilitate the integration of economic plans for the five economic zones into a regional economic plan for Labrador. Economic development working groups which bring together all agencies and organisations involved in economic development now exist in several regions of Labrador. As well, opinion leaders and community group leaders have been initially canvassed in each community to identify baseline information for the Labrador plan and major economic development projects have been identified for each area.

Enterprise Newfoundland and Labrador Corporation

For many years, the business sector, Rural Development Associations, and other segments of the economic development community have been requesting a single-window approach to economic growth. A major task of the ERC was to advise government on how to strengthen delivery of government services for economic development for all regions of the province. The result was the creation of Enterprise Newfoundland and Labrador Corporation. The mandate of the new corporation is:

“... to build upon the strengths of the different regions of the province so that rural development and small business can receive the primacy in Government policy they require. Provincial programs and services in support of small business and local economic development are now administered by this single agency.”⁶⁴

⁶³Economic Recovery Commission *Change and Challenge*

⁶⁴Enterprise Newfoundland & Labrador Corp. *Helping Businesses Grow*

The corporation is to provide easier access to government assistance and information, and to provide specialists in each region. It was formed from the staffs of the former Newfoundland and Labrador Development Corporation and four former divisions of the Department of Development. It is designed to help individuals and groups find the information and funding they require for their projects, and to help companies become more competitive.

There are 57 development associations in Newfoundland and Labrador. Enterprise Newfoundland and Labrador will help them by administering the Canada/ Newfoundland Rural Subsidiary Agreement III which provides funding and training.

The programs and services provided by Enterprise Newfoundland and Labrador are as follows:

Business and Community Support

- Company development (support service)
- Encouragement of craft industry
- Direct equity telefilm industry assistance service
- Community based economic development (support)

There is also a general economic development fund for other projects such as wildlife development.

Technology Support

"Services to Help You Help Yourself"

- Business Resource Centre
- The Access Centre
- The ACOA/Enterprise Network

Funding Services

- Equity Participation
- Enterprise Loans
- Conventional Loans

9. Socio-Political Profile

Profile Highlights

- **The LIA first submitted an application to undertake and claim negotiations on behalf of Labrador Inuit in 1973.**
- **During the summer of 1993, the federal government unilaterally withdrew from land claim negotiations because of the provincial government's unwillingness to commit to paying any portion of the financial compensation that would be part of the claim.**
- **The Inuit of Labrador consider land claims, which will resolve issues related to land and resource ownership and to continuity of their traditional culture, as crucial to bringing greater control over the development of their society.**

Land Claims

The Labrador Inuit Association first put forward an application to begin land claims negotiations in 1973. Initially this representation was complicated by the existence of the Native Association of Newfoundland and Labrador (NANL), also created in 1973, which represented Micmac, Montagnais, and Naskapi Indians as well as Inuit. Members of NANL were drawn from the same communities from which LIA drew its members. An application by LIA for funds to finance its land claims project was rejected, since NANL had already received a land claims grant. To deal with this conflicting representation, LIA worked to develop a stronger and more coherent membership base. By 1975, when LIA was incorporated, it was generally recognized and accepted as the sole representative of Labrador Inuit.

Proposals for negotiation of the LIA land claim embody a number of objectives for the future:

- greater self-sufficiency and economic self-reliance (less dependence on outside government institutions and more control over their own lives)
- maintenance of a way of life in which hunting, fishing, and trapping are important (involves ensuring the continued productivity of the land and the right and ability of people to harvest traditional resources)
- continuity of traditional culture and social organisation
- development that will involve and benefit all the people of northern Labrador

These values and goals call for locally based and controlled social and economic development.

"This is the opposite of southern style industrial development which relies, in the North, on steady wage employment in large-scale, externally controlled non-renewable resource development ventures, more government involvement and administration, and a heavy reliance on imported goods, services and expertise....That is why there is a need to increase the harvest of renewable resources, and maximize local use and processing of these resources, in order to create more employment for local people and reduce dependence on imported goods and services." ⁶⁵

A native claims settlement which focuses solely on ownership as the means of protecting the Native interest in land will fail in its task. It is a means of obtaining a direct interest in future industrial development, not a means of protecting the traditional interest in the land's renewable resources.

It is essential for the people of northern Labrador to secure adequate jurisdiction and control over their key resources, as a basis for future economic and social development.

"A settlement of Native claims must explicitly recognize the social and economic importance of fish, fur, game and timber to the residents of northern Labrador, acknowledge their proprietary interests in these resources and the legitimacy of an economy based on harvesting them, and affirm a national commitment to the maintenance of that economy on the same basis as other primary resource-based activities such as agriculture."

To achieve this requires:

- compensation for damage to land, resources and personal property of harvesters.

⁶⁵ Usher 1982, 4-6

- capital
- income security program ⁶⁶

LIA began substantive negotiations towards an Agreement in Principle in December of 1990. Since then, the negotiators have achieved an agreement covering Eligibility and Enrolment criteria.

The Government of Canada does not wish to pursue negotiations until there is an agreement between the province and the federal government on the cost sharing for the claim between the two levels of government. On June 24, the federal government unilaterally suspended negotiations since the province refuses to consider paying any part of the cash compensation that may be negotiated under the settlement.⁶⁷

The aim of the land claim negotiations is to reform the way Aboriginal people in the province are treated and accommodated within Canadian society. This involves negotiating not only land and money, but also cultural, social, economic, and political issues which cannot be separated from Aboriginal rights to land and its resources.

Some of the key issues of importance to Inuit and Kablunangajuit are:

- that Labrador Inuit are guaranteed their own lands and resources in sufficient quantities to be as self-sufficient a people as possible;
- the use of Inuktitut as an official language of our land;
- the degree to which we will be able to live our lives according to our own customs and traditions, rather than the rules and laws of non-Inuit society; and
- a political accommodation that will provide Labrador Inuit with a meaningful degree of self-government within Confederation⁶⁸

⁶⁶ Ibid 4-6

⁶⁷ Kinatuinamot Ilengajuk (Summer 1992)

⁶⁸ C.A.R.C. ibid. p 5.

SECTION THREE: DEVELOPMENT INITIATIVES: MINI CASE STUDIES

INTRODUCTION

In this section, a number of development initiatives which have either had a major impact on the local economy of Nain, or which are examples of unique or innovative development strategies have been selected for a more detailed description and analysis.

In some instances, businesses selected for the mini case studies have been initiated by regional Inuit business development interests. Other examples represent government owned and managed activities.

The intent is to use these mini case studies to develop a better understanding of the development objectives, opportunities, and barriers which exist within the town of Nain. It is hoped that these case studies will provide concrete illustrations of some of the issues which will be discussed in the report in later sections.

LABRADOR INUIT DEVELOPMENT CORPORATION: COMMERCIALIZATION OF CARIBOU

Commercial Caribou Hunt and Processing Plant

In 1985 LIDC established the first commercial caribou hunt as a means of providing employment and income to LIA members. This required negotiation of federal regulations between the government and the LIA which managed the first hunt. A commercial quota was obtained, and LIDC worked with the Department of Agriculture to establish regulations affecting federal inspection of caribou meat .⁶⁹

At first the meat was sold only within Labrador. In 1986, an export licence was obtained to export caribou to other areas in Newfoundland. However, the lack of freezer space and processing facilities limited the size of the hunt and its economic benefits. In 1987, a large caribou processing plant was built in Nain to process and package the caribou meat.

⁶⁹ Kinatuinamot Ilengajuk, op cit. p 25

The plant was used for the first time in 1988. However, late migration of the herd resulted in a limited harvest of only 1500 animals. About 10,000 kg of federally inspected meat was processed for sale outside the province at \$2.25 per kg, and 50,000 kg sold within the province for \$1.25 per kg.

The commercial hunt has created about 100 seasonal jobs at the peak unemployment time in northern Labrador. The plant could be diversified allowing it to function on a year-round basis; seals could be processed there, and plans are also being developed to use the plant for a summer operation for smoked, fresh and frozen Arctic char.⁷⁰

LIDC is licensed to take 2000 animals annually, although management estimates projected markets to be only about 1200 per year. The hunt is highly dependent on the migratory patterns of the caribou and weather conditions. Typically it lasts between 10 and 15 days in May. The annual take can fluctuate widely. In 1990 only 25 animals were taken; in 1991, 1287.

Thirteen hunters participate. Caribou are gutted in the hunting grounds and transported by snowmobile to the plant where they are skinned and butchered. The plant's capacity allows a daily production of about 100 animals, which indicates the maximum may be about 1500 annually.

The meat of the killed animals is classified as federally or provincially approved. Federally approved product can be shipped outside the province.

The caribou operation has consistently lost money. In 1992 it lost \$247,419. No prospects for a positive return are anticipated in the foreseeable future.

Competition from Quebec and Labrador West is doubtless coming and can be expected to make the marketing outlook more difficult. Closer marketing co-operation with these other businesses or groups might mitigate this and at the same time help to overcome the problem of fluctuating supplies.

Based on the success of a co-operative marketing venture and detailed costing information, the potential viability of the caribou operation could have been reassessed in future years and, with due consideration of social and cultural aspects, the board could then have decided whether to continue the operations.

Unfortunately the future of LIDC's commercial caribou activities are currently in jeopardy. The processing plant has encountered increasing problems with structural shifting. During the summer of 1993, this problem became severe enough that it no longer qualified as an approved processing facility since the floor drains were no longer functional. This in turn resulted in the withdrawal of LIDC's insurance on the building.

⁷⁰ C.A.R.C. 24

At the time of the study, LIDC was undecided about future operations. It is anticipated that a lengthy and costly process will be required to determine the precise cause of the shifting (i.e. design or construction flaws), to determine liability, and to seek compensation through the courts.⁷¹

Comments

LIDC's commercial caribou harvest was the first of its kind among the Inuit regions in Canada. To date, the business has not demonstrated that it can operate profitably, however it does generate seasonal jobs which are culturally and socially appropriate.

The structural problems with the caribou plant remove an important facility from the community's infrastructure. To address this situation LIDC will be required to invest considerable time and money bringing the case to court, and in the meantime the operation will come to a standstill.

Caribou are an important resource for the residents of Nain and the other communities of northern Labrador. Although harvests 'on the land' present a number of unique challenges to producing federally approved product, they have been largely resolved by LIDC over the five years the hunt has operated. Given the number of unpredictable factors affecting harvesting activities and the capital investment required to launch the operation it is not surprising that the operation was not yet profitable.

LIDC has also faced the challenges associated with developing an export market for a new and unique product. The difficulties experienced by LIDC are not unique. Although a number of aboriginal businesses in Canada are producing similar country food products, few have succeeded in developing adequate markets. Initiatives by Aboriginal Economic Programs, ISC, and aboriginal businesses are under way, however, to develop more effective marketing strategies for aboriginal country food. If the Nain plant were operational, LIDC would have been able to participate in the development of such plans.

A second potential market, that of inter settlement trade, exists in northern Labrador. The concept of trading country foods among communities has been a priority for Inuit throughout the north for some time, but a true system of inter-settlement trade has yet to be put in place. Makivik is currently implementing a comprehensive trade plan for Nunavik communities.

A significant challenge in developing a sustainable system of inter-settlement trade is that traditionally country food has been a product of the informal

⁷¹personal communication with Mr. F. Hall, LIDC

economy. As a result, a system which is designed to operate completely within the formal economy is at odds with traditional cultural values. However, as the economy changes and the number of full time harvesters decreases, the number of people who have inadequate access to country food increases. The alternative to country food is store-bought food – expensive, and nutritionally inferior. It is important to consider the import substitution benefits of a sustainable system of country food inter-settlement trade. Opportunities may exist to supplement this local market through linkages with government programs such as Social Assistance which would give recipients subsidized prices for country foods.

There are a number of social, cultural, and economic reasons for pursuing solutions which would resolve current difficulties and enable the harvesting and processing operations to continue. As the prospects for the fishery diminish, caribou rises in importance as a sustainable resource. Consequently it can only be hoped that the current problems with the plant are soon solved and that the operation has an opportunity to explore additional marketing opportunities. It is doubtful, however, that LIDC will be able to accomplish this on its own; to achieve positive and timely results it will also require the support and co-operation of a variety of government agencies.

FISHERY DEVELOPMENTS

Nain Fish Plant

The Nain Fish Plant is owned and operated by the provincial Department of Fisheries. The 1992/93 Report of the Nain Fish Plant reported "...an aggressive development approach..." in 1992, including the acquisition of additional raw material, an expanded product mix, and human resource development.⁷²

The scallop fishery was revived and some turbot were landed by a middle distance vessel. The turbot were dressed for the Far East market, and some char were processed into fillets for export to the U.K.

Training sessions were conducted for the manager and assistant manager, as well as for personnel involved in scallop and turbot processing.

⁷² Newfoundland, Dept. of Fisheries, Nain Fish Plant 1992/93 Report

Purchases and Production

Production started on July 10 in 1991 and 1992. The production period extended from a low of 61 days in 1991 to 110 days in 1992.

Char purchases were up by 6% in 1992 over 1991, but down 26% from 1990. The increasing quantity of farmed salmonoids on the market, and the increasing supply of char specifically, will mean that the future market for frozen whole char caught in gillnets will be even less than at the present time. Commercial production of char should be phased out in the next 3 to 5 years. Although the river harvest produced 4,020 lb. of excellent quality fish, as a frozen product it has the same limited demand. In 1993, only 60,449 lb. of char were purchased, down 43% from 1992.

Salmon purchases were up from 4,841 in 1991 to 7,439 lb. in 1992. This compares with 25,600 lb. in 1990. The demand for frozen salmon is very weak. It now has little commercial value in northern Labrador. In 1993 3,249 pounds were purchased, down 31% from 1992.

A middle distance vessel made one landing of turbot which gave the plant an opportunity to assess the challenges of handling this species. The plant produced turbot as a dressed product.

As well, the plant bought and processed 215,000 lb. of scallop shell stock. From this 15,000 lb. of meat were produced in one lb. packs. In 1993, 213,146 lb. were purchased.

The plant also bought \$159,934 worth of raw material from eighty independent Nain and Davis Inlet fishermen.

Eighty one people were employed in the plant over the season for various lengths of time. This was up from 65 in 1991 and 60 in 1990. The payroll was \$255,176. Fifty-six of the employees were employed less than 10 weeks, and the remaining twenty-five, 10 weeks or more. Sixty-eight percent (68%) of the payroll went to production workers, 9% to engineering, 7% to office staff, and 16% to plant management.

TABLE 15

Nain Fish Plant 1990-1993 Operating Statistics				
	1993	1992	1991	1990
Production Period (days)		96	61	110
Plant Employment		81	65	60
Fishermen (Nain and Davis Inlet)		80	65	60
Raw Material Purchases (lb.)				
Char	60,449	105,804	99,259	156,486
Salmon	3,249	4,686	4,761	22,701
Scallop	213,146	200,912	12,075	90,562

source: Department of Fisheries, Newfoundland & Labrador

Sales

Arrangements with LIDC to sell the 1991 production of char did not work, and the inventory was taken back and disposed of. Most of the 1992 production was sold in Europe. In addition, 8,000 lb. of red and pink char were retained at the request of LIDC, but later taken back and sold in Japan by Torngat Fishermen's Co-operative. As well, 6,000 lb of pale char and approximately 2,000 lb. of other char were sold in the St John's area. The selling price for char was \$2.40, compared to direct production costs of \$2.56.

The 25,000 lb of char processed for sale in the U.K. were converted into fillets. This market is seen as holding promise for the future. The selling price for char fillets was \$4.40 per pound, compared to the direct production cost of \$3.29.

The selling price for salmon was \$4.40 compared to a direct cost per pound of \$4.73.

The selling price for scallops was \$4.50, compared to a direct cost of \$8.13 per pound. Sales to the U.S. totalled 13,000 lb. The balance was sold locally.

Turbot was sold to Taiwan through a broker. The selling price for turbot was \$1.63 compared to a direct cost of \$1.43 per pound.

Collector

The vessels used in 1992 collected from fishermen as far North as Hebron

Bay and from the Weir Project in Saglek Bay, making the round trip to Hebron as required. This worked well.

TABLE 16

NAIN FISH PLANT: Operating Statistics -1992	
Weeks Worked by Employees	
Less than 10 weeks	56
10 weeks or more	25
Production by Species	
Char - pale/pink/red (lb.)	101,937
Char Fillets	14,784
Smoked Char	463
Salmon	6,616
Smoked Salmon	172
Scallop	15,050
Grenadier	463
Turbot	20,791
Turbot Cheeks	270
Direct Costs and Selling Price Per Lb.	
Char- direct cost	2.56
Char - selling price	2.4
Char Fillets - direct cost	3.29
Char Fillets - selling price	4.4
Salmon - direct cost	4.73
Salmon - selling price	2.25
Scallops - direct cost	8.13
Scallops - selling price	4.5
Turbot - direct cost	1.43
Turbot - selling price	1.63
Profit (Loss) for Year	(729,033)

source: Department of Fisheries, Newfoundland & Labrador

Future Development

Processing turbot is seen to offer some excellent benefits. It could increase the number of workers and extend person/days of employment, and as a dressed product, turbot could make a contribution over and above direct production costs. This will of course require the purchase of vessels to fish turbot and land it at Nain.

Scallops have been harvested erratically over the years. Larger daily catch rates are possible, and the season can be from mid-July to

mid-October, providing consistent employment in the plant. Scallop processing is presently inefficient and expensive, as the production process is not integrated and the processing line is improvised. This should be rectified so that scallop can help enable further development of the plant. A stable sales arrangement is also required.

Char fillets produced for the U.K. can absorb 75% of the char landing of the past two years and 50% of the landing should they return to 1990 levels. The char can be filleted and make a contribution over and above direct production costs.

The operation of the plant by the Department is not conducive to further development. The limited budget cannot accommodate increased purchases and production costs associated with the acquisition of more raw material. Efforts will continue to have it operated by some organisation at arm's length.

The operating loss for the plant in 1992-93 (year ending March 31) was \$729,033; and in 1991-92 was \$537,331.

Weir Fishery:

According to William Barbour,⁷³ the weir fishery in Saglek was a success and has not hurt traditional fishing methods. The total catch was almost 4,000 pounds. Char were kept in holding pens until the collector boat arrived to transport them to the plant in Nain.

The experimental fishery is funded jointly by the Newfoundland Inshore Fisheries Development Association and the Labrador Inuit Association. This year, the project's third, it was held in the Southwest arm of Saglek. There has been no decision yet on whether it will be conducted next year.

Before the fishery can operate on a permanent basis the fisheries regulations must be changed. Provincial regulations say nothing about weir fishing. Changes would mean deepwater net fishermen would have to take up weir fishing; the quality of fish caught in weirs is better than those caught with nets.

There is some concern among some older LIA members that the fishery might result in char overfishing in the rivers. LIA personnel say this will

⁷³ Kinatuinamot Ilengajuk, Winter 1992 p. 28

not be the case since the weir fishermen only take a limited quantity.⁷⁴

Nain Plant Feasibility Study: LIDC

In 1992 a feasibility study and business plan was done regarding ownership and operation of the Nain fish plant by LIDC, in conjunction with a separate overall operational review. The information contained in this section summarizes some of its key observations and recommendations.

The study concluded that LIDC can operate the Nain fish plant at a break-even level or small profit, as long as it has access to continued supplies of turbot at the current price and is not required to pay a premium for char to cover the cost of collector boats.

"To achieve profitability under these conditions, LIDC should engage a person with part-time marketing responsibility for fish products, increase the percentage of smoked salmon and char in its sales mix, and increase local sales in Labrador, the Island of Newfoundland and Quebec. For char which is surplus to local market needs, prompt export sales will be essential. The plant should operate for only a five-month period per year in the first instance, and a program should be undertaken of improved labour cost and yield controls, and of supervisory training for operations and overall cost management.⁷⁵

The consultants recommended the acquisition be phased in. During the 1992 season, LIDC and the Department should cooperate to establish an export marketing strategy for char. In 1993-4, LIDC would lease the plant, and if performance is within budget, take over ownership thereafter. Agreements with the Province would be necessary to cover the considerable seasonal cash deficiency, at least in the early years, and to underwrite the collector cost.⁷⁶

The present fish plant is new, replacing a previous plant at a different site. It shares cold storage facilities and other services with the adjoining caribou meat processing and cold storage plant built in 1989.

The plant, owned and operated by the Provincial Department of Fisheries, operates seasonally, processing saltfish, frozen char and salmon, small amounts of smoked product, scallops, and turbot. While in earlier days it provided up to 80 seasonal jobs for plant workers and a market for up to 120 fishermen, now it supports up to 70 plant workers

⁷⁴ibid. p. 28

⁷⁵ Nain Fish Plant Feasibility Study p iii

⁷⁶ibid.pg.iii

and 66 fishermen.

Neither the old plant nor the new one have been viable as a commercial venture. They have suffered from a short fishing season and limited fish resources within reasonable distance of Nain, resulting in high collection costs and an average raw material cost too high to allow a gross profit margin. Present operations are severely restricted by the plant's high dependency on a limited supply of arctic char and salmon. In addition, success in marketing has been variable.

LIDC believes the plant can be viable, with long term benefits for the community, and wishes to own and operate it. In recent years, less than 200,000 lb. of char and salmon have been landed and processed, about half from chartered collector boats from fishermen working for the summer in bays up to 120 km north of Nain.

Most of the product is sold in whole frozen form, and a small proportion is smoked. Gross sales have been in the \$350,000 to \$550,000 range over the past four years. Cost of sales has exceeded sales by \$70,000 to \$115,000 annually, and net losses have been in the order of \$350,000 to \$450,000 per year.

Local sales of product from the Nain Fish plant are:

- 75% of smoked char
- 53% of scallops
- 30% of frozen char
- 11% of salmon

Product

Char: Between 50% and 60% of landings have been collected by chartered vessels at points north of Nain at a cost of \$.73 to \$1.50 per pound. The average purchase price is \$.75 to \$.82.

Salmon: Approximately 30% of salmon are landed by collector vessels. The average prices for the fish are from \$1.73 to \$1.90.

Scallops: Icelandic scallops are landed by local fishermen in June at a price of \$.20.

Turbot: In 1991 LIDC shared, with Harbour Grace Fishing Co. and Torngat Co-op, a cod and turbot quota of 1501 tons. The LIDC share in 1991 was 332 tonnes headed and gutted. Under the charter agreement LIDC buys back 15 tonnes of headed and gutted turbot at \$1,100 per tonne from the vessel and processes this fish at the Nain plant.

DOF markets the product itself from the Northern plants, or alternately through the Canadian Salt Fish Corporation. The CSFC had access to Swedish markets, which accommodated large volumes. Marketing was done by DOF, under tendered contract, and the Department paid transportation costs to St. John's. Cold storage costs were borne by DOF and products were sold on a commission basis. This led to choice product being sold early with lower quality left over. This led to distress selling in spring.

In 1991, plans were for LIDC to buy 100% of the product for resale and smoking, but for a variety of reasons they took only a small part of the year's production.

Market

To consider sales prospects, the study noted the importance of being realistic about Nain's location, scale of operation, and seasonal and transportation constraints. The study identified the current markets and future prospects for the species being processed at the plant.

Char: Most of Labrador char goes into Central Canada, especially Quebec, with some having gone to Europe in earlier years. Char has to contend with fresh, cheap, pacific salmon, and overwhelming supplies of farmed salmon. The farming of salmon is on the increase in Sweden, Norway, Iceland, and Canada.

Salmon: The volume of salmon likely to be available to Nain can almost certainly be marketed within Newfoundland and Labrador. The Canadian harvest of Atlantic salmon has come mostly from the Newfoundland and Labrador fisheries and Quebec. Farmed salmon has seen tremendous growth over the last number of years. While not as high in quality, the sheer volume of farmed fish has become the major driving force in the market. A glut developed towards the end of the decade, and prices tumbled. There will continue to be a significant amount of salmon available, fresh and on a consistent basis, with which all wild fresh and frozen fish will have to contend.

Turbot: Newfoundland's primary market for frozen turbot is the United States. It is an under-utilized species, the Total Allowable Catch not being taken. Under the 1992 Developmental Fisheries Program of Fisheries and Oceans, proposals submitted will have a minimum onshore processing requirement of 80%. Turbot farming is developing in Europe, but is not a major threat at present.

Icelandic Scallops: Canada and the U.S. are the sole suppliers of sea scallops, representing about 26% of the world's total supply of scallops.

Icelandic scallops are much smaller and more yellowish, and therefore obtain a significantly lower price.

Operating Plan

The feasibility study notes that management reports for the plant have consistently stressed the need for additional species and quantities of fish in order to improve the operations. The plant should operate for the greater part of the year, and the production of smoked fish products during the off-season should be increased. At the same time, the study notes that the objective is to conduct a viable operation, and that the two objectives are not necessarily compatible.

Plant facilities are well designed, but require repairs of some structural damage.

The study concludes that in the short term, a year round operation is not viable. It proposes therefore that a five-month operating period, from June to October, be implemented.

Furthermore, it is noted that the high cost of collection renders the processing and marketing of collected char and salmon uneconomic. From an economic perspective, collection should be discontinued. However, the study recognizes that if LIDC takes over the plant, social considerations would probably require continuing collection. The study suggests that this would only be possible if an agreement could be reached with DOF to supply and subsidize fish to the plant from collector boats.

The feasibility study outlined the following projections for volume:

lb./yr.

char, frozen, domestic sales	47,500
char, frozen, for export	66,500
char, smoked	12,400
salmon, frozen	19,000
salmon, smoked sides	6,200
turbot, fillets	110,880
turbot, blocks	12,300
scallop, fresh and frozen meat	7,200

The study also suggests that training for a plant manager, foreman, and plant workers, be part of the purchase plan by LIDC.

Quality of the fish processed in the plant can be a substantial cost factor. The study recommends that efforts be continued to reduce the

proportion of second quality fish purchased. Increasing the price differential between first and second quality fish should be considered. Internal control measures must maximize yields, maintain quality, and prevent waste.

The study makes the following observations about labour costs at the plant:

"The operating season of the plant is short, varying from a high of 15 weeks to a low of nine weeks. Daily landings are erratic, making it difficult to schedule the labour force. It should be noted that it is virtually impossible to recruit and maintain a well motivated labour force if the plant can only offer two work shifts per week. Very low insurable earnings would result and consequently low unemployment premiums during the off-season. In order to accommodate the work force, it is necessary to accept some unproductive periods during the processing season, and to absorb the resulting high labour cost, unless alternative work can be found during those periods."⁷⁷

Marketing Approach

The feasibility study and business plan makes the following observations and recommendations concerning the marketing of product from the plant:

It recommends a long term commitment to a chosen sales agent to encourage continuity in marketing and market development. It is also important to make sure the char surplus directed to domestic sales is moved early in the fall. This could be ensured by putting the price at a realistic level. The following marketing efforts are proposed for each species:

Char: The local market offers a better price with minimum promotion. It is recommended that this market be pursued aggressively. Export char should be put in the hands of a marketing structure with inroads into Europe and North America, and a long term marketing program should be built.

The weir fishery produces much better fish. Several such units at different rivers could quickly pay for themselves by lowering collection costs as well as by increasing the size and quality of the fish. *However, with the main char run lasting only about 3-4 weeks, fishermen depending solely on this fishery for UI stamps will likely be reluctant to become involved.*

⁷⁷ Nain Fish plant: Feasibility Study and Business Plan

Salmon: The moratorium on commercial salmon on the Island and the voluntary licence buy-back for salmon fishermen from Rigolet south mean that Nain's product can likely be absorbed in Labrador and on the Island. While for larger markets the wild Atlantic salmon is said to be pass_Despecially if frozenÐthe local market for fresh and frozen fish offers the best market niche for the small amount of salmon harvested. The study stresses the need to concentrate on the quality of harvesting and processing.

Turbot: The study recommends that the Nain plant be encouraged to increase the percentage of its turbot allocation and the amount it processes. At the time of the study this was the subject of a proposal with the Harbour Grace Fishing Co. The study notes the shortage of turbot in Europe, but that most of the demand was for headed and gutted turbot, which conflicts with Provincial Government regulations. The study suggests that if not enough headed and gutted turbot is available to markets in Europe, it might possible to sell turbot there in filleted form. Extreme care must be taken with quality in gill-netted turbot.

Icelandic Scallops: Icelandic scallops can be sold profitably into the local market in the short term.

Financial Projections

Based on assumptions summarized above, a small net income of \$20,000 was projected by the study.

The study points out that the assumptions which led to this projection differed from past operations in the following areas:

- Costs of collector boat service are not borne by plant
- Labour costs and yields need to be reduced in the smoking operation,
- Smoked products can be increased as a percentage of total sales, and,
- Local sales increased overall.

The study concludes that the projected income of the plant depends heavily on the processing of turbot. Without it, or some replacement activity, the plant will still suffer steady losses under most circumstances.

LIDC: Shrimp Licence

In 1987 LIDC and National Sea Products formed PiKalujak Fisheries Limited, a joint venture company 50% owned by each partner. It is

allocated a shrimp quota of 1,650 MT.

In 1988/89 PiKalujak's quota was fished under a charter agreement with Faroese vessels. PiKalujak realized a net income of \$1 million for the two years. Corresponding income figures for LIDC were \$156,148 and \$325,388 for 1988 and 1989 respectively. In 1990, National Sea Products acquired a shrimp trawler, and entered into a charter agreement with PiKalujak. There were serious problems with the performance of the vessel and its crews, which resulted in lost revenue. National Sea's shares were sold to Hawk Fishing Company Ltd. An agreement for a fixed royalty arrangement which ensures a minimum annual revenue to LIDC has been reached. In 1992, the net income to LIDC from PiKalujak Fisheries Ltd. was \$402,875.

Regulatory Issues in the Labrador Fishery

Bill Rompkey, M.P., has said that there must be a government policy that puts Labrador first, that Labrador has first claim on the resources off its shore. While people in Labrador wouldn't mind turbot and crab going to Newfoundland if their plants were full and their workers employed, they do mind having turbot and crab going to the Island if Labrador plants are empty. The policy should say that no fisheries resource can be taken off the Labrador coast until the Labrador plants are fully supplied.⁷⁸

Fisheries development in Nain has been constrained, or more precisely undermined, by this application of the Fish Inspection Act of Newfoundland. The act requires Labrador fish to be processed in Newfoundland. According to John Glube, a lawyer who provided a legal opinion to LIDC, by means of this command approach to economic development the fishermen are unable to obtain the highest and best market price for their catch. With the present resource shortage, this means that fishermen are subsidizing the on-shore operations and it renders the fishery an employer of last resort. Government policy should operate so that fishermen are treated fairly.⁷⁹

Glube states that LIDC should be able to participate based on principles of adjacency and fairness and then be permitted to carry out the fishery in accordance with principles of proper management and conservation in a manner which they deem best able to satisfy the demand for their product. The fishery should be allowed to develop in accordance with market forces, with the harvesters and processors each pursuing their

⁷⁸ Bragg 1993 p. 5

⁷⁹ Glube, J. Opinion to LIDC, 1992

own developmental programs while ensuring proper management and conservation of the resource, and taking into consideration principles of adjacency and historical access. This will ensure the viability of both harvesting and onshore processing operations. The onshore processing operations will have to maximize efficiency and quality to ensure the highest value for the product.

Instead, the government continues a policy of utilizing the fishery as an employer of last resort; this is inappropriate, given the genuine desire to make it economically sustainable and viable.

The policy of the two levels of government should be to allow the fisheries to develop in a manner consistent with principles of Canadianization, economic viability, adjacency, historical access, proper management and conservation of the resource. The government must not command how the market for a particular fishery is satisfied in order to ensure a viable fishery. Labrador Inuit should be certain of access to the fisheries adjacent to them and be allowed to develop their fisheries in light of these principles, rather than being command driven by the two levels of government.⁸⁰

Non-Renewable Resource Development

LIDC Quarrying Operations

Labradorite

In 1987 LIDC began purchasing Labradorite from local prospectors and selling the stone to craftsmen and artists in order to promote traditional crafts. An arrangement with a small group of entrepreneurs to market the stone has not resulted in appreciable sales. The problem is the cost of extracting and transporting the stone which is only semi-precious and therefore does not command a high price. The Corporation plans to keep its quarry permit active by continuing to extract stone and make it available to individuals on request.

⁸⁰ Glube, J., opinion to LIDC, 1992

Anorthosite Quarry Project

The Anorthosite Quarry Project will begin in the summer of 1992. LIDC is in partnership with WIBE Stone of Liechtenstein. The previous year LIDC had negotiated an arrangement with an Italian company, but the latter ran into financial problems.

The quarry is at Ten Mile Bay, south of Nain. An expert Italian foreman has been used to deal with quarry management and to train the workers, members of LIA. Plans called for ten employees in the first year. In the second year another shift was required, adding eight more workers.

Fifty rectangular blocks 10 ft. by 5 ft. by 5 ft. and each weighing about 20 tons, are to be removed from the quarry this year. Each will have a sales value of \$10,000, for a total value of about half a million dollars. In the second year LIDC expects to quarry 200 blocks.

Equipment required for the project includes a loader, barge, compressor and smaller tools like a jackhammer.

The stone will be marketed by WIBE Stone to plants which cut the blocks into slabs for use in building facings, exterior sidings, interior walls, and floors, and for smaller areas such as basin, counter, and table tops.⁸¹

Quarry

Financial projections:

The project received government grants of \$99,000 and \$344,000 from ISTC's Aboriginal Economic Development Program (ABDP) and from ACOA respectively. LIDC purchased \$530,000 worth of equipment to establish the quarrying operations.

The projected sales for the quarry operations developed by LIDC during the planning phase are as follows;

- 1994 = 500 cu. metres;
- 1995 = 67 cu. metres;
- 1996 = 1000 cu. metres.

at selling price per sales agreement of \$1300 U.S. per CBM.

⁸¹ Kinatuinamot Ilengajuk (Summer 1992) p.24-5.

Projected annual sales in Canadian dollars for 1994 are \$750,000; in 1995 \$1,005,000; and in 1996 \$1,500,000.

Actual earnings in 1993 were (\$116,048). Revised projected earnings for 1994 are (\$140,228). Revised earning projections for 1995 and 1996 are \$86,649 and \$545,291 respectively.

SECTION FOUR: CRITICAL ISSUES AND BARRIERS TO ACHIEVING ECONOMIC SELF-SUFFICIENCY

INTRODUCTION

The previous sections have attempted to provide a comprehensive and accurate description of the factors affecting the economy of the town of Nain. The range of data sources used to compile the socio-economic profiles provide an overview of the town. In addition, the mini case studies provided a more in-depth view of some important development initiatives within the community.

The issues discussed in this section have emerged from the information provided in the previous sections. These critical issues and barriers to development have been organized under the following general headings;

- Current State of Local Infrastructure
- Lack of Local Control
- Federal and Provincial Government Responsibilities:
Policy and Program Issues

- The Fishery
- Lack of Support to Small Business Development
- Access to Capital
- Lack of Local Capacity

In the discussion of each of the items attention has been given to describing the consequences for the local economy and for developments which may be planned and implemented in the future.

CURRENT STATE OF LOCAL INFRASTRUCTURE

The lack of adequate infrastructure in the Town of Nain has a profound affect on the ability of the community to develop economically. The main areas requiring attention are transportation, utility services, housing, and community facilities.

Water and Sewer

Expenditures related to the construction of a community water and sewer system have absorbed a significant portion of the funding available to Nain through the Inuit Agreement.

Unlike other communities covered under the agreement, Nain carries a debenture against the costs of this infrastructure which draws an additional \$227,000 a year from the Agreement.

A sizeable number of households in the community are not attached to the system because they cannot absorb the cost of these services. This situation results in under-utilization of the system, and subsequently high maintenance costs to repair freezing damage. This also results in additional expenses for users of the service since they are responsible for repairs on the portion of the service under their homes. This can be a deterrent to using the system.

This seasonal cycle of repairs and maintenance has a profound affect on the overall state of community infrastructure. Constant freeze-up and repair means that the community road network continues to deteriorate. In addition, scarce resources are constantly being used to repair the system and therefore are not available for other much needed uses. The only benefit to the community of the endless cycle of work is in the resulting short-term employment opportunities for local residents during the summer season.

Roads

The roads in the Town are in serious need of repair and upgrading, their poor condition the by-product of the unending water and sewer system repairs. The Town Council of Nain has been unable to benefit from provincial government road improvement programs due to a lack of capital to cover the proponent costs required for eligibility.

Transportation

Nain has the shortest airstrip of any community on the Labrador coast. This is further complicated by the location of the airstrip and its frequent exposure to crosswinds. As a result air transport operations are limited to daylight landings which are frequently cancelled due to weather, particularly at times of the year when winds are high and fog is a factor. The airstrip is usable only by small aircraft, dramatically limiting passenger and other services.

The need to improve air transportation for the town was frequently cited by community members in the study survey questionnaires and interviews. It is seen as a significant barrier to the development of the local economy.

While air transportation is a problem, Nain does have a coastal boat service operated by Marine Atlantic which carries both freight and passengers. This service operates from July to November. As mentioned earlier the town also has good wharf facilities, including both a federal and a provincial dock.

Housing

Although considerable progress has been made in recent years in providing additional housing for the residents of the Nain, the outstanding needs for housing remain considerable. The 1991 census reported 240 private households in the town. At the time of the present study this was reported to have increased to 280, and there are still about thirty families waiting for housing.

There are also concerns about the quality of some of the existing housing. As the presentation of the Town Council to the Royal Commission on Aboriginal Affairs on November 30, 1992 stated:

"Our housing conditions are very poor Ð living in many of the houses in the

winter is like living in a cardboard box. The houses are small and overcrowded and there is not enough of them."⁸²

One of the major obstacles is access to additional land. The community must expand inland to grow, and this land is owned either by the Crown (federal land) or by the Moravian church. A comprehensive solution to the issue of land ownership is not likely until a final agreement can be reached on the LIA land claim.

Another is that the Inuit Agreement does not have a housing sub-division program, and the Town Council is unable to obtain from other sources the approximately \$200,000. they need to proceed with such a project.⁸³

LIDC Caribou Plant

The closure of the caribou plant due to structural shifting is a major blow to Nain's ability to produce a product for export. Although the caribou operations were not yet profitable, LIDC had addressed many of the start-up problems which characterize an operation which is both strictly regulated and working in an environment characterized by unpredictable circumstances.

Over the five years of operation LIDC had largely dealt with the logistical and regulatory issues related to the harvest and had trained skilled workers for the processing facility.

Marketing represented the greatest challenge in building profitability. Unfortunately, however, the plant closure coincided with increasing activity by other aboriginal groups and governments to develop more effective marketing strategies for 'country food' products.

The closure of the caribou plant comes at a time when the decline of the fishery is already having a devastating effect on the incomes of renewable resource harvesters. Caribou represent an important resource in terms of both the formal and informal economy. Without an operational processing facility the potential benefits that would flow from the sustainable development of this resource will be largely lost to the residents of Nain.

⁸²Town Council of Nain, Presentation to the Royal Commission on Aboriginal People, at Nain, Labrador, November 30, 1992

⁸³ ibid.

Recreation: Nain Sportsplex

The Town Council was successful in having a community sportsplex built in 1988 after several years of lobbying at the provincial level. As well as providing general recreational space the Nain sportsplex has 5-pin bowling and an ice surface. The facility cost over \$1 million to construct.

Unfortunately, structural problems have resulted in such high operation and maintenance costs that the building's use is limited. The Town Council cannot afford to operate it year round, nor does it not have the resources to prepare a structural assessment or seek a legal solution.⁸⁴

General Comments

Nain is encountering serious obstacles in developing the level of infrastructure needed to develop its economy successfully. The limitations imposed by the current airstrip make it difficult to move people and goods in and out of the community. In the other Inuit regions of Canada, the regional centres have airstrips capable of handling jet aircraft. Even the airstrips in smaller communities can accommodate aircraft with a passenger and cargo capacity much larger than the Twin-Otters used at Nain.

While the presence of marine transportation for part of the year helps, it is too slow to meet the needs of business. Reliable air service not only increases the efficiency of existing businesses and government agencies, but also facilitates the development of new enterprises more dependant on fast and reliable air transportation.

The most troubling aspect of infrastructure development in the Town of Nain is the recurring structural and/or design problems with existing facilities. The water and sewer system continues to consume significant resources in repairs and maintenance, while a sizeable portion of the community cannot afford the service. Additional problems are created by the road damage resulting from the repair work. Use of the Nain Sportsplex is limited, and the caribou plant is closed as a result of construction flaws. While these problems persist without remedy, services to community members are compromised and opportunities for development lost.

The shortage of housing and the quality of some of the existing housing also has a profound affect on the life and development potential of the community. While the community is unable to house the current population, it is difficult to respond to the additional needs which expanded business or government activities would present.

⁸⁴ *ibid.*

The Town Council feels that many of its infrastructure problems are created, at least in part, by their inability to access the range of federal government programs available to Inuit communities in other regions of the country.

" Accessibility to federal programs for northern communities is limited in Northern Labrador because our communities are geographically situated below the 60th parallel. However our climate, environment, population, social problems, etc. do not differ vastly from communities which have the advantage of being located north of the 60th parallel and are eligible for more federal programs than we are." ⁸⁵

A more detailed discussion of government programs will be presented in later in this section. For the moment, suffice it to say that the Town Council clearly lacks the financial resources and decision-making control it needs to address many of the current problems.

An additional benefit which would arise from access to the federal programs available to other Inuit communities would be improved standards in construction technology. As the Town Council points out, while Nain is located below a line arbitrarily designated for eligibility to many federal programs, the environment and conditions in the community have much more in common with other Inuit communities than those in southern Labrador or Newfoundland.

Access to these programs would not only increase the municipal budget available to develop and maintain services, but would also provide an increased level of assistance to low income residents. Under such circumstances all households would have access to basic water and sewer services regardless of their ability to pay.

If the infrastructure needs of the Town are to be addressed effectively and efficiently, then it will be important to ensure that the scarce resources available are used to build facilities that are designed and constructed to meet local environmental conditions.

LACK OF LOCAL CONTROL

The lack of local control in program design and decision-making is frequently mentioned as an issue critical to the future development of the Town. At the federal level, the move towards more control over decision-making by aboriginal communities has been firmly entrenched in the principles underlying many federal policies.

In Nain, however, we have found a lack of local control which is unparalleled in

⁸⁵ *ibid.*

other Inuit regions of the country. This lack of local control over program design and decision-making has definite consequences in terms of the efficient and effective use of scarce and inadequate resources.

In general terms, this lack of control can be seen in two major areas which directly affect the local economy: the provision of municipal services by the Town Council, and the lack of a management role with respect to the resource base which supports the local economy. The nature and extent of these management authorities are yet to be defined through the land claims process.

Municipal Services

As discussed in previous sections, the Town Council is almost entirely funded through the Federal/Provincial 'Inuit Agreement'. However, despite the stated objectives of this agreement, only a small percentage of the resources it provides are actually administered at the local level.

The management committee for the agreement is chaired by the federal and provincial members. Local representatives feel that the committee structure is not conducive to either local control or the identification of priorities at the local level.

As a result, some municipal activities are managed and administered by the Town Council while others are administered by the provincial government. These arrangements do not facilitate local involvement in decision making and limit the ability of the community to find ways of increasing local benefits from any development initiative.

The difficulties with major projects in the community would seem to indicate that more local involvement in planning and decision-making would be beneficial.

When the unreliable water and sewer system was built, little work was created for local people. Greater community control over this project would have meant more local employment opportunities; also, local residents could have identified some of the problems of usage and expense which appear to have contributed substantially to the ongoing maintenance costs.

All government sponsored initiatives in the community should require endorsement from the local Town Council prior to implementation. The local Town Council should also have a greater role in the design and management of the Inuit Agreement, since so much of the community's resource base flows from it. An enhanced role for the town councils covered under the Inuit Agreement would better enable them to plan for the future and ensure they receive a reasonable share of the provincial services to which they are entitled as

municipalities.

"...The fact is that most jobs, virtually all social welfare programmes, and many public facilities in the communities, are created or provided according to provincial or national priorities rather than local ones. These priorities can change without much reference to the needs and priorities of northern Labrador. Income which is neither generated nor controlled locally is income which in the long run is neither secure, nor stable, nor predictable".⁸⁶

Land Claims

The other major component of enhanced local control will be achieved by resolving the LIA land claim. The resolution of land claims within other Inuit regions can be seen to have had a positive affect on the environment for development. In large part this is because issues of land ownership are resolved and management regimes are in place.

This is particularly true when the economy is so dependent on a renewable resource base. Renewable resources will continue to be an important component of the local economy of Nain. Even though this sector has experienced repeated setbacks over the decades, it continues in importance, both for the formal and informal economies. A land claims agreement will provide a management regime to ensure that Labrador Inuit have a decision-making role in the management and development of these resources.

A clear determination of ownership and rights over land and resources, in conjunction with the influx of capital that a final agreement brings, would greatly assist Labrador Inuit in the promotion of their regional economic interests.

⁸⁶ Usher, 1982, 84

FEDERAL AND PROVINCIAL RESPONSIBILITIES: POLICY AND PROGRAM ISSUES

Federal/Provincial Responsibilities

As outlined in previous sections of this report, the unclear delineation of responsibilities between the federal and provincial governments is perhaps the most important barrier to real and meaningful progress in the development of the local economy. As our review of the history of Nain points out, Newfoundland's late arrival in Confederation directly affected the nature and extent of federal and provincial responsibilities for the native people of Labrador.

We have seen how, over time, this relationship has been addressed through the implementation of the Federal/Provincial Contribution Agreement for the Benefit of Labrador Inuit Communities, or the 'Inuit Agreement'. While directing much needed capital assistance to these communities, the Inuit Agreement has failed to clarify further the respective responsibilities of the two levels of government to provide programs and services to the Inuit communities of northern Labrador.

The Town Council of Nain is a municipal government. As such it is the legitimate recipient of a basic level of revenues and services from the provincial government. These services should be equivalent to those received by any other municipal government of equivalent size in the province of Newfoundland.

The federal government, as suggested in the title of the agreement, should provide resources to supplement this basic level of service, and to promote true development initiatives. These dollars should flow directly to the community level rather than through provincial government administrations. If administrative resources are to be spent, it should be at the local level where they will most benefit the economy the programs were designed to assist, and where they will maximize the multiplier effects from increased local circulation of capital.

This approach would be consistent with current federal policy; the current agreement clearly is not. The Canadian Aboriginal Economic Development Strategy (CAEDS), for instance, is based upon partnership principles which flow from direct relationships between the federal government and aboriginal clients; and on the principle of full and meaningful decision-making over any program or service which affects the local community. The current Inuit agreement clearly fails to meet these policy and program delivery objectives.

Clarification of these responsibilities could result in better co-ordinated and more efficient use of resources. For example, the federal/provincial agreement, rather than providing basic services, which it was not intended to do, could be structured to assist local communities gain access to other programs by providing the equity

required. In this way it truly would be providing support for supplemental services.

If the province of Newfoundland cannot afford to meet its responsibilities to the municipalities of the northern Labrador coast, this should be addressed through mainstream federal/provincial transfer arrangements, not through aboriginally specific programs. Alternatively, the Inuit communities should be legally incorporated as aboriginal governments and provided with formula based community government money equivalent to other aboriginal communities in Canada.

Statements by the Town Council of Nain and the LIA would indicate that the Inuit of Labrador feel that there should be closer ties between themselves and Inuit in other regions. This is particularly true in the area of access to federal programs supporting municipal services and economic development. The Inuit Agreement represents a barrier to this objective. Dissatisfaction with the Inuit Agreement is not new. Over the years the LIA has worked to remove program components from the agreement and have delivery responsibility transferred to the LIA (i.e. post-secondary education and non-insured health benefits). The LIA continues to protest the current arrangements through its decision to sit an observer on the management committee and refuse full participation in the management of an agreement with which it has fundamental concerns.

The implementation of CAEDS provides a clear illustration of this situation. When the federal government launched this strategy, Labrador Inuit were only provided with \$128,000 per year to support the activities of a Community Economic Development Organisation (CEDO). This represents a per capita funding level of only \$33 per year. This compares to \$119 per year for Inuit in the NWT, and per capita levels between \$207 and \$242 for aboriginal groups in Ontario and the western provinces. The explanation for the low funding levels for Labrador Inuit was the Inuit Agreement and the fact that all federal aboriginal economic development financing was delivered through it. It took three years of lobbying at the federal level and the involvement of the Minister of Indian Affairs and Northern Development to address this serious inequity.

The issue of program access and inequity in funding for economic development is an issue shared by Inuit in Nunavut and the Inuvialuit regions. These regions are also seeking clarification from INAC on program access and funding levels vis-a-vis the levels provided to aboriginal groups in southern Canada. Although the consequences of the current situation are particularly severe in the Inuit communities of Labrador, these issues are of concern in all Inuit regions.

The Need for Increased Local Capacity

It is widely recognized among community developers that to manage development successfully requires a basic level of organisational capacity at the community level. The majority of federal aboriginal programming, including the CAED Strategy and formula driven band and tribal council support programs are built upon this principle.

Inuit communities in other regions of the country are also much better positioned to manage their own development. In Cambridge Bay for example, a regional centre with a predominantly Inuit population of approximately 1,100, the budget for the local Hamlet Council is approximately \$2.3 million per year. The majority of this money comes from the Government of the Northwest Territories. Given that the GNWT depends almost entirely on the federal government for its operating budget, the majority of this revenue is federal money.

Cambridge Bay also has a level of infrastructure which, while typical of regional centres in the NWT, is far more developed than the infrastructure in Nain. The airstrip accommodates jet aircraft, all households have access to water and sewer service, and the housing is both more abundant and more suitable to the environment. The annual operating budget of the Hamlet Council also enables it to maintain services properly and plan for future development.

Nain's Town Council budget of under \$600,000 per year is only slightly more than a quarter of the funds available to Cambridge Bay.

The capacity to manage development is largely dependent upon having the resources to build a critical mass of institutions and skilled people who have the resources to develop and implement proactive strategies.

Without adequate capacity it will be very difficult for the Town of Nain to take greater control over its development. The current institutional capacity makes it extremely difficult for the community even to meet its current needs. Without additional resources it is very difficult to see how it could undertake an expanded range of initiatives.

It is equally difficult, however, to see how long term improvements can be accomplished without increased capacity. It takes time, resources, and expertise to gain successful access to a full range of government programs and services, and to devise effective development plans. It takes time and energy to build and maintain consensus around a community vision for development. It takes increased capacity to begin to respond to the growing need for meaningful employment opportunities for community youth who have persevered and achieved educational qualifications suitable for work in the public service.

A secure base of institutional capacity at the community level provides an opportunity to create meaningful jobs at the managerial or professional level. This creates the direct benefit of greatly needed employment income as well as the indirect benefits that will flow from the enhanced skills and expertise that are kept within the local community.

The primary objective of every government agency working in or providing programs and services to the town of Nain should be to identify ways to maximize the contribution these programs and services make to local capacity. This approach would have clear and quantifiable benefits to the local economy, as can be seen by the advantages the Nain economy derives from being a regional centre for Inuit non-governmental organisations. Government has similar responsibilities to direct as much of its resource base as possible to the local level.

The Fishery

Fisheries Act

The current application of the Fisheries Act provides a useful illustration of the negative consequences of lack of local control and the absence of attention given to local capacity building.

Under the current Fisheries Act, fishery resources harvested off the Labrador coast must be processed in plants on the island of Newfoundland. This situation continues despite the collapse of the fishery in Labrador and the under-utilization of processing capacity in Nain.

As discussed earlier, the Labrador Inuit Association and its development subsidiary the Labrador Inuit Development Corporation have been seeking advice on the likelihood of obtaining an exemption to the Fisheries Act.

Given that the fishery in Northern Labrador is as hard hit as other east coast regions, and that local people are as dependent on the fishery for their livelihood, this seems a reasonable request.

Without an exemption it will be increasingly difficult for the local population dependent on the fishery and related processing sector to secure sufficient income to qualify for Unemployment Insurance. Although this should hardly be the criterion for evaluating development, the current situation cannot be ignored. The local fish plant estimates that for every dollar in wages spent in Nain, an additional \$1.50 is levered in the form of Unemployment Insurance payments. In the short term at least this will continue to be the case.

Short Fishing Season

The other critical factor regarding the fishery and its role in the local economy is the length of the fishing season.

The inshore fishery is limited by its short season. This inhibits investment in boats, gear, and shore facilities needed to take advantage of the rich marine resources off the coast. It is a challenge to make a living from a fishing season that lasts only six to ten weeks. Most can only make enough to qualify for UIC to support them through the winter. Unemployment rates in winter are as high as 80% in some communities. The only alternative is welfare.⁸⁷

The economy of the north coast is based primarily on the inshore fishery and on government spending. "The meagre income from both provides neither a stable economic base nor an adequate standard of living."⁸⁸

Lack of support to Small Business Development

From 1987 to 1993 only slightly under \$1 million has gone into the community to support small business development. This is a relatively small amount given the state of the local economy and the contribution to the local economy in the form of employment that the private sector makes.

No doubt this is due in some degree to the current lack of local capacity. It is widely recognized that access to government business assistance programs is directly linked to a capacity to assist clients with the development of business plans and proposal submissions.

Aboriginal Economic Programs of ISTC has acknowledged this through the establishment of its External Delivery Organisation (XDO) arrangements. Under these arrangements aboriginal institutions are contracted to assist clients in obtaining business development funding and launching their business ventures. The Community Economic Development Organisation (CEDO) program within INAC shares similar objectives. The Inuit of Nain do not have access to XDO services, and have only recently received an increase in CEDO resources which will begin to allow them to build capacity in this service area.

As mentioned previously, the Inuit Agreement created serious problems for access by Labrador Inuit to INAC CAEDS funding. Initially the LIDC (the designated CEDO for Labrador Inuit) was funded at an annual per capita rate of only \$33. This compares to an annual per capita rate for other Inuit groups

⁸⁷ *ibid.*

⁸⁸ Hall, F, 1990, 23

of approximately \$120. and a rate approaching \$240. per capita for other aboriginal groups nationally. As a result, LIDC has been unable to implement a service delivery capacity which could assist Labrador Inuit with private business development initiatives.

At the same time there is no evidence that government sponsored initiatives have gone beyond inter-departmental and inter-governmental coordination to the development of a true strategic development plan. The Labrador Aboriginal Economic Development Strategy (LAEDS) is to a large extent a misnomer. At the moment its major objective is to direct clients who come forward with proposals to the appropriate federal or provincial program. While a useful function, a lot more work is required before a true development strategy is put in place.

Information provided to the study indicated that the provincial government was preparing to develop an economic development strategy for northern Labrador, but it would appear that this was largely to be undertaken within government. Once again this falls far short of the type of community based development strategy envisioned in federal policy and supported by aboriginal economic development institutions. Although the expertise that can be provided by government officials is an important component of the planning process, it must be driven by the community; otherwise the community will not develop a sense of ownership over any such plan or strategy.

An aboriginally controlled institutional capacity to provide business development services to Inuit residents of Nain (and other coastal Inuit communities) would also provide a foundation upon which other government agencies could contribute. While individual programs may not have the resources to deploy full-time staff in each community, an Inuit controlled community development institution would provide government with a mechanism for better co-ordinating the use of resources, and the efficient enhancement of capacity.

Access to Capital

As the socio-economic profiles illustrated, income levels are not sufficient to result in the retention of savings within the community. Although income from employment has increased somewhat from 1985 to 1990, we have seen that prices have increased at a much greater rate.

As is the case in other Inuit regions, employment income earners are critical to the extended family's ability to have adequate access to country foods. Without access to country foods, the hardships experienced in Nain would be much more acute.

The harvesting of renewable resources is a productive and viable activity if the income from both commodity and domestic production are compared to the costs of harvesting. However, income in the form of domestic consumption is not realized in cash, and therefore there is a shortage of cash for reinvestment in harvesting which must be made up from the wage and transfer payment sectors. All three areas of the economy are necessary to meet the cash requirements of residents of Nain. Day to day activities do not provide surplus cash for investment in productive capital items such as longliners, and it is almost impossible for the community to get the money necessary to buy productive enterprises like fish plants. It is much easier for large organisations to get the capital they need to invest in large economic activities. The problem lies with governments which view locally organized production of resources for local needs as outdated and inefficient. One solution to this problem of capital lies in the settlement of land claims ⁸⁹.

Once employment income has been used to pay the bills and purchase essential items, and has been invested in the hunting and fishing equipment required to obtain country food, very little if any remains for reinvestment locally.

Financial institutions do not exist locally, a further disincentive for private savings. In addition most banks avoid making commercial loans to small businesses in northern settlements, considering all small scale commercial activity to be high risk. Private businesses on the Labrador coast have similar difficulties getting fixed assets insured, which of course creates additional difficulties in getting commercial financing.

The higher paid professionals in the community tend to be transient and therefore keep their savings elsewhere. The same applies for the businesses which generate revenue from Nain, but are based outside the community.

As a result the community needs access to other sources of capital with which to promote its development. Some of the possible sources of capital, and the barriers to accessing them, are as follows:

- ***Settlement of the LIA land claim***

A final agreement would provide an important source of capital for promoting development. Most importantly the capital from such an agreement would be entirely under the control of Labrador Inuit and would give them the equity to access a range of other sources of capital. Unfortunately, as was mentioned earlier, at the time of the study, negotiations were stalled due to the province's refusal to commit itself to contributing financially to any

⁸⁹ Usher, P. 1981, p.3

settlement.

- ***Lack of Financial institutions***

As mentioned above the absence of a banking facility in Nain, the reluctance of banks to finance northern business ventures, and the difficulty of getting fixed business assets insured are obstacles to individual savings and the effective operation of business.

- ***Enterprise Newfoundland and Labrador***

Enterprise Newfoundland and Labrador provides access to commercial lending through its programs. The use of this program by the residents of Nain has been relatively modest. This is particularly true for individual entrepreneurs.

- ***Aboriginal Capital Corporation: ISTC***

Labrador Inuit do not currently have access to ISTC Aboriginal Economic Program's Aboriginal Capital Corporation, nor do they have access to External Delivery arrangements used by ISTC, where aboriginal institutions are contracted to assist with program delivery for the Aboriginal Business Development Program (ABDP).

The low rate of use of both federal and provincial business development and capital assistance programs perhaps illustrates the need for a business service delivery capacity, as much as the need for greater access to capital. To make appropriate use of capital resources, the client must have a good business plan and the skills to succeed in implementing it. None of the lending programs currently have staff in Nain. An increase in the local capacity to promote and assist with development opportunities will result in an increase demand on the programs now in place.

NEED FOR A COMPREHENSIVE REGIONAL/COMMUNITY DEVELOPMENT STRATEGY

All the critical issues outlined above point to the need for a comprehensive strategy for promoting the development of the local economy of Nain. Obviously some important elements of the strategy will have to be regional in nature, since they involve issues and arrangements which go beyond the bounds of the local economy.

Some important steps toward development of a comprehensive strategy have indeed been taken, including the Dialogue committee, organized by the Town Council, and the Labrador Aboriginal Economic Development Strategy, which fulfils a co-ordinating role among the federal and provincial agencies involved in development.

To be effective however the strategy must go beyond the co-ordination and fine-tuning of existing programs. Rather, the strategy must start from first principles and directly address some of the assumptions and arrangements which underly the current economic development programs: most notably the federal/provincial Inuit Agreement.

The objective of this strategy must be to develop a plan for building a local economic base and decreasing reliance on outside assistance. Unfortunately many current practices and program regimes promote, rather than reduce, dependency.

The settlement of land claims will also have a profound impact on the local economy. However experience has shown that land claim settlements alone, while vitally important, cannot solve all the economic problems faced by a community or region. The future settlement of land claims should by no means be used as a reason for not putting progressive measures in place now. The more prepared a community is, both economically and from a human resource perspective, in advance of a claims settlement, the greater will be its positive effects.

The potential economic benefits of an agreement will be delayed significantly if the initial post-claims period is spent trying to develop the capacity simply to manage the claim itself, at the expense of progress in other areas of development. Given the current level of capacity this is exactly what will occur.

In order to avoid this every opportunity must be taken now to identify programs and responsibilities that can be immediately transferred to regional or local control. It would be a mistake to view land claims as the only mechanism for reducing dependency. A range of opportunities exist, beginning with the Inuit Agreement and including an array of other

government programs, to transfer responsibilities and program delivery from the federal and provincial governments to regional Inuit and local municipal control. A planned and systematic move in this direction will only serve to increase the long term benefits that will accrue from a land claims agreement.

Foremost among these is the ability of a community to articulate a vision for its future, and the development of a specific plan for achieving that vision. A comprehensive community development strategy would help to fulfil that objective. Briefly such a strategy should include arrangements for the following issues:

- a clarification of program and service responsibilities between the federal and provincial governments, and funding arrangements which support these renewed arrangements,
- a plan for using available government resources so as to maximize the direct and indirect benefits at the local level,
- The exercise of control and planning co-ordination at the local level,
- a plan for enhancing economic development service delivery through local and/or Inuit institutions,
- a strategy for matching education and training priorities with actual career opportunities,
- a revision of existing national programs or policies so as to respond to specific regional/community needs,
- a strategy for the future utilization of renewable resources both from the perspective of the domestic economy as well as on a Commercial basis

Evidence would suggest that little attention has been given to a comprehensive re-thinking of programming arrangements. The current thinking still focuses on delivering programs and services to people rather than seeking ways for communities to develop their own solutions, and then integrating them into programs.

The Labrador Aboriginal Economic Development Strategy still requires that clients come to programs rather than the other way around. While the strategy does attempt to avoid the problem of clients going from agency to agency seeking the appropriate program, it does not provide additional client services at the community level; nor does it appear to be pursuing opportunities for transferring delivery to the client group.

The Economic Recovery Commission and its delivery agency Enterprise Newfoundland and Labrador continue to deliver programs in a traditional way, and again do not appear to be pursuing alternative arrangements. As well,

although Enterprise Newfoundland and Labrador has been mandated by government to develop an economic strategy for Labrador, it is not clear that the communities will have a direct and meaningful role in this process.

The points listed above represent some of the issues that could be addressed in a community development strategy. The actual work of developing such a strategy would require the involvement of local groups, the LIA, and the federal and provincial governments. It would also require a willingness to accept the concept of local control and a recognition that new strategies for delivering services can have a positive impact on progress with regard to local development.

Certainly there is nothing new about the concept of local control in decision-making and program delivery. Indeed all current federal policy relating to aboriginal economic development is based upon the principle of local control. It has also been the basis of aboriginal positions on economic development for some time.

This is not to say that the transfer of control to the local level would be free of problems and challenges. The process of building capacity takes time. Federal programs such as CAEDS have demonstrated however that the potential benefits of this approach far outweigh its shortcomings. To minimize these shortcomings it is essential that a strategy which addresses the types of issues outlined above be developed and endorsed by individual communities, the LIA, and the provincial and the federal governments. To be successful however, all partners in the development of such a strategy must truly endorse the principle of local control.

SECTION FIVE: TOWARDS A DEVELOPMENT STRATEGY FOR THE FUTURE

Introduction

The Town of Nain faces a number of significant challenges that must be overcome in order to build the local economy and increase self-sufficiency. Some relate to location and the community's isolation from the external markets on which its economy has been so dependent since the arrival of Europeans in northern Labrador.

Other challenges can be addressed by a rationalization and re-structuring of the government programs and services available to the Town, businesses, and residents of Nain. Newfoundland's entry into Confederation left a number of issues regarding the division of federal and provincial responsibilities for the aboriginal people of the northern Labrador coast unclear.

In this section we will outline some possible components of a future development strategy. The development of a local economic strategy has to be driven from the community level, although a number of issues exist which have regional implications.

Possible Strategy Components

Re-structuring Government Programs and Services

If a local development strategy is to be successfully developed and implemented, it must be supported by a government programming regime which supports rather than hinders the development of solutions to local needs.

The benefit agreements put in place since Confederation do not reflect current federal policy, which promotes partnership and local capacity building. The Inuit Agreement must be fundamentally re-structured if it is to achieve current federal policy and program objectives and increase efficiency in responding to community needs.

The objectives of this re-structuring should include:

- a clear determination of the status of the Town Council of Nain:
 - I.
 - if it is a municipal government it should be provided with direct services by the provincial government, and the Inuit Agreement should be used for its stated objective of providing supplemental services to the Inuit population;
 - if it is an aboriginal government it should be eligible for the federal support programs available to other band councils in the country.
 - based on the clarified status of the Town, the delineation of provincial and federal responsibilities at the community level and the development of appropriate funding mechanisms
 - the identification of a mechanism for directing program resources to the local level
 - program delivery strategies which maximize benefit at the local level through contracting, employment, management capacity, and

decision-making,

- resources allocated within the agreement to facilitate the leverage of other program resources,
- equitable and direct access to federal aboriginal community economic development programs, including those used by Inuit communities north of the 60th parallel.

A major barrier to local economic development is the poor state of Nain's infrastructure. Many of its shortcomings can be directly attributed to the outdated and ineffective approaches to program delivery of the Federal/Provincial Agreement. The resources made available through the Inuit Agreement were to have provided basic water and sewer services, but this objective has been met only in part. Ongoing maintenance difficulties have consumed resources at the expense of other needs.

The Inuit Agreement also undermines long term strategic planning. The Town Council of Nain has expressed its concern over the lack of provision for community-based planning and decision-making, but with little effect. Poorly suited to identifying and addressing community needs, the Agreement appears to be a mechanism for accommodating the provincial government's need to offset the direct costs of providing a basic level of municipal services.

Re-structuring to provide real supplemental services to the Inuit communities of Labrador would generate significant short and long term development benefits. It would increase administrative capacity locally, rather than in the provincial government; it would increase long term jobs and short term employment opportunities, promote proper planning, and provide accountability to community residents, virtually non-existent at present.

The fact that regular evaluations of the agreement have not been done and that the one evaluation begun was not completed would seem to suggest that both the federal and provincial governments recognize the problems with the Agreement but lack the will to confront them.

The development of new and innovative strategies for the delivery of both provincial and federal government programs will provide the foundation for development in the future. Without the support of government programs which are effective, efficient, and driven by local priorities, it is very difficult to envision any dramatic improvements in the Nain economy.

Addressing Infrastructure Requirements

The lack of basic infrastructure, particularly in transportation, seriously limits potential development opportunities. The lack of adequate air service creates problems for residents in general, the business community and potential visitors.

As discussed above, the constant repair of the water and sewer system not only absorbs scarce funds, but also detracts from the community's appearance. Repairs are made during the summer months and the roads seriously deteriorate as a result. The Town Council, as mentioned earlier, is unable to take advantage of other programs for municipal service upgrading, as it lacks the resources for the required proponent contributions.

Many local residents feel tourism is one area which should be more fully developed in the future. To be successful in developing Nain as a tourist destination will first require that some of these infrastructure issues be resolved.

When viewed as a prerequisite to other development opportunities, infrastructure improvement takes on even greater significance. Not only are there the direct benefits of employment and a general improvement of the quality of life, but long term indirect benefits and other opportunities are also made feasible by an improved community infrastructure.

Enhancing Local Control

If the Town of Nain is to be successful in promoting its own development, it must have greater control over decisions which affect it.

People at the local level have the best understanding of community needs and types of solutions most likely to succeed. This is not to suggest that they should operate without advice and expertise that can be provided from federal and provincial government agencies. Rather, it is to propose that the community have a meaningful role in the identification of priorities, and the design and delivery of plans to address them.

The principle of enhanced local control provided through formal mechanisms to support program design and delivery among the three levels of government should be a fundamental principle of any community development strategy.

Priority on Building Local Capacity

A critical element in enhancing local control over decision-making is the building of capacity to manage programs and services. The government agencies operating in Nain contribute significantly to the local economy as employers, and through the capital entering the local economy as a result of their operating expenses.

Increasing program delivering capacity at the local level also means those delivering the programs become closer and more accountable to the clients they serve. In other regions a low demand for business development programs has often been associated with distance from agencies, a lack of developmental services to assist prospective applicants, and little further support to clients who have received program assistance. In aboriginal communities this is often compounded by a lack of understanding of government systems, and language and other cultural differences. Putting these services in place as close to the client group as possible appears to result in greater demand on programs and the establishment of more successful businesses.

As part of the re-structuring of government programs delivering services to the residents of Northern Labrador, it will be necessary to make clear distinctions between resources directed at municipal services and those which are aimed at fulfilling objectives related to aboriginal community economic development needs.

The resources for aboriginal community economic development should be negotiated directly with the Labrador Inuit Association or its affiliates. These resources should be contributing directly to the development and maintenance of a regional Inuit controlled delivery capacity.

Ideally this development process would be enhanced through co-ordination and supportive arrangements with other program delivery agencies.

Planning for Success

Perhaps one of the most important components of a local or regional strategy must be the emphasis on planning for success. Evidence would suggest that to date development has been planned in many instances to achieve objectives other than viability.

The Nain Fish plant for example provides significant amounts of seasonal employment, while consistently losing money. These losses are justified by the fact that every dollar spent on wages results in more than a dollar in income from Unemployment Insurance.

Work becomes a means of acquiring benefits, and unprofitable operations can be justified for the same reason. Given the economic circumstances in Nain, the limited employment opportunities, and the serious personal

hardship that would result from a total rejection of this rationale, it is understandable why this practice continues. At the same time, however, it does not offer lasting solutions.

As well, the system of Unemployment Insurance appears not likely to continue much longer without major reforms. It would be advantageous to the Town and the region to identify new job strategies for local residents. The development of profitable businesses clearly provides a more secure long term alternative.

The example used to illustrate this point (the Nain Fish Plant) also serves to highlight the importance of a program and regulatory environment which addresses local needs, and which supports rather than undermines development. As discussed previously the current Fishery Act is largely responsible for the under-utilization of the plant and its subsequent operating losses. All stakeholders in the future development of the local economy, including government and local interests, have a responsibility to ensure that an environment exists which will support real development and not activities which avoid or mask the real economic challenges.

Linkages to a Regional Inuit Development Strategy

Many of the development issues affecting Nain are linked to the application of aboriginal and other programming at the regional level. Given the importance of these programs in supporting the implementation of a local development plan, it is essential that it be developed in a broad regional context.

Issues relating to the Inuit Agreement and the application of other federal aboriginally-specific programming must be resolved at the regional level.

The Role of Renewable Resources in Future Economic Development

The role of renewable resources in a local development plan must be given serious attention. As the study has shown, Labrador Inuit have experienced many of the difficulties that other aboriginal people have had in maintaining resource harvesting as a viable means of making a living.

Historically the fishery has been the mainstay of the local economy, but it has been seriously damaged by stock depletion in recent years. The sealing industry, once an important source of cash income, has been undermined by animal rights activities in Europe. The commercial caribou harvest, for reasons beyond the control of local people, has been stopped at least temporarily pending court action over construction flaws in the processing plant.

At present renewable resource harvesting accounts for only about 1% of the cash income in Nain. We know, however, that even though it is difficult to put an exact figure on it the imputed, non-cash value of renewable resources used domestically is substantial. The cultural value attributed to the harvesting of renewable resources is also substantial.

Given the current crisis in the fishery and the problems with the caribou processing plant, it will be important for the people of Nain to assess carefully the role they want renewable resources to play in their future development.

Once again initiatives largely out of the control of local residents will likely determine the long term patterns of renewable resource use. Many of these, including future management regimes, will be determined through the land claims process.

In the meantime the planning process offers the chance to identify new opportunities and develop new strategies for supporting this sector. The systems for producing goods for export are largely in place and simply require quality products and continued expansion. At the same time it may be possible to integrate country foods more fully into the local formal economy through increased local market development. There may also be opportunities to look at innovative ways to bridge the formal and the informal economies. One could ask why, for example, social assistance recipients are given cash to buy overpriced, poor quality food in the store when superior food is available locally. Collaboration between social services and producers might lead to solutions having both health and economic benefits. Perhaps a system of 'country food stamps' should be investigated.

Whatever the outcomes or priorities established for the renewable resource sector it is crucial that local people be given the opportunity to articulate thoroughly and clearly their views on future developments in this area.

Next Steps toward a Local Development Strategy

The Town of Nain has taken some important steps to begin the formulation of a local development strategy through its Dialogue Committee. This committee must move beyond the initial research and information gathering it was doing at the time of the study to establish priorities, identify opportunities, and develop detailed plans for implementing achievable initiatives.

The Town of Nain can not succeed on its own however. As has been stated, the federal and provincial governments, the other Inuit communities along the Labrador coast, and the LIA all have a role to play.

As a first step in creating an environment conducive to successful

development, the LIA should undertake a proactive strategy to negotiate a radical overhaul of the Inuit Agreement. These negotiations should strive clearly to delineate provincial versus federal responsibilities. It should also seek to achieve equity with other aboriginal groups in terms of access to federal aboriginal economic development programming.

Both levels of government—but particularly the federal government—should take seriously their responsibility to resolve these issues. Their responsibility is both moral and fiscal. The failure to provide a policy, program, and regulatory environment which promotes rather than hinders development is morally reprehensible in that it only serves to prolong the economic hardships and lost opportunities of the residents of Nain. It would be fiscally reprehensible in that it would continue to promote the inefficient and ineffective use of ever dwindling financial resources.

APPENDIX

CHILD CARE IN NAIN

Nain has a very young population. According to the 1991 census 58 % are under 24 years of age and of these 27.4 % are less than four years old.

As the traditional economy based on hunting and fishing has given way to one based on wages of fish plant workers, office administrators and clerks for regional government offices and community based organisations family roles have changed. No longer does the man go out hunting or fishing while the woman stays home to look after the children; instead, both work or seek work outside the home. Organized child care has become necessary.

In response to this the Nain Women's Group established the Paivitsiak Daycare Centre in July 1982. The bilingual centre, whose name means 'a good place for children to be' received financial support from the federal government and technical support from Mount Saint Vincent University in Halifax. Paivitsiak shares a building with the Nain Women's Group, and both groups share its operating cost.

While the centre originally employed six people, lack of funding forced a reduction to three. Staff fulfil different roles as required: child care provider, cook, janitor, or supervisor. The centre operates from 8:30 a.m. to 4:30 p.m. Monday to Friday.

Paivitsiak operates under the direction of a seven member board, referred to as the Advisory Board, which draws its representatives from the Nain Women's Group: a public health nurse, a social worker, the Paivitsiak supervisor, and two community representatives. At least one member of the Advisory Board must be a parent who has a child enrolled in the centre. The Board has developed a policy manual for the centre.

According to this manual the Board acts as a liaison between the Paivitsiak staff and the Nain Women's Group. It has the authority to set policies regarding the staffing and operation of the centre and can help resolve problems. If the Advisory Board cannot settle a conflict, such as an employee's grievance or a parent's complaint, then it is referred to the Nain

Women's Group, which has final authority in all matters affecting the centre.

With 15 children registered, the centre has a student to teacher ratio of five to one, very acceptable for a licensed child care centre. The Board would like to be able to accommodate 25 children. There is no doubt of the demand; according to the statistics mentioned above, Nain has 170 children under the age of 4. In order to achieve this objective the present building would have to be enlarged or replaced by a larger one. A special licence would also be needed.

Funds for expansion or replacement are not available; yet without expansion it would be extremely difficult for the centre to obtain the required licence.

Along with the problem of limited financial resources, the Board has to deal with finding appropriately qualified teachers. The present standards are higher than those originally set in 1982; anyone employed at Paivitsiak must have grade twelve and two years experience working in a child care centre. The latter requirement is difficult to achieve, especially since the centre now only employs three people. Because limited funds prevent the centre from expanding and increasing its services, and also because of the remoteness of Nain, there is no place for people to gain the experience required to work there.

The Board must also contend with the attitude among some community members that Paivitsiak is just a baby-sitting service; others, though, consider it a pre-school where children are involved in activities that help them develop as individuals who will eventually become productive members of society.

The daily rate for child care at the centre is \$28.45. This rate is high for those making a modest wage, especially fish plant workers, who barely get enough work to qualify for Unemployment Insurance. According to the Provincial Department of Fisheries 74 people were hired during the plant's 1993 operation, yet only 14 worked long enough to qualify for U.I.C.

Costs for most of the children registered are covered by the Department of Social Services, and the balance come from families who can afford to pay the fees. Unfortunately, most people who work or would like to work cannot afford to pay, and have to rely on their extended families for child care. This sometimes causes family problems, as family members are not always available; and then the parent has to take time off work, which in turn reduces the amount of money brought into the household.

The whole issue of child care, including effective parenting, family values, parental responsibilities, and child discipline, has been subjected to a considerable amount of debate. It has been an ongoing concern of the Department of Social Services Child Welfare Committee and the Labrador Inuit Health Committee, and has been discussed at the Community Leaders Dialogue forum.

This Dialogue committee has representatives from all the various committees and organisations who have anything to do with people's lives in Nain: the Town Council, the R.C.M.P, the Jens Haven Memorial School Committee, the Department of Social Services, the Community Elders, the Labrador Inuit Association, the Nain Women's Group, the Moravian Church, Labrador Legal Services, Saputjigajet, Angajorkaukatiget, Torngasok Cultural Centre, the Labrador Inuit Health Commission, Nain Recreation Commission, etc. This forum has recommended that the Department of Social Services Child Welfare Committee (D.S.S.C.W.C) take an active role in trying to address the issue.

The D.S.S.C.W.C. has suggested that child care be dealt with by a larger committee comprised of representatives from D.S.O.S., teachers, the Chapel Services, the L.I.H.C., and the Nain Women's Group. It was suggested that this group would also be responsible for looking at other issues such as child abuse and neglect, etc.

The Dialogue Committee believes that providing support and encouragement to children will enable them to develop confidence in themselves and others. This is the whole philosophy behind daycare; with this in mind, the following action is recommended:

- financial resources should be made available to enlarge the centre either through an expansion of the present building or construction of a new one in order to accommodate up to 25 children.
- once the facility has been enlarged a special license should be granted permitting accommodation of the additional children.
- a subsidy should be forthcoming from government to help defray the cost of operating the centre.
- the minimum qualification of two years experience should be reduced and a training program should continue for child care workers in Nain to offset this change.
- an awareness program should be developed to communicate the philosophy, objectives, and nature of the programs offered at the centre to the residents of Nain.
- as part of the programming at the centre, provisions should be made to involve the parents more through activities such as telling stories and playing games, especially those which communicate traditional ways.
- a child care strategy should be developed incorporating not only the services offered at the centre but including programs such as effective parenting, family support, and family violence prevention. This strategy should have representatives from the Paivitsiak Daycare Centre, the Nain Women's Group, the Department of Social Services, the Labrador Inuit Health Commission, etc.

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