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Chaire de recherche du Canada sur la condition autochtone comparée

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## **Social and Economic Situation of Nunavik and the Future of the State**

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# **SOCIAL AND ECONOMIC SITUATION OF NUNAVIK AND THE FUTURE OF THE STATE**

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**Paper presented at the Regional Forum on Quebec's Future, Kuujuaq, June 17<sup>th</sup>, 2004.**

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## INTRODUCTION

Currently, the role of the State is being discussed widely in Québec. Faced with challenges such as ever-increasing healthcare needs and costs, the government is asking citizens to choose from among various possible re-engineering scenarios, including the cessation or privatization of services.

This document concisely examines certain aspects of the demographic, social and economic situation of Nunavik. It is based on recent public statistics, as well as a series of projects conducted in the region over the last 20 years.

It identifies the fundamental aspects that differentiate the situation of the most northerly region of Québec from that of the rest of the province: a rapidly growing population, personal incomes that are lower for larger families in a context of high consumer prices, as well as prolonged underdevelopment of health, education and housing. It also illustrates the State's unique role in regional economies.

On these grounds, this document proposes that any desire to reform public services be approached with extreme care.

## POPULATION

Nunavik's population possesses characteristics that are very different from those of the population of Québec in general. Nunavik has a very young population; the number of children under 15 years old is, proportionally, two times higher in Nunavik when compared with Québec as a whole. This situation can be explained in part by a birth rate that is two times higher. On the other hand, average life expectancy is lower in Nunavik with the proportion of elderly people being four times less.

These phenomena contribute to two key elements which help us to understand the current situation in Nunavik and the region's future. They will be examined further, below. First, Nunavik's population is growing at a rate that is six times higher than the rate for Québec. Secondly, in Nunavik those of working age support a higher number of dependants. Regardless of family type (married couples, single-parent, etc.),

families in Nunavik are on average larger than families elsewhere in Québec.

These differences not only characterize the comparison between Nunavik and the whole of Québec, they also hold true when comparing Nunavik with the other remote regions of Québec, although the differences are less pronounced.

## ECONOMY

Nunavik's economy is highly influenced by government. In fact, government operations are the most important industry in the region. These operations alone represent more than 50% of the region's domestic product, while they represent only 7% of Québec's domestic product.

A large number of Nunavik residents are part of the labour market. The proportion of Nunavik residents included in the working population is higher than for Québec (due to the region's demographic structure which comprises fewer individuals aged 65 and older), but they are less employed.

Notwithstanding, Nunavik residents make their living through remunerative work. Wages make up a higher proportion of total family income in Nunavik as compared to all of Québec. Contrary to preconceived notions, transfer payments are a smaller part of total family income in Nunavik than Québec as a whole. Consequently, while government is very important in Nunavik, it is less because the government supports families through transfer payments than because government administration is a major regional employer. In addition, transfers to individuals respond poorly to the distinctive characteristics of Nunavik, as was established during the work of the Nunavik Commission. The indexation of benefits, when it exists, does not take into account differences in the cost of living (discussed below); social assistance criteria penalize families that have no alternative but to live in multiple-family households as a result of the housing shortage, and so on and so forth.

Everything being considered, the residents of Nunavik earn less than other Québécois. All documented indicators support this conclusion. The median income of individuals aged 15 and older, the average income of

all those who have earnings, as well as the median family income are all lower in Nunavik as compared to Québec as a whole. Only one indicator provides a different result, although even it does not contradict those already mentioned. The median income of households comprising two or more people is equal to the value for Québec. This equal result is however artificial since, as seen above, households are larger in Nunavik. This means that more individuals are supported on smaller personal incomes.

These differences in income are not only true when comparing Nunavik to Québec, they remain true when comparing Nunavik with Canada's three northern territories. The level of personal income per capita in Nunavik is lower than levels in the Northwest Territories and the Yukon. The Nunavik level is also lower than that of Nunavut, though the difference is relatively small.

On top of this disparity are significant differences in consumer prices. In Nunavik, food, gasoline, vehicles, hunting and fishing equipment, not to mention home and personal care products, are more expensive than elsewhere in Québec. The day-to-day expenses of home owners in Nunavik are also higher than those of home owners in other parts of the province. Only low-rental housing and mechanical repairs are cheaper in Nunavik.

In summary, despite their efforts to earn a living, Nunavik residents earn less money, must support larger families, and pay higher prices for consumer products. These are additional key elements which help us to understand the current situation in Nunavik and the region's future.

## **PUBLIC SERVICES**

In Nunavik, the delivery of public services is a major part of the economy since, as already mentioned, these services generate a large number of jobs.

In Nunavik, per capita healthcare costs are on average higher than elsewhere in Québec. This result continues to hold true even when comparing Nunavik to all the other remote regions of the province. The cost of public healthcare is highest in Nunavik. Furthermore, the number of hospital beds per capita is higher in Nunavik than in the rest of Québec. Roughly speaking, the same can be said about education costs. In Nunavik, per

capita education expenses are on average higher than elsewhere in Québec, including other remote regions of the province.

The higher costs are an indication that the services delivered in Nunavik differ, in certain cases, with those delivered in other remote regions of the province. In fact, there are two hospitals in Nunavik and a nursing station in each community. The situations of the Algonquin or the communities of the Lower North Shore are very different since these groups do not possess as many facilities. Higher healthcare costs are also an indication that the delivery of services in Nunavik is more expensive than elsewhere in Québec. Nunavik's isolation from Québec's road network, its geographic remoteness as well as its arctic and sub-arctic climate result in additional costs with respect to labour, transportation, heating and maintenance, in each of the fields of healthcare, education and social housing.

These higher costs do not however mean that levels of health, education and social housing are better in Nunavik than elsewhere. For example, the rate of hospitalization in Nunavik is higher than in other remote regions of Québec, as are all the usual causes of hospitalization (respiratory and digestive problems, pregnancy complications, childbirth and follow-up, accidents, poisoning and injuries). For its part, the level of education in Nunavik is lower when compared with Québec as a whole. In Nunavik, 53% of the population between the ages of 20 and 34 do not have a secondary school diploma, while this level is only 16% for the province. Although social housing is less expensive in Nunavik, dwellings are overcrowded, and the region can not fall back on a private housing market to relieve this shortage.

In brief, even though the costs of public services are on average greater in Nunavik than Québec, these costs fail to raise the standard of living in the region. This is the last key element needed to fuel discussion on the future of public services in Nunavik.

## **CONCLUSION**

The description provided above has made it possible to identify four key elements which may be useful to evaluate the pertinence of scenarios that propose altered roles for the State.



First, rapid population growth in Nunavik suggests that the need for public services will likely increase in coming years. Numerous births, as well as childcare and educational needs, will place ever more pressure on public services. Though currently limited by the housing shortage, more and more families and households will be formed, creating even more demand –already heavy and inadequate– for social housing. The pursuit of an improved standard of living should also produce a longer average life expectancy and create a need for adapted residential facilities for the elderly, as well as long-term healthcare services and old age security benefits. Quite obviously, these factors run counter to a vision of the State that includes a rethinking of its involvement in public services or a reduction in their scope and diversity. But how is it possible to fund these services that, in Nunavik, must not only be maintained but expanded significantly in the near future? Is the population in a position to contribute more? This solution appears extremely unlikely, as explained below.

The second key element identified above was the size of families in Nunavik; on average, these families are more numerous than elsewhere in Québec and they comprise more dependants. It was also illustrated above –third key element– that despite their efforts to make a living, Nunavik residents earn less, must support more people and are forced to pay higher consumer prices. These phenomena show that any increase demanded of citizens in Nunavik to cover public service funding is but wishful thinking. The economic situation of Nunavik residents is less privileged, and the hypothesis can be made that in this context they would find it more difficult to make ends meet compared with an average Québec household, which itself is burdened by a debt load that has reached historic levels.

As well, the incomes of workers in Nunavik are drawn, in large part, from the administration of public services. Any cut in public administration, whether in scope or diversity, that resulted in job losses would have a proportional impact on the region and shake its economic structure. In addition, with a large number of individuals arriving every year on the job market, Nunavik has an urgent and growing need for new jobs.

Fourthly and finally, it was shown above that even though the cost of public services is on average higher

in Nunavik than in Québec, these costs have failed to raise the standard of living in the region. As a result, not only should public services not be cut, they must be maintained in accordance with the government commitments contained in the *James Bay and Northern Québec Agreement*. Any policy with a contrary goal could have a disastrous impact on Nunavik, and must be balanced by great care given the context of the region.

But how, then, are we to maintain these services which we can no longer afford? In Nunavik, two answers may be proposed. The first possible answer lies in the separation of government jurisdictions within the constitutional context of Canada and Québec. Under the *James Bay and Northern Québec Agreement*, Hydro-Québec was able to develop 25% of its total output in the territory of the James Bay. Yet the profits that these operations have generated for Hydro-Québec –the region’s hydro-electric royalties, in short– have been appropriated by the Québec government. Alone, these royalties equal a very large portion of the cost of public services in Nunavik. In other words, if Nunavik possessed the constitutional jurisdiction, or if hydro-electric royalties were transferred in another manner, the present discussion would be quite different in tone. Over the last few decades, the revenue generated by petroleum development in Alaska has allowed the North Slope Borough to fund the construction and operation of that community’s public service infrastructure. At the time of the negotiation of the *James Bay and Northern Québec Agreement*, this type of arrangement was not considered; only recently has Hydro-Québec begun to negotiate with local communities where it plans to construct new facilities.

The second possible answer to the question of public service funding relates to the fundamental purpose of the State. If it is still held that the State’s mission is to ease disparities between citizens and groups, Québec is duty-bound to provide support to Nunavik and equally to the other remote regions of the province, which in certain respects are much worse off than Nunavik. A policy that proposes the withdrawal of the State will contribute to increasing disparities and, ultimately, it will foster migratory trends towards large urban centres at the expense of the regions. Surely, this can not be the message that the regions, Nunavik included, wish to communicate to the Québec government during the consultations on the future of the State.



**Table 1**  
**Demographic Indicators**  
**Nunavik, Québec**  
**2001**

	<b>Nunavik</b>	<b>Québec</b>
Population (N)	9 630	7 237 480
Youth Rate (0-14 years of age / total population)	0,39	0,18
Elders Rate (65 years and over / total population)	0,03	0,13
Dependancy Rate (0-14 years of age + 65 years and over / 15-64 years of age)	0,71	0,45
Birth Rate (/ 000) *	18,1	9,8
Life Expectancy **	65,7	79,21
Population Growth Rate (% Growth since 5 years)	10,5	1,4
Aboriginal Population (N)	8 755	79 400
Aboriginal Rate (Aboriginal Population / Total Population)	0,91	0,01

**Sources:**

Statistics Canada

Institut de la statistique du Québec

Nunavik Regional Board of Health and Social Services

**Notes:**

\* Birth rate 2001-2002

\*\* The calculation used for Nunavik life expectancy is not mentioned



**Table 2**  
**Households Composition Indicators**  
**Nunavik, Québec**  
**2001**

	<b>Nunavik</b>	<b>Québec</b>
<b>Total number of families</b>	2 165	2 019 555
Number of married-couple families	895	1 175 440
Average number of persons in married-couple families	5,0	3,1
Number of common-law couple families	500	508 520
Average number of persons in common-law-couple families	3,9	2,9
Number of lone-parent families	765	335 595
Average number of persons in lone-parent families	3,0	2,5
Number of female lone-parent families	545	267 565
Average number of persons in female lone-parent families	3,1	2,5
Number of male lone-parent families	220	68 025
Average number of persons in male lone-parent families	2,9	2,4

**Source: Statistics Canada**



**Table 3**  
**Active Population**  
**Nunavik, Québec**  
**2001**

	<b>Nunavik</b>	<b>Québec</b>
<b>Labour Force Indicators</b>		
Participation rate	66,2	64,2
Employment rate	56,6	58,9
Unemployment rate	14,4	8,2

**Source: Statistics Canada**



**Table 4**  
**Incomes and Cost of Living**  
**Nunavik, Québec**  
**2001**

	<b>Nunavik</b>	<b>Québec</b>
<b>Income</b>		
Persons 15 years of age and over with income	5 420	5 506 245
Median total income of persons 15 years of age and over (\$)	16 926	20 665
Composition of total income (100%)	100	100
Earnings - % of income	81,4	75,1
Government transfers - % of income	17,0	13,9
Other money - % of income	1,6	11,0
Median family income (\$) - All census families	39 328	50 242
Median family income (\$) - Couple families	50 336	54 938
Median family income (\$) - Lone-parent families	22 421	30 718
Median household income (\$) - All households	47 840	40 468
Median household income (\$) - One-person households	35 552	19 465
Median household income (\$) - Two-or-more-persons households	51 072	51 152
<b>Earnings</b>		
All persons with earnings (counts)	4 265	3 815 265
Average earnings (all persons with earnings (\$))	24 008	29 385
Worked full year, full time (counts)	1 695	1 997 110
Average earnings (worked full year, full time (\$))	37 408	39 217
<b>Cost of living</b>		
Differential price index for food	1,69	1,00
Differential price index for housing (tenants on social assistance)	0,32	1,00
Differential price index for housing (other tenants)	0,48	1,00
Differential price index for corporate housing	0,40	1,00
Differential price index for home owners	1,05	1,00

**Sources:**

**Sources: Statistics Canada**

**Sources: Duhaime, Gérard et al. *Nunavik Comparative Price Index*, GÉTIC, Université Laval, June 2000, 74 p.**



**Table 5**  
**Health Services Indicators**  
**Nunavik, Québec**  
**2004**

	<b>Nunavik</b>	<b>Québec</b>
Public spending health (\$)	57 200 378	17 197 912 000
Public spending health per capita (\$)	5 940	2 376
General and specialised beds <sup>a</sup>	5,6	2,8
Residential and long-term care beds <sup>b</sup>	1,9	6,5
Internal places available in youth centers	2,2	0,5

**Sources:**

Comptes publics 2001-2202, volume 2, Gouvernement du Québec  
Déboursés, aides et dépenses destinés aux Autochtones pour l'année 2001-2002, Secrétariat aux Affaires autochtones,  
Gouvernement du Québec

Institut de la statistique du Québec

**Notes:**

- a. Including psychiatry, lodging and neonatology
- b. Physical and psychiatric, permanent and temporary



**Table 6**  
**Education Services Indicators**  
**Nunavik, Québec**  
**2001**

	<b>Nunavik</b>	<b>Québec</b>
Public spending education <sup>a</sup>	51 038 739	10 548 673 000
Public spending education per capita	5 300	1 458
Public spending education per compulsory school age population	20 622	11 518
Public spending daycare	9 492 426	1 012 952 000
Public spending daycare per capita	986	140
Public spending daycare per child ( 0-4 years of age)	7 445	2 696
Compulsory school age population *	2 475	915 810
Total population 15 years and over attending school full time	705	700 425
Total population 15 years and over attending school full time in % of 15 years and over population	12,0	11,8
% of the population aged 20-34 with less than a high school graduation certificate	52,8	16,0
% of the population aged 35-44 with less than a high school graduation certificate	53,7	20,7
% of the population aged 45-64 with less than a high school graduation certificate	56,9	31,1

**Sources:**

Comptes publics 2001-2002, volume 2, Gouvernement du Québec  
Déboursés, aides et dépenses destinés aux Autochtones pour l'année 2001-2002, Secrétariat aux Affaires autochtones,  
Gouvernement du Québec

Statistics Canada

Kativik Regional School Board

**Notes:**

a. Quebec spendings less federal contribution. Total Quebec spendings: 68 509 4765\$; of which federal contribution : 17 470 737\$.

\* Compulsory school age population is here considered as 5 to 14 years old



**Table 7**  
**Housing Services Indicators**  
**Nunavik, Québec**  
**2001**

	<b>Nunavik</b>	<b>Québec</b>
Total number of dwellings	2 270	2 978 110
Number of owned dwellings	60	1 724 465
Number of rented dwellings	2 205	1 249 455
Number of dwellings constructed before 1991	1 600	2 630 670
Number of dwellings constructed between 1991 and 2001	665	347 440
Average value of dwelling (\$)	199 794	110 668
Total private dwellings	2 485	3 230 196
Average gross monthly payments for rented dwellings (\$)	255	529
Average monthly payments for owner-occupied dwellings (\$)	1 295	706

**Source: Statistics Canada**



