



# THE FUTURE OF NORTHERN AND ARCTIC CANADA



FEDERATION  
OF CANADIAN  
MUNICIPALITIES

FÉDÉRATION  
CANADIENNE DES  
MUNICIPALITÉS

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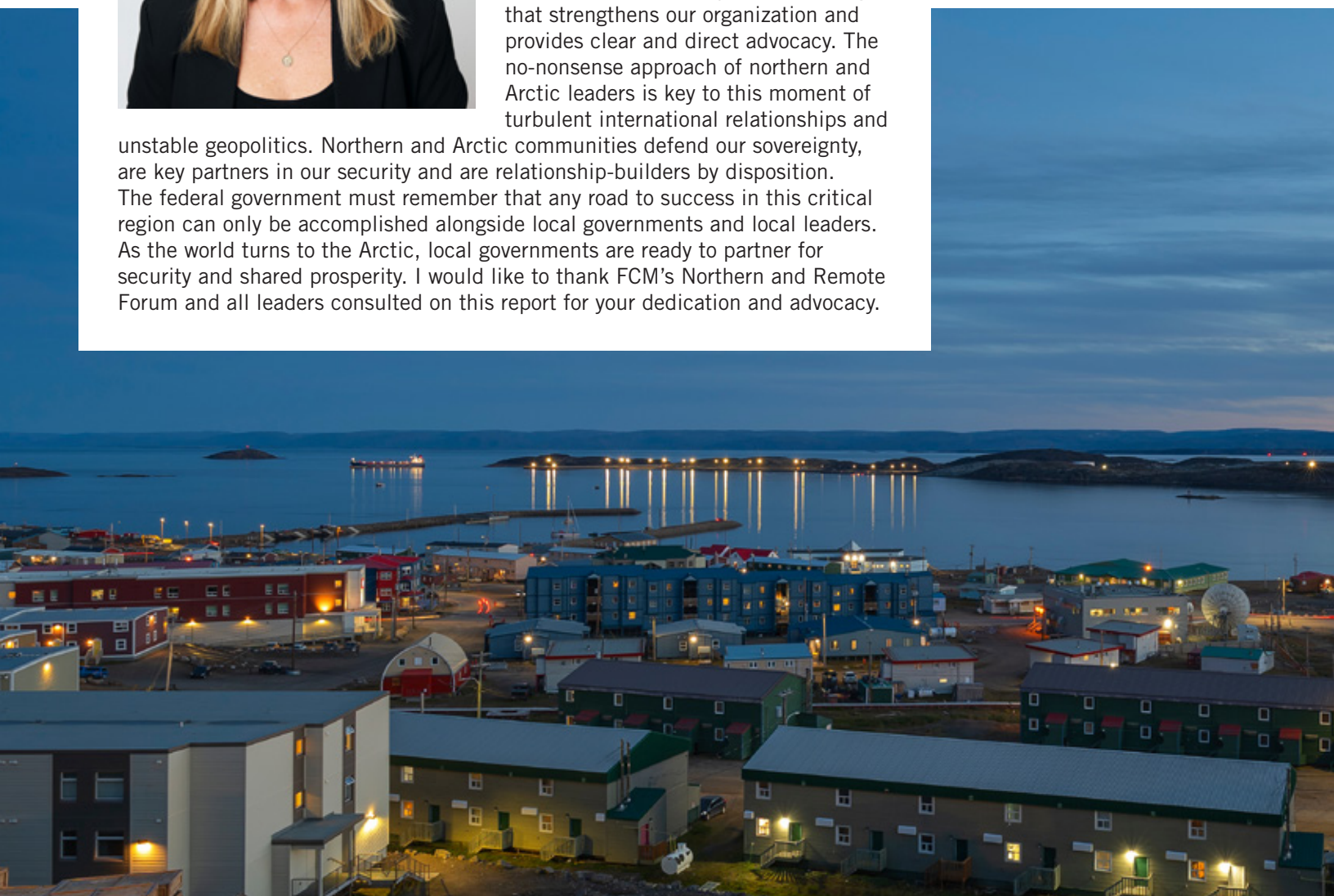


**Rebecca Bligh, Councillor, City of Vancouver,  
and President of FCM**



It has been an honour to engage with and learn from colleagues across the North and Arctic, including the Yukon, the Northwest Territories, and Nunavut, across Inuit Nunangat and in the northern regions of the provinces. FCM's diverse northern and Arctic membership represent their communities with focus, dedication and problem-solving that strengthens our organization and provides clear and direct advocacy. The no-nonsense approach of northern and Arctic leaders is key to this moment of turbulent international relationships and

unstable geopolitics. Northern and Arctic communities defend our sovereignty, are key partners in our security and are relationship-builders by disposition. The federal government must remember that any road to success in this critical region can only be accomplished alongside local governments and local leaders. As the world turns to the Arctic, local governments are ready to partner for security and shared prosperity. I would like to thank FCM's Northern and Remote Forum and all leaders consulted on this report for your dedication and advocacy.



## Carole Saab, Chief Executive Officer of FCM



Northern and Arctic Canada is central to Canada's national strength and sovereignty. Across this vast and strategically vital region, local governments sustain communities in environments that demand resilience, ingenuity and long-term commitment. They deliver essential services, maintain critical infrastructure and enable economic activity. In doing so, they secure Canada's presence and project stability in a region of growing global consequence. As the national voice of local governments,

FCM is committed to ensuring northern and Arctic communities have the infrastructure, resources and connectivity required to thrive. Governing in the North and Arctic carries costs and complexities that exceed traditional policy frameworks and funding models. Canada's national objectives in the region, including economic development, climate adaptation and defence readiness, depend on local governments being fully equipped partners. This report outlines the most pressing challenges facing local governments across the territories and provincial norths and presents a clear and achievable path forward. Informed extensively by local elected leaders and staff, *The Future of Northern and Arctic Canada* identifies structural barriers to well-being and prosperity and advances practical, grounded solutions. Local leaders are clear. Strong communities are the foundation of Canada's sovereignty and long-term security. FCM is calling for a cohesive federal strategy for northern and Arctic local governments that strengthens well-being, unlocks economic opportunity and reinforces Canada's position in a rapidly evolving geopolitical landscape.



# TABLE OF CONTENTS

<b>Acknowledgements</b> .....	<b>2</b>	<b>SECTION 2—INFRASTRUCTURE AND TRANSPORTATION</b> .....	<b>22</b>
<b>Forewords</b> .....	<b>3</b>	Issue.....	22
Solomon Awa, Mayor of Iqaluit, President of the Nunavut Association of Municipalities and Chair of FCM’s Northern and Remote Forum.....	3	State of Affairs.....	24
Rebecca Bligh, Councillor, City of Vancouver, and President of FCM .....	4	Transportation infrastructure.....	24
Carole Saab, Chief Executive Officer of FCM .....	5	Local infrastructure.....	27
<b>Executive Summary</b> .....	<b>7</b>	Infrastructure partnerships with First Nations and Métis governments.....	29
<b>VISION</b> .....	<b>8</b>	Solutions.....	31
Thriving and prosperous communities .....	8	<b>SECTION 3 – CLIMATE CHANGE AND ENVIRONMENT</b> .....	<b>33</b>
Local governments as partners in security and sovereignty .....	8	Issue.....	33
Reconciliation and Indigenous partnerships.....	8	State of Affairs.....	34
<b>Introduction</b> .....	<b>9</b>	Energy.....	34
<b>Background</b> .....	<b>10</b>	Emergency Management.....	36
Territorial governments .....	10	Climate change.....	39
Yukon .....	10	Solutions.....	42
Northwest Territories.....	10	<b>SECTION 4 – SOVEREIGNTY AND SECURITY</b> .....	<b>44</b>
Nunavut .....	11	Issue.....	44
Provincial norths.....	11	What not to do.....	45
<b>SECTION 1 – SOCIAL WELL-BEING</b> .....	<b>12</b>	What to do .....	45
Issue.....	12	Making local vision a reality.....	46
State of Affairs.....	13	Reinforce sovereignty by investing in local governments.....	46
Housing and homelessness.....	13	Strengthening security in partnership with local governments.....	47
Health, well-being and public safety.....	16	Solutions.....	50
Digital connectivity.....	18	<b>Provincial Norths</b> .....	<b>51</b>
Solutions.....	20	<b>CONCLUSION</b> .....	<b>52</b>
<b>Housing and homelessness</b> .....	<b>20</b>	<b>BIBLIOGRAPHY</b> .....	<b>53</b>
<b>Food security</b> .....	<b>21</b>		

# EXECUTIVE SUMMARY



## CANADA'S SOVEREIGNTY DEPENDS ON LOCAL GOVERNMENTS IN THE NORTH AND ARCTIC.

### Local governments are partners in Canada's security and require federal partnership for shared prosperity.

Northern and Arctic communities are known for their strength and resilience. Now more than ever, local leaders in Canada's North are ready to help confront geopolitical tensions, climate change and infrastructural challenges head-on.

Local leaders have a vision for a thriving, sovereign, secure North and Arctic, and, therefore, a thriving Canada. It is a vision of housing, roads, airports and water and wastewater services that enables rather than limits. A vision in which leaders can focus on big, strategic issues because they have the tools to deliver quality services, infrastructure and well-being for their communities.

The core message of this vision is that municipal capacity is a sovereignty issue. Sovereignty can only be protected when communities are thriving, healthy and prosperous. Local governments are critical to the success of that vision by providing foundational infrastructure and services.

In other words, if the federal government focuses its efforts to boost sovereignty exclusively on military spending, it is missing the big picture. Thriving communities are the foundation of sovereignty – and with billions flowing to the North and Arctic

for dual-use infrastructure and economic development, the right approach means that communities of all sizes will benefit. This report articulates that approach in the voice of northerners.

Local leaders want a cohesive strategy for local governments in the North and Arctic that will support well-being, unlock economic opportunity and defend our sovereignty. They have a vision of sustainable economic growth that powers community prosperity, where residents are healthy and appropriately housed and where climate resilience guarantees ways of life for generations to come. This partnership with the federal government would help protect Canada and project strength on the world stage.

Perspectives from mayors, councillors, Indigenous governments and local staff informed *The Future of Northern and Arctic Canada*. Local perspectives were gathered via multiple consultations with elected leaders and staff members, with the input of FCM's Northern and Remote Forum. Local officials from the Yukon, the Northwest Territories, Nunavut, Nunatsiavut (Labrador), Nunavik (Quebec), Ontario, Manitoba, Saskatchewan, Alberta and British Columbia were consulted for this report, with a strong focus on the territories. Recognizing the diversity of these regions, this report braids local insights and outlines a vision for leadership on the most pressing issues today.

# VISION



## Thriving and prosperous communities

Northern and Arctic local leaders envision a North ready to defend Canadian sovereignty. In this vision, communities are thriving, healthy, have access to services and the capacity to take advantage of economic opportunities. For too many northern and Arctic community members, consistent access to basic services including housing, health care, food and water, transportation infrastructure and broadband and cellular connectivity is limited or non-existent. Due to these factors, economic development is slow, leaving significant potential unrealized. Northern and Arctic leaders envision a strong partnership between local and federal governments to enable the investments necessary to put this foundation into place.

## Local governments as partners in security and sovereignty

Local leaders know their communities are critical to northern and Arctic sovereignty. Local governments provide crucial local services and infrastructure, provide a foundational presence in the North and Arctic and will be critical connections to new and upgraded military installations. They envision a local-federal partnership in which local government infrastructure and services are seen as defence-enabling. Local infrastructure used by community members – including water and wastewater, recreation facilities, roads

and bridges – is the same infrastructure that will be used in the defence of Canada's northern and Arctic sovereignty. However, current infrastructure is either in a poor state of repair or unable to support a rapid expansion of residents. Northern and Arctic leaders are seeking a win-win, with local infrastructure expanded for residents and strengthened to defend Canada's North and Arctic.

## Reconciliation and Indigenous partnerships

Partnership with Indigenous Peoples is at the core of local leaders' vision for the future in the North and Arctic. Local governments in the North and Arctic have long been leaders in supporting Reconciliation and shared prosperity. A significant number of modern treaties signed since 1975 have centred on the North and Arctic, with local and Indigenous governments in the region often represented by the same associations and sharing a significant amount of infrastructure. These local leaders have a shared vision which includes First Nations, Métis and Inuit government leadership in infrastructure and service development decisions. Local leaders are also clear that Indigenous Peoples must be at the forefront of northern and Arctic defence. They have outlined a clear vision of partnership and shared prosperity between local governments, First Nations, Métis and Inuit.

# INTRODUCTION



The saying goes that people in the North know how to get things done. Northerners identify a problem and tackle it head on. The determination, strength, and vision of those who lead local governments in Canada's North is a critical element in a world of growing uncertainty – and one the federal government should lean on as it builds a path forward for the North and Arctic. Local governments, their leaders and the communities they serve already know the solutions. They simply need a reliable partner to realize them.

Canada's three territories account for nearly 40 percent of our country's land yet only 0.3 percent of the population.<sup>1</sup> Local governments in the North and Arctic have always punched above their weight and strengthened Canada's sovereignty. Despite limited tax bases and the high cost of living, northern and Arctic communities are leading on sustainable development, climate resilience, nation-building projects and Reconciliation with Indigenous peoples.

However, in a changing world, major challenges require strong federal partnership to solve. Local governments in the North and Arctic are being called

to confront issues that Canada's outdated municipal fiscal model can't support, including housing shortages, aging infrastructure, climate disasters and foreign threats. In addressing these issues and collaborating with northern and Arctic communities, all Canadians stand to benefit.

Local governments can only deliver on this vision if capacity keeps pace with investment. In many northern and Arctic communities, the binding constraint is not willingness—it is staffing, housing for staff, technical support and program design that assumes southern administrative capacity. Local governments can only deliver on this vision if capacity keeps pace with investment. Successful federal partnership means investing in municipal capacity alongside capital projects and designing programs that align with community realities.

Now is the time to outline a new federal partnership with local governments in the North and Arctic and build a model in which communities thrive, prosper and better defend Canada's sovereignty. Local infrastructure is defence-enabling infrastructure. Local capacity is national capacity.

# BACKGROUND



*“Life is not simple in northern Canada. There is a whole, complex weave of networks, community by community, territory by territory, region by region. It’s all different, and we can’t suggest that what works for one place will work for another. Complexity found throughout the North must be understood.”*

^ Kirk Cameron, Mayor, City of Whitehorse, the Yukon

## Territorial governments

The three territories in Canada have distinct governance structures and different relationships to local governments and the federal government. Territories are created by statutes of Parliament and are therefore not constitutional entities. Consequently, the federal government has broader jurisdiction over local governments in the territories.<sup>2</sup> However, territorial governments have responsibility for local governments through the process of devolution, which transfers province-like authority to the territories.

### Yukon

The Yukon borders the United States, British Columbia and the Arctic Ocean. Devolution negotiations began in 1998 and the final devolution agreement was signed in 2003.<sup>3</sup> The agreement was signed by the federal government, the Government of Yukon and multiple First Nations and tribal councils.

The Yukon local governments are created by the Yukon Municipal Act in consultation with the Association of Yukon Communities (AYC). AYC members consist of eight incorporated local governments and five associated members including hamlets and First Nations advisory councils. As of the end of 2025, the Yukon’s population is 48,261.

There are 14 First Nations in the Yukon. Between 1993 and 2005, 11 Nations signed modern treaties. Approximately 25 percent of the Yukon’s population is Indigenous Peoples.

### Northwest Territories

The Northwest Territories (NWT) borders the Yukon, Nunavut, Alberta and Saskatchewan. Devolution from the federal government began in 1986 and the final devolution agreement was signed in 2013.<sup>4</sup> This agreement was signed by the federal government, the Government of the NWT and First Nations, Métis and Inuit governments.

The NWT has 33 total communities. This includes six cities, towns and villages, 12 Inuit hamlets, one charter community, three Tlicho Community Governments, the Délíne Got’îné Government and nine First Nations Designated Authorities (in which the First Nation band government is responsible for delivering municipal services).<sup>5</sup> These communities are represented by the Northwest Territories Association of Communities (NWTAC). As of the end of 2025, the NWT’s population is 45,848. Approximately 50 percent of the NWT population is Indigenous Peoples.

## Nunavut

Nunavut is the largest jurisdiction in Canada and borders Manitoba, the Northwest Territories, Quebec and Greenland. Nunavut was created in 1999 following the Nunavut Land Claims Agreement (NLCA). The NLCA is the largest land claims settlement in Canadian history and led to the creation of the Government of Nunavut and several other governance bodies. The NLCA is implemented by the Government of Canada, the Government of Nunavut and Nunavut Tunngavik Incorporated (NTI). Devolution has been gradual since 1999. In 2024, the federal government, the Government of Nunavut and NTI signed the Nunavut Lands and Resources Devolution Agreement. The full transfer of responsibilities will be complete by 2027.<sup>6</sup>

Nunavut has 25 municipalities. These municipalities emanate from the NLCA and it is critical to note that municipalities in Nunavut are an expression of Inuit governance.<sup>7</sup> Nunavut's municipalities operate in a predominantly Inuit public-government context shaped by the NLCA and Inuit governance realities. In many communities, municipal leadership and Inuit community leadership are closely interconnected in practice, and municipal governments are central institutions through which Nunavummiut organize services, infrastructure and community priorities. Iqaluit is the only city in Nunavut and the only community with a tax base; the other 24 municipalities are hamlets. These communities are represented by the Nunavut Association of Municipalities (NAM). As of the end of 2025, Nunavut's population is 41,919. Eighty-four percent of Nunavut's population is Inuit.

## Provincial norths

Most of Canada's provinces have what are called provincial norths. These areas are found in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Newfoundland and Labrador. Over the past 10 years, populations in provincial norths have been growing, from 2.1 million in 2014 to 2.2 million in 2024. Twenty-eight percent of people in provincial norths identify as Indigenous, compared to 5 percent Canada-wide.

Local governments in the provincial norths are represented by provincial municipal associations. In some instances, there are regional bodies for municipalities. In Northern Ontario, for example, the Federation of Northern Ontario Municipalities and the Northwestern Ontario Municipal Association represent northeastern and northwestern Ontario, respectively.

Northern Quebec and northern Labrador are a part of what is known as Inuit Nunangat, the Inuit homeland, which includes Inuvialuit (NWT and the Yukon) and Nunavut. In northern Quebec, this region is referred to as Nunavik and in Labrador, Nunatsiavut. Land claims have been signed for Nunavik (1975) and Nunatsiavut (2005).

## FCM's Northern and Remote Forum

For over 20 years, FCM's Northern and Remote Forum (NRF) has brought local northern perspectives directly to Ottawa. The NRF is part of FCM's Board of Directors structure and makes policy and advocacy decisions on issues pertinent to northern, Arctic, and remote communities. It consists of elected local representatives from the three territories and other remote communities. *The Future of Northern and Arctic Canada* is heavily informed by the members of the NRF and the priorities of local governments across Canada's northern and Arctic regions.

To meet the nation-building opportunity that faces Canada and to deliver effective recommendations for the federal government, this report leans on the realities of communities across the territories and provincial norths. In particular, there is a focus on the territories as the federal government looks to bolster Canada's sovereignty in the Arctic. Where applicable, the report outlines actions for the federal government that can positively impact communities in the territories and provincial norths.



# SOCIAL WELL-BEING



## ISSUE

**Well-being in the North and Arctic is a sovereignty and security issue. A Canadian North and Arctic with persistent social and economic gaps are more exposed to geopolitical threats.**

Northern and Arctic communities have profound and severe inequalities compared to southern Canada. The leaders of these communities are looking for a major renewal in partnership with the federal government to close the well-being gap between North and South. For these leaders, social well-being is the first step to improving sovereignty and security in the North.

The issues for these communities have been understood for generations, and for generations, leaders have been calling for change. High cost, remoteness, climate change impacts and the legacy of colonialism have made a strong federal partnership essential if social outcomes in the North and Arctic are to be improved.

This section focuses on social well-being challenges and opportunities in the North and Arctic, including housing and homelessness, health access, food security and digital connectivity. These pillars of social well-being require investments in areas like infrastructure and transportation.<sup>8</sup> The federal government prioritized addressing social well-being in the 2019 Arctic and Northern Policy Framework (ANPF),<sup>9</sup> but more work is essential.



*“You can’t survive being homeless at 40 below zero.”*  Ben Hendriksen, Mayor, City of Yellowknife, NWT

## Housing and homelessness

Local leaders are unequivocal in their focus on housing and homelessness issues as a critical limiting issue requiring federal collaboration. In the North and Arctic, housing is challenging due to shorter construction seasons, aging stock and a smaller private market.<sup>10</sup> Fewer housing options and high rates of addiction and mental health challenges result in some of the highest per-capita rates of homelessness in Canada. Housing and homelessness are the jurisdiction of territorial governments, which each have a public housing entity. However, over time, key housing responsibilities have been downloaded to local governments.

### Homelessness

Homelessness is a severe but often hidden issue across the North and Arctic, worsened by harsh temperatures throughout the winter. Visible homelessness is concentrated in the three territorial capitals of Whitehorse, Yellowknife, and Iqaluit.<sup>11</sup> Yellowknife has a rate of homelessness (1.5 percent of the population) that is two times higher than Vancouver (0.72 percent) and six times higher than Toronto (0.26 percent).<sup>12</sup> Hidden homelessness (e.g. couch surfing) is also common across the territories, particularly in smaller communities where there are fewer shelters,

transitional housing and permanent supportive housing units. Thirty-two percent of people in the NWT are underhoused, with 19 percent in core housing need.<sup>10</sup>

*“My community of Fort Simpson is one of less than 1500 (residents) – and we have a problem with homelessness too.”* (Kathy Tsetso, Deputy Mayor, Town of Fort Simpson, NWT)

Key causes of homelessness in the North and Arctic include a severe lack of affordable and suitable housing, population growth creating low vacancy rates (particularly in the Yukon),<sup>13</sup> serious mental health and substance use challenges and the enduring effects of colonialism. Indigenous Peoples are disproportionately represented in homeless populations across the territories due to systemic and institutional anti-Indigenous racism, particularly regarding access to affordable, adequate and culture-based housing. While Indigenous Peoples are disproportionately represented in homeless populations across the country, the figure is particularly disproportionate in the territories.<sup>14</sup> In Yellowknife, 85 percent of the homeless population was Indigenous in 2024, and in Whitehorse, 68 percent.<sup>15,16i</sup> Another key issue related to homelessness is a limited ability to pay rent and mortgages due to job insecurity.<sup>8</sup> This highlights the instability of job markets in the North and Arctic, which are often tied to resource boom and bust cycles.

i - In Nunavut, homelessness is primarily among Inuit, however, 85 percent of Nunavut’s population identifies as Inuit.



“Losing the Reaching Home program would directly result in higher homelessness for us, adding about 100 people to the existing number, which is already too high.”

Ben Hendriksen, Mayor, City of Yellowknife, NWT



There are a variety of federal programs tackling housing and homelessness in the North and Arctic, including Build Canada Homes (2025-), the National Housing Strategy (2017-27) and most importantly, Reaching Home: Canada’s National Homelessness Strategy, a \$5 billion program (2019-2028). Local elected officials from across the North and Arctic regularly highlight the importance of the Reaching Home program in preventing homelessness and keeping community members safe, with funds being used for everything from shelters to warming centres. However, local elected officials are very concerned with Reaching Home’s planned sunset in 2028 with no replacement on the horizon. Moreover, there are significant frustrations about the per-capita allocation of Reaching Home, which does not account for the cost of building housing or heating shelters in northern and Arctic communities.

Local governments welcomed new funding from Build Canada Homes in 2025, including \$1 billion for transitional and supportive housing, as well as over 700 new units for the Nunavut Housing Corporation (NHC). However, more funding that recognizes the complex needs in the North and Arctic is essential.

### Housing shortages leading to inadequate living standards

Local governments across the North and Arctic are sounding the alarm on extreme housing insecurity. In all consultations for this report, local governments highlighted housing issues, both non-market and market, as a major priority. The root cause is that most housing in the North and Arctic was built 40 to 60 years ago and is now in a poor state of repair. Local governments are working hard to build housing but need major federal investments to ensure it is built.

*“Just because it’s -40°C outside and you don’t see people sleeping on the street doesn’t mean they’re not homeless. You have multiple generations and multiple people sleeping in the same house. It’s called hotbedding. There’s a bunch of people sharing the same bed, but not at the same time. So, they have their shift, one person sleeping, and then the other people are wandering the streets, and when it’s their turn, the next person comes, so that it’s never cold.”* (Wayne Gregory, Mayor, Hamlet of Cambridge Bay, Nunavut)

There is an extreme undersupply of non-market housing in the North and Arctic. In Nunavut, 61 percent of Nunavummiut<sup>ii</sup> live in public housing units managed by the NHC; in the NWT, 15 percent, and in the Yukon, six percent. In the non-market housing that does exist, units are often highly overcrowded and require considerable repairs. In Nunavut, 45 percent of NHC units are overcrowded, with around one-third of Nunavummiut living in homes that lack enough bedrooms for those living in the unit and another third living in homes that require major repairs to defective plumbing, electrical wiring, walls, roofs, floors or ceilings.<sup>17</sup> Similar issues are present in the NWT, where 30 percent of dwellings need major repairs and 13 percent are overcrowded.<sup>18</sup> In some smaller NWT communities, at least 50 percent of dwellings require major repairs and have higher incidences of crowding.<sup>8</sup> Lack of supply, overcrowding and poor state of repair erode quality of life for people across the North and Arctic.

ii - A native or long-term resident of Nunavut is called a Nunavummiuq (plural: Nunavummiut).

“Across Nunavut, the absence of staff housing is the single greatest barrier to recruiting and retaining municipal employees. In the south, municipalities compete on salary, benefits or lifestyle. In Nunavut, municipalities compete on one factor above all others: does the job come with housing?”

△ Marla Limousin, Executive Director of NAM

*“The cost of construction in Kuujjuaq is four times higher than it is down south in Montreal.”* (Jonathan Grenier, Councillor, Northern Village of Kuujjuaq, QC)

In the traditional housing market, high construction costs limit affordable options. There is also a low supply of market housing across the North and Arctic. Where private markets do exist, local governments contend with short construction windows, melting permafrost, issues around siting for housing and major transportation costs – all of which dramatically increase the cost of building market housing. For example, the average cost of building a rowhouse across the Yukon, NWT and Nunavut is almost four times higher than in British Columbia and Atlantic Canada (see Figure 1).

A related issue for communities across the North and Arctic is limited options for staff housing. Staff housing refers to lodging for municipal employees or employees in related industries like construction, education and transportation logistics. Staff housing is normally

provided directly by territorial housing organizations, but shortages exist across the North and Arctic. In Nunavut, in 2021, there were 500 positions to fill with 60 vacant staff houses available.<sup>24</sup> In Nunavik, Quebec, 160 units are needed.<sup>25</sup> Staff shortages severely affect local government services, including attracting and retaining specialized knowledge around key functions like water and wastewater operations and housing construction.

*“Access to adequate, secure and affordable staff housing is foundational to effective municipal governance in all Nunavut communities. Our responsibilities cannot be met without a stable, qualified and committed municipal workforce. Across Nunavut, the absence of staff housing is the single greatest barrier to recruiting and retaining municipal employees. In the south, municipalities compete on salary, benefits or lifestyle. In Nunavut, municipalities compete on one factor above all others: Does the job come with housing?”* (Marla Limousin, Executive Director of the NAM)

**FIGURE 1: CONSTRUCTION COST ESTIMATES FOR HOUSING IN THE FEDERAL HOUSING DESIGN CATALOGUE, Q1 2025<sup>19-23</sup>**

	Units	Territories	Atlantic Canada	BC	Ontario	Quebec
<b>Rowhouse/ Townhouse</b>	6	\$4,826,000- \$6,032,000	\$1,558,000- \$1,948,000	\$1,322,000- \$1,652,000	\$1,969,000- \$2,461,000	\$2,923,000- \$3,653,000
<b>Fourplex</b>	4	\$2,344,000- \$2,930,000	\$944,000- \$1,180,000	N/A	\$1,174,000- \$1,468,000	\$1,125,000- \$1,406,000
<b>Sixplex</b>	6	\$3,255,000- \$4,069,000	\$1,297,000- \$1,621,000	\$2,112,000- \$2,640,000	\$1,510,000- \$1,888,000	\$1,861,000- \$2,326,000



“In my area, we have a total land freeze. We have no access to land. The big question is, how do you manage that as a municipality and with the band?”

▲ Kandis Jameson, Mayor of the Town of Hay River, NWT and President of NWTAC

## Land claims

“Talking about land development and not having the land to develop, and I think the connection to the federal government is quite a simple one: land claims need to be completed.” (Kandis Jameson, Mayor of the Town of Hay River, NWT and President of NWTAC)

Partnerships between Indigenous communities and local governments are a feature of governance in the North and Arctic. The basis of much of these partnerships rests on modern land claim processes, with the North and Arctic having the highest number of comprehensive land claim agreements in Canada.<sup>26</sup> However, several claims are ongoing and have yet to reach conclusions. This includes seven negotiations in the Yukon, 11 in the NWT, and the ongoing devolution of responsibilities to Nunavut.<sup>27</sup> Consequently, local, non-Indigenous governments in northern and Arctic communities in the Yukon and the NWT are limited in their ability to select specific lots for use in the development of housing (both non-market and market) as there is a lack of clarity on where non-Indigenous governments are permitted to build. While some local governments have robust relationships with neighbouring First Nations and Métis governments, the slow-moving pace of federal negotiations and implementation of land claims is a limiting factor for housing and economic development.


“We’re lucky. We here in Teslin have an excellent working relationship with Teslin Tlingit Council, a self-governing First Nation. It’s long-standing, over 20 years. That said, developing and sustaining that relationship takes time, but it’s worth it. Twenty percent of land within our boundary is settlement land, and we’ve been delivering services there without a municipal services agreement, which is a testament to the working relationship more than anything else.” (Gord Curran, Mayor, Village of Teslin, the Yukon).

## Health, well-being and public safety

A major priority for local governments in the North and Arctic is improved health access, ranging from investments in mental health to food security. Local leaders see these issues as critical to retaining residents, ending a cycle in which limited services and high costs for basic needs like food impact community members’ mental health and stunt economic growth.

Significant health inequality exists between northern and Arctic communities and communities in southern Canada. Outside the territorial capitals, communities are often remote, distant from regional hubs and must fly experts (normally nurses) in to provide treatment or fly patients out to receive more comprehensive care from physicians.<sup>28</sup> Health inequality is also high between Indigenous and non-Indigenous populations within the north.<sup>29</sup> iii This is in part because Indigenous Peoples in the North tend to live in more remote communities, and due to the enduring effects of colonialism, residential schools and socio-economic inequality.<sup>31</sup>

iii - Nunavut has some of the highest health disparities in Canada. Average life expectancy in Nunavut is 71.8 years old, whereas the Canadian average is 81.1.<sup>30</sup> Moreover, the suicide rate in Nunavut is nearly six times higher than the rest of Canada.

“We have run into concerns about food insecurity. Last year, we did not get the sealift [that delivers food]”  Meeka Kiguktak, Mayor of Grise Fiord, Nunavut

### Food security

A person is food insecure if they do not have access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. Food security is a major focus for local governments in the North and Arctic that often fund food banks or directly distribute food. The national rate of food insecurity in Canada is 12.7 percent, yet in Nunavut it is 57 percent, 21.7 percent in the NWT and 17 percent in the Yukon.<sup>32</sup>

Food insecurity in the North and Arctic is primarily caused by three issues.

First is the cost and challenge of getting food products to communities, particularly remote communities, which have limited transportation options. The average weekly cost to feed a family of four in 2022 was \$283 in Ottawa, compared to \$485 in Ulukhaktok, NWT, \$565 in Coral Harbour, Nunavut and \$456 in Puvirnituk, Quebec.<sup>33,34</sup>

Second is the broader lack of economic security faced by many who live in the North and Arctic, where significant unemployment rates limit residents' ability to pay for expensive food. Twenty-two percent of residents in the territories live below the poverty line, twice the national average.<sup>35</sup>

Third, Indigenous Peoples in the North and Arctic have had their relationship to hunting and harvesting practices disrupted by relocation, settlement programs and residential schools.<sup>36</sup> Despite the enduring impacts of colonialism, however, Indigenous Peoples in the North and Arctic derive significant amounts of nutrients from country foods like caribou, walrus, Arctic char and ptarmigan.<sup>37</sup> Climate change is having a major impact on the land and on food security as well.

*“We have run into concerns about food insecurity. Last year, we did not get the sealift [that delivers food]. The co-op usually orders food from the sealift, but we had to fly our food to Grise Fiord. This triples the cost of food. For example, ketchup can be \$39, and pickles can be \$49.”* (Meeka Kiguktak, Mayor of Grise Fiord, Nunavut)

Nutrition North Canada, the core federal program to address food insecurity in the North and Arctic, is currently undergoing a review. Established in 2011, the program provides subsidies to reduce food prices, and includes the Harvester Support Grant, the Community Food Programs Fund and the Food Security Research grant. It serves 125 remote communities across the territories and provincial norths.<sup>38</sup> Another relevant program is the Inuit Child First Initiative, which funded the Hamlet Food Voucher program, wherein Nunavut municipalities directly received funding from the federal government to provide nutrition supports for children.<sup>39</sup> The federal government has noted this program will not be renewed, a significant concern for municipal governments in Nunavut.<sup>40</sup> Relatedly, local leaders are concerned about mergers in the air transportation sector, particularly following the 2025 acquisition of Canadian North by the Exchange Income Corporation, and the impact of reduced airline competition on food transportation and costs.<sup>41</sup>

### Mental health and addictions

The wellness of community members is important to the wellness of communities. Local governments in the North and Arctic primarily interact with mental health and addictions through costs to local services, including ambulatory care and homelessness, and less by policing services, which are funded by territorial governments.



“If you’ve got specialists out of a hospital in Vancouver that are dialed into a serious operation at Whitehorse General Hospital, those surgeons need to know that they’re going to have consistent connection with experts, so that a surgery is going to be successful. If those lines drop, people die. It’s that simple.”

^ Kirk Cameron, Mayor, City of Whitehorse, the Yukon



On a structural level, mental health and addictions in the North and Arctic are exacerbated by issues around housing access, food security and lack of access to economic opportunity. Indigenous Peoples across the North and Arctic are disproportionately represented in populations experiencing mental health and addictions challenges.

Mental health and addictions care is limited in remote communities in the North and Arctic because of the structural lack of access to trained physicians, therapists and nurses that stay year-round. For example, Nunavut has a third of the mental health, addictions and substance use health providers compared to the national average.<sup>42</sup> Because of the combined lack of health infrastructure, lack of economic opportunity and enduring effects of colonialism, the territories have the highest per-capita rates of suicide in Canada and significantly higher rates of addiction, particularly to alcohol.<sup>42</sup>

From a local government perspective, mental health and substance use challenges can be remedied by investing in the foundational building blocks to community well-being that local governments provide. That includes better port, road and airport infrastructure so more vessels can ship food and materials on time at lower cost; more housing with bigger units so that residents can sleep well and have the dignity of their home; and recreation buildings and services so people have access to health and exercise options.

As the federal government committed to reviewing northern and Arctic healthcare in Budget 2025, local elected officials want the role of local government taken seriously in considering how to address mental health and substance use care.<sup>43</sup>

## Digital connectivity

Digital connectivity refers to broadband internet connectivity (through fibre optic or satellite networks) and cellular connectivity (through phone towers or satellite). Local elected leaders across the territories and provincial norths consider broadband and cellular fundamental building blocks for economic opportunity and health care access. Poor cellular connectivity is a severe public safety concern, especially when local governments can't connect with residents in emergencies, or due to limited coverage on highways. Poor connectivity also limits business expansion and weakens educational opportunities.

The federal government has outlined a Universal Service Objective which has the goal of connecting 98 percent of Canadians to high-speed internet by the end of 2026 and 100 percent by 2030. In 2020, the federal government launched the Universal Broadband Fund, a \$3.2 billion fund for high-speed internet projects across Canada, aiming for 50/10 Megabits per second (Mbps). While the program has helped connect many communities, a 2023 report from the auditor general criticized the slow rollout of funds to remote and Indigenous communities, and the lack of affordability targets when service committed.<sup>44</sup>

*“Consistency of connection is so important for us. If you’ve got specialists out of a hospital in Vancouver that are dialed into a serious operation at Whitehorse General Hospital, those surgeons need to know that they’re going to have consistent connection with experts, so that a surgery is going to be successful. If those lines drop, people die. It’s that simple.”*  
(Kirk Cameron, Mayor, City of Whitehorse, the Yukon)



“The connectivity has been a game changer for our community. At the same time, redundancies are always needed to make sure we are not dependent on just one provider.”

Joe Savikataaq Jr., Mayor, Hamlet of Arviat, Nunavut

## 94% of households in the Arctic say that they have experienced an internet outage in the past year<sup>46</sup>

### Coverage

Households in the territories have among the lowest internet and cellular connectivity rates in Canada. While urban communities in the territories are better connected, remote communities have poor access to high-speed internet at 24 percent in the Yukon and 18 percent in the NWT as of 2023.<sup>45</sup> Cellular coverage is similarly the lowest in Canada, at 87 percent in the Yukon and 84 percent in the NWT. It is higher in Nunavut, at 99.6 percent. Ninety-four percent of households in the Arctic say that they have experienced an internet outage in the past year.<sup>46</sup> Of particular concern are dead zones for cellular coverage between remote communities. Approximately 15,000 kilometres (13.4 percent) of roads and highways have no mobile service.

### Affordability

Northern and Arctic residents pay significantly more for worse digital connectivity. On average, residents in the Arctic pay \$72 more per month for internet services than other Canadians, yet only 20 percent of residents have the connectivity that meets daily needs.<sup>46</sup> In Nunavut, broadband plans are around \$150 per month, and download speeds remain at 25/1 Mbps.<sup>47</sup> FCM has long advocated that the federal government, through the Canadian Radio-television and Telecommunications Commission, should enact a digital affordability target to ensure that internet and cellular costs not exceed 4-6 percent of household income while achieving 50/10 Mbps.

### Infrastructure redundancies

Digital and cellular infrastructure redundancy is a concern for northern and Arctic communities, particularly in an era of geopolitical tension. Digital connectivity infrastructure in the North and Arctic is primarily supplied by a mix of fibre optic cables and satellites.<sup>iv</sup> However, there are no redundancies in this infrastructure, with few communities serviced by both types of connectivity infrastructure. This renders communities vulnerable to blackouts. For example, during the 2024 wildfire season, Northwestel’s fibre optic cable was damaged, plunging cellphones, landlines and internet access into the dark for a prolonged period when residents were evacuating. At the same time, dependency on satellite is an increasing concern because of many communities’ dependency on foreign-owned satellite services.<sup>48</sup> These converging crises highlight the need to build redundancies in telecommunications infrastructure.

*“We’re covered by satellite connectivity here in Arviat. The connectivity has been a game changer for our community. At the same time, redundancies are always needed to make sure we are not dependent on just one provider.” (Joe Savikataaq Jr., Mayor, Hamlet of Arviat, Nunavut)*

iv - In northern, subarctic and urban regions, it is primarily fibre optic connectivity, whereas in remote and Arctic regions, it is primarily satellite.

# SOLUTIONS



Social well-being is the foundation of a strong and sovereign North and Arctic. Without foundational federal supports to enable communities to live dignified lives in affordable, appropriate homes, in proximity to services, with strong supports for mental and physical well-being, Canada's northern and Arctic sovereignty will only exist in name. Partnering with local governments across the North and Arctic on these following solutions is the way to unlock these gains.

## Housing and homelessness

- As Build Canada Homes (BCH) accelerates housing construction in the North and Arctic, the federal government should:
  - Build new non-market and market housing to eliminate crowding and expand housing options.
  - Provide equitable funding to housing projects in the North and Arctic, with concessional funding considering high construction costs.
  - Catalyse and expand local prefabricated and modular housing industries, particularly those in the North and Arctic, with expertise meeting the construction needs, context and climate of these communities.
  - Scale housing construction training programs to build construction capacity and retain community members.
- Identify and prioritize federal sites in the North and Arctic for affordable housing development through Canada Lands Company and other federal properties (e.g. Canada Post).
- Ensure investments in supportive and transitional housing through BCH include units in the territories, with operating funding provided by the territorial governments.
- Fund a comprehensive housing repair program that enables existing housing stock to be rehabilitated and retrofitted.
- Expedite the federal land claims process to provide clarity on land-use development for local governments and First Nations and Métis governments, including meaningful consultation with local governments.
- Provide funding for staff housing construction and operations and maintenance in the North and Arctic, recognizing the major limitation local governments have in recruiting and retaining staff without basic and dedicated housing options.
- Ensure municipal staff housing is tied to critical municipal service delivery, including Chief Administrative Officers, finance directors, public works foremen and emergency management, with capital funding and lifecycle replacement support.



- ⋏ Expedite the commitment and delivery of the Urban, Rural and Northern Indigenous Housing Strategy to address acute and urgent needs for Indigenous communities and populations experiencing homelessness and inadequate housing.
- ⋏ Include specific outcomes for northern and Arctic communities in updates or renewal of the National Housing Strategy.
- ⋏ Make Reaching Home permanent, increasing annual funding to \$3.5 billion and indexing funding to inflation while moving beyond per-capita funding approaches for northern and Arctic communities.

### Food security

- ⋏ Expedite the external review of Nutrition North Canada while recommitting to deliver programs that reduce the cost of food in the North and Arctic.
- ⋏ Consult with local governments across the North and Arctic on how to increase food security, considering many local governments distribute food directly (e.g. Hamlet Food Voucher Program) or operate food banks.

### Mental health, substance use and public safety

- ⋏ Expand community-based mental health, substance use and local crisis response partnerships in northern and Arctic communities to ensure community members get the care they need.

- ⋏ Consider the social determinants of health including economic opportunity, housing access, food security and digital connectivity issues when assessing health care in the North and Arctic.
- ⋏ Consult with local governments while undertaking the northern and Arctic federal health care review promised in Budget 2025.

### Digital connectivity

- ⋏ Invest in redundancies in digital infrastructure across the North and Arctic to ensure communities have options for essential broadband and cellular services when disaster strikes.
- ⋏ Expand made-in-Canada satellite infrastructure to be competitive with foreign satellite companies for broadband services.
- ⋏ Establish a digital affordability target for broadband and cellular where costs do not exceed 4-6 percent of income and expand subsidies for northern and Arctic households.
- ⋏ Enhance the Universal Broadband Fund by providing clear reporting on the allocation of remaining funds, improve federal digital and cellular connectivity mapping and establish a progress monitoring framework.
- ⋏ Achieve universal cellular connectivity by prioritizing cellular connectivity on major roads and highways, mandate cellular companies to publicly report gaps and require cellular service providers to establish roaming agreements with others.

# INFRASTRUCTURE AND TRANSPORTATION

## ISSUE

Infrastructure in the North and Arctic is fundamental to social well-being and economic development. Local governments own and manage enormous infrastructure portfolios, ranging from mains and trucks bringing water to homes, recreation services to keep residents healthy and roads connecting ports and airports to the community.

At the same time, local governments have small tax bases and few predictable sources of funding from other orders of government. In the North and Arctic, there are few backup systems in place for when an ice road is unpredictable, when a water main breaks or when there is a power blackout. These realities demand a major renewal of northern and Arctic infrastructure with a vision for well-being and sovereignty in the North and Arctic.

The infrastructure gap between the North and South is a well-known issue.<sup>49</sup> Practically, northern and Arctic infrastructure is challenging to build; development costs are high, harsh weather and long winters limit the construction season, material transportation is expensive and labour is limited.

“I find that we put band-aids over major arteries because we are underfunded. Across the North, just about every piece of infrastructure is aged out.”

△ Kandis Jameson, Mayor, Town of Hay River and President of NWTAC

With devolution, the federal government progressively withdrew from long-term infrastructure funding, which was transferred to territorial governments and then to local governments.<sup>v</sup> However, this set-up doesn't work in the territories because of reduced territorial fiscal capacity and high costs for development.<sup>51</sup> While devolution of responsibilities has hit local governments hard across Canada, this is a particular issue for local governments in the territories.

*“Back in the 70s, the federal government built arenas, they built water treatment plants, they built roads, they built a lot of infrastructure... and then they passed it off to the communities once it had aged out. I find that we put band-aids over major arteries because we are underfunded. Across the North, just about every piece of infrastructure is aged out.”* (Kandis Jameson, Mayor, Town of Hay River and President of NWTAC)

Local government infrastructure services are key to expanding Canada's defence presence in the North and Arctic. Local leaders see this expansion with a focused optimism, understanding the potential for unleashing

economic development in their communities from better infrastructure while strengthening Canada's defence posture. It is critical to work with local governments as equal partners to provinces and territories, and to treat local infrastructure as defence-enabling infrastructure.

*“Nation-building projects will put lots of pressure on the municipality in terms of housing, the lands, water and wastewater and roads. The municipality puts those investments in, but you may not see the rewards until years later. You need partnership from the federal government to make it a success.”* (Michael Spence, Mayor, City of Churchill, Manitoba)

v - The Indigenous infrastructure gap is also severe. In 2024, the Assembly of First Nations estimated the gap at \$425 billion, including a \$75.1 billion estimate from Inuit Tapiriit Kanatami (ITK) for the Inuit infrastructure gap.<sup>50</sup> For example, there are few connected gravel roads across Nunavut, northern Labrador and the northern NWT, meaning most goods need to be flown in. Gravel roads are an example of infrastructure included in the \$75.1 billion estimate by ITK.





## Transportation infrastructure

Transportation infrastructure is one of the core challenges for local governments in the North and Arctic. Transportation of goods is primarily via roads, ports and airplanes, while people primarily travel via airplanes and roads. Local governments do not manage intercommunity transportation, but build the connective infrastructure like roads and ports that enable the delivery of food, health supplies and housing materials.

Local governments in the North and Arctic continue to advocate for all transportation infrastructure to be improved and expanded. This would reduce the cost of necessities for residents, grow local economies and make it easier to attract new residents. The key to this expansion is the renewal and increase of the community stream of the Building Canada Strong Fund, formerly the Canada Community Building Fund program. This stream provides infrastructure funding without complex application processes, key for small communities with low staffing and financial capacity. Most importantly, this stream is predictable and enables local governments to plan projects with ease and simplicity. Local leaders envision First Nations and Métis governments as partners in infrastructure development to create win-wins for communities, advance Reconciliation and produce economies of scale to decrease costs. Local governments welcomed the Arctic Infrastructure Fund for airports, ports and roads in Budget 2025, but the \$1 billion allocated will only fund a small portion of the infrastructure needed.

## Roads and bridges

Roads and bridges in the North and Arctic, both local and inter-community, need major investments for communities to thrive.

*“Every kilometre of two-lane chip-seal road construction in the North costs about \$2.5 to \$3.2 million.”* (Soham Srimani, Band Manager, Nahanni Butte Dene Band)

Local governments are directly responsible for building and maintaining roads and bridges within their boundaries. These communities are often small and have a modest tax base, making the costs proportionally very high for local government. Materials and equipment, the expertise required and the climatic conditions of the north, which result in more frequent maintenance due to shifting permafrost conditions, are all expensive. In the Yukon, the cost to pave and gravel roads from permafrost disruption will be \$73–85 million a year for the next 20 years.<sup>52</sup> More than a quarter of local roads and bridges are over 50 years old, nearing the end of their life.<sup>53</sup>

*“If we can get that infrastructure built, if we build it, they will come. So, then you can start getting some economic development as well. If the federal government is going to put money into the NWT and roads and infrastructure, it makes a huge difference for us.”* (Kandis Jameson, Mayor, Town of Hay River, NWT, and President of NWTAC)

*“Climate change is changing our roads. We’re not accustomed to maintaining our roads in the winter, and it means that our equipment degrades faster. We’re using our equipment year-round, and our operating budget has increased.”*

^ Marjorie Flowers, Mayor, Hopedale Inuit Community Government, Labrador



Local elected officials see intercommunity and highway infrastructure as key to lower prices, economic growth and better food security for communities that lack all-year road access. This is because it would enable year-round trucking, the most cost-effective way to transport goods. For example, the proposed Arctic Security and Economic Corridor, a 900-kilometre all-season road connecting Yellowknife to Grays Bay Port in western Nunavut, has the potential to significantly expand trucking opportunities to primarily fly-in/fly-out communities while expanding economic potential in mining and international trade.<sup>54</sup> This would mean western Nunavut would have a road connection to Edmonton, linking the Northwest Passage to southern Canada, as the winter ice-road season becomes less predictable.<sup>52</sup>

*“Transportation is a critical piece of infrastructure, you know? Roads, bridges, all-season access is very important for the communities where it’s feasible, and this is connected, like, all around development, from transportation, to materials, supplies, food security, everything.”* (Soham Sirani, Band Manager, Nahanni Butte Dene Band, NWT)

## Airports

Airports are essential infrastructure in the North and Arctic, particularly for fly-in, fly-out communities. All 25 communities in Nunavut, as well as 13 communities in the NWT, and one community in the

Yukon are fly-in, fly-out, with planes the only way to receive shipments of critical food and health supplies for most of the year. Airports are crucial for tourism, health care and evacuation.

Few northern and Arctic airports are paved, and most are small. Of Nunavut’s 25 airports, two are paved; of the NWT’s 28, six are paved and of the Yukon’s 16, two are paved.<sup>52, vi</sup> These realities limit the size of planes and materials that can be accommodated. Such limitations can slow economic development and investment.<sup>56</sup> Local leaders are advocating for improved airport infrastructure, with expanding and paving runways leading to decreased costs and increased quantities of goods in remote communities.

*“My community is a little over 3,000 people. My question is, are we going to have to wait an extra 10, 15, 20 years for a new airstrip and terminal? We’re the only inland community in the Nunavut and Kivalliq region, and we’re always being pushed away. Our airport was built in the early 80s and it’s still on the waiting list [for improvements].”* (James Taipana, Mayor, Hamlet of Baker Lake, Nunavut)

vi - This is a national issue for remote communities. A study of 146 remote communities in Canada found that only 15 percent of remote airports had paved runways, with 83 percent featuring gravel runways.<sup>55</sup>



“We’re seeing a lot of permafrost degradation in runway zones, which is our only means of transportation out of the communities in Nunavut.”

△ Marla Limousin, Executive Director of NAM

Beyond climate change, an audit from 2017 noted that airport infrastructure needs in Nunavut were **\$463 million** (including \$76 million to relocate two airports), **\$829 million** for the NWT and **\$72 million** for the Yukon.<sup>57, vii</sup>

Airport infrastructure in the North and Arctic is also extremely vulnerable to climate impacts. Permafrost thaw cracks and warps existing paved airports, while warmer temperatures degrade gravel runways. Without adaptation funding, this will severely impact the northern and Arctic economy and livelihoods, weakening Canada’s Arctic sovereignty. For example, the Royal Canadian Air Force is no longer able to regularly land large planes like C-130s at some airports in Nunavut due to runway slumping and degradation.<sup>52</sup> Beyond climate change, an audit from 2017 noted that airport infrastructure needs in Nunavut were \$463 million (including \$76 million to relocate two airports), \$829 million for the NWT and \$72 million for the Yukon.<sup>57, vii</sup>

*“We need climate-resilient infrastructure. We’re specifically looking at runways. We’re seeing a lot of permafrost degradation in runway zones, which is our only means of transportation out of the communities in Nunavut.”* (Marla Limousin, Executive Director of NAM)

The Airports Capital Assistance Program (ACAP), launched in 1995, is the primary funding program for capital infrastructure for small and regional airports. The Auditor General of Canada found this program is perennially underfunded, providing only about \$30 million a year for all small airports across Canada.<sup>57</sup>

Funding was increased in Budget 2025 to \$55.2 million over four years, with \$15.7 million annually. However, this funding is not near the scale needed to adapt local airports, address climate change as well as grow the northern and Arctic economy. Relatedly, any program for small airports must recognize the limited administrative capacity of northern and Arctic communities. New funding must be allocation-based, with simplified reporting and fund lifecycle operations and maintenance as well as replacement planning.

### Ports and docks

Ports in southern Canada are primarily viewed as international trade-enabling infrastructure. In the North and Arctic, they are a critical lifeline that determines if housing can be built and how much food will cost. Goods are shipped to both coastal and river communities, with shipping goods being a far more cost-effective method than flying them on cargo planes. The shipping season in the Arctic is currently limited to July-October because of sea ice, which limits ships’ abilities to dock and unload for most of the year. However, climate change is expanding the shipping season, particularly in the Northwest Passage, through reductions in sea ice coverage.

vii - With inflation between 2017–2026, the impacts of the COVID-19 pandemic and increased climate impacts, these figures have certainly increased. In 2025 dollars, this would be at least \$583 million in Nunavut, \$1.04 billion in the NWT and \$90 million in the Yukon.

“Some of the early cost estimates for piped water and sewer servicing are \$500 million just to get a pipe in the ground for a new subdivision.”

△ Jeff O’Farrell, Chief Administrative Officer, City of Whitehorse, the Yukon

Local governments in the North and Arctic build and operate the infrastructure required to welcome shipping vessels. There are two principal kinds of port infrastructure: sea ramps, which directly unload goods, and deep-water ports that enable larger ships to dock directly at a port. There is currently only one deep-water port in the territories: the Port of Iqaluit, which opened in 2023.<sup>58</sup> Iqaluit is a regional hub, and the faster loading and unloading of the new deep-sea port enables faster delivery to other nearby communities and reduces costs from economies of scale.

Building new deep-water ports and improving sea ramp infrastructure is a critical priority for coastal and river communities. Doing so expedites goods delivery and decreases costs. The expansion of the sea ramp in Kinngait, Nunavut in 2024 has allowed for faster loading and offloading of goods and increased safety for workers.<sup>59</sup> The outcome has improved housing security, plus lowered food, fuel, vehicle and infrastructure costs. Port infrastructure expansions link communities together and can grow local economies. For example, the potential of revitalizing the Port of Churchill in northern Manitoba, Canada’s largest Arctic deep-water port, could provide a critical territorial-provincial connection for communities while diversifying international trade.

## Local infrastructure

Local infrastructure differs from transportation infrastructure in the North and Arctic as it is primarily funded, owned and operated by local governments.

## Water and wastewater

Water and wastewater needs are significant in the North and Arctic due to the high costs of building, remoteness and access to water. Local governments, sometimes in collaboration with First Nations and Métis partners, own and operate water and wastewater facilities. Housing needs, defence expansion and industrial use mean growing this infrastructure is critical. Most Arctic communities have no redundancies for current water and wastewater systems.

*“Growth in Whitehorse is shattering our high-growth scenario. We’ve already developed all the easy land available to us. Some of the early cost estimates for piped water and sewer servicing are \$500 million just to get a pipe in the ground for a new subdivision.”* (Jeff O’Farrell, Chief Administrative Officer, City of Whitehorse, the Yukon)

There are two types of water and wastewater systems in the North and Arctic. The first is piped water systems, which are utilized in the larger communities across the North. A major pressure on piped systems is that many are aged out. In the Yukon, the remaining useful life ratio is 40.5 percent, indicating severe aging, and in the NWT, the figure is 68.5 percent.<sup>60</sup> For example, the Town of Hay River, NWT’s water treatment plant was built in 1980 and requires upgrades because of population growth and low water levels in the Great Slave Lake.<sup>61</sup> Likewise, in Iqaluit, Nunavut, the water treatment facility was built by the U.S. Department of Defense in 1961, and in 2022, residents were issued an advisory due to fuels found in the water from cracks in aged concrete.

*“I’ve got a water treatment plant that needs to be replaced. The estimates are at \$25 million. I know it’s going to be probably double that by the time [construction starts]. And we have to find the funds to do that, and it’s not an option. Like, clean drinking water is something that is not optional, but how are we going to do this? We’re competing for funds against each other, against other projects that are just as important.”* (Kandis Jameson, Mayor, Town of Hay River and President of NWTAC)





The alternative is municipalities trucking water to tanks or potable water dispensing units, which is common in smaller communities in Nunavut and the NWT. Most homes have two water tanks: one for potable water and one for wastewater, with pickup and drop-off happening every one to two days.<sup>62</sup> Wastewater is generally transported to waste stabilization ponds or lagoons outside of the community and then pumped into the wetland. Trucking is used when environmental conditions make piped infrastructure too costly. This practice presents issues related to treatment, distribution and delivery, storage and challenges with maintaining water quality standards.<sup>63, viii, ix</sup> More broadly, federal water and wastewater funding is disproportionately geared to piped services, which puts trucked systems at a disadvantage despite being the standard across many remote communities.

Local elected officials in the North and Arctic are calling for water and wastewater infrastructure funding from the federal government. While communities welcomed the Canada Housing Infrastructure Fund, now part of the Building Canada Strong Fund, the \$6 billion fund was not sufficient and the application-based model limited smaller communities, that have constraints around staffing, expertise and financial ability to hire consultants for applications.

## Recreation infrastructure

Recreation infrastructure like public parks, pools, libraries and gyms is crucial to social well-being for kids and adults. Child well-being is an identified priority across Inuit Nunangat, as identified by Inuit Tapiriit Kanatami.<sup>64</sup> Recreation infrastructure is a core local government responsibility in the North and Arctic, but most communities lack basic recreation infrastructure. Recreation is critical to decreasing participation in the justice system and improving educational outcomes.

For local governments, attracting the capital funding to build recreation infrastructure and securing enough stable and predictable revenue sources to provide the long-term operational funding for facilities are major challenges. For example, the new Iqaluit Aquatic Centre, which includes programming, a pool and a full gym, cost \$40 million to build and was partially funded by FCM's Green Municipal Fund. Iqaluit is one of the few municipalities in Nunavut with the tax base to support the associated \$4 million per year maintenance costs.

viii - Twenty-two of 25 communities (88 percent) in Nunavut use trucked water and wastewater systems.

ix - Indigenous remote communities rely disproportionately on this system.

“We are using a community garage that was built when I was six years old. I’m 66 years old now.”

^ Paterk Netser, Mayor, Hamlet of Coral Harbour, Nunavut



Dedicated federal funding for recreation infrastructure has been provided through the Investing in Canada Infrastructure Program. This program is sunseting and being replaced by the Build Communities Strong Fund. A \$6 billion direct delivery stream will support “regionally significant projects with private investment, large building retrofits, climate adaptation, and community infrastructure.” Requirements to seek private capital and submit applications may limit program access for remote communities in the North and Arctic due to constrained revenue capacity.

In the North and Arctic, the federal government must consider the dual-use purpose of recreation facilities, as any increase in military personnel will likely increase the need for recreation infrastructure, but outstrip local governments’ abilities to pay for this infrastructure. Local recreation capacity is essential to national defence.

### Municipal buildings

*“We are using a community garage that was built when I was six years old. I’m 66 years old now. Like many other things in the community, it needs replacement to accommodate our growing fleet of vehicles.”* (Paterk Netser, Mayor, Hamlet of Coral Harbour, Nunavut)

Local government buildings include town halls, storage facilities and fire stations. While many communities across Canada have aging local government buildings, few face the cost and complexity of constructing buildings for local operations in the North and Arctic. Challenges include transporting materials, labour shortages, a lack of expertise and high energy costs in diesel-dependent communities. Each of these components drives up cost—before climate change and permafrost are considered—which can be prohibitively expensive. Repair costs alone are estimated at \$30–38 million a year by 2050 across permafrost regions.<sup>52</sup> The compounded effects of aging local government buildings, high costs of construction and climate impacts on buildings point to a strong need to fund new, climate-resilient local buildings.

### Infrastructure partnerships with First Nations and Métis governments

*“Collaborating with the Village of Teslin has allowed us to plan and deliver projects that meet real community needs, such as improving infrastructure, enhancing recreational services and addressing the impacts of climate change. This partnership has also been invaluable in building our community’s capacity and ability to achieve shared goals.”* (Elizabeth Bosely, Kaa Shaa Dé Hani of Teslin Tlingit Council, the Yukon)



“By collaborating, we achieve far more together than we could alone, and the entire community shares in the benefits of this partnership.”

△ Gord Curran, Mayor, Village of Teslin, the Yukon

*“Working with the Teslin Tlingit Council enables us to make meaningful improvements to community infrastructure while keeping economic benefits local. By collaborating, we achieve far more together than we could alone, and the entire community shares in the benefits of this partnership.”* (Gord Curran, Mayor, Village of Teslin, the Yukon)

Infrastructure, like roads, bridges and ports, was originally developed to support Canada’s colonial expansion and resource extraction. Indigenous Peoples were often forcibly moved to other settlements with no infrastructure and highly remote geographies.<sup>52</sup> Many Inuit communities were forced into sedentary settlements when the federal government slaughtered thousands of dogs used for hunting and transportation in the 1950s.<sup>31,65</sup> Thus, the history of infrastructure in the North and Arctic is highly inequitable and still challenged by colonial inheritances.

Elected officials across the North and Arctic view Indigenous governments and local governments as equal partners. Municipal officials recognize these colonial histories and are working with Indigenous

governments and economic development corporations to chart a prosperous future together. Indigenous communities have a noted infrastructure gap in southern Canada and in the North and Arctic as well. The Assembly of First Nations notes that the “existing project-by-project funding approach that responds to needs only as they arise, rather than long-term investment and prosperity is a more costly and inefficient use of federal investment”.<sup>66</sup> These long-term challenges echo calls from local governments in the North and Arctic to provide more stable and predictable funding for community well-being and economies of scale to deliver water and wastewater services, roads and bridges, ports and recreation.

*“My water treatment plant also services the Kátt’odeeche First Nation, which is located across the river from me, and West Point First Nation, they get trucked water from us. We’re looking to replace the water treatment plant and the government doesn’t have to give just one community a certain amount of money. We can solve many issues by working together.”* (Kandis Jameson, Mayor, Town of Hay River and President of NWTAC)

# SOLUTIONS

Local elected officials want to see the northern infrastructure gap closed. Yet local governments own more than 60 percent of Canada's aging infrastructure and only collect between eight to ten cents of every tax dollar.

It is critical that all local infrastructure in the North and Arctic be considered dual-use. The federal government must consider local infrastructure as dual-use and allow funding from the Department of National Defence.

## General

- ^ Create a dedicated northern and Arctic local government infrastructure stream, recognizing the high costs of building in the North and Arctic. All local infrastructure must be eligible.
- ^ Increase the Community stream of the Build Communities Strong Fund and reduce red-tape by indexing it to GDP.
- ^ Include all local government infrastructure for dual-use funding, including, airports, ports, sea ramps, roads (local and intercommunity), water and wastewater, recreation and local government buildings.
- ^ Ensure early and meaningful municipal involvement or consultation in dual-use infrastructure planning and funding.

- ^ In partnership with local governments where appropriate, close the northern and Arctic Indigenous infrastructure gap with investments of \$10.6 billion in the Yukon, \$17.8 billion in the NWT, and \$75.1 billion across Inuit Nunangat.<sup>1</sup>
- ^ The federal government should renew funding for the Council for the Advancement of Native Development Officers's *First Nation-Municipal Community Economic Development Initiative* which has already supported 15 First Nation-municipal partnerships.
- ^ Integrate local infrastructure considerations such as airport upgrades, road quality and energy use in the federal review of northern and Arctic health care.
- ^ Ensure funding streams for local infrastructure are allocation-based and do not require application processes, with minimal reporting, recognizing low staff capacity and limited expertise for small local governments.

## Transportation infrastructure

- ^ Fund a data strategy to evaluate ports, airports and road infrastructure needs across the North and Arctic and utilize this data for an expanded local infrastructure fund.



## Roads

- ^ Render local roads eligible for the Arctic Infrastructure Fund and the Trade Diversification Corridors Fund, recognizing the connections from ports and airports are only possible via local infrastructure.
- ^ Invest in nation-building infrastructure in the North and Arctic that increases all-season road access to communities.

## Ports and docks

- ^ Render sea ramps and river docks eligible for the Arctic Infrastructure Fund.
- ^ Increase funding for port and dock infrastructure across all communities in the North and Arctic, reflecting the essential role these pieces of infrastructure play in decreasing food costs, delivering materials for housing and providing energy security through fuel shipments.
- ^ Fast-track the delivery of new deep-water ports in the North and Arctic, recognizing how they expedite building and connect Canada to new export markets.

## Airports

- ^ Significantly expand funding for ACAP, underlining how airports are critical infrastructure but small airports in the North and Arctic lack the revenue bases for major improvements.

- ^ Undertake a review of the North and Arctic airline sector to ensure competitiveness and decrease costs.

## Local infrastructure

### Water and wastewater

- ^ Invest in long-term funding for small water systems that provide basic water services and enable housing and industrial growth, recognizing the aging, undersized, and sometimes non-existent water and wastewater infrastructure in the North and Arctic.
- ^ Render the infrastructure for trucked water services, such as fleets, garages, staff training and replacement, eligible for federal water and wastewater funding.

### Recreation and local government buildings

- ^ Make local government buildings eligible for federal infrastructure funding, particularly to expand capacity to accommodate military installations in growing communities.
- ^ Consider providing long-term operating funding for recreation infrastructure, understanding the importance of recreation to social well-being and limited territorial fiscal capacity.

# CLIMATE CHANGE AND ENVIRONMENT

*“We depend on seal meat a lot – it’s our main diet. We are experiencing big change in our climate. Right now, the sea ice hasn’t really frozen up yet, so we haven’t been able to go hunting, so we haven’t been able to catch seal. We’ve been lucky to get polar bears, but the bears are too skinny to eat.”*

^ Meeka Kiguktak, Mayor, Hamlet of Grise Fiord, Nunavut

## ISSUE

Climate change is an issue of sovereignty and a major security threat in the North and Arctic. It is a threat to the ways of life of First Nations, Métis and Inuit, a threat to Canada’s sovereignty in the Northwest Passage and a critical threat to the stability and safety of communities across this region.

Canada’s North and Arctic are warming three times faster than the global average.<sup>9</sup> The current rate of warming is having profound impacts on local governments in northern and Arctic Canada and on ways of life across the region. Leaders across the North and Arctic have articulated a strong desire to limit warming to 1.5°C, reduce emissions and directly support adaptation efforts in partnership with the federal government.

Climate change represents a triple threat for northern and Arctic communities. First, it degrades local infrastructure like roads, buildings and water and wastewater systems. Second, it threatens Indigenous ways of life in the North and Arctic that have been practiced for millennia. Third, it destabilizes Arctic sovereignty and security by opening previously limited maritime trade and transportation routes to which international actors want access.

# STATE OF AFFAIRS

The following sections discuss key issues of local government operations and responsibilities that contribute to or are significantly affected by climate change and environmental degradation.

## Energy

### Diesel dependence

Diesel is the most common energy source in the North and Arctic. There are no South-North electricity grid connections to any of the three territories, and diesel generators were the initial infrastructure built in most remote communities to power energy systems. Nearly 75 percent of Canada's 250 remote communities rely on diesel generators to produce electricity, using approximately 682 million litres of diesel a year.<sup>67</sup> Managing diesel energy systems requires transporting, operating, maintaining and servicing equipment and safely storing the fuel.<sup>68</sup> Generally, territorial-level energy corporations procure, supply and subsidize diesel energy infrastructure, with local governments sometimes operating the infrastructure.

Diesel is expensive. Research from the Pembina Institute demonstrates that on average, people in remote communities pay six to 10 times more for energy than the rest of Canada, not counting \$300-400 million in federal and provincial subsidies.<sup>67</sup> High costs have negative effects on community members and diesel also significantly drives up costs for local operations, at times outstripping local funding capacity. For example, because of low water levels on the Mackenzie River in 2024, the Town of Norman Wells, NWT, had

to request the territorial government to provide \$6.6 million to fly more fuel into the town since it could not arrive by barge.<sup>69</sup> The lack of redundant infrastructure demonstrates the critical need to add options to the energy mix in remote communities.

Environmentally, diesel is responsible for 21 percent of Nunavut's emissions and nine percent of the NWT's.<sup>70</sup> There is significant danger associated with transporting the fuel, particularly in marine environments. Because diesel is shipped to coastal communities, there is a stronger risk of disasters from spills on these routes.<sup>71</sup> There are approximately 1,000 diesel spills across Canada every year.<sup>72</sup>

### Energy security and electrification

Energy security means having uninterrupted access to energy and the ability to secure energy supplies at an affordable price. Northern and Arctic communities frequently experience energy insecurity due to fuel prices, income levels, frequent outages and low power quality. Local northern and Arctic leaders want expanded energy options in their communities in a way that recognizes northern realities.

Canada's three territories are not currently connected to the rest of the North American electricity grid and only operate isolated energy systems.<sup>73</sup> As communities contend with outdated energy infrastructure and the federal government expands military presence in the North and Arctic, there is an opportunity to both increase energy security and add renewable options to the grid.

“The big climate change questions we can’t answer at a municipal level, and we’re never going to have the funding or the ability to really have an impact until those bigger infrastructure investments are made at the federal government level.”

^ Kerry Thistle, Director of Economic Opportunities and Investment, City of Yellowknife, NWT



The federal government has demonstrated leadership in this area through multiple programs accessible to local governments. The principal funding program is Wah-ila-toos,<sup>x</sup> which includes the Northern Responsible Energy Approach for Community Heat and Electricity (\$300 million from 2022-2027), the Clean Energy for Rural and Remote Communities Program (\$220 million from 2018-2026) and the Indigenous Off-Diesel Initiative. These programs provide robust opportunities for local governments to transition away from diesel but lack similar programs that help with energy efficiency and demand-side management. There is a lack of programs offering deep energy retrofits to existing buildings, especially for the North. Considering the scale of aging buildings and housing in the North and Arctic, there are major opportunities for large-scale deep retrofits that reduce diesel use and improve energy efficiency.<sup>52 xi</sup> In consultations, local governments noted that the size and cost of these retrofits greatly exceed their local revenue abilities.

*“The big climate change questions we can’t answer at a municipal level, and we’re never going to have the funding or the ability to really have an impact until those bigger infrastructure investments are made at the federal government level. For example, with the military, how would they generate power? We can’t meet those needs. We’re hoping with the increased demand for power, it will be done in a climate-friendly manner, because if the federal government is trying to*

*reduce our climate footprint, it would only make sense.”*  
(Kerry Thistle, Director of Economic Opportunities and Investment, City of Yellowknife, NWT)

With existing federal programs sunseting or fully subscribed, local governments need continued federal partnership to decarbonize and make life more affordable. Federal partnership should consider dual-use expansions and nation-building projects. Indigenous governments are already leading the way on renewable energy projects in remote and isolated communities. For example in 2022, through a 2,000-panel solar farm owned by Vuntut Gwitchin First Nation, the Town of Old Crow, Yukon was able to turn off its diesel generators for the first time in decades.<sup>74</sup> The federal government should consider expanding Wah-ila-toos, which has a proven track record of Indigenous-led climate solutions that benefit all communities.<sup>75</sup> Another critical consideration is for the federal government to leverage the Major Projects Office and nation-building funding to connect the territories to provincial energy grids, increasing redundancies and reducing reliance on standalone diesel.

x - Wah-ila-toos has been widely recognized as a success in terms of supporting Indigenous climate leadership and advancing clean energy solutions in Indigenous, remote, and rural communities.

xi - A deep energy retrofit is a home renovation that reduces energy usage by at least 50 percent and it can lower bills and reduce carbon emissions.

## PAULATUK, NWT – LOCAL GOVERNMENTS LEADING ON ARCTIC CLEAN ENERGY AND HOUSING INNOVATION

The Hamlet of Paulatuk, NWT, home to about 350 residents, is situated on the Arctic coast and has no road access to other communities, with goods arriving by plane or water. Paulatuk is an Inuvialuit hamlet and means “place of coal” in Inuvialuktun. The community runs almost entirely on fossil fuels, using 459,000 litres of diesel in 2018.

However, it is known among residents as the budding south wind capital of the Arctic. Wind powered boats before engines existed, formed snowdrifts that could be read for directions and is used to dry meat in preparation for storage. Today, Paulatuk is leading on renewable energy development, with the goal of 100 percent renewable electricity and heat generation.

To decarbonize, Paulatuk formed the Paulatuk Energy Working Group, which is working to harness offshore wind and solar energy stored in batteries.

The goal is to reduce diesel use to 25,000 litres a year, while retrofitting homes to reduce energy waste – given 50 percent of Paulatuk’s homes are unsuitable, inadequate, or unaffordable for those living in them. The holistic nature of this project could and should be supported and replicated across the North and Arctic.

*“Local governments are leading the way on the energy transition. We are a small and isolated hamlet with big ambitions to power our community with clean energy and provide a model to other coastal Arctic communities. Collaboration with other levels of government and researchers has been critical. The federal government needs to continue funding projects like ours to reduce diesel dependency, build more efficient homes and decrease costs.”* (Raymond Ruben Sr., Mayor, Hamlet of Paulatuk, NWT)

### Emergency Management

The North and Arctic are particularly vulnerable to wildfires, flooding and man-made disasters because of the lack of redundancies in critical infrastructure like roads, communication networks and water infrastructure, and because of the large distances between communities. Federal funding and support for emergency management are critical priorities because local governments act as first responders to emergencies, despite not having the logistics capacity to manage large-scale evacuations.

#### Wildfire

Two of Canada’s worst wildfire years on record occurred in the last five years. In 2023, nearly 70 percent of the entire population of the NWT was evacuated at some point in the year. The City of Yellowknife’s 20,000 residents were evacuated on August 16, 2023. Due to Yellowknife’s role as a hub for other communities through road and air connections, other remote communities stopped receiving food and supplies shipments.<sup>76</sup>

*“The North builds partnerships and we work together. I have 600 wildfire evacuees in my community of Hay River right now, and when I said they were our neighbours, I’m pretty sure the lady on national TV just about fell off her chair. 164 kilometres in the North is not a lot.”* (Kandis Jameson, Mayor, Town of Hay River, and President of NWTAC)

Local governments in the North provide extensive support to people displaced by wildfires, acting as the first line of defence, supplying community halls, food and emergency shelters. Local leaders underlined the long history of northerners supporting each other, but withstanding these disasters is a major challenge for local governments. For example, while wildfire management is a territorial responsibility, the increase of wildfires in the Wildland-Urban Interface<sup>xii</sup> means local firefighters are being called to address wildfires. Most of these firefighters are volunteers, with aging equipment, materials and limited training. In the aftermath of wildfires, recovery costs barely cover the scale of the disaster. Insured losses for the 2023 NWT wildfires exceeded \$60 million in the City of Yellowknife and the Town of Hay River alone.<sup>76</sup> This does not include catastrophic damage to local infrastructure.

xii - Wildland-Urban Interface: The zone where homes and other development abut forested areas.

“In the Yukon, there were 10 flood events in 2022, and only one community managed its own flood response – that was us. That was a direct result of over 20 years of working together to build our own community capacity.”

△ Gord Curran, Mayor, Village of Teslin, the Yukon

Better coordination and partnerships are needed for local governments to fight wildfires. The federal government established the 2024 Canadian Wildland Fire Prevention and Mitigation Strategy to provide cohesive wildland fire prevention and mitigation. The modernized Disaster Financial Assistance Arrangements also provide communities with additional support for disaster recovery. More broadly, the federal government should consider focusing on improving national coordination measures, ensuring communities have the tools and resources to prepare for, respond to and recover from disasters.

### Flooding and drought

Across the North and Arctic, river and lake systems are essential to delivering local services: providing water for water and wastewater systems, supporting traditional activities like fishing and hunting and facilitating the transportation of goods to communities not serviced by roads. These services and practices are being impacted by climate change-related higher rainfall and flooding, as well as ice jams. In Canada, flooding costs local governments an estimated \$10 to \$13 billion a year in uninsured losses.<sup>77</sup> Floods are expected to be the costliest hazard for the federal government between 2025 and 2034, with costs projected to be \$1.2 billion a year. Most local governments in the North and Arctic lack the capacity to absorb high costs of flooding to infrastructure and operations, and rely on assistance from the federal and territorial governments.

*“In 2023 we had a super dry year. But five years before that, we had the wettest summer in 75 years in Yellowknife, and everything was flooding.”* (Kerry Thistle, Director of Economic Opportunities and Investment, City of Yellowknife, NWT)

Communities are managing major unpredictability in river water levels. Most communities in the Yukon and the NWT are located near a lake or river and are dependent on these systems. Yet the variability in water levels creates challenges for local governments that lack predictable federal funding to address flooding one year and drought in another. These issues are majorly interconnected; for example, low water levels in Great Slave Lake due to drought are

drastically impacting water quality and provision in Hay River. Moreover, local governments lack dedicated capacity and expertise, and the capacity to proactively map flood risk beyond the larger cities like Yellowknife and Iqaluit.

*“We had major floods in 2021 and 2022. We’ve taken leadership to mitigate future flood risk by building berms in partnership with Teslin Tlingit Council (TTC), but that was a significant undertaking. These projects take significant public consultation, planning and delivery. We’ve always got to be keeping an eye on capacity building [in municipalities and the community]. In the Yukon, there were 10 flood events in 2022, and only one community managed its own flood response – that was us. That was a direct result of over 20 years of working together with TTC to build our own community capacity.”* (Gord Curran, Mayor, Village of Teslin, the Yukon)

### Search and rescue

Local leaders noted strong concerns about the North and Arctic’s limited search and rescue capabilities. Local governments lack the equipment, capacity and mapping data to manage disasters and conduct rescues.

*“Northern waters need to be properly mapped for safety due to the increase in shipping that is coming in our area.”* (Jimmy Manning, Mayor, Hamlet of Kinngait, Nunavut)





“Meaningful search and rescue capabilities are an absolute necessity for those living in northern Canada. The remote nature of our communities and potential for extreme weather conditions make it essential that rapid search and rescue capabilities be available in the North.”

Manasee Ulayuk, Mayor, Hamlet of Sanirajak, Nunavut

Currently, the Canadian Armed Forces are responsible for coordinating search and rescue services and can assist the Canadian Coast Guard for maritime disasters. There are currently three search and rescue bases – Joint Rescue Coordination Centres (JRCCs) – that service the north, including JRCC Victoria, (servicing the Yukon), JRCC Trenton, (servicing the NWT and Nunavut, including the north of Baffin Island), and JRCC Halifax, (servicing the southern half of Baffin Island). These bases are very far from their service areas in the North and Arctic and the distance limits the speed of search and rescue operations. The JRCC Halifax, for example, is 2,000 kilometres away from Iqaluit. Because of this, some search and rescue operations take up to 24 hours to reach an incident location due to refuelling and crew changes.<sup>78</sup> This renders activities like hunting on the ice, which is increasingly treacherous due to variable ocean and sea ice conditions, more dangerous due to search and rescue delays.

*“With the Northwest Passage opening, and the pressure that is starting to come, we don’t have the mechanisms in place to handle the climate change that is opening up waterways for us. We need resilient infrastructure plus the ability to handle disaster.”*  
(Marla Limousin, Executive Director of NAM)

The distance and delays in provisioning search and rescue are making local leaders in the Arctic concerned about safety and sovereignty in the Northwest Passage. Warming temperatures have weakened sea ice and have enabled more ships to navigate the Northwest Passage

(see page 47 for a map). Each additional ship in the Northwest Passage increases the possibility of a major disaster.<sup>xiii</sup> Local governments in Nunavut and the NWT are located directly on the Northwest Passage and would be significantly impacted, yet they have limited search and rescue capability.

While the federal ANPF expanded the Arctic Canadian Coast Guard Auxiliary and the Indigenous Community Boat Volunteer Pilot Program, these efforts do not properly address the scope of potential disaster from shipping in the Northwest Passage. Shipping companies have called for the federal government to invest in higher-quality satellite imaging and modern mapping that charts the depth of the ocean floor.<sup>79</sup> Overall, local leaders want the federal government to address concerns by increasing search and rescue capacity in the Arctic, potentially through a new JRCC base which could service all three territories.

*“Meaningful search and rescue capabilities are an absolute necessity for those living in northern Canada. The remote nature of our communities and potential for extreme weather conditions make it essential that rapid search and rescue capabilities be available in the North.”* (Manasee Ulayuk, Mayor, Hamlet of Sanirajak, Nunavut)

xiii - In 2017, more than 190 vessels took voyages through the Arctic, a 22 percent increase from the previous year.<sup>9</sup>

*“Coastal erosion is a major priority for us. Waves are digging up the sand and are very close to the housing in my community.”*

△ Manasee Ulayuk, Mayor, Hamlet of Sanirajak, Nunavut



Sea-level rise predictions vary across the region, but under a high-emissions scenario, sea levels could rise as high as **150 centimetres**.<sup>82</sup>

## Climate change

### Coastal and river erosion

Canada has the longest marine coastline in the world and the third-highest number of rivers. The North and Arctic, particularly Nunavut and the NWT, represent almost three-quarters of Canada’s coastline, with dozens of communities along the shoreline.<sup>xiv</sup> Climate change is affecting marine coastline and rivers through permafrost thaw,<sup>xv</sup> sea-level rise, lake-level fluctuations and larger storms. In the North and Arctic, the loss of seasonal sea ice intensifies erosion through open-water conditions, which leads to more waves and storm surges on the coastline.<sup>82</sup>

Coastline and river erosion is a major threat to local infrastructure. Erosion threatens roads and sea ramps, but also housing, much of which is near the coast in northern and Arctic communities. This is causing some local governments to reinforce shorelines but also to consider relocating homes. Local governments can act fast because of on-the-ground knowledge but are constrained by the paucity of long-term funding afforded to climate adaptation for coastal and river erosion. Another problem is that the territories lack integrated shoreline management plans and are impeded in creating them because data on shorelines in the territories is limited. For example, municipalities in Nunavut lack any erosion and flood risk mapping.<sup>82</sup> Moreover, many Inuit cemeteries are located near coastlines and shorelines: erosion can result in very personal loss for individuals and communities.

A related but distinct issue for local governments is the threat of sea-level rise in the North and Arctic. Sea-level rise predictions vary across the region, but under a high-emissions scenario, sea levels could rise by as much as 150 centimetres.<sup>82</sup> While much of Nunavut is relatively protected from the worst predictions due to a process called isostatic rebound, communities along the Beaufort Sea are projected to experience significant sea-level rise.<sup>xvi</sup> The Beaufort Sea includes the northern parts of the NWT and the Yukon and is a critical section of the Northwest Passage. Sea-level rise represents an existential threat to both the well-being of NWT communities like Tuktoyaktuk and Paulatuk due to impacts on housing, shipping and other local operations as well as to communities in western Nunavut that depend on shipments from Tuktoyaktuk.

Previous initiatives to protect the northern marine coastline and rivers have primarily been through the federal 2016 Oceans Protection Plan, which was renewed in 2022 to make shipping safer and protect marine ecosystems from the impacts of shipping. However, additional measures are needed. Federal support in the form of funding for data and mapping, alongside adaptation funding, including for strategic retreat, is critical to combat erosion and sea-level rise.

xiv - Canada has 226,000 kilometres of coastline, with 162,000 kilometres (71 percent) in the Arctic.<sup>80</sup>

xv - For example, in the northern Yukon, along the Arctic Ocean, rates of erosion are 0.5-1 metre per year.<sup>81</sup>

xvi - Isostatic rebound is the gradual rise of land after the immense weight of ice sheets from a past ice age is removed.

“With a short sealift season, removing hazardous materials and bulky waste is expensive and logistically complex, placing added pressure on the community’s solid waste site and local resources.”  Jimmy Manning, Mayor, Hamlet of Kinngait, Nunavut

*“We are experiencing significant erosion and sand bar growth in Fort Simpson. These changes have resulted in closed roads, compromised on-island underground water and sewer infrastructure, in-river water intake infrastructure and limited access to our community boat launch. These impacts have very serious implications for our ability to provide basic local services. It’s clear we’ll need to collaborate closely with our tri-council partners and other orders of government to develop effective solutions and protect our community’s future.”* (Kathy Tsetso, Deputy Mayor, Town of Fort Simpson, NWT)

### Permafrost

Up to 50 percent of Canada’s landmass is situated on permafrost. Permafrost is thawing because of global warming and the 2.3°C increase in annual mean temperatures between 1948 and 2016. Permafrost melt is a major threat for local infrastructure and services, increasing costs for construction, maintenance and insurance incurred by households and local governments. Without federal adaptation funding to address permafrost thaw, projected costs for airport infrastructure are \$7 million a year in 2040 across the North, \$120 million a year in the NWT and the Yukon for roads, and \$30-38 million for buildings.<sup>52</sup> Infrastructural challenges due to permafrost thaw are discussed in more detail in [SECTION 2 – INFRASTRUCTURE AND TRANSPORTATION](#).

### Waste management

Waste management is a local government responsibility across the North and Arctic, but one that far outstrips local capacity and budgets to manage. Challenges are particularly acute for

remote northern and Arctic communities, that lack basic waste separation infrastructure and must also sometimes engage in open-air burning of domestic waste, especially in Nunavut. In remote Arctic communities, local governments are required to ship waste to southern Canada, resulting in waste accumulation waiting for ships and potential exposure to hazardous waste. In 2014, Iqaluit’s landfill erupted in flames from spontaneous combustion and burned for four months. This fire cost the City of Iqaluit \$2.7 million to extinguish.<sup>83</sup>

*“One of the challenges we face is about waste management. We need governments to help us explore different, viable options. Especially in fragile environments like ours.”* (Michael Spence, Mayor, City of Churchill, Manitoba)

Waste in northern and Arctic communities is an ecological threat and an emergency management consideration. Because many waste management sites (largely dumps) in the Arctic are also near coastlines and rivers, erosion means waste may end up in marine and river ecosystems.<sup>84</sup> In Pond Inlet, Nunavut, the landfill is 430 metres from the ocean, and in Nain, Labrador (Nunatsiavut), the landfill is 70 metres away.<sup>84</sup> In the case of a marine disaster in the Northwest Passage or in other areas, communities have limited capacity to clean up.

*“Waste management in Kinngait presents unique challenges due to its remote location, limited infrastructure and high transportation costs. With a short sealift season, removing hazardous materials and bulky waste is expensive and logistically complex, placing added pressure on the community’s solid waste site and local resources.”* (Jimmy Manning, Mayor, Hamlet of Kinngait, Nunavut)

Local governments are already leading the way on waste management, despite constrained budgets and capacity. Nain, Labrador (Nunatsiavut) was the first local government in Canada to ban the sale of plastic bags in 2011. Today, efforts are underway to build a new waste management facility in the Hamlet of Qikiqtarjuaq, Nunavut, which would collect waste from other communities using a deepwater port, and incinerate it for community energy. Waste management is not addressed in the federal 2019 ANPF and merits attention from federal policymakers.



# ACCESS FUNDING THROUGH FCM'S GREEN MUNICIPAL FUND

FCM's Green Municipal Fund (GMF) has over 25 years of experience building the future Canadians want and deserve by accelerating the transformation to sustainable, resilient communities. GMF funds projects across the North and Arctic, including climate adaptation, tree planting, community energy systems and sustainable municipal buildings.

With 0.3 percent of the Canadian population, the three northern territories received \$2.23 million in grants and loans from GMF in 2024-25, representing 0.7 percent of GMF funding allocated across Canada. Twenty-nine projects have been funded across the territories, representing 0.7 percent of the total, while contributing to improved access to funding for communities.

GMF's Local Leadership for Climate Adaptation (LLCA) initiative ([English](#) [French](#)) is addressing community resourcing and capacity gaps related to climate impacts. Since 2024, the LLCA initiative offers a comprehensive suite of grants and capacity development activities supporting over 500 municipalities across Canada to develop equitable climate adaptation plans and implement small-scale local projects. Remote communities with populations below 10,000 may qualify for a cost share of 90 percent for adaptation initiatives. Indigenous communities and local governments applying in partnership with an Indigenous community may qualify for up to 100 percent of eligible project costs.

Guided by Indigenous leaders, LLCA has developed a Reconciliation Framework which is guiding GMF in supporting the meaningful inclusion of Indigenous knowledge and leadership in municipal adaptation planning and projects. Through targeted funding and an Adaptation Resource Library ([English](#) [French](#)), LLCA is meeting the needs of Canada's smallest communities for on-the-ground projects that reduce the risks posed by wildfire, flooding and other natural hazards.

## Tools & resources

- ↙ Factsheet: Advancing government-to-Nation relationships – [English](#) [French](#)
- ↙ Factsheet: Applying an Indigenous inclusion lens to climate adaptation: [English](#) [French](#)
- ↙ Factsheet: Adaptation actions to implement climate resilience – [English](#) [French](#)
- ↙ GMF staff are available to guide municipalities through funding opportunities. For more information, please contact a GMF advisor at [gmfinfo@fcm.ca](mailto:gmfinfo@fcm.ca), 1-877-417-0550, or book a meeting. – [English](#) [French](#)
- ↙ Stay informed about new and returning funding opportunities by subscribing to GMF's newsletter. – [English](#) [French](#)

## GMF case studies

### Teslin, Yukon – Nisutlin Dike

The Village of Teslin in the Yukon, in partnership with the Teslin Tlingit Council, constructed a ~150-metre armoured dike along Nisutlin Drive to protect critical community infrastructure and residential areas from climate change-induced flooding due to rising water levels in Teslin Lake. The dike safeguarded essential assets, including the recreation centre, municipal offices, the water depot, the sewage lift station, government buildings and the Elders Housing Complex. This work was carried out under an ongoing partnership agreement between the Village of Teslin and the Teslin Tlingit Council, which was prompted by emergency flooding and has since served as a model for flood mitigation collaboration in the Yukon.

### Cambridge Bay, Nunavut - Nunamiutuqaq Cultural Centre

Cambridge Bay, Nunavut is developing a cultural campus to document, revitalize and mobilize traditional Inuinait knowledge with pilot project support from GMF. Nunamiutuqaq (Building from the Land) is intended to revitalize Inuit practices for building in harmony with the Arctic landscape by bridging traditional architectural principles with cutting-edge approaches to low-energy, low-carbon buildings—many of which have not previously undergone Arctic testing. The initial 1,100-square-foot structure was constructed at the Green Building Technologies research lab at the Southern Alberta Institute of Technology, then shipped to Cambridge Bay and reassembled as a space to test and monitor the performance of sustainable building materials and technologies.

# SOLUTIONS



Local leaders in Canada's North and Arctic want to see federal ambition match their own and re-articulate a path for decarbonized energy grids, reduced costs and improved emergency management. The North and Arctic are a litmus test for Canada's climate ambition, and now is the time for the federal government to articulate a vision of success and resilience.

To promote social well-being, grow economies and ensure traditional ways of life can continue and thrive, the federal government must:

## General

- ∧ Maintain its goal to limit warming to no higher than 1.5°C and achieve net-zero emissions by 2050.
- ∧ Immediately invest \$2 billion into climate adaptation for local governments with an extra \$1 billion earmarked annually for the next decade.
- ∧ Work with local governments and Indigenous governments in the North and Arctic to advance realistic emissions targets for communities, understanding that timelines, funding and strategies must be flexible and adapted to northern and Arctic realities.

- ∧ Fund an ambitious data and mapping strategy for the North and Arctic, in collaboration with Indigenous Peoples, that enables communities to best understand coastal waters, shorelines, rivers and permafrost to better enable planning on wildfire, flooding, housing siting, shipping and transportation decisions.
- ∧ Increase investment in climate change preparedness projects in the North and Arctic beyond studies and design, including funding the construction phase of projects.

## Energy

- ∧ Continue efforts to transition communities away from diesel use for electricity generation, including through connecting the territories to provincial electricity grids, providing funding for local governments to transition from diesel to other sources and building out renewable energy infrastructure.
- ∧ Ensure any military expansion in the North and Arctic is supported by clean energy and utilize defence funding to connect local grids to clean energy.



- ^ Renew funding for off-grid Indigenous-led renewable energy projects and support connecting Indigenous communities and local governments to the same grids to provide economies of scale.
- ^ Invest in research, data and pilot programs to understand the range of energy options for northern and Arctic communities, including geothermal, tidal, solar, wind, nuclear and beyond.

### **Emergency preparedness**

- ^ Improve national coordination measures for wildfires and other natural disasters, including consideration of a national emergency management agency or a national fire administration.
- ^ Fund climate risk assessments for northern and Arctic communities to better understand and prepare for current and future climate risks.
- ^ Enhance search and rescue capabilities within the North and Arctic in recognition of long distances and potential threats from increased shipping in the Northwest Passage, including considering opening a new search and rescue base located in the territories.

### **Erosion and sea-level rise**

- ^ Fund sea-level rise evaluations, integrated shoreline management plans and climate adaptation projects to protect coastal shorelines and rivers banks.

### **Waste management**

- ^ Invest in a waste management strategy for the North and Arctic, including a needs assessment and core annual funding paired with block funding that enables local governments to meet operational, maintenance and infrastructure needs.

# SOVEREIGNTY AND SECURITY

*“Sovereignty isn’t just about defence. It means the people. Canadians say they are strong because of the Arctic. But it’s only as strong as the infrastructure, the housing and the people who live here.”*

^ Solomon Awa, Mayor, City of Iqaluit, and President of NAM

## ISSUE

### Local governments in the North and Arctic are the backbone of Canada’s sovereignty.

Far from simply being a presence, local governments in this region provide the basics needed for healthy, prosperous and business-friendly communities. They build the roads, water and wastewater systems and the recreation facilities that allow residents to live, work and thrive in Canada’s North and Arctic.

Local governments are doing this work despite a broken revenue model and a system not built for their realities. They bolster sovereignty yet do not have the full set of tools or support from the federal government to match their ambition. In a changing world, local challenges in relation to geopolitics, housing, infrastructure and climate resilience require strong federal partnership to solve. In addressing these interwoven issues and collaborating with northern and Arctic communities, all of Canada becomes stronger.

Now is the time to outline a new federal partnership with local governments in the North and Arctic, and build a model in which communities thrive, prosper and better defend Canada’s sovereignty.

Local infrastructure is defence-enabling infrastructure. Local capacity is national capacity.

*“Being in the far north, we don’t see much security at all. We were promised that we would be looked after well. Russia is next door, and it worries us. In the past, we’ve seen submarines. We are very vulnerable. We are probably the most vulnerable community when it comes to security.”*

△ Meeka Kiguktak, Mayor, Hamlet of Grise Fiord, Nunavut

## What not to do

In the immediate period after World War II, the federal government increased its presence in the North and Arctic with the colonial mission to assert Canadian sovereignty.<sup>85</sup> In 1953 and 1955, with the collaboration of the Royal Canadian Mounted Police (RCMP), the federal government relocated multiple Inuit families from Inukjuak, Quebec and Pond Inlet, Nunavut, then in the NWT, to Grise Fiord, now in Nunavut. Relocated families were accompanied by RCMP detachments, that provided supplies, monitored the ‘experiment’ and projected a strong Canadian presence.<sup>85</sup>

Grise Fiord is the most northern settlement in North America and 2,200 kilometres from Inukjuak, Quebec. The dozens of Inuit families from Inukjuak and Pond Inlet were not fully informed of options or potential consequences of relocation. The Qikiqtani Truth Commission found that “families who were the most dependent on government assistance were more likely to be relocated.”<sup>85</sup> Families were sent with limited equipment for hunting and were forced to contend with few food options, challenges accessing freshwater, a persistent lack of health care and limited homebuilding materials. In 1996, the federal government signed an agreement to provide \$10 million to survivors of the relocation and in 2010, the federal government apologized. Today, Grise Fiord is a thriving community that has “adapted to live and hunt on [its] rocky shores.”<sup>86</sup>

The relocations to Grise Fiord exemplify an unacceptable precedent for communities in the North and Arctic. Canada’s mission to project strength in the High Arctic resulted in significant difficulty and trauma for relocated families and was based on an understanding of sovereignty that instrumentalized Indigenous Peoples. This is based on a fundamental misunderstanding of sovereignty in which mere presence is sufficient. Local leaders know that community well-being, access to essential services and economic opportunity is the foundation of a sovereign North and Arctic – and it starts with investments in local governments. Local health and capacity is national health and capacity.

## What to do

Local governments are critical partners in Canada’s sovereignty and security. But local governments can only deliver if capacity keeps pace with investment and if municipal capacity is recognized as a sovereignty issue.

Local leaders want sovereignty founded on social well-being, access to infrastructure, climate resilience and economic opportunity. They want the federal government to understand that local governments are foundational to healthy communities and that healthy communities are the foundation of a sovereign country. They want sovereignty that fully recognizes Indigenous governments as equal partners in this ambition, aligned with the principles of the United Nations Declaration on the Rights of Indigenous Peoples. Security means that local governments are fully integrated into strategic decisions on Canada’s future as they pertain to safety and security. This includes planning and funding dual-use infrastructure, military and operational bases and collaboratively charting the future of the Northwest Passage.

Without local governments and the strength of their communities, Canada’s ambition to project sovereignty in the North and Arctic will miss the big picture. This section focuses on sovereignty and security and provides recommendations to achieve full federal-local partnership.



# MAKING LOCAL VISION A REALITY

*“Communities benefit from having dual-use infrastructure, and this requires a broader interpretation of what security means.”*  Gord Curran, Mayor, Village of Teslin, the Yukon

## Reinforce sovereignty by investing in local governments

In 2019, the federal government outlined a new approach to the North and Arctic through the ANFP. The ANFP makes passing mention of local governments without significant commitments.<sup>9 xvii</sup> While progress has been made, there has been no coordinated effort by the federal government to bolster local governments in the North and Arctic, and the geopolitical landscape has transformed since 2019. A new approach oriented around local government is needed.

*“Strong and resilient local communities are vital to national defence. It isn’t just about military installations. It could be about recreation facilities, or commercial kitchens, you name it. Communities benefit from having dual-use infrastructure, and this requires a broader interpretation of what security means.”* (Gord Curran, Mayor, Village of Teslin, the Yukon)


Any efforts to bolster the North and Arctic must recognize the foundation of sovereignty is Indigenous sovereignty. Indigenous Peoples have long lived and thrived across the North and Arctic, far before contact and colonization, and will for generations to come. Inuit Tapiriit Kanatami has unequivocally stated that “Canada would not be an Arctic state without Inuit [and] Inuit sovereignty is Canada’s sovereignty”.<sup>87</sup>

Local leaders in this region are clear that any vision of sovereignty must prioritize leadership by First Nations, Métis and Inuit. This involves funding for capacity building, program development and collaboration on defence programs. Ensuring Indigenous Peoples have the capacity to meaningfully exercise local aspirations is equally essential.<sup>9</sup> Local governments, often neighbours to First Nations and Métis communities, see themselves as partners in capacity development, infrastructure and demonstrating sovereignty in the North and Arctic.

*“Talking sovereignty to me is working with Indigenous communities and their knowledge and actually absorbing and listening to what they’re telling us. Trust is key. Working together to find solutions. Listening and respecting. You can’t just tick a box.”* (Kandis Jameson, Mayor, Town of Hay River, and President of the NWTAC)

xvii – FCM and other territorial municipal associations provided submissions in consultations for the ANFP.

*“Trust is key. Working together to find solutions. Listening and respecting. You can’t just tick a box.”*

 Kandis Jameson, Mayor, Town of Hay River, and President of the NWTAC

## Strengthening security in partnership with local governments

Northern and Arctic security is both a military and human consideration and involves keeping this region safe and stable. Security is about protecting ways of life from threats to Canada and local communities. Local governments are instrumental to national security through their defence-enabling infrastructure. Local leaders are ready to become full partners in Canada's security posture.

On specific matters of national security, local leaders in the North and Arctic are ready to partner with the federal government on climate resilience, the Northwest Passage and reaching the 5% of GDP NATO target through local infrastructure spending. Previous strategies, like the ANFP, largely omit local government considerations. Now is the time to forge ahead as strong partners.

## Climate change and the Northwest Passage

Climate change is widely recognized as the most severe threat to security in the North and Arctic. It is also the most severe threat to local services: thawing permafrost warps and destroys roads, airstrips and municipal buildings, coastal erosion washes away homes and cemeteries and warming increases the likelihood and severity of wildfires and flooding. The ANPF recognizes climate change has major impacts on human security in the North and Arctic, including disruptions to hunting, water supply and transportation.<sup>88</sup>

Beyond human security, through reductions in sea ice, climate change is causing an increase in foreign interest in the Arctic Archipelago.<sup>xviii</sup> This is concerning for local governments in the Northwest Passage. The Northwest Passage has been transited only 430 times total in recorded history and features unstable, choppy and difficult waters, much of which is poorly mapped.

xviii – Sea ice has been shrinking 12.7 percent every year since observations began in 1979.

## COMMUNITIES ALONG THE NORTHWEST PASSAGE



“The bonds we share are a testament to the strength of northern communities, and I believe they are key to our future prosperity and security.”

△ Justin Lachance, Mayor, Village of Carmacks, the Yukon



*“Canada Strong, it’s still kind of a slogan now. For us, it’s really about building capacity. I mean, a disaster in the North at this point, especially with the Northwest Passage, we wouldn’t even be able to handle it. It would be destroyed.”* (Marla Limousin, Executive Director of the NAM)

Geopolitical tensions are concerning on a national level because Canada and the Inuit consider the Northwest Passage Canada’s sovereign internal waters, whereas foreign actors like the United States, China and Russia view it as an international strait. On this front, local governments are the first impacted and the first to need increased capacity for response. There are multiple local governments (Inuit hamlets) across Nunavut and the NWT along the Northwest Passage. Local leaders from across these communities are expressing strong concern about the possibility of shipping disasters and increased maritime traffic near their communities. Fears of emergencies are compounded by the lack of search and rescue bases in the Arctic that could handle the size and scale of such a disaster with increasing traffic and vessel sizes. Local leaders in this region have articulated a strong desire to assert local sovereignty along the Passage in partnership with the federal government.

### **Dual-use: reaching 5 percent of GDP NATO spending through local infrastructure and services**

In 2025, the federal government committed to increasing Canada’s defence spending to 5 percent of GDP by 2035 alongside the North Atlantic Treaty Organization (NATO). This is projected to amount to \$1.2 trillion in spending over the next 10 years with

an estimated \$290 billion on infrastructure.<sup>89</sup> This dramatic increase in military spending and presence will rely heavily on local infrastructure and services in the North and Arctic. Local leaders want the federal government to understand that local governments are foundational to success, both for defence and for the people being defended. Local infrastructure is defence-enabling.

*“As mayor of the village of Carmacks, Yukon, and a member of the Carmacks Ranger Patrol and 1 Canadian Ranger Patrol Group, I’ve seen firsthand the importance of sovereignty in the North. I have participated in two Operation Nanook missions in the NWT and Nunavut, and I understand local governments not only strengthen our communities but also build lasting bonds across the North, with First Nations and other local governments. In the Yukon, we need dual-use infrastructure that serves both civilian needs and national defence, from enhanced transportation networks to better communication systems. With increased defence spending, we can boost critical infrastructure and create opportunities that benefit not just the Yukon but the entire North. The bonds we share are a testament to the strength of northern communities, and I believe they are key to our future prosperity and security.”* (Justin Lachance, Mayor, Village of Carmacks, the Yukon)



“Northerners have always known our role in securing the future of Canada. The necessary investments in our city as a NOSH site are investments in the future of our city, territory and Canada.”

^ Ben Hendriksen, Mayor, City of Yellowknife, NWT

A key plank of the increased spending in the North and Arctic is the creation of Northern Operational Support Hubs (NOSH). The federal government has earmarked \$2.67 billion over 10 to 20 years to establish these hubs, which will expand the capabilities of the Canadian Armed Forces in the North, building on existing Forward Operating Bases and sub-unit-sized Joint Task Forces. NOSH program leadership has been clear that the hubs will be dependent on nearby civilian infrastructure.<sup>90</sup> The communities of Inuvik and Yellowknife, NWT, and Iqaluit, Nunavut, have been selected as initial NOSH host communities. The long-term funding for NOSH reflects FCM's calls for predictable local infrastructure funding. As the federal government designs and disburses this program, it is critical to consider a broad range of admissibility for NOSH funding, including water and wastewater, recreation facilities and emergency preparedness.

*“The selection of Yellowknife as a NOSH site shows the strategic importance of the North to Canada's sovereignty and security. Northerners have always known our role in securing the future of Canada. The necessary investments in our city as a NOSH site are investments in the future of our city, territory and Canada.”*  
(Ben Hendriksen, Mayor, City of Yellowknife, NWT)

Local governments are strong partners that are ready to collaborate on the best possible use of defence spending in the North and Arctic. They want to contribute positively to NATO spending goals while delivering benefits to their communities with long-

needed infrastructure. For example, there is a serious lack of affordable housing for military personnel, existing housing stock is in poor repair, and there is a lack of Wi-Fi access.<sup>91</sup> The government has outlined a plan to build 1,400 units and renovate another 2,500. However, any new military housing in the North and Arctic needs to be connected to water and wastewater, generally built and operated by local governments. Considering most water and wastewater facilities in the North and Arctic were built 50 to 70 years ago, this is an excellent opportunity to build new water infrastructure that can serve military and civilian purposes. Similarly, with \$10.9 billion over five years for digital infrastructure, there is a good opportunity to build broadband and cellular service capability in the hardest to reach regions of the country.

*“If our fibre optic line is cut, which happens more often than you'd think, we lose the internet, which means businesses lose money because they can't take payments. If there's going to be Arctic sovereignty, relying on one fibre line into the whole of the NWT is [worrisome].”* (Kerry Thistle, Director of Economic Opportunities and Investment, City of Yellowknife, NWT)

Community leaders from across the North and Arctic are also able to project soft power through international forums for discussion and negotiation such as the Arctic Mayors Forum, the Inuit Circumpolar Council, the Arctic Council and other forums.



## Local infrastructure projects sovereignty and is defence-enabling.

Canada is entering a new era of geopolitics with a renewed focus on the North and Arctic. Local governments are strong and willing partners in bolstering Canada's sovereignty and delivering services needed to strengthen this critical but chronically underfunded region.

A new path forward for success exists. It avoids repeating the mistakes of the past, when Indigenous Peoples were instrumentalized to project sovereignty and infrastructure was promised but never built. On this new path forward, sovereignty is reaffirmed through community well-being, infrastructure, transportation and climate resilience. Security is an important element, wherein investments in local governments aid the federal government's goal of reaching NATO's 5 percent of GDP defence spending target while using this goal to spur economic growth.

### To build a new sovereignty and security partnership with local governments, the federal government should:

- ∧ Fund a capacity development and knowledge-sharing program, through the Department of National Defence and Global Affairs Canada, to prepare local governments for dual-use infrastructure investments. This should include:
  - ∧ A new task force called the Dual-Use Task Force, with events, convened by FCM, to collaborate on dual-use infrastructure needs and opportunities for municipalities.
  - ∧ A capacity-building program for working with the Department of National Defence on dual-use infrastructure.
- ∧ A knowledge-sharing program with international municipalities in order to better understand best practices and challenges from similar countries (e.g. Finland and Denmark).
- ∧ Bolster local government capacity to demonstrate sovereignty and increase emergency response capacity in the Northwest Passage and throughout Arctic waters.
- ∧ Ensure the Major Projects Office strongly considers nation-building projects in the North and Arctic, where public capital will go the farthest, and ensure these projects have local consultation.
- ∧ Ensure that defence-enabling local infrastructure, from water and wastewater to recreation, is considered admissible for dual-infrastructure funding in programs such as the recently funded NOSH.
- ∧ Reaffirm sovereignty of and partner with First Nations, Métis and Inuit governments in the development of any and all initiatives for northern and Arctic sovereignty and security, while working to close the infrastructure gap and provide better services.
- ∧ Refresh and implement the ANPF to comprehensively include local governments, and continue implementing objectives such as eradicating poverty, providing economic opportunity and closing the infrastructure gap.
- ∧ Fund expanded roles for local governments in subnational international forums such as the Arctic Mayors Forum and the Arctic Council.

# PROVINCIAL NORTHS

## COMPLETING CANADA'S NORTHERN PORTRAIT



*"If you don't have healthy people, you won't have a healthy community."*

△ Marjorie Flowers, AngajukKâk of Hopedale, Labrador

Provincial norths play a critical role in ensuring a strong Canada. While similarities exist between provincial norths and the territories, northern programs, policies and partnerships between orders of government need to be executed in a way that accounts for their realities.

This report calls for a stronger foundation for northern communities to grow and meet demands. One way to support that is through local economic development and diversification. In 2021, over a third of the provincial north labor force was employed in natural resource extraction, that being primarily mining (29 percent), followed by utilities (7.8 percent), public administration (6.5 percent) and healthcare and social assistance (5.93 percent).

The need for economic diversification is underscored by several challenges, the first being demographics. While the total population of provincial norths has been growing, local governments are seeing more dependents (seniors and youth) relying on the working population. As such, local governments need to be able to attract and retain individuals and families to support their economies. Current federal strategies go against this need, as Canada is currently implementing a reduction of permanent and temporary residents. This poses a challenge to provincial norths because immigration has contributed to population growth in the last few years. Additionally, provincial North communities point to the need for improved mental health and addiction supports.

The major infrastructure gap in the provincial norths exacerbates social issues and weakens economic resilience. Inadequate infrastructure (and in some instances, limited land development options) limits local governments' ability to grow their communities, including homes and playgrounds. Local governments

in the provincial norths point to the high construction costs, distance, limited transportation options and the need for specialized materials as key factors contributing to high infrastructure expenses. These factors also influence the ability of communities to attract developers.

Federal infrastructure programs need to be designed in a way that reflects provincial north realities, including avoiding application-based programs, providing stable and predictable funding and finding the right time for funds to be released to accommodate short construction windows.

Consultation with provincial norths should include a focus on climate resilience and the effects of warming. This includes such issues as major natural disasters and basic road maintenance due to elongated seasons. Ensuring provincial north local governments are equipped with the resources and knowledge to respond to, prepare for, and review these events requires partnership with other orders of government. Additionally, the lack of transportation options is a logistical hurdle when it comes to emergency response. Supporting provincial north communities in preparing for climate change and building capacity requires federal partnership.

Local provincial north governments, alongside the territories, need to be meaningfully included in federal strategies. For example, when it comes to national security, the federal government should leverage the opportunities found in communities such as Timmins for aerospace exploration or Labrador City for iron ore. Northern communities are intimately knowledgeable on how to make those programs work. By working with the federal government and other key partners such as Indigenous governments, local communities can prosper and contribute to a more resilient Canada.

# CONCLUSION

Northern and Arctic communities are key to sovereignty and security for all of Canada. They provide the foundation for thriving communities through their responsibility to deliver infrastructure like roads, water and wastewater and sea ramps. Delivering this infrastructure enables lower food prices, health care and education, while building climate resilience and leading the charge for reduced energy costs and renewables.

Looking to the future, local leaders in the North and Arctic see major new opportunities to benefit their communities. The federal government is investing significant resources in infrastructure and defence capabilities with the objective of reaching 5 percent of GDP spending on defence by 2035. Leaders view this as an unparalleled opportunity to build stronger communities and to defend Canada's sovereign North.

As the federal government embarks on this rapid expansion in the North and Arctic, it should partner with local governments on the issues outlined throughout this report. In doing so, it can ensure northern and Arctic communities are best equipped to face future challenges and improve social well-being and economic opportunity.

With the outsized role that local northern and Arctic governments play in defending Canada's sovereignty and security, now is the time to ensure that every community has the tools to prosper and thrive.



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