

Is There an Ideal Approach to Northern Development?

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As countries around the world embark on the journey toward a cleaner economy, critical minerals are fueling electrification and have become very important amid this transition and supply chain challenges. Many countries and subnational jurisdictions have designed and launched initiatives aimed at promoting and facilitating the socioeconomic development in their northern regions where these resources can often be found (e.g., Sweden, Norway, Alaska, and Russia).

In Canada, the federal government and the provinces of Ontario and Québec each have their own strategies. Developing the North is a complex and multi-faceted undertaking in Canada. While provinces hold most constitutional levers in the management of natural resources and energy, the crucial relationship with Indigenous communities is largely (but not entirely) a federal responsibility. The federal government has also played an increasing role in ensuring projects in the North meet environmental requirements. In this regard, close collaboration between the federal, provincial, and municipal governments as well as First Nations, Inuit and Métis is necessary and a condition for success.

While the federal government rolled out its own Critical Minerals Strategy in December 2022, this report specifically examines the provincial approaches to northern development taken by Québec (Plan Nord) and Ontario (Ring of Fire) to identify their respective benefits and challenges.

1. Why This Matters More Than Ever

Three imperatives drive the urgency of responsibly and rapidly developing Canada's arctic and subarctic regions:

- 1) Climate change
- 2) Energy transition
- 3) Socioeconomic development of the North

CLIMATE CHANGE

Recent evidence has shown an acceleration in the impacts of climate change in Northern Canada. While some impacts may to an extent be perceived as economically favorable (such as the opening of the Northwest Passage to maritime transportation), they also carry increased risks to a fragile ecosystem and northern communities (many of which are Indigenous).

Other impacts of climate change in the North are clearly negative: the acceleration of the melting of the permafrost brings significant challenges to the development and maintenance of infrastructure. As the permafrost melts, it releases in the atmosphere methane that was trapped in the frozen permafrost, which further contributes to climate change in the process.

ENERGY TRANSITION

As countries look to reduce greenhouse gas (GHG), accelerating the replacement of fossil fuel energy sources with renewable and clean power is top of mind. Several technologies such as battery storage, wind, solar, hydrogen, small modular reactors (SMRs) and carbon capture, utilization, and storage (CCUS) will support this transition.

In many regards, electrification is the backbone of the transition to a greener economy and Canada's objectives to achieve net zero by 2050. Electrification has increased the need for critical minerals. For instance, manufacturing an electric car and its different components (e.g., battery) requires copper, lithium, nickel, manganese, cobalt, rare earth minerals and graphite (International Energy Agency, 2022). Sourcing these minerals and accessing reliable and predictable supply chains has become a key focus of companies and governments.

It is important to note that northern populations, particularly "off grid" Indigenous communities, are experiencing the energy transition directly at home. Beyond witnessing the impacts of climate change on permafrost, wildlife and their traditional ways of life they must seek ways to use low carbon sources of energy to move beyond the era of highly polluting diesel generators. Similarly, new mining projects are also facing this situation as they think through their energy requirements. The industry is now showing encouraging signs of innovation with onsite wind generation and the use of a greater numbers of electric and, in some cases, remotely controlled equipment and vehicles.

SOCIOECONOMIC DEVELOPMENT OF THE NORTH

A low population density and proud and resilient Indigenous communities characterize Canada's northern regions. Reconciliation is foundational to the development of the North as our country must redress past and present injustices and systemic discrimination. Gone are the days of the unilateral exploitation of resources with only lip service being paid to the equitable sharing of the economic benefits with local communities.

Today, a mining project has no chance of moving forward and being supported by governments and investors without a solid, respectful, mutually beneficial engagement with local communities and, importantly, Indigenous groups who are directly and indirectly impacted by the planned initiative. In some cases, a multilateral comprehensive treaty may be in place on the proposed site, such as the James Bay and Northern Québec Agreement. The historic Agreement was signed in 1975 by the Crees, the Inuits (followed later by the Innus and Naskapis) as well as the government of Québec, Hydro Québec, the federal government, and the James Bay Development Corporation. It provides an example of a comprehensive "best practice" approach bringing a more predictable framework mitigating the risks and uncertainty that are always present in large, complex projects. It was subsequently completed by other agreements, notably "la paix des braves" signed in 2002 by the government of Premier Bernard Landry.

2. The Québec and Ontario Models

Despite the fact Northern Ontario and Northern Québec are both resource-rich and sparsely populated regions with rich Indigenous presence, the two provinces opted for different approaches in terms of size, scope, purpose, and governance.

PLAN NORD

Launched in 2008 by the government of Premier Jean Charest, the Plan Nord has been subsequently updated during the premierships of Philippe Couillard and François Legault.

The Plan Nord covers a territory of 1,2 million square kilometers north of the 49th parallel. It represents more than 72 per cent of the province's territory but only 1,5 per cent of its population, including four Indigenous nations (Crees, Innus, Naskapis and Inuits). The area encompasses the large hydroelectric installations of James Bay and numerous mineral deposits quite similar to Ontario's (with the exception of chromite). A significant portion of the territory is included in the James Bay and Northern Québec Agreement, which is one of Canada's earliest examples of a modern and comprehensive treaty that provides well-established predictability and a source of prosperity for Indigenous communities, particularly the Crees.

The Plan Nord’s approach is broad and based on the principles of sustainable development (economic, social, and environmental). As a result, its areas of priorities extend beyond mining to also include economic diversification, social development, energy, and land conservation.

The governance structure of the Plan Nord is well designed and representative, which allows for a high level of trust and ample “upstream” consultation with local stakeholders and communities (Indigenous and non-Indigenous). It consists of:

- **La Société du Plan Nord (SPN)** was established in 2015 as an arm’s length organization with its own board, governance, and reporting. The SPN regularly publishes an updated strategic and action plan with detailed objectives and explicit targets as well as an annual report tabled at the National Assembly of Québec.
- **The board of directors** of the SPN includes 9 to 15 directors with representatives from specific Indigenous communities (Crees, Inuits and Naskapis), academic institutions (notably Université Laval), government officials and economic actors.
- **A “partners council”** with 30 members reflecting the diversity among stakeholders. The council meets three times per year and acts as an advisory board by providing feedback on policies, projects. It often acts as a link with communities.

The SPN sees its role as providing a favorable environment for the realization of a project rather than a promoter or a direct advocate (projects can be eligible for various types of government support and funding). The SPN also plays the role of a “sherpa” for project managers, helping them find their way through the different government policies and funding programs.

RING OF FIRE

Identified in the early 21st century, the region became a major policy initiative of Premier Dalton McGuinty and his government in 2011-2012. As shown below, the Ring of Fire covers a territory of around 5,000 square kilometers, much smaller than the Plan Nord’s geography.

The region contains vast quantities of chromite, cobalt, copper, nickel, and platinum. Two Indigenous communities (Matawa and Webequie) are present on the territory and are consulted on a regular basis, notably on infrastructure deployment such as access roads to mining sites and connections between communities. Two other Nations (Marten Falls and Neskantaga) are located in the periphery of the territory and have expressed concerns related to the environment, notably the impact on their water supply.

From a governance standpoint, the Ring of Fire does not have a governing body like the SPN in Québec. As a result, there are no reports, strategic plans and results vis-à-vis indicators produced. The Ring of Fire should be viewed as a project-facilitating entity or initiative that offers support through the development of the necessary infrastructures (e.g., transport, communication) and the coordination with different government authorities and ministries (including, but not limited to, Mines, Northern Development, and Indigenous Affairs). The government of Ontario plays a central role in overseeing the development of the Ring of Fire without an intermediate body, thus providing a lighter structure.

3. The Benefits and Challenges of Each Approach

The table (see in next page) compares and contrasts the Plan Nord and the Ring of Fire to draw out benefits and challenges associated with each approach.

	Plan Nord	Ring of Fire
Territory Covered	1.2 million Km ²	≈ 5,000 Km ²
Scope	Broad - Economic - Social - Environmental	Narrow - Mining - Infrastructures
Governance	Formalized - Société du Plan Nord - Board of directors - Partners council	Direct governance from the provincial government
Accountability and Reporting	Established - Built in key performance indicators - Mandated public reporting	Limited
Intergovernmental Liaison	Strong	Strong
Stakeholder Representation	Mandate representation	Less formalized
Engagement with Indigenous peoples	Strong	Strong
Treaty in Place	Yes James Bay and Northern Québec Agreement	No
Impact on Projects	Facilitates projects	Facilitates projects

The Plan Nord covers a much larger territory and has a well-established and robust governance model. Ensuring a comprehensive and sustainable development of communities is an important goal of the Plan Nord. It puts a lot of emphasis on engaging with all relevant communities in an upstream manner.

The Ring of Fire focuses on the realization of individual projects in a smaller region than the Plan Nord. The absence of an intermediate administrative entity and a more limited scope may in some cases provide faster access to government authorizations and funding.

Both the Ring of Fire and the Plan Nord share a desire to protect the environment while establishing good, mutually beneficial relations with local communities, notably Indigenous populations in the spirit of Reconciliation.

4. Is There an “Ideal” Approach?

The Plan Nord and the Ring of Fire each present advantages that should be adapted to the specific characteristics of projects. The type and scope of project should determine the optimal approach. Ideally, governments and stakeholders could adjust the governance structure and the requirements in place to the nature of the projects being considered.

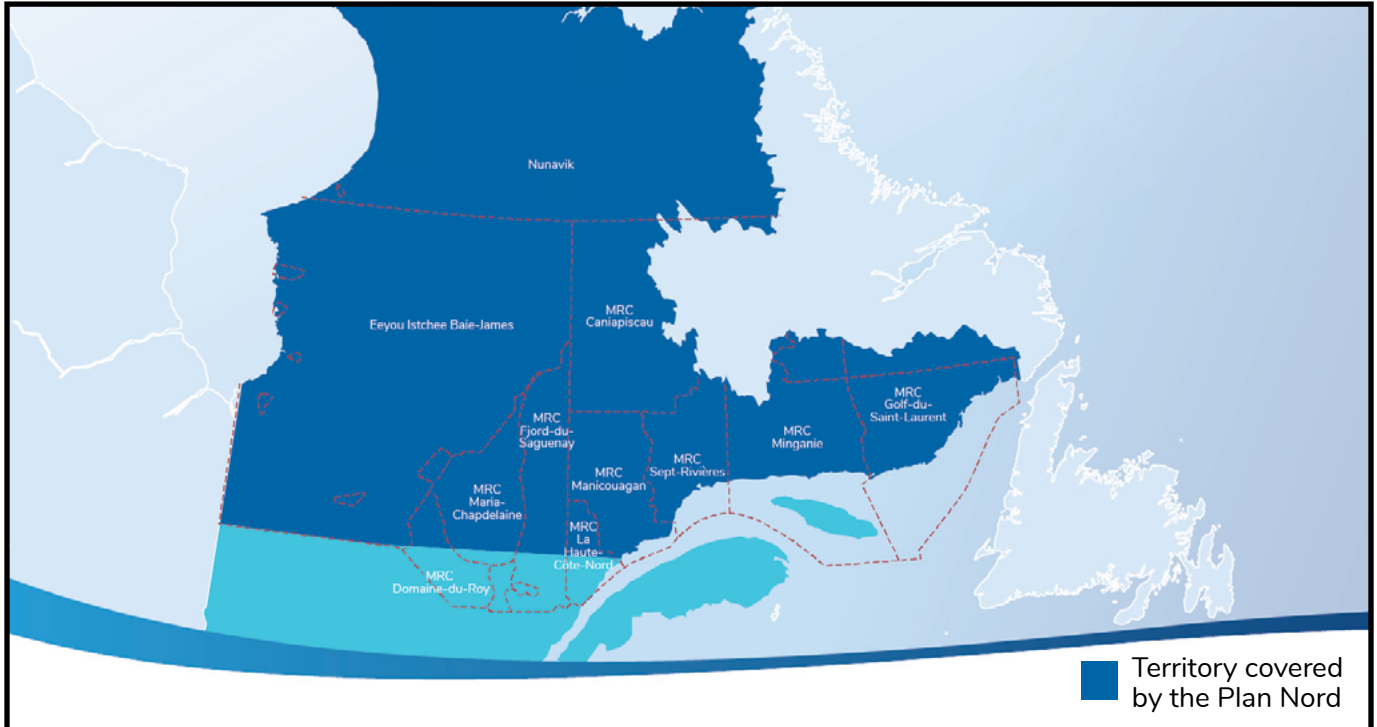
For some projects limited in size, scope and on a smaller territory, the Ring of Fire approach is a good option, as long as a benefit sharing agreement has been reached with Indigenous communities and a strong upstream engagement is in place.

Otherwise, the clearer and more established governance model of the Plan Nord is preferable. This generates a *de facto* “one stop shop” for investors and project managers. The SPN sherpa role is also an important benefit to project managers.

Additionally, the Plan Nord provides a framework for a more comprehensive and sustainable approach to the development of the North. Mandated stakeholder representation and the presence of accountability and reporting mechanisms can help build and maintain trust among all actors involved, including Indigenous peoples and other local communities. This is a *sine qua non* factor to the success of any project in our vast arctic and subarctic territories.

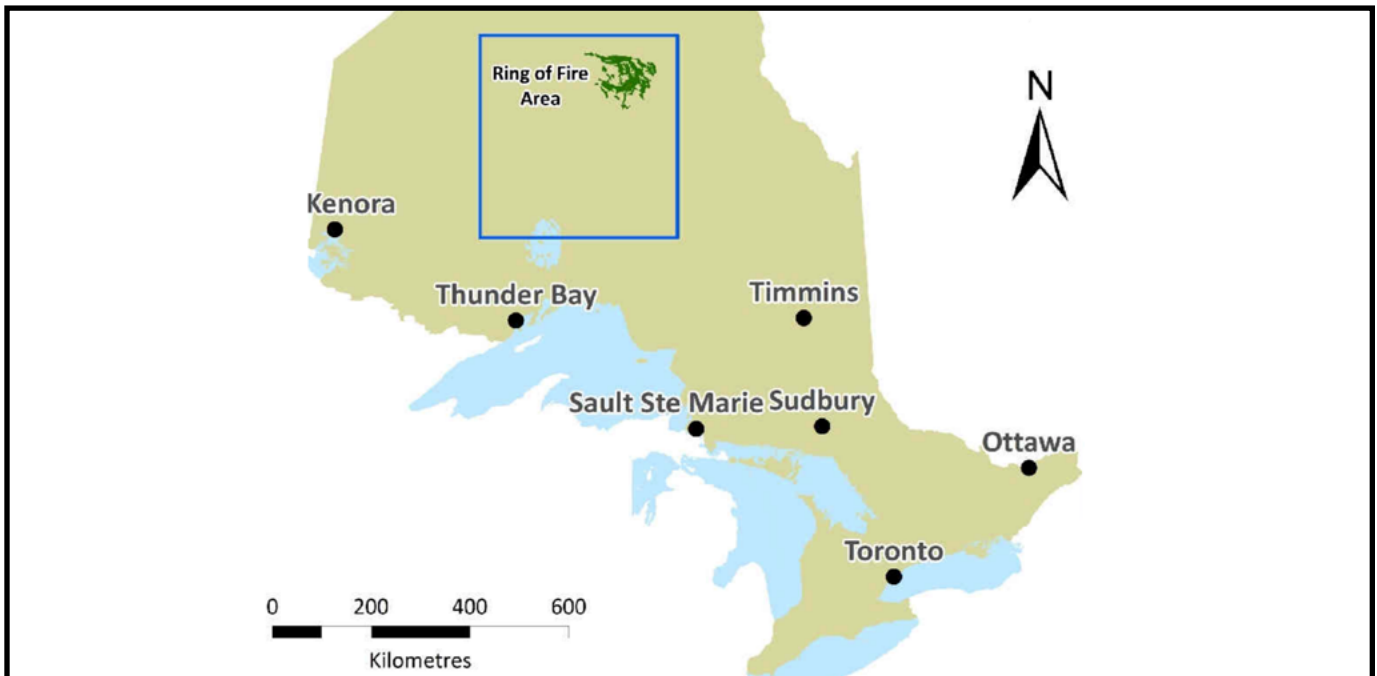
APPENDIX

Plan Nord



Source: Government of Québec. (2020).

Ring of Fire



Source: Government of Ontario. (2022).

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