

Regional Economic Development Plan - South Slave

Prepared for the GNWT Department of
Industry, Tourism and Investment

August 9, 2023



CONTENTS

1. INTRODUCTION

- 1.1 Purpose of the Regional Economic Development Plan
- 1.2 How the Plan Was Developed
- 1.3 Structure of the Plan

2. SOCIO-ECONOMIC PROFILE OF THE REGION

- 2.1 Regional Overview
- 2.2 Population and Demographics
- 2.3 Economic Sectors
- 2.4 Employment, Income, and Labour Market

3. STRENGTHS, CONSTRAINTS, DEVELOPMENT OPPORTUNITIES, AND PRIORITIES FOR ACTION

- 3.1 Economic Strengths
- 3.2 Constraints to Development
- 3.3 Opportunities
- 3.4 Priorities for Action

1

2

3

5

6

7

7

11

11

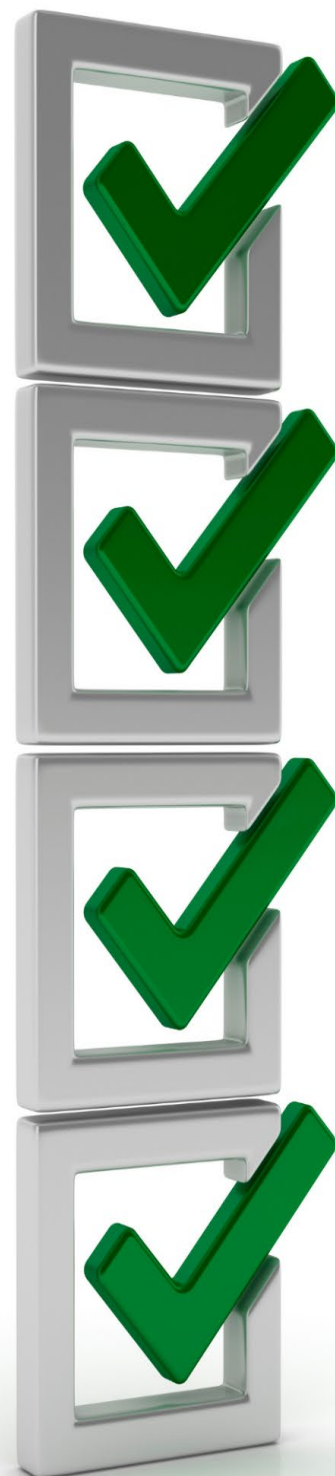
16

17

18

22

26



1. INTRODUCTION



1.1 PURPOSE OF THE REGIONAL ECONOMIC DEVELOPMENT PLAN

The mandate of the Minister of Industry, Tourism, and Investment (ITI) is to promote economic self-sufficiency through funding, support, and marketing initiatives designed to foster a positive economic environment in the Northwest Territories (NWT). ITI is working with various stakeholders and Governments throughout the territory to help diversify regional economies and to increase employment opportunities in the communities.

The purpose of this project, led by ITI, is to identify economic opportunities in each of the administrative Regions in the NWT and develop six Regional Economic Development Plans (REDPs). The development of REDPs is a mandate item under the 19th Legislative Assembly of the Northwest Territories as the Government of the Northwest Territories (GNWT) continues to work towards diversifying the economy of the NWT.

More specifically, this project entailed:

- Developing a list of engagement participants for the Region in association with local facilitators and ITI;
- Engaging with key regional stakeholders, Governments, and participants through surveys, interviews, and group sessions;
- Increasing the understanding of the importance of economic development;
- Identifying economic strengths, constraints, and development opportunities, in the Region; and
- Identifying priorities for action as identified by respondents to take advantage of strengths and opportunities, and to address constraints.

The REDP includes:

- A socio-economic profile of the Region;
- A summary of regional strengths, constraints, and development opportunities; and
- A summary of key economic development priorities for the Region reflecting the results of our research and consultation with key regional stakeholders, Indigenous Governments, Community/Municipal Governments, and participants.

The NWT consists of five administrative regions including the Dehcho, South Slave, Beaufort Delta, Sahtu, and North Slave Regions. A sixth REDP was developed for the communities covered under the Tłıchq Land Claims and Self-Government Agreement. The map in Figure 1 highlights the boundaries and communities located in each Region. As demonstrated in the map, the South Slave Region is bordered by the Dehcho to the west, North Slave Region to the north and Alberta, BC, and Saskatchewan to the south.

The South Slave Region encompasses seven communities including Hay River, Fort Smith, Enterprise, Fort Providence, Fort Resolution, K'atl'odeeche First Nation, and Kakisa. Hay River and Fort Smith are largest communities in the Region and provide various services to the other communities in the Region.

Figure 1: Map of the NWT Administrative Regions



1.2 HOW THE PLAN WAS DEVELOPED

This plan was developed through extensive engagement with key stakeholders and Governments as well as an in-depth review of the relevant statistics, reports, and existing local and sectoral strategies. The engagement process included:

- **A survey of regional stakeholders and other key informants.** The survey was posted online using the “Have Your Say” portal, the GNWT’s public engagement website, and was designed to obtain input on identifying opportunities and mitigating challenges and threats

to economic growth and gather recommendations for actions that could be taken to promote development.

- **Group discussions in Hay River and Fort Smith.** The purpose of the sessions was to obtain input on developing the economy, and identify the opportunities and constraints to development, and priorities for action as identified by respondents. Two in-person group discussions were organized with stakeholders in Hay River and Fort Smith and an online group discussion was organized with representatives of the Fort Smith municipality.
- **Interviews with key stakeholders.** The purpose of the key stakeholder interviews was to give those with interest, expertise, and knowledge applicable to the regional economy the opportunity to share their opinions on the opportunities and priorities for development.

As demonstrated in the following table, 78 stakeholders were engaged in the process of developing the plan for the South Slave Region, including 6 key stakeholders who participated in interviews, 29 community representatives who were engaged in focus group discussions, 18 regional stakeholders, and 25 sectoral and territorial representatives who participated in the survey.

Table 1: Engagement Activities in the South Slave Region

Engagement Method	Number of participants
Interviews with regional representatives	6
Focus groups	29
Surveys with regional stakeholders	18
Survey of sectoral or territorial representatives	25
Total	78

In preparing the plan, we have also conducted a review of research reports, plans, strategies, profiles, reports, and other documents relevant to the South Slave Region and, more generally, the NWT.

We used inclusive engagement approaches to increase participation by stakeholders from different backgrounds. Participants were provided multiple ways to participate including online surveys, phone or in-person interviews and group discussions. Multiple phone or email reminders were sent to stakeholders to encourage their participation. We hired a local facilitator in the Region who assisted with identifying local stakeholders, organized group discussions, recruited participants, and promoted the engagement through social media, advertisements, and e-blasts. For example, the in-person group discussions in Hay River and Fort Smith were promoted through e-blasts, and social media posts. The engagement was also promoted by the GNWT through the ITI website, social media, and direct emails. The group discussions were organized in the evening (6:00pm to 9:00pm) to facilitate attendance from the public.

1.3 STRUCTURE OF THE PLAN

Chapter 2 provides an overview of current economic conditions and presents a socio-economic profile of the Region. Chapter 3 summarizes the results of the engagement process regarding the economic outlook, the economic strengths on which the Region can build, constraints to development, development opportunities, and finally key priorities for action as identified by respondents.

2. SOCIO-ECONOMIC PROFILE OF THE REGION



2.1 REGIONAL OVERVIEW

The NWT consists of five administrative Regions that include the Dehcho, South Slave, Beaufort Delta, Sahtú, and North Slave Regions. Encompassing the southern and western shores of Great Slave Lake, the South Slave Region is a major transportation hub for the NWT, hosting one of the country's largest inland ports and the only rail connection in the NWT. Most communities in the South Slave Region have well-developed air and road connections. Hay River and Fort Smith both have direct air connections to Edmonton, being the second and fourth most populous towns in the territory, respectively.

There are seven communities in the South Slave Region: the towns of Hay River and Fort Smith, and the smaller communities of Enterprise, Fort Resolution, Fort Providence, K'atl'odeeche First Nation, and Kakisa. The "Hub of the North", Hay River sits on the southernmost shore of Great Slave Lake, at the mouth of the Hay River which flows into the NWT through northern Alberta. Forty kilometres south of Hay River is Enterprise, while Kakisa is another 97km west on the shore of Kakisa Lake. Located 160km east of Hay River, Fort Resolution is situated on the shores of Great Slave Lake near the mouth of the Slave River. Finally, Fort Smith is located along the southern border of the NWT, along the Slave River.

2.2 POPULATION AND DEMOGRAPHICS

As of 2022, there were an estimated 45,605 people living in the NWT. Of these, approximately 18% lived in the extended communities of the South Slave Region. As indicated in Table 2, residents are heavily concentrated in the towns of Fort Smith and Hay River, which collectively account for 78% of the regional population and 14% of the territorial population.

Table 2: South Slave Region Population, 2022

Region and Communities	Population	% of South Slave Region Population	% of NWT Population
Enterprise	121	2%	0.3%
Fort Resolution	556	7%	1%
Fort Smith	2,607	32%	6%
Hay River	3,796	46%	8%
K'atl'odeeche First Nation	341	4%	0.7%
Fort Providence	711	9%	2%
Kakisa	36	0.4%	0.1%
South Slave	8,168	100%	18.1%
Northwest Territories	45,605		100%

Source: NWT Bureau of Statistics

Between 2009 and 2022, the South Slave Region experienced a small population increase of 3%, while the NWT grew in population by 5%. This growth was driven primarily by 4% and 3% population increases in Fort Smith and Hay River, respectively. The populations of Enterprise and

Fort Resolution also grew by 13% and 9%, respectively. In contrast, the population of Kakisa and Fort Providence shrank by 31% and 5%, respectively.

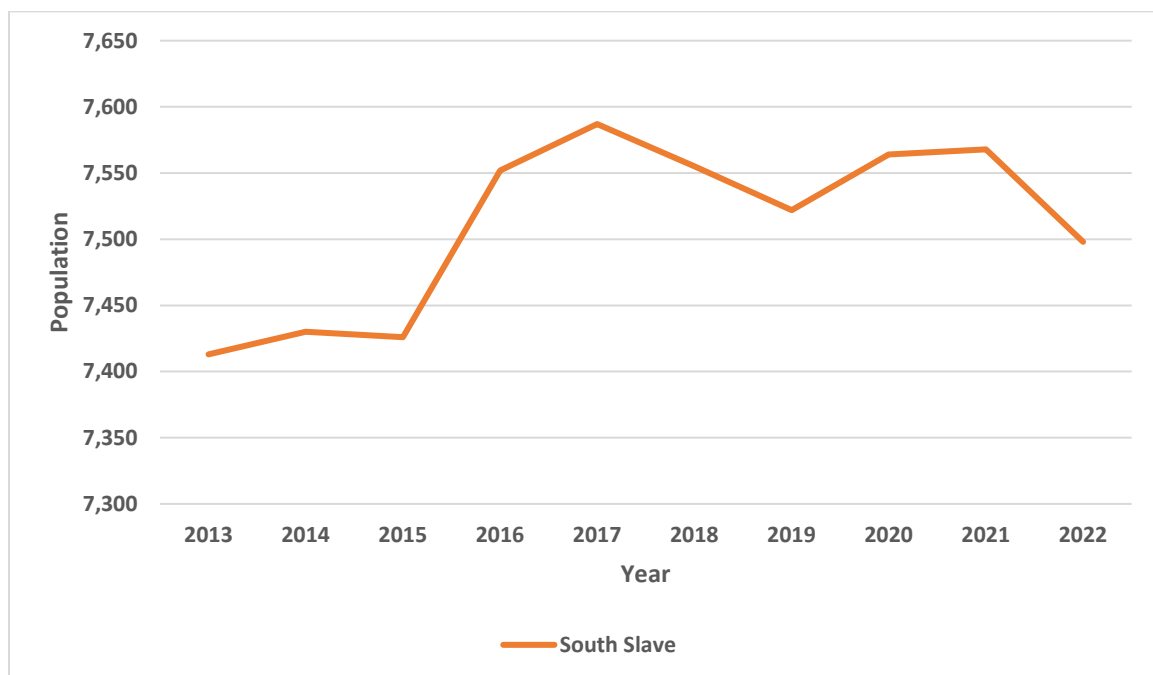
Table 3: South Slave Region Population Change, 2009-2022

Region/Community	2022 Population	2009 Population	% Change
Enterprise	121	107	13%
Fort Resolution	556	509	9%
Fort Smith	2,607	2,498	4%
Hay River	3,796	3,690	3%
K'atl'odeeche First Nation	341	304	13%
Fort Providence	711	752	-5%
Kakisa	36	52	-31%
South Slave	8,168	7,912	3%

Source: NWT Bureau of Statistics

Chart 1 shows that the population of the Region grew slightly between 2013 and 2022, with major population drops observed in 2019 and 2022.

Chart 1: Total Population in Region, 2013 to 2022



In 2019, the NWT Bureau of Statistics developed population projections for the territory to 2035. According to these projections, the population of the South Slave Region is forecasted to see marginal growth of 0.2%, from 8,275 in 2018 to 8,288, by 2035. During this same period, the population of the NWT overall is forecasted to grow from 44,541 in 2018 to 45,676 (an increase of

1,353 residents) by 2035, which represents an increase of 2.5% (equal to 0.1% per year which is well below the national average of 1.2%).

Table 4: Projected Population of the South Slave Region in 2035

Location	2018 Actual		2035 Projected		% Change 2018-2035
Enterprise	131	0.3%	126	0.3%	-3.8%
Fort Resolution	561	1.3%	493	1.1%	-12.1%
Fort Smith	2,709	6.1%	2,629	5.8%	-3.0%
Hay River	3,824	8.6%	4,015	8.8%	5.0%
K'atl'odeeche First Nation	331	.7%	370	.8%	.1%
Fort Providence	719	1.6%	655	1.4%	-.2%
Kakisa	-	-	-	-	-
South Slave	8,275	18.6%	8,288	18.2%	0.2%
NWT Total	44,541	100.0%	45,676	100.0%	2.5%

Source: NWT Bureau of Statistics projections

Approximately half of the Region's population identifies as Indigenous, closely aligning with 51% in the NWT. As seen in the following table, the percentage of the population who are Indigenous is relatively consistent across South Slave communities (ranging from 37% in Enterprise to 59% in Fort Smith), with the notable exception of Fort Resolution, K'atl'odeeche First Nation, and Fort Providence, where most of the population is Indigenous.

Table 5: Indigenous Representation

Location	Indigenous Population	% of Indigenous language speakers
NWT	51%	33%
South Slave	56%	22%
Enterprise	37%	27%
Fort Resolution	91%	40%
Fort Smith	59%	16%
Hay River	46%	16%
K'atl'odeeche First Nation	98%	46%
Fort Providence	86%	58%
Kakisa	-	81%

Source: NWT Bureau of Statistics

The population of the South Slave Region is only slightly older than the territorial population, with 72% being over the age of 25 compared to 68% across the NWT and 63% of the South Slave Region's population is of working age¹ compared to 65% in the NWT.

¹ Working age defined as those between 15 and 59.

Table 6: Population by Age Group, 2022

Age Group	NWT		South Slave Region	
	#	%	#	%
0 – 4 Years	2,794	6%	331	5%
5 – 9 Years	2,992	7%	382	5%
10 – 14 Years	2,997	7%	453	6%
15 – 24 Years	5,964	13%	882	12%
25 – 44 Years	14,328	31%	2,084	29%
45 – 59 Years	9,263	20%	1,500	21%
60 Yrs. & Older	7,267	16%	1,510	21%
Total	45,605	100%	7,116	100%

Source: NWT Bureau of Statistics

According to the 2021 Census, the average age in the South Slave Region is somewhat higher than that of the NWT at 39.6 years and 36.4 years respectively, while both are significantly lower than the average age of the Canadian population at 41.9 years.

Table 7: South Slave, NWT, and Canada Population Age, 2021

2021 Census Data	South Slave	NWT	Canada
Average Age	39.6	36.4	41.9
Median Age	39.2	35.6	41.6

Source: Statistics Canada (Data is from the Statistics Canada website for the City of Yellowknife and the Northwest Territories)

The percentage of the South Slave Region's population with a high school diploma or higher education has steadily increased across all communities since 1991.

Table 8: Percentage of Population with High School Diploma or Higher Education

Location	1991	2001	2011	2021
NWT	60%	65%	69%	74%
South Slave	59%	64%	69%	76%
Enterprise	67%	40%	75%	75%
Fort Resolution	34%	45%	49%	51%
Fort Smith	63%	69%	72%	78%
Hay River	61%	67%	73%	77%
K'atl'odeeche First Nation	18%	37%	41%	34%
Fort Providence	31%	37%	49%	53%
Kakisa	-	-	43%	-

2.3 ECONOMIC SECTORS

The sectors of the economy that have historically dominated the South Slave Region have included the public sector, retail, education, construction, transportation and warehousing, and natural resources. In addition, there are several emerging sectors in the Region that have potential for growth, including tourism, mining, agriculture and country food, manufacturing, fishing, and education services.

2.4 EMPLOYMENT, INCOME, AND LABOUR MARKET

A summary of employment and income data for the communities in the South Slave Region and the NWT is provided below. *(Please note that the COVID-19 pandemic has had an impact on the employment and unemployment data provided with the implementation of the Canada Emergency Response Benefit (CERB)).*

Employment

As demonstrated in the following table, employment, income, and education levels in the communities of Fort Smith and Hay River closely track the territorial average, though all other communities of the Region suffer much higher unemployment levels, and lower income and education levels. For example, the K'atl'odeeche First Nation has the highest unemployment rate in the Region, three times higher than the territorial average.

Table 9: Selected Regional Statistics, 2021²

Selected Characteristics	South Slave Region						NWT
	Enterprise	Fort Resolution	Fort Smith	Hay River	K'atl'odeeche First Nation	Fort Providence	
Employment rate (2021)	55%	45%	63%	65%	41%	44%	65%
Unemployment rate (2021)	25%	15%	7%	7%	27%	20%	9%
Average personal income (2020)	-	\$51,455	\$66,374	\$69,397	-	\$47,525	\$69,802
Average family income (2020)	-	\$104,455	\$135,455	\$152,434	-	\$101,738	\$149,197
% with high school diploma (2021)	75%	51%	78%	77%	34%	53%	74%

Source: NWT Bureau of Statistics

The following table provides labour market participation rates for all communities in the Region. As demonstrated in the table, in 2021, of the 5,435 people in the South Slave over the age of 15 years,

² No data was available for Kakisa

3,265 (60%) were employed, 330 (6%) were unemployed, and 1,835 (34%) were not in the labour force. The percentage of those employed was the highest in Hay River (65%) and Fort Smith (63%) and significantly lower in the smaller communities, ranging from 41% to 55%.

Table 10: Labour Market Participation, 2021

Labour Force Activity	Enterprise	Fort Resolution	Fort Smith	Hay River	K'atl'odeeche First Nation	Fort Providence	South Slave
Population 15 & Over	55	310	1,770	2,565	195	540	5,435
Employed	30	140	1,120	1,655	80	240	3,265
Unemployed	10	25	90	115	30	60	330
Not in the Labour Force	15	140	555	800	85	240	1,835
% of Employed	55%	45%	63%	65%	41%	44%	60%

Among those employed, the percentage of those who had full time jobs ranged from 93% in Kakisa to 66% in Enterprise, while Fort Smith and Hay River broadly conform to the NWT average at 80% and 87%, respectively. In line with trends across the territory, large employment gaps exist across education levels and between Indigenous and non-Indigenous people. The territorial average employment rate for those without a high school diploma was only 36%, while the employment rate of those with a high school diploma or higher education is 78%. A similar level of discrepancy exists across the South Slave communities.

Table 11: Employment Data by Characteristic, 2019

Employment Profile (2019)	Enterprise	Fort Resolution	Fort Smith	Hay River	K'atl'odeeche First Nation	Fort Providence	Kakisa	NWT
Employment Full/Part Time								
% Full-Time	66%	77%	80%	87%	79%	72%	93%	83%
% Part-Time	34%	23%	20%	13%	29%	27%	7%	17%
Education Level and Employment								
Employment Rates for Those with Less than High School Diploma	29%	33%	42%	55%	27%	30%	37%	38%
Employment Rates for Those with High School Diploma or Greater	56%	56%	69%	76%	48%	63%	59%	77%
Gender and Employment								
Males	58%	40%	67%	74%	27%	39%	32%	66%
Females	37%	53%	59%	68%	39%	53%	65%	65%
Indigenous Background and Employment								
Indigenous	46%	44%	55%	63%	32%	40%	42%	50%
Non-Indigenous	49%	59%	73%	78%	50%	80%	100%	80%

Source: NWT Bureau of Statistics

Labour Market

The South Slave Region's labour market is dominated by the public sector, with 22.5% of the workforce being employed by the public sector – approximately four times the national average according to the 2021 Census. Other major employment industries are health care and social assistance, retail trade, educational services, and construction.

Table 12: Labour Force by Industry, 2021

Labour Market Profile (2021)			
North American Industry Classification System (NAICS)	South Slave	NWT	Canada
91 Public administration	22.5%	27.4%	6.2%
62 Health care and social assistance	13.1%	10.8%	12.7%
44-45 Retail trade	10.9%	9.0%	11.1%
61 Educational services	9.7%	8.1%	7.3%
23 Construction	6.9%	6.1%	7.6%
21 Mining, quarrying, and oil and gas extraction	4.6%	4.3%	1.2%
48-49 Transportation and warehousing	4.7%	5.9%	5.1%
72 Accommodation and food services	3.4%	4.7%	5.6%
22 Utilities	3.4%	1.4%	0.8%
71 Arts, entertainment and recreation	3.1%	1.8%	1.8%
81 Other services (except public administration)	2.9%	3.2%	4.1%
54 Professional, scientific and technical services	2.6%	4.3%	8.1%
56 Administrative and support, waste management and remediation services	2.6%	3.3%	4.1%
41 Wholesale trade	1.6%	1.3%	3.2%
31-33 Manufacturing	1.5%	1.0%	8.0%
11 Agriculture, forestry, fishing and hunting	1.2%	0.8%	2.3%
53 Real estate and rental and leasing	1.2%	1.2%	1.8%
51 Information and cultural industries	0.9%	1.6%	2.1%
52 Finance and insurance	0.7%	1.2%	4.2%

Source: Statistics Canada Census 2021

The NWT Bureau of Statistics projects future labour demand across the NWT and its Regions using the NWT Occupational Demand Model, which estimates future demand for 140 occupations using three-digit National Occupation Classification (NOC) codes. As seen in the following table, the NWT is anticipated to have 13,700 job openings between 2021 and 2030. However, those job openings are not evenly distributed across Regions with the majority (61%) expected to occur in Yellowknife and only 16% (or 2150 jobs) will open in the South Slave Region.

Table 13: Labour Market Outlook, 2021-2030

Region	Employment (2019)		Expected Job Openings (2021-2030)		Avg. Annual Job Openings
	#	%	#	%	#
South Slave ³	3,705	16%	2,150	16%	215
Yellowknife	12,550	54%	8,400	61%	840
NWT	23,240	100%	13,700	100%	1,370

Source: NWT Bureau of Statistics

Replacement demand is expected to represent most job openings as current jobs are vacated due to retirement, deaths, or emigration. With industries such as diamond mining expected to reduce employment levels in the coming years, job growth is expected to be minimal.

Cost of Living

The NWT Bureau of Statistics uses Federal Isolated Post Living Differentials to determine the relative cost of living across communities in the NWT. The differentials are benchmarked to the cost of living in Edmonton (Index=100). In 2018, communities of the South Slave Region received differentials ranging from 127.5 in Hay River to 152.5 in Fort Resolution, indicating an inflated cost of living. Yellowknife, by contrast, sits at an index value of 122.5.

Table 14: Cost of Living Differential

<i>Cost of Living</i>	Enterprise	Fort Resolution	Fort Smith	Hay River	K'atl'odeeche First Nation	Fort Providence	Kakisa
2018 Living Cost Diff. (Edmonton = 100)	-	152.5	132.5	127.5	-	137.5	-

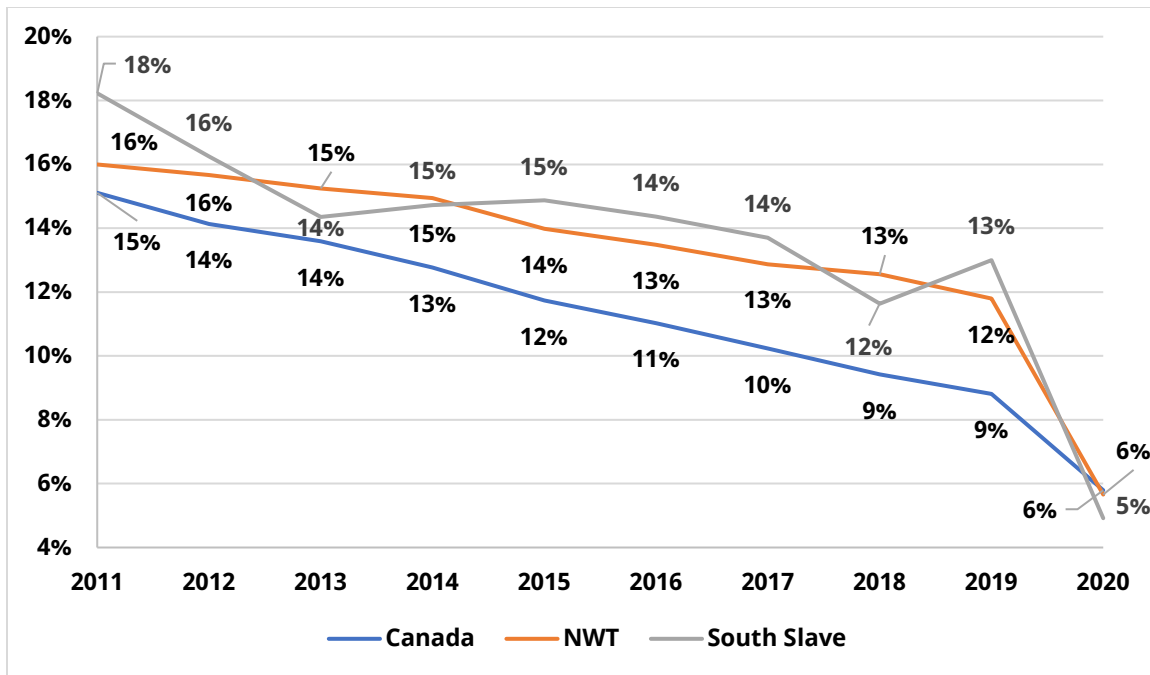
The rate of families that are considered low income decreased in the South Slave Region from 18% in 2011 to 5% in 2020, which is closely aligned with the territorial average (at 6% of all NWT families in 2020). By comparison, Statistics Canada reported that 6% of Canadian families were considered low-income in 2020, considerably lower in comparison to the 15% reported in 2011.⁴ The data from 2020 was impacted by government support provided in response to the COVID-19 pandemic.

³ The data provided by the NWT Bureau of Statistics is incomplete and covers only four communities of the South Slave Region, including Enterprise, Fort Resolution, Fort Smith, Hay River. In addition, the data for the Region includes employment projections for the community of Łutselk'e, which falls outside of the South Slave.

⁴ Distribution of total income by census family type and age of older partner, parent or individual.

<https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110001201>

Chart 2: Low-Income Families as Percentage, 2011-2020



Source: NWT Bureau of Statistics

Across the Region, food prices were significantly higher than the reference point in Yellowknife, averaging an additional 30%. Moreover, the percentage of families who reported difficulties in making ends meet ranged from 15% in Fort Smith to 49% in K'atl'odeeche First Nation, relative to a baseline of 16% in Yellowknife. The percentage of homes in the Region that have access to internet ranges from 34% in Fort Providence to 87%, in Hay River.

Table 15: Cost of Living

<i>Cost of Living (2019)</i>	Enterprise	Fort Resolution	Fort Smith	Hay River	K'atl'odeeche First Nation	Fort Providence	Kakisa
2019 Food Price Index (YK = 100)	-	145.7	118.8	126.0	121.1	129.8	-
% of Homes with Internet	79%	59%	82%	87%	42%	34%	47%
Difficulty Making Ends Meet (2018)	23%	30%	15%	21%	49%	35%	27%

3. STRENGTHS, CONSTRAINTS, DEVELOPMENT OPPORTUNITIES, AND PRIORITIES FOR ACTION



During the interviews, focus group sessions, and the surveys that were conducted involving residents; participants expressed mixed opinions regarding the economic outlook for the South Slave Region particularly in comparison to participants from other parts of the NWT. Of the 19 surveyed, 9 viewed the outlook as somewhat positive, 3 as neutral, 5 as somewhat negative and 2 as very negative.

Reasons for the positive outlook focused largely on anticipated developments in energy, communications, and transportation infrastructure, the expected reopening of the Pine Point mine, and potential growth in sectors ranging from tourism and mining to forestry, agriculture, and commercial fishing. Those who were less optimistic noted the upcoming closures of the diamond mines in the North Slave Region (which employ residents from the South Slave Region) as well as factors that are serving to slow development such as limited access to skilled workers, shortage of housing, high costs, the underdeveloped small business sector, and the regulatory environment.

Table 16: Perceived Economic Outlook

<i>Looking forward over the next five years, do you think the economic outlook for this region is?</i>	Regional		Sectoral or Territorial	
	#	%	#	%
Very positive	0	-	0	0%
Somewhat positive	9	47%	7	2%
Neither positive nor negative	3	16%	4	16%
Somewhat negative	5	26%	11	44%
Very negative	2	11%	2	8%
Not sure	0	-	1	4%
Total Participants	19	100%	25	100%

3.1 ECONOMIC STRENGTHS

Some of the strengths of which the South Slave Region can build in further developing the regional economy include:

- **Established economic base.** Prior to the COVID-19 pandemic, the economy had been relatively strong. Household incomes have been above the Canadian average, and unemployment rates have been relatively low. While COVID-19 has had some impacts on many of the businesses in the community, most have been able to maintain operations. The extensive presence of well-paid government positions in the community, which are less vulnerable to economic cycles, provides greater economic stability.
- **Well-educated labour force.** The percentage of the population aged 15 years or older with a high school diploma or more increased by nearly 16% between 1991 and 2019 (from 60% to 76%) and was higher than the NWT overall.
- **Well-established Transportation Infrastructure.** The Region is accessible by road, rail, water, and air. Hay River is a key transportation centre in the NWT and could further be developed to become a major supply and logistics hub for the territory. The Region has year-round road and

railroad access to Alberta and Marine Transportation Services (MTS) operates the shipyard in Hay River and organizes marine transportation of cargo by diesel tugboats and shallow-draft barges to communities throughout the Mackenzie Valley and along the Arctic coast.

- **History, culture, and art.** The history of the Region is reflected in its people, museums, cultural centres, and buildings. Local artists create products such as carvings, moosehides, stained glass, jewellery, beadwork, fine arts, music, photography, film, and video.
- **Natural attractions.** Fort Smith is the gateway to the Wood Buffalo National Park, the world's largest dark sky preserve, the largest national park in Canada, and a UNESCO World Heritage Site. The park has the largest free-roaming herd of bison in North America and is the sole remaining refuge and breeding ground of the endangered whooping crane. Other significant assets within the Region include Great Slave Lake, Alexandra Falls, territorial parks, aurora borealis, world class rapids, and abundant wildlife.
- **Centre for education.** With more than 300 full-time students, the Thebacha Campus is currently the largest of three Aurora College campuses in the NWT. Of the 21 learning centers, Aurora College operates four are in the South Slave Region located in Hay River, K'atl'odeeche First Nations, Fort Resolution, and Fort Providence. Aurora College is transforming into a polytechnic university to increase access to quality post-secondary education opportunities for Northerners and to foster the growth of research that is beneficial to its community and people. This will increase skilled workers and expand current programs. There are ongoing discussions regarding the development of student housing in Fort Smith.
- **Connection to southern Canada through Highway 1.** Highway 1 allows access into the Northwest Territories, with the first stop along the highway being Enterprise the community is considered 'The Gateway to the North' and has acclaimed the name. Hay River is considered the Hub of the North' with it being the main transportation hub of the north, with the majority of shipments of goods passing through the community.. In the winter months, Highway 5 through Fort Smith provides an alternate route into the Northwest Territories over the ice road through Wood Buffalo National Park. Fort Smith is the southernmost community in the Northwest Territories and is situated on the NWT/Alberta border.
- **Entrepreneur and research support.** Organizations such as Community Futures, National Research Council, Futurpreneur, EntrepreNorth, and others are helping to support entrepreneurs and researchers financially and through advisory services.

3.2 CONSTRAINTS TO DEVELOPMENT

The regional and sectoral/territorial representatives who were surveyed were asked to rate the extent to which various issues constrain economic development in the South Slave Region, on a scale of 1 to 5, where 1 is not at all, 3 is somewhat, and 5 is to a great deal. The results are summarized below.

Table 17: Constraints to Development

<i>On a scale of 1 to 5, where 1 is no constraint at all, 3 is somewhat of a constraint, and 5 is a major constraint, how much of a constraint to development are the following issues?</i>	Regional	Sectoral / Territorial ⁵
Number of Respondents	19	25
Access to land and resources	4.3	3.9
Access to skilled workers	4.1	4.6
Cost of living (e.g., housing, food, energy)	4.0	4.4
Cost of business operations	3.9	4.2
Access to markets	3.9	3.8
Transportation access	3.6	3.9
Access to capital	3.5	3.4
Energy infrastructure	3.4	4.2
Development processes, permitting issues and other regulatory issues	3.2	4.1
Access to business support	3.0	3.0
Internet connectivity	2.9	3.6

A discussion of these and other constraints that were identified in the focus groups, surveys, and interviews is provided below.

- Lack of access to land and resources.** Unsettled land claims restrict access to local lands that could be used for housing, commercial and industrial purposes, and other uses that could generate economic benefits for communities in the Region. Three groups are currently negotiating comprehensive, land, resources and self-government treaties in the Region including the Dehcho First Nation, the Akaitcho Dene First Nation (which is negotiating an agreement-in-principle), and the Northwest Territory Métis Nation (which signed an agreement-in-principle in 2015). These agreements, once finalized, will establish land and resource ownership and local government, and provide for the active participation by beneficiaries in the co-management of land and resources within their respective claim areas.

There is a significant shortage of housing, which limits the ability to attract new residents and workers to the Region. Hay River has faced challenges related to accessing land to build houses, the impact of the 2022 floods, and reopening a residential high rise. Fort Smith also faces a housing shortage and will need to construct student housing to replace the existing facility at Aurora College. In its Citizen Satisfaction Survey, Fort Smith residents cited affordable housing and rental accommodations as the most important community issue.⁶

Participants cited examples where local employers hired workers from outside of the community but were not able to keep them because of the lack of housing options. Similarly, it was noted that some youth who left for education purposes were not able to return to the Region once they had completed their studies because of difficulties in finding appropriate housing.

⁵ Sectoral and territorial representatives were responding of the sector which they represent (e.g., tourism) and/or for the NWT as a whole rather than specifically for the South Slave Region.

⁶ 2019 Fort Smith Citizen Satisfaction Survey Results

The costs of construction have risen sharply, and few new buildings are being constructed. Focus group participants also noted that a lack of appraisers and other real estate services lead to slow construction and real estate transfers. Often those who are trying to value or sell their properties face extended delays in getting services from an appraisal company, of which there is only one in the territory, and it is in Yellowknife.

- **Access to skilled workers.** Accessing workers, particularly skilled workers, is a major challenge for businesses given the high wages and benefits provided by the government, lower graduation, and education levels relative to jurisdictions outside of the NWT, and limited access to education and training programs. Participants recommended the development of shorter-term programs (e.g., 2-to-5-month programs) and micro-credentialing programs to better help residents to develop the needed skillsets. Employers report difficulties in filling positions, both entry-level positions and more senior and skilled positions. Skills shortages were identified in areas ranging from small business management and operations to trades, tourism, marketing, and administration. Some anticipate that the constraints will become even more significant due to an aging population and as more people retire and exit the labour force. Participants identified businesses such as banks, coffee shops, retail stores, tourism operations, and service delivery businesses that had to close or reduce operating hours because of difficulties in finding staff.

Another factor contributing to the shortage of workers is the lack of affordable childcare in Fort Smith and Hay River. More accessible childcare services could allow more people to enter the workforce and boost the economy. Labour market participation rates in the Region tend to be much lower among women.

- **Cost of business operations and cost of living.** The cost of living in the Region has been 30% to 35% higher than in Edmonton and 20% to 25% higher than in Yellowknife. Expenses such as wages and raw materials, transportation and shipping, and even insurance tend to be much higher than in southern Canada. Businesses often struggle to match the salary expectations of potential employees, even those applying for entry-level positions.
- **Access to markets.** Businesses face challenges in accessing readily available markets for goods given the small population base (which has not been growing) and the distance to southern markets. Local suppliers have also been facing increased competition from online sites. Some suggested a need for communities to better promote buying local.
- **Condition of transportation infrastructure.** Although the Region benefits from well-developed transportation infrastructure, some of the existing infrastructure is dated and in need of upgrades and repairs. There were concerns raised regarding the condition of highways 1 and 5, which were impacted by flooding in 2022.. Maximum weights have been reduced which, in effect, increases transportation costs by reducing volumes per load.
- **Limited entrepreneurial base.** The economy of the South Slave Region is driven primarily by the public sector. The presence of well-paying jobs in the government is viewed as a disincentive to entrepreneurial development and new business development. There is a need to create more of an entrepreneurial culture and an environment that is supportive for businesses (e.g., provide infrastructure, access to financing and professional development

resources, and other programs to support businesses). The Region would benefit from the development of local businesses that would offer goods and services that are currently unavailable in the area.

Businesses identified a need for further programming to promote entrepreneurship, including programs targeted at youth and students at the college. Participants noted that entrepreneurship could also be stimulated by offering local spaces from which businesses, artists, makers, and entrepreneurs could operate. Another potential opportunity raised was allowing businesses to operate from public housing.

- **Regulatory environment.** Participants expressed concern about what they see as overly complex regulatory processes (e.g., long permitting and contracting processes that are constraining development and investment), a lack of collaboration between the government and service providers, unexpected regulatory roadblocks when developing new businesses, high levels of government bureaucracy, difficulties in navigating grants programs, a lack of clear service standards and responsiveness (e.g., delays in replying to questions or concerns), high levels of paperwork that slow or halt new business, and the need to improve coordination across levels of government. For example, some tourism operators noted that the permitting process in the NWT, which is already complicated and expensive for tour operators, is further compounded when permits are also required to operate in neighbouring Alberta.

Participants noted a need for more open and transparent lines of communications between governments as well as business groups and other stakeholders. The level of engagement, cooperation, and partnership with Indigenous groups, governments, and people has not been adequate in the Region. The low levels of engagement affect trust and unity among people who live in the Region, which is detrimental to economic growth.

The agricultural and fish industry is impacted by the limited access to inspectors who can certify their products as suitable for human consumption. According to participants, food products produced in the Region may have to be shipped to Alberta for inspection, which results in delays, additional costs, and logistical challenges. Participants suggested that government should recruit and retain food inspectors who can operate in the Region and provide services to producers.

- **Connectivity.** Stakeholders identified a need to continue to increase internet access, improve reliability, and reduce costs. Costs are very high relative to southern Canada and speeds are capped at different levels depending on the package. Unlimited data prices range from about \$160 per month for download speeds of 50mps (upload speeds of 10 Mbps) to \$250 per month (download speeds of 250mps and upload speeds of 15mps). Actual rates will vary depending on factors such as the connection, location, and number of users sharing the network.
- **Climate change.** Climate change is rapidly affecting the Region and is expected to accelerate changes in the growing and hunting seasons. According to participants, animal harvesting, produce farming, fishing, and general access to a winter road are all dependent on the climate, and these practices are becoming more unpredictable due to climate change. Climate change has also led to milder winters in the North and an increase in average temperatures. This has led to melting of the permafrost, and this has had negative impacts on existing infrastructure

including roads, bridges, and houses and buildings. As a result, costs to maintain, repair, and replace infrastructure are likely to increase in the future.

3.3 OPPORTUNITIES

The surveyed representatives were asked to rate how much of a priority the government and others should place on promoting various sectors on a scale of 1 to 5, where 1 is no priority at all, 3 is some priority, and 5 is a major priority. The average ratings of the regional representatives as well as the sector and territorial representatives are provided in the table below. As indicated, research, education and training, oil & gas, tourism, small business development, and the development of renewable or alternative energy were rated to be the highest priorities for the South Slave Region.

Table 18: Priority Sectors for Development

<i>Given the opportunities available in this region, on a scale of 1 to 5, where 1 is no priority at all, 3 is some priority, and 5 is a major priority, how much of a priority do you think government and others should place on promoting the following sectors:</i>	Regional	Sectoral / Territorial
Number of Respondents	19	25
Scientific research	4.6	3.8
Education and training services	4.2	3.9
Oil & gas exploration and development	4.2	3.8
Tourism	4.1	3.7
Small business development	3.7	3.4
Renewable or alternative energy	3.6	3.1
Mineral exploration and mine development	3.5	3.3
Film Sector	3.5	2.7
Commercial fisheries	3.4	3.3
Traditional economy	3.4	3.0
Other renewable resources	3.4	2.9
Country foods	3.3	4.0
Manufacturing	3.3	3.9
Arts and culture sector	3.2	3.0
The tech sector and innovation	3.1	2.8
Remediation and site reclamation	3.0	3.6
Agriculture	2.8	3.5

The opportunities are further discussed below:

- **Research, education, and training.** Increasing local access to education and training programs and better aligning those programs with the needs of employers and the regional economy is needed to improve employer access to workers and the skills needed. Participants specifically cited the need for greater access to trades, IT skills, and short-term and micro-credentialing programs.

Participants saw opportunities for the Thebacha Campus of Aurora College to become more involved in research, particularly as the institution transforms into a polytechnic university. As

the reliability and cost of internet improves, participants indicated that there may also be opportunities to attract knowledge businesses to the Region; some high-tech companies may be interested in locating their servers in cold regions to reduce the cost of cooling.

- **Oil & gas exploration and development.** While the sector is not currently active in the Region, parts of the South Slave Region are within the Western Canada Sedimentary Basin. Extending into four provinces, Yukon and the NWT, the Basin contains one of the world's largest reserves of petroleum and natural gas.
- **Tourism.** Prior to the pandemic, continued growth in the tourism sector helped to support a wide range of businesses (food and beverage, accommodation, small scale bed and breakfasts, arts and crafts, tour operators, etc.) and provide employment for a labour force with varying skillsets (skilled and semi-skilled). Opportunities exist to support further developing the tourism industry by leveraging its key strengths and assets (e.g., Wood Buffalo National Park, Roberta Bondar Northern Observatory, Northern Life Museum, Flat World Alpaca Farm, boating, fishing, or boating on Great Slave Lake, and activities such as camping, sightseeing, wildlife viewing, cycling, boating, fishing, hunting, photography, hiking, and visiting historic sites). In addition to building the outdoor adventure market, there are opportunities for the Region to expand other markets such as:
 - *Southern Road Touring Market*, with a particular focus on Alberta, BC, Saskatchewan and, to a lesser extent, Ontario, and the US.
 - *Aurora Viewing.* Aurora viewing is the leading leisure segment in the NWT but, at present, is concentrated primarily in Yellowknife. Unlike the other market segments, this segment has primarily targeted visitors from Asian countries including China, Japan, and South Korea.
 - *Sports and Events.* The Region already features some well-established festivals and events such as the Thebacha & Wood Buffalo Dark Sky Festival, Slave River Paddlefest, sporting events, and music festivals. Across Canada, the sport and event market has been one of the fastest growing segments of the tourism industry, benefiting regions ranging from smaller communities to major urban areas.
 - *Meetings and Conferences.* The Salt River First Nation Business & Conference Centre opened in 2019 and can host events and activities opportunities. NWT Tourism (NWTT) has identified Meetings, Conferences, and Incentive Travel (MCIT) as a priority growth segment.
 - *Indigenous Tourism.* There is significant increasing interest in Indigenous tourism, particularly for authentic experiences where tourists can interact directly with Indigenous people and learn about local cultures, traditions, art, food, storytelling, and history. NWTT 2020 Strategy incorporates a focus on Indigenous culture and adopting the recommendations of the NWT's Aboriginal Tourism Champions Advisory Council (ATCAC). Similarly, NWTT Tourism 2025: Roadmap to Recovery also has a strong emphasis on developing Indigenous tourism businesses and Indigenous tourism products and services.

Developing these markets will require working to attract investment and by further developing infrastructure, increasing accommodation capacity and food & beverage service, actively supporting the development of new attractions, packages, and tourism products, attracting visitors, and helping to attract skilled and unskilled labour for the industry.

Key informants noted that the shortage of accommodations is particularly acute during busy times in the summer. It has also been suggested that a lack of knowledge in developing tourism products or getting started in the tourism industry has slowed development. Those interested may not know what is needed to set up a tourism operation or where to go to get assistance.

Participants noted that rail is now being used mostly to transfer fuel to the Region and is not used to its full capability. Participants suggested that rail can be used more extensively to transfer goods (i.e., non-fuel) and tourists. The Region could promote itself as the most northern destination for rail travellers. Participants also noted that, when the Pine Point mine becomes operational, the significance of railroad transportation will be increased. CN has spent over \$15 million in upgrading the rail lines and more upgrades are needed.

- **Small business development.** Development of infrastructure and the regional economy will create opportunities for small business development. Representatives noted that much more could be done to create awareness of the potential development opportunities among businesses and entrepreneurs, create more of an entrepreneurial culture, and build an environment that is more supportive for businesses (e.g., provide infrastructure, access to financing, training and professional development resources, and other programs to support businesses). Recommendations included organizing economic summits in each community to highlight the economic strength of the Region, showcasing some of the accomplishments of local businesses, and examining options to bring down the cost of doing business in the Region.
- **Renewable energy.** Expansion has been proposed for the Taltson Hydroelectric facility, which provides power to the Region. The proposed project would more than triple the power plant's generation capacity, increasing the current capacity from 18 MW to 78 MW and link the electrical grids north and south of Great Slave Lake. Key informants noted that the expansion would lower the price of electricity and create other opportunities in all areas of the economy.
- **Mining and mineral development.** Mineral development opportunities in the South Slave Region include the potential reopening of operations at the Pine Point Mine. The mine operated from 1965 until 1988, when it closed due to low metal prices. If reopened, the mine could create between 280 and 500 jobs during the construction phase, while the operational mine will provide employment for 460 people. The Pine Point zinc operation benefits from established infrastructure, including an onsite electrical substation that provides low-cost hydroelectric power, a network of paved roads to the former mine site, and haul roads that connect all the major deposits. Owned by Osisko Metals, the mine has announced plans to start production by the end of the decade.

- **Commercial fishery.** Construction of a Canadian Food Inspection Agency (CFIA) approved fish processing plant is completed in Hay River. It is anticipated that the plant will enable local fishers to achieve higher prices by marketing NWT fish separately from southern fish, expand local production, further develop the local market, attract fishers into the fishery, and gain access to markets outside of the NWT.

Key to the success of the plant will be increasing landed volumes. The Great Slave Lake (GSL) fishery has an annual quota of about 1,680 tonnes. Only a small portion of the quota is still being used; freshwater fish production from the GSL fishery declined from 524 tonnes in 2016 to 474 tonnes in 2018, 402 tonnes in 2019 and 256 tonnes in 2020.

- **Manufacturing.** The NWT manufacturing sector largely consists of small-scale “cottage”, artisanal, and micro manufacturers (i.e., individuals producing and selling out of their homes). The most prominent types of this manufacturing are the processing of locally harvested animal, plant, and biomass products and the creation of arts and fine crafts. Seven of the twenty manufacturing companies listed under the approved manufacturers list for the GNWT's Northern Manufacturers Procurement Policy are situated in the South Slave Region. To promote further development of the sector, the NWT Manufacturing Strategy (2019-24) focused on three strategic objectives: establishing a strong manufacturing association and sector, improving access to business information, services, and capital, and renewing the Northern Manufactured Products Policy.
- **Arts & Culture.** The Region already has a growing arts and culture sector, and resources are available for local artists and artisans. For example, Soaring Eagle Friendship Centre in Hay River provides a range of training, cultural camps, and activities for local youth. The Centre also has an arts and crafts store that sells local crafts and supplies. According to stakeholders who participated in the discussions, there is an opportunity to further grow the regional arts and crafts sector, particularly in association with Aurora College. Aurora College is partnering with the Town of Fort Smith, Thebacha Business Development Services, Northern Life Museum and Cultural Centre, and the Thebacha and Wood Buffalo Astronomical Society to develop a makerspace. To promote the industry, participants suggested establishing the makerspace, encouraging Aurora College to offer arts and crafts classes, and better enabling them to sell their products online.

Agriculture and forestry. The South Slave Region hosts the best agricultural land, a temperate climate, the oldest farmers market (Hay River) and the largest commercial farming operations in the NWT. There are nine community and school gardens and 21 commercial producers, including seven in crop production, six in animal production, six in mixed production, and one in forest products. There is also a compost production business which serves local demand and ships compost to Yellowknife. Forest is one of the biggest resources in the Region and there is an opportunity to develop this resource for economic development opportunities. There is already one company in Hay River that is using forestry resources to produce wood pellets. A bigger wood processing plant is under development and should be operational in coming years. In particular, Aurora Pellet mill has a plan to do forestry harvesting in several areas in the South Slave and many see this as a tremendous opportunity for communities in the Region.

Table 19: Economic Strengths, Constraints and Opportunities for Development

SOUTH SLAVE	
STRENGTHS	<ul style="list-style-type: none"> • Established economic base • Well-educated labour force • History, culture, and art • Natural attractions • Centre for education • Connection to southern Canada • Entrepreneur and research support
CONSTRAINTS TO DEVELOPMENT	<ul style="list-style-type: none"> • Access to land and resources • Access to skilled workers • Cost of operations/cost of living • Access to markets • Transportation access • Limited entrepreneurial base • Regulatory environment • (Internet) Connectivity
OPPORTUNITIES	<ul style="list-style-type: none"> • Research, education, and training • Tourism • Small business development • Renewable energy • Mining and mineral development • Commercial fishery • Manufacturing • Arts & culture • Agriculture and forestry

3.4 PRIORITIES FOR ACTION

The South Slave regional representatives who were surveyed as well as those representatives who were surveyed about sectors or the NWT overall were asked to select, from a list, up to ten actions that should be a high priority for the government and others in promoting economic development. The most identified priorities related to regulatory reform, increasing access to post-secondary education and training programs, attracting workers and residents from other parts of Canada, further developing energy infrastructure, attracting more tourists to the Region, increasing access to early-stage capital, increasing access to fast, reliable, and affordable internet, and helping grow local and regional markets for products.

**Table 20: Recommendations Regarding Economic Development
Priorities for Government and Others**

<i>Recognizing that government and others can focus on only so many priorities, which of the following potential actions would you consider to be a high priority for your respective region? (Please select your top 10 choices)</i>	Regional	Sectoral/Territorial
Number of Respondents	19	25
Address regulatory issues	61%	72%
Increase access to post-secondary education and training programs	61%	40%
Attract workers and residents from other parts of Canada	56%	44%
Further develop energy infrastructure	50%	72%
Attract more tourists to the region	50%	48%
Increase access to early-stage capital	50%	32%
Increase access to fast reliable and affordable internet	44%	64%
Help grow local and regional markets for products	44%	40%
Improve transportation access	39%	44%
Improve pathfinding services linking businesses to funding programs and support	39%	32%
Increase access to youth entrepreneurship training	39%	32%
Increase access to business mentorship programs and related small business education and training for entrepreneurs and businesses	39%	28%
Increase access to business support services	39%	8%
Attract workers and residents from outside of Canada	33%	36%
Increase access to loan financing	33%	16%
Strengthen connections between education and business	28%	60%
Transform Aurora College into a polytechnic university	28%	24%
Stage events and other mechanisms that provide opportunities for networking	28%	4%
Facilitate e-marketing and use of digital platforms and social media to market products and services from the NWT	22%	32%
Encourage development of strong industry associations and sector partnerships	22%	24%
Invest in coworking spaces makerspaces arts & craft centres and incubators	22%	24%
Further incorporate Indigenous traditional and local knowledge into education	17%	32%
Implement business and investment attraction initiatives/business incentives	17%	20%
Make more strategic use of government procurement to promote development	11%	32%

The representatives were then asked, given the priorities that they identified, to select the three most important actions that the government could take to support economic development in the Region. The most identified actions were to:

- **Further develop infrastructure.** This included the Taltson Hydroelectric Power project, improvements to roads, highways and infrastructure supporting air transport and commercial fishery/boating, dredging the Hay River Port, developing an all-season road

through Wood Buffalo National Park, housing developments, and improvements to communications infrastructure.

- **Address regulatory issues and processes.** This included settling land claims, better enabling Level 1 communities (Fort Smith and Hay River) to access capital, and updating and streamlining development processes, licensing, permitting and grant applications.
- **Increase access to education.** Participants highlighted the importance of transforming Aurora College into a polytechnic university, expanding the campus in Fort Smith, increasing access to post-secondary education and training programs across a range of areas including early child development, improving primary and secondary education, and better aligning programs with employer and labour market needs. For the investments into post-secondary education to have their intended impact, participants also noted the NWT will also have to improve secondary school graduation rates, which are amongst the lowest in the country.
- **Creating more attractive living conditions for youth and newcomers.** A strategic approach needs to be taken to better enable young people to stay in the communities of the South Slave Region (or return after graduating from post-secondary institutions) and encourage people from other parts of the NWT, other parts of Canada, and outside of Canada to move to the Region. The Region needs more people to support the economy. Suggestions including expanding and fast-tracking immigration programs to increase the inflow of immigrants to the NWT.

Participants recommended implementing an attraction strategy designed to attract residents, workers, and entrepreneurs to the Region. They noted that, compared to other regions in the NWT, the cost of living in Fort Smith and Hay River tends to be cheaper, and the Region is more accessible and less isolated. Therefore, there may be an opportunity to attract those who want to enjoy better accessibility, a warmer climate, and a high quality of life while living in the north.

- **Open up greater access to employment opportunities.** Participants recommended that the government should place more of a priority on hiring locally, rather than hiring from outside of the community. In addition, access to childcare should be improved to increase labour market participation rates, particularly among women.
- **Build trust and a more cooperative relationship between Indigenous governments and people.** Indigenous groups and governments should be part of all key discussions and decisions in the Region, including large scale infrastructure projects and business initiatives. Greater collaboration and partnership with Indigenous people and governments would empower the Region and facilitate greater access to funding for major developments. Combined efforts will create greater impacts and accelerate economic development.
- **Create a business-friendly environment that encourages entrepreneurship and attracts new businesses and investment.** Suggestions ranged from increasing access to

capital to providing tax breaks, including tax breaks to facilitate growth of businesses, and housing development.

When asked to identify key objectives and a vision that should be incorporated into the strategy, participants recommended a focus on:

- Economic diversification to the benefit of residents;
- Attracting new investment from outside of the communities, particularly from the private sector;
- Sustainable use of the environment and natural resources which is respectful of the land and the environment;
- Building communities of people who are well-educated, healthy, and happy;
- Building a welcoming, safe, and inclusive environment for people including Indigenous people and newcomers; and
- Encouraging greater collaboration between organizations on projects and initiatives.