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Mackenzie Valley Highway: Connecting Canada Coast-to-Coast-to-Coast

Canada Institute's Person, Place, and Policy series links policy issues with real people in real communities. The person in this article is Daniel McNeely, an elected official in the Northwest Territories (NWT) who is dedicated to providing year-round road access to Canada's northern communities through the completion of the Mackenzie Valley Highway.

PERSON: About Daniel McNeely

Elected in November 2015, Daniel McNeely represents the riding of Sahtu in the Northwest Territories Legislative Assembly. He is also actively involved with the board of the Sahtu Land Claim negotiating team.

McNeely has spent most of his life involved in the community in various capacities. In the 1980s, Mr. McNeely was the first native regional oil well driller in Norman Wells. As the owner of a heavy equipment company providing services to the territorial

government, McNeely understands all-weather road construction. Since beginning his term in office, he has been a tireless champion for the completion of the Mackenzie Valley Highway.

McNeely believes the highway will improve the lives of people in the region. "An all-season road would take us out of isolation and decrease the cost of living for families." Presently, McNeely's constituents rely on a temporary ice road in the winter and

barge in the summer for transportation and movement of goods. Due to geographic isolation, residents face some of the highest costs of living in the country. What's more, McNeely states, an all-season road would



Daniel McNeely, an elected official in the Northwest Territories

give youth “more of a reason to stay in their communities rather than choosing to move away.”

McNeely also sees “big opportunities” for the highway to boost employment and increase economic activity in resource exploration and production. The highway, he argues, will help the north develop economies of scale that will benefit both the NWT and Canada as a whole. McNeely is eager to show off the wonders of the north to visitors from the south. He is confident that the NWT government is in a “good position to convince the [federal] government that this is a sound and smart investment.”

PLACE: From Alberta to Tuktoyaktuk

For almost fifty years, residents of the NWT have been encouraging the Canadian federal government to help turn the Mackenzie Valley Highway into a reality. As part of the Roads to Resources program in the 1950s, the federal government started the construction of the highway to link Canada coast-to-

coast-to-coast. The project envisioned a 1000 km highway from the Alberta border to Tuktoyaktuk on the Arctic coast. Previously, Fort Simpson was the northernmost site accessible by all-season roads. By the 1990s, an additional 210 kilometers of the highway was completed, connecting Fort Simpson to Wrigley. The most northerly segment of the highway, from Inuvik to Tuktoyaktuk, spanning 120 kilometers, is set to open in 2017. However, a large section in the middle of the proposed highway remains incomplete. The NWT is requesting federal investment in the next highway segment to connect where the previous project ended in Wrigley to Norman Wells, a distance of 333 kilometers.¹

Mackenzie Valley Highway



Image: 2009 Mackenzie Valley All-Weather Road Economic Analysis

Located in a valley between the Mackenzie Plains and the Franklin Mountains, the proposed highway extension crosses the Dehcho First Nations territory near Wrigley and two Sahtu First Nations communities in Tulita and Norman Wells.

Wrigley, the current terminus of the Mackenzie Valley Highway, is the northernmost community of the Dehcho First Nations with a population of 148 people, 95 percent of whom are aboriginal.² The Sahtu communities in Norman Wells and Tulita have populations of 770 and 516, respectively. Norman Wells is 35 percent aboriginal, while Tulita is 88 percent aboriginal.³

The NWT has poor infrastructure compared to other regions of Canada.⁴ Communities along the proposed Mackenzie Valley Highway are predominantly isolated. Presently, they rely on a winter ice road that is only accessible for three months of the year. The ice road access is becoming less dependable as the effects of climate change shorten the winter season.⁵ Communities have historically relied on the

Mackenzie River to move people and goods during summer months when the winter road is not operational.

The NWT has a wealth of minerals and natural resources including oil, lead, zinc, and gold. A 2015 assessment by Canada's National Energy Board and the NWT's Geological Survey indicates that the Canol and Bluefish Shale located within the Mackenzie Valley hold an estimated 190 billion barrels of oil.⁶ Proponents argue that highway development is a vital investment to grow the hydrocarbon sector over the next five to six decades.

Despite rich development potential in the extractive sector, industry at present must limit most of its movement of supplies and equipment to the winter months and costs are prohibitive. When the ice road is not accessible all goods and people must be flown in.

A 2009 economic analysis concluded that the completed highway will improve access to essential services, increase mobility and jobs, and lower the cost of living.⁷



Site of winter access road. <http://www.infrastructure.gc.ca/>

The highway is projected to create jobs in road maintenance, tourism, and development in the extractive sectors. Analysts predict the highway will create 7,785 jobs in the NWT and 6,297 jobs in the rest of Canada.⁸ Both the construction and maintenance phases are expected to generate economic activity of \$200 million in the NWT and \$70 million to the rest of Canada.⁹ The 2009 analysis projects that resource development after highway completion could contribute up to \$58.9 billion to national GDP over the next 30 years.¹⁰

Even without the road, tourism in the NWT is on the rise, with an increase in visitor expenditures from \$94 million in 2011 to \$146 million in 2014-15.¹¹ The completed highway is expected to add 2,500 to 2,700 new tourist visits each year.¹²

Beside job creation, a permanent highway would help end the isolation felt by residents and improve quality of life. Presently, residents use the winter road to drive thousands of kilometres to Yellowknife or Edmonton to

stock up on cheaper food and goods. Two litres of milk cost nearly ten dollars in Norman Wells, three times more costly than in Edmonton.¹³ In 2016, maintenance problems with supply barges along the Mackenzie River are causing food shortages and hardships for residents.¹⁴

While the highway project has been discussed over decades, there are obstacles to making it a reality. The NWT Department of Transportation will require a \$700 million investment from the federal government to develop the Wrigley-Norman Wells segment.¹⁵ An additional \$1.7 billion is likely to be required to complete the entire highway to the Arctic coast.¹⁶ After completion, maintenance costs are estimated at \$13 million annually.¹⁷ Furthermore, the expense of developing the highway is coupled with short-term challenges in the extractive resource industry. With the low price of oil, many private-sector exploratory projects in the NWT are on hold.¹⁸



The cost of living in the NWT is one of the highest in the country.
<http://www.nutritionnorthcanada.gc.ca>

Beside economic obstacles, the landscape presents environmental challenges to construction. Underlain by permafrost¹⁹, construction projects in the NWT are more difficult than in temperate parts of Canada. Frozen ground that may thaw from construction disturbance is particularly challenging.²⁰ To prevent infrastructure damage caused by permafrost melting, large construction projects are limited to the winter season.

POLICY: Government Actions so Far

The Mackenzie Valley Highway has the potential to connect local communities to the rest of Canada and build the capacity of the extractive industry. It could also increase Canada's trade competitiveness by providing road access to an Arctic deep sea port. With trade contributing to 40% of Canada's GDP, projects focused on lowering trade costs benefit the country as a whole.²¹

While the highway faced opposition by indigenous communities in the 1970s, support for the project has increased significantly. Public consultations conducted in 2010 and 2011²² indicated broad support for the project.²³ Among the strongest advocates are members of the NWT Legislative Assembly and the Sahtu Dene Council who continue to advocate with federal decision makers about the importance of the project for their communities, industry, and the nation.

During the federal election campaign, the Liberal government promised a "renewed, nation-to-nation relationship with Indigenous Peoples to make progress on the issues most important to First Nations."²⁴ Trudeau reaffirmed this at an address to the Assembly



*Construction in the Northwest Territory.
Photo courtesy of shutterstock.com*

of First Nations, stating "...no relationship is more important to me and to Canada than the one with First Nations, the Metis Nation, and Inuit." The government's promise to improve basic infrastructure for First Nations communities is reflected in the 2016 federal budget; however, the total amount allocated to infrastructure initiatives for all communities²⁵ is far less than the \$700 million requested by the NWT Government to complete the next segment of the highway.

"Northern infrastructure strengthens not just our territory, but the entire country. Investments in the Northwest Territories' transportation system help to improve the safety of the travelling public, adapt to the effects of climate change, lower the cost of living, and support economic opportunities in our communities."—The Honourable Wally Schumann, Minister of Transportation Government of the Northwest Territories, July 7 2016.

At this time it is uncertain whether the federal government will consider the Mackenzie Valley Highway an infrastructure priority. What is certain is that northerners are enthusiastic to partner with the federal government to complete the highway and improve social and economic opportunities for the NWT and the

rest of Canada. If the federal government is committed to achieving a renewed relationship with First Nations communities, making progress on the issues most important to First

Nations, such as the long-promised Mackenzie Valley Highway, should not go unnoticed.

ENDNOTES

- 1 Government of the Northwest Territories Department of Transportation. 2009. "Mackenzie Valley All-Weather Road Economic Analysis." <http://ow.ly/ujBF303Q59m>.
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- 5 Government of the Northwest Territories Department of Transportation. *Mackenzie Valley Highway*. <http://ow.ly/EGJv303Q5NC>.
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- 8 Ibid.
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- 17 Ibid.
- 18 Government of the Northwest Territories Department of Transportation. 2009. "Mackenzie Valley All-Weather Road Economic Analysis." *Government of the Northwest Territories Department of Transportation*. <http://ow.ly/ujBF303Q59m>.
- 19 Permafrost is defined as frozen soil, sediment, or rock that remains at or below 0° celsius for at least two years.
- 20 Government of the Northwest Territories Environment and Natural Resources. 2008. "NWT Climate Change and Impacts and Adaptation Report." *Government of the Northwest Territories Environment and Natural Resources*. <http://ow.ly/3hve303Q6xd>.
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of Public Policy SPP Research Papers. <http://ow.ly/6OW3303Q6Bt>.

- 22 These consultations were part of Project Description Reports that were recognized by the Institute of Public Administration Canada for innovative engagement of Aboriginal governments in infrastructure planning.
- 23 5658 NWT Ltd. and the Government of the Northwest Territories. 2011. "Project Description Report for Construction of the Mackenzie Valley Highway Tulita District, Sahtu Settlement Area."
- 24 Liberal Party of Canada. n.d. A New Nation-to-Nation Process. <http://ow.ly/5joU303Q6HY>.
- 25 The 2016 budget outlines \$255 million over two years starting in 2016-2017 to the First Nations Infrastructure Fund to support investment of complementary infrastructure such as roads and bridges.



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