

Finance Session Note Binder – Table of Contents

Hot Topics – Corporate Notes – House Responses

Reference Notes

	SESSION NOTES- Fall 2023	
	HOT TOPICS	UPDATED
1	2022-23 Supplementary Estimates #3	
2	Interim Fiscal & Economic Outlook	October 25, 2023
3	2023-24 Supplementary Estimates #1	
4	FTE Growth	
5	Accomplishments	
6	Net Debt	
7	Borrowing and Debt	
8	Technical Amendments Act	
9	Mandate Commitments	
10	YFAP	
BRIEFING NOTES – REFERENCE		
	GENERAL	
	Comptroller	
11	Public Accounts 2022-23 & News Release	November 21, 2023
12	Accounting Standard Changes effective April 1, 2022	
	Management Board Secretariat	
13	CD Howe Report	October 24, 2023
14	Yukon Hospital Corporation Funding	
	Economics, Fiscal Policy & Statistics	
15	First Nation Tax Sharing	

Finance Session Note Binder – Table of Contents

Hot Topics – Corporate Notes – House Responses

Reference Notes

16	Grants from Canada	October 26, 2023
17	Carbon Rebate	November 21, 2023
18	Fuel, and Tobacco	
19	Income Tax	
20	Insurance Premium Tax	
21	Census	
22	Centre for the North's/Conference Board of Canada's Fall Outlook	October 25, 2023
	Financial Operations & Revenue Services	
23	Rural Community Banking	
24	S&P Credit Rating	
	Corporate Notes	
25	2023-24 Supplementary Estimates #1 – Key Information	
26	Inflation and Affordability (Fin)	October 26, 2023
27	Truth and Reconciliation Commission (ECO)	October 11, 2023
28	Our Clean Future (ENV)	
29	Housing Issues (YHC)	
	Other Departmental Notes	
30	EMR - Mines closure & securities	
31	PSC – Collective Agreement	
	New BN's after Session start date	Updated
A	Canada's Fuel Charge Pause on Heating Oil	October 31, 2023
B	King's Printer & Central Stores	November 15, 2023

Finance Session Note Binder – Table of Contents
Hot Topics – Corporate Notes – House Responses
Reference Notes

C	Coordinated Regime for vaping taxation	November 16, 2023
---	--	-----------------------------------

Recommended response:

- The Government of Yukon and Yukon Employee's Union ratified a new collective agreement in June 2023.
- As part of the agreement, the Government of Yukon will provide retroactive payments to union employees for compensation they earned from January 1, 2022, to March 31, 2023.
- To comply with accounting standards, the Government of Yukon will record these retroactive payments in the fiscal year 2022-23.
- Most departments can absorb the retroactive payments within their existing budgets for 2022-23.
- Supplementary Estimates No. 3 will provide additional spending authority necessary for the six department that are not able to absorb the retroactive payments within their existing budget for 2022-23.

Additional response:

- This Supplementary Estimates include a \$15.3 million increase in O&M expenditures.
- The annual surplus was estimated at \$43.9 million when tabled in the spring session (2022-23 Supplementary Estimates #2). With the additional \$15.3 million spending for retroactive payments, this will decrease to \$28.6 million. Net debt will increase to \$313.8 million, from \$298.5 million tabled in the spring session.
- The final fiscal figures for 2022-23 will be presented in the Public Accounts at the end of October.

Context — this may be an issue because:

- The 2022-23 Supplementary Estimates #3 and the *Fourth Appropriation Act* for 2022-23 are tabled in the fall session and will be the subject of debate.

Session Briefing Note

Supplementary Estimates #3

TAB # 01
Fall 2023
Finance

Background:

- Below is a compilation of the changes to O&M expenditures included in Supplementary #3, by department:

VOTE	DEPARTMENT / CORPORATION	Voted To Date	Forecasted Actuals	YEU Retropay	Revised Actuals	Supp #3 Increase
02	Executive Council Office	28,257	28,205	370	28,575	318
52	Environment	48,966	48,715	1,251	49,966	1,000
15	Health and Social Services	506,661	503,558	11,755	515,313	8,652
55	Highways and Public Works	162,564	161,384	3,952	165,336	2,772
08	Justice	89,103	89,068	1,671	90,739	1,636
10	Public Service Commission	54,694	54,486	1,178	55,664	970
Total Supplementary Estimates #3 increase						15,348

- Accounting standards require that retroactive compensation payments must be recognized in the same period during which the compensation was earned, provided that period is still open. The fiscal year 2022-23 remains open until the tabling of the 2022-23.
- Six departments are not able to absorb the impact of the retroactive payments within their existing budgets for the fiscal year 2022-23. Supplementary Estimates No. 3 will provide the additional necessary Vote authority for these departments.
- The impacted departments are: Executive Council Office, Environment, Health and Social Services, Highways and Public Works, Justice, Public Service Commission.
- Legislated grants**
 - Supplementary Estimates No. 3 will also provide additional Vote authority for two legislated grants under Health and Social Services.
 - These grants were for the Yukon seniors' income supplement and the "Region" subclassification of the Social Assistance program.
 - The required budget for these two grants will be offset using expected lapses from the "Whitehorse" subclassification of the Social Assistance program, resulting in a net zero increase.

Session Briefing Note

Supplementary Estimates #3

TAB # 01
Fall 2023
Finance

- Supplementary Estimates No. 3 will provide additional Vote authority for Operations and Maintenance only; there is no impact on Capital.

Approved by:

Signature on File

September 6, 2023

Deputy Minister
Department of Finance

Date approved

Recommended response:

- The 2023-24 Interim Fiscal and Economic Update, released on October 4, 2023, outlines current expectations for the Yukon's finances and economy.
- This update provides context for the fiscal and economic outlook over the medium term, including how the Government of Yukon is responding to key challenges posed by environmental emergencies, the rising cost of living and pressures in the health care system.
- Because of the strength in the rest of the economy, growth in real Gross Domestic Product (GDP) in 2023 is forecast at 2.9 per cent, despite the abandonment of the Minto Mine in May. The economic outlook remains positive, with real GDP gains projected in all years of the forecast (2023 to 2027).
- The Government of Yukon forecasts a modest surplus for 2023–24, despite higher costs related to significant challenges that emerged over the summer, including taking on management of the Minto Mine and responding to environmental emergencies.
- The forecast for expenses for 2023-24 has increased by \$132.7 million, but the impact on the surplus was dampened by using a \$50 million contingency included in the 2023-24 Main Estimates for emergency costs.
- Overall, the projected surplus for 2023-24 has declined by \$44.7 million, with a similar increase in net debt, which is now forecast at \$423.8 million.

- Total government revenue, excluding recoveries, is forecast to reach \$1.59 billion in 2023–24, an increase of \$18.7 million, or 1.2 per cent, compared to the Main Estimates. The increase mainly reflects changes in expected federal transfers and territorial taxes.
- Operations and Maintenance (O&M) expenditures are set to rise by \$132.7 million to \$1.59 billion, reflecting a 9.1 per cent increase from the 2023–24 Main Estimates.
- Net O&M expenditures, after accounting for recoveries, are projected to increase by \$105.9 million, or 8 per cent, compared to the 2023–24 Main Estimates. These costs are primarily driven by increasing costs of labour, increased healthcare spending, the abandonment of Minto Mine, and emergency management responses.
- Gross capital expenditures in 2023–24 are unchanged at \$483.8 million. While the total capital remains the same, funding has been reallocated across projects as spending requirements change.

Additional response (Economy):

- Even without production from Minto Mine weighing on growth, real GDP is expected to increase for a fourth straight year, with growth forecast at 2.9 per cent in 2023.
- Key indicators continue to show a tight labour market in 2023, highlighted by low unemployment rates and low job vacancy rates.
- Inflationary pressures have persisted, with higher costs for food and shelter being prominent drivers in 2023. While down from peak levels in late 2022, inflation remains above historic norms.

Session Briefing Note**Fall 2023****Interim Fiscal & Economic Outlook**Finance

- The Government of Yukon continues to take actions to reduce the burden of higher prices, especially on the most vulnerable.
 - Highlights of affordability spending in Budget 2023-24 include:
 - \$5.3 million to extend the Inflation Relief Rebate that provides \$50 credits on power bills.
 - \$300,000 for the Timber Harvesting Incentive program.
 - \$1.5 million to boost monthly social assistance cheques by \$100.
 - Over \$800,000 to recipients of the Yukon Seniors Income Supplement.
 - \$500,000 for food in schools.
-

Context — this may be an issue because:

- The economic forecast and fiscal projections may be scrutinized by the media and members of the opposition parties.
-

Background:**Fiscal Update**

- The projected surplus has been reduced by \$44.7 million compared to Budget 2023–24. Despite higher costs, the Government of Yukon’s initial planning for potential fiscal challenges allows it to remain in a \$3.6 million surplus position by drawing down the contingency fund. The forecast for net debt is expected to increase by \$49 million to \$423.8 million in 2023–24.
 - Transfers from Canada forecast was increased by \$17.3 million compared to Budget 2023–24. The increase in federal transfers is primarily from the \$15 million grant from Crown-Indigenous Relations and Northern Affairs Canada to support affordable housing and housing-related infrastructure in the Yukon.
-

- In June 2023, the Government of Yukon and YEU signed a new three-year Collective Agreement, that covers the period from January 1, 2022 to December 31, 2024.
- Nearly \$37 million will be allocated for this agreement, accounting for 28 per cent of the total increase in O&M in 2023–24. The agreement recognizes the value public service employees provide to Yukoners, while ensuring the responsible management of public funds.
- About \$35.6 million more is allocated to Health and Social Services. This will boost core funding for the hospital, accommodate growth in medical travel and spending needs for insured health. The increase covers various support programs and supported living services.
- The HSS funding includes \$4.6 million to take action on the *Substance Use Health Emergency Strategy* and the *National Action Plan to End Gender-Based Violence*.
- \$21.9 million for mitigating environmental damage and managing emergency responses. This includes the responses to wildfires, floods and road washouts as well as support for the evacuees in Mayo and Old Crow.
- The Government of Yukon's forecast for gross capital spending remains unchanged from the 2023–24 Five-Year Capital Plan. The total anticipated expenditure in 2023–24 continues to be \$483.8 million.
- The government is currently engaging with the municipality of Skagway on the construction of an ore export facility for Yukon mining companies as part of the municipality's Port Redevelopment Project. This project will cost \$21.4 million and accommodated by reprioritizing other projects based on stage of development.

Economic Update

Strong economy continues to grow despite mine abandonment

- The loss of mineral production stemming from the suspension of Minto Mine operations is a drag on mineral exports and on the GDP forecast, particularly in 2023.
- The revised forecast has the suspension of Minto Mine resulting in a loss of about \$240 million in mineral production value and \$71 million in real GDP in 2023.

- While annual levels of GDP are lower over the forecast, the outlook for GDP remains positive with annual growth still projected in all years of the forecast, averaging 3.6 per cent from 2023 to 2027.
- A resurgence in tourism activity in 2023, and expectations of further gains over the forecast, is a key driver of the positive forecast.

The Yukon's labour market has remained tight in 2023

- A strong labour market is expected to persist over the medium-term, with further growth in the size of the labour force and employment, along with unemployment rates that will remain among the lowest in the country.
- The forecast for 2023 has both the number of employed and the labour force surpassing 2022's record levels, and the unemployment rate coming in at 4 per cent, down from 4.5 per cent in 2022.
- Further gains in employment and the persistence of low unemployment rates have been accompanied by high job vacancy rates and are indicative of a tight labour market.
- Competition for limited labour resources is translating into higher wages. The average offered wage for the Yukon in the second quarter of 2023 was \$28.90 per hour. This was the third highest in Canada and 7.4 per cent higher than the second quarter of 2022.
- While earnings for current employees are up in 2023, they have not increased as much as wages offered for new vacancies. Through the first half of the year, average weekly earnings are up 1.9 per cent. Earnings will likely move higher once wage increases from the recent agreement between the Government of Yukon and the Yukon Employees' Union start to show up in the data.

Population gains expected in every year of the forecast

- The population outlook remains unchanged from the forecast released in March 2023, with projected growth of 2.1 per cent to bring the Yukon's population to nearly 45,000 in 2023.

- Continued demand for workers in a tight labour market is expected to draw people to the Yukon, resulting in average population growth of 2.1 per cent over the forecast.

Higher prices driving recent retail sales growth

- Retail sales in the Yukon exceeded \$1 billion in both 2021 and 2022, with sales growing 7.3 per cent to almost \$1.1 billion last year. Growth in 2022 was largely driven by higher prices as annual inflation came in at 6.8 per cent.
- High prices continue to factor prominently in gains in retail sales in 2023. Sales over the first 8 months of the year are reported at \$783.9 million, up 8.8 per cent from the same period of last year. Over the same period inflation averaged 5.7 per cent.
- Prices are expected to be less of a factor in retail sales growth over the current forecast, with retail sales forecast to grow an average of 6.2 per cent per year, well ahead of the projected average increase of 2.8 per cent for the Whitehorse Consumer Price Index (CPI).

Inflationary pressures have remained persistent throughout 2023

- Following record inflation of 6.8 per cent in 2022, local inflation remains elevated in 2023, averaging 5.5 per cent over the first 9 months of the year, above the 4.1 per cent increase seen nationally over the same period.
- While remaining above historic norms, inflation of 3.8 per cent in September matched the national figure and was the lowest year-over-year increase in the Whitehorse CPI since January 2022 (3.7 per cent).
- Robust price growth in the CPI components of 'food', 'shelter' and 'recreation, education and reading' have been prominent drivers of inflation in 2023. Stronger growth in these areas account for much of the difference between the inflation rates reported for Whitehorse and for those in Canada in recent months. On the shelter side, rent, mortgage interest costs and homeowner's replacement costs have all been in the top five contributors to overall CPI growth in 2023.
- The resurgence of travel coming out of the pandemic has fuelled demand for traveller accommodations, and this is reflected in higher prices. With the seasonal nature of tourism in Canada, price pressures for traveller accommodation

generally subside over the last 3 months of the year, so less pressure on the overall CPI from this component is anticipated.

- Though the increase in consumer costs has been broad-based, there was a notable reduction in the cost of child care in 2023. The child care component of the Whitehorse CPI is down nearly 50 per cent from 2022 due to the Government of Yukon's Universal Child Care Program, which has seen child care fees fall to less than \$10 per day on average.
- Even as Whitehorse inflation has recently exceeded national growth, the expectation is that local inflation will start to move back towards the national trend in the coming months. The forecast has inflation averaging 5.5 per cent in 2023, before further declines to 2.5 per cent in 2024 and 2.0 per cent in 2025.

House prices have moderated, but interest rates are increasing financing costs

- Locally, housing prices have been strong for several years, driven in part by high demand. A generally strong economy has drawn people to the territory.
- The average selling price for a single detached house in Whitehorse in the second quarter of 2023 of \$628,700 was down 9.6 per cent from the second quarter of 2022. This decline represented the third straight quarter of year-over-year drops in the average sale price.
- Prior to the contraction in the fourth quarter of 2022, the average price of a single detached home had increased on year-over-year basis in 23 consecutive quarters.
- Recent softening in prices is likely a response to increasing mortgage rates, which have reached levels not seen since late 2008. For some time, increasing home prices both in Whitehorse, and in larger urban areas in Canada, contributed to declining affordability. More recently, it is increasing mortgage rates that are adding the most to the cost of home ownership.
- While prices have moderated in recent quarters, housing prices across all housing types remain elevated.

- On the rental market side, strong demand and limited supply of vacant units have contributed to upward pressure on local rents.
 - The median rent for units in buildings with three-or-more units of \$1,234 in April 2023, was up \$84, or 7.3 per cent, from April of last year.
 - Vacancy rates also continue to run at near historic lows, with the vacancy rate in buildings with three-or-more units fell to 1.0 per cent in April 2023 only slightly higher than the record low of 0.8 per cent in April 2022.

2023 shaping up to be another strong year for construction activity

- The market continues to respond to high home prices with increased investment in residential buildings.
- Residential investment was strong in the first 8 months of the year, up 19 per cent from the same period in 2022. Similarly, residential building permits through the first 9 months of the year were up 7.6 per cent.
- Non-residential construction has also been strong in 2023. The value of permits for non-residential buildings issued in the first 9 months of 2023 is up 87 per cent from the same period last year. Permits for commercial buildings have fuelled gains, with commercial permits up nearly 94 per cent and accounting for 57 per cent of non-residential permits so far in 2023. Government-related building permits through September came in at \$93.9 million, representing nearly 43 per cent of the value of all non-residential building permits.

Minto to weigh on mineral production over the medium-term

- The suspension of operations at Minto Mine represents a major change in the mining sector outlook since the 2023-24 Fiscal and Economic Outlook was released in March, with Minto accounting for an estimated \$950 million loss in mineral production over the forecast.
- When in production, the mine supported about 180 positions, but the impacts of Minto's suspension on employment are likely to be limited. Given the Yukon's strong labour market, it is likely many displaced workers were quickly absorbed into the workforce.

- Positive news for the local mining sector came with the resumption of production at the Keno Hill mine in the second quarter of 2023. Hecla Mining Company reported production of over 184,000 ounces of silver in the second quarter as the operation began efforts to ramp up to full production of 440 tonnes per day by the end of 2023.
- Further good news comes from the Eagle Gold project, with Victoria Gold Corp. reporting production of 83,188 ounces of gold in the first six months of the year, much higher than the 56,413 ounces produced in the same period of 2022.
- An improved outlook for prices of prominent metals produced locally counters some of the losses in production value due to the Minto Mine. Even with a substantial downgrade in mineral production, production values are projected to grow over the final four years of the forecast.
- On the exploration side, recent estimates from Natural Resources Canada have spending falling after 2 years of growth. Spending intentions for mineral exploration of near \$145 million in 2023, are below estimated spending of \$163.1 million in 2022. Wildfire activity in 2023 may have also impacted overall exploration spending this year.

Key metrics suggest tourism's recovery is well underway

- Tourism continues to recover from the historic travel disruption experienced during the worst of the pandemic, as demonstrated by improvements in key measurements of performance.
- Air arrivals at the Erik Nielsen Whitehorse International Airport are much improved in 2023, with a strong uptick in the first 9 months of the year. The almost 143,000 arrivals are up 26 per cent from the same period of last year and represent over 87 per cent of the pre-pandemic arrivals noted in the same period of 2019.
- Much like air arrivals, year-to-date border crossings are stacking up well with pre-pandemic performance. After a 5-fold increase in 2022, the number of international border crossings into the territory has seen further growth in the first 8 months of 2023, with nearly 375,000 crossings. This is about 2.8 times the number of border crossings reported for the same period of last year, and while

still trailing pre-pandemic levels, year-to-date crossings represent over 89 per cent of crossings noted in the same period of 2019.

- The Conference Board of Canada's July 2023 Yukon Travel Markets Outlook, notes much improved visitation this year, as well as 2024 and 2025. The return of international visitation, a prominent driver of overall visitation, is expected to continue over the next two years. The Conference Board of Canada is projecting a return to same-day visits from the US to reach pre-pandemic levels next year, with overnight visitation from both US and overseas to return to 2019 levels by 2025.

Approved by:

Signature on File

October 25, 2023

Deputy Minister of Finance

Date approved

Session Briefing Note**2023-24 Supplementary Estimates #1**Finance

Recommended response:

- The 2023-24 Supplementary Estimates #1 forecasts an overall gross increase of \$132.7 million in O&M spending, with an offsetting increase of \$26.8 million in recoveries. The net increase in new O&M spending is forecast at \$105.9 million.
- A large portion of the increase in O&M is for the new collective agreement between the Government of Yukon and Yukon Employees' Union. This new collective agreement was ratified in June and accounts for a \$36.9 million increase in O&M.
- The Supplementary Estimates also include a \$21.4 million capital allocation to support the development of a marine services platform in Skagway. This allocation is offset by savings in other capital projects, resulting in no increase in gross capital spending. However, there is a \$5.8 million decrease in capital recoveries.
- Revenues are expected to increase by \$18.7 million, mainly to reflect an increase to the Canada Health Transfer and federal funding for Affordable Housing in the North.
- Changes in the Supplementary Estimates result in a revised forecast surplus of \$3.6 million and year-end net debt of \$423.8 million.
- Some of the notable items included in the Supplementary Estimates include:
 - \$25.0 million for environmental care and maintenance work at the Minto Mine following the cessation of operations at the site in May;

Session Briefing Note**2023-24 Supplementary Estimates #1**Finance

- \$19.6 million for wildland firefighting costs in response to the significant fire season experienced in the territory;
- \$14.9 million in response to operational funding pressures at the Yukon Hospital Corporation;
- \$9.8 million in response to cost pressures for Insured Health, \$1.9 million to support the Substance Use Health Emergency Strategy, and \$1.4 million for initiatives to support reconciliation with Yukon First Nations governments; and
- Other O&M changes include funding for the Enhanced French First Language programming in Dawson, funding for the Gender Based Violence National Action Plan, a temporary program to support the supply of rental units, as well as various newly signed agreements for environmental initiatives.

Additional response:

- The 2023-24 Main Estimates included a \$50 million contingency fund to respond to emerging cost pressures that could arise during the year.
- These Supplementary Estimates will use the contingency fund to cover the following emergency cost pressures:
 - \$25 million for unplanned maintenance costs at the Minto mine;
 - \$19.6 million for increased wildland firefighting activity.
 - \$2.3 million for other emergency response measures, like the Village of Mayo evacuation in response to the Talbot Creek fire;
 - and \$1.9 million for Substance Use Emergency response.

Session Briefing Note**2023-24 Supplementary Estimates #1**

Finance

- There is an increase of 69.5 in FTEs for Supplementary Estimates #1. These are primarily to hire new school wellness counsellors, education assistants, and learning assistant teachers (40 FTEs). We also have included 9.5 new FTEs to support Yukoners as we continue to tackle the substance use health emergency (see briefing note #04 FTE Growth).

Context — this may be an issue because:

- The 2023-24 Second Appropriation Act is tabled in the fall session and will be the subject of debate.

Background:

- See Appendix A - compilation of the changes to O&M and capital expenditures as well as recoveries included in Supplementary Estimates #1, by department.

Approved by:**Signature on File**

Deputy Minister
Department of Finance

September 29, 2023

Date approved

Session Briefing Note 2023**Fall 2023****2023-24 Full Time Equivalents**Finance

Recommended response:

- The 2023-24 Main Estimates reported 5,332.0 Full-Time Equivalents (FTEs) to support programs and services for Yukoners.
- The 2023-24 Supplementary Estimates #1 include an additional 69.5 FTEs.
- The increase is primarily related to the addition of 40 new FTEs for school wellness counsellors, education assistants, and learning assistant teachers.
- We have included 9.5 new FTEs to support Yukoners as we continue to tackle the substance use health emergency. This includes 3.5 FTEs to extend the opening hours of the Supervised Consumption Site and 6.0 FTEs to support the implementation of the new *Substance Use Health Emergency Strategy*.
- We have also included:
 - 13.7 FTEs to support the implementation of the Canada-Yukon Bilateral Nature Agreement. The Bilateral Nature Agreement established the framework for the protection, conservation and recovery of biodiversity, habitat, and species-at-risk in Yukon.
 - 2.0 FTEs to support vulnerable Yukoners through the implementation of the National Action Plan to End Gender-Based Violence;
 - 3.0 FTEs to support enhanced French language education in Dawson City;
 - 1.3 FTEs to account for the amalgamation of the Diabetes Education Centre at Whitehorse General Hospital with the

Session Briefing Note 2023**Fall 2023****2023-24 Full Time Equivalents**Finance

Chronic Conditions Support Program hosted by Integrated Health. The transfer will reduce duplication of services and streamline access to diabetes support services.

Additional response:

- This government is fully committed to providing a transparent and up-to-date account of budgeted FTEs with its Main and Supplementary budgets. The government shares these updates in the House and with all members during regular briefings.
 - Planned FTEs should not be confused with statistics provided by the Public Service Commission that report on the number of employees and the number of actual hours worked by Yukon government employees.
 - The Public Service Commission and the Department of Finance are working together to review both approaches and look at further options for improved reporting in the future.
 - This government is committed to providing the services Yukoners depend on and will continue to ensure we have the human resources necessary to assist and protect Yukoners.
-

Context — this may be an issue because:

- A Yukon Party news release issued in January 2023 noted that in November 2016 (when the Liberals were first elected) the Yukon Bureau of Statistics (YBS) reported 8,800 public sector employees in the Yukon and 13,300 people either self-employed or working for the private sector.
 - YBS statistics from December 2022 indicate there being 1,900 more public sector jobs in the territory and 500 fewer self-employed or private sector workers over the same time period. It should be noted that their definition of public sector includes all those working in municipal, First Nations, territorial and federal governments.
-

Session Briefing Note 2023**2023-24 Full Time Equivalents**

Finance

- In January 2020, the Yukon Chamber of Commerce publicly proposed that the Government of Yukon, “report on the number and type of Yukon government employees, and provide this quarterly by way of Yukon Statistics, for future reference and comparison.”

Background:

- The Supplementary Estimates #1 include an allocation of planned spending on government personnel. In addition, a calculation of the number of FTE positions is shared with the opposition through the budget technical briefings.
- See attached:
 - Appendix A for 2023-24 Supplementary Estimates #1 information.
 - Appendix B for 2023-24 Main Estimates information.

Approved by:**Signature on File**Deputy Minister
Department of FinanceSeptember 29, 2023

Approved

Appendix A
Government of Yukon - Summary of Operations & Maintenance
Budgeted/Planned FTE's by Department

Dept	2023-24 Mains	2023-24 Supp #1	Change	Details		
				Type	FTEs	Rationale
YLA	15.2	15.2	0.0	-	-	No change
ELEC	2.0	2.0	0.0	-	-	No change
OMB	8.0	8.0	0.0	-	-	No change
CYAO	5.4	5.4	0.0	-	-	No change
ECO	110.3	110.3	0.0	-	-	No change
CS	214.1	214.1	0.0	-	-	No change
EcDev	63.2	63.2	0.0	-	-	No change
EDU	1,187.9	1,230.9	43.0	Permanent	3.0	CSFY - Enhanced French First Language programming in Dawson
				Term	40.0	CASA - Educational Assistants, Learning Assistant Teachers and Mental Health and Wellness Counsellors (or similar) in schools
EMR	293.7	293.7	0.0	-	-	No change
ENV	240.7	254.4	13.7	Term	13.7	Canada-Yukon Bilateral Nature Agreement implementation
FIN	78.6	78.6	0.0	-	-	No change
FLSD	43.2	43.2	0.0	-	-	No change
HSS	1,573.4	1,584.2	10.8	Term	6.0	Substance Use Health Emergency
				Permanent	3.5	Supervised Consumption Site
				Permanent	1.3	Chronic Conditions Support Program: 0.5 Admin Assistant & 0.8 Clinical Dietitian
HPW	782.6	782.6	0.0	-	-	No change
JUS	291.1	291.1	0.0	-	-	No change
PSC	161.0	161.0	0.0	-	-	No change
TC	113.2	113.2	0.0	-	-	No change
WGED	9.2	11.2	2.0	Term	2.0	National Action Plan to End Gender Based Violence
YHC	69.2	69.2	0.0	-	-	No change
YLC	70.0	70.0	0.0	-	-	No change
Total	5,332.0	5,401.5	69.5			

Changes	Total
Term	61.7
Permanent	7.8
Total	69.5

Note: An FTE is a full-time position budgeted for the entire fiscal year. Due to rounding numbers may not exactly match.

Appendix B Government of Yukon Summary of Operations & Maintenance 2023-24 Approved FTEs by Department						
Dept	2022-23 Mains	2023-24 Mains	Change	Details		
				Type	FTEs	Rationale
YLA	15.2	15.2	0.0	-	-	No change
ELEC	2.0	2.0	0.0	-	-	No change
OMB	8.0	8.0	0.0	-	-	No change
CYAO	5.4	5.4	0.0	-	-	No change
ECO	110.3	110.3	0.0	-	-	No change
CS	301.4	214.1	(87.3)	Term	(1.0)	Time-limited removal (Flood mitigation and Response)
				Term	(2.0)	Time-limited removal (EMS - Opioid Crisis)
				Term	2.0	EMS - Opioid crisis
				Term	1.0	Our Clean future Initiatives (Better Buildings)
				Permanent	(87.3)	Transfer of Emergency Medical Services to HSS
EcDev	64.2	63.2	(1.0)	Term	(2.0)	Time-limited removal (Technology and Innovation Branch)
				Term	2.0	Technology and Innovation Branch
				Term	(1.0)	Time-limited removal (COVID-19 relief program Administration Support)
EDU	1,185.0	1,187.9	2.9	Term	(0.6)	Director, Corporate Initiatives
				Term	1.0	Director, Review of Inclusive and Special Education
				Permanent	0.4	Bilingual Custodial Worker - CSFY
				Permanent	0.2	Library Clerk - CSFY
				Permanent	1.0	Educational Assistant - CSFY
				Permanent	0.6	Clerical Staff based on enrollment - FNSB Schools
				Permanent	0.3	Clerical Staff based on enrollment - YG Schools
EMR	287.7	293.7	6.0	Term	(2.0)	Time-limited removal (Geothermal work agreement)
				Term	1.0	Greener Homes agreement
				Term	3.0	Our Clean Future initiatives
				Permanent	1.0	Wetlands Policy
				Term	1.0	Wetlands Policy
				Permanent	2.0	Land sale agreements and lotteries
ENV	238.5	240.7	2.2	Term	(2.0)	Time-limited removal (Environment and Climate Change Canada Nature Fund - Peel)
				Term	(0.8)	Time-limited removal (Climate Change Preparedness in the North)
				Term	1.0	Climate Change Preparedness in the North
				Term	1.0	Environment & Climate Change Canada- Climate Scientist
				Term	2.0	Indigenous Protected and Conserved Areas & Land Use Planning Support
				Term	1.0	Wetlands Policy
FIN	77.6	78.6	1.0	Term	1.0	Asset Retirement Obligations and PSAB Compliance
FLSD	43.2	43.2	0.0	-	-	No change
HSS	1,590.0	1,573.4	(16.6)	Term	(103.4)	Time-limited removal (public health response to COVID-19)
				Term	(3.5)	Time-limited removal (Supervised Consumption Site)
				Term	(37.0)	Transfer of the Whitehorse Emergency Shelter to Connective
				Term	(1.0)	Substance Use and Addictions Program
				Permanent	2.0	Opioid Treatment Services Program (Social Worker + Admin Assistant)
				Permanent	4.0	Home Care staff for Normandy Living
				Permanent	4.0	1Health
				Permanent	87.3	Transfer of Emergency Medical Services from CS
				Permanent	31.0	Health System Rationalization (Corporate Services: 7.8, Community Nursing: 4.0, Community Health: 3.0, Mental Wellness and Substance Use: 6.0, Continuing Care: 10.2)
HPW	782.6	782.6	0.0	Term	(3.0)	time-limited removal
				Term	3.0	Motor Vehicles Act 1 year extension
JUS	295.1	291.1	(4.0)	Term	(7.0)	Time-limited removal on various federal funding agreements
				Term	(3.2)	Time-limited removal (Restorative Justice Pilot)
				Term	5.2	Restorative Justice pilot project extension
				Term	1.0	Strengthening Safety, Access and Justice for Yukon Victims of Crime
PSC	161.0	161.0	0.0	-	-	No change
TC	111.2	113.2	2.0	Term	1.0	Indigenous Outreach Officer
				Term	1.0	Creative and Cultural Industries Strategy
WGED	9.2	9.2	0.0	-	-	No change
YHC	68.2	69.2	1.0	Permanent	1.0	Seniors' Supportive Housing Program Social Housing Coordinator
YLC	65.3	70.0	4.7	Term	3.0	Senior Policy Analysts
				Permanent	1.7	Frontline liquor store personnel
Total	5,421.2	5,332.0	(89.1)			

Changes	Total
Term	(138.3)
Permanent	49.2
Total	(89.1)

Note: An FTE is a full-time position budgeted for the entire fiscal year. Due to rounding numbers may not exactly match.

Session Briefing Note**Accomplishments**Finance

Recommended response:

- On July 25, 2023, S&P Global Ratings affirmed the Yukon's 'AA Stable' credit rating for a 14th consecutive year. This analysis demonstrates the Government of Yukon's ability to continue investing in transportation infrastructure, land development, social development, education, and health.
- On July 1, 2023, the Government of Yukon increased the Yukon Child Benefit maximum to \$876 per child to support about 1,200 Yukon families.
- On June 15, 2023 the Department of Finance released its 'What We Heard' document outlining the feedback it received from stakeholders around how funds generated from the Government of Canada's Output-Based Pricing System can be reinvested into a carbon rebate program.
- On March 2, 2023, the Government of Yukon tabled Budget 2023-24 which help make life more affordable for Yukoners.
 - Budget 2023–24 shows how we are providing relief for inflation, strengthening our healthcare system by implementing the Putting People First report and building up the Yukon's resiliency to climate change through commitments made in the Our Clean Future strategy.
 - Budget 2023-24 includes significant investments across all sectors in the territory, including:

Session Briefing Note**Accomplishments**Finance

- \$61.4 million for infrastructure projects and development funding in Yukon communities;
 - \$59.2 million for climate change initiatives related to Our Clean Future;
 - \$27.3 million for new schools and upgrades to existing schools and Yukon University;
 - \$25.9 million for land development;
 - \$8.7 million in funding to build affordable housing and support the development of community housing;
 - \$5.3 million to extend the Inflation Relief Rebate; and
 - Almost \$1 million in additional payments for Yukon seniors who receive the senior's income supplement.
- On October 24, 2022, the Carbon Price Rebate Amendments Act, 2022 received assent, which provided updates to the government's carbon rebate system in a way which addressed new federal requirements.
 - The Carbon Price Rebate Amendments Act, 2022 amended the current rebate by creating a dedicated mining rebate within the general business rebate system and reduced administrative complexities for placer and quartz miners applying for rebates. The amendments preserve the made-in-Yukon carbon pricing rebate system and received support from all parties in the Yukon Legislative Assembly.

Session Briefing Note**Accomplishments**Finance

Additional response:

- The Department of Finance also continues to oversee the Yukon Government Carbon Price Rebate, which sees all revenues collected from carbon levies in the territory rebated to Yukon individuals, businesses, including mining businesses, First Nations governments and municipal governments.
- The department also continues to make strides with the implementation of the organization's Performance Measurements & Evaluation Framework, which began rollout across the Government of Yukon last year and improves our understand of how government expenditures translate into real benefits for the Yukon and Yukoners.
- Actions recommended by the Yukon Financial Advisory Panel final report are also being integrated into day-to-day government operations and have been under consistent consideration, each year, since they were introduced.
- The Government of Yukon continues to discuss and consider recommendations included as part of each subsequent budget and as new opportunities emerge to consider policy and program development in government.
- In addition to its numerous ongoing projects, the Department of Finance continues to ensure that vendors receive payments for invoices, that cheques continues to be sent to recipients and that revenues are collected on behalf of citizens in order to fund the programs they expect.

Session Briefing Note

Accomplishments

Background:

- The Department of Finance serves as the responsible stewards of public funds. The department partners with various other areas of government, the public sector and other levels of government to ensure value for money in the delivery of programs and services for Yukoners.

Approved by:

Signature on File

August 30, 2023

Deputy Minister, Finance

Date approved

Session Briefing Note**Fall 2023****Net Debt**Finance

Recommended response:

- The 2023-24 Main Estimates projected \$374.8 million in net debt on a non-consolidated basis. The Supplementary Estimates No. 1 forecasts revised net debt of \$423.8 million.
- The change in the net debt forecast is the result of;
 - a \$105.9 million increase in net O&M spending;
 - a \$5.8 million increase in net Capital spending; and
 - a \$6 million increase related to accounting adjustments.
- These impacts are partially offset by an \$18.7 million increase in revenue and the use of the \$50 million contingency fund.
- Net debt is a measure of the government's ability to pay all of its liabilities if they were due immediately. It does not mean the government needs to borrow those funds. The majority of the net debt is for long-term liabilities that will not materialize all at once, for example severance entitlements.

Additional response:

- When looking at the Yukon's net debt to GDP ratio, the territory is amongst the lowest in the country.
- The higher the ratio, the longer it might take for a government to return to a net financial asset position.
- In the Yukon, our forecast net debt to GDP ratio for the 2022-2023 fiscal year is 7.7 per cent and for 2023-24 it is 9.6 per cent.

Session Briefing Note**Net Debt****Finance**

- The 2023-24 forecast is up from the budget figure of 8.5 per cent, with the increase due to higher anticipated net debt for 2023-24, and a downward revision in the forecast for nominal GDP for 2023, primarily related to the closure of the Minto Mine in May.
- Even with the increase, the current net debt to GDP ratio for 2023-24 compares favourably to our peers across the country and is significantly lower than many jurisdictions.
- We continue to actively monitor and review our financial position as it relates to the management of government operations. This allows us to plan ahead and ensure sustainable and effective capital spending to meet our territory's infrastructure needs.
- We have chosen to use our financial assets to invest in the future of the Yukon, spending on roads, bridges, schools and health facilities to grow our economy and provide vital public services. These investments in infrastructure and services improve the lives of all Yukoners living in the territory.
- Infrastructure investment over the last six years includes: \$51 million in upgrades and improvements for our highways; \$40 million in bridges; \$81 million on airports; \$147 million in buildings; \$48 million in housing; and \$69 million in land development.
- Investments in 2023-24 include the Whistle Bend School, Dempster Fibre, North Klondike Highway, Nisutlin Bay Bridge, and the Erik Nielsen Whitehorse Airport runways.
- While these infrastructure projects do contribute to an increase in the government's net debt, these investments also help close the gap in the infrastructure deficit that accumulated over previous decades.

Session Briefing Note**Net Debt**

Context — this may be an issue because:

- The Five-Year Capital Plan totals \$2.15 billion over the next five years which includes \$858 million in spending for tangible capital assets.
 - Spending on tangible capital assets reduces cash, which increases net debt.
-

Background:

- Net debt should not be confused with borrowing or debt.
 - The Government of Yukon's current borrowing limit is \$800 million and is set by regulations under the Yukon Act, which is federal legislation. The limit was increased by the Government of Canada in September 2020, from \$400 million to \$800 million.
 - The bulk of the current total external debt of \$216.4 million, as reported in the 2021-22 Public Accounts, is held by:
 - Yukon Development Corporation (\$173.4 million),
 - Yukon Hospital Corporation (\$22.6 million)
 - Yukon Housing Corporation (\$1.3 million) and
 - Yukon University (\$1 million).
 - Current borrowings of \$216.4 million (at 27.1% of the limit) leave \$583.6 million of the available borrowing limit authorized by the federal government, demonstrating adequate borrowing room for the near term.
 - Comparative budget summaries (on a consolidated basis) across federal, provincial, and territorial governments show that the Government of Yukon's net debt is one of the lowest in the nation.
 - The introduction of the new Asset Retirement Obligation in April 2022 lead to a significant one-time increase net debt in the 2022-23 Supplementary Estimates No. 2 to reflect the new accounting standard.
-

Session Briefing Note
Net Debt

TAB #06
Fall 2023
Finance

Approved by:
Signature on File

Deputy Minister
Department of Finance

September 29, 2023

Approved

Session Briefing Note

Borrowing & Debt

Finance

Recommended response:

- The Yukon government, through its corporations, periodically borrows funds in order to deliver the programs and services that Yukoners expect.
- Borrowing is just one financing tool available to governments to make strategic investments in priority infrastructure opportunities such as schools, hospitals, energy, and transportation or in better delivering services to its citizens.
- The Government of Yukon publicly discloses all its borrowings in the Public Accounts, which totaled \$216 million on March 31, 2022.
- Updated amounts will be made available when the 2022-2023 Public Accounts are tabled later this month.

Additional response:

- All borrowing is held by Crown corporations. At March 31, 2022, those balances are as follows:

Corporation	Amount
Yukon Development Corporation	\$187,645,000
Yukon Hospital Corporation	\$22,610,000
Yukon Housing Corporation	\$1,255,000
Yukon University	\$996,000
Accrued Interest and Capital Lease	\$3,868,000
Total	\$216,374,000

Session Briefing Note**Borrowing & Debt**

Finance

-
- In addition to long-term borrowing by the government's corporations, the Government of Yukon also has access to a line of credit with its banking provider, which is used to manage temporary or short-term cash flow needs throughout the year.
 - At any given time, either through short-term or long-term borrowing, by law, the government can borrow up to \$800 million as set by regulations under the Yukon Act.
 - This allowance does not mean that the government will borrow this amount; this is the maximum borrowing capacity set by the Federal government for the Yukon.
 - The Department of Finance reviews financing needs, each year, during its annual budget preparation exercise.
-

Context — this may be an issue because:

- During the spring 2023 session, information was requested about the current amount of long-term debt and temporary borrowings.
 - An article was published in the Yukon News in August 2023 about the potential need for the Government of Yukon to borrow.
 - Both Budget 2023-24 and Yukon Public Accounts show an increasing net debt, which is often misunderstood as debt stemming from borrowing.
 - See TAB #06 -Net Debt for information related to net debt.
-

Background:

- Borrowing and debt should not be confused with net debt:
 - Net debt is a measure of the government's ability to pay all its financial liabilities if they were due immediately. The majority of the net debt for the Yukon government is the result of long-term liabilities that will not materialize all at once. This includes severance entitlements liabilities, for example.
-

Session Briefing Note

Fall 2023

Borrowing & Debt

Finance

- The borrowing limits of all three territories are set by regulations under the respective territorial acts. Requests for increases to these borrowing limits must be submitted in writing to the federal government and changes would require federal regulation amendments. This is done periodically by each government.
- In 2009, the borrowing limit was increased to \$300 million from \$138 million. In 2012, it was raised to \$400 million and in 2020 was again increased to \$800 million. Table 1 compares changes to territorial borrowing limits and GDP at market prices reported on statcan.gc.ca.

Effective date	Yukon			Northwest Territories			Nunavut		
	Debt limit	Market Price GDP	Ratio	Debt limit	Market Price GDP	Ratio	Debt limit	Market Price GDP	Ratio
	\$million	\$million		\$million	\$million		\$million	\$million	
Sep '20	800	3,241	25%	1,800	4,145	43%	750	4,219	18%
May '15				1,300	4,721	28%	650	2,421	27%
Mar '12	400	2,558	16%	800	4,394	18%	400	2,200	18%
May '10				575	4,817	12%			
May '09	300	2,137	14%						
Apr '07				500	4,668	11%			

- S&P Global issues credit ratings for the debt of public and private companies and other public borrowers such as governments. When commercial or public entities go to market for debt offerings, lenders will consider the quality of the proposed debt of which one indicator is the credit rating. Table 2 shows the current credit ratings for the three territories.

Table 2. Territorial Credit Ratings			
	Yukon	Northwest Territories	Nunavut
Credit Agency	S&P Global	Moody's	DBRS Morningstar
Rating	AA	Aa2	AA

Session Briefing Note

Borrowing & Debt

Finance

Financial Instruments

- The government has a \$50 million line of credit with its commercial banking provider CIBC.
- The corporations borrow using a variety of financial instruments including bank loans, bonds, loans from First Nations, and loans and mortgages from Canada Mortgage and Housing Corporation.

At March 31, 2022	Term	Rate	Payment	Balance ('000s)
Yukon Development Corporation				
Bond	30 Years	5.0%	Interest payable semi-annually. Principal due June 29, 2040	\$100,000
Toronto Dominion Bank	Due September 28, 2035	2.06%	Monthly installments of \$47,918	\$7,730
Toronto Dominion Bank	Due August 23, 2043	3.4%	Monthly installments of \$117,095	\$21,358
Toronto Dominion Bank	Due July 14, 2044	2.64%	Monthly installments of \$30,868	\$6,244
Toronto Dominion Bank	Due November 4, 2045	2.06%	Monthly installments of \$20,478	\$4,602
Toronto Dominion Bank	Due April 30, 2046	2.88%	Monthly installments of \$35,853	\$7,464

Session Briefing Note

Fall 2023

Borrowing & Debt

Finance

Tr'ondek Hwech'in First Nation	Due in 2049	Blended rate based on cost of debt and actual rate of return earned by the Utility. 2022 – 5.02%	Equal annual principal repayments of \$125,000	\$3,500
Na-Cho Nyak Dun Investment Trust	Due in 2094	Actual rate of return earned by the Utility. 2022 – 2.88%	Equal annual principal repayments of \$43,264	\$3,158
Chu Niikwan Limited Partnership	Due in 2040	Blended rate based on the cost of debt and the actual rate of return earned by the Utility. 2022 – 2.88%	Equal annual principal repayments of \$1,019,320	\$19,367
Bank Overdraft				\$14,222
Yukon Hospital Corporation				
CIBC	Due December 31, 2026	Interest rate swap fixed at 5.15%	Blended monthly payments of \$160,000	\$8,062
CIBC	Due April 1, 2028	Interest rate swap fixed at 4.525%	Blended monthly payments of \$100,000	\$7,300

Session Briefing Note

Fall 2023

Borrowing & Debt

Finance

CIBC	Due March 15, 2028	Interest rate swap fixed at 5.23%	Blended monthly payments of \$117,000	\$7,248
Yukon Housing Corporation				
Chartered Banks and CMHC	Variety with maturities up to 2028	1.99% - 2.81%	Blended monthly payments	\$733
Chartered banks and CMHC	Variety with maturities up to 2028	7.5% - 9.5%	Blended periodic installments	\$522
Yukon University				
Donor loan	Repayable within 90 days on demand, may be converted to a gift at any time by donor.	Nil	Nil	\$996
Accrued interest payable				\$1,886
Capital lease obligations				\$1,982

Approved by:

Signature on File

September 29, 2023

Deputy Minister, Finance

Date approved

Session Briefing Note

Technical Amendments Act

Finance

Recommended response:

- Bill 34, also known as the Technical Amendments Act 2023 addresses several administrative matters with the *Financial Administration Act*, *Income Tax Act* and *Yukon Government Carbon Price Rebate Act*.
- The Bill repeals provisions related to revolving funds in the *Financial Administration Act* including the Central Stores Fund, Kings' Printer Revolving Fund and Wildland Fire Suppression Revolving Fund and corrects references that have gone out of date.
- The Bill updates references in the *Income Tax Act* to align with changes in the federal *Income Tax Act* in order to comply with the Yukon government's obligations under the Canada-Yukon Tax Collection agreement. The Bill also preemptively addresses a potential scenario under the *Yukon Government Carbon Price Rebate Act* that could undercompensate businesses when claiming both a mining and a general business rebate.
- Amendments to the *Income Tax Act* and the *Yukon Government Carbon Price Rebate Act* are in response to requests from Canada as housekeeping matters. No business has been impacted from the identified scenario in their carbon rebate determination as no known businesses have claimed both rebates.

Additional response:

- The proposed changes are technical in nature and do not have any financial impact on Yukoners.
- Wildland fire suppression costs are included annually as part of the Department of Community Services budget.

Session Briefing Note

Technical Amendments Act

-
- Printing services are now procured from selected suppliers.
 - Under the Canada-Yukon Tax Collection agreement, the Yukon has an obligation to harmonize its tax legislation with the federal Act on a best effort basis. Therefore, housekeeping measures such as updating and adding the references to federal Act are recommended to satisfy the terms of agreement with Canada.

Context—this may be an issue because:

- Changes made to Central Stores and King's Printer Agency (then Queens' printer Agency) in late 2019 received media coverage, including statements from Yukon Employees' Union.
- A government decision was made to dissolve the revolving funds in 2019 and 2020.
- Amendments to the Income Tax Act and the Yukon Government Carbon Price Rebate Act to revise definitions, application and interpretations resulting from the passing of Bill 21- Carbon Price Rebate Amendments Act.

Background:

- The Revolving Funds were established under paragraph 44 (a), Section 48 and Section 48.01 of the *Financial Administration Act*. Past decisions approved dissolution of revolving funds for Central Stores (paragraph 44 (a)) and King's printer (sec 48) in 2019 and the Wildland Fire Suppression Revolving Fund (sec 48.01) in 2020.
- The legal functions of the King's Printer, as enabled by the *Public Printing Act* are performed by the Supply Services Branch in the Department of Highways and Public Works. Such functions include publishing the Yukon Gazette, Hansard, Yukon Statutes among others.

Session Briefing Note
Technical Amendments Act

- Replacement of the reference to the Federal-Territorial Financial Agreement in Subsection 20(3) of the FAA reflects the correct federal Act reference.
- In the new mining business rebate effective 2023, a provision was added in the Yukon Government Carbon Price Rebate Act legislation to prevent businesses from claiming both general and mining business rebate (double-dipping). Specifically, eligible Yukon mining Undepreciated Capital Cost (UCC) was subtracted from the eligible Yukon UCC for calculating carbon rebate. An unintended consequence of this provision was identified by the Canada Revenue Agency (CRA) that would result in lower carbon rebate for a business that was operating a mining and a non-mining business and applied for both the rebates. Proposed amendments to the definition of eligible Yukon asset and eligible Yukon mining UCC in the Act segregates mining assets from other business assets to allow for separate treatment of the assets for calculating carbon rebate. This is done as a proactive measure since no Yukon business is known to have claimed both rebates so far.

Approved by:

Signature on File

September 28, 2023

Deputy Minister, Finance

Date approved

Session Briefing Note
Mandate Commitments

Recommended response:

- On March 2, 2023, the Premier presented a mandate letter to all ministers, including one for myself, as Minister of Finance, outlining our government commitments to Yukoners.
- We are dedicating resources to ensuring that we implement the commitments in our mandate letter and are taking steps towards achieving results in a timely manner.
- The Department of Finance takes a strategic, measured approach to accomplishing these priorities.

Additional response:**Commitment 1: Maintain strong working relationships with the federal government on shared priorities, and work collaboratively with departments to ensure the Yukon is strategic in its federal financial engagements.**

- As a central agency, the Department of Finance is dedicated to working collaboratively with other departments, including the Executive Council Office's Intergovernmental Relations branch to ensure fiscal objectives are met.
- The Government of Yukon maintains a positive working relationship with the Government of Canada on financial matters. Most recently, this was highlighted as one of the Yukon's strengths in the 2023 credit rating report from S&P Global Ratings.

Session Briefing Note**Mandate Commitments**Finance

- The department also maintains strong working relationships with federal government agencies like the Canada Revenue Agency and Finance Canada as we regularly work together to ensure tax legislation is in sync with our federal counterparts.

Commitment 2: Revisit the 2017 Yukon Financial Advisory Panel Final Report to review their recommendations to continue government's work to maintain a healthy financial position.

- The Government of Yukon is revisiting the 32 recommendations from the 2017 Yukon Financial Advisory Panel Final Report and respects the panel's expert advice on how to deliver on government priorities; while meeting the needs of Yukoners.
- While many of these recommendations have been actioned, either fully or partially, many others have been incorporated as part of government's regular operations.
- To date, the Government of Yukon has implemented several recommendations stemming from this report, including;
 - the implementation of the Putting People First strategy as part of a recommended comprehensive review off the healthcare sector;
 - the design and delivery of a revenue-neutral carbon rebate in the territory;
 - the development of an internal Performance Measurement & Evaluation Framework in an effort to increase government's capacity for evaluation; and

Session Briefing Note

Mandate Commitments

- the exit from business which can be completed by the private sector; such as Central Stores and Queen's Printer.
 - These are just a few of the steps government has taken and are not an exhaustive list.
- The Department of Finance is further considering the recommendations and their status based on what is complete, actioned or in progress, as well as those which are no longer relevant or may need further attention.

Commitment 3: Make access to fertility treatments more affordable for Yukoners.

- The Government of Yukon is committed to expanding the available support for Yukoners undergoing fertility treatments and to improve access for all Yukoners.
- The Department of Health and Social Services has begun work on amending the Travel for Medical Treatment Regulations so that Yukoners can have easier access to treatment outside the territory.
- The Department of Finance is currently exploring various options, including fertility tax credits and other programs and will determine what will work best for the Yukon.

Session Briefing Note
Mandate Commitments

Commitment 4: Research potential models to establish a made in Yukon carbon credit program.

- A carbon credit program is one way we can encourage the transition to a green economy by allowing Yukon businesses specializing in renewable energy, carbon capture and other green initiatives to create and sell carbon credits.
- The Department of Finance will continue to support other government departments' research work to establish a Yukon carbon credit program.

Commitment 5: Identify financial tools that will support and enhance investment into the Yukon's rental housing market.

- The Government of Yukon is aware that rental options in the Yukon are currently limited and are often costly.
- We have engaged with the Yukon Residential Landlords Association on researching potential incentives to increase supply in the rental market.
- Senior officials from the departments of Finance, Economic Development, Community Services and Yukon Housing Corporation met in the spring of 2023 to discuss options. This working group will continue to meet and discuss options which support this sector.

Session Briefing Note

Mandate Commitments

Commitment 6: Continue working on a framework to support the effective evaluation of government programs and policies, with a particular focus on ensuring there are baseline evaluation strategies incorporated into new programs.

- The Government of Yukon is committed to continuous improvement of our operations, programs, and services. Through monitoring, measurements, and evaluation, we can make incremental improvements based on evidence.
- A new Performance Measurement and Evaluation Framework began phased implementation across government in fall, 2022.
- Using this framework, government programs, policies and strategies will report on their anticipated outcomes; the resources dedicated to accomplishing those outcomes; and their results. This information will provide enhanced insight into how government expenditures, operations and results align with the Yukon's priorities.
- Future phases of framework implementation – those needed to fully realize these insights – requires a data platform that emphasizes how and where government investment are expected to contribute to meaningful results for Yukoners. A tender for the development of this platform was recently issued.

Context—this may be an issue because:

- These commitments were made in the 2023 Mandate Letter to Minister Sandy Silver for the Department of Finance.

Session Briefing Note

Mandate Commitments

TAB# 09
Fall 2023
Finance

Background:

- Mandate Letters are released by multiple governments to outline priorities and highlight specific commitments.
- The 2023 Mandate Letters are the fourth set of letters presented by the Liberal Party since the 2016 election.

Approved by:

Signature on File

August 30, 2023

Deputy Minister, Finance

Date approved

Session Briefing Note

Yukon Financial Advisory Panel

TAB# 10
Fall 2023
Finance

Recommended response:

- Actions recommended by the Yukon Financial Advisory Panel final report are being integrated into day-to-day government operations and have been under consistent consideration, each year, since they were introduced.
- As we consider each option included as part of the final report, we are implementing a principled, evidence-based approach to assessing their benefits.
- As always, we are committed to responsible use of public monies to provide Yukoners with effective, sustainable programs and services, while supporting a growing and diversified economy.
- Our focus remains on ensuring Yukon residents, businesses, and organizations are supported by effective, reliable programs and services. Working to improve the sustainability of government services remains paramount, and we are maintaining this focus as we ensure programs and supports are delivered where they are needed.

Additional response:

- Initiatives developed out of the Yukon Financial Advisory Panel recommendations take time to assess before they are rolled out, as they have been since the panel concluded its report.
- At the same time, we will not make changes to programs or services which are important to Yukoners without careful consideration of the impact on people and businesses, and engagement with those affected.

Session Briefing Note

Yukon Financial Advisory Panel

TAB# 10
Fall 2023
Finance

- Some of the initiatives implemented as a result of the panel include;
 - significant investment into Yukon's critical infrastructure, including roads, bridges and energy generation;
 - the launch of the Putting People First report;
 - the launch of the Performance Measurement and Evaluation Framework, which began rolling-out across government in Fall 2022;
 - the development of a revenue-neutral carbon pricing rebate to Yukoners;
 - increased transparency and comprehensiveness of the territory's budget presentations and projections;
 - the establishing of a fiscal anchor which showed a balanced budget as a part of the government's fiscal outlook;
 - the reduction of taxes paid by Yukon businesses;
 - the strengthening of important relationships and partnerships with Yukon First Nations governments;
 - launching a First Nations Procurement Policy; and
 - the development of contingency funding as part of the last three budgets to help weather uncertain events.

Session Briefing Note

Yukon Financial Advisory Panel

- The Government of Yukon continues to discuss and consider recommendations included as part of each subsequent budget and as new opportunities emerge to consider policy and program development in government.

Context—this may be an issue because:

- Minister Silver’s 2023 mandate letter includes direction to: “Revisit the 2017 Yukon Financial Advisory Panel Final Report to review their recommendations to continue government’s work to maintain a healthy financial position.”

Background:

- The Yukon Financial Advisory Panel was an independent panel created to provide expert advice on how to deliver on government priorities, meet the needs of Yukoners, and return the territory to a healthy financial position. The Panel’s final report was released in 2017.

Approved by:

Signature on File

September 05, 2023

Deputy Minister, Finance

Date approved

Recommended response:

- The Auditor General of Canada has issued an unqualified opinion on the consolidated financial statements of the government which indicates the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the government as of March 31, 2023.
- The Yukon Public Accounts 2022-23 have been tabled late and for that reason the Auditor General of Canada has also issued a qualified opinion on their compliance with specified authorities.
- The completion of the annual audit of the consolidated financial statements was delayed due to the additional work required by the Department of Finance and the Office of the Auditor General of Canada to ensure that five new accounting standards were properly adopted.
- The government's Public Accounts for the 2022-23 fiscal year show a surplus on both a **non-consolidated** basis and a **consolidated** basis.
- The **non-consolidated** surplus for the year was \$105.0 million while the **consolidated** surplus was \$122.9 million.
- At the end of the 2022-23 fiscal year, **non-consolidated** net financial debt totaled \$259.0 million, while **consolidated** net financial assets totaled \$10.7 million.
- The surplus on a **non-consolidated** basis represents approximately 6.0 per cent of total non-consolidated government expenses of \$1.8 billion and the surplus on a **consolidated** basis represents

Session Briefing Note

Public Accounts

Finance

approximately 6.9 per cent of total consolidated government expenses of \$1.8 billion.

Additional response:

- The **non-consolidated** surplus of \$105.0 million differs by \$65.5 million from the \$39.5 million surplus budgeted during Spring 2022 in the Main Estimates for 2022-23. The change resulted primarily from an increase in revenues of \$80.5 million and the recovery of prior year's expenses of \$3.8 million. These increases were only partially offset by an increase in expenses of \$18.9 million.
- The \$80.5 million increase in **non-consolidated** revenue was the result of increases of \$52.7 million in other grants from Government of Canada; \$25.4 million in taxes and general revenues; and \$6.9 million in contributions and service agreements from Government of Canada offset by a decrease of \$4.4 million in funding and service agreements with third parties.
- The \$18.9 million increase in **non-consolidated** expenses was driven by health and social services spending (\$14.7 million above Main Estimates); and environment spending (\$9.3 million above Main estimates) offset by reductions in education spending (\$7.2 million below Mains Estimates).
- In 2022-23, **non-consolidated** net debt grew from \$101.8 million initially reported in the 2021-22 Public Accounts to a restated \$155.1 million, as a result of the retroactive adoption of the new Public Sector Accounting Standard called PS 3280 Asset retirement obligation.
- During the 2022-23 fiscal year non-consolidated net debt increased to \$259.0 million as a result of the increase in accumulated surplus of

Session Briefing Note

Public Accounts

Finance

\$105.6 million being overshadowed by the \$209.5 increase in non-financial assets.

Context — this may be an issue because:

- Traditionally, Opposition shows some interest in the Public Accounts. Public and media interest in the Public Accounts has traditionally been low to moderate, depending on the year.
 - Tabling the Public Accounts later than the legislative deadline has resulted in additional questions from Opposition and media.
-

Background:

- The Public Accounts is a major accountability report of the government.
- The Consolidated Financial Statements, supporting notes, and schedules have been audited by the Auditor General of Canada and have received an unqualified opinion. However, the Public Accounts 2022-23 have received a qualified opinion on compliance with specified authorities.
- The government is required to produce the Public Accounts and make them publicly available by October 31 each year under section 8(2) of the *Financial Administration Act* (Yukon). Pursuant to section 33 of the *Yukon Act* (Canada), the Yukon Public Accounts shall be prepared in accordance with public sector accounting standards established by the Chartered Professional Accountants of Canada or its successor.
- The Consolidated Financial Statements include the results of all entities fully owned and/or controlled by the government. To achieve this, the financial activity of Yukon University, Yukon Hospital Corporation and Yukon Housing Corporation are consolidated into the government's financial activity, and activity between entities is eliminated. The Yukon Liquor Corporation and Yukon Development Corporation are consolidated on a modified basis as investments, as they are 'government business entities', also referred to as profit-generating entities.

Session Briefing Note

Public Accounts

Finance

The Non-Consolidated Financial Statements include only the results of the departments as budgeted in the Main Estimates, also known as the Yukon's Operation & Maintenance and Capital Estimates.

Approved by:

Signature on File

Deputy Minister

November 21, 2023

Date approved

Session Briefing Note

Accounting Standard Changes effective April 1, 2022

Recommended response:

- As part of the Yukon government's commitment to openness and transparency, we prepare and table Yukon's Public Accounts each fall in the Legislative Assembly.
- The Public Accounts are prepared in accordance with Public Sector Accounting Standards established by the Chartered Professional Accountants of Canada.
- The Public Sector Accounting Board routinely issues new standards or revises existing standards in response to changes in global accounting standards.
- This is often done to enhance reporting provisions, increase transparency and improve readability of public sector financial statements.
- The Public Sector Accounting Board introduced five new accounting standards effective April 1, 2022 which impact the Yukon Public Accounts.

Additional response:

- Changes to Public Sector Accounting Standards impact Yukon government accounting policies, what information is recorded and how it is disclosed in the Public Accounts.

Session Briefing Note

Accounting Standard Changes effective April 1, 2022

Context—this may be an issue because:

- At the Standing Committee on the Public Accounts hearings held on February 9, 2022, and December 7, 2022, the committee inquired into the expected impacts of the adoption of the Asset Retirement Obligation standard on the government's financial position, including the consolidated financial statements.
 - Traditionally, there is some interest from the Opposition in the Public Accounts. Some of the standards have introduced new disclosure notes in Public Accounts that may be of interest to the Opposition, the public and the media.
-

Background:

The following Public Sector Accounting Standards came into effect for fiscal periods beginning on or after April 1, 2022:

- PSAS 1201 replaces existing PSAS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. These changes are required to incorporate the changes stemming from the new PSAS 3450, PSAS 3041, and PSAS 2601.
 - PSAS 2601 replaces existing PSAS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency.
 - PSAS 3041 replaces existing PSAS 3040 with revised guidance on the accounting for and presentation and disclosure of portfolio investments.
 - PSAS 3280 applies to all tangible capital assets owned or controlled by the Government; it requires that where there is a legal obligation to perform retirement activities for a tangible capital asset these retirement costs must be recognized at the time of acquiring the asset, or as soon as the costs can be estimated.
-

Session Briefing Note


**Accounting Standard Changes
effective April 1, 2022**

- PSAS 3450 establishes new guidance on the recognition, measurement, presentation, and disclosure of financial instruments, including derivatives.

Approved by:

Signature on File

August 30, 2023

 _____
Deputy Minister, Finance

Date approved

Session Briefing Note**CD Howe Reports**Finance

Recommended response:[Fiscal Accountability: Report Card for Canada's Senior Governments, 2023](#)

- The CD Howe Institute produces an annual report assessing the usefulness of government financial documents and assigns letter grades for the quality of these products.
- The report considers how easily readers can find government documents, understand their content, and use them to make informed decisions.
- This year's report covers budgets for the 2022-23 fiscal year and audited financial statements for fiscal year 2021-22. The Yukon government received a B+ ranking, which was the third highest ranking. Alberta received an A+ and Saskatchewan received an A-.
- The Yukon received high marks for presenting key figures early in its budget documents and financial statements and for presenting the Main Estimates at the same time as the Budget.

C.D. Howe report on COVID's impact on government financial reporting

- The CD Howe Institute also recently produced a one-time report titled *Fiscal COVID: How the Pandemic Undermined Government Finances and Accountability in Canada*, which examined how well government financial documents accounted for the COVID-19 pandemic's effect on government finances.
- The report covered the financial documents that related to the 2020-21 fiscal year.

Session Briefing Note

Fall 2023

CD Howe Reports

Finance

- The report singled out governments that did not present budgets before the beginning of the 2020-21 fiscal year to provide a baseline comparison. We are proud to say that the Yukon did present a timely budget, which was noted in the Institute's report.
- The report concluded that all governments fell short in explaining the impacts of the COVID-19 pandemic in their public accounts and only provided limited information, negatively affecting the ability of legislators and Citizens to assess how governments reacted to the crisis.

Additional response:

[Fiscal Accountability: Report Card for Canada's Senior Governments, 2023](#)

- While the Yukon's financial management is sound with a long track record of strong management that produces solid financial results, we look forward to this type of report as it highlights areas for continuous improvement.
- The Yukon received the third highest mark this year, demonstrating the strong fiscal management in the territory. This is also evidenced by our Double A Stable credit rating from S&P Global Ratings.

[C.D. Howe report on COVID's impact on government financial reporting](#)

- All governments covered in the [CD Howe's COVID](#) report increased spending in 2020-21, with an average increase of 11.8 per cent. The Yukon's spending went up by 8.9 per cent.
- However, the Yukon, like most jurisdictions, did not have dedicated sections for COVID-19's impact in its Public Accounts.

Session Briefing Note

Fall 2023

CD Howe Reports

Finance

- The report recommended presenting major programs in more detail in financial documents, especially health care.
 - The Department of Finance will consider the findings of the CD Howe Institute as it continues working to ensure that our financial reporting meets the highest standards.
-

Context — this may be an issue because:

- [The C.D. Howe Institute published two reports this year. One report is](#) focused on whether governments had detailed the impacts of the COVID-19 pandemic on government finances in their financial documents. It did not include letter rankings as is usually the case with the annual reports. [The other is report, which is published annually, ranks governments based on the usefulness of their financial documents.](#)
-

Background:

- The C.D. Howe Institute annual report on fiscal accountability typically focuses on the relevance, accessibility, timeliness and reliability of senior government's budgets, estimates and financial statements.
 - Each jurisdiction is then assigned letter grades that reflect how readily a non-expert may find, understand and act on the information therein.
 - In the 2022 report *The Right to Know: Grading the Fiscal Transparency of Canada's Senior Governments*, Yukon was one of only two senior governments in the country to receive a grade of A- or higher. This was largely based on presenting our budgets in a consistent manner with our financial statements.
 - [In 2023, the Yukon received a B+. The changes from 2022 to 2023 reflect changes in governments' financial reporting and the Institute's grading scheme.](#)
-

Session Briefing Note**Fall 2023****CD Howe Reports**Finance

- The Yukon's budget process has not changed significantly over the past two years; however, the Department of Finance and the Government of Yukon continue to make incremental improvements in information and budget presentation each year.

Approved by:**Signature on File**

October 24, 2023

Deputy Minister, Finance

Date approved



INSTITUT C.D. HOWE INSTITUTE

COMMENTARY

NO. 646

The ABCs of Fiscal Accountability: The Report Card for Canada's Senior Governments, 2023

Tracking how Canada's senior governments tax and spend taxpayers money should be straightforward. Too often it is not. Some of Canada's senior governments provide useful and timely information, as their grades in this year's report card show. Others have work to do.

William B.P. Robson and Nicholas Dahir

THE C.D. HOWE INSTITUTE'S COMMITMENT TO QUALITY, INDEPENDENCE AND NONPARTISANSHIP

ABOUT THE AUTHORS

WILLIAM B.P. ROBSON
is Chief Executive Officer,
C.D. Howe Institute.

NICHOLAS DAHIR
is a Research Assistant at the
C.D. Howe Institute.

The C.D. Howe Institute's reputation for quality, integrity and nonpartisanship is its chief asset.

Its books, Commentaries and E-Briefs undergo a rigorous two-stage review by internal staff, and by outside academics and independent experts. The Institute publishes only studies that meet its standards for analytical soundness, factual accuracy and policy relevance. It subjects its review and publication process to an annual audit by external experts.

No C.D. Howe Institute publication or statement will endorse any political party, elected official or candidate for elected office. The Institute does not take corporate positions on policy matters.

As a registered Canadian charity, the C.D. Howe Institute accepts donations to further its mission from individuals, private and public organizations, and charitable foundations. It seeks support from diverse donors to ensure that no individual, organization, region or industry has or appears to have influence on its publications and activities. It accepts no donation that stipulates a predetermined result or otherwise compromises its review processes or inhibits the independence of its staff and authors. A comprehensive conflict-of-interest policy, including disclosure in any written work, applies to its staff and its authors.

COMMENTARY No. 646
October 2023

\$12.00

ISBN 978-1-77881-010-7

ISSN 0824-8001 (print);

ISSN 1703-0765 (online)



Daniel Schwanen
Vice President, Research

THE ABCS OF FISCAL ACCOUNTABILITY: THE REPORT CARD FOR CANADA'S SENIOR GOVERNMENTS, 2023

by William B.P. Robson and Nicholas Dahir

- Canadians and their elected representatives know too little about how Canada's senior governments tax and spend. The fiscal impact of COVID-19 has made transparency in government budgets and financial statements more important than ever. As grades ranging from A+ to C- in this report card indicate, some governments provide useful and timely information, but too many present information that is opaque, misleading and late.
- In this year's report card – which covers year-end financial statements for fiscal year 2021/22, and budgets and estimates for 2022/23 – Alberta and Saskatchewan topped the class with grades of A+ and A-, respectively. Yukon earned a B+, while Prince Edward Island and New Brunswick each earned a B. Nova Scotia, Quebec, Ontario and British Columbia all earned grades of B-. Nunavut earned a C+. Manitoba and the Northwest Territories earned a C. At the bottom of the class were the federal government and Newfoundland and Labrador with grades of C-.
- In many respects, the fiscal transparency of Canada's senior governments has improved. Two decades ago, none used consistent accounting in their budgets and financial statements; now, presentations consistent with public sector accounting standards are the rule. Exceptions still occur, however, and budgets, estimates and financial statements should be clearer and more timely. This annual report card hopes to encourage further progress and discourage backsliding. Canadians can get more transparent financial reporting and better fiscal accountability from their governments, if they demand it.

INTRODUCTION AND OVERVIEW

Canada's federal, provincial and territorial governments loom large in the Canadian economy and in Canadians' lives.¹ Their financial statements for fiscal year 2021/22 showed just over \$1 trillion in revenues and expenses – around 36 percent of gross domestic product, or close to \$28,000 per Canadian.

Canada's senior governments used this money to provide services and transfer payments in areas such as health, education, national defence and policing, income support and business subsidies. They taxed

1 The information on the budgets, estimates, financial statements and interim reports of the senior governments, and the scores and grades based on them, are current as of October 18th, 2023.

Thanks are due to Alexandre Laurin, anonymous reviewers, and a number of officials from federal, provincial and territorial governments. The authors retain responsibility for any errors and the views expressed.

Policy Areas: Fiscal and Tax Policy; Public Governance and Accountability.

Related Topics: Provincial Comparisons; Provincial Taxation and Budgets; Transparency of Public Finances.

To cite this document: Robson, William B.P., and Nicholas Dahir. 2023. *The ABCs of Fiscal Accountability: The Report Card for Canada's Senior Governments, 2023*. Commentary 646. Toronto: C.D. Howe Institute.

C.D. Howe Institute Commentary® is a periodic analysis of, and commentary on, current public policy issues. Michael Benedict and James Fleming edited the manuscript; Yang Zhao prepared it for publication. As with all Institute publications, the views expressed here are those of the authors and do not necessarily reflect the opinions of the Institute's members or Board of Directors. Quotation with appropriate credit is permissible.

To order this publication please contact: the C.D. Howe Institute, 67 Yonge St., Suite 300, Toronto, Ontario M5E 1J8. The full text of this publication is also available on the Institute's website at www.cdhowe.org.

Canadians' incomes from work and savings, and they taxed spending on most goods and services. Over time, their aggregate expenses have exceeded their revenues, resulting in accumulated deficits totaling \$1.5 trillion at the end of 2021/22.

Taxpayers' and citizens' ability to monitor, influence and react to legislators' and government officials' stewardship of public funds is fundamental to representative government. Legislators and officials should act in the interest of the people they represent, and if they are acting negligently or in their own interest, taxpayers and citizens need to know. Financial reports are key tools for monitoring governments' performance of their fiduciary duties.

The audited financial statements Canada's senior governments publish in their public accounts after each fiscal year provide key information. In particular, statements of operations show revenues and expenses during the year and the difference between them: surplus or deficit. Statements of financial position show governments' assets – both financial assets and capital assets such as buildings – and their liabilities. The difference between assets and liabilities – net worth – reflects their accumulated surplus or deficit over time, and captures their capacity to provide services now and in the future.

Budgets provide similar information in advance. Citizens and taxpayers, and the legislators who represent them, can examine the budget a government presents at the start of the fiscal year – notably, its commitments with respect to revenues and expenses and the projected surplus or deficit. The budget should also show the change in net worth that will result from the projected surplus or deficit, so users of the budget will understand the budget's implications for the government's capacity to deliver services at the end of the period. The scope of the estimates is narrower, but legislators' ability to understand and approve the estimates is critical to their ability to steward public funds.

The C.D. Howe Institute's annual report on the fiscal accountability of Canada's senior governments focuses on the relevance, accessibility, reliability

and timeliness of these documents. It is not about whether governments spend and tax too much or too little, whether they run surpluses or deficits, or whether their programs succeed or fail. It is about whether Canadians can get the information they need to form opinions on these issues and to correct any problems they discover. The letter grades in this report reflect our judgment about whether governments' budgets, estimates and financial statements let legislators and voters understand governments' fiscal plans and hold governments to account for fulfilling them.

We put ourselves in the place of an intelligent and motivated but non-expert reader, who could be a legislator, journalist or voter. We ask how readily that reader can find the relevant numbers in each document, and use them to make straightforward comparisons. For example, can the reader compare the revenues and expenses projected and approved by legislators before the start of the year with the revenues and expenses of the prior year? Can the reader compare the revenues, expenses and change in net worth published after year-end with the budget's projections?

With respect to the budgets and estimates for fiscal year 2022/23 and the year-end financial statements for 2021/22 – the documents relevant for this report card – the reader would be able to answer such questions about Alberta and Saskatchewan relatively easily. These provinces displayed the relevant numbers early in their documents. They used consistent accounting and aggregation in all their documents. They provided tables that reconciled results with budget intentions, and published in-year updates. They also produced timely numbers. They presented both their 2021/22 budgets and their main estimates at the same time before the start of the fiscal year. And they released their 2021/22 public accounts within 90 days of the end of the fiscal year.

Our reader would have a tougher time with the documents of other governments. Some governments' budgets, estimates and/or public accounts used inappropriate and inconsistent

Key Concept Explainer: The Fiscal Cycle and Principal Documents

The fiscal year of Canada's senior governments runs from April 1 to March 31. Budgets look forward. They show planned revenues and expenses, and the projected surplus or deficit. They should appear before the start of the fiscal year. The main estimates also look forward. They set out particular spending for which a government must obtain legislative approval. They should also appear before the start of the fiscal year. The financial statements in the public accounts look backward. They show actual revenues and expenses, and the actual surplus or deficit. They appear after the end of the fiscal year.

The budget is the core statement of a government's fiscal priorities. It attracts unique attention, prompting extensive debate in the legislature, and getting more media coverage and scrutiny than do other fiscal documents. Its central features, and a key focus of this report card, are a projected statement of operations – revenues and expenses – the resulting annual surplus or deficit and the effect of the surplus or deficit on net worth.

The estimates that detail particular outlays are key links in the chain of accountability from voters through legislators to the officials who spend the money. In this report card, we focus on the primary main estimates volume tabled at the start of the fiscal year. The estimates a government presents to the legislature show spending for which the government must obtain legislative approval each year. While the estimates' scope is narrower than the expenses shown in budgets and financial statements – excluding items that do not require votes, such as Crown corporations, and ongoing expenses, such as interest – they are nevertheless central to legislative control of public money. Legislators should see individual programs in the estimates in the context of the overall plan for revenues and expenses, with their implications for the surplus or deficit and changes in future service capacity.

The audited financial statements in the public accounts are the definitive report of a government's revenues and expenses during the year and of its net worth at the start and end of the year. We focus, as we do with budgets, on the statements' presentation of consolidated revenues, expenses and annual surplus or deficit, along with the resulting changes in the accumulated surplus or deficit and the government's net worth.

accounting and aggregation, impeding understanding of the documents and comparisons among them. Some governments buried their consolidated revenues and expenses hundreds of pages deep or even published them in separate documents.

Timeliness was uneven among Canada's senior governments. Some presented budgets after the start of the fiscal year, with money already committed or spent. Some did not present their main estimates simultaneously with their budgets. Some did not release their year-end financial statements until most of the following fiscal year

had elapsed, undercutting attempts to compare recent performance against a definitive baseline.

Although the principal focus of this report is the budgets, estimates and financial statements from 2021/22 and 2022/23, we have two comments about the past and the future.

Looking back, notwithstanding some conspicuous backsliding, the quality of the financial information provided by Canada's senior governments has tended to improve. Two decades ago, none of Canada's senior governments budgeted and reported consolidated revenues, expenses and surplus or deficits on the same accounting basis.

Lately, budget presentations that conform with Public Sector Accounting Standards (PSAS) have become normal, and many governments reconcile their estimates better with their budgets and with PSAS.

Looking forward, we provide a preview of the scores for fiscal year 2023/24 budgets and estimates. Here, there is reason for cautious optimism. Ten senior governments presented their budgets earlier than they did last year. Based on information to date, Alberta is on track for an A+ in our 2023 report card. Saskatchewan, Yukon and Nunavut are on track for grades of A–. The federal government is on track to receive a middling grade of C.

A key aim of this annual survey is to limit backsliding and encourage further progress. The deficiencies we highlight are fixable, as past improvements and the leading jurisdictions show. Canadians can get good financial reporting from their governments, and they should insist on it.

MEASURING FISCAL ACCOUNTABILITY

Financial documents are tools for reporting and decision-making. To be useful, they must be accurate and complete. They must help users find and interpret the key numbers. Useful government financial documents must let the reader who is motivated and numerate, but not an expert in accounting, easily find consolidated revenues and expenses and the resulting surplus or deficit in budgets and financial statements. The documents must also be timely. Our focus on these attributes

complements other measures of fiscal transparency, including the Organisation for Economic Co-operation and Development’s Best Practices for Budget Transparency (OECD 2002) and the Open Budget Survey (International Budget Partnership 2020).²

Interpreting the Principal Documents

Comparing the principal documents should be straightforward. As the Public Sector Accounting Board expresses it:

The actual-to-budget comparison is meaningful when the budget:

- (a) is prepared on the same basis of accounting (i.e., accrual accounting),
- (b) follows the same accounting principles (i.e., the standards in the PSA Handbook),
- (c) is for the same scope of activities (i.e., includes all components, where applicable, and all controlled entities), and
- (d) uses the same classification (i.e., revenue by type and expenses by function or major program) as the financial statements (PSAB 2021, 34).

A clear comparison will let a reader who is motivated but not an expert answer such questions as, how close were last year’s results to last year’s plans? and what increases or decreases in revenues and expenses would this year’s budget produce relative to last year’s results? An obscure comparison will force even an expert to work hard to answer such questions, and stymie a non-expert at the outset.

Although the main estimates do not cover all expenses captured in a government’s budget or

2 Some of the OECD’s “best practices” are dated – for example, specifying conformity with national income accounting practices, which would be a step backward from Canada’s PSAS. In other respects, however, the OECD’s criteria for timeliness of budgets and financial reports, clear and consistent reporting of gross amounts in both documents, timely updates relative to plan and informative comparisons of projections with results and vice versa run parallel to ours. Its 2019 Open Budget Survey awarded the federal government 71 out of 100 for transparency. Some of its criteria, such as opportunities for public consultation, differ from ours, and it focuses less than we do on the clarity of the financial projections and reports themselves. But – like us – it highlights the limited legislative oversight in Canada’s budget process, recommending earlier presentation of the budget to the legislature, earlier approval of the budget by the legislature and monitoring of in-year budget implementation.

financial statements, similar logic applies to them. Governments that present estimates simultaneously with their budgets, and provide clear up-front reconciliations of the amounts they are asking legislators to approve with the overall fiscal plan, are more transparent about their intentions, and spending decisions than governments that do not. Timely approval of the estimates also matters: if major outlays receive little or no attention from legislators before the money has been spent, a key link in the chain of accountability for public money is broken.

Many governments also produce interim fiscal reports during the year. These should show performance relative to budget and provide updated financial projections for the year. This interim information can improve understanding of how events affect public finances, and can foster early action if things are going problematically off course. Our survey also looks at the frequency and content of these reports.

How We Graded the Governments

To quantify the quality and accessibility of the information in the 2022/23 budgets and estimates, and the 2021/22 financial reports of Canada's senior governments, we address these requirements with specific criteria, each with its own scoring system and weight. Our scoring range on each criterion reflects the granularity we think appropriate to distinguish good performance from bad. The weight of each criterion in the overall grade reflects our judgment of its importance to overall transparency and accountability.

Timeliness

Since spending without authorization by elected representatives violates a core principle of representative democracy, legislators should have

sufficient time to consider the government's fiscal plan, and vote on the budget before the start of the fiscal year. We awarded a score of 2 to governments that presented their 2022/23 budgets 30 days or more before the start of the fiscal year (April 1), 1 to governments that presented their budgets less than 30 days before the start of the fiscal year and 0 to governments that presented their budgets after the start of the fiscal year.

Main estimates, like budgets, should be timely. Legislators would ideally get them with the budget but, in any event, early enough to consider them before the start of the fiscal year. As with budgets, we awarded 2 to governments that presented their 2022/23 main estimates 30 days or more before the start of the fiscal year, 1 to governments that presented them less than 30 days before the start of the fiscal year and 0 to governments that presented them after the start of the fiscal year. We awarded a bonus point to governments that tabled their main estimates simultaneously with their budgets.

Ideally, a dedicated follower of the main estimates would be able to track their progress from tabling to approval, and be able to compare any changes from what was initially tabled, to what was approved by committees, to what was approved by the legislature. Unfortunately, information on the progress of the main estimates of most governments is fragmented and poorly labelled, and up-to-date figures are not readily accessible from public sources such as legislative and government websites, so we cannot evaluate the timeliness and quality of the financial information in them. Instead, we grade governments on their publication of deadlines for steps in the main estimates process. We awarded 1 point for each deadline – for the tabling of the main estimates, their consideration by the committees, and their final approval – that is either a calendar date or a set number of days in relation to the release of the budget.³

3 Documentation of these steps is often poor. We looked for it on the websites of both finance ministries and legislatures.

Timely release of year-end financial statements also matters. Earlier release helps legislators and the public understand and react to deviations of results from plans. A more ambitious schedule for release also encourages faster gathering of information – helpful for many reasons, including preparing a baseline for the upcoming budget. For this criterion, we used the date of the auditor’s signature on the financial statements. That approach is not ideal, because governments may release the statements and/or the public accounts some time after the auditor signs, and the public accounts contain useful additional information. The date of the auditor’s signature is easier to verify than the date of release, however, so we used it for transparency’s sake. We awarded a score of 2 to governments whose auditors signed no more than 90 days after fiscal year-end, 1 to governments whose auditors signed more than 90 days but no more than 181 days after year-end, and 0 to governments whose auditors signed more than 181 days after year-end.

Interim updates provide timely information about how the fiscal results are unfolding relative to the budget. We awarded 3 to governments that provided monthly updates, 2 to governments that provided quarterly updates, 1 to governments that provided only half-year updates and 0 to governments that provided none.⁴ We added a point to governments that showed comparisons to budget projections that were consistent with the figures presented in the budget document.

Placement of Key Numbers

Key numbers should be easy to find and identify. Readers of budget and public accounts documents should not need to sort through reams of extraneous and potentially misleading material.

Putting consolidated revenues, expenses and the surplus or deficit up front reduces the chance that a user will give up or find wrong numbers before finding the right ones.

We referenced the physical budget books, principal volumes of the main estimates and public accounts, or their PDF equivalents, because web pages and links among documents are sometimes ephemeral and not clearly dated, and can confront users with hard-to-quantify navigational challenges. Our count began with the first physical or electronic page, not counting pages containing tables of contents and lists of tables and figures, since those help readers navigate the document.

For both budgets and public accounts, we awarded 3 to governments that showed their consolidated revenues, expenses and surplus or deficit within the first 15 pages of the documents, 2 to governments that showed them 16-30 pages into the documents, 1 to governments that showed them 31-50 pages into their documents and 0 to governments that showed them more than 50 pages into their documents. We did not scale our scores according to the overall length of the documents – by using percentages, for instance – because a longer document should not excuse late placement of the numbers.

Reliability and Transparency of Numbers

The key numbers in both budgets and public accounts are consolidated revenues which add to a government’s capacity to deliver services during the year, consolidated expenses which subtract from a government’s capacity to deliver services during the year, and the surplus or deficit which represents the resulting net change in a government’s capacity to deliver services during the year. These key figures

4 Comprehensiveness and timeliness with respect to the period they describe are also important considerations for interim updates. Other things being equal, however, more frequent updates are better, and for simplicity’s sake we restrict our evaluation to that.

should capture everything the government controls – the entire “reporting entity.” Governments that omit items such as amortization of capital, debt-servicing costs or pension expenses, or that move money in and out of special-purpose accounts, obscure this essential information. In scoring both budgets and public accounts, we awarded 1 point for each of consolidated revenues, consolidated expenses and consolidated surplus or deficit figures shown in the main projections, for a maximum of 3 points.

With respect to the public accounts, a vital question is whether the relevant legislative auditor gave a qualified opinion about their adherence to PSAS. We awarded 2 to governments that received an unqualified opinion on their 2021/22 financial statements, 1 to governments that had one qualification and 0 to governments that had more than one qualification.⁵

The size of the discrepancy between what the government presented and what the auditor calculated the government would show with a PSAS-consistent presentation also matters. We awarded 2 if there was no discrepancy or if a discrepancy was less than 5 percent of expenses in the most recent fiscal year, 1 if a discrepancy was between 5 and 10 percent of expenses and 0 if a discrepancy was more than 10 percent of expenses.

Financial results are easier to understand if the difference between revenues and expenses – the surplus or deficit – relates straightforwardly to the change in the government’s net worth, representing its capacity to deliver services, over the fiscal year. A line such as “other comprehensive income or

loss” between the year’s surplus or deficit and the associated change in the accumulated surplus or deficit loosens that link, and our scoring system penalizes those adjustments.

We acknowledge that our penalty for these adjustments is open to objection. PSAS allow or mandate below-the-line adjustments in some circumstances, such as gains and losses of government-owned enterprises. That example illustrates the justification for such lines: gains or losses on investments in Crown corporations that governments do not control directly are different from revenues and expenses related to decisions about taxes and spending by legislatures. But that example also illustrates why the lines are problematic. Those gains and losses represent risks – changes in the government’s capacity to deliver services – that legislators cannot budget for or control. The gap between budget decisions and ultimate changes in a government’s capacity to provide services undermines fiscal accountability. Moreover, governments might not reliably honour the principle that such adjustments should relate to matters the budget could not have anticipated.

Our concerns about below-the-line adjustments led us to award the following scores: 4 to governments with no such adjustments in their 2021/22 financial statements, 3 to governments with adjustments with an absolute value not exceeding 0.3 percent of expenses, 2 to governments with adjustments between 0.3 and 0.5 percent of expenses, 1 to governments with adjustments equal to or greater than 0.5 but less than 0.7 percent of

5 The opinions of legislative auditors get high weight in our overall grades because of the scope and rigour of their work. In a non-government setting, a qualified audit opinion is a red flag to any user of financial statements. The auditor’s opinion does not determine a passing or failing grade by itself, however, for two reasons. First, although numbers that have passed inspection are clearly better than those that have not, their timeliness and the ease with which users can find and identify them also matter; audited numbers published late and obscurely are less useful. Second, compliance with PSAS in some specific circumstances can be matters on which reasonable people can and do disagree. Legislative auditors use judgment in deciding whether specific practices conform to PSAS, and thinking about how best to present financial information is continuously evolving.

expenses and 0 to governments with adjustments equal to or greater than 0.7 percent of expenses.⁶ Because PSAS mandate these adjustments in some circumstances, the weight of this criterion in our overall grade is small.

Budgeting is inevitably uncertain. Governments can deal with uncertainties in their projections in various ways, some better than others for transparency and accountability. They sometimes cushion their bottom lines by shading their economic forecasts and/or revenue projections down, or shading their expense projections up. These approaches are opaque. An explicit prudence or contingency reserve is more transparent, but a large cushion gives governments scope to spend well beyond what the legislature formally approves in the main estimates, undermining accountability. Accordingly, we rewarded governments for including an explicit prudence cushion or reserve in their budgets, as long as it was not too big. We awarded 1 to governments that included a reserve in their budget projections if the reserve was less than 5 percent of budgeted expenses and 0 to governments that presented no reserve or presented one that was 5 percent or more of budgeted expenses.

Comparability of Numbers

Users of budgets will learn more if they can readily compare budget plans with results as published in previous financial statements and with the projected results for the fiscal year about to end.⁷ We awarded 2 to governments that showed both historical

results and projected results for the fiscal year about to end in their budget plans, and 1 to governments that showed only projected results for the year about to end. We awarded 0 to governments that did not present these comparisons, or presented comparisons on a different accounting basis than they used in their financial statements.

Legislators should be able to understand how the specific items they might approve in the estimates relate to projected consolidated expenses in the budget. We awarded 2 to governments that presented a single document with estimates that matched the budget and reconciled with projected consolidated expenses. We awarded 1 to governments that presented estimates that did not match the budget but provided a clear reconciliation with projected consolidated expenses in the principal estimates document; we also awarded 1 to governments that presented estimates with accounting that matched the budget but did not provide a clear reconciliation. We awarded 0 to governments that presented estimates that did not match the presentation in the budget and did not reconcile them with projected consolidated expenses.

Users of public accounts will learn much from an informative comparison of the year's results to budget projections. Governments should show budget comparisons next to the statement of operations in their year-end financial statements, and all the senior governments did that in fiscal year 2021/22. These comparisons are more informative when the financial statements show budget numbers that match those in the original budget,

6 These thresholds reflect the distribution of adjustments relative to expenses in all governments' financial statements over fiscal years 2016/17 to 2021/22. The mean absolute adjustment over those years was about 0.3 percent of expenses, and the standard deviation was about 0.2 of a percentage point, so adjustments larger than 0.7 of a percentage point were two standard deviations worse than the average of all governments over the period.

7 When governments table budgets before the start of the fiscal year, as they should, the term "year about to end" applies literally: it is the then-current fiscal year. When governments table budgets after the start of the fiscal year, the year before has already ended, but the audited financial statements are not yet ready, so the results for that year in the budget will still be projections.

and less informative when the financial statements show restated budget numbers that do not match the original budget. We awarded 3 to governments that showed budget numbers in their financial statements that matched those in the budget itself. We awarded 2 to governments that showed restated revenue and expense figures with an explanation, but with a surplus or deficit that matched what was in the budget. We awarded 1 to governments that restated all budget figures with an explanation, and 0 to governments that restated figures without an explanation.

THE 2023 REPORT CARD

To produce an overall grade, we standardized the scores for each criterion to be between 0 and 1.⁸ We then weighted them based on our judgment of their importance to clarity and reliability and summed the weighted scores to produce a percentage.⁹ We converted the percentages to letter grades on a standard scale: A+ for 90 percent or more, A for 85-89 percent, A- for 80-84 percent, B+ for 77-79 percent, B for 73-76 percent, B- for 70-72 percent, C+ for 67-69 percent, C for 63-66 percent, C- for 60-62 percent, D+ for 57-59 percent, D for 53-56 percent, D- for 50-52 percent and F for less than 50 percent. Our assessments for each criterion and the resulting letter grades for each government appear in Table 1.

The Grades from A+ to C-

Topping the class was Alberta, with an A+ grade, followed by Saskatchewan with A-. Both released their public accounts within 90 days of year-end. Both presented the key numbers early in their budgets and public accounts, and used consistent accounting in those documents as well as in their estimates.¹⁰ Both tabled their budgets and estimates simultaneously before the start of the fiscal year, and published in-year updates with consistent budget comparisons.

In the B tier were Yukon (B+), Prince Edward Island (B), New Brunswick (B), Nova Scotia (B-), Quebec (B-), Ontario (B-) and British Columbia (B-).

Yukon presented the key figures early in its documents. Its budget showed comparisons with the previous year's projections and results, and contained a contingency reserve. It released its estimates simultaneously with the budget, and showed a comparison with budget figures in its fiscal updates. Although its budget preceded the start of the fiscal year, the March presentation and late production of its public accounts kept Yukon out of the A range.

Prince Edward Island produced a timely budget and estimates that used consistent accounting. Late financial statements with restated budget figures, and a budget that did not highlight total expenses

-
- 8 For example, if we awarded 1 for a criterion with a maximum score of 2, the government's standardized score on that criterion would be 0.50; if we awarded 1 for a criterion with a maximum score of 3, the government's standardized score on it would be 0.33.
- 9 Subjectivity is inevitable in any weighting system of this kind, and it is natural to wonder how sensitive the results are to the weights we chose. A simple test of their importance to our grades is to compare them with those that would have resulted from placing equal weight on each criterion. That exercise produces an average absolute change across the 14 governments of 1 degree – equal, for example, to a change in score from B to B-. The correlation between the rankings using weighted and non-weighted criteria is 91 percent, while the correlation between the numerical grades using weighted and non-weighted criteria is 95 percent.
- 10 Alberta released two estimates documents: Government Estimates and Estimates for the Offices of the Legislative Assembly. Taken together, these documents reconcile with the budget, but a non-expert reader would find a single document easier to understand.

Table 1: Evaluating the Fiscal Reporting of Canada's Senior Governments 2023

	Budget					Estimates			Public Accounts							Fiscal Updates	Grade
	Date 2022/23 budget tabled relative to start of fiscal year	Page where figures appear in budget	Does budget highlight consolidated revenue, expense and surplus/deficit?	Does budget compare projections with previous years' results?	Contin-gency reserve as percent of budgeted expense	Date 2022/23 estimates tabled relative to start of fiscal year	Are estimates consistent and reconciled with the budget?	Does gov-ernment highlight deadlines for the main estimates review process?	Date 2021/22 of auditor signature relative to end of fiscal year	Page where state-ments or summary appear in public ac-counts	Do public accounts highlight consolidated revenue, expense and surplus/deficit?	Do state-ments receive an unqualified opinion from legislative auditor?	Amount subject to qualified opinion, as percent of expense	Do state-ments compare results to budgets?	Below-the-line adjust-ments as percent of expense	Do interim reports compare results to budget plans?	
	2 if ≥30 days early, 1 if <30 days early, 0 if late	3 if <16, 2 if 16-30, 1 if 31-50, 0 if >51	1 point for each	2 if 2020/21 final and 2021/22 estimate, 1 if 2021/22 estimate, 0 otherwise	1 if >0 and <5, 0 otherwise.	2 if ≥30 days early, 1 if <30 days early, 0 if late, +1 if released with budget	2 if yes, 1 if different accounting reconciled, or if same account-ing not reconciled, 0 otherwise	1 point for each dead-line for the tabling of main estimates, consid-eration of main esti-mates, and approval of main estimates	2 if ≤90 days, 1 if 91-181 days, 0 if >181 days	3 if <16, 2 if 16-30, 1 if 31-50, 0 if >51	1 point for each	2 if un-qualified, 1 if one qualifica-tion, 0 if more than one qualifi-cation	2 if <5, 1 if 5-10, 0 if > 10	3 if budget figures match budget, 2 if only bottom line matches budget, 1 if restated budget figures with explana-tion, 0 otherwise	4 if 0, 3 if ≤0.3, 2 if >0.3 and <0.5, 1 if ≥ 0.5 and < 0.7, 0 if ≥0.7	3 if month-ly (M), 2 if quarterly (Q), 1 if half- year (H), 0 if none, +1 if compared to budget projections consistent with the budget	
Weight	2	2	3	2	1	2	2	1	2	2	1	3	1	2	1	2	
Federal	April 7, 2022	237	Con-solided revenue and surplus/deficit	Both	0	March 1, 2022	Different accounting, but reconciled with Economic and Fiscal Update 2021	Tabled on or by March 1st, Consid-eration completed by May 31st	September 12, 2022	11	Consolidat-ed revenue and deficit	Yes	0	Yes	0.91	Yes (M) – does not compare to budget figures	C-
	0	0	2	2	0	2	1	2	1	3	2	2	2	3	0	3	
NL*	April 7, 2022	2	All three	2021/22 only	0	April 7, 2022	Different accounting, and not reconciled with budget	Tabled with budget	October 26, 2022	11	Yes	Yes	0	Yes	0.30	Yes (H)	C-
	0	3	3	1	0	1	0	1	0	3	3	2	2	3	3	2	

* Newfoundland and Labrador published its budget speech and its budget projections separately. We use the page number from the budget projections document.

Table 1: Continued

	Budget					Estimates			Public Accounts							Fiscal Updates	Grade
	Date 2022/23 budget tabled relative to start of fiscal year	Page where figures appear in budget	Does budget highlight consolidated revenue, expense and surplus/deficit?	Does budget compare projections with previous years' results?	Contingency reserve as percent of budgeted expense	Date 2022/23 estimates tabled relative to start of fiscal year	Are estimates consistent and reconciled with the budget?	Does government highlight deadlines for the main estimates review process?	Date 2021/22 of auditor signature relative to end of fiscal year	Page where state-ments or summary appear in public accounts	Do public accounts highlight consolidated revenue, expense and surplus/deficit?	Do state-ments receive an unqualified opinion from legislative auditor?	Amount subject to qualified opinion, as percent of expense	Do state-ments compare results to budgets?	Below-the-line adjust-ments as percent of expense	Do interim reports compare results to budget plans?	
Weight	2	2	3	2	1	2	2	1	2	2	1	3	1	2	1	2	
PE	February 24, 2022	7	Consolidated revenue and surplus/deficit	2021/22 only	1.4	February 24, 2022	Yes	Tabled with budget	October 28, 2022	13	Yes	Yes	0	Revenue and expense figures re-stated and explained, bottom line matches the budget	0.50	Yes (H)	B
	2	3	2	1	1	3	2	1	0	3	3	2	2	2	2	2	
NS	March 29, 2022	5	Consolidated revenue	2021/22 only	0	March 29, 2022	Yes	Tabled with budget	July 22, 2022	11	Yes	Yes	0	Revenue and expense figures restated and explained, bottom line matches the budget	0	Yes (Q)	B-
	1	3	1	1	0	2	2	1	1	3	3	2	2	2	4	3	
NB	March 22, 2022	15	All three	2021/22 only	0	March 22, 2022	Yes	Release date commitment not highlighted	September 22, 2022	8	Yes	Yes	0	Yes	3.10	Yes (Q)	B
	1	3	3	1	0	2	2	0	1	3	3	2	2	3	0	3	

Table 1: Continued

	Budget					Estimates			Public Accounts							Fiscal Updates	Grade
	Date 2022/23 budget tabled relative to start of fiscal year	Page where figures appear in budget	Does budget highlight consolidated revenue, expense and surplus/deficit?	Does budget compare projections with previous years' results?	Contingency reserve as percent of budgeted expense	Date 2022/23 estimates tabled relative to start of fiscal year	Are estimates consistent and reconciled with the budget?	Does government highlight deadlines for the main estimates review process?	Date 2021/22 of auditor signature relative to end of fiscal year	Page where statements or summary appear in public accounts	Do public accounts highlight consolidated revenue, expense and surplus/deficit?	Do statements receive an unqualified opinion from legislative auditor?	Amount subject to qualified opinion, as percent of expense	Do statements compare results to budgets?	Below-the-line adjustments as percent of expense	Do interim reports compare results to budget plans?	
Weight	2	2	3	2	1	2	2	1	2	2	1	3	1	2	1	2	
QC	March 22, 2022	24	Consolidated revenue and surplus/deficit	2021/22 only	1.8	March 22, 2022	Yes	Release date commitment not highlighted	November 1, 2022	12	Yes	Yes	0	Yes	0.51	Yes (M)	B-
	1	2	2	1	1	2	2	0	0	3	3	2	2	3	1	4	
ON	April 28, 2022	19	All three	Both	0.5	September 8, 2022	Consistent with the budget, but not reconciled	Tabled 12 days after budget	September 12, 2022	11	Yes	Yes	0	Yes	0.21	Yes (Q)	B-
	0	2	3	2	1	0	1	1	1	3	3	2	2	3	3	3	
MB	April 12, 2022	6	All three	2021/22 only	4.2	April 12, 2022	Consistent with the budget, but not reconciled	Release date commitment not highlighted	September 27, 2022	8	Yes	One qualification	3.07	Yes	1.41	Yes (Q)	C
	0	3	3	1	1	1	1	0	1	3	3	1	2	3	0	3	
SK	March 23, 2022	7	All three	Both	0	March 23, 2022	Consistent with the budget, but not reconciled	Tabled with budget	June 16, 2022	8	Yes	Yes	0	Yes	0.47	Yes (Q)	A-
	1	3	3	2	0	2	1	1	2	3	3	2	2	3	2	3	
AB**	February 24, 2022	8	All three	Both	2.9	February 24, 2022	Consistent with the budget, but not reconciled	Release date commitment not highlighted	June 16, 2022	6	Yes	Yes	0	Yes	0.15	Yes (Q)	A+
	2	3	3	2	1	3	1	0	2	3	3	2	2	3	3	3	

** Alberta separated its estimates between the Government and Office of the Legislative Assembly. We considered both in the grade determinations.

Table 1: Continued

	Budget					Estimates			Public Accounts							Fiscal Updates	Grade
	Date 2022/23 budget tabled relative to start of fiscal year	Page where figures appear in budget	Does budget highlight consolidated revenue, expense and surplus/deficit?	Does budget compare projections with previous years' results?	Contin-gency reserve as percent of budgeted expense	Date 2022/23 estimates tabled relative to start of fiscal year	Are estimates consistent and reconciled with the budget?	Does gov-ernment highlight deadlines for the main estimates review process?	Date 2021/22 of auditor signature relative to end of fiscal year	Page where state-ments or summary appear in public ac-counts	Do public accounts highlight consolida-ted revenue, expense and surplus/deficit?	Do state-ments receive an unqualified opinion from legislative auditor?	Amount subject to qualified opinion, as percent of expense	Do state-ments compare results to budgets?	Below-the-line adjust-ments as percent of expense	Do interim reports compare results to budget plans?	
Weight	2	2	3	2	1	2	2	1	2	2	1	3	1	2	1	2	
BC	February 22, 2022	7	Consolidat-ed revenue and deficit	2021/22 only	4.2	February 22, 2022	Yes	Tabled with budget	July 28, 2022	11	Yes	More than one qualifi-cation	10.24	Yes	0.40	Yes (Q)	B-
	2	3	2	1	1	3	2	1	1	3	3	0	0	3	2	3	
NT***	February 22, 2022	55	Consolidat-ed revenue	Both	1.7	February 22, 2022	Yes	Release date com-mitment not high-lighted	November 15, 2022	14	Yes	Yes	0	Budget figures restated and explained	0	No	C
	2	0	1	2	1	3	2	0	0	3	3	2	2	1	4	0	
YK	March 3, 2022	8	All three	Both	0.6	March 3, 2022	Yes	Tabled with budget	October 21, 2022	9	Yes	Yes	0	Yes	0.44	Yes (H) – restated budget compari-sons	B+
	1	3	3	2	1	2	2	1	0	3	3	2	2	3	2	1	
NU	May 26, 2022	4	All three	Both	2.7	May 26, 2022	Consistent with the budget, but not reconciled	Release date com-mitment not high-lighted	November 2, 2022	10	Yes	Yes	0	Yes	0	Yes (H) – restated budget compari-sons	C+
	0	3	3	2	1	1	1	0	0	3	3	2	2	3	4	1	

*** The Northwest Territories released a consolidated budget in the summer, but we used the figures from its budget address, since that was the first fiscal plan provided by the government.

and provided no comparison to the previous year's results and projections, hurt its grade.

New Brunswick presented all three key figures close to the start of its budget and public accounts documents, and used consistent accounting across all of its documents. Large below-the-line adjustments, the lack of a contingency reserve and an opaque estimates approval timeline kept it from receiving a higher grade.

Nova Scotia presented key figures close to the start of its budget, but presented only consolidated revenue in its budget. It restated budget figures in its financial statements without an explanation.

Quebec produced high-quality public accounts, and monthly fiscal updates that included consistent comparisons with its budget. Against those positives, it did not present consolidated expenses in its budget, and presented key figures late in its budget document. Its auditor signed off on its financial statements more than 180 days after the end of the fiscal year.

Ontario had moderate below-the-line adjustments, compared budget projections with both the year about to end and the previous year's results, used a contingency reserve and produced timely financial statements. Its late budget and main estimates hurt its grade.

British Columbia presented timely budgets and estimates, but its budget did not consolidate expenses, and qualifications by its auditor represented a significant percentage of its expenses.¹¹

In the middle of the pack were Nunavut (C+), Manitoba (C) and Northwest Territories (C).

Nunavut tabled its budget after the start of the fiscal year and its financial statements were not timely. It released a mid-year fiscal update, an improvement from the previous year, but its update

used restated figures in its budget comparison.

Manitoba did not release timely budgets and estimates. Its estimates were not reconciled with its budget, it had a large below-the-line adjustment and its auditor delivered a qualified opinion.

The Northwest Territories presented key budget figures late in the document. It did not produce fiscal updates, and it restated the budget comparisons in its financial statements.

At the bottom of the pack were the federal government (C-) and Newfoundland and Labrador (C-).

The federal government was the only government to provide a deadline for committee consideration of its main estimates. It ranked below average because it released its budget after the start of the fiscal year, it failed to highlight consolidated expenses in both its budget and public accounts, it buried key figures in a budget appendix, it used different accounting for its budget and estimates and it had a relatively large below-the-line adjustment.

Newfoundland and Labrador's budget, estimates and financial statements were all late. It only compared its budget plans with projections for the year about to end, and the estimates used inconsistent accounting and were not reconciled with the budget.

Changes in Grading and Grades

Despite the problems just highlighted and setbacks along the way, the trend in the quality of financial reporting by Canada's senior governments has been improving over the years. A notable example is better adherence to PSAS in financial statements and budgets and more alignment with that presentation in estimates.

11 We note that some items subject to the auditor's opinion for British Columbia and Manitoba related to previous fiscal years. Manitoba's auditor noted that the comparison of 2021/22 results to the previous year was not consistent, and British Columbia's auditor wanted more disclosure of contractual obligation. For consistency, we evaluated governments based on items referenced in the auditor's opinion for the 2021/22 financial statements even if the main focus of the qualification was not on that year.

Before the establishment of PSAS in the 1980s, the financial statements in senior governments' public accounts were essentially on a cash basis. They recorded revenues when cash flowed in and expenses when cash flowed out, even if the activity related to the receipts and payments did not occur in the relevant fiscal year. PSAS mandate accrual accounting, which matches revenues and expenses to the period when the relevant activity occurs. Amortizing long-lived assets over the period during which they deliver services, for example, is more informative than showing their up-front cash costs. Likewise, recording deferred compensation such as pensions for government employees as it accrues is more informative than showing it when the payments occur.

Even as these governments moved to PSAS in their year-end financial statements, however, they continued presenting budgets and estimates on a cash basis. The resulting discrepancies created a formidable obstacle to understanding by non-experts. Over time, most governments have started producing budgets on a PSAS basis. Some governments' estimates, however, are still on a cash basis, so a key obstacle remains. A further problem with many governments' estimates is that they get legislative attention and approval in stages, and some spending does not get formal attention and approval at all. In this year's report card, we have modified a criterion that previously asked only if the government presented its main estimates simultaneously with its budget to award further points if the government had a formal timeline for their approval.¹²

We also modified three other criteria in this year's report card. In addition to the previous scoring for the frequency of fiscal updates, we awarded an additional point for updates that

contained comparisons with budget figures.

Our scoring for budget comparisons in financial statements now differentiates between restatements that affect the surplus or deficit and those that do not, with the score for the former being lower than the score for the latter. We also increased the weight on the placement of numbers in the public accounts to 2, to match the weight we give it when evaluating budgets.

Changes in criteria and weights can affect governments' relative standings. We check the size of those impacts by comparing each government's grade for 2023 with its grade for 2022 (Robson and Dahir 2022) and with the grade it would have received in 2022 if the 2022 report had used this 2023 report's scoring system (Table 2).

Changes in criteria do matter, but the direction and magnitude of most of the changes in grades between 2022 as published and 2023 reflect changes in governments' financial reporting.¹³ Happily, most of the changes between 2022, whether as published or as recalculated, and 2023 are positive, reflecting better performance with respect to the clarity, reliability and timeliness of budgets, estimates and financial statements.

Extending this comparison farther into the past allows some more observations. New Brunswick has been a consistently high performer. Although it did not achieve the maximum possible score for a timely budget in this year's report, New Brunswick has a particularly strong record on that front: for several years, it was unique in presenting a January budget, and it has consistently presented its budget before the start of the fiscal year.

Saskatchewan's strong record is also worth noting. It joined the top performers in recent years due to timely presentations of its budget, estimates and public accounts. Its budgets and public accounts

12 The requirement for a formal timeline is not onerous – indeed, it is not onerous enough, since spending often occurs without the formal approval a timeline implies. In recent years, the federal government has routinely deemed spending approved when the relevant parliamentary committees did not deal with it in time (Moss 2023).

13 The average absolute difference attributable to changes in the scoring system across the 14 governments was 2 percentage points.

Table 2: Governments' Initial and Revised Grades

	2020	2021	2022	2022 Using 2023 Grade Scheme	2023
Federal	B-	F	D+	D	C-
Newfoundland and Labrador	C	C+	D+	C-	C-
Prince Edward Island	C-	C	C+	C	B
Nova Scotia	B	A-	C	C	B-
New Brunswick	A	A-	B+	B+	B
Quebec	C	C-	B-	B-	B-
Ontario	B	B	B	B-	B-
Manitoba	C	C-	D	D	C
Saskatchewan	A-	A-	B+	B	A-
Alberta	B+	A-	A	A-	A+
British Columbia	A-	A-	D	D	B-
Northwest Territories	D-	D+	D	D-	C
Yukon	D+	C+	A-	B+	B+
Nunavut	D-	A-	B+	B+	C+

Note: Changes in grades reflect both changes in governments' financial reporting, and changes in our grading system, as described in the text.

have consistently presented the key numbers early, and it has had clean audits and small below-the-line adjustments.

Alberta has been a solid performer since 2015, when it stopped showing multiple balance figures in its budgets. Its timely budget release helped it top the class this year. Provincial legislation requires tabling Alberta's budget in February, a deadline it achieved in fiscal year 2022/23.

British Columbia was an A– performer in the past, but has slipped lately. The size of the discrepancy flagged by its auditor general is an ongoing problem, as is its below-the-line adjustment. Its 2022 budget did not highlight consolidated expenses, and featured a large contingency reserve, which lowered its grade this year.

Prince Edward Island's timelier budget moved it up from the C tier to the B tier.

Ontario's B– grade in 2019 was an improvement from previous years, when it was hurt by a qualified opinion from its auditor general. The province has not improved from that level, unfortunately. A late budget and inconsistent timing and presentation of its main estimates were problems this year.

The federal government's grade improved slightly. Timely and planned release of the main estimates helped improve its score. Hurting it were its exclusion of amortization of pension costs from expenses in its main presentations, its late budget and public accounts, key numbers buried deep in its budget, and inconsistent accounting in its estimates.

The 2023/24 Budget Cycle and a Preview of 2024 Results

The timing of this report allows a preview of next year's scores based on the 2023/24 budget round. The good news is further improvement

in the timeliness of budgets and estimates. All governments except Prince Edward Island tabled budgets before the start of the fiscal year.¹⁴ Ontario released its estimates for fiscal year 2023/24 in the middle of April, after the start of the fiscal year, but that still represented a significant improvement over the previous fiscal year, which did not see estimates released until September.

Although the overall trend in fiscal transparency and accountability of Canada's senior governments is encouraging, improvement is not automatic. New Brunswick presented key figures later in its 2023/24 budget than in 2022/23, a disappointing retrogression. Six senior governments, including the federal government, failed to present consolidated expenses in their budget, and too few – only Ontario, Saskatchewan, Alberta, the territories and the federal government – compared budget projections with estimated results for the year about to end and with results for the previous year. The federal government and Newfoundland and Labrador did not use consistent accounting in their budget and estimates, and only half of Canada's senior governments reconciled their main estimates with their budget projections.

Table 3 shows our preliminary grades for next year's report card. The grades reflect an update of the scores in Table 1, using fiscal year 2023/24 budgets and estimates, and assuming each government's performance on its 2022/23 public accounts (not all of which were available at the time of writing) will be the same as its performance in 2021/22. The final scores will depend on the timing and quality of each government's public accounts, but judging from performance to date, Ottawa will get a C next year and Alberta will top the class again with an A+.

14 Prince Edward Island held a provincial election on April 3, 2023, just after the start of fiscal year 2023/24.

DOES FISCAL ACCOUNTABILITY MATTER?

Transparent and timely financial reports are critical links in the chain of accountability that ensures governments serve the public interest. They cannot do it alone, but without them, citizens and taxpayers, and the legislators who represent them, may not know what governments are planning, how they performed relative to their plans, or the consequences of their performance for their future capacity to deliver services. Good numbers give citizens, taxpayers and legislators a foundation for understanding fiscal plans, monitoring progress and addressing problems.

Budget Hits and Misses

Canada's senior governments have a notable tendency to overshoot their budget targets. Over the past couple of decades, both revenues and expenses have come in over budget projections far more often than not.¹⁵ The COVID-19 crisis triggered massive increases in spending and borrowing, particularly by the federal government, with a deplorable lack of transparency – both at the time and afterwards – about how the money was spent and about how much of the resulting deviations from budget plans resulted from COVID particularly or reflected other fiscal decisions that coincided with, or occurred under cover from, the pandemic (Robson and Dahir 2023a). The deterioration in governments' fiscal capacity after the pandemic will make scrutiny of governments' finances more intense in the years ahead. Estimates that are timelier and more consistent with budgets, and interim reports and financial statements that allow easier comparisons between intentions and results, could help contain the gap between targets and results in the future.

Table 3: Preview of 2024 Report Card

Federal	C
Newfoundland and Labrador	C
Prince Edward Island	C
Nova Scotia	B-
New Brunswick	B-
Quebec	B-
Ontario	B
Manitoba	B-
Saskatchewan	A-
Alberta	A+
British Columbia	B-
Northwest Territories	C
Yukon	A-
Nunavut	A-

Note: These provisional grades reflect fiscal year 2023/24 budgets and estimates but 2021/22 public accounts.

Because financial documents are tools for decision-making, poor presentations have real-world consequences. Municipal financial management offers an example. Although cities' financial statements are consistent with PSAS, most of their budgets are not (Robson and Dahir 2023b), and most cities use cash accounting rather than accrual accounting in their capital budgets. The daunting up-front outlays councillors see in municipal budgets likely discourage capital

15 Robson and Wu (2021) document this phenomenon; Robson (2020) discusses it for healthcare spending in particular.

investments in general, and encourage excessive up-front charges for the projects that do proceed. Notwithstanding annual angst among councillors, ratepayers and voters over balancing their cities' budgets, the financial statements of most Canadian municipalities report sizeable surpluses, and many have excessive holdings of financial assets because they collected revenue in advance for capital projects that have not yet occurred. Budgets that are consistent with financial statements could help cities tax and spend more effectively; the same is true for senior governments.

Disputes over Financial Reporting

Disagreements over financial presentations offer indirect but powerful testimony to their importance. Why would governments fight with their legislative auditors and risk qualified opinions unless a misleading presentation offers some political reward?

When public sector accounting standards were newer in the 1990s, auditors' reservations were more common. Salient examples occurred at the federal level in the late 1990s and early 2000s, when Ottawa pre-booked increasingly large amounts of spending, artificially reducing surpluses (Robson 1999). As the auditor general complained (see, for example, Canada 2001, 1.29–1.34), the federal government's financial statements reflected neither what Parliament voted nor the government's true fiscal position. Here, also, misleading financial documents distorted real-world decisions. Ottawa taxed more and spent more on programs that lent themselves to financial manipulation than it would have done had it shown better information.

Ontario and Quebec provide more recent examples. Ontario had two years of qualified opinions from its auditor general – in 2015/16 and 2016/17 for including pension plan assets that the government did not control on its books and additionally in 2016/17 for including accounts of its Independent Electricity System Operator.

Ontario's 2017/18 financial statements garnered an unqualified opinion – and showed a larger deficit. Quebec's auditor general issued qualified opinions on the province's financial statements for eight years, noting that the government was not properly reporting subsidies to third parties for the construction of fixed assets and other expenditures. By the end of the period, the auditor estimated an understatement of the province's accumulated deficit of nearly \$13 billion (Quebec 2022). Cleaner financial statements likely would have led both provinces to raise more revenue or spend less during those years.

A current example is the federal government's moving the amortization of its unfunded pension liabilities out of compensation costs in the expense figures highlighted in its budgets, public accounts and fiscal monitors, instead showing them as a charge below a conceptual "operational balance" line. This presentation directs readers' attention away from a major component of the cost of federal employees (Laurin and Robson 2020). It also makes it look like a below-the-line adjustment outside the government's control. That is misleading: the main reason for this negative amount is that the government recorded its accruing pension obligations using a discount rate that was unreasonably high. The federal auditor general has not objected to this presentation – the pension costs do appear in other tallies of expenses and in the deficit – but it is an unfortunate example of a government taking advantage of the complexities of pension accounting to flatter its performance.

IMPROVING FISCAL ACCOUNTABILITY IN CANADA

The good news is that many of Canada's senior governments have improved their financial presentations, and before the pandemic had tended to achieve results closer to their budget projections. The bad news is continuing tension between the requirements of good financial reports and obscure,

misleading or missing numbers. We conclude our 2023 report with some suggestions to improve transparency and accountability.

All Documents Should Reflect Public Sector Accounting Standards

All of Canada's senior governments should publish financial statements that are consistent with public sector accounting standards, and that highlight consolidated revenues, expenses and surplus or deficit. Budgets, estimates and in-year updates should also follow PSAS, and provide tables and explanations for changes from past results and deviations from past projections.

Budgets Should Precede the Start of the Fiscal Year

Budgets should be timely, giving legislators and citizens time to understand and respond to – and, in the case of legislators, vote on – the fiscal plan before the year is already under way. It is an affront to accountability to ask legislatures to approve a plan after money has already been spent. Engagement by legislators and the public suffers if lack of time precludes an opportunity to understand and comment on a budget's projections before the year starts. Experience with the misuse of flexibility – and the federal government's unprecedented and egregious failure to present a 2020/21 budget at all – lead us to favour a legislated budget date, preferably before the end of January.¹⁶ Timeliness is particularly important in the case of the federal government, since transfers from it to provinces and territories are material in provincial and territorial budgets.

Estimates Should Reconcile with Budgets and Receive Timely Consideration

Governments that show estimates inconsistent with their budgets and/or their financial statements create an information gap for legislators. Inconsistencies might result from different accounting and/or aggregation and from legislators' not receiving information showing whether expenses authorized by votes on individual programs reconcile with the fiscal plan. Showing consolidated expenses on the same accounting basis as the budget, with clear reconciliation of any aggregation differences between the estimates and the budget, mitigates this problem.

For similar reasons, governments should release their main estimates simultaneously with their budgets. Many provinces do this, and Australia and New Zealand are among the countries with similar legislative make-up to Canada that release estimates consistent with their budget projections simultaneously with their budgets (Canada 2019). All of Canada's senior governments should do the same.

Consistent accounting and timely release mean less if legislators cannot diligently consider and approve the main estimates. This important link in legislative control happens largely out of public view, and does not appear to function reliably: even the federal government, which was the best performer in this area, has a process that often appears perfunctory (Canada 2019). Simply focusing on timelines, as we do in this report, reveals major problems. The rules governing the estimate process are obscure, with time requirements for their processing expressed in terms of restrictions on legislative sitting days and

16 The OECD (2002) recommends that governments submit their draft budget – equivalent to the budget in Canadian practice – no less than three months prior to the start of the fiscal year, and that approval of the budget – the estimates in Canadian practice – should precede the start of the fiscal year. The Open Budget Survey on Canada's federal government says it should "[e]nsure the Executive's Budget Proposal is provided to legislators at least two months before the start of the budget year and that the budget proposal and the Main Estimates are better aligned" (International Budget Partnership 2020).

committee debate hours. Clearer deadlines and more accessible language could help legislators and observers track progress and consistency with the budget plan. No government provides an accessible summary of the differences between estimates tabled and approved. We look forward to progress in this area sufficient to allow a more informative scoring system in future report cards.

Key Numbers Should Be Accessible and Recognizable

Relevant and accurate numbers are less useful if readers cannot easily find them. Clearly labelled numbers in the opening pages of a document help understanding and engagement. Obscure numbers hundreds of pages deep, or in an annex, do not.

In this connection, we urge governments to declutter their budgets. The federal government has for years set a terrible example, burying the key revenue, expense and deficit numbers in an annex, after hundreds of pages of political spin, repetition and irrelevant material. Experts know to persist until they find the summary statement of transactions that includes the effects of the budget measures. A non-expert exploring the budget might give up before finding it, or think such obscure numbers must not be important. Ottawa features the key figures prominently and early in its public accounts; it should follow that good example in its budgets.

The presentation of prudent financial cushions and contingency reserves also requires attention.

Although we prefer explicit amounts to less transparent approaches such as downward-biased revenue projections, their size must be reasonable and presented as part of the fiscal plan in a format that indicates they are there to protect a target for the surplus or deficit, and are not actual cash reserves for a government to spend as it pleases.

Year-End Results Should Be Timely

Every organization needs timely information to detect and fix problems. The public accounts of Canada's senior governments let legislators and citizens compare end-of-year results with budget plans to see if the government fulfilled its promises and to understand the size of, and reasons for, deviations from targets. Quick production of financial statements encourages faster gathering and compilation of data, which should improve the quality of the numbers in the budget plan for the year under way and, by extension, for the baseline fiscal position in the future.

At the beginning of this century, the OECD (2002) recommended the publishing of audited financial statements no more than six months after year-end, to allow legislators to scrutinize the prior year's outcomes before voting on the next budget. With improvements in information technology since then, we think this is a reasonable outside limit and that a best-practice standard would be faster.¹⁷ Governments with practices that impede timely presentation, such as Newfoundland and

17 Securities regulators require listed companies to report financial results far faster than this: the Ontario Securities Commission's deadlines for annual results are three months after year-end (OSC 2023). Former federal auditor general Michael Ferguson (2017) has elaborated on this point with reference to the federal government:

We all know how much work it takes to prepare and audit a set of financial statements for a senior government.... But I looked at the financial statements of Exxon Mobile Corporation for the year ended 31 December 2016. Over the years 2012 to 2016, Exxon had revenue of between \$451 billion and \$219 billion, which is in the same range as the Government of Canada's revenue totaling about \$293 billion for the year ended 31 March 2017. In Exxon's management discussion and analysis, about seven pages explain critical estimates and uncertainties they have to deal with in their accounting. They have to make estimates in complex areas, such as oil and natural gas reserves, impairments, asset retirement obligations, suspended exploratory well costs, and tax contingencies. Let us also not forget that their financial information will be relied on by users to make investment decisions. Despite all that, Exxon's audit report for its 31 December 2016 financial statements is dated 22 February 2017, less than two months after its year-end.

Labrador's relatively late date for final recording of transactions, should reform them. Speedy preparation of data by the federal government would be particularly helpful, because most other Canadian senior governments rely on Ottawa for tax information, without which they have difficulty finalizing their statements.

Alberta requires its public accounts to appear before the end of June, but most governments receive their auditor's approval and produce their reports far later. Ontario's legislated date for tabling its public accounts is 180 days after the end of the fiscal year: September 27. Manitoba's is September 30. The federal government's legislated date for tabling its public accounts is December 31, which is too late. The Parliamentary Budget Office, in criticizing the December 2021 release of the 2020/21 public accounts, recommended the end of September as a new deadline (Canada 2022). Why not the end of August, July or even June? In our view, September 30 should be the latest date on which any government tables and releases its public accounts, with releases before the end of June being ideal.

Legislators Should Review the Public Accounts

Legislative oversight is no less important at the end of the fiscal cycle than at the beginning. With the exception of Quebec, every senior legislature has a standing committee on public accounts.¹⁸ Chaired by a member of the official opposition, these committees have responsibility for scrutinizing governmental effectiveness and efficiency, ensuring that the public accounts are timely and accurate, and taking up concerns raised by the relevant auditor general.

Legislative scrutiny can help ensure that below-the-line adjustments are rarer, and used more appropriately, than they otherwise might be. Public sector accounting standards mandate them for gains and losses of Crown corporations that would not be shown appropriately in the statement of operations, but that does not mean legislators and taxpayers should ignore them, or accept them as inevitable. If a Crown corporation is hurting a government's ability to achieve its budget goals, perhaps the government should reform it or dispose of it.

CANADA'S SENIOR GOVERNMENTS SHOULD DO BETTER

Governments play a massive role in the Canadian economy and in the lives of Canadians. The chains of accountability that link citizens' wishes, through their elected representatives, with the officials who tax, regulate and serve them are long and complicated, and transparency and accountability in fiscal policy are essential.

An intelligent and motivated, but non-expert, citizen seeking to understand a government's current fiscal situation and plans should be able, quickly and confidently, to find the key figures in budgets, estimates and public accounts. That citizen should be able readily to see what that government plans to do before the year starts, and to compare that with what it did shortly after the year has ended.

As this report card shows, governments that do not meet these standards could make some straightforward changes to improve. The grades of the top performers reflect consolidated financial statements consistent with PSAS, and budgets, estimates and interim reports prepared on the same

18 In the Quebec National Assembly, the Committee on Public Administration performs many functions of the public accounts committees in other jurisdictions, including an annual hearing with the provincial auditor general, but its role with respect to the public accounts is less comprehensive. Quebec's auditor general has observed several times (most recently, Quebec 2022) that an annual review of public accounts by a parliamentary committee would promote better oversight of the government's performance.

basis. All governments can do that. They also reflect presentations that make the key numbers readily accessible early in the relevant documents. All governments can do that. And they reflect timely presentations: budgets presented before the fiscal year starts and public accounts tabled shortly after fiscal year-end. All governments can do that.

Modern centralized social media communications and message control in the offices of premiers and prime ministers do not help the officials and elected representatives who take their work on budgets, estimates and public accounts seriously. But legislatures still have real power, and the fact that the relevant committee work seems less exciting does not mean they

cannot or should not use that power. The dramatic impairment of governments' fiscal capacity post-pandemic, combined with upward pressure on demographically sensitive program costs and revenue constrained by slower economic growth, will likely raise the profile of this work in the future. The attention garnered by reports of legislative auditors – and by this annual C.D. Howe Institute report card – shows that people who insist on transparency and accountability for public funds can make a difference.

There is no mystery to the challenge. If Canadians insisted on better financial reporting from their governments, they could get it.

APPENDIX:

Table A1: 2022/2023 Budget Documents Referenced		
Senior Government	Budget Document Used for Rating	Accessible at
Federal	Budget 2022-23	https://www.budget.canada.ca/2022/pdf/budget-2022-en.pdf
Newfoundland and Labrador	2022-23 Budget Statements and Schedules	https://www.gov.nl.ca/budget/2022/wp-content/uploads/sites/6/2022/04/Statements-and-Schedules-2022.pdf
Prince Edward Island	Estimates of Revenue and Expenditures 2022-2023	https://www.princeedwardisland.ca/sites/default/files/publications/estimatesbook.pdf
Nova Scotia	Budget 2022-23	https://beta.novascotia.ca/sites/default/files/documents/6-3059/ftb-bfi-044-en-budget-2022-2023.pdf
New Brunswick	Budget Speech	https://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Budget/2022-2023/speech-2022-2023.pdf
Quebec	2022-23 Budget Plan	http://www.budget.finances.gouv.qc.ca/budget/2022-2023/documents/Budget2223_BudgetPlan.pdf
Ontario	2022 Ontario Budget	https://budget.ontario.ca/2022/pdf/2022-ontario-budget-en.pdf
Manitoba	Budget 2022	https://manitoba.ca/asset_library/en/budget2022/budget2022.pdf
Saskatchewan	2022-23 Budget	https://publications.saskatchewan.ca/api/v1/products/117339/formats/134734/download
Alberta	2022-25 Fiscal Plan	https://open.alberta.ca/dataset/6d0f1358-beb5-4bb7-8da1-a350a138039c/resource/36771cab-bee0-44b5-99ad-a03d88da653c/download/budget-2022-fiscal-plan-2022-25.pdf
British Columbia	Budget and Fiscal Plan	https://www.bcbudget.gov.bc.ca/2022/pdf/2022_Budget_and_Fiscal_Plan.pdf
Northwest Territories	Budget Address	https://www.fin.gov.nt.ca/sites/fin/files/resources/2022-23_budget_address_and_papers_final.pdf
Yukon	Operation and Maintenance and Capital Estimates	https://yukon.ca/sites/yukon.ca/files/fin/fin-2022-23-budget-main-estimates.pdf
Nunavut	2022-23 Consolidated Budget	https://gov.nu.ca/sites/default/files/consolidation_2022_2023update.pdf

Table A1 Continued: 2022/2023 Estimates Documents Referenced

Senior Government	Estimate Document Used for Rating	Accessible at
Federal	Main Estimates	https://www.canada.ca/content/dam/tbs-sct/documents/planned-government-spending/main-estimates/2022-23/estimates-eng.pdf
Newfoundland and Labrador	Estimates of the Program Expenditure and Revenue of the Consolidated Revenue Fund 2022-2023	https://www.gov.nl.ca/budget/2022/wp-content/uploads/sites/6/2022/04/Estimates-2022.pdf
Prince Edward Island	Estimates of Revenue and Expenditures 2022-2023	https://www.princeedwardisland.ca/sites/default/files/publications/estimatesbook.pdf
Nova Scotia	Estimates and Supplementary Detail	https://beta.novascotia.ca/sites/default/files/documents/6-3059/ftb-bfi-044-en-budget-2022-2023.pdf
New Brunswick	Main Estimates	https://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Budget/2022-2023/main-estimates-2022-2023-budget-principal.pdf
Quebec	Expenditure Management Strategy and Additional Information	https://www.tresor.gouv.qc.ca/fileadmin/PDF/budget_depenses/22-23/1-Expenditure_Management_Strategy.pdf
Ontario	Expenditure Estimates Volume 1	https://www.ontario.ca/page/expenditure-estimates-volume-1-table-contents-2022-23
Manitoba	Estimates of Expenditure	https://manitoba.ca/asset_library/en/budget2022/estimates-expenditures-budget2022.pdf
Saskatchewan	2022-23 Estimates	https://publications.saskatchewan.ca/api/v1/products/117356/formats/134764/download
Alberta	2022-23 Offices of the Legislative Assembly & Government Estimates	https://open.alberta.ca/dataset/65514c30-e9f9-4951-9bae-7134edbe293c/resource/cfa42333-29d4-4f0e-a45d-3713bcd8194e/download/budget-2022-estimates-government-2022-23.pdf & https://open.alberta.ca/dataset/f16f578a-b257-44d2-bdf6-649302beed7c/resource/c9b07da5-b317-4754-a15e-d6cd92ec8aea/download/budget-2022-estimates-legislative-assembly-2022-23.pdf
British Columbia	Estimates	https://www.bcbudget.gov.bc.ca/2022/pdf/2022_Estimates.pdf
Northwest Territories	2022-23 Main Estimates	https://www.fin.gov.nt.ca/sites/fin/files/resources/2022-2023_main_estimates_supporting_schedules.pdf
Yukon	Operation and Maintenance and Capital Estimates	https://yukon.ca/sites/yukon.ca/files/fin/fin-2022-23-budget-main-estimates.pdf
Nunavut	2022-23 Main Estimates	https://gov.nu.ca/sites/default/files/main_estimates_2022_2023_english.pdf

Table A1 Continued: 2021/2022 Public Accounts Documents Referenced

Senior Government	Public Accounts Document Used for Rating	Accessible at
Federal	Volume I: Summary Report and Consolidated Financial Statements	https://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2022/pdf/2022-vol1-eng.pdf
Newfoundland and Labrador	"Public Accounts Consolidated Summary Financial Statements"	https://www.gov.nl.ca/exec/tbs/files/Public-Accounts-2021-22.pdf
Prince Edward Island	Public Accounts, Volume I	https://www.princeedwardisland.ca/sites/default/files/publications/web_volume_1_2021-2022_pa.pdf
Nova Scotia	Financial Statements	https://notices.novascotia.ca/files/public-accounts/2022/pa-volume-1-financial-statements-2022.pdf
New Brunswick	Consolidated Financial Statements	https://www2.gnb.ca/content/dam/gnb/Departments/tb-ct/pdf/OC/public-accounts-vol-1-2022.pdf
Quebec	Public Accounts 2021-22	http://www.finances.gouv.qc.ca/documents/Comptespublics/en/CPTEN_vol1-2021-2022.pdf
Ontario	Public Accounts of Ontario Annual Report and Consolidated Financial Statements	https://files.ontario.ca/tbs-2021-22-annual-report-and-consolidated-financial-statements-en-2022-09-21.pdf
Manitoba	Annual Report and Public Accounts	https://www.gov.mb.ca/asset_library/en/proactive/20222023/public-accounts-2022.pdf
Saskatchewan	2021-22 Public Accounts	https://www.saskatchewan.ca/-/media/news-release-backgrounders/2022/jun/2021-22-public-accounts-volume-1.pdf
Alberta	Annual Report	https://open.alberta.ca/dataset/7714457c-7527-443a-a7db-dd8c1c8ead86/resource/fa700f87-9c74-45fd-8af4-cdd3dd32a245/download/goa-annual-report-2021-2022.pdf
British Columbia	Public Accounts 2021-22	https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/government-finances/public-accounts/2021-22/public-accounts-2021-22.pdf
Northwest Territories	2021-22 Public Accounts	https://yukon.ca/sites/yukon.ca/files/fin/fin-2021-22-public-accounts.pdf
Yukon	2021-2022 Public Accounts	https://www.fin.gov.nt.ca/sites/fin/files/resources/2021-2022_public_accounts_-_section_i.pdf
Nunavut	Public Accounts 2021-22	https://gov.nu.ca/sites/default/files/2021-22_public_accounts_with_fsa_final_4.pdf

REFERENCES

- Canada. 2001. Receiver General for Canada. *Public Accounts of Canada 2001*, vol. 1. Ottawa. September.
- . 2019. Parliament. Standing Committee on Government Operations and Estimates. *Improving Transparency and Parliamentary Oversight of the Government's Spending Plans*. Ottawa: Parliament of Canada. January.
- . 2022. Parliamentary Budget Office. "Economic and Fiscal Update 2021: Issues for Parliamentarians." Ottawa. January.
- Ferguson, Michael. 2017. "Why Is More Attention not Paid to Government Financial Statements?" Presentation to the CPA Canada Public Sector Conference, Ottawa, October 23.
- International Budget Partnership. 2020. "The Open Budget Survey, 2019." Washington, DC. March.
- Laurin, Alexandre, and William B.P. Robson. 2020. "Under the Rug: The Pitfalls of an 'Operating Balance' Approach for Reporting Federal Employee Pension Obligations." E-Brief. Toronto: C.D. Howe Institute. November.
- Moss, Neil. 2023. "The system is broken': \$30.7-billion in spending estimates not reviewed by House committees." *Hill Times*, August 16.
- OECD (Organisation for Economic Co-operation and Development). 2002. "OECD Best Practices for Budget Transparency." Paris.
- OSC (Ontario Securities Commission). 2023. "Filing Due Dates Calendar for Annual and Interim Filings by Reporting Issuers." <https://www.osc.ca/en/industry/companies/reporting-issuer-and-issuer-forms/filing-due-dates-calendar-annual-and-interim-filings-reporting-issuers>, accessed October 12.
- Public Sector Accounting Board. 2021. "Financial Statement Presentation, Proposed Section PS 1202." Toronto. Exposure Draft. January.
- Quebec. 2022. *Vérificateur général du Québec. Rapport du Vérificateur général du Québec à l'Assemblée nationale pour l'année 2021–2022*. Quebec City. March.
- Robson, William B.P. 1999. "Hiding the Good News: Ottawa's Book-Cooking Is a Troubling Sign for the Future." Backgrounder. Toronto: C.D. Howe Institute. February.
- . 2020. *There Is No Try: Sustainable Healthcare Requires Reining in Spending Overshoots*. Commentary 566. Toronto: C.D. Howe Institute. February.
- Robson, William B.P., and Nicholas Dahir. 2022. *The Right to Know: Grading the Fiscal Transparency of Canada's Senior Governments, 2022*. Commentary 628. Toronto: C.D. Howe Institute.
- . 2023a. *Fiscal COVID: The Pandemic's Impact on Government Finances and Accountability in Canada*. Commentary 643. Toronto: C.D. Howe Institute.
- . 2023b. *Show Us Our Money: Fiscal Accountability in Canada's Cities, 2022*. Commentary 640. Toronto: C.D. Howe Institute.
- Robson, William B.P., and Miles Wu. 2021. *Trouble on the Bottom Line: Canada's Governments Must Produce More Reliable Budgets*. Commentary 611. Toronto: C.D. Howe Institute. November.

RECENT C.D. HOWE INSTITUTE PUBLICATIONS

October 2023	Cosier, Janet. "Losses, Risks and Reputation: Bolstering the Bank of Canada for the Road Ahead." C.D. Howe Institute E-Brief.
September 2023	Wyonch, Rosalie, and Tingting Zhang. "Shortcomings in Seniors' Care: How Canada Compares to its Peers and the Paths to Improvement." C.D. Howe Institute E-Brief.
September 2023	Skuterud, Mikal. "Canada's Missing Workers: Temporary Residents Working in Canada." C.D. Howe Institute E-Brief.
August 2023	Robson, William B.P., and Alexandre Laurin. "Double the Pain: How Inflation Increases Tax Burdens." C.D. Howe Institute E-Brief.
August 2023	Plant, Charles. <i>The Missing Ingredient: Solving Canada's Shortcomings in Growing Large Firms and Increasing Productivity</i> . C.D. Howe Institute Commentary 645.
July 2023	Nitani, Miwako, and Aurin Shaila Nusrat. <i>Scaling Up Is Hard To Do: Financing Canadian Small Firms</i> . C.D. Howe Institute Commentary 644.
July 2023	Robson, William B.P., and Nicholas Dahir. <i>Fiscal COVID: The Pandemic's Impact on Government Finances and Accountability in Canada</i> . C.D. Howe Institute Commentary 643.
June 2023	Laurin, Alexandre, and George Turpie. "Strengthening Retirement Income Security: Fairer Tax Rules and More Options Needed." C.D. Howe Institute E-Brief.
June 2023	Drummond, Don, Duncan Sinclair, David Walker and David Jones. "Roadmap for Reform: A Consensus View of the Viable Options Ahead for Canada's Healthcare "System". " C.D. Howe Institute Verbatim.
June 2023	Mahboubi, Parisa, and Tingting Zhang. "Juggling Act: Women, Work and Closing the Gaps with Men." C.D. Howe Institute E-Brief.
May 2023	Wyonch, Rosalie, and Bradley Seward. <i>From Class to Career: How Work Integrated Learning Benefits Graduates Looking for Jobs</i> . C.D. Howe Institute Commentary 642.
May 2023	Ciuriak, Dan. "The Economics of Supply Chain Politics: Dual Circulation, Derisking and the Sullivan Doctrine." C.D. Howe Institute Verbatim.

SUPPORT THE INSTITUTE

For more information on supporting the C.D. Howe Institute's vital policy work, through charitable giving or membership, please go to www.cdhowe.org or call 416-865-1904. Learn more about the Institute's activities and how to make a donation at the same time. You will receive a tax receipt for your gift.

A REPUTATION FOR INDEPENDENT, NONPARTISAN RESEARCH

The C.D. Howe Institute's reputation for independent, reasoned and relevant public policy research of the highest quality is its chief asset, and underpins the credibility and effectiveness of its work. Independence and nonpartisanship are core Institute values that inform its approach to research, guide the actions of its professional staff and limit the types of financial contributions that the Institute will accept.

For our full Independence and Nonpartisanship Policy go to www.cdhowe.org.

Session Briefing Note**Yukon Hospital Corporation Funding**Finance

Recommended response:

- The Government of Yukon is committed to working with the Yukon Hospital Corporation to meet the needs of Yukoners through the Yukon's three hospitals and numerous health centres, ensuring access to timely, quality, and culturally safe services.
- We are also committed to making sure that the core funding needs of the Yukon Hospital Corporation continue to be met.
- We will continue to work with the Corporation to identify future funding needs and ensure we are providing the services and supports Yukoners need to access safe and excellent hospital care.

Additional response:

- In 2023-24, we are providing \$108.5 million in operating funding to the Yukon Hospital Corporation, which is an increase of 20 per cent over last year. This funding includes \$93.6 million allocated in the 2023-24 Main Estimates and an additional \$14.9 million allocated in the Supplementary Estimates to address emerging pressures in the health care system.
- This funding increase has supported the hospital's core funding needs, as well as the development of new programs and services.
- Between 2017-18 and 2023-24, operating funding has increased from \$70.6 million to \$108.5 million, or an increase of 54 per cent.

Session Briefing Note**Yukon Hospital Corporation Funding**Finance

- We are also providing \$12.26 million in capital funding in 2023-24, as identified in the Main Estimates, which will help ensure that the hospital corporation has the necessary infrastructure in place to care for Yukoners.
- We are also allocating \$2.3 million to the hospital corporation through the Supplementary Estimates to support a pension solvency payment required under federal regulations. This funding will promote a smooth transition when the new health authority is established by ensuring that the hospital's pensions are adequately funded.
- In addition to funding for the Yukon Hospital Corporation, the Main Estimates also included \$2.9 million to implement 1Health. This modernized health information system will improve care across the Yukon by enabling timely and secure access to medical records.

Context—this may be an issue because:

- Funding support for the Yukon Hospital Corporation (YHC) may be raised by the opposition during the legislative sitting.
- YHC is facing several funding pressures in 2023-24, including unprecedented costs related to surgery, imaging and lab services, utilities, and agency nursing. The Supplementary Estimates No. 1 includes additional funding for the YHC to help address these pressures.

Background:

- The Government of Yukon is the primary source of funding for the Yukon Hospital Corporation (YHC) each year.
- Core funding requirements for YHC include operations funding, the First Nations Health program, laboratory services, and the orthopedic program.

Session Briefing Note

Yukon Hospital Corporation Funding

Finance

- Capital funding is provided to YHC for operational equipment and for projects such as 1Health and the Mental Wellness Unit.

Pension solvency payments

- YHC was required to make a \$2.3 million pension solvency payment in 2023 in accordance with the federal *Pension Benefits Standards Act*.
- The pension plan was in a surplus at the time of the latest actuarial review in December 2022, meaning that its assets were more than sufficient to cover liabilities. However, the federal Act calculates solvency payments based on a three-year average. A solvency payment is required in 2023 because the plan was in a deficit position based on the average of 2020, 2021, and 2022.

Approved by:

Signature on File

September 20, 2023

Deputy Minister

Date approved

Department of Finance

Session Briefing Note**Fall 2023****First Nation Tax Sharing**Finance

Recommended response:

- We are committed to strong and positive government-to-government relations with Yukon First Nations governments.
- We currently share 95% of the personal income tax collected on settlement lands with 11 of 14 Yukon First Nations governments.
- In the 2021 tax year, this is estimated to be approximately \$3.6 million and is based on residency on Yukon First Nation settlement lands.
- In December 2019, the Government of Yukon and all self-governing First Nations renewed their tax sharing agreements.
- Changes include an added obligation for the Government of Yukon to advise the First Nations of the impacts of tax changes. These tax sharing agreements do not contain expiry dates.

Additional response:

- Canada allows the territories to recover the cost of sharing personal income tax room with Yukon First Nations under the Territorial Formula Financing (TFF) grant via adjustment to their expenditure base.

Context — this may be an issue because:

- The media and opposition parties regularly focus on relations between the Yukon government and Yukon First Nations.
-

Session Briefing Note**First Nation Tax Sharing**Finance

Background:

- The 11 First Nation governments that have Final and Self-Government Agreements also have personal income tax sharing arrangements:
 1. Champagne and Aishihik First Nations
 2. Little Salmon/Carmacks First Nation
 3. First Nation of Na-cho Nyäk Dun
 4. Selkirk First Nation
 5. Teslin Tlingit Council
 6. Tr'ondëk Hwëch'in
 7. Vuntut Gwitchin First Nation
 8. Ta'an Kwäch'än Council
 9. Kluane First Nation
 10. Kwanlin Dün First Nation
 11. Carcross/Tagish First Nation
- The remaining three First Nations that do not have land claim agreements are White River First Nation, Ross River Dena Council, and Liard First Nation. Prior to the signing of land claims agreements, Yukon First Nations were tax exempt.
- First Nations wish to levy the same taxes as the Government of Yukon. To avoid double taxation, the Government of Yukon provided a personal income tax credit to those subject to First Nations' personal income taxes. The table in Appendix A shows the value of the Yukon First Nation Credit over time.
- Canada agreed to adjust the TFF grant to offset any foregone Yukon personal income tax revenues from tax sharing arrangements with Yukon First Nations. Hence, there is no net loss to the Yukon government, since the taxes will be made up under the grant. Canada is not prepared to do the same for any other taxes.
- The initial intent of the tax room sharing agreement was to provide First Nations governments with revenue from their tax base, i.e., citizens. However, for administrative ease and as the numbers were inconsequential, the agreements include the tax sharing of revenue from anyone living on their settlement land.

Session Briefing Note

Fall 2023

First Nation Tax Sharing

Finance

- The intent is not to encourage the material altering of the Government of Yukon or other Yukon First Nation governments' tax bases.
- We continue to support all fourteen First Nations by offering tax sharing arrangements where the Government of Yukon is not penalized through TFF.
- The Government of Yukon has stated that it is willing to share tax revenues as long as there is no net loss to the Yukon.

Appendix A

First Nation Tax Credit (\$'000)	
2011	1,974
2012	2,140
2013	2,159
2014	2,277
2015	2,359
2016	2,189
2017	2,693
2018	2,989
2019	2,917
2020	3,499
2021 (YTD est.)	3,550

Approved by:

Signature on File

Deputy Minister, Finance

August 30, 2023

Date approved

Session Briefing Note**Grants from Canada**Finance

Recommended response:

- We receive four major transfers from Canada each year. They are the Grant from Canada (also known as Territorial Formula Financing or the TFF), the Canada Health Transfer, the Canada Social Transfer, and the Cannabis Transfer.
- In December 2022, the federal government advised the Yukon government that the 2023-24 fiscal year Grant from Canada would be \$1.252 billion. This is an increase of roughly 6.6% over the previous fiscal year, which is consistent with the average growth rate for the Grant. The Grant consists of the Territorial Formula Financing (TFF) grant minus resource offsets; however, there are currently no resource-related offsets for this year.
- Resource revenues represent the Yukon government's revenues from forestry, oil & gas, land, minerals and water. Every dollar above \$6 million in resource revenues, subject to offset, results in a dollar for dollar deduction on the Grant from Canada. The first offset in the current forecast is expected to apply in 2023-24 and will be in respect of resource revenues earned in 2021-22.
- Resource revenues, subject to offset, were \$10.2 million dollars in 2021-22, meaning the grant in 2023-24 will be reduced by \$4.2 million dollars.
- Prior to the recent federal health funding proposals, the federal government provided provisional estimates for the 2023-24 fiscal year for the Canada Health Transfer (CHT) (\$56 million), and the Canada Social Transfer (CST) (\$18 million). These amounts are reflected in the 2023-24 Main Estimates.

Session Briefing Note**Grants from Canada**Finance

- Changes to federal health care funding proposals were only provided to premiers on February 7, which was too late to be included in the Main Estimates for 2023-24. The one-time additional funding of \$2.25 million provided through these agreements is reflected in the first supplementary estimates for 2023-24.
- The TFF is a legislated federal transfer that is renewed every five years. Bill C47 received royal assent on June 22, 2023, in the Parliament of Canada. The legislation extended the Territorial Formula Financing for the period from 2024-25 to 2028-29 under essentially the same terms as the previous five years.

Additional response:

- The Yukon, along with provinces and territories, has been asked to explore joining a coordinated vaping taxation arrangement with Canada, which could take effect no earlier than July 1, 2024. Details for this potential coordinated arrangement would be determined following discussions between the federal, provincial, and territorial governments. This would be similar to the coordinated cannabis taxation arrangement.

Context — this may be an issue because:

- Questions may be asked about the status of major transfers and progress on the renewal of the TFF program for 2024-25 to 2028-29.
- The media and opposition may also have questions about the potential for a coordinated vaping taxation arrangement with the Government of Canada.

Background:

- The Yukon Premier attended the Conference of the Federation meeting in Victoria in July 2022, where he advocated for increased federal funding.

Session Briefing Note

Grants from Canada

Finance

- Territorial Formula Financing (TFF) makes up roughly 80% of Yukon's revenue.
- TFF is calculated as: Grant = Gross Expenditure Base (GEB) less Fiscal Capacity.
- The GEB is an approximation of the Yukon's annual revenue requirement. The GEB is adjusted annually to account for growth in population and provincial, territorial, and municipal government expenditures.
- Fiscal Capacity is an estimate of the Yukon's ability to generate own source revenue. It is calculated as the total revenue that the Yukon could raise from its largest non-transfer revenue sources if each source were taxed at the national average tax rate for that source.
- TFF is reduced dollar for dollar for the Yukon's eligible resource revenues over \$6 million (the net amount is called the *Grant from Canada*).
- The Global Resource Revenue offset has not applied in recent years because resource revenues have been below \$6 million.
- However, resource revenues were \$10.2 million in the 2021-22 fiscal year, largely due to increased production at the Eagle Gold mine. This will impact the Grant in 2023-24 because of time lags in the calculation of the Grant.
- The Grant from Canada is calculated each December for the next fiscal year. The table below outlines Yukon's recent grant history:

GRANT	Amount (\$'000)	Growth Rate (%)
2018-2019	950,220	3.3%
2019-2020	997,400	5.0%
2020-2021	1,054,979	5.8%
2021-2022	1,117,700	5.9%
2022-2023	1,174,144	5.1%
2023-2024	1,252,161	6.6%

- CHT and CST account for roughly 3% and 1% of the Yukon's revenue, respectively.

Session Briefing Note

Grants from Canada

Finance

- CHT and CST are unconditional grants distributed to all provinces and territories based on their shares of the national population. The total national funding of CHT and CST increases every year based on program escalators. The annual CHT escalator is 3% or the average of nominal Canadian GDP growth over the prior three years, whichever is greater. Due to double-digit nominal GDP growth forecast for 2021 and 2022, the 2023-24 1st estimate for CHT noted a 9.18% increase in payment.
- In February 2023, the federal government announced top-up payments to guarantee 5% annual increases to the CHT over the next five years beginning in 2023-24 (i.e., until 2027-28). Because the CHT is already expected to grow by more than 5% in 2023-24 and 2024-25 for the Yukon, this proposal is likely only relevant for 2025-26, 2026-27 and 2027-28. The last payment in 2027-28 will be rolled into the CHT base, creating a permanent funding increase. This is expected to increase Yukon's CHT payments by a cumulative \$5.8 million from 2025-26 to 2027-28 and could increase CHT funding by approximately \$3-4 million annually as of 2028-29.
- The tables below outline the Yukon's recent CHT and CST history:

CHT	Amount (\$'000)	Growth Rate (%)
2018-2019 Actual entitlement	42,210	4.86
2019-2020 Actual entitlement	44,492	5.41
2020-2021 Actual entitlement	46,415	4.32
2021-2022 Actual entitlement	48,613	4.74
2022-2023 2 nd estimate	50,897	4.70
2023-2024 1st estimate	55,569	9.18
CST	Amount (\$'000)	Growth Rate (%)
2018-2019 Actual entitlement	15,492	3.99
2019-2020 Actual entitlement	16,074	3.76
2020-2021 Actual entitlement	16,654	3.61
2021-2022 Actual entitlement	17,443	4.74
2022-2023 2 nd estimate	17,944	2.87
2023-2024 1st estimate	18,459	2.87

Session Briefing Note

Grants from Canada

Finance

NOTE: Actual CHT/CST entitlements can differ from Public Accounts because the latter can include prior-year adjustments. Tables do not include impact of recent federal health funding proposals.

- The Canada-Yukon Coordinated Cannabis Taxation Agreement stipulates that Yukon receive 75% of the federal excise tax on Cannabis products sold in Yukon.
- The table below outlines Yukon's recent Cannabis transfers history:

CANNABIS	Amount (\$'000)
2018-2019	40
2019-2020	320
2020-2021	413
2021-2022	748
2022-2023 estimate	786
2023-24 forecast	856

Approved by:

Signature on File

October 26, 2023

Deputy Minister, Finance

Date approved

Session Briefing Note

Fall 2023

Carbon Rebate

Finance

Recommended response:

- The Yukon's carbon rebate is revenue neutral. We are returning 100% of the federal carbon levy to [five](#) rebate groups.
- We remain committed to ensuring that the [five](#) rebate groups continue to receive more, on average, than they pay in carbon pricing levies. [From the total rebate fund, we](#) are distributing 45% to individuals, 36% to general businesses, 12% to mining businesses, 3.5% to First Nations governments and 3.5% to municipal governments.
- [In the 2022-23 Public Accounts, the government shows an increase to the rebate fund. Instead of a forecast surplus of \\$6 million in the Carbon Rebate Revolving Fund in the Main Estimates, the Public Accounts, instead, show a surplus of \\$25 million for that fiscal year. This is despite significant uptake of the business rebate in the 2022-23 fiscal year.](#)
- [Even though businesses have claimed more than \\$19 million in rebates for 2022, because Canada does not charge the Yukon government for the 2022 carbon rebates until after April 1st, these rebates don't show up in the Public Accounts for 2022-23.](#)
- [The surplus in the business account represents the timing difference between when Canada pays the Yukon government its carbon proceeds, and when Canada charges us for payments made on our behalf to businesses, which we must reimburse Canada for.](#)
- [This is because there can be a significant lag of up to 16 months between when CRA rebates a business and when we settle our accounts with CRA.](#)

Session Briefing Note**Carbon Rebate**Finance

- For example, a business with a December 31 year end could file their 2022 tax return in January 2023 and receive their carbon rebate at that time. However, the Yukon government would not be charged for the business' rebate until March 31, 2024. This helps illustrate how the funds can be spoken for, while still remaining on the government's books.
- On March 31, 2024 the Department of Finance expects more than \$19 million will be due to Canada, which will significantly reduce the business surplus for carbon rebate payments made to businesses for the 2022 tax year.
- This estimate is included in the 2022-23 Public Accounts and we will note, for public disclosure, in all future Public Accounts, our estimates of these entitlements that have not been confirmed and collected by CRA.
- Finance officials are currently assessing the impact of the closure of the Minto mine on the Carbon Price Rebate Revolving Fund. Any changes in revenue and expenses for the fund will be reflected in future forecasts.

Rebate for individuals

- The rebate amount for individuals for the current 2023-24 rebate year is \$372 (\$93 per quarter). This represented a \$52 increase compared to the previous rebate year. Rebate amounts for 2024-25 rebate year are currently under determination and the first quarterly payment for the new benefit year will be provided in July 2024.
- Yukoners living outside of Whitehorse receive an additional supplement of 10%, or \$37.20 over the current rebate year.

Session Briefing Note**Fall 2023****Carbon Rebate**Finance

- One person per household will receive the rebate for all individuals; this is based on the same rules as the federal government's payments for the Goods and Services Tax credit.

Rebate for general businesses (other than mining)

- Yukon businesses receive their carbon rebate as a refundable tax credit. As with some other tax credits, businesses can apply retroactively for past tax years.
- The business rebate for 2023-24 is \$21.89 per \$1,000 of eligible Yukon assets.
- The rebate is calculated based on the value of business assets and includes incentives to invest in clean technology.
- For 2023-24, the Super Green Credit provides a rebate of about \$109 per \$1,000 of clean technology assets, which include eligible solar energy systems, electric vehicles, and charging systems.
- Lower initial uptake resulted in a significant surplus balance in the business rebate account, which carried forward resulting in an increase to the 2022-23 business rebate at \$39.62 per \$1,000 of eligible Yukon assets. Tax data indicates that the uptake is increasing, so the rebate for 2023-24 no longer includes the large surplus, which is why it is lower at \$21.89 per \$1000 eligible Yukon assets.

Rebate for mining businesses

- As of 2023 there is a new mining business rebate structured the same way as the general business rebate. Mining businesses will now receive their carbon rebate as a refundable tax credit on their tax returns.

Session Briefing Note**Carbon Rebate**Finance

- The mining business rebate for 2023-24 will be \$21.08 per \$1,000 of eligible Yukon mining assets. Mining assets eligible for the Super Green Credit will be eligible for a rebate of about \$109 per \$1,000 of asset costs. Recognizing the difference in capital intensity between different mining operations, additional weight is applied to placer mining assets to increase their rebate amounts.

Agriculture

- The federal government determines who is exempt from paying the carbon levy. The federal government made the decision to exempt this group to avoid increasing the cost of food for all Canadians.
- Farmers are exempt from paying the federal carbon levy on gasoline and light fuel oil used in farming operations, using a federal definition of farming activities. (The exemption is determined following the submission of Federal Tax Form K402 – Carbon levy Exemption Certificate for Farmers).
- Farmers who buy non-exempt fuel for ancillary purposes can claim the Yukon business carbon rebate on their tax return.

First Nations governments

- Each year, the Yukon government estimates the share of carbon levies paid by each eligible rebate group to assess if they are still expected to receive more in rebates than they are expected to pay in levies.

The allocation that each First Nations government received was guided by the allocation formula in Chapter 19 of the Umbrella Final Agreement.

Session Briefing Note**Carbon Rebate**Finance

Municipal governments

- Municipal governments receive carbon rebates on April 1 each year.
- The amount that each municipal government receives is based on fixed percentages prescribed in regulation. The Government of Yukon remains open to exploring new formulas for distributing revenues to municipal governments.

Output-Based Pricing System (OBPS)

- We continue to work with the federal government during the implementation of the OBPS.
- From August 17 through October 3, 2022 we engaged the mining industry on the development of a new carbon rebate for facilities that may be subject to the OBPS. The goal was to understand the mining industry's priorities in returning carbon pricing revenues to help lower greenhouse gas emissions. The engagement occurred alongside Energy Mines and Resources' consultation on the development of intensity-based emissions targets for the mining sector.
- A 'What We Heard' Report was published in June 2023 outlining feedback from nine stakeholders who participated in the engagement. The Yukon government is considering this feedback and exploring the development of an OBPS rebate program specifically tailored to the territory.
- In the Yukon, the only facilities that may meet the OBPS thresholds for voluntary participation (10 kilotonnes) or mandatory participation (50 kilotonnes) are quartz mines. There is currently only one facility registered in the OBPS in the Yukon.

Session Briefing Note

Carbon Rebate

Finance

- On October 28, 2022, the Government of Canada announced proposed new regulations clarifying that the OBPS would not apply to Yukon Energy.

Context — this may be an issue because:

- Instead of a forecast surplus of \$6 million, the 2022-23 Public Accounts show a surplus of \$25 million in the Carbon Rebate Revolving Fund, primarily due to a surplus in the business account.
- In October, 2023 during second reading of the Technical Amendments Bill the Member for Lake Laberge expressed concern regarding the surplus in the Carbon Rebate Revolving Fund. The surplus was described as “money sitting in the restricted account that was collected from Yukoners...that has not been paid back to them”.
- On May 13, 2023, Minto Mine stopped operations and handed care and maintenance of the site to the Yukon government.
- In the spring 2023 session, the opposition raised concerns about the \$19 million carbon rebate revolving fund surplus in the 2021-22 Public Accounts.
- The Opposition will be interested in monitoring the rollout of the new carbon rebate for mining businesses.

Background:

- The federal Greenhouse Gas Pollution Pricing Act received royal assent on June 21, 2018. The federal carbon pollution pricing system has two parts:
 - a regulatory charge on fossil fuels (i.e., the carbon levy or fuel charge), and
 - a regulatory trading system for large facilities (i.e., the federal OBPS).

Session Briefing Note

Carbon Rebate

Finance

-
- Pricing carbon pollution is a central pillar of Canada's efforts to address climate change through the *Pan-Canadian Framework on Clean Growth and Climate Change* (PCF). All jurisdictions except Manitoba and Saskatchewan signed the PCF in December 2016.
 - The first phase of the federal government's climate plan set the Canada-wide carbon price at \$20 per tonne of carbon dioxide equivalent emissions beginning in 2019, rising by \$10 per tonne per year on April 1, up to \$50 per tonne in 2022.
 - On December 11, 2020, Canada announced proposed enhancements to their climate plan, which included increases to the federal carbon levy of \$15 a year starting in 2023, rising to \$170 per tonne in 2030.
 - In designing rebate programs, the Government of Yukon considered how to address the principles established in the *Pan-Canadian Framework*, namely:
 - "Carbon pricing policies should include revenue recycling to avoid a disproportionate burden on vulnerable groups and Indigenous peoples", and
 - "Carbon pricing policies should minimize competitiveness impacts and carbon leakage, particularly for emissions-intensive, trade-exposed sectors."
 - Yukon officials held targeted discussions with The Low Carbon Yukon Stakeholder Committee on the design of the business rebate. This included representation from the following organizations: Association of Yukon Communities, Cold Climate Innovation Research Centre, Klondike Placer Miners' Association, Tourism Industry Association of the Yukon, Yukon Agricultural Association, Yukon Chamber of Commerce, Yukon Conservation Society, Yukon Contractors Association, Yukon First Nations Chamber of Commerce, and the Yukon Wood Products Association.
 - Officials met with the Association of Yukon Communities (AYC) to discuss the Municipal rebate. AYC presented an option for distributing their rebates across municipalities.

Session Briefing Note

Carbon Rebate

Finance

-
- First Nations were engaged in discussions at the Yukon Forum fiscal working group meetings. First Nations did not advance any proposal for distributing their carbon rebates across First Nations governments. The Government of Yukon set the percentages based on the allocations under Chapter 19 of the *Umbrella Final Agreement* in Regulations with the option to revise this when Yukon First Nations come to a consensus and propose different allocation percentages.

November 2022, Proposed OBPS Regulatory Changes

- On November 1, 2022, the federal government announced proposed changes to clarify that the OBPS Regulation does not apply to remote power plants, such as Yukon Energy, that are exempted from paying the fuel charge under the Fuel Charge Regulations.
- Prior to this change, a remote power plant that was exempted from the federal fuel charge would essentially lose part of this exception if its emissions exceeded 50 kilotonnes in any year. The Yukon Department of Finance engaged the federal government on this policy inconsistency throughout the spring and summer of 2022. The proposed changes announced on November 1, 2022 directly reflect the recommendations and requests of Yukon and other territorial officials.
- The federal government also announced that it will introduce an annual OBPS tightening rate, which would lower a facility's allowable charge-free emissions limit each year beginning in 2023.

Session Briefing Note

Carbon Rebate

TAB #17
Fall 2023
 Finance

ANNEX

Federal Fuel Charge Rates Applicable in Yukon (cents per litre unless specified)

Date of increase*	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
\$ per tonne	20	30	40	50	65	80	95	110	125	140	155	170
Gasoline	4.4	6.6	8.8	11.1	14.4	17.7	21.0	24.3	27.6	30.9	34.3	37.6
Light fuel oil	5.4	8.1	10.7	13.4	17.4	21.5	25.5	29.5	33.5	37.5	41.6	45.6
Propane	3.1	4.6	6.2	7.7	10.1	12.4	14.7	17.0	19.4	21.7	24.0	26.3
Natural gas**	3.9	5.9	7.8	9.8	12.7	15.7	18.6	21.5	24.5	27.4	30.3	33.3
Aviation turbo fuel and gasoline	Exempt				There is currently no intention to eliminate the exemption for aviation fuels used in the territories.							

*July 1 for 2019, April 1 for 2020, 2021, and 2022, TBD for future years ** Per cubic meter

Estimated Fuel use in Yukon versus rebate

	Rebate (% of total)	Estimated shares of carbon levies paid by rebate group				
		2019-20	2020-21	2021-22	2022-23	2023-24
General businesses	36.0%	48.82%	48.38%	48.26%	49.29%	34.50%
Mining businesses	12.0%	-	-	-	-	11.50%
Yukon individuals	45.00%	28.21%	28.13%	27.67%	26.56%	26.80%
Municipal governments	3.50%	2.43%	2.41%	2.47%	2.27%	2.60%
First Nations governments	3.50%	0.49%	0.36%	0.36%	2.09%	2.80%
Visitors (tourists)	0.00%	9.99%	8.42%	8.90%	7.66%	8.50%
Government of Yukon	0.00%	9.09%	11.24%	11.21%	11.03%	12.10%
Government of Canada	0.00%	0.46%	0.54%	0.56%	0.57%	0.70%
Other	0.00%	0.51%	0.53%	0.57%	0.54%	0.50%

These estimates rely on data from Statistics Canada that is subject to a significant lag. Changes should generally be interpreted as adjustments based on more recent data, rather than changes in actual consumption.

Estimated levies and rebates to individuals

	2019-20	2020-21	2021-22	2022-23	2023-24
Levy paid by individual	\$33.05	\$87.48	\$131.43	\$157.59	\$179.11
Rebate to individuals	\$86.00	\$192.00	\$176.00	\$320.00	\$372.00
Remote supplement	n/a	\$19.20	\$17.60	\$32.00	\$37.20

Session Briefing Note

Fall 2023

Carbon Rebate

Finance

Yukon general business rebate amounts by on asset class

(per \$1,000 in assets)	2019-20	2020-21	2021-22	2022-23	2023-24
Building rebate	\$1.72	\$3.45	\$4.41	\$19.81	\$10.95
Equipment rebate	\$8.62	\$17.24	\$22.03	\$99.05	\$54.73
Green rebate	\$17.24	\$34.48	\$44.05	\$198.10	\$109.45

Yukon mining business rebate amounts by on asset class

	(per \$1,000 in assets)	Transitional amount Jan 1 to Mar 31, 2023	2023-24
<i>Placer mining businesses</i>	Buildings and equipment rebate	\$21.08	\$84.32
	Green rebate	\$792.40	\$437.80
<i>Quartz mining businesses</i>	Buildings and equipment rebate	\$5.27	\$21.08
	Green rebate	\$198.10	\$109.45

Approved by:

Signature on File

November 21, 2023

Deputy Minister, Finance

Date approved

Session Briefing Note

Fall 2023

Fuel and Tobacco Taxes

Finance

Recommended response:

- The Government of Yukon is committed to striking a balance between appropriate levels of taxation, affordability for Yukoners, and meeting our commitments under *Our Clean Future*.
- Currently, taxation on fuel in the Yukon is the lowest of any jurisdiction in Canada at just 6.2 cents per litre for gasoline and 7.2 cents per litre for diesel. These rates have not increased since 1993.
- The Yukon's tax on cigarettes is the fourth highest in Canada, following increases in 2018, 2019, 2021 and 2023.
- Our tobacco tax rates are linked to the rate of inflation in Whitehorse, which ensures that taxes continue to discourage smoking even as income levels increase over time.
- From January 2021 to January 2022, inflation in Whitehorse was 3.7%. This triggered an increase in tobacco tax rates in 2023. The tax rate since January 1, 2021, was 31 cents per cigarette. The rate increased to 32 cents per cigarette, effective January 1, 2023.
- Tobacco tax revenue forecast is adjusted downwards by \$1.8 million for 2023-24 since the Main estimate due to lower-than-expected tobacco sales in 2022. This trend was noted across Canada as well as across majority of the Canadian jurisdictions.

Additional response:

- Alberta is the only province or territory that has temporarily suspended its tax on fuel. Two other provinces have temporarily reduced their fuel tax rates, but the Yukon's tax rates are still lower, even after taking these temporary measures into account.

Session Briefing Note

Fall 2023

Fuel and Tobacco Taxes

Finance

-
- Fuel tax revenues saw a significant downturn in 2021-22, mainly due to reduced traffic across the territory from tourists and other travelers. Fuel tax revenue largely recovered in 2022.
 - Fuel tax forecasts for 2023-24 and onward are in line with the consumption estimates contained in *Our Clean Future* and, as a result, declines are expected.
-

Context — this may be an issue because:

- Inflation from January 2021 to January 2022 triggered a tax rate increase of one cent per unit effective January 1, 2023.
 - Inflation from January 2022 to January 2023 of 7.9% will result in a 3-cent tax rate increase per unit effective January 1, 2024. Note, average annual inflation in Whitehorse for 2022 was 6.8%. Average annual inflation will often differ from the point-estimate of inflation used to calculate the tobacco tax increase.
-

Background:

- The Yukon Department of Finance administers tobacco and fuel taxes in the territory. Appendix A provides a summary of tobacco and fuel tax revenues, as well as comparisons of tax rates in other provinces and territories.
 - The Yukon tobacco tax applies to cigarettes, loose tobacco, and cigars. The Yukon is the only jurisdiction, other than the federal government, that indexes its tobacco tax rates for inflation. Anti-smoking advocacy groups have praised the Yukon for indexing its tobacco tax rates. The tax rate changes every January based on the inflation rate from January of the year before.
 - The Yukon fuel tax applies to gasoline, diesel, and aviation fuel. Heating fuel and propane have been exempted since 1986. There are several other exemptions for commercial purposes related to farming, fishing, trapping, hunting, outfitting, wilderness tourism, logging, mining, sawmills, and golf courses.
-

Session Briefing Note

Fuel and Tobacco Taxes

TAB #18
Fall 2023
 Finance

Appendix A

Table 1. Yukon Commodity Tax Revenues (\$'000)

	2023-24 FORECAST	2023-24 ESTIMATE	2022-23 FORECAST	2021-22 ACTUAL
Fuel	8,810	8,810	8,739	8,729
Tobacco	12,812	14,628	13,334	12,894
Total	21,622	23,438	22,073	21,623

Table 2. Current Yukon Tobacco Tax Rates

Cigarettes	\$0.32 per cigarette or \$64 per carton
Tobacco	\$0.32 per gram of tobacco product
Cigars	130% of the taxable price per cigar (taxable price per cigar is 130% of the manufacturer's or importer's selling price).

Table 3. Provincial and Territorial Tobacco and Fuel Tax Rates

	Tobacco ¢/cigarette	Gas ¢/litre	Diesel ¢/litre
Yukon ¹	32.00	6.20	7.20
Northwest Territories	34.40	10.70	9.10
Nunavut	30.00	6.40	9.10
British Columbia ²	32.50	14.50	15.00
Alberta ³	27.50	13.00	13.00
Saskatchewan	29.00	15.00	15.00
Manitoba	30.00	14.00	14.00
Ontario ⁴	18.475	14.70	14.30
Quebec	18.90	19.20	20.20
New Brunswick	25.52	10.87	15.45
Prince Edward Island	29.52	8.47	14.15
Nova Scotia	29.52	15.50	15.40
Newfoundland & Labrador ⁴	32.50	14.50	16.50

1. Yukon's fuel tax for aviation fuel is 1.1¢/litre.
2. Higher rates for fuel apply in Vancouver and Victoria
3. Alberta suspended its fuel taxes as of April 1, 2022, until December 31, 2023.

Session Briefing Note

Fuel and Tobacco Taxes

Finance

4. Ontario reduced its fuel taxes to 9.0¢/litre, effective from July 1, 2022, to December 31, 2023.
5. Newfoundland & Labrador temporarily reduced its fuel taxes to 7.5 ¢/litre for gas and 9.5¢/litre for diesel, effective from June 2, 2022, to March 31, 2024.

Approved by:

Signature on File

Deputy Minister, Finance

September 12, 2023

Date approved

Session Briefing Note
Income Tax**Fall 2023**
Finance

Recommended response:

- The Yukon's personal and corporate income tax rates are competitive with those of the other provinces and territories.

Recent Tax Measures

- On July 1, 2023, the Government of Yukon increased the maximum amount of Yukon Child Benefit to \$876 per child from \$820 to support about 1,200 Yukon families. Future annual increases will match the Whitehorse CPI to ensure that the benefit keeps pace with the rising cost of living.

Personal Income Tax

- The Government of Yukon mirrored federal increases to the Basic Personal Amount that began in 2019. As a result, the Yukon Basic Personal Amount increased in four steps, from \$12,069 in 2019 to a maximum of \$15,000 by January 1, 2023. For subsequent years, it will be indexed for inflation.
- This has resulted in hundreds of dollars in tax savings for all taxpayers except those in the highest income tax brackets.
- Personal income taxes are forecast to increase by \$3.2 million compared to the 2023–24 Main Estimates. This change reflects an expected increase in personal taxable income from the new Collective Agreement with the Yukon Employees' Union (YEU).

Corporate Income Tax

- In 2017, the Yukon government lowered the general corporate income tax rate from 15% to a competitive rate of 12%. In that year, the small business tax rate was also reduced from 3% to 2%.

Session Briefing Note
Income Tax

- In 2020, the Yukon government further lowered the small business tax rate from 2% to 0%, effective January 1, 2021, saving small businesses in the Yukon approximately \$2 million per year.
- In 2022, the Government of Yukon mirrored the federal changes to increase the number of businesses eligible for the small business tax rate. New claw back rule eliminates the small business rate when a business's taxable capital exceeds \$50 million rather than the earlier \$15-million threshold reducing corporate income taxes by approximately \$1.7 million, annually.

Additional response:

- The Yukon's competitive tax environment ensured a strong recovery from COVID-19 pandemic and continues to support individuals and businesses through current economic conditions.

Context — this may be an issue because:

- The economic impacts of the high-inflationary environment may garner interest in the Yukon's personal and corporate income tax situation.
- There is a significant variance between the revised personal income tax forecast for 2023-24 and the previous estimate which did not account for retroactive increases in salary pay for Yukon union employees.

Background:

- The Canada Revenue Agency administers personal and corporate income tax systems in all provinces and territories except Quebec. Appendix A provides a summary of the Yukon's personal and corporate income tax revenues, tax credits and benefits amounts, and comparisons of tax rates in other jurisdictions.

Session Briefing Note

Income Tax

Fall 2023
Finance

Tax Measures in the 2023 CASA

- The 2023 Confidence and Supply Agreement proposes to adjust the Yukon Child Benefit rate to the Consumer Price Index (CPI) for Whitehorse in the 2023-2024 budget year and tie annual rate adjustments to Whitehorse CPI going forward. **This commitment is completed.**
- The 2023 CASA also proposes to create a refundable tax rebate covering up to \$8,000 per year for fertility treatment and surrogacy expenses for eligible Yukoners for up to a maximum of five years.
- The timing of the fertility treatment related amendments is yet to be determined.

Personal income tax

- The Yukon's lowest personal income bracket is taxed at 6.4%. Excluding Quebec, tax rates across Canada for the lowest income bracket range from 4% to 10.8%. Quebec, which generally levies higher taxes, has a 15% rate for its lowest bracket.
- The Yukon's highest income bracket, for income over \$500,000, is taxed at a rate of 15.0%. Tax rates for the highest personal income tax brackets in Canada range from 11.5% to 21.8%.
- The Yukon is the only jurisdiction that harmonizes its tax brackets with the federal tax brackets. The only exception is the highest bracket, which is set at the business limit for the small business deduction. The Yukon's unindexed top bracket is \$500,000 and Canada's indexed top bracket is \$235,675 for 2023.

Corporate income tax

- The Yukon's general corporate tax rate is 12%, down from 15%, effective July 1, 2017. General corporate tax rates in Canada range from 8% to 16%.
- The Yukon's small business tax rate is now 0%, down from 2%, effective January 1, 2021, with Manitoba and Saskatchewan being the only other jurisdictions with a 0% tax rate. Small business tax rates in Canada range from 0% to 3.2%.
- Generally, the small business tax rate applies for the first \$500,000 of taxable income. This is referred to as the business limit and is reduced under various circumstances outlined in the federal *Income Tax Act*.

Session Briefing Note

Income Tax

Fall 2023
Finance

Yukon tax benefits and credits

Yukon Child Benefit

- The Yukon Child Benefit is an income-tested payment for families with children. Payments are non-taxable and are provided on a monthly basis.
- The program is administered by the Canada Revenue Agency. Eligibility is determined based on income tax returns and payments are processed from July to June. Payments are combined with the federal Canada Child Benefit.
- The maximum annual benefit is \$876 for each dependent child, less 2.5% of family net income over \$35,000 for families with one child, and 5% of family net income over \$35,000 for families with more than one child.
- Preliminary estimates show that Yukon Child Benefit declined significantly in 2022 potentially due to inflationary impact on wage increases that moved families out of the income threshold or reduced their benefit amounts. The annual child benefit amount as of 2023 is now indexed for inflation. The income threshold, prescribed in the Yukon Child Benefit Regulation, is not indexed for inflation and have not changed since 2015.

First Nations Tax Credit

- A Yukon taxpayer who resides on settlement land can claim a First Nations Tax Credit equal to 95% of Yukon tax payable. The credit ensures that First Nation taxpayers are not double taxed by paying Yukon tax and Yukon First Nations tax.
- First Nations Tax Credit has continued to experience strong growth since 2020. The most recent estimate for tax year 2022 shows an 11% increase to \$4 million.

Political Contribution Tax Credit

- A taxpayer who contributes to a registered Yukon political party or to a candidate seeking a seat in the Yukon Legislative Assembly can claim a non-refundable tax credit of up to \$650. The credit is calculated as the sum of 75% of the first \$400 in contributions, 50% of the next \$350 in contributions, and 33.33% of the next \$525 in contributions.

Session Briefing Note

Income Tax

Business Investment Tax Credit

- A taxpayer who invests in an approved private corporation or co-operative can claim this credit. The non-refundable credit is equal to 25% of the amount invested up to a maximum of \$25,000 per year. The credit can be carried back for three taxation years or carried forward for seven taxation years.
- Corporations are approved for the program if they have a permanent establishment in Yukon, pay at least 25% of their salaries and wages to Yukon residents, and own less than \$100 million in assets.
- Eligible corporations can receive up to \$4 million in eligible investments per year.
- After 2027, the asset limit for an eligible corporation will decrease to \$50 million and the maximum eligible investment will be replaced with a rolling four-year limit of \$4 million.

Research and Development Tax Credit

- A resident of the Yukon or a corporation that has a permanent establishment in the Yukon and makes eligible expenditures for scientific research and experimental development in the territory can claim this refundable credit.
- Eligible expenses are the same as for the federal research and development tax credit. The Yukon tax credit is equal to 15% of eligible expenditures, plus an additional 5% if the expenditures are paid to the Yukon University.

Manufacturing and Processing Tax Credit

- This credit effectively reduces the territorial corporate income tax rate from 12% to 2.5% for Canadian manufacturing and processing profits earned in the Yukon.
- Effective January 1, 2021, the small business tax rate was reduced to 0%. As a result, the manufacturing and processing profits tax credit is no longer applied to small corporations.

Session Briefing Note

Income Tax

Fall 2023
Finance

Appendix A

Table A: Income Tax Revenue (\$'000)

	2023-24 FORECAST	2023-24 ESTIMATE	2022-23 FORECAST	2021-22 ACTUAL
Personal Income Tax	101,618	98,397	100,676	101,790
Corporate Income Tax	27,442	27,442	31,957	27,997

Table B: 2023 Average Personal Income Tax Rates on \$50,000 of Taxable Income

	Average Tax Rate (%)	Rank (1=highest tax rate)
Federal	10.5	N/A
Yukon	4.5	9
Northwest Territories	4.0	11
Nunavut	2.5	13
British Columbia	4.1	10
Alberta	5.8	8
Saskatchewan	6.8	7
Manitoba	8.1	4
Ontario	3.9	12
Quebec	9.3	2
New Brunswick	7.3	6
Nova Scotia	9.5	1
Prince Edward Island	8.7	3
Newfoundland & Labrador	7.9	5

Table C: Individual and Corporate Tax Credits/Benefits in the Yukon (\$)

	2019	2020	2021 (est.)	2022 (YTD est.)
For individuals				
First Nations	2,916,935	3,499,335	3,610,000	4,000,000
Business Investment	9,567	8,002	5,000	2,500
Political Contribution	(207)	0	0	1,000
Research & Development	1,905	1,811	1,800	300
Yukon Child Benefit	1,598,019	1,514,751	1,527,262	1,290,000
For corporations				
Political Contribution	558	(374)	2,250	400
Research & Development	495,249	592,818	600,000	37,000
Manufacturing & Processing	70,252	164,961	490,000	45,000

Session Briefing Note

Income Tax

Fall 2023
Finance

Table D: Federal, Provincial and Territorial Corporate Income Tax Rates for 2023

	General tax rate %	Small Business %	Manufacturing & Processing %
Federal*	28.0	9.0	28.0
Yukon	12.0	0.0	2.5
Northwest Territories	11.5	2.0	11.5
Nunavut	12.0	3.0	12.0
British Columbia	12.0	2.0	12.0
Alberta	8.0	2.0	8.0
Saskatchewan	12.0	1.0	10.0
Manitoba	12.0	0.0	12.0
Ontario	11.5	3.2	10.0
Quebec	11.5	3.2	11.5
New Brunswick	14.0	2.5	14.0
Nova Scotia	14.0	2.5	14.0
Prince Edward Island	16.0	1.0	16.0
Newfoundland & Labrador	15.0	3.0	15.0

*After the general tax reduction (available to most corporations), the federal net tax rate is 15%.

Approved by:

Signature on File


Deputy Minister, Finance

September 12, 2023

Date approved

Session Briefing Note**Insurance Premium Tax Act**Finance

Recommended response:

- Insurance premium taxes in the Yukon are comparable to other provinces and territories.
- Revenues from insurance premium taxes contribute to funding important health and social programs that benefit all Yukoners.
- Taxes on insurance premiums have been, and are expected to remain, a relatively stable and predictable source of revenue.
- We continue to monitor all of the Yukon's taxes to ensure they support the economic and social goals of the territory.

Additional response:

- When we changed the insurance premium tax rate in January 2021, it was in recognition that our tax rates were out of line with other jurisdictions. Today, our tax rate on insurance premiums is at the national average for Canada. Only 4 jurisdictions in Canada have a lower tax rate, 3 jurisdictions have a higher tax rate, and 5 jurisdictions have the same rate as the Yukon.
- In Budget 2020, the changes in insurance premium tax rates, paid by national insurance companies funded in part the reduction of the small business income tax rate paid by local companies to zero percent.

Session Briefing Note

Insurance Premium Tax Act

Finance

Context—this may be an issue because:

- The January 2021 increase in the insurance premium tax rate could continue to be of interest considering the rise in the cost of insurance reported by businesses and the rise in the cost of living in general. The increase in the cost of insurance is mostly the result of economic conditions.

Background:

- The Yukon Department of Finance administers insurance premium taxes. Companies selling insurance must be registered under the *Insurance Act* and must remit annual taxes per the *Insurance Premium Tax Act*.
- Appendix A summarizes insurance premium tax revenues in the Yukon and compares tax rates across Canada. Since doubling in 2021-22, due to the rate increase in January 2021, insurance premium tax revenue is forecasted to show continued growth in 2023-24. The tax is based on the nominal value of insurance premium and hence expected to grow with inflation.
- Effective January 1, 2021, taxes on all insurance premiums increased to a flat rate of 4%. Before this, the tax rate was 2% on all insurance premiums, plus an additional 1% on insurance premiums for fire protection.
- The Budget 2020 increase created a level playing field whereby the insurance industry pays the same tax in the Yukon as they pay in the rest of Canada. Before the increase, the Yukon's insurance tax was 50% lower than in the rest of Canada.
- Five provinces apply provincial sales taxes on some insurance premiums, increasing the total effective tax on insurance premiums in these jurisdictions by 6% to 15%. Yukon does not impose a sales tax, which makes our insurance premiums tax rates even more competitive compared to these jurisdictions.

Session Briefing Note

Insurance Premium Tax Act

Finance

Appendix A

Table 1. Yukon Insurance Premium Tax Revenues (\$000)

Fiscal year	2023-24 ESTIMATE	2022-23 FORECAST	2021-22 ACTUAL
Revenue	9,016	8,218	7,438

Table 2. Yukon Insurance Premium Tax Rates

Insurance Categories	Current rate January 1, 2021	Prior rate Up to January 1, 2021
All types of insurance	4%	-
Accident and Sickness, Aircraft, Auto Liability, Auto Personal Accident, Auto Other, Life, Liability Insurance, Property, Surety, Other	-	2%
Fire, Fire Risk on Hand, Property Damage, Miscellaneous	-	plus, additional 1% (For a total of 3%)

Table 3. Provincial and Territorial Insurance Premium Tax Rates

	Insurance (%)	Additional rate* (%)	Notes
Yukon	4.00	-	-
Northwest Territories	3.00	1.00	*Insurance Act, for fire
Nunavut	3.00	1.00	*Insurance Act, for fire
British Columbia	4.40	-	Life and Health taxed at 2%
Alberta	4.00	-	3% on premiums for life, accident and sickness insurance
Saskatchewan	4.00	1.00	*Fire Prevention Act + 1% for Motor Vehicle Act; 3% on life, accident, sickness and hail insurance

Session Briefing Note**Insurance Premium Tax Act**

Finance

Manitoba	4.00	1.25	*Fire Prevention & Emergency Response Act; 2% for life, accident and sickness insurance; 3% for other insurance
Ontario	3.50	-	Life, Accident, Sickness, 2% Property, 3.5% Other, 3%
Quebec	9.00	-	-
New Brunswick	3.00	1.00	*Fire Prevention Act; Life, Accident, Sickness, 2%
Prince Edward Island	4.00	-	Life, Accident, Sickness, 3.75%
Nova Scotia	4.00	1.25	*Fire Prevention Act; Life, Accident, Sickness, 3%
Newfoundland & Labrador	5.00	-	-

Session Briefing Note

Insurance Premium Tax Act

Finance

Table 4. Provincial Sales Tax Rates on Insurance Premiums

	Sales tax (%)	Notes
Yukon	-	No sales tax
Northwest Territories	-	No sales tax
Nunavut	-	No sales tax
British Columbia	0.00	No sales tax on insurance premiums
Alberta	-	No sales tax
Saskatchewan	6.00	Certain types of insurance premiums
Manitoba	7.00	Certain types of insurance premiums
Ontario	8.00	Certain types of insurance premiums
Quebec	9.00	Certain types of insurance premiums
New Brunswick	0.00	No sales tax on insurance premiums
Prince Edward Island	0.00	No sales tax on insurance premiums
Nova Scotia	0.00	No sales tax on insurance premiums
Newfoundland & Labrador	15.00	Certain types of insurance premiums

Approved by:

Signature on File

Deputy Minister, Finance

September 12, 2023

Date approved

Session Briefing Note**Fall 2023****2021 Census Population Count**Finance

Recommended response:

- According to the 2021 Census results, there were 40,232 people and 19,610 private dwellings counted on May 11, 2021 in the Yukon.
- The Yukon's population grew 12.1% between 2016 and 2021. This growth rate is the highest in the country, and is higher than that recorded in the two previous Censuses — 5.8% growth in 2016 and 11.6% in 2011.
- In late 2023, Statistics Canada will publish the Census population count adjusted for net-undercoverage, which will be used in the Territorial Formula Financing (TFF) calculations.

Additional response:

- The Census population count for the Yukon is 6.6% lower than the Bureau of Statistics population estimate and 6.0% lower than Statistics Canada's estimate for the comparable period of 2021.
- The Census population count typically understates the actual population due to individuals not enumerated for a variety of reasons, which is referred to as "under-coverage". The final estimate adjusted for net under-coverage will be released in late 2023, and that estimate will be used in the calculation of federal transfers to Yukon.
- Yukon Bureau of Statistics collaborated with Statistics Canada in census data collection and is currently collaborating on the Reverse Record Check Survey for the estimation of census under-coverage.

Session Briefing Note**2021 Census Population Count**Finance

Context—this may be an issue because:

- The opposition had raised an issue claiming that census population counts could affect TFF calculations after the release of the 2016 Census population data. The TFF uses the official population estimate and not the census count in determining entitlements for Yukon.
-

Background:

- Based on census counts, the Yukon's population grew 12.1% between 2016 and 2021 Censuses — the highest among provinces and territories, followed by Prince Edward Island (8.0%) and British Columbia (7.6%). Canada's population grew 5.2%.
 - Census net under-coverage — the difference between under-coverage (i.e., leaving out someone who should have been enumerated) and over-coverage (i.e., counting someone more than once) — will be added to the census population count to derive final population estimate adjusted for net under-coverage.
 - Historically, the territories have higher rates of net under-coverage than the provinces due to difficulties conducting a census in the North. The Yukon's net under-coverage rates for the last 3 Censuses have been 6.2% in 2016, 3.9% in 2011, and 5.6% in 2006.
 - Despite pandemic-related disruptions in data collection, the Yukon's overall response rate in the 2021 Census was 97.0% compared to 96.6% in the 2016 Census. Canada's overall response rate in the 2021 Census was 98.0% compared to 98.4% in the 2016 Census.
 - The Census is conducted every 5 years by Statistics Canada. There are two types of census questionnaires: the Short Form and the Long Form.
 - The Short Form includes questions to enumerate the population by age, gender, marital status, relationship, and knowledge of official languages.
 - The Long Form asks questions about aboriginal identity, ethnicity, citizenship and immigration, languages spoken, religion, education, mobility, income, housing, etc.
-

Session Briefing Note
2021 Census Population Count

- With the exception of population unadjusted counts, Census is the most robust source of official data for all other variables at the community and the territorial levels.

Approved by:

Signature on File

August 30, 2023

Deputy Minister, Finance

Date approved

Session Briefing Note**Centre for the North's – Conference
Board of Canada's Fall Outlook**

Finance

Recommended response:

- The Conference Board of Canada (CBoC) states that although an unexpected mine closure in the territory will weaken output slightly compared to the spring forecast, the outlook for the economy remains bright with real GDP projected to grow by an average of 3.9 per cent annually between 2023 and 2030.
- CBoC notes that a slowdown in Yukon's labour market has been slower to develop than elsewhere in Canada, nevertheless, the unemployment rate is expected to start increasing marginally over the coming quarters but remain under 5 per cent, on average, for each of the next two years.
- Overall, the CBoC forecasts that with the Yukon's construction industry expected to remain busy, the mining sector growing and recovery in the tourism sector continuing, the Yukon's outlook to remain bright over the forecast period.

Additional response:

- The CBoC states that residential investment has shown resilience despite rising interest rates, and, in addition, several government-funded non-residential projects will keep the construction sector busy.
- The Yukon will remain an attractive destination for international immigrants, and this will underpin population growth in the years ahead, growing by an average of 1.8 per cent per year over the next five years and surpass 50,000 by 2030, according to CBoC.
- The CBoC notes that the strong economic growth outlook for the Yukon over the next 10 years bodes well for the territorial government's finances, with revenues rising faster than spending, resulting in a budgetary surplus throughout the forecast period.

Session Briefing Note**Centre for the North's – Conference
Board of Canada's Fall Outlook**

Context—this may be an issue because:

- The Conference Board is a global think-tank organization whose reports often garner public attention.
 - Previous releases of the Territorial Outlook have received some media attention, so there may be requests for the Premier and/or senior officials to speak to the contents of the latest forecast.
-

Background:

- The Conference Board of Canada produces forecasts for each territory, normally on a biannual schedule with spring and fall releases.
 - The Government of Yukon has been a member of CBoC's northern policy focused arm, the Centre for the North, since 2009, with membership annual funding of \$25,000 provided through the Department of Economic Development.
 - The Department of Finance's Economic Research Branch participates the development of the Yukon forecast by providing feedback to CBoC on assumptions that are fed into their economic model and reviewing initial forecasts produced however, CBoC forecasts are independent from the Government of Yukon's forecast and involvement of the Branch is of an advisory nature only.
 - The latest Territorial Forecast was released on October 24, 2023.
 - Long-term economic projects from CBoC are used as a weighted input in development of Yukon's long-term population projects by the Yukon Bureau of Statistics.
 - In addition to the CBoC long-term forecast, the Department of Finance also produces a medium-term forecast published with the Budget release in the spring, as well as an update with the Yukon Legislature's fall sitting.
 - The forecasts between the two groups use different econometric models, some differences in assumptions and are produced at different times, leading to differences. A medium-term comparison is provided below.
-

Session Briefing Note

Centre for the North's – Conference Board of Canada's Fall Outlook

		2022	2023	2024	2025	2026	2027
Real GDP (% Change)	Department	3.3 (f)	2.9	3.4	3.0	3.9	5.0
Real GDP (% Change)	CBoC	3.3 (f)	2.4	3.4	2.7	2.3	6.7
Population	Department	43,964	44,900	45,900	46,800	47,700	48,700
Population	CBoC	43,789	44,762	45,683	46,593	47,429	48,258
Employment	Department	23,400	24,000	24,100	24,500	25,200	26,000
Employment	CBoC	23,400	23,692	24,138	24,451	24,583	24,785
Unemployment Rate (%)	Department	4.5	4.0	5.3	5.4	4.8	4.3
Unemployment Rate (%)	CBoC	4.5	3.9	4.4	4.9	5.2	5.7

Approved by:

Signature on File

October 25, 2023

Deputy Minister, Finance

Date approved

Session Briefing Note**Community Banking**Finance

Recommended response:

- The Government of Yukon has a contract for the provision of rural banking services with CIBC, which provides the general public basic banking services in ten rural communities without the need to travel to a larger community such as Whitehorse.
- We know that banking services are important to our community residents, First Nations governments and municipal governments, local businesses, tourists, and our own operations.
- The community bank centres help our rural residents access basic banking services close to home.

Additional response:Community Banking

- Rural banking centres are located in 10 Yukon communities and all but one currently have regular scheduled hours. Information on community banking services and current opening hours is available on Yukon.ca
- Occasionally, the banking service in any given rural community could be unavailable due to unforeseen issues such as building maintenance or staffing shortages. During these interruptions, there may be a temporary limitation or reduction of service.
- The government continues to work with CIBC to maintain basic banking services in the communities.

Session Briefing Note

Community Banking

Pelly Crossing Closure

- We know that community members in Pelly Crossing have been without a banking centre since 2020. The Government of Yukon and CIBC continue to search for staff to operate at the location. During this ongoing search, community members can continue to access services in Carmacks, Mayo or Whitehorse.

Cheque Cashing

- The government has an agreement with CIBC to cash legitimate Government of Yukon cheques up to \$5,000.

Context — this may be an issue because:

- There are ongoing challenges in finding available staff and facilities to provide services in some communities.
- Concerns have been raised by the public that CIBC has not met the minimum level of service required by its contract.

Background:

- The Government of Yukon contracted commercial banking services in rural community banking services in 2019.
- CIBC was the successful proponent replacing TD Bank.
- Basic services for CIBC customers include:
 - Cash withdrawals.
 - Cheque and cash deposits to bank accounts.
 - Cheque cashing services.
 - Balance inquiries.
 - Purchase of Canadian and US dollar bank drafts (These are delivered from CIBC's Whitehorse branch).

Session Briefing Note**Community Banking**

Finance

- Purchase of US dollar currency up to \$250 in Canadian dollars.
 - Opening/closing of personal chequing and savings accounts.
- Basic services for the general public include:
 - Over-the-counter point-of-sale device cash withdrawal by way of processing a debit card transaction.
 - Cheque cashing services for any Government of Yukon cheque up to \$5,000.
- CIBC can negotiate additional services with other levels of government. This includes cheque cashing services on behalf of First Nation governments or the federal government. The Government of Yukon is not involved in these negotiations or contracts.
- CIBC may choose to provide additional services, such as commercial banking services that includes commercial bank deposits and the sale of coins.

Approved by:**Signature on File**

Deputy Minister, Finance

September 08, 2023

Date Approved

Session Briefing Note**S&P Global Ratings**Finance

Recommended response:

- S&P Global Ratings affirmed the Yukon's strong financial position with a Double-A ('AA') credit rating for the fourteenth year in a row in July 2023.
- In its report, S&P Global Ratings highlights that "the government has a track record of strong management that produces solid financial results supported by stable federal funding."
- This report demonstrates that the financial health of the territory is strong and well-managed.
- Contractors, suppliers, and investors can take comfort knowing that the Yukon has a strong credit rating and honours its financial obligations.

Additional response:

- This independent assessment shows that the Yukon's strong relationship with the federal government will allow the Yukon government to continue investing in the territory's transportation infrastructure, housing, land development, and social development, education, and health facilities.
- The government continues to focus on strong and consistent fiscal management practices that enhance our long-term financial sustainability.

Context — this may be an issue because:

- The impact on budget performance and impacts on financial health from inflation is of concern to the public and the Legislative Assembly.

Session Briefing Note**S&P Global Ratings**

Finance

Background:

- The Yukon Development Corporation's senior debt also received an AA rating, consistent with the rating it received from S&P Global Ratings in 2022.
- S&P Global Ratings provide a forward-looking opinion on Yukon's creditworthiness.
- Table 1 shows the current credit ratings for the three territories.

Table 1. Territorial Credit Ratings			
	Yukon	Northwest Territories	Nunavut
Credit Agency	S&P Global	Moody's	DBRS Morningstar
Rating	AA	Aa2	AA

Approved by:**Signature on File**_____
Deputy Minister, Finance_____
August 30, 2023_____
Date approved

CORPORATE NOTES

Session Briefing Note (Corporate)**Fall 2023****2023-24 Supplementary Estimates #1**

Finance

Key Information

Recommended response:

- The 2023-24 Supplementary Estimates No. 1 forecasts an overall gross increase of \$132.7 million in O&M spending, with an offsetting increase of \$26.8 million in recoveries. The net increase in new O&M spending is forecast at \$105.9 million.
- Revenues are expected to increase by \$18.7 million, mainly to reflect an increase of \$2 million to the Canada Health Transfer and \$15 million for federal funding for Affordable Housing in the North.
- A large portion of the increase in O&M is for the new collective agreement between the Government of Yukon and Yukon Employee's Union. This new collective agreement was ratified in June and accounts for a \$36.9 million increase in O&M.
- The Supplementary Estimates also respond to several new or unanticipated challenges requiring funding. Some of these items include:
 - \$25.0 million for environmental care and maintenance work at the Minto Mine following the cessation of operations at the site in May, which will ensure that our environment remains protected;
 - \$19.6 million for wildland firefighting costs in response to the significant fire season experienced in the territory and which helped ensure the safety of Yukoners;
 - \$14.9 million in response to operational funding pressures at the Yukon Hospital Corporation to ensure that Yukoners have access to the health care services and supports they need;

Session Briefing Note (Corporate)**2023-24 Supplementary Estimates #1****Key Information**

- \$9.8 million in response to cost pressures for Insured Health to support the wellbeing of Yukoners; and
- \$1.9 million to support the Substance Use Health Emergency Strategy, and \$1.4 million for initiatives to support reconciliation with Yukon First Nations governments.
- The Supplementary Estimates also include a \$21.4 million capital allocation to support the development of a marine services platform in Skagway, which will create positive opportunities for Yukon's mining industry and its broader economy. We have identified offsetting adjustments based on timelines, loan program uptake, and the progress of various capital projects to accommodate this new project without any gross changes to capital spending.
- The Yukon government has maintained its surplus by making use of its contingency fund, included as part of Budget 2023-24. This \$50 million contingency fund helped shelter the government's fiscal position and allowed us to respond to emerging challenges throughout the year. The use of the contingency fund has allowed the government to present a revised surplus of \$3.6 million as part of these Supplementary Estimates.

Additional response:

- Changes in the Supplementary Estimates result in a revised year-end net debt of \$423.8 million.

Session Briefing Note (Corporate)
2023-24 Supplementary Estimates #1
Key Information

TAB#25
Fall 2023
Finance

- The use of the contingency fund will cover the following emergency cost pressures:
 - \$25 million for unplanned maintenance costs at the Minto mine;
 - \$19.6 million for increased wildland firefighting activity.
 - \$2.3 million for other emergency response measures, like the Village of Mayo evacuation in response to the Talbot Creek fire;
 - and \$1.9 million for Substance Use Emergency response.

Context—this may be an issue because:

- The 2023-24 Second Appropriation Act is tabled in the fall session and will be the subject of debate.

Background:

- Supplementary Estimates are used annually by a government to account for spending that is unforeseen at the time of tabling the annual Budget. It is common to have one or two spending updates throughout the fiscal year.
- They are tabled during the fall and spring sessions, debated and voted on in the legislature and provide departments with increased spending authority for O&M and Capital for the current fiscal year.

Approved by:

Signature on File

September 29, 2023

Deputy Minister, Finance

[Date approved]

Session Briefing Note

Inflation and Affordability (Corporate Note)

Recommended:

- All Yukon households continue to see their budgets stretched by higher prices, with lower-income households often feeling the worst effects.
- At the same time, our government continues to track inflation and its impact on Yukoners, so that we can take steps to ease the burden, as we have been doing for the last year.
- The Government of Yukon continues to work hard to make life more affordable for Yukoners and has announced an extension of the temporary \$150 Inflation Relief Rebate to reduce the impacts that inflation continues to have on Yukoners.
- All non-government residential and commercial electricity customers will see a \$50 credit on their bills starting in November 2023 and running through December 2023 and January 2024.
- Several other measures included in the 2023-24 Budget are helping to make life more affordable for Yukoners.
 - o funding for food in Yukon schools;
 - o the timber harvesting incentive and a support program for commercial fuelwood harvesters and retailers to boost the fuelwood supply;
 - o a quarterly top-up of \$150 to eligible recipients of the Yukon Senior Income Supplement;

Session Briefing Note

Inflation and Affordability

(Corporate Note)

- o a \$100 monthly increase to eligible Social Assistance recipients;
 - o increasing the Yukon Child Benefit to \$867 per child and tying the benefit amount in future years to the rate of inflation; and
 - o a 10 per cent increase to monthly payments to caregivers with children in out of home care.
- The Government of Yukon has also made significant and ongoing financial investments in Early Learning and Child Care. The new Universal Child Care Program has reduced fees to less than \$10 per day on average.

Additional response:

- This government first established a strong record of making life more affordable for Yukoners with almost \$10 million-worth of inflation relief made available in last year's budget.
- This included more funding for Food Network Yukon, a 10 per cent top up to the Pioneer Utility Grant and rebates on the purchase of firewood.
- Yukoners are also receiving inflation relief from the federal government. This includes the accelerated Canada Workers' Benefit, the elimination of interest on student loans, a doubling of the GST tax credit, dental care and the Canada Housing Benefit for renters.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

Context—this may be an issue because:

- Inflation has fallen from many decade highs but remains elevated in Canada and in the Yukon.
- Energy prices remain elevated, and higher costs for food and shelter have become prominent drivers of overall inflation in recent months. These are all areas where higher prices are more obvious to consumers.
- Housing affordability has been a concern in the Yukon for several years.
- While remaining above historic norms, inflation of 3.8 per cent in September matched the national figure and was the lowest year-over-year increase in the Whitehorse Consumer Price Index (CPI) since January 2022 (3.7 per cent).

Background:

Key government initiatives addressing inflation in the Yukon

- Our energy programs are successfully encouraging Yukon residents and local businesses to reduce their energy use, save money and choose low carbon options to live and move.
- A significant portion of the Government of Yukon's Five-Year Capital Plan is allocated to housing and land development in order to continue to help address the supply side of the housing equation.
- Yukon Housing Corporation is investing across all parts of the housing continuum, including increase to supportive housing, subsidized Community Housing, and rental subsidy programs.
- This builds on previous programs to improve affordability for Yukoners under previous budgets.
- Last year, the Government of Yukon announced almost \$10 million in new inflation relief measures targeted at vulnerable groups.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

- The inflation relief rebate covered seven months at a total cost to Government of \$7.6 million. The inflation relief rebate automatically applied a \$50 credit to all residential and commercial ATCO Electric Yukon and Yukon Energy electricity bills.
- Yukoners on social assistance received a one-time payment of \$150.
- Seniors were supported by a 10 per cent top up in the Pioneer Utility grant and a one-time payment of \$150 to recipients of the Yukon Seniors Income Supplement.
- Yukoners who heat their homes with wood are eligible for a \$50 rebate per cord of fuel wood purchased from April 1, 2022 to March 31, 2023. Yukon also introduced the Timber Harvesting Incentive that gives commercial timber harvesters \$10 per cubic metre.
- The pilot program that gave an extra \$500 per month to Extended Family Caregiver agreement caregivers and foster caregivers was extended by 6 months to March 31, 2023.
- In June 2022, the Yukon government extended the Tourism Accommodation Sector Supplement and Tourism Non-Accommodation Sector Supplement programs, administered through Economic Development.

Yukoners are also supported by Federal Government affordability programs:

- Accelerated Canada Workers Benefit payments and new minimum entitlement started in July 2023 (\$4 billion over six years, starting in 2022-23).
- All Canada Student Loans and Canada Apprentice Loans became permanently interest-free starting in April 2023 (\$2.7 billion over five years and \$556.3 million ongoing).
- GST Tax Credit: The GST tax credit has doubled for six months in the current benefit year. Additional payment will be provided in one lump sum, before the end of the benefit year. Targeted to individuals and families with low incomes

Session Briefing Note

Inflation and Affordability (Corporate Note)

(below \$39,826, and gradually phased out above that level). Single Canadians without children will receive up to an extra \$234, and couples with two children will receive up to an extra \$467 this year. Seniors will receive an extra \$225 on average.

Government initiatives which are indexed to inflation:

- Higher inflation impacts various government of Yukon programs through indexation, (indexation is updated each April unless otherwise noted), including:
 - o Tobacco Tax is updated each January
 - o Comprehensive Municipal Grant Regulation (with a one-year lag).
 - o The minimum wage.
 - o Subsidies for medical travel.
 - o Pioneer Utility grant.
 - o Residential rent caps.
 - o Seniors benefits (updated each October)
 - o Social Assistance Payments (updated each November)
 - o Student Financial Assistance (updated each school year)

Inflation outlook

- Following record annual inflation for Whitehorse of 6.8 per cent in 2022, the same increase seen nationally, monthly inflation has remained elevated in 2023. [September's inflation of 3.8 per cent was the lowest since January 2022 and matched the national increase. Prior to September, Whitehorse inflation had exceeded the Canadian figure for fourteen consecutive months.](#)

Session Briefing Note

Inflation and Affordability (Corporate Note)

- Early in the recovery from the COVID-19 pandemic, some price pressures were slower to materialize in the Yukon than in other parts of the country, as inflation for Whitehorse was amongst the lowest in Canada in the first half of 2022.
- Robust price growth in the CPI components of food, shelter and recreation, education and reading material have been key drivers of overall inflation in 2023. Stronger growth in these three components in the Whitehorse CPI, account for much of the difference between the overall levels of inflation for Whitehorse and Canada in recent months.
- The Bank of Canada continues to be aggressive in trying to get inflation under control. With a 0.25 percentage point increase in July, the Bank has raised the target for its overnight rate 4.75 percentage points since January 2022. At 5.0 per cent, the overnight rate is at its highest level since early 2001.
- Most forecasters still expect inflation in Canada will move towards historic norms over the next couple of years as the effect of higher interest rates move through the economy. Canadian inflation is expected to decline from near 7 per cent in 2022, to 3.5-4.0 per cent in 2023. Inflation in 2024 is expected to return to within the Bank of Canada's target range of 1-3 per cent.
- While inflation in Whitehorse has been stronger in recent months, it generally follows the national trend. Current expectations are for inflation to come in at 5.5 per cent in 2023, before falling to 2.5 per cent in 2024.

Carbon Taxes and Grocery Prices

- The effect of the carbon tax on CPI has contributed to inflation, but only modestly and mostly through the direct effect on fuel prices.
- According to the Bank of Canada, the direct effect of carbon tax is adding 0.15 percentage points to inflation this year.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

- An economist at the University of Calgary¹, estimates that accounting for indirect effects brings this impact to 0.2 percentage points.
- For food in particular, the entire \$65 per tonne carbon tax increases monthly spending on groceries by at most \$20 per month, and likely closer to \$5 per month after accounting for emissions allowances provided by the federal Output Based Allocation system.²
- Overall, food price increases appear to be predominantly driven by other factors as prices have increased across North America independent of the implementation of a carbon tax.
- In the US, with no carbon tax system in place, food prices have increased by 26 per cent since the carbon tax came into effect in Canada in January 2018. In Canada the increase has been a similar 28 per cent.
- Whitehorse recorded an 18 per cent increase in food prices since January 2018 while Urban Alaska reported a 28 per cent increase.

INFLATION RELIEF ACROSS GOVERNMENT

Programs currently in place:

Tourism and Culture:

Community Tourism Destination Development Fund

- In October 2022, the Department of Tourism and Culture announced the creation of the Community Tourism Destination Development Fund, which is slated to run for an initial 3-year term.
- The new annual funding program is available to local businesses, First Nations governments, First Nation Development entities, municipalities and not-for-profit

¹ Trevor Tombe

² Energy and Environmental Policy Trends: Indirect Carbon Tax Costs Reduced By Policy Design, Kent Fellows and Trevor Tombe, University of Calgary

Session Briefing Note

Inflation and Affordability

(Corporate Note)

organizations for projects that will improve tourism-related services and infrastructure.

- Projects can focus on infrastructure like accommodations, attractions, activities and amenities, and special consideration will be given to umbrella projects, where multiple organizations are working together.

Creative and Cultural Industries

- In November 2021, the Department of Tourism and Culture released Creative Potential; Advancing the Yukon's Creative and Cultural Industries, a 10-year strategy to support the growth and development of the creative and cultural industries in the Yukon.
- The CCIS identified 4 strategic objectives and 22 key actions, which reflect input gathered through extensive public and sector engagement.
- We also identified 10 actions in support of pandemic recovery to be completed over 3 years as Phase 1 implementation, which includes:
 - Modernizing existing funding;
 - Offering new funding streams;
 - Industry branding and promotion;
 - Marketing and export strategies;
 - Workshops; and
 - Labour market supports.
- In 2023-24, 3 new funding programs will provide \$450,000 annually to the creative and cultural sectors, including:
 - Express Micro-grant;
 - Indigenous Artists and Cultural Carriers Micro-grant; and
 - Creative and Cultural Career Advancement Fund.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

Additional Funding Programs

- Tourism and Culture also provides annual supports to the tourism and culture sectors through Transfer Payment Agreements (TPAs) with many NGOs across the Yukon and through a number of regular funding programs, including:
 - Advanced Artist Award;
 - Arts Fund;
 - Arts Operating Funds;
 - Cultural Industries Training Funds;
 - Culture Quest;
 - New Canadian Events Fund;
 - Touring Artist Fund;
 - Historic Properties Assistance Program;
 - Historic Resources Fund;
 - Museums Contribution Program;
 - Special Projects Capital Assistance Program (SPCAP); and
 - Tourism Cooperative Marketing Fund;

Yukon Development Corporation:

Inflation Relief Rebate

- The Inflation Relief Rebate (IRR) provides \$50 per month to all non-government residential and commercial electricity customers to help ease the impacts of rising inflation.
- The IRR was subsequently extended for March, April, and May 2023. The budget in 2023-24 is comprised of:

Session Briefing Note

Inflation and Affordability

(Corporate Note)

- \$2,056,000 for program costs in April and May 2023 (costs for March 2023 are included in the 2022-23 Supplementary Estimates #2).
- \$3,246,000 for a further 3 additional months. We will continue to monitor inflation and costs of living, and we anticipate this will show on electricity bills next winter when electricity bills are typically higher.

Economic Development:

Paid sick leave program

- On April 1, 2023, Economic Development launched the Paid Sick Leave Rebate. The program will run for two 12-month blocks:
 - April 1, 2023 to March 31, 2024; and
 - April 1, 2024 to March 31, 2025
- The Paid Sick Leave Rebate is a temporary program that offers up to 40 hours of paid sick leave to employees and self-employed Yukoners that earn less than the average private-sector wage of \$33.94/hour. The program is available to employees regardless of whether their employer offers paid sick leave.

Energy, Mines and Resources:

Energy retrofits and funding to improve efficiency and offset costs

- Our energy programs are successfully encouraging Yukon residents and local businesses to reduce their energy use, save money and choose low carbon options to live and move.
- Energy efficiency programs are available for the transportation sector, renewable heating sector, and the construction sector focusing on high efficiency buildings.
- For existing homes, the Energy Branch offers the Good Energy rebate program for high performance heating systems and upgrades to thermal enclosures including insulation and windows, and high performance new homes. Taking these measures will save homeowners money on their energy costs.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

- For commercial and institutional buildings, the Energy Branch offers rebates for greenhouse gas-reducing retrofits and renewable heating.
- Between January 1, 2018, and June 30, 2023, 176 high-performance retrofits to residential, commercial and institutional buildings have been completed across the territory.
- Innovative programs like the Better Buildings Program, combined with our Good Energy rebates, make energy retrofits more accessible and affordable for Yukoners.
- For First Nation and municipal buildings, the Energy Branch offers retrofit and funding support through its Community Institutional Energy Efficiency Program.
- To help increase the supply of firewood, we distributed \$315,000 to 33 Yukon businesses under the Timber Harvest Incentive program in 2022-23. We are offering this program for another year as it increased timber harvest volumes and prompted new harvesting businesses to emerge. No new applications have been received yet for this year, but we did not anticipate to see them until the fall when the businesses start operating again.
- The Government of Yukon and the Canadian Northern Economic Development Agency combined financial contributions to launch a new \$200,000 support program offering funding for commercial harvesters and retailers.
- The program will help forest sector businesses with the cost of purchases and repairs from local suppliers for harvest equipment, vehicles and trailers, personal protective equipment, and other equipment. For larger harvesting businesses, the funds can also be used for things like planning and administrative costs.
- Applicants have until March 31, 2024, to apply or until available funds are exhausted.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

Yukon Housing Corporation:

Projects under the Five-Year Capital Plan which support housing affordability and those in need include:

- The 47-unit housing complex at 401 Jeckell Street in Whitehorse opened in January 2023. The building provides new homes to Yukoners, including 5 three-bedroom, 12 two-bedroom, 16 one-bedroom and 14 bachelor units.
- A Yukon Housing Corporation Housing Initiatives Fund recipient, Right On Property Group, has completed Boreal Commons, a new 87-unit rental development in Whitehorse's Whistle Bend neighbourhood. This large-scale housing project will help address the need for more rental housing in the Yukon, including for more affordable and accessible units.
- Normandy Living, the Yukon's first private seniors' supportive living community, has officially opened its doors in Whitehorse with 84 modern suites, including housing units for First Nations Elders and affordable units for low-income seniors.
- Triplex housing units in Watson Lake, Mayo and Whitehorse were completed in spring 2022 and are providing affordable homes to families in each of these communities.
- A 10-Plex Mixed-Use Housing complex in Old Crow is under construction.
- Construction of a 10-Plex Housing First Project in Watson Lake started in the summer 2023 and is expected to be completed by fall 2024;
- Two accessible duplexes in Mayo and Carmacks were completed this summer and are now available for YHC clients.

Other highlights from the plan

- More homes will be created for Yukon families in rural communities through the construction of three duplexes in Dawson City and Faro. These homes are on track for completion in summer 2024.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

Health and Social Services:

- A 37.5 per cent top-up to eligible Yukon Senior Income Supplement recipients' monthly payment;
- a \$100 monthly increase to eligible Social Assistance recipients; and
- a 10 per cent increase to monthly payments to caregivers of children in out of home care.

Covid-19 and other temporary inflation relief measures no longer in place:

Tourism and Culture:

COVID-19 Business Relief Programs

- In response to the COVID-19 pandemic, the Government of Yukon acted quickly and decisively by implementing one of the most robust business relief programs in the country. This began with the Yukon Business Relief Program (YBRP) in 2020, which was open to any business from any sector that experienced at least a 30 per cent revenue loss due to the pandemic.
- In that same year, Tourism and Culture (T&C) also launched the Tourism Relief and Recovery Plan (TRRP), which was reviewed and endorsed by the Yukon Tourism Advisory Board (YTAB) and industry.
- The Tourism Relief and Recovery Plan committed \$15 million over 3 years to support the tourism sector and was focused on 4 key themes:
 - Providing tourism sector leadership;
 - Rebuilding confidence and capabilities for tourism;
 - Supporting the recovery of tourism industry operators; and
 - Refining the brand and inspiring travelers to visit.
- Through the TRRP, various financial support programs were rolled out during the course of the pandemic to sustain the tourism industry and prepare it for the eventual reopening of borders, including:

Session Briefing Note
Inflation and Affordability
(Corporate Note)

- Tourism Accommodation Sector Supplement (TASS);
- Tourism Non-Accommodation Sector Supplement (TNASS);
- Culture and Tourism Non-profit Sector Supplement;
- Great Yukon Summer (GYS) program;
- Great Yukon Summer Freeze program;
- ELEVATE program; and
- A top-up to the Tourism Cooperative Marketing Fund (TCMF).

Health and Social Services:

- a one-time \$150 payment to social assistance recipients;
- a one-time payment of \$150 to Yukon Seniors Income Supplement recipients;
- a one-time 10 per cent additional payment to Pioneer Utility Grant recipients;
- a 6-month extension of \$500 per month to caregivers of children in out of home care; and
- a commitment of \$100,000 to Yukon Anti-Poverty Coalition to continue to support food security across the territory.

Approved by:

Signature on File

October 26, 2023

Deputy Minister, Finance

Approved

**Truth and Reconciliation Commission
– Update on Calls to Action**Executive Council
Office

Recommended response:

- Reconciliation is an ongoing process and a shared responsibility of all governments and individuals in our society.
- Our government is deeply committed to advancing reconciliation through collaboration and partnership with Indigenous governments.
- While there is still more work to do, our efforts are resulting in meaningful change and creating better programs and services for all Yukoners.
- In honour of the National Day for Truth and Reconciliation this year, we shared our progress toward addressing the Truth and Reconciliation Commission's Calls to Action through the release of the Pathways magazine and an accompanying report.
- The magazine and report provide an update on our actions being taken across the Yukon government and in close collaboration with First Nations governments and organizations in areas including child welfare, health, education and justice.

Additional response:

- The Government of Yukon and Yukon First Nations governments are leaders in demonstrating a collaborative approach to reconciliation.
- We will continue our collaborative work to implement and report on the Calls to Action, including through work on Yukon Forum joint priorities and by implementing the *Putting People First* recommendations.

Context—this may be an issue because:

- The 2023 mandate letters include a commitment to fulfill the Truth and Reconciliation Commission's (TRC) Calls to Action.
- CASA 2023 contains a commitment to work with First Nations to continue to implement the TRC recommendations through targeted investment.

**Truth and Reconciliation Commission
– Update on Calls to Action**Executive Council
Office

- It is expected that the media and opposition will be interested in the fall 2023 public update, which will be the first comprehensive public update since 2016.

Background:

- The TRC report, *Honouring the Truth, Reconciling for the Future*, was released in June 2015. It contains 94 Calls to Action focused on redressing the harms resulting from Residential Schools and creating better relations between the federal, provincial and territorial governments and Indigenous Peoples. Thirty-two of the Calls to Action relate directly to YG.
- YG and Yukon First Nations (YFNs) have collaborated on addressing the Calls to Action under the 2017 Yukon Forum Joint Priority Action Plan and through other reconciliation initiatives, such as supporting the important work of the YFN-led Yukon Residential Schools and Missing Children Project.
- YG has taken additional steps to address the Calls to Action, including:
 - establishing the position of Assistant Deputy Minister of First Nations Initiatives at the Department of Education, signing an agreement to establish a YFN School Board, and entering into education agreements with all YFNs (speaks to Calls 7 and 10 directed to the federal government);
 - supporting Indigenous athletes and the North American Indigenous Games (Call 88);
 - implementing the YFN Procurement Policy (relates to Call 92) and the Representative Public Service Plan: *Breaking Trail Together* (relates to Call 7);
 - working with YFNs and Yukon Indigenous women's groups to implement the Yukon's *Missing and Murdered Indigenous Women, Girls and 2-Spirit+ People Strategy* (MMIWG2S+ Strategy) (relates to Call 41);
 - participating at the Trilateral Table on the Wellbeing of YFN Children and Families to address gaps for culturally appropriate parenting programs (Call 5); and

**Truth and Reconciliation Commission
– Update on Calls to Action**

Executive Council
Office

- receiving input from YFNs on Health and Social Services programming through the Mental Health Advisory Committee (relates to Call 19).

Approved by:

____Signature on File____

Deputy Minister, Executive Council Office

October 10, 2023

Date

Session Briefing Note

Our Clean Future Implementation

Energy, Mines and Resources
and Environment

Recommended response:

- We continue to make significant progress on implementing Our Clean Future and this September we released the third Our Clean Future annual report outlining the progress we've made in taking action on climate change in 2022.
- In this report we announced the addition of 42 new actions that strengthen our climate action. These actions are a product of the important work of the Yukon Climate Leadership Council, the Yukon Youth Panel on Climate Change, as well as the findings of our Climate Risk Assessment and modelling from Navius Research.
- We have revised 19 existing actions to better align with the input we have received and to embolden our efforts to reduce our greenhouse gas emissions and build our climate resilience.
- We have a responsibility to be transparent and accountable to the public and we will continue to track and report our progress through Our Clean Future annual reports.

Additional response:

- It is important to look back on our progress to date and remain diligent in implementing our actions when it comes to addressing climate change and adaptations.
- We have legislated greenhouse gas emissions reduction targets and associated reporting through the *Clean Energy Act*, and have incorporated the advice and perspectives of the Yukon Climate Leadership Council into our climate strategy. (Ref EMR #39 / ENV #25)

Session Briefing Note

Our Clean Future Implementation

Energy, Mines and Resources and Environment

- We launched the five-year Sustainable Canadian Agricultural Partnership this year which will enhance the agriculture sector resiliency and adaptation to climate change.
- In collaboration with Yukon's public utilities, we reached our target to install seven megawatts of renewable electricity capacity through the Micro-Generation program by 2030.
- We launched the Better Buildings program to offer affordable financing for energy retrofits on Yukoners' homes and buildings.
- We established a geohazard mapping program to understand risks from climate change to the Yukon's transportation corridors.
- We advanced emergency preparedness by progressing on Community Wildfire Protection Plans for Dawson City, Mayo, Watson Lake, Beaver Creek, the Town of Faro and the Kluane Lake Region.
- We have begun work on developing flood maps for all flood-prone Yukon communities. Flood maps for the Southern Lakes, Carmacks, and Teslin will be published this fall and in early 2024. The next communities for flood hazard mapping will be Old Crow, Ross River and Dawson/Klondike, with work occurring in 2024/25.
- We expanded the single-use bag ban to include paper bags on January 1, 2023, and completed the installation of a biomass heating system at Elijah Smith Elementary School in May 2023.

Session Briefing Note

Our Clean Future Implementation

Energy, Mines and Resources
and Environment

Third response:

- Since the release of Our Clean Future in 2020, 43 actions have been completed, 87 are in progress and six are yet to begin.
- Although we have made progress on many of our commitments, there is still significant work required to meet our 45 percent greenhouse gas emissions target reduction by 2030.
- We are currently working with industry to establish a mining emissions intensity target for quartz and placer mining operations.
- We will continue to build on Our Clean Future as we learn more and implement new actions. This will be reflected in future annual reports.
- We will continue to work with experts, stakeholders and partner governments across the territory and beyond, to identify opportunities to accelerate and intensify our efforts to reach our ambitious targets.
- With the end of the second Yukon Youth Panel on Climate Change in 2022, we are exploring how to continue mentorship opportunities on climate change for youth. We are also implementing three of the first cohort's recommendations and exploring ways to incorporate others into our work.

Context — this may be an issue because:

- Climate change is of high interest to Yukoners; they will want to know the government's progress in delivering on Our Clean Future commitments.
-

EMR #36 ENV #21

Session Briefing Note Our Clean Future Implementation

Fall 2023

Energy, Mines and Resources
and Environment

Background:

- Our Clean Future: A Yukon strategy for climate change, energy and a green economy, was released on September 14, 2020.
- Our Clean Future contains 136 original actions and 42 new actions to reduce greenhouse gas emissions and support the Yukon to be highly resilient to the impacts of climate change by 2030.
- Our Clean Future phase II funding was announced on [date]. It contains ... [information to be added in later September].
- The Our Clean Future 2020 Annual Report was publicly released on August 12, 2021. The Our Clean Future 2021 Annual Report was publicly released on September 12, 2022.

Approved by:

Signature on File

September 8, 2023

Deputy Minister
Department of Energy, Mines and Resources

Date approved


Signature on File
Briar Young, A/Deputy Minister
Department of Environment

September 8, 2023

Date approved

Housing Issues

Yukon Housing Corporation

Recommended response:

- There are challenges the Yukon's housing continuum, including:
 - a lack of affordable rental supply;
 - high house prices and mortgage rates; and
 - homelessness and a lack of access to housing with services.
- Exceptionally high building costs and rising interest rates are creating significant challenges for new housing projects, for both Yukon Housing Corporation and its partners.
- We continue working hard to move projects forward - through collaboration and strong partnerships - to provide relevant solutions to Yukoners' housing needs.

Additional response:

- Our government is seeking to increase housing options across the continuum and to make housing more affordable for Yukoners. (See [Tab #0](#))
- We continue to work to increase housing and land supply and to provide rental subsidies and support programs for homeowners to offer more affordable options for Yukoners.
- Following the 2022 Office of the Auditor General's (OAG) report, the Corporation and Department of Health and Social Services continue to progress implementing the OAG's recommendations. ([Tab #09](#))

Context:

- On a square footage basis, contractors' bids for YHC projects have more than doubled in the last two years alone.
- The rental vacancy rate in the Yukon for all building types is currently 2.2 per cent (YBS Spring Rental Survey).
- The Banks 5-year average mortgage interest rate increased from 4.75 per cent in February 2022 to 6.24 per cent in May 2023 (Weekly Updates).

Housing Issues

Yukon Housing Corporation

Background:

- In 2022-23, the Yukon Housing Corporation lapsed 34 per cent of its revised capital budget.
 - This was largely due to cancellation and scaling back of projects being supported through the corporation's loans and grants programs.
- New housing projects led by YHC's partners – including the Safe at Home Society and the Vimy Heritage Housing Society – continue to face delays.
- The 5th and Rogers RFP received only a single application. It is currently under review.

Approved by:

Signature on File

Colin McDowell
A/ President, Yukon Housing Corporation

September 8, 2023

Date approved

OTHER DEPARTMENT NOTES

Session Briefing Note

Fall 2023

Securities

Energy, Mines and
Resources

Recommended response:

- The Government of Yukon requires financial security for all quartz mines, for most quartz exploration projects and certain placer projects.
- We review security for quartz mines at least every two years, and once per year for quartz exploration projects. We also complete a full review during quartz licence amendments or renewals of quartz licences.
- We calculate securities based on the anticipated cost for reclaiming and closing the site, should it be necessary. The Government of Yukon currently holds a total of \$161 million in financial security for quartz mines and mineral exploration projects.

Additional response:

- We are implementing the reclamation and closure plan for the abandoned Minto mine in consultation with Selkirk First Nation and using the security we currently hold.
- The Minto mine is the first time we have utilized a surety bond to respond to an abandoned mine. Surety bonds are an acceptable form of security under our current regulations.
- Forms and types of security are areas of focus in our work to develop new mining legislation in partnership with First Nations, and we will use the experiences gained at Minto to inform that work.

Session Briefing Note

Fall 2023

Securities

Energy, Mines and
Resources

Context — this may be an issue because:

- Questions have been raised about the Yukon's financial security process and outcomes for major quartz mines. This is of particular interest since Minto Metals Corporation abandoned the Minto Mine in spring 2023. (See BN #6)

Background**Government of Yukon Actions**

- We are exploring legislative options to best ensure adequate security and improve reclamation and closure planning as part of developing new minerals legislation. (See BN #8)
- Energy, Mines and Resources is focused on improving financial security determination processes. We are currently reviewing the financial guidelines for quartz mining licences.
- Energy, Mines and Resources' Mineral Resources Branch is participating in a second collaborative pilot project with the Yukon Water Board to work towards better aligning the work of the two regulatory agencies in regards to securities.

Mine Reclamation and Closure

- The Government of Yukon reviews and approves a mine operator's security, and reclamation and closure plan before issuing a quartz mining licence and on a regular basis thereafter.
- Every year, mine operators must produce a report on progressive reclamation, results of monitoring programs and the effectiveness of mitigation measures.

Minto Mine

- Security for the Minto mine was increased between the 2018 assessment and the 2020 assessment due to changing site conditions. These conditions would require additional planning and resources prior to the implementation of the closure plan, particularly for the management of mine impacted water on site and uncertainty regarding waste rock relocation.

Session Briefing Note

Fall 2023

Securities

Energy, Mines and
Resources

-
- Based on a review of Minto's updated Reclamation and Closure plan, security for the Minto mine increased in 2020 and the Government of Yukon implemented a cash payment plan for the increased value in 2022.
 - The Government of Yukon is applying the lessons learned from the Wolverine Mine to Minto, from ensuring the owner was progressively remediating environmental liabilities, to acting immediately on its announcement that the mine was abandoned to ensure the environment was protected.

Financial Security for Quartz Mines

- Energy, Mines and Resources recently completed a security determination for the Keno Hill mine. A review for the Eagle Gold mine site is underway.
- The Government of Yukon holds approximately \$161 million in securities for quartz mining projects. This includes \$1.7 million held for Brewery Creek, \$80,000 for Carmacks Copper, \$68.7 million for Eagle Gold Mine, \$10.2 million for Keno Hill Silver District, \$75.2 million for Minto Mine and \$4.9 million held for Sä Dena Hes.
- Financial security for quartz mines is determined by both the Government of Yukon and Yukon Water Board. The Yukon Water Board determines required security under its own legislation.
- The Government of Yukon collects whichever security determination amount is higher between the Yukon Water Board and the Government of Yukon. The Government of Yukon is responsible for holding the financial security.

Financial Security for Quartz Exploration and Placer

- The Government of Yukon currently holds \$3.8 million in financial securities for quartz exploration and placer projects.
- The Yukon Water Board can require financial security for Class 4 placer mines.

Session Briefing Note

Fall 2023

Securities

Energy, Mines and
Resources

Approved by:

Signature on File

August 30, 2023

A/Deputy Minister

Date approved

Department of Energy, Mines and Resources

Session Briefing Note**PSAC/Yukon Employees'
Union Collective Bargaining**Public Service
Commission

Recommended response:

- The Yukon government values the work of the Yukon public service and is pleased that a new collective agreement was negotiated with the PSAC/Yukon Employees' Union.
 - The agreement is fair and balanced overall, as it recognizes the value of our employees and the services they provide to all Yukoners, while upholding our fiscal responsibility as a government when it comes to managing public funds.
 - The agreement also assists employees of the Yukon public service in managing the cost of living while also advancing our recruitment and retention efforts, especially with in-demand health care workers and other key difficult-to-fill positions.
 - The agreement contains several updates and new provisions to benefit employees – including wage increases of 10.5 per cent over three years for YEU members, in line with the recently negotiated agreement for federal public servants.
 - The new wages are in effect for the July 12, 2023, pay, with retroactive payment scheduled for the October 4, 2023, pay.
 - The Yukon government is working hard to implement the new agreement. The new agreement is in effect until December 31, 2024.
 - We will continue to work with the PSAC/Yukon Employee's Union to ensure the delivery of quality public services in the Yukon.
-

Context—this may be an issue because:

- Yukon government and the Public Service Alliance of Canada (PSAC)/Yukon Employees' Union (YEU) reached a new collective agreement on June 6, 2023, and there could be interest from opposition parties and the media.
-

Session Briefing Note**PSAC/Yukon Employees'
Union Collective Bargaining**Public Service
Commission**Background:**

- Highlights of the new agreement include:
 - Increase in Acting pay from 5 per cent to 10 per cent.
 - Increase in Auxiliary Benefit Allowance from \$2.00 to \$4.00 per hour.
 - Increase in Shift Premium from \$2.25 to \$3.00 per hour.
 - Increase in Retention Allowance for Social Workers.
 - New Retention Allowance for Correction Officers I & II \$3,000.
 - New Retention Allowance for positions in Student Support Services \$1,000.
 - New Nurse Pay Grids.
 - New Midwives Pay Grid.
 - New Retention Allowance for Primary Care Paramedics (PCP) \$3,000 and Critical Care Paramedics (CCP) \$6,000.
 - New Retention Allowance for a Primary Health Care Nurse (PHCN) \$8,000 and Primary Health Care Nurse In Charge (PHCNIC) \$18,000.
 - Cultural leave for Indigenous employees to observe or participate in traditional Indigenous activities.
- The *Public Service Labour Relations Act* is the authority for the collective bargaining and grievance adjudication processes for the Yukon public service.
- The Public Service Commission (PSC) leads the negotiations on the employer's behalf.
- Notice to bargain was received from PSAC/YEU on September 7, 2021.
- Bargaining began in November 2021 and continued until a new agreement was reached on June 6, 2023.

Approved by:**Signature on File**

Public Service Commissioner

Aug. 25, 2023

Date Approved

Yukon Association of Educational Professionals Collective Bargaining

Public Service
Commission

Recommended response:

- The Yukon government values the work and important contributions that educational professionals do in advancing the intellectual, social, and personal development of Yukon students.
 - The current collective agreement expires on June 30, 2024. As such, the Yukon government will work with the Yukon Association of Educational Professionals to reach an agreement that is fair, balanced, fiscally responsible and supports recruitment and retention efforts.
-

Context—this may be an issue because:

- There could be interest as the current collective agreement expires on June 30, 2024.
-

Background:

- The *Education Labour Relations Act* requires that either the Yukon government or Yukon Association of Educational Professionals (YAEP) provide up to three months' notice preceding the expiration to commence collective bargaining renewal or as otherwise provided for in the collective agreement, or by agreement of the parties. Letter of Understanding "G" in the current collective agreement allows notice to be given four months prior to expiry.
 - The *Education Labour Relations Act* is the authority for the collective bargaining and grievance adjudication processes for the Yukon education professions.
 - The Public Service Commission (PSC) leads the negotiations on the employer's behalf.
 - The previous collective agreement expired on June 30, 2021.
 - Notice to bargain was received from YAEP on March 8, 2021.
-

Session Briefing Note

TAB #2

Fall 2023

Yukon Association of Educational Professionals Collective Bargaining

Public Service
Commission

- Bargaining began in May 2021, paused during the YAEF summer break, and resumed from September to November 2021.
- The Yukon government and YAEF reached a tentative negotiated agreement on December 2, 2021.
- The current collective agreement is effective from July 1, 2021, to June 30, 2024.
- Highlights from the previous round of bargaining include:
 - Yearly salary increases totaling 5.35% over three years, consisting of:
general wage increases for all staff of 1.75% during the first year and 1.80% during the following two years of the agreement.
 - A 7.5% increase in pay for teachers-on-call effective upon ratification, in addition to the general wage increases.
 - A change of title from 'Aboriginal Language Teacher' to 'Yukon First Nations Language Teacher.'
 - Additional levels of pay based on qualifications for Yukon First Nations Language Teachers and educational assistants.
 - An increase to days in lieu for principals, vice-principals, and team leaders from two to four days per school year for school management responsibilities, which recognize the leadership and management duties they perform outside of the regular school calendar.
 - Embedding of summer programming remuneration into the agreement for school staff who provide school programming in the summer.

Approved by:

Signature on File

Public Service Commissioner

Aug 23, 2023

Date Approved

BNs

AFTER

SESSION

START DATE

Session Briefing Note

Canada's Pause on the Carbon Levy on Heating Oil

Recommended response:

- The Department of Finance is currently reviewing the implications of Canada's October 26 announcement that there will be a temporary three-year pause in applying the federal carbon levy on heating oil across Canada.
- Canada also announced that the rural top-up for the Climate, Action Incentive payments – federal rebate in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador will permanently increase from 10% to 20% effective April 1, 2024.
- We are reviewing how this will impact the Yukon and will make appropriate adjustments, if needed.

Additional response:

- We remain committed to ensuring that all revenues from levies paid in the territory and returned to Yukon are returned to Yukoners.
- The Yukon's carbon rebate is revenue neutral. We are returning 100% of the federal carbon levy received from Canada to five rebate groups.
- We remain committed to ensuring that the five rebate groups continue to receive more, on average, than they pay in carbon pricing levies. We are distributing 45% to individuals, 36% to general businesses, 12% to mining businesses, 3.5% to First Nations governments and 3.5% to municipal governments.
- While we are committed to returning all revenues returned from the federal government, we are equally committed to reducing carbon emissions in the territory. Federal policies need to be predictable,

Session Briefing Note

Canada's Pause on the Carbon Levy on Heating Oil

stable and broadly applied in order to succeed in the transition to a net zero economy.

- Our Clean Future [data indicates](#) that 18% of Yukon's emissions are related to building heating. We have implemented numerous programs based on a set goal of increasing the share of homes heated by renewable energy from 26 per cent to 50 per cent by 2030. This ambitious goal will be challenged without a price on carbon.
- We are providing low-interest loans and grants to encourage the switch to renewable heating, while at the same time investing in renewable energy such as wind, solar and battery storage to meet the increased demand.

Context—this may be an issue because:

- On October 26, 2023, Canada announced that it will temporarily pause the federal price on pollution on heating [oil](#) and permanently increase the rural top-up rate on the Climate Action Incentive Payments from 10 to 20 per cent.

Background:

- On October 26, 2023, Canada announced that it will be delivering support for Canadians on energy bills by:
 - implementing a temporary three-year pause to the federal price on pollution (fuel charge) on heating [oil](#), effective 14 days from the date of the announcement, and
 - permanently increasing the rural top-up rate on the Climate Action Incentive Payments from 10 to 20 per cent beginning in April 2024.
- Currently, the federal fuel charge rate on heating oil is 17.38 cents per litre. This was expected to increase to 21.39 cents per litre beginning April 1, 2024, and to 29.41 cents per litre by April 1, 2026.

Session Briefing Note
Canada's Pause on the Carbon
Levy on Heating Oil

- The Department of Finance estimates that a three-year pause to the fuel charge on heating oil will result in a \$6 million reduction in federal carbon levies that will be collected and remitted to Yukon in the first year.
- This reduction in the collection of the carbon levy in the Yukon is expected to be higher in the second and the third year, roughly at \$8 million and \$9 million respectively, given the scheduled increases to the fuel charge rate on heating oil.
- The three-year pause on the federal carbon levy will result in a reduction in the levy collected and remitted to Yukon. This reduction will be incorporated into the 2024-25 carbon rebate amounts, which will be determined by the end of 2023.
- The Carbon Price Rebate General Regulation currently provides an additional 10% remote supplement for Yukoners who reside outside the City of Whitehorse in recognition of their unique circumstances. It is estimated that just over \$200,000 was paid in remote supplement to individuals in 2022-23.
- For the benefit period of July 2022 to June 2023, an estimated 5,000 Yukon families received the remote supplement totaling approximately \$65,000. It is projected that as of July 1, 2024, an estimated 13,000 Yukoners will qualify for the remote supplement.

Approved by:

Signature on File

October 31, 2023

—
Jessica Schultz,

Deputy Minister, Finance

Date approved

Session Briefing Note**FALL 2023****King's Printer and Central Stores**Highways and
Public Works

Recommended response:

- The Yukon government is improving service delivery and providing better value for taxpayer dollars by modernizing the way government does business.
- The Central Stores warehouse closed on January 31, 2020, and Queen's Printer Agency officially closed on March 31, 2020.
- By closing these units:
 - we eliminated the long-term warehousing of a wide variety of centrally distributed supplies.
 - For example, we no longer have supplies that could expire on the shelf or become outdated.
 - Also, supplies such as high visibility vests can become outdated when safety regulations change.
 - We contracted out printing that used to be done in the Queen's Printer Agency, including confidential printing like budget documents.
- The department is pleased to report that we have also modernized many processes through these changes. For example, many paper forms have been digitized – and now live with eServices.
- We no longer have staff doing actual printing but instead they are facilitating printing contracts with local printing companies.
- The Queen's Printer Agency had a previous budget that ranged between \$530 thousand and \$600 thousand each year.
- This budget is now zero as the agency does not exist.

Session Briefing Note**FALL 2023****King's Printer and Central Stores**Highways and
Public Works

- The Central Stores budget was embedded within a larger departmental budget.
- Central Stores had a previous budget that ranged between \$550 thousand and \$570 thousand per year.
- The Central Stores budget is now zero.

Additional response: The Kings Printer

- The King's Printer is referenced in Yukon's legislation, and the position is held by the director of Supply Services Branch. The position is the sole position and there is no King's Printer Agency.
 - The King's Printer position is responsible for ensuring official versions of legislation are accessible to those who request them.
-

Context—this may be an issue because:

- The Department of Finance is putting forward the Technical Amendments (Finance) Act (2023) that will formally close the revolving funds for the Queen's Printer Agency and Central Stores.
-

Background:

- Not a single employee lost their job because of this change. All staff affected at Queen's Printer and Central Stores were reassigned to other areas in Highways and Public Works or other departments filling vacant positions. Some staff also retired.
- 16 employees were affected by this change.
- The central purchasing unit in the Supply Services Branch remains a key department function and continues to serve the Yukon government by facilitating procurement, pricing and order management for supplies and printing as it always has done.

Session Briefing Note**FALL 2023****King's Printer and Central Stores**Highways and
Public Works

- Printing equipment is being publicly sold or disposed of from the old print room at Supply Services Branch. Some older machines will be posted on Govdeals.com this week.
- Confidential printing has been contracted to the private sector through public tender since 2022.
- The printed version of legislation, regulations and the Yukon Gazette continue to be the official version that the Kings Printer position is responsible for. These are published online as unofficial versions for easy access on laws.yukon.ca.
- Whenever possible, Highways and Public Works sources office, paper and cleaning supplies through Standing Offer arrangements with local vendors.

Approved by:

Signature on File

October 18, 2023

Deputy Minister, Highways and Public Works

Date Approved

Recommended response:

- The Government of Yukon is taking action to protect youth from the harms of vaping by joining the federal framework, which is designed in part to reduce vaping among youth.
- On November 14, we tabled a motion asking members of the Legislative Assembly to support the Yukon in joining the Government of Canada's coordinated vaping products taxation framework.
- The coordinated vaping products taxation framework will allow the Yukon to receive 50 per cent of taxation revenue collected by the federal government on vaping products.
- It is important that vaping products in the Yukon are taxed similarly to those in other provinces and territories to ensure fairness and comparability in taxation between other provinces and territories.
- Joining the framework will effectively increase the tax on vaping products, while taking action to help reduce vaping-related illness and ensuring that collected revenue comes back to the territory in order to benefit Yukoners.

Additional response:

- The Yukon will not implement its own tax on vaping products.
- The federal tax is expected to reduce widespread consumption among youth, prevent nicotine addiction and help reduce incidences of vaping-related illness.
- Under current timelines, and if Yukon legislation is passed in the Spring 2024 legislative sitting, the framework will be implemented in 2024.

- The federal vaping tax rate depends on the volume of vaping substances contained inside of individual vaping products sold, measured in millilitres (ml) or grams (gm). The tax rate is \$1 per 2 ml, or a fraction thereof, for the first 10 ml of vaping substance in a product, and \$1 per 10 ml for volumes beyond that. For example:
 - A package containing 20 pods each containing 1 ml of vaping juice is subject to \$20 of tax. The tax per pod is \$1, since 1 ml is a fraction of 2 ml (i.e., it is one-half of 2 ml).
 - A 20 ml container of vaping juice is subject to \$6 of tax. The tax on the first 10 ml is \$5 (i.e., \$1 per 2 ml times 10 ml) and \$1 for the remaining 10 ml.
- This rate structure is designed to target closed-systems, such as vaping pods and other single use devices. Research shows that these devices are predominately used by youth, whereas adults are more likely to use reusable open-systems.
- The tax rate would be doubled in provinces and territories participating in the coordinated regime. Canada would transfer 50% of the total revenues to those participating provinces and territories.

Context — this may be an issue because:

- On November 15, 2023, the Minister of Finance tabled a motion in the Yukon legislature supporting the Yukon's participation in the coordinated vaping products taxation framework.
- Also on November 15, 2023, the Minister of Finance and the Minister of Health and Social Services issued a joint statement that the Government of Yukon intends to join the federal taxation framework for vaping products.

Background:

- In Budget 2021, the federal government announced intention to introduce a new taxation framework for the imposition of excise duties on vaping products.
- In Budget 2022, the federal government announced details on its plans to tax vaping products. The budget bill received Royal Assent on June 23, 2022. Vaping taxation began on October 1, 2022. The bill included a coordinated taxation regime with provinces and territories. Current estimates are the framework will not be implemented prior to July 1, 2024.

Federal vaping tax

- The federal vaping tax began to apply on October 1, 2022, and applies to liquid and solid vaping substances. The tax applies on substances that contain nicotine as well as those that do not contain nicotine.
- The tax does not apply to vaping devices. The tax also does not apply to substances that are already subject to the cannabis excise duty regime, or to substances produced by individuals at home for their personal use.
- The federal vaping tax, including the additional amount in participating jurisdictions, will be levied under the federal *Excise Tax Act*. The *Federal-Provincial Fiscal Arrangements Act* has also been amended to allow the Government of Canada to enter into coordinated vaping tax agreements with provinces and territories, as represented by their respective ministers of finance.

Estimated impacts of vaping tax on consumption and revenue in Yukon

- Preliminary estimates from Canada indicate the Yukon's revenue, once fully implemented, could be in the range of \$200,000 to \$500,000 per year. The range varies significantly due to unknown price elasticities for vaping products.
- The federal tax targets youth vaping by imposing a higher tax on single-use closed-systems, such as JUUL pods. The average tax is relatively lower for refillable open-systems, which are more commonly used by adults and consumers that use vaping products for smoking cessation.

Briefing Note

TAB C

Coordinated Regime for Vaping Taxation

Finance

- The Yukon has already taken some action to discourage youth vaping. In particular, individuals must be 19 years old to sell or to use tobacco and vaping products in Yukon.

Approved by:

Signature on File

November 16, 2023

Deputy Minister, Finance

Date approved