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Yukon Liquor Corporation – Special Sitting Briefing Notes 2025

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Cannabis – Distribution and retail sales

Yukon Liquor Corp.

Recommended response:

- As the distributor corporation for cannabis, the Yukon Liquor Corporation works with private retailers to maintain a strong legal cannabis industry.
- We will explore privatizing cannabis distribution while continuing to work with local retailers in displacing the black market.
- We are in the early stages, and we look forward to working with our stakeholders on this initiative.

Context—this may be an issue because:

- Privatization of cannabis distribution is a platform commitment.

Background:

- The Yukon's *Cannabis Control and Regulation Act* specifies that cannabis can only be sold by or through a government corporation.
- While the Yukon Liquor Corporation operated a retail store and e-commerce platform at the start of legalization, all cannabis retail sales were transferred to the private market by closing the physical store in October 2019 and the e-commerce portal in October 2022.
- The Corporation provides sourcing and supply services, warehouse operations, wholesales and distribution services as well as regulatory oversight to the Yukon's six licensed retailers located in Whitehorse (4), Dawson City (1) and Watson Lake (1).
- Some private cannabis retailers have asked to be able to order directly from federally-licensed producers instead of having to go through the Corporation's warehouse, to allow for a more exclusive inventory for each retailer and cut costs.

Cannabis – Distribution and retail sales

Yukon Liquor Corp.

- The report for five-year review of the *Cannabis Control and Regulation Act* includes a recommendation to research the pros and cons of direct-to-retailer sales by licensed producers as an alternative for licensees who choose to do so.
- Saskatchewan is the only province in Canada with a completely privatized cannabis model. Small private cannabis retailers (22 stores) set up a cooperative to collectively resource and distribute cannabis at fair prices for cultivators, retailers and consumers improving competition with large cannabis chains and publicly-traded companies.
- Public engagement in 2023 showed that 84% of Yukon respondents sourced their cannabis from local private cannabis retailers.
- There are two separate levels of the cannabis industry to consider:
 - **YLC warehouse to Yukon retail stores:** sales to the Yukon's cannabis retailers continue to increase annually, indicating a strong overall customer demand from retailers. Year-to-date sales growth for 2025 is approximately 11%.
 - **Federally-licensed producers:** the maturing legal cannabis market is experiencing fierce competition and very low profit-margins making it difficult for smaller, federally-licensed producers to thrive.

Approved by:

Philippe Mollet

November 25, 2025

President, Yukon Liquor Corporation

Date approved

Liquor - Direct-to-consumer (DTC) alcohol sales

Yukon Liquor Corp.

Recommended response:

- Exploring direct-to-consumer alcohol sales is part of a national effort to reduce trade barriers and strengthen Canada's internal market.
- We are following this work closely to understand how other provinces and territories manage this issue, and what approaches might work in the Yukon.
- We continue to work with our provincial and territorial counterparts on initiatives that benefit Yukoners and local businesses.

Context—this may be an issue because:

- This initiative is being coordinated on a national level and is periodically covered in the media as provinces report progress.
- The Yukon Liberal Party committed to continued engagement on direct-to-consumer alcohol sales in their 2025 platform and may raise questions about progress.

Background:

- Direct-to-consumer sales allow consumers to order alcoholic beverages for personal consumption directly from liquor manufacturers in other jurisdictions.
- Currently, Yukon licensed producers can sell alcohol in-person at their licensed premises, or ship directly to consumers in other parts of Canada where permitted.
- In June 2025, the Government of Yukon signed a memorandum of understanding (MOU) on direct-to-consumer sales with nine provinces. The MOU commits to an implementation timeline for May 2026 but is not legally binding.
- On November 19, 2025, the Committee on Internal Trade was held for ministers responsible for internal trade from across Canada and DTC was an agenda item. The focus of this meeting was largely on other measures to reduce trade barriers.

Liquor - Direct-to-consumer (DTC) alcohol sales

Yukon Liquor Corp.

such as the Canadian Mutual Recognition Agreement, which excludes alcohol and cannabis.

- Provinces and territories continue to meet through a working group on DTC where jurisdictions share progress updates and identify potential areas for collaboration.
- Yukon's situation is unique due to its population size, high rates of alcohol use, rural community locations, and current liquor laws.
- Staff from the Yukon Liquor Corporation met with local producers this summer to learn how direct-to-consumer sales might affect them.

Approved by:

Philippe Mollet

November 26, 2025

President, Yukon Liquor Corporation

Date approved

Liquor licensing and pricing structure

Yukon Liquor Corp.

Recommended response:

- This government will look at modernizing aspects of liquor licensing to reduce unnecessary red tape and better support our hospitality industry, while maintaining appropriate safeguards.
- We are committed to a licensing regime that allows small business to flourish and supports the wellbeing of Yukon communities.

Context—this may be an issue because:

- Members of the hospitality industry have previously requested changes to the liquor distribution model and liquor discount for licensees. These requests were raised in the legislative assembly during the fall 2024 sitting.
- The Yukon Party platform commits to reviewing the Yukon Liquor Corporation's pricing and licensing system to better support the hospitality industry. Given this, the opposition may ask how and when these commitments will be addressed.

Background:

- In the fall 2024 sitting, a motion was tabled in response to industry requests for more flexibility in the distribution system. This included off-site liquor storage, producer-to-licensee sales, and licensee-to-licensee sales.
- The Yukon Liquor Corporation is looking into ways to support more flexible arrangements for industry; however, legislative amendments may be required.
- An additional motion was tabled following a petition from various members of the hospitality sector requesting an increase to the wholesale liquor discount for licensees to 25%.
- Over the past decade, the pricing structure has been updated several times in response to licensees' concerns about the rising cost of business, most recently in 2021. The multitude of updates have resulted in a pricing structure that is more

Liquor licensing and pricing structure

Yukon Liquor Corp.

complex. An independent review in 2023 confirmed that the 2021 changes reduced government revenues by \$1.1 million in the first 12 months.

- A 2023 survey of licensees found price inflation, staffing shortages, and interest rates to be top economic concerns, rather than liquor prices.
- There are many parts to the pricing structure, including the Corporation's cost of service, liquor tax, and GST. Information about the pricing structure is available to the public on Yukon.ca.
- The pricing structure reflects the legislative regime for liquor and must be considered in conjunction with the broader licensing and legislative framework.
- The Corporation remits its profits to the government's general revenue fund, which helps pay for programs and services for Yukoners, including health and social supports.
- Yukon has about 150 liquor licensees, including four small producers.
- Under the *Liquor Act*, the Yukon Liquor Corporation is the sole distributor, and licensees must purchase all liquor directly from the Corporation. The entire licensing and pricing system is built around this model.
- In recent years, industry lobby groups like the Yukon Chamber of Commerce's Food and Beverage Committee have said that this centralized system limits flexibility for businesses with restricted storage capacity or fluctuating demand.
- Not all liquor businesses agree on these issues. Licensees have different needs based on their business models.

Approved by:

Philippe Mollet

November 26, 2025

President, Yukon Liquor Corporation

Date approved

Liquor - US tariffs and liquor trade

Yukon Liquor Corp.

Recommended response:

- The Government of Yukon stands with its Canadian partners to protect Yukoners and Canadians against the economic effects of US tariffs imposed on Canadian goods and services.
- The Yukon Liquor Corporation stopped placing new orders of US-made alcohol products in March 2025.
- Due to continued trade tensions with the United States, US-made alcohol products are not available in the six Yukon Liquor Corporation stores.

If asked about remaining US stock:

- The Yukon's liquor licensees may continue to sell and purchase remaining US-made alcohol products until stock is depleted.
- Licensees can find information about the remaining stock on the liquor wholesale price list on Yukon.ca.

Context—this may be an issue because:

- Media outlets continue to report on developments related to the US tariffs, as well as provincial and territorial announcements on counter measures, keeping this issue in public focus.
- Questions may arise about how the Yukon government's actions align with the national counter measures.

Background:

- In March 2025, all provinces and territories announced bans on purchasing and selling US-made alcohol products as counter measures to tariffs imposed on Canadian goods and services entering the US.
- On March 4, 2025, the Yukon Liquor Corporation stopped placing wholesale orders for US-made alcohol products and removed these products from Yukon Liquor Corporation stores. This measure remains in effect.
- The Yukon's liquor licensees may continue to sell the US-made alcohol products that they have in stock and purchase US-made alcohol products from the Corporation until remaining products are depleted.
- Yukon's liquor Licensees were notified in March 2025 of the purpose of the restrictions on US-made products and that supplies may become depleted.
- Except for Alberta and Saskatchewan, the US-made alcohol boycott is still in effect among liquor authorities across Canada.
- Ongoing monitoring and coordination with other provinces and territories and the federal government will be necessary as trade discussions with the US evolve.

Approved by:

Philippe Mollet

November 28, 2025

President, Yukon Liquor Corporation

Date approved

Liquor - Act and regulations

Yukon Liquor Corp.

Recommended response:

- The Yukon Liquor Corporation will explore options to modernize licensing in a practical and responsible way.
- We will look for opportunities to reduce red tape and support the hospitality industry, while also meeting the needs of Yukon communities and balancing the health and wellness of Yukoners.

If asked about the Liquor Act, 2019:

- A lot has changed in the Yukon since the new *Liquor Act* was passed in 2019.
- The economic climate has shifted since the Act was passed and we need to look closely at what parts of the new Act will remain relevant going forward.

Context—this may be an issue because:

- In 2024, motions were tabled with requests from licensees for changes to the liquor distribution system which would require legislative amendments if actioned.
- The 2025 Yukon Party platform commits to reducing red tape and modernizing liquor licensing to allow for more innovation and better support the hospitality industry.

Background:

- Given the legislation is over 40 years old, the Yukon Liquor Corporation undertook a review of the *Liquor Act* starting in 2017.

Liquor - Act and regulations

Yukon Liquor Corp.

- A new Act received royal assent in 2019; however, the *Liquor Act, 2002* remains in force, as updated regulations have not been completed for *Liquor Act, 2019*.
- The updated Act was intended to reduce the number of licence classes, provide more opportunities for social responsibility and enforcement actions, as well as better define the roles of the Yukon Liquor Corporation and Yukon Liquor Board.
- *Liquor Act, 2002* includes specific exemptions for managed alcohol programs, which is not the case in the 2019 Act.
- Alcohol continues to be a substance of concern in the territory. According to the Chief Medical Officer of Health in November 2024, the burden of alcohol use on the territory's health care system far exceeds the burden of any other substance.
- Impaired driving data for 2020-21 released by Statistics Canada in January 2025 show Yukon as having the second highest impaired driving rates in the country.

Approved by:

Philippe Mollet

November 26, 2025

President, Yukon Liquor Corporation

Date approved

Public health, safety and liquor labels

Yukon Liquor Corp.

Recommended response:

- For more than 30 years, the Yukon Liquor Corporation has applied warning labels on the alcohol sold in its stores throughout the territory.
- The labels advise the public about the risk of drinking alcohol during pregnancy.
- The Government of Yukon supports a consistent national approach to alcohol labelling and continues to monitor federal work on this issue.

If asked about expanding warning labels:

- Any changes to alcohol labelling should be led by the federal government to ensure national consistency, reduce confusion for consumers, and avoid creating additional regulatory requirements for manufacturers and local businesses.

Context—this may be an issue because:

- Media coverage of federal Bill S-202, which seeks to require mandatory cancer warning labels on alcohol beverages, often references the previous alcohol label study in the Yukon.

Background:

- Bill S-202 seeks to require manufacturers to incorporate warnings into their labels or packaging.
- Yukon Liquor Corporation's pregnancy warning labels are applied by the corporation's store staff as stickers.
- Since 1991, Yukon has used bright labels on alcohol sold in Yukon Liquor Corporation stores to warn about drinking during pregnancy and raise awareness of Fetal Alcohol Spectrum Disorder.

Public health, safety and liquor labels

Yukon Liquor Corp.

- In 2015, researchers from the University of Victoria and Public Health Ontario carried out focus groups in Whitehorse, Mayo, and Watson Lake to gather feedback on a labelling study.
- Temporary warning labels were applied at the Whitehorse liquor store from November 20, 2017, until July 31, 2018, including Canada's Low Risk Drinking Guidelines, standard drink sizes and a message about alcohol and cancer.
- In May 2023, researchers at St. Francis Xavier University began a study on the effectiveness of alcohol warning labels by partnering with a small craft brewer. The study remains underway.
- In February 2025, the World Health Organization/Europe released a report calling for mandatory and standardized alcohol health-warning labels.
- On November 20, 2025, federal Bill S-202 passed consideration in committee for further study and is ready for third reading in the Senate.
- The same researchers who conducted the label study in the Yukon in 2017-2018 will be conducting a similar study with a reversal: rather than Yukon being the test location, Yukon will be the control group and Northwest Territories will be the test. Researchers will apply warning labels to products sold in NWT, while no changes will occur in Yukon Liquor Corporation stores to serve as the control groups.

Approved by:

Philippe Mollet

November 25, 2025

President, Yukon Liquor Corporation

Date approved

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

Recommended response:

- Reconciliation is an ongoing process and a shared responsibility of all governments and individuals in the Yukon.
- Advancing the Truth and Reconciliation Commission's Calls to Action is central to our government's commitment to reconciliation.
- We will continue to collaborate and work in partnership with Indigenous governments and groups on advancing the Truth and Reconciliation Commission's Calls to Action to create meaningful change and better programs and services for Yukon First Nations Peoples and all Yukoners.

Additional response:

- We are tracking our actions and initiatives in addressing the Truth and Reconciliation Commission's Calls to Action.

Context—this may be an issue because:

- It has been 10 years since the report and Calls to Action were published. The Official Opposition may ask for an update on the government's progress in addressing the Calls to Action.

Background:

- Released in 2015, the Truth and Reconciliation Commission (TRC)'s report Honouring the Truth, Reconciling for the Future contains 94 Calls to Action on redressing the harms resulting from residential schools and creating better relations between the federal, provincial and territorial governments and Indigenous Peoples. There are 32 Calls to Action that relate directly to YG.
- YG and YFNs 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);

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

- 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
- receiving input from YFNs on Health and Social Services programming through the Mental Health Advisory Committee (relates to Call 19).
- YG last reported on its progress to implement the TRC Calls to Action in fall 2023 through a status report and Pathways magazine. The magazine and report provided an update on the actions being taken across YG and in collaboration with YFN governments in areas including child welfare, health, education and justice.

Approved by:

KL

November 28, 2025

Deputy Minister, Executive Council Office

Date Approved

2025-26 Supplementary Estimates No. 1 – CORPORATE

Finance

Recommended response:

- By bringing these Supplementary Estimates to the Legislative Assembly for debate, we are providing transparency to the public about how the government is allocating taxpayer dollars.
- These Supplementary Estimates serve as an update on spending from the previous government, to fulfill the obligations and contracts already committed to by departments for the current fiscal year.
- We want to increase transparency and accountability around spending, rather than relying on special warrants for the remainder of the year.
- We look forward to bringing forward a budget this spring that we have had the opportunity to shape, and that is reflective of our priorities and commitments to Yukoners.

Contingencies

- Our guiding principle has been that these Supplementary Estimates will provide the resources needed by departments to take them to the end of the fiscal year, without requiring further changes or dependence on additional spending.
- There is a provisional contingency for price and volumes pressures, including inflation, increased demand for public services, and potential wage increases resulting from ongoing collective bargaining.
- There is also a general contingency to ensure compliance with financial authorities. These contingencies are included to ensure all departments remain within their voted budgets for the fiscal year given the potential for unforeseen pressures.

2025-26 Supplementary Estimates No. 1 – CORPORATE

Finance

Summary:

- The 2025-26 Supplementary Estimates No. 1 forecasts an overall gross increase of \$150.4 million in O&M spending, with an offsetting increase of \$8.3 million in recoveries. The net increase in O&M spending is forecast at \$142.0 million when accounting for recoveries.
- Capital adjustments in the Supplementary Estimates No. 1 reflect an overall increase of \$1.0 million in spending and a \$1.6 million increase in capital recoveries. This results in a net decrease in capital spending of \$594 thousand.
- Budgetary revenues are projected to increase by \$5.9 million, primarily due to a \$5.7 million increase in accrued interest on loans to the Receiver for Victoria Gold Corporation.
- The Government of Yukon continues to maintain a budgetary surplus forecast for 2025-26 of \$12.5 million, revised down from the \$82.0 million forecast in the Main Estimates.

FTEs:

- There is an increase of 71.2 FTEs or “Full-Time Equivalents” in the Supplementary Estimates. This is primarily for 57.3 FTEs in Education, including teachers, Educational Assistants, and other positions to provide enhanced support for students.
- This increase also includes 11.4 positions in Health and Social Services for both frontline and administrative positions, and small personnel additions to the Department of Justice (2 FTEs) and the Public Service Commission (0.5 FTEs).

Session Briefing Note

Embargoed until tabling

TAB #20

Fall 2025

2025–26 Supplementary Estimates No. 1 – CORPORATE

Finance

Borrowing:

- Total anticipated territorial borrowing was \$773.9 million in the 2025–26 Main Estimates, inclusive of \$400 million in long-term borrowing authorized in the First Appropriation Act 2025–26. We expect to proceed with the second tranche of this borrowing in the spring, using the remaining \$200 million authorized.
- Significant energy infrastructure pressures require an increase of \$100 million to the Yukon Development Corporation's short-term borrowing limit. This includes \$50 million authorized by the previous government, and an additional \$50 million being authorized by this government to address critical work in Mayo.
- Other factors include a decrease of \$966,000 in a loan payable by Yukon University and a \$3.15 million increase in accrued interest payable.
- Revised estimated total borrowing in 2025–26 is \$876.1 million. This leaves \$323.9 million available within the \$1.2 billion borrowing limit.

Context—this may be an issue because:

- The 2025-26 Second Appropriation Act will be tabled during the fall sitting.

Background:

- Supplementary estimates are introduced by the government to account for unforeseen spending at the time of tabling the annual Budget.

Approved by:

Katherine White

December 8, 2025

Deputy Minister, Finance

Date approved