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Recommended response:

- The 2023-24 Fiscal and Economic Update, released on March 2, 2023, outlines expectations for the Yukon's finances and economy. It provides context for both the fiscal and economic expectations for the 2023-24 fiscal years and beyond.
- The current economic forecast shows that the economic remains strong with real GDP growth estimated at 3.1 per cent in 2022, followed by growth of 5.4 per cent in 2023.
- On the fiscal side, this year, the Government of Yukon will table a surplus Budget, which provides the ability to make in-year investments in order to address unexpected events without risking going into deficit.
- The 2023-24 surplus is forecast to be \$48.2 million with projected year-end net debt of \$374.8 million. While the capital plan is reduced from previous years, investments in infrastructure across the territory continue to be the main contributor to changes in net debt along with accounting adjustments which are the result of adopting new Public Sector Accounting Standards Asset Retirement Obligations.
- Revenue, excluding recoveries of expenditures, total \$1.58 billion, \$1.33 billion are transfers from Canada, which have increased by 6.6 per cent over the 2022-23 Main Estimates.
- With respect to spending, Operations & Maintenance (O&M) expenditures are expected to increase by \$35.0 million, or 2.5 per cent, from the 2022-23 Main Estimates.

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- The increase in O&M spending is related to tackling affordability issues, strengthening the Yukon's health care system and addressing the territory's substance use health emergency.
- O&M spending is also focused on reducing Yukon's greenhouse gas emissions as part of the *Our Clean Future* strategy.
- We have also included a \$50 million contingency in the financial framework to respond to anticipated additional expenditures during the year without impacting our surplus position.
- Capital spending will continue our commitment of investing in the Yukon's infrastructure for the benefit of current and future Yukoners.
- Capital expenditures in 2023-24 represent \$483.8 million, with recoveries offsetting this amount by \$164.4 million. This represents a reduction of \$63 million from last year's capital budget. This reduction reflects a sustainable approach to budgeting in the territory following elevated capital spending over the last two years, which helped stimulate Yukon's economy during the pandemic.
- The capital budget includes funding for affordable housing, land development, energy-focused projects as part of the *Our Clean Future* strategy, and transportation infrastructure.

Additional response (Economy):

- The Yukon led the country in real GDP growth in both 2020 and 2021, with 2021's increase of 10 per cent the strongest in 13 years.

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- Key indicators show a tightening labour market, highlighted by an unemployment rate in 2022 that was the lowest in Canada.
- As in the rest of the world, high inflation has been the reality for Yukoners. The Government of Yukon has taken steps to reduce the burden of higher prices, especially on the most vulnerable.

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**

- Total government revenue is forecast to be \$1.58 billion in 2023-24. This is an increase of 8.2 per cent from the 2022-23 Main Estimates.
- The 2023-24 Five-Year Capital Plan forecasts and investment of 2.15 billion in the next five years, 30.6 per cent of these investments are recoverable from Canada and third-parties. The forecast capital investment for 2023-24 totals \$483.8 million. This is a decrease of \$62.7 million or 11.5 per cent from the 2022-23 Main Estimates.
- Gross operating and maintenance (O&M) spending is increasing by \$35.0 million or 2.5 per cent from the 2022-23 Main Estimates.

Economic Update***Positive outlook for real GDP growth***

- Growth in 2022 returned to a more normal 3.1 per cent, with performance impacted primarily by the mining sector with disruptions at the Eagle Gold mine and a temporary suspension of operations at the Keno Hill mine.

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- Production at Eagle Gold is expected to ramp up in 2023 and operations at Keno Hill are expected to resume in the third quarter. Increased mineral production and the continued recovery of the tourism sector are key contributors to real GDP growth forecasts of 5.4 per cent in 2023 and 3.7 per cent in 2024.
- Further growth is projected throughout the remainder of the forecast, averaging 3.7 per cent growth through 2025 to 2027.

Further gains in the labour force and employment over the medium term

- Strong demand for labour and increased economic activity spurred growth in the labour force and employment, both reaching record highs in 2022.
- Employment growth in 2022, outpaced the increase in the labour force and translated into a substantial decline in the territory's unemployment rate. At 3.7 per cent, the Yukon's unemployment rate in 2022 matched 2019's level and was the lowest in Canada.
 - As of January 30, 2023, Statistics Canada is publishing revised Labour Force Survey data that more accurately reflect the Canadian labour market. As updated annual figures will not be available for the Yukon until March 31, 2023, the discussion of annual performance in the latest Fiscal and Economic document utilizes unrevised data.
- Strong demand for workers at a time when supply is tight is placing upward pressure on wages and earnings. The average offered wage for vacant positions in the Yukon was third highest in the country at \$26.20 per hour in the third quarter of 2022, well above the national average of \$24.20 per hour and up almost 10 per cent from 2021.
- With inflation expected to remain elevated into 2023, many households in the Yukon may continue to see an erosion in purchasing power, even as wages are expected to continue to grow.

Further population gains anticipated in 2023

- At 43,964 on June 30, 2022, the Yukon's population was up 1.8 per cent from 2021. Growth in 2022 was driven primarily by net international migration of 550 people, the highest ever reported.

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- The Yukon's population has grown just over 44 per cent in the last 20 years, second only to Alberta (45.2 per cent) and well ahead of national growth of 24 per cent.
- Population is projected to increase in every year of the forecast with growth averaging 2.1 per cent per year. By, 2027, the last year of the forecast, the Yukon's population is expected to be near 49,000.

Retail sales exceeded \$1 billion in 2022

- With estimated growth of 6.8 per cent in 2022, retail sales exceeded \$1 billion for the first time.
- Prices were the primary driver of retail sales growth, with the percentage increase in retail sales equivalent to the 6.8 per cent increase noted in the Whitehorse Consumer Price Index (CPI).
- The current forecast has retail sales growing every year by an average of 6.3 per cent per year.

Inflation has increased globally

- Global supply chain disruptions and the war in Ukraine led to higher food and energy prices in 2022 and were largely responsible for the recent inflationary pressure noted all over the world.
- In Canada, domestic factors, including excess demand for labour and other inputs, have also fueled price growth, with the national inflation rate touching levels in 2022 not seen since the early 1980s.
- The inflation rate in Whitehorse averaged 6.8 per cent in 2022, identical to the national inflation rate, and the highest growth in the Whitehorse CPI since records began in 1982.
- Higher fuel prices in 2022 were a prominent driver of overall inflation, with the price of gasoline up 29 per cent, and the price of fuel oil up 47 per cent compared to 2021.
- Price pressures in 2022 were slower to materialize in the Yukon than in the rest of Canada. Whitehorse inflation was the lowest in the country in four of the first six

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months of 2022. This trend reversed over the course of the year with Whitehorse inflation closing the year well above the national average.

- Most forecasters expect inflation in Canada will move towards historic norms over the next couple of years as supply pressures subside and as the effect of higher interest rates move through the economy.
- The average annual rate of inflation for Whitehorse is projected to fall from 6.8 per cent in 2022 to 3.8 per cent in 2023 and 2.5 per cent in 2024.

The local housing market remains relatively strong but there are signs of cooling

- Locally, housing prices have been strong for several years, driven in part by high demand, as a generally strong economy has drawn people to the territory at the fastest rate in the country.
- Across Canada, sales and housing prices took a hit last year. The number of residential sales were down substantially in most jurisdictions in 2022 but grew 5.3 per cent in the Yukon.
- Prices in Whitehorse across all housing types have seen notable growth in recent years. The average weighted price of single detached homes, duplexes and mobile homes all reached record highs in 2022. Condominium prices in 2022 were down slightly from the 2021 record high.
- It wasn't until the fourth quarter until signs of cooling showed in the Yukon data, with average sales prices falling across all housing types.
- On the rental side, the market in recent years has been one of limited supply and increasing rents.
 - The vacancy rate for units in buildings with three or more units fell to 0.8 per cent in April 2022, well below October 2021's 1.9 per cent.
 - High demand and a lack of vacant units has translated into higher rents, with the median rent of \$1,150 in April of last year, up 4.5 per cent from the October 2021 figure and 7.4 per cent higher than the April 2021 figure.

Construction activity supported by strong residential and non-residential activity

- While below 2021's record level, investment in residential construction in 2022 continues to exceed investment on the non-residential side. Residential construction investment of \$232.6 million in 2022, represented 62 per cent of the \$373.2 million in total building construction reported last year, and was well above the ten-year average of \$163 million for residential construction.
- The decline in residential spending from record highs was more-than offset by increased non-residential spending. Investment in non-residential building construction totalled \$140.6 million in 2022 and was up almost 39 per cent from 2021.

Mineral production forecast to be strong over the medium term

- The mining sector has recently faced several challenges. A heavy spring thaw in 2022 cost both the Eagle Gold and Minto mines a month of operations and delayed the sluicing season for placer miners. A shortage of workers coming out of the pandemic has also hampered some operations and resulted in higher labour costs. High fuel prices and supply chain issues also presented challenges in 2022.
- The Eagle Gold mine also lost three weeks of production in the third quarter of 2022 due to the failure of the belt on the overland conveyor.
- After falling in 2022, the value of mineral production is expected to rebound to \$910 million (up 32 per cent) in 2023 driven by higher production from the Eagle Gold mine as well as the anticipated resumption of production of the Keno Hill mine in the third quarter.
- Exploration spending has rebounded from pandemic lows. Revised spending intentions from Natural Resources Canada noted exploration spending in 2022 of about \$185 million, up 20 per cent from \$154 million in 2021.

Signs of a solid rebound in tourism activity, but a return to pre-pandemic levels will take time

- Recent performance suggests the sector has proven to be quite resilient in the face of what was an historic disruption to global travel.

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- The number of international border crossings into the Yukon totaled just over 168,000 in the first eleven months of 2022, almost five and a half times the number of crossings in the same period of 2021, and well above the 63,657 crossings reported for all of 2020 and 2021 combined when COVID-19 related travel restrictions weighed on visitation.
- International overnight visitation in the first nine months of 2022 was more than double the same period of 2021, but nearly 30 per cent lower than the five-year average.
- Arrivals at Erik Nielsen Whitehorse International Airport in 2022 were 2.2 times the number of arrivals in 2021. Even with strong growth in 2022, arrivals came in at only 72 per cent of arrivals in 2019.
- Further improvement in key tourism metrics is expected. The Conference Board of Canada's January 2023 *Travel Markets Outlook* supports this improving outlook for tourism noting an expectation that visitation to the territory will reach their pre pandemic levels by 2024 or 2025, and that overnight visits will recover by 2024.

Approved by:**Signature on File**

February 26, 2023

a/Deputy Minister of Finance_____
Date approved

Session Briefing Note

Spring 2023

2023-24 Main Estimates

Finance

Recommended response:

- The 2023-24 Budget shows a government continuing to invest in the health and wellbeing of Yukoners while supporting individuals, families and the needs of communities across the territory to help make life more affordable for Yukoners.
- This budget includes investments in new and expanded health services, as outlined in *Putting People First*, including a continued response to the substance use emergency and funding to strengthen the Yukon's healthcare system. It also includes almost \$10 million in measures to tackle affordability issues impacting Yukoners.
- Overall, the 2023-24 Main Estimates forecasts a surplus of \$48.2 million and year-end net debt of \$374.8 million, which is driven primarily by continued investment in key infrastructure projects that will continue to benefit all Yukoners as well as the adoption of new Asset Retirement Obligations.
- As part of successive budgets, we have laid a strong fiscal and economic foundation, to ensure a diversified and sustainable economy and setting ourselves up for continued economic and social success moving forward.
- This budget shows our government leveraging every dollar to deliver on commitments made throughout our mandate, investing in our territory's future, and housing stock while supporting Yukoners in many other areas.
- It also demonstrates this government's commitment to making strategic investments in Yukon's infrastructure while supporting Yukon's green economy with significant investments in delivering on commitments outlined in *Our Clean Future*.

Session Briefing Note**Spring 2023****2023-24 Main Estimates**Finance

- In order to maintain a strong and stimulated economy and private sector through the pandemic, previous budgets made record investments in infrastructure. This budget demonstrates a return to sustainable budgeting now that the immediate need to boost the economy has subsided.
- The reduction in the capital plan is a reflection of this adjustment while continuing to meet the ongoing and long-term needs of the territory.

Additional response:

- Forecast O&M expenditures total \$1.45 billion, with recoveries offsetting this amount by \$130.9 million.
- O&M spending includes almost \$10 million to mitigate the impact of inflation on Yukoners including; \$19.2 million for energy retrofits and rebates; \$3.6 million for a Yukon-wide dental plan; and \$10.0 million for initiatives to further progress the *Putting People First* report on health and social services in Yukon.
- The fiscal summary also includes a \$50 million contingency for expected but presently undefined expenditures. This will not affect the Yukon's forecast fiscal position and may be used to fund emergency responses and other potential funding pressures.
- Capital expenditures represent \$483.8 million, with recoveries offsetting this amount by \$164.4 million. In this capital budget, we are investing in the areas of health, housing, education, transportation, renewable energy and green infrastructure.

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- The government continues to leverage federal recoveries in an effort to provide necessary infrastructure for the Yukon. These include the North Klondike Highway project, Nisutlin Bay Bridge Replacement project, Erik Nielsen Whitehorse International Airport Runway Improvements, and the Dempster Fibre project.
- Revenues, excluding the recoveries of expenditures, total \$1.58 billion. \$1.33 billion are transfers from Canada, which have increased by 6.6 per cent over the 2022-23 Main Estimates.
- Territorial revenues related to taxes and other general revenues total approximately \$248 million.

Context — this may be an issue because:

- The 2023-24 Main Estimates will be debated during the March 2023 legislative session.

Background:

- Forecast gross O&M expenditures have increased by \$34.9 million or 2.5 per cent from the 2022-23 Main Estimates.
- The O&M recovery forecast has increased over the 2022-23 Main Estimates by \$2.0 million. Net O&M expenditure forecast is \$32.9 million or 2.6 per cent greater than in the 2022-23 Main Estimates.
- The 2023-24 gross capital expenditure forecast has decreased by \$62.6 million or 11.5 per cent over the 2022-23 Main Estimates. The capital recovery forecast has decreased by \$27.5 million, and so net capital expenditure forecast is \$35.2 million or 9.9 per cent lower than in the 2022-23 Main Estimates.

Session Briefing Note

2023-24 Main Estimates

TAB # 02
Spring 2023
Finance

- The \$50 million contingency is not included in departmental budgets and would still need to be presented to the legislative assembly for approval, but is included in our fiscal plan so that, if required, it will not affect Yukon's forecast fiscal position.

On a consolidated basis, when all government reporting agencies such as Yukon University and public corporations are included, the 2023-24 Main Estimates forecast an annual surplus of \$79.9 million and net debt of \$114.6 million.

Approved by:

Signature on File

a/Deputy Minister
Department of Finance

March 1, 2023
Approved

Recommended response:

- The 2022-23 Supplementary Estimates #2 forecasts an overall net increase of \$14.5 million in spending. This includes:
 - A \$29.0 million increase in O&M spending, with an offsetting increase of \$4.3 million in recoveries, and
 - No change in overall capital spending, with an offsetting increase of \$10.2 million in recoveries.
- Revenues are also expected to increase by \$26.1 million mainly to reflect improvements in the personal and corporate income tax outlooks and quartz mining royalties.
- Changes in the Supplementary Estimates results in a revised forecast surplus of \$43.9 million and year-end net debt of \$298.5 million.
- More than \$4.4 million in O&M spending is dedicated to make electricity more affordable for Yukoners by providing a \$50 per month inflation relief rebate on all residential and commercial electricity bills.
- Over \$10 million is required for insured health services for physician claims, hospital claims, pharmacare and medical travel.
- Additional spending is also required towards the installation of wastewater surveillance equipment to monitor for communicable diseases in First Nations communities and for MRI services in Whitehorse.

Session Briefing Note**Spring 2023****2022-23 Supplementary Estimates #2**Finance

- In Capital, there is no change in overall expenditures. There are increases in a number of projects which are offset by decreases in other areas. The increases are primarily for the Dempster Fibre, the Carmacks ByPass Highway and the Nisutlin Bay Bridge Replacement projects.

Additional response:

- Other O&M changes include funding for clean energy and climate change programs, repairs from washouts along highways, and funding for higher expenses for water delivery and solid waste services.
- Other changes in capital include decreases to reflect timing of project such as the Mental Wellness Unit at Whitehorse General Hospital and shift of the Whitehorse Airport maintenance facility to a future year.
- An increase of 9.0 FTEs is included for four permanent home care staff, two term FTEs for the Yukon Drug Treatment Court, one term climate change scientist, one term FTE for the Indigenous Artists and Cultural Carriers Micro-Grant program, and one term FTE for the Integrated Restorative Justice program.

Context — this may be an issue because:

- The 2022-23 Third Appropriation Act is tabled in the spring session and will be the subject of debate.

Session Briefing Note

2022-23 Supplementary Estimates #2

TAB #03

Spring 2023

Finance

Background:

See Appendix A - compilation of the changes to O&M and capital expenditures as well as recoveries included in Supplementary Estimates #2, by department.

Approved by:

Signature on File

a/Deputy Minister
Department of Finance

March 01, 2023

Approved

Session Briefing Note

Spring 2023

2023-24 Full Time Equivalents

Finance

Recommended response:

- In the 2023-24 Main Estimates, 5,332 Full-Time Equivalents (FTEs) are reported for the Government of Yukon to support programs and services for Yukoners. This change reflects a decrease of 89.1 FTEs or 1.6 per cent from the 2022-23 Main Estimates.
 - The decrease is primarily related to the ending of term positions that were in place to respond to COVID-19 for health care and public health responses. In addition, there was a transfer of 37 term positions to Connective for the Whitehorse Emergency Shelter.
 - These decreases are offset by the addition of 27.2 FTEs to the Department of Health and Social Services to permanently integrate best practices and programming developed in response to the COVID-19 pandemic.
 - These FTEs will be integrated across all divisions of the Department of Health and Social Services with a focus on front-line service delivery and key supports. They will ensure the Department of Health and Social Services has the capacity and resiliency to respond to COVID-19 and future public health emergencies and challenges.
 - Other additions include resources to support initiatives such as the Wetlands policy, land use planning, home care staff, and restorative justice. These additional resources will help the government meet its commitments as part of several key strategies, including *Putting People First* and in providing access to housing for Yukoners.
-

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

Additional response:

- The 2022-23 Supplementary Estimates includes an additional 9 FTEs. This includes four permanent home care staff, two term FTEs for the Yukon Drug Treatment Court, one term climate change scientist, one term FTE for the Indigenous Artists and Cultural Carriers Micro-Grant program, and one term FTE for the Integrated Restorative Justice program.
- 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 (budgeted) FTEs should not be confused with the statistics provided by the Public Service Commission, which reports 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 release issued in January 2023 noted that in November 2016 (when the Liberals were first elected) the Yukon Bureau of Statistics reported there being 8,800 public sector employees in the Yukon and 13,300 people either self-employed or working for the private sector.

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Spring 2023

2023-24 Full Time Equivalents

Finance

- 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.
- 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 Main Estimates 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 Main Estimates information.
 - Appendix B for 2022-23 Supplementary Estimates #1 information.
 - Appendix C for 2022-23 Supplementary Estimates #2 information.

Approved by:

Signature on File

a/Deputy Minister
Department of Finance

February 28, 2023

Approved

Appendix A Government of Yukon Summary of Operations & Maintenance 2023-24 Recommended 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	Natural Resource Officer
				Term	1.0	Mining Lands Officer
				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	Wetland Stewardship Policy Implementation Lead
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
				Permanent	4.0	1Health
				Permanent	87.3	Transfer of Emergency Medical Services from CS
				Permanent	3.8	HR Resources
				Permanent	27.2	Health System Rationalization
HPW	782.6	782.6	0.0	Term	(3.0)	Time-limited removal for Motor Vehicles Act
				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.

Appendix B

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

Department	2022-23 Main Estimates	2022-23 Supplementary #1	Change	Rationale
Yukon Legislative Assembly	15.2	15.2	-	No change
Elections Office	2.0	2.0	-	No change
Office of the Ombudsman	8.0	8.0	-	No change
Child and Youth Advocate Office	5.4	5.4	-	No change
Executive Council Office	110.3	110.3	-	No change
Community Services	301.4	301.4	-	No change
Economic Development	64.2	64.2	-	No change
Education	1185.0	1185.0	-	No change
Energy, Mines and Resources	287.7	287.7	-	No change
Environment	238.5	238.5	-	No change
Finance	77.6	77.6	-	No change
French Language Services Directorate	43.2	43.2	-	No change
Health and Social Services	1590.0	1590.0	-	No change
Highways and Public Works	782.6	782.6	-	No change
Justice	295.1	295.1	-	No change
Public Service Commission	161.0	161.0	-	No change
Tourism and Culture	111.2	111.2	-	No change
Women's Directorate	9.2	9.2	-	No change
Yukon Housing Corporation	68.2	68.2	-	No change
Yukon Liquor Corporation	65.3	65.3	-	No change
Total	5,421.0	5,421.0	-	

Changes	COVID-19	Non-Covid	Total
Term	-	-	-
Permanent	-	-	-
Total	-	-	-

Note: An FTE is a full-time position budgeted for the entire fiscal year.

Note: Due to rounding numbers may not exactly match.

**Government of Yukon
Summary of Operations & Maintenance
Budgeted/Planned FTE's by Department**

Department	2022-23 Mains / Supplementary #1	2022-23 Supplementary #2	Change	Rationale
Yukon Legislative Assembly	15.2	15.2	0.0	No change
Elections Office	2.0	2.0	0.0	No change
Office of the Ombudsman	8.0	8.0	0.0	No change
Child and Youth Advocate Office	5.4	5.4	0.0	No change
Executive Council Office	110.3	110.3	0.0	No change
Community Services	301.4	301.4	0.0	No change
Economic Development	64.2	64.2	0.0	No change
Education	1,185.0	1,185.0	0.0	No change
Energy, Mines and Resources	287.7	287.7	0.0	No change
Environment	238.5	239.5	1.0	Climate Change Scientist
Finance	77.6	77.6	0.0	No change
French Language Services Directorate	43.2	43.2	0.0	No change
Health and Social Services	1,590.0	1,594.0	4.0	Home Care Staff
Highways and Public Works	782.6	782.6	0.0	No change
Justice	295.1	298.1	3.0	Yukon Drug Treatment Court Funding Program (+2.0) Victims of Crime (+1.0) Legislative Drafter (-1.0) Integrated Restorative Justice Program (+1.0)
Public Service Commission	161.0	161.0	0.0	No change
Tourism and Culture	111.2	112.2	1.0	Indigenous Artists and Cultural Carriers Micro-Grant
Women's Directorate	9.2	9.2	0.0	No change
Yukon Housing Corporation	68.2	68.2	0.0	No change
Yukon Liquor Corporation	65.3	65.3	0.0	No change
Total	5,421.0	5,430.0	9.0	

Changes	Total
Term	5.0
Permanent	4.0
Total	9.0

Note: An FTE is a full-time position budgeted for the entire fiscal year.

Note: Due to rounding numbers may not exactly match.

Session Briefing Note

Spring 2023

Borrowing & Debt

Finance

Recommended response:

- Reasonable borrowing is part of strong fiscal management. It helps with the preservation of capital, liquidity management and return on investments.
- 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 total debt used, as calculated using the rules in the Yukon *Borrowing Limits Regulations* on March 31, 2022, was \$216 million. This can be found on page 64 of the 2021-22 Public Accounts.
- The remaining borrowing room of nearly \$600 million provides the financial flexibility to support a growing economy.
- Current borrowing has provided investments in public infrastructure that benefit Yukoners, notably critical upgrades to electricity generation and the transmission network to improve reliability. This supports our goals under *Our Clean Future* and Yukon Energy's 10-Year Renewable Electricity Plan.

Additional response:

- A borrowing limit does not mean the government has incurred or will incur borrowing. Rather, it provides a limit on how much the government can borrow.
- 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).

Session Briefing Note

Borrowing & Debt

TAB #05 Spring 2023

Finance

- The remainder of the debt includes accrued interest payable, capital lease obligations and credit facilities used.

Context — this may be an issue because:

- Budget 2023-24 and the Yukon Public Accounts show an increasing net debt.
- 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 abilities to pay all of its liabilities if they were due immediately. The majority of the net debt for Yukon government is for long-term liabilities that will not materialize all at once, for example severance entitlements.
- 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.
- 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%			

Session Briefing Note

Spring 2023

Borrowing & Debt

Finance

- The definition of borrowing includes:
 - borrowed money received;
 - capital leases and sale leaseback agreements; and
 - loan guarantees extended to third parties.
- Borrowing does not include letters of credit for pension solvency funding.
- 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 (low)

Approved by:

Signature on File

Deputy Minister
Department of Finance

January 30, 2023
Date approved

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

Recommended response:

- The 2023-24 Main Estimates project \$374.8 million in net debt on a non-consolidated basis.
- 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 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.
- The two main contributors to changes in annual net debt for 2023-24 include:
 - The adoption of an Asset Retirement Obligation liability, which is a new accounting standard that came into effect in April 2022; and
 - The continued investment in capital spending, specifically capital assets.
- The Five-Year Capital Plan includes \$2.15 billion in spending over the next five years. This plan features strategic investments in infrastructure that support our growing economy and deliver government services to Yukoners.
- Last year, the Government of Yukon approved the territory's largest ever capital budget at \$547 million. As the government responded to the ongoing COVID-19 pandemic, this spending stimulated the economy and addressed a number of infrastructure needs.

Session Briefing Note

Spring 2023

Net Debt

Finance

-
- The territory is now shifting from the response phase of the pandemic and entering the recovery phase. Current economic conditions, which include rapidly rising inflation, labour shortages and constrained supply chains, have resulted in a reduction in planned capital spending for 2023-24 as the government seeks to maintain its strong financial standing.

Additional response:

- When looking at the Yukon's net debt to GDP ratio, the territory is amongst the lowest in the country.
- Generally, 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 7.4 per cent. For 2023-24, it is 8.5 per cent, placing us in a healthy position compared to our peers across the country and significantly lower than many national 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.

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

- Investments in 2023-24 include the Whistle Bend School, Dempster Fibre, North Klondike Highway, Nisutlin Bay Bridge, and the Erik Nielsen Whitehorse Airport runways.

Context — this may be an issue because:

- The Five-Year Capital Plan totals \$2.15 billion over the next five years which includes \$865 million in spending for tangible capital assets.
- Spending on tangible capital assets reduces cash, which increases net debt.
- Net debt is forecast to increase over the next five years, primarily due to investments in infrastructure. Maintaining a higher level of capital spending would put pressure on the fiscal plan and fiscal resources (cash flow) and require consideration of a further borrowing program. Embracing the more sustainable trajectory that we are currently on creates more favourable conditions for both cash flow and future borrowing needs.

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).

Session Briefing Note**Spring 2023****Net Debt**

Finance

- Current borrowings at \$216.4 million (at 27.1% of the limit) leaves \$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.

Approved by:**Signature on File**

March 14, 2023

a/Deputy Minister
Department of Finance

Approved

Session Briefing Note**Spring 2023****Output-Based Pricing System (OBPS)
Engagement**

Finance

Recommended response:

- The Government of Yukon held discussions with large mining operators in August and September 2022 to identify options for a new carbon rebate for that industry. This new program would provide rebates for proceeds from the federal Output-Based Pricing System (OBPS).
- The new OBPS rebate program would be designed to help large mining operators and other large industrial facilities reduce their greenhouse gas emissions in the Yukon.
- Discussions were held at the same time as government's engagement on developing intensity-based emissions targets for the mining sector.
- Coordinating these two engagements provided an opportunity for mining operators to identify solutions that could support the industry to achieve these targets while also reducing the administrative effort on industry participants.
- We are currently preparing a "What We Heard" report to summarize the results of our OBPS rebate engagement. We plan to introduce a regulation to implement this new rebate program in 2023.

Additional response:

- There is currently only one facility registered in the OBPS in the Yukon. Some facilities could voluntarily register, and some may be required to register if their emissions exceed a certain threshold in future years.
- The Government of Yukon will develop an OBPS rebate program so we can provide greater certainty for stakeholders as they approach

Session Briefing Note**Spring 2023****Output-Based Pricing System (OBPS)
Engagement**

Finance

that threshold. This will allow stakeholders to incorporate new clean-energy funding opportunities in their future planning decisions.

Context—this may be an issue because:

- Carbon pricing is a common issue in the media and in past legislative sessions.
 - The Government of Yukon recently engaged with large industrial facilities subject to the federal OBPS on the development of carbon rebate options.
-

Background:

- The Yukon Government Carbon Price Rebate Act allows the government to create a new program, via regulation, that would use proceeds from the federal OBPS to help large industrial facilities in the Yukon reduce their greenhouse gas emissions.
- The OBPS is a federal program for certain large industrial facilities that provides an alternative to the regular carbon levy. The program is designed to incentivize lower emissions while maintaining competitiveness for energy intensive and trade exposed industries. Facilities operating under the OBPS generally pay less for their emissions compared to facilities that are subject to the regular carbon levy.
- Facilities emitting 10 to 50 kilotonnes of CO₂e per year can voluntarily register in the OBPS. Registration is mandatory for facilities emitting over 50 kilotonnes of CO₂e per year. In the Yukon, the only facilities that could register for the OBPS are quartz mines. There is currently only one facility in the Yukon registered in the OBPS, however other facilities could voluntary opt-in.
- Because the Government of Yukon voluntarily accepted the federal carbon pricing system, it can choose to receive OBPS proceeds directly as a transfer from the federal government to fund territorial programs.

Session Briefing Note

Spring 2023

Output-Based Pricing System (OBPS) Engagement

Finance

- The federal government returns OBPS proceeds directly to facilities in provinces and territories that do not voluntarily adopt the federal carbon pricing system or develop their own systems that meet minimum national stringency requirements. The main program for returning OBPS proceeds in these jurisdictions is the federal Decarbonization Incentive Program, administered by the Department of Environment and Climate Change Canada.

November 2022. Proposed OBPS Regulatory Changes

- On November 1, 2022, the federal government 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 .
- 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 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. This change would be in addition to the annual increases in the federal fuel charge, to \$170 per tonne by 2030, which OBPS facilities pay on the portion of emissions their allowable limit.

Approved by:

Signature on File

February 28, 2023

a/Deputy Minister, Finance

Approved

Session Briefing Note**Spring 2023****Public Accounts Committee Hearing**Finance

Recommended response:

- The Department of Finance was pleased to participate in the hearing of the Standing Committee on Public Accounts on December 7th in regard to the 2021-22 Public Accounts and welcomed the return to the in-person format.
- The Standing Committee on the Public Accounts has, for the last four consecutive years, held hearings on the Public Accounts with the Deputy Minister, the Comptroller and officials from the Office of the Auditor General of Canada appearing as witnesses.
- [The Standing Committee released its report on the hearing on April 17, 2023.](#)

Additional response:

- The department appreciated the valuable discussion and the questions around the 2021-22 Public Accounts. Because of the significant interest from all members of the committee, the session was extended to a full day from the previous half-day length.
- [The report released on April 17, 2023 included the following seven recommendations:](#)
 1. [That the Department of Finance continue to make further technological improvements to the Yukon Public Accounts.](#)
 2. [That the Department of Finance continue to address issues necessary to facilitate earlier tabling of the Yukon Public Accounts.](#)

3. That the Department of Finance include more cross-jurisdictional comparisons for certain measures where appropriate, and explain the importance of such comparisons, in the “Financial Statement Discussion and Analysis” section in future publications of the Public Accounts.
4. That the Department of Finance complete its plan to comply with the implementation and disclosure requirements of the new accounting standard PS 3280 Asset Retirement Obligations for the 2022-23 Public Accounts.
5. That the Department of Finance report back to the committee by October 31, 2023, with an analysis of the implementation of the change from PS 3270 to PS 3280 as it pertains to solid-waste landfill closure and post-closure liabilities for landfill sites.
6. That the Department of Finance report back to the committee by October 31, 2023, with an analysis of the year-over-year balance of the Carbon Price Rebate Program Revolving Fund.
7. That the Department of Finance conduct an analysis of the capital expenditures variances at the mid-point in the fiscal year.

Session Briefing Note**Spring 2023****Public Accounts Committee Hearing**Finance

Context—this may be an issue because:

- Traditionally, there is significant interest from the Opposition in the Public Accounts. At the same time, public and media interest in the Public Accounts has traditionally been low to moderate.
 - Significant issues raised during the hearing could also spur additional questions. These included:
 - The Yukon Government's recognition of environmental liabilities, especially as relates to the Wolverine mine.
 - The potential impact on the Government's financial position of the implementation of the new Public Sector Accounting Standard 3280 Asset Retirement Obligations.
-

Background:

- The Public Accounts is a major accountability report of the government. It is a key element of the Government of Yukon's commitment to transparency and accountability in financial reporting.
- The Consolidated Financial Statements, the supporting notes and schedules, and the Consolidated Financial Statements Discussion and Analysis have been audited by the Auditor General of Canada and have received an unqualified audit opinion for a fourteenth consecutive year.
- The government is required to produce the Public Accounts and make them publicly available by October 31 each year under section 8 of the *Financial Administration Act* (Yukon). Pursuant to sec. 33 of *Yukon Act* (Canada), Yukon Public Accounts shall be prepared in accordance with public sector accounting standards established by the Chartered Professional Accountants of Canada or its successor.

Session Briefing Note**Spring 2023****Public Accounts Committee Hearing**

Finance

- The Consolidated Financial Statements include the results of all entities fully owned and/or controlled by the government. Therefore, the financial activity of Yukon University, Yukon Hospital Corporation and Yukon Housing Corporation are consolidated into the government's financial activity and inter-entity activity is eliminated. The Yukon Liquor Corporation and Yukon Development Corporation are consolidated on a modified basis as investments as they are "government business entities" and their financial statements follow different standards.
- The Non-Consolidated Financial Statements include only the results of the core departments as budgeted in the Main Estimates, which are also known as the Yukon government's Operation & Maintenance and Capital Estimates.

Approved by:**Signature on File**

April 24, 2023

—

a/Deputy Minister of Finance

Date approved

Session Briefing Note**Spring 2023****Asset Retirement Obligation (ARO)**Finance

Recommended response:

- The Public Sector Accounting Standard 3280 Asset Retirement Obligations (ARO) is a new accounting standard which sets out requirements on how to record financially retiring certain tangible capital assets (TCA), from service at the end of their useful life.
- This new set of requirements came into force on April 1, 2022 and must be applied by all public sector entities.
- If the Yukon Government is legally obligated to perform retirement activities at a future date to retire an asset, a liability for the estimated cost of the future asset retirement activities must be recognized when the asset is put in use.
- The Yukon Government, Yukon Housing Corporation, Yukon Hospital Corporation and Yukon University have been working together with guidance from the contractor KPMG to prepare for the implementation of the new PSAS 3280 ARO standard.

Additional response:

- Part of the work involved with this new standard includes assessing the impact which will be reported in the financial statements for the year ending March 31, 2023. The portion of the impact that relates to fiscal 2022-23 has been incorporated into the Supplementary Estimates.
- The work to determine the assets within scope of this standard and the cost model used for estimating the liability to report is being reviewed by the Office of the Auditor General of Canada.

Session Briefing Note**Spring 2023****Asset Retirement Obligation (ARO)**Finance

- The modified retroactive application of the new standard requires the restatement of several opening values as at April 1st, 2022 hence the recognition of the new ARO liability will impact Net Debt. The revised opening value for Net Debt will increase by \$54.3 million to \$156.1 million.
- In 2022-23, and ongoing, the accretion of the ARO liability will increase Net Debt by an estimated \$1.6 million annually.
- Standing Committee on Public Accounts has been considering this topic annually for the last few years and has made recommendations to ensure that the government built into its plan the effect of ARO.

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.
-

Background:

- The Yukon government's financial statements are prepared in accordance with the Public Sector Accounting Standards (PSAS) as recommended by the Public Sector Accounting Board of the Chartered Professional Accounts of Canada.
- The Public Sector Accounting Board postponed the implementation date of PSAS-3280 Asset Retirement Obligations (ARO) by a year due to COVID-19.

Session Briefing Note**Spring 2023****Asset Retirement Obligation (ARO)**Finance

- The Government of Yukon, together with its entities (Yukon Housing Corporation, Yukon Hospital Corporation and Yukon University) have retained the services of KMPG to provide professional services in the areas of asset scoping, cost estimation, policy amendments, training, and implementation of the standard across all entities.
- Cost estimation of ARO values were performed on in-scope Tangible Capital Assets (TCA) as at March 31, 2022 and a process will be established for the on-going assessment of new TCA purchases, as well as reviewing existing ARO valuations for potential adjustments to original estimations.
- For an ARO obligation to be recognized, all of the following elements have to be met:
 - The asset is a Tangible Capital Asset (TCA) that is, or has previously been, in productive use (it was not purchased for resale);
 - YG controls the asset (owns it or has a capital lease in place);
 - A legal or contractual obligation exists for YG to perform retirement activities for the asset; and,
 - The value of the cost of the required future retirement activities can be reasonably estimated.
- The impact of the standard will include:
 - On implementation:
 - Increase the reported TCA value (Non-Financial Asset) by the ARO amount offset by any applicable increase in accumulated amortization;
 - Create a new liability: Asset Retirement Obligation Liability, that corresponds in value with the initial ARO value but will be increased by any applicable annual accretion expense from inception of the obligation; and,
 - Since these values are not equal, there will be a negative impact on Accumulated Surplus. Also, Non-Financial Assets will increase, while Liabilities increase and that will decrease Net Financial Assets or increase Net Debt.

Session Briefing Note

Spring 2023

Asset Retirement Obligation (ARO)

Finance

- Ongoing:
 - Increase in budgeted annual amortization amount (for the new ARO TCA) will impact the annual surplus as a non-cash item; and,
 - New non-cash budget item: Accretion Expense; that captures the increase in the ARO liability due to the passage of time, will impact the annual surplus and increase the ARO liability.
- On retirement of the Asset:
 - Removal of the asset from the TCA list should have no effect as the TCA should be fully amortized;
 - Cash expenditures will be incurred to perform ARO activities;
 - ARO liability will be used to offset expenditures resulting in no, or nominal, impact on current fiscal year's surplus / deficit.
- Asset retirement activities include:
 - decommissioning or dismantling a TCA;
 - remediation of contamination resulting from normal use of an asset;
 - post-retirement activities such as monitoring, as well as, building a new TCA required to fulfill the ARO requirements.

Note: Only asset retirement activities that Yukon government is legally obliged to do are included in estimating the asset retirement obligation. If a building has asbestos, then the abatement of that asbestos is the asset retirement obligation not the demolition of the entire building (unless there is a legal obligation to demolish the building).

- The following is a list of the opening balances for departments with asset retirement obligations and where to find a schedule in the 2023-24 Main Estimates:
 - Energy Mines and Resources \$892,000 (Page # 9-19)
 - Highways and Public Works \$16,997,000 (Page # 14-21)
 - Tourism and Culture \$1,254,000 (Page # 17-17)
 - Environment \$522,000 (Page # 10-18)

Session Briefing Note

Spring 2023

Asset Retirement Obligation (ARO)

Finance

- Education \$20,627,000 (Page # 8-20)
- Justice \$1,184,000 (Page # 15-19)
- Health and Social Services \$3,169,000 (Page # 13-23)
- Community Services \$9,641,000 (Page # 6-21)

Approved by:

Signature on File

March 08/23

a/Deputy Minister, Finance

Date approved

Session Briefing Note

Government Surplus

TAB# 10
Spring 2023
Finance

Recommended response:

- Having a budget that is in a surplus position is one of the most important principles of government financing. Either returning to surplus or remaining in surplus is significant in and of itself.
- There are a number of benefits to achieving a government surplus, especially during times of relative prosperity. Primarily, a surplus helps offset or reduce the government's net debt position.
- This year's surplus represents approximately 2.8 per cent of the expenditures in the government's 2023-24 Main Estimates. This represents a healthy and sustainable figure when it comes to allocating government expenditures responsibly.

Additional response:

- In simple terms, there are generally two ways in which a government financial framework will result in a surplus. The first is to expend fewer dollars than it collects in revenue. The second is through accounting adjustments, which includes the financial treatment and rules surrounding tangible capital assets, otherwise known as buildings and physical government assets.
- Because these assets immediately show up as an asset on the government's books but are amortized over the life of the building or item, it therefore contributes to a higher surplus position.

Session Briefing Note

Government Surplus

TAB# 10
Spring 2023
Finance

- When positive, this does not necessarily mean that the surplus reflects money in the bank to be spent on programs and services. It simply reflects the accounting treatment of government assets.
- While these funds cannot be spent on tangible programs and services, their positive position does play an important role in reducing the government's net debt position.

Background:

- The 2021-22 Public Accounts reflected a surplus on both a consolidated and non-consolidated basis.
- The Government of Yukon's 2023-24 Budget also reflects a surplus for the fiscal year.
- A clear explanation for how the Government of Yukon achieves its surplus is important for creating increased financial literacy.

Approved by:

Signature on File

February 23, 2023

a/Deputy Minister, Finance

approved

Session Briefing Note

T4A Notifications

TAB#11
Spring 2023
Finance

Recommended response:

- During the annual compiling of data to produce T4s and T4As for payments made through the Accounts Payable system, Finance staff shared information with various departments that has been deemed to be 'unauthorized disclosure' of information.
- While the departments in receipt of the information were authorized to access the majority of the data, certain pieces of information were shared in error.
- The files with the sensitive information were recovered or destroyed by the recipient departments and none of the information ever left the government's internal network.
- While the information disclosed is considered sensitive and creates significant risk potential, the likelihood of harm is extremely low considering the information was quickly contained and remained internal to the Yukon government.

Additional response:

- The Privacy Officer was notified and they have made three recommendations to improve the handling of this information, which included process reviews and additional training.
- All of these recommendations are now being implemented in the Department of Finance or are being incorporated into future processes.
- As part of the internal investigation, the departmental Privacy Officer also discussed best practices for disclosure and notification for affected individuals with the office of Yukon's Information and Privacy Commissioner.

Session Briefing Note

T4A Notifications

TAB#11
Spring 2023
Finance

- As a result, as part of the T4A distribution process, notifications were sent to all individuals whose information was shared with government departments.

Context—this may be an issue because:

- Security breaches have received attention in the past in both the media and legislative assembly.
- Further reports are being finalized for the Information Privacy Commissioner, who may issue a public report on the incident.

Background:

- Jan 4- Memo from Comptroller's office sent to Finance branches of all YG Departments to create a list of all vendors who require a T4/T4A from income earned by Honoraria, Bursaries, etc.
- Jan 11, 2023 - An email containing an excel spreadsheet with sensitive personal information (name, address, social insurance number, employment information, amount paid and other unique identifiers) was sent from the Department of Finance (Financial Accounting) to Yukon government finance units. Each recipient only received their respective department's information.
- Jan 18, 2023- Financial Accounting identified that the information sent included the SIN. They tried to recall the message and proceeded to call each recipient of the information to delete that column from the spreadsheet. The Comptroller was notified.
- Jan 19, 2023- The Department of Finance's Privacy Officer notified and corresponded with Financial Accounting to discuss procedures to complete the Privacy Breach Report form for Employees.
- Jan 20, 2023- The Department of Finance's Privacy Officer sent an email to all spreadsheet recipients to confirm, in writing, that all information had been deleted. Containment of the information was confirmed for all recipients.

Session Briefing Note

T4A Notifications

TAB#11
Spring 2023
Finance

- Jan 26- The Privacy Breach Report was completed and was prepared for submission to the Information Privacy Commissioner. Notifications to affected individuals is underway and information will be included as part of the T4A process.
- Feb 22, 2023- Notification was sent to all affected individuals as part of the annual T4A distribution process.

Approved by:

Signature on File

March 27, 2023

Deputy Minister, Department

Approved

Session Briefing Note**Spring 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:

- The cost of sharing the personal income tax room is recovered under the Territorial Formula Financing (TFF) grant.

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**Spring 2023****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.

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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
Department of Finance

January 30, 2023

Date approved

Session Briefing Note

Spring 2023

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), 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.
- In years where there are offsets, 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.

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- Premiers have accepted the federal government's overall health care funding proposal, and work is now underway on a bilateral agreement that will address the distinct needs of our territory. It is important this agreement reflects the unique challenges we face in health care delivery through increased Northern-specific health funding.
- The 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. Additional funding provided through these agreements will be reflected in supplementary estimates for 2023-24.
- TFF is a legislated federal transfer that is renewed every five years. Legislation for the next renewal is expected to come into effect in early 2024 and would cover the period from 2024-25 to 2028-29.

Additional response:

- During the TFF renewal process, federal and territorial officials have examined potential amendments to the program. To date, the focus has been on minor technical amendments. Amendments are expected to be reviewed and finalized by federal and territorial Ministers by December 2023.
- The Yukon, along with provinces and territories, have been asked to explore joining a coordinated vaping taxation arrangement with Canada, which could take effect as early as January 2023. 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.

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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.
- 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.

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- 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.
- 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. The current CST program escalator is 3%.
- Provinces and territories are seeking increases in CHT to cover 35% of healthcare expenditures (it currently covers 20% to 25% of healthcare expenditures, depending on the estimate). This is currently the main priority that premiers have identified at the Council of the Federation.

- **Update on Health Funding Negotiations:** on February 7, 2023, Canada proposed a plan to increase health funding over the next 10 years. The plan includes approximately \$45 billion dollars of new funding nationally from 2023-24 to 2032-33. This consist of approximately \$20 billion in new funding through the CHT and \$25 billion delivered through bilateral agreements to be negotiated by Health Canada. For the Yukon, these proposals are expected to increase health funding by approximately \$95 million over ten years.
- The initial proposal also included \$150 million to renew the Territorial Health Investment Fund (THIF) for an additional 5 years until 2027-28, with each

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territory receiving \$10 million annually. This would be an increase for the Yukon over its previous \$6.4 million annual THIF allocation, but it is also significantly lower than the \$25 million annual amount that Yukon was seeking. The amount for Nunavut would fall from its previous \$13.5 million allocation.

- On February 13, premiers signaled that they would accept the federal proposals related to CHT and the funding envelope for bilateral agreements. Provincial premiers were also united in their support for the territories to seek additional THIF funding. At the time of writing, the funding envelope for the THIF renewal and the allocation between territories is still under discussion. (See the Annex for a detailed description of the federal health funding proposals)
- CHT and CST grants are estimated in each December for the next fiscal year. Provisional payments are made based on these estimates. Final entitlements are determined in September of the following fiscal year.
- 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

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.

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- 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

ANNEX - Summary of federal health funding proposals

- **Immediate top up in 2023/24:** An immediate national and "unconditional" \$2-billion top-up to the Canada Health Transfer (CHT) in 2023-24 to address urgent pressures being experienced at pediatric hospitals and in emergency and operating rooms.
- **Guarantee 5% annual increases until 2027/28:** Top up payments to guarantee 5% annual increases to the CHT over the next five years. The current CHT annual growth rate is based on a three-year moving average of nominal GDP, with a guaranteed floor of 3%. Because the CHT is already expected to grow by more than 5% in 2023/24 and 2024/25, 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 funding envelop, creating a permanent funding increase. Canada estimates this measure will provide an additional \$17.3 billion over the next 10 years.
- **Territorial Health Investment Fund 5-year Renewal:** \$150 million over five years for the Territorial Health Investment Fund (THIF) in recognition of medical travel and the cost of health care delivery in the North. On of February 14, territorial premiers wrote to Prime Minister Trudeau to request that Canada align the total THIF funding envelope closer to the \$750 million business case that territories have put forward. At the time of writing, the envelope for the THIF renewal and the allocations between territories are under discussion.

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- **Bilateral 10-year agreements:** \$25 billion over 10 years for decade-long bilateral deals with each province and territory tailored to their health care needs, but connected to shared priorities such as family health access, investing in mental health and substance abuse services, and modernizing the health information system. The funding is allocated using a “based plus” model. The annual base payment is \$5 million for Yukon and the two other territories, \$20 million for PEI (whose population is roughly 4 times that of each territory), and \$50 million for all other provinces. The remaining annual funding is allocated on an equal per-capita basis
- **Other proposals:** \$2 billion over 10 years aimed at addressing the access challenges uniquely faced by Indigenous people and \$1.7 billion over five years to support hourly wage increases for personal support workers and related professions (details are yet to be confirmed).

PT commitments to receive funding

- To access funding, PTs must agree to develop and use comparable indicators through the Canadian Institute for Health Information (CIHI). Initial indicators will include: percentage of Canadians who report having access to a regular family health team, a family doctor or nurse practitioner, including in rural and remote areas; Size of COVID-19 surgery backlog; net new family physicians, nurses, and nurse practitioners available to work; Median wait times for community mental health and substance use services; Percentage of youth aged 12 to 25 with access to integrated youth services for mental health and substance use; and Percentage of Canadians with a mental disorder who have an unmet mental health care need.
- PTs must adopt common standards and policies related to data so residents can access their own health information and benefit from ability to share between health care workers, health settings, and jurisdictions. Indicators to track include: Percentage of Canadians who can access their own comprehensive health record electronically; Percentage of family health service providers and other health professionals (e.g., pharmacists, specialists, etc.) who can share patient health information electronically.
- PTs must agree to sign bilateral agreements that describe how they will use federal funding to work towards targeted results and timelines. Action plans will be developed that describe how funds will be spent, incremental to existing spending, and how progress will be measured.

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- PT governments must streamline foreign credential recognition processes for internationally educated health professionals, and advance labour mobility, starting with multi-jurisdictional credential recognition for key health professionals. PT governments will also be asked to report on progress towards those results.
- PT governments must implement action plans for the remaining four years of funding for Home and Community Care and Mental Health and Addiction Services, as well as the \$3 billion investment announced in Budget 2021 to improve long-term care safety.

Federal health funding proposals – impact for Yukon (\$ Millions)

	\$2 billion one-time CHT top up in 2023/24	Guaranteed 5% annual CHT growth until 2027/28	THIF Renewal* (\$10M per year)	Bilateral agreement (\$7.3 per year)	Total new funding
2023/24	2	-	10.0	7.3	19
2024/25		-	10.0	7.3	17
2025/26		1	10.0	7.3	18
2026/27		2	10.0	7.3	19
2027/28		3	10.0	7.3	20
2028/29		3		7.3	10
2029/30		3		7.3	10
2030/31		3		7.3	10
2031/32		3		7.3	10
2032/33		3		7.3	10
Total	2	20	50	73	145

* subject to change pending outcomes of continuing federal-territorial discussions

Approved by:

Signature on File

Deputy Minister
a/Department of Finance

February 23, 2023

Date approved

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Carbon Rebate

Finance

Recommended response:

- The Yukon's carbon rebate is revenue neutral. We are returning 100% of the federal carbon levy to four rebate groups.
- We remain committed to ensuring that the four rebate groups continue to receive more, on average, than they pay in carbon pricing levies. We are distributing 45% to individuals, 36.0% to general businesses, 12% to mining businesses, 3.5% to First Nations governments and 3.5% to municipal governments.
- Finance officials have reaffirmed that the 2022-23 rebates are on target to meet by March 31, 2023 the most recent projections that the surplus will decline by just over \$12 million this fiscal year due to higher business uptake.
- We expect that trend to continue into the new fiscal year. By the end of the 2023-24 fiscal year, we expect the surplus remaining in the carbon rebate revolving fund to decrease to \$4.4 million.

Rebate for individuals

- The rebate amount for individuals for the upcoming rebate year will be \$372 (\$93 per quarter). This represents \$52 increase compared to the previous rebate year. The first of quarterly payments for the new benefit year will be provided in July 2023.
- Yukoners living outside of Whitehorse will also receive an additional supplement of 10%, or \$37.20 over the rebate year.

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Carbon Rebate

Finance

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- Payments to more than one individual in a household are made under the same rules as the federal government's payments for the Goods and Services Tax credit; one person per household will receive the rebate for all individuals.

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.
- Uptake for the general business rebate was low in the initial years. This is partly due to tax software providers' delay in rolling out products with the appropriate carbon rebate schedules and forms.
- The lower uptake resulted in a significant surplus balance in the business rebate account, which was carried forward to increase the rebate in 2022-23. Tax data indicates that the uptake is increasing, so the rebate for 2023-24 no longer includes the large surplus, which explains the decline in the rebate compared to the previous year.

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Finance

Rebate for mining businesses

- Bill 21, or the Carbon Price Rebate Amendments Act, received assent on October 24, 2022. The bill replaced the placer and quartz mining rebate with a new revenue neutral mining business rebate effective January 1, 2023.
- Miners will continue to be eligible for the pre-2023 rebate for fuel purchased in 2022. They have until September 30, 2023 to apply for the pre-2023 mining rebate.
- The new mining business rebate is 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.
- 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 \$1000 of asset costs. Recognizing the difference in capital intensity between different mining operations, placer mining businesses apply an adjustment factor to increase their rebate amounts.
- Special transitional amounts have been established for January 1 to March 31, 2023. These amounts are available for businesses whose taxation year-end occurs between January 1, 2023 and March 31, 2023. This ensures that mining businesses can claim the mining business rebate in 2023 no matter when their year-end occurs.
- The transitional business rebate factor for January to March 2023 is \$5.27 per \$1,000 in assets. The Super Green Credit provides a rebate of about \$198 per \$1,000 of asset costs.

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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.
- Effective January 1, 2023, we increased the First Nation government share of the carbon rebates from 2.5% to 3.5%. This increase was not related to a material change in First Nation government emissions, but was instead driven by a decrease in levies paid by mining companies after a Yukon facility recently entered the federal Output-Based Pricing System. Accordingly, we reduced the mining share and increased the First Nation government share.
- We are committed to working with all First Nations government to ensure that carbon-pricing revenues are distributed equitably. We are always interested in hearing from Yukon First Nations about different options for allocating revenues within the territory.

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Finance

-
- First Nations governments have received their rebate on March 31 each year. The allocation that each First Nations government received was guided by the allocation formula in Chapter 19 of the *Umbrella Final Agreement*. The regulation governing this allocation has expired as of March 31, 2022 and will need to be replaced.

Municipal governments

- Municipal governments receive carbon rebates on April 1 each year.
- Effective January 1, 2023, we increased the municipal governments share of the carbon rebates from 3.0% to 3.5%. This increase was not related to a material change in municipal government emissions estimates, but was instead driven by a decrease in levies paid by mining companies as a Yukon facility has recently entered into the federal OBPS. Accordingly, we reduced the mining share and increased the municipal government share.
- 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 September 6 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

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greenhouse gas emissions. The engagement occurred alongside Energy Mines and Resources' consultation on the development of intensity-based emissions targets for the mining sector. We are currently reviewing the feedback received from stakeholders and engagement participants.

- 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.
- 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:

- Carbon pricing is a common issue in the media and in past legislative sessions.
- The Opposition will be interested in the monitoring the rollout of the new carbon rebate for mining businesses.
- From September 6 through October 3, 2022, the Yukon Department of Finance engaged with the mining industry on the development of a carbon rebate for mine operators that may be subject to the OBPS.
- On March 2, 2023 in question period the following was raised: "As of March 31, 2022, the Yukon government has accumulated almost \$19 million in surplus from the carbon tax. Why isn't the Yukon government ensuring that all of the money it collects from the federal government for the carbon tax is coming back to Yukoners?"

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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).
- 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.
- The Low Carbon Yukon Stakeholder Committee 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

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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.
- 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.
- The tables in the next pages provide up-to-date summary information on the carbon levies received and rebates paid.

Northwest Territories Discontinues Heating Fuel Rebate and Large Emitter Program

- On October 31, 2022, the Government of the Northwest Territories (GNWT) announced that it would discontinue its carbon tax exemption for heating fuel and its current rebate for large industrial emitters effective April 1, 2023.
- The GNWT also tabled Bill 60, *An Act to Amend the Petroleum Products and Carbon Tax Act*, which would increase the NWT's territorial carbon tax rate each year until 2030, in-line with increases to the federal carbon levy.
- To offset the loss of the heating fuel exemption, the GNWT announced that it would increase its annual Cost of Living Offset (COLO) payment by \$135 per resident. Beginning in 2023-24, annual COLO amounts would increase to \$473 for each adult and to \$525 for each person under 18 years of age. The GNWT will also replace its current carbon tax rebate for large emitters with a rebate tied to a facility-specific baseline (details are still unknown).

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

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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 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.

ANNEX

Carbon Price Rebate Revolving Funds – presented in Main Estimates 2023-24 (\$'000)

	2023-24 ESTIMATE	2022-23 FORECAST	2022-23 ESTIMATE	2021-22 ACTUAL
Amounts Received				
General Business	10,700	11,800	12,773	11,470
Mining Business	3,600	780	-	-
Personal	13,300	11,500	11,612	10,121
Municipal	1,000	800	774	675
Yukon First Nations	1,000	710	645	224
Total	29,600	25,590	25,804	22,490
Amounts Disbursed				

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General Business	11,600	24,200	24,588	3,003
Mining Business	4,200	140	-	-
Personal	14,400	12,000	14,211	6,932
Municipal	800	675	695	365
Yukon First Nations	1,000	710	645	225
Undistributed Balance	-2,400	-12,135	-14,335	11,965
Total	29,600	25,590	25,804	22,490
Net Change in Revolving Fund				
General Business	-900	-12,400	-11,815	8,467
Mining Business	-600	640	-	-
Personal	-1,100	-500	-2,599	3,188
Municipal	200	125	79	310
Yukon First Nations	0	0	0	0
Total	-2,400	-12,135	-14,335	11,965
Balance at Beginning of Year	6,750	18,885	14,448	6,920
Balance at End of Year	4,350	6,750	113	18,885
Increase/(Decrease) in Restricted Funds	-2,400	-12,135	-14,335	11,965

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Carbon Rebate

TAB #14

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Finance

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

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

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Carbon Rebate

Finance

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

a/Deputy Minister, Finance _____

March 30, 2023
Date approved _____

Recommended response:

- We view pension plans as an integral part of employee compensation.
- Both the Yukon Hospital Corporation and Yukon University pension plans have for years required letters of credit and cash injections to remain funded from a solvency perspective.
- The Yukon government is continuing to support the solvency funding requirements by guaranteeing the hospital and university's pension plans letters of credit. A letter of credit is the bank's promise to pay a lump sum to the pension plan in the event the plan is terminated.
- Solvency liabilities are very sensitive to interest rate changes. A pension plan needs less assets today compared to a year ago to fund future pension payments given the compounding effect of higher rates today. We expect in the next few years that the solvency funding positions may shift from deficit to surplus as interest rates have.

Additional response:

- The federal government provided temporary COVID-19 relief to federally regulated pension plans. That relief expired on December 30, 2020, with the announcement of future pension reform.
- The Yukon government is encouraged by Canada signaling a plan to strengthen the federal pension framework. The proposed reform will not provide an exemption for the hospital and university, but rather, provide a mechanism to recover solvency funding in the future.

- We have repeatedly asked for reform to the framework, in particular exemptions, and we are working with Canada to expedite plans for regulatory amendments or other changes to address this challenge.

Context — this may be an issue because:

- Yukon Employees Union members have expressed concerns about the financial health of the pension plans. In the last decade the majority of pension cost increases have been borne by employees. Benefit concessions were also made due to solvency funding. Finally, the potential to move from a defined benefit plan to a targeted benefit plan has been raised as a concern.
- Prior support for solvency cash funding was made in the form of transfer payments. For 2019, cash funding has taken the form of a loan between Yukon and Yukon Hospital Corporation. For 2023, the Yukon Hospital corporation intends to borrow from a bank with loan costs supported by the Yukon government.

Background:

- A solvency deficit is an estimate of how much a defined benefit pension plan's liabilities exceed assets in the event the plan is terminated.
- Federal pension regulations require that solvency deficits must be eliminated through extra funding either by cash contributions or letters of credit of up to 15% of the pension plans liabilities.

Many provinces provide an exemption from solvency testing for pension plans of hospitals and post-secondary institutions. The primary reason for the exemption is the very low probability of these institutions shutting down operations. There are no equivalent exemptions in the federal legislation.

- In 2019 Yukon Government lent the Yukon Hospital Corporation just over \$3 million to meet their solvency funding obligations.
- The loans will be repayable when and if the solvency deficit is eliminated and the amount of repayment will be subject to applicable federal laws.
- The 2021-2022 Public Accounts indicate that the Hospital has a \$16M solvency deficit while the University has a \$2M surplus, the first surplus since 2004.
- The most recent valuation reports indicate the annual funding for the hospital is approximately \$5.1M and for the University \$188K. The annual funding will be made by future cash payments as the letter of credit has reached the legislated maximums.
- In May 2020, in response to the pandemic Canada issued the Solvency Special Payments Relief Regulations, 2020 providing solvency relief until December 31, 2020.
- On November 3, 2020, Minister Silver wrote to Minister Freeland to request an extension of that relief. That extension was not provided.
- On November 6, 2020, Canada launched consultations on strengthening federally regulated pension plans.
- On January 5, 2021, Minister Silver wrote to Minister Freeland following up on the proposed changes and recommended that federal rules primarily focus on private employer pension plans recognizing the unique nature of publicly funded plans by providing an exemption.
- On April 7, 2022, as part of Budget 2022, Canada announced the intention to amend the Pension Benefits Standards Act, 1985 regulations to create solvency reserves accounts. A solvency reserve account is a separate or notional account

within the pension fund into which an employer could remit solvency special payments that could later be recovered when the plan is in surplus, subject to certain conditions.

- No proposed regulations have been publicly released by Canada yet. .

Approved by:

Signature on File

February 28, 2023

a/Deputy Minister
Department of Finance

Date approved.

Session Briefing Note

Spring 2023

Fuel and Tobacco Taxes

Finance

Recommended response:

- Not only is tax on fuel in the Yukon the lowest anywhere in Canada at just 6.2 cents per litre for gasoline and 7.2 cents per litre for diesel, but the 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.

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.
- 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.

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Spring 2023

Fuel and Tobacco Taxes

Finance

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 [January 2022 to January 2023](#) is 7.9%, which 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 Yukon fuel tax applies to gasoline, diesel, and aviation fuel. Heating fuel and propane have been exempt 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.

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Fuel and Tobacco Taxes

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 Finance

Appendix A

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

	2022-23 ESTIMATE	2021-22 FORECAST	2021-22 FORECAST	2020-21 ACTUAL
Fuel	9,660	8,279	8,610	7,004
Tobacco	13,262	13,197	13,222	13,584
Total	22,922	21,476	21,832	20,588

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	32.50	14.50	15.00
Alberta ²	27.50	13.00	13.00
Saskatchewan	29.00	15.00	15.00
Manitoba	30.00	14.00	14.00
Ontario ³	18.475	14.70	14.30
Quebec	14.90	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. Alberta suspended its fuel taxes as of April 1, 2022, to be reviewed June 30, 2023.
3. Ontario reduced its fuel taxes to 9.0¢/litre, effective from July 1, 2022 to December 31, 2023.
4. 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, 2023.

Session Briefing Note
Fuel and Tobacco Taxes

TAB #16
Spring 2023
Finance

Approved by:

Signature on File

a/Deputy Minister
Department of Finance

February 28, 2023

Approved

Session Briefing Note

Income Tax

Spring 2023
Finance

Recommended response:

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

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. We are in the process of implementing these changes and will announce details before the start of the next child benefit cycle, which begins in July 2023.
- 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 Government of Yukon is reviewing this and other commitments in the CASA to determine the necessary next steps to implement the changes.

Personal Income Tax

- The Government of Yukon is mirroring federal increases to the Basic Personal Amount that began in 2019. As a result, the Yukon Basic Personal Amount is increasing in four steps, from \$12,069 in 2019 to a maximum of \$15,000 by January 1, 2023.
- This has resulted in hundreds of dollars in tax savings for all taxpayers except those in the highest income tax brackets.

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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%.
- 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.
- This year, the Government of Yukon is mirroring federal changes to increase the number of businesses eligible for the small business tax rate. The changes will loosen claw back rules so that the small business rate is eliminated when a business's taxable capital exceeds \$50 million rather than the current \$15-million-dollar threshold.
- The increase is effective retroactively to the tax year starting on or after April 7, 2022.
- Mirroring this change is expected to reduce corporate income taxes by approximately \$1.7 million, annually.

Additional response:

- The Yukon's competitive tax environment is providing needed relief as individuals and businesses recover from the economic impacts of the COVID-19 pandemic.

Context — this may be an issue because:

- The economic impacts of the pandemic may bring renewed interest in the Yukon's personal and corporate income tax situation.

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- There are significant variances between the current personal and corporate income tax forecast for 2021-22 and the previous estimates, which expected that the COVID-19 pandemic would have a large negative impact on these revenues.

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.

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.
- The Department of Finance is anticipating a July 1, 2023 implementation of the proposed changes to the Yukon Child Benefit program.
- 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

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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*.

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 \$820 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.
- The annual benefit amount and income threshold, which are proscribed in the *Yukon Child Benefit Regulation*, are not indexed for inflation and have not changed since 2015. As a result, several families have received less, or have lost access to the benefit entirely, over the past seven years, as their family incomes rose.

First Nations Tax Credit

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- 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.
- There was a relatively large increase in the First Nations Tax Credit in 2020. Initial analysis suggests that this is likely the result of emergency income support programs during the pandemic, like the Canada Emergency Response Benefit.
- These emergency income supports more than made up for the decline in employment income in 2020, which in many cases resulted in higher total income levels than would have been expected had the pandemic not occurred.

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.

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.

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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.

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Income Tax

Spring 2023
Finance

Appendix A

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

	2023-24 ESTIMATE	2022-23 FORECAST	2022-23 ESTIMATE	2021-22 ACTUAL
Personal Income Tax	98,397	100,676	89,948	101,790
Corporate Income Tax	27,442	31,957	24,426	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	9.0	3
Ontario	3.9	12
Quebec	9.9	1
New Brunswick	7.3	6
Nova Scotia	9.5	2
Prince Edward Island	8.9	4
Newfoundland & Labrador	7.9	5

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

	2018	2019	2020	2021 (YTD est.)
For individuals				
First Nations	2,988,009	2,916,935	3,499,335	3,550,000
Small Business Investment	23,476	9,567	8,002	5,000
Political Contribution	185	(207)	0	0
Research & Development	3,607	1,905	1,811	1,800
Yukon Child Benefit	1,679,803	1,598,019	1,514,751	1,527,262
For corporations				
Political Contribution	63	558	(374)	2,250
Research & Development	602,842	495,249	592,818	600,000
Manufacturing & Processing	235,941	70,252	164,961	490,000

Session Briefing Note
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Spring 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	0.0	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

a/Deputy Minister
Department of Finance

March 6, 2023

Date approved

Session Briefing Note**Spring 2023****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.
- Insurance premiums are market-driven and can fluctuate for a variety of reasons. There is no indication that the changes announced in Budget 2020, and introduced in January 2021, have had a direct material impact on insurance costs in the Yukon.

Session Briefing Note

Spring 2023

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. The large increase in the Yukon's estimated revenue in 2021-22 is due to the tax rate increase in January 2021.
- 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 increase in the tax rate in Budget 2020 was framed, in part, as a measure to offset the revenue decline from the elimination of tax on small business income.
- The Budget 2020 increase was also framed as asking the insurance industry to pay 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

TAB #18
Spring 2023
 Finance

Appendix A

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

Fiscal year	2022-23 ESTIMATE	2021-22 FORECAST	2020-21 ACTUAL
Revenue	8,073	7,286	3,765

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	-	-
Alberta	4.00	-	-
Saskatchewan	4.00	1.00	*Fire Prevention Act + 1% for Motor Vehicle Act
Manitoba	4.00	1.25	*Fire Prevention & Emergency Response Act
Ontario	3.50	-	-
Quebec	9.00	-	-
New Brunswick	3.00	1.00	*Fire Prevention Act
Prince Edward Island	4.00	-	-
Nova Scotia	4.00	1.25	*Fire Prevention Act
Newfoundland & Labrador	5.00	-	-

Session Briefing Note

Spring 2023

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

January 30, 2023

Deputy Minister

Date Approved

Session Briefing Note**Spring 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 Census population count adjusted for net-undercoverage (the official estimate), 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

Spring 2023

2021 Census Population Count

Finance

- With the exception 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

February 6, 2023

Deputy Minister, Finance

[Date approved]

Recommended response:

Fiscal Accountability: Grading Canada's Senior Governments

- The CD Howe Institute produces an annual report titled *The Right to Know: Grading the Fiscal Transparency of Canada's Senior Governments 2022*, which assesses the usefulness of government financial documents and assigns letter grades for the quality of these products.
- The report takes into account how readily users can find government documents, understand their content and how easily they may use them to make informed decisions.
- The latest report covers the Yukon's financial statements spanning two fiscal years between the 2020-21 Public Accounts and the 2021-22 Budget.
- The CD Howe Institute assigned the Government of Yukon an A-ranking which is the second highest grade assigned this year anywhere in Canada. This was largely based on presenting our budgets in a consistent manner with our financial statements.
- Based on last year's report, the government enhanced website navigation to ensure that budget documents were easier to find, that they were searchable and that the file naming more accurately reflected the contents of the document.

Additional response:

- 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.
- Yukon is one of only two senior governments in the country to receive a grade of A- or higher this year.
- This, combined with our Double A Stable credit rating from S&P Global Ratings for the 13th year in a row, demonstrates that the financial health of the Territory is strong and well-managed.

Context — this may be an issue because:

Fiscal Accountability: Grading the Fiscal Transparency of Canada's Senior Governments, 2022

- The CD Howe Institute releases an annual report which compares the budgets and estimates of the current year to the financial statements of the prior year for the federal, provincial and territorial governments.
- Each jurisdiction is then assigned letter grades that reflect how readily a non-expert may find, understand and act on the information therein.

Session Briefing Note

CD Howe Reports

TAB #20
Spring 2023
Finance

Background:

Fiscal Accountability: Grading the Fiscal Transparency of Canada's Senior Governments, 2022

- CD Howe annual report on fiscal accountability focuses on the relevance, accessibility, timeliness and reliability of senior government's budgets, estimates and financial statements.
- Yukon's budget process has not changed significantly over the past two years.

Approved by:

Signature on File

Deputy Minister
a/Department of Finance

February 21, 2023

Date approved

Session Briefing Note**Spring 2023****Community Banking**Finance

Recommended response:

- The Government of Yukon provides banking services for government operations and rural Yukon communities that would not otherwise be served by a commercial bank through a service contract with CIBC.
- We know that banking services are essential to our community residents, First Nation and municipal governments, local businesses, tourists and our own operations.
- We are confident that the services being provided by CIBC meets the current banking needs of our rural residents ensuring that all Yukoners can access basic banking services close to home.

Additional response:

- Rural banking centres are located in 10 Yukon communities and all but one currently have regularly scheduled hours. Information on community banking services and current opening hours is available on Yukon.ca
- Occasionally, banking service in rural communities are unavailable on short notice due to staffing shortages. During these interruptions, there may be a temporary limitation or reduction of service.
- In cases of service disruption due to staff absence, CIBC will allocate temporary staff and attempt to minimize service disruptions whenever it is possible to do so.

Session Briefing Note

Spring 2023

Community Banking

Finance

-
- CIBC has a dedicated Rural Community Banking Account Manager who is experienced and knowledgeable about each location. The Manager has a strong background in account management, with a focus on Northern banking operations and experience in working with First Nations.
 - The government continues to work with CIBC towards improving provided services to the communities.
-

Context — this may be an issue because:

- There are ongoing challenges in finding available staff and facilities to provide services in some communities.
-

Background:

CIBC is committed to meeting the needs of rural residents of the Yukon

- This includes changing hours and days of operations to suit community needs.

Transactional services for all community residents

- Cash withdrawals from bank accounts using an over the counter point-of-sale device to process a debit card transaction. The cards used in these transactions are issued by any financial institution using the Interac system.
- Cheque cashing services for any Government of Yukon cheque or federal cheque and most Yukon First Nation government cheques.

Transactional services for customers of major banks

- Customers of the Bank of Montreal, the Bank of Nova Scotia, CIBC, the First Nations Bank, RBC and TD can access mobile and online banking services using devices supplied by CIBC. This includes depositing cheques with e-deposit, paying bills online and making account balance inquiries.

Session Briefing Note**Spring 2023****Community Banking**Finance

In addition to the services above, services for CIBC customers also include

- Deposit cash to bank accounts. Cash is deposited to bank accounts using an over-the-counter point-of-sale device and a debit card. This requires the individual to log into their online banking account.
- E-deposit their cheque through available iPad and cheque scanners.
- Cheque cashing services.
- Balance inquiries.
- Purchase of Canadian and American currency bank drafts (These are delivered from CIBC's Whitehorse branch).
- Purchase of American currency up to \$250 in Canadian dollars.
- Opening/closing of personal chequing and savings accounts.
- 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 or Federal cheque.

Level of services provided by CIBC in the communities

- Like TD, manual cash deposits are only available to CIBC customers. However, CIBC agents are helping all non-CIBC customers with alternative arrangements including helping them access telephone or online banking services with other providers.
- Manual bill payments are no longer accepted in full-service branches at any bank in Canada; however, CIBC agents can assist customers in our rural communities to pay bills online or via telephone banking, which is consistent with full-service branches in the Yukon.

Session Briefing Note**Spring 2023****Community Banking**

Finance

- Individuals without access to technology can access online banking using the devices provided in the branches. There are no requirements/expectations that individuals will need to buy new hardware and agents are always available to assist with login and use. CIBC's goal in designing its processes is to modernize the delivery of banking services by leveraging technology so individual citizens have increased access to services as well as a choice of provider.
- CIBC has negotiated arrangements with most Yukon First Nations to be able to cash First Nation Government cheques up to a specified amount whether they have a CIBC account or not. Currently, CIBC does not have agreements in place with White River First Nation or Selkirk First Nation and has stopped accepting cheques issued from them until agreements are put in place.

Approved by:**Signature on File**_____
Deputy Minister

Department of Finance

January 23, 2023

Date approved

Session Briefing Note**Spring 2023****Evaluation Framework**Finance

Recommended response:

- The Government of Yukon is committed to continuous improvement of our day-to-day operations, the design of new initiatives and the delivery of services to the public.
- By monitoring and measuring the operations and the outcomes of programs, we are supporting the successful evaluation and evidence-based management of our programs.
- Phased implementation of the new *Performance Measurement and Evaluation Framework* began in Fall 2022.
- As of January 2023, a growing proportion of government programs, policies, and strategies will be reporting on their anticipated outcomes, the resources dedicated to their accomplishment, and the metrics used to understand their operations and the results they achieve for Yukon.
- The framework also provides departments with enhanced resources and training which support their ability to monitor and evaluate their delivery of services over the short to long term. These include a variety of training and capacity development materials for all levels of the organization.
- Over the coming years, the framework will also produce new analysis and reporting products that provide deeper insight into the relationships between government investments, strategy, and results.

Session Briefing Note

Spring 2023

Evaluation Framework

Finance

-
- The *Performance Measurement and Evaluation Framework* will improve our understanding of how government expenditures translate into real benefits for the Yukon and Yukoners.

Additional Response:

- Department and program staff throughout the government have always actively managed and improved their programming. This framework builds on those foundations by providing the skills and technologies needed to collect, analyze, and use information effectively to further improve program goals and outcomes.
- Monitoring and evaluation are cornerstones of continuous improvement. Through its ongoing implementation, the *Performance Measurement and Evaluation Framework* will enhance information available to program staff, decision makers, and the public about the efficiency and effectiveness of public investments.
- The *Performance Measurement and Evaluation Framework* is comprehensive and is integrated with existing government processes.

Context—this may be an issue because:

- The government committed to the development of an Evaluation Framework in Minister Silver's Mandate Letter of July 5, 2021.

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.

Session Briefing Note**Spring 2023****Evaluation Framework**

Finance

- Evaluation is the systematic assessment of the design, implementation or results of an initiative for the purposes of learning or decision-making.
- Performance measurement is the ongoing monitoring of the operation and outcomes of programs.
- The Performance Measurement component of the framework provides resources and expectations related to the clear articulation of the logic, intended outcomes, and ongoing results monitoring of government initiatives. This work supports ongoing evidence-based management as well as the expected success of future evaluations.
- The Evaluation component of the framework provides a comprehensive understanding of the quantity and nature of the in-depth explorations into initiative efficiency, effectiveness and impact that are performed across government.
- The Performance Measurement & Evaluation Framework, and associated resources, are currently managed by the Department of Finance. Capacity development resources are made available through the YG Learn online platform.

Approved by:**Signature on File**

Deputy Minister
Department of Finance

January 30, 2023

Date approved

Session Briefing Note**Spring 2023****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 thirteenth year in a row in July 2022.
- In its report, S&P Global Ratings points out that "the government has a track record of strong management that produces solid financial results supported by stable federal funding."
- This report, combined with C.D. Howe's report on Grading the Fiscal Transparency of Canada's Senior Governments, where the Yukon received the highest grade in the nation, 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 honors 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 financial management practices that enhance our long-term financial sustainability.

Session Briefing Note

Spring 2023

S&P Global Ratings

Finance

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.

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 2020.
- S&P Global Ratings provide a forward-looking opinion on Yukon's creditworthiness.

Approved by:

Signature on File

Deputy Minister
Department of Finance

January 30, 2023

Date approved

Corporate Notes

Session Briefing Note

Spring 2023

Housing Issues

Yukon Housing Corporation

Recommended response:

- As we are aware, homelessness has far-reaching consequences that impact Yukoners. The substance use health emergency and the COVID-19 pandemic have only intensified these issues.
- Meanwhile, rental options are too few and often too expensive. Vacancy rates in the rental market have dropped to 0.8% - the lowest in years –a reality that influences the Yukon Housing growing waitlist.
- Down payment costs remain out of reach for many Yukoners, and homeownership may be less affordable as interest rates rise.
- Across government, we are working with stakeholders to develop new land parcels, increase housing stock, and rapidly increase housing supply while also responding to the findings of the 2022 Office of the Auditor General Report on Housing.

Additional response:

- We continue to enhance our Community Housing stock to support a full housing continuum - 47 new affordable units at 401 Jeckell, 10 units of affordable and supportive housing for seniors through Normandy Living and three new triplexes in Watson Lake, Mayo and Whitehorse demonstrate how we are responding to the 2022 Office of the Auditor General of Canada recommendations on housing.
- Partnership with Da Daghay Development Corporation for the construction of 98 new units is one of numerous housing examples that further support vulnerable Yukoners.
- Through our new approach to housing YG employees in communities, we aim to decrease the housing cost disparities in communities, further incentivize private sector investment in housing, and prioritize

Session Briefing Note

Spring 2023

Housing Issues

Yukon Housing Corporation

allocations of the government's existing staff housing units to meet critical needs for community well-being.

- Finally, as part of the response to the 2022 Office of the Auditor General of Canada recommendations on housing, we have expanded capital incentive programs to include land development for residential housing, while also enhancing our Community Housing stock.

Context—this may be an issue because:

- Since COVID-19, Yukoners have faced additional housing challenges including increased housing prices and low vacancy rates.
- The recently declared substance use health emergency in the Yukon and closure of Chilkoot Trail Inn have added strain on the housing crisis.

Background:

Recent interest rate hikes

- The Bank of Canada raised interest rates for an eighth time in January, bringing the Bank rate to 4.50%. At the start of 2022, that rate was 0.25 %. Rising debt costs will make it more challenging for homeowners to qualify for a mortgage and will increase monthly debt costs for existing homeowners and developers.

Housing Action Plan and Safe at Home Plan

- The 10-year Housing Action Plan (HAP) for Yukon was launched in 2015 and provides guidance on housing priorities for the territory.
 - A Housing Action Plan Implementation Committee (HAP – IC) made up of key housing stakeholders and partners from across the territory oversees its implementation.
- The Safe at Home community-based Action Plan to End and Prevent Homelessness (Safe at Home) was launched in November 2017.
- The Safe at Home plan was developed by the Government of Yukon, the City of Whitehorse, Kwanlin Dün First Nation, the Ta'an Kwäch'än Council and a number of local NGOs.

Session Briefing Note

Spring 2023

Housing Issues

Yukon Housing Corporation

- The Safe at Home Society was awarded \$10 million under the Northern Carve-Out of the National Housing Co-Investment Fund, \$5 million in funding under the federal Rapid Housing Initiative 2.0, and \$1.02 million in funding from YHC's Housing Initiatives Fund - for a supportive housing project proposal.

Land Development

- The Government of Yukon continues to support new land development to increase the supply of land available for housing development. This includes:
 - Government-led land initiatives in Whistle bend, as well initiatives to sell the 5th and Rogers site (See TAB #34) and old Macaulay Lodge site (See TAB #37);
 - First Nations land development projects – KDFN's Copper Ridge West (See TAB #35) and Range Point projects;
 - Private Sector land development project initiatives – the Tank Farm (See TAB #40).
- Community Services estimates an additional 1,476 new housing lots will come online by 2026, enough to accommodate 2,713 additional housing units.

New Housing Construction and partnerships with the Private Sector

- Yukon Housing Corporation offers several loans and grants programs (See TAB #4) to incentivize new housing construction – namely, the *Housing Initiative Fund* (See TAB #63), the *Developer Build Loan* (See TAB #59), and the *Municipal Matching Rental Construction Program* (MMRCP).
- These territorial-based programs complement new housing construction incentive programs under the National Housing Strategy, including the *National Housing Co-investment Fund* and the *Rapid Housing Initiative*.
- Finally, we provide subsidies to households living in private market housing through the *Canada Yukon Housing Benefit* (See TAB #57) and the *Rent Supplement* program.

Community Housing and the Most Vulnerable

- Yukon Housing Corporation and its partners continue to implement the new Community Housing Program, which aims to improve better client outcomes and fiscal resiliency (See TAB #58)
- Currently, YHC offers over 700 units through the Community Housing program in which eligible Yukoners pay 25% of their income for rent (rent-geared-to-income), we provide

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Housing Issues

Yukon Housing Corporation

support to more than 80 households through our rent supplement program and more than 130 Yukoners through the Canada-Yukon Housing Benefit.

- Starting in early 2023, YHC is introducing a mixed-income and mixed-use tenant's allocation policy to its Whitehorse buildings while providing tenants with appropriate partner supports to help them maintain housing.
- Work continues with the Safe at Home Society with the intent of allocating a percentage of units to individuals on the By-Name List.
- YHC is working to implement the Aging in Place Action Plan, which includes broadening programming to include Senior Supportive Housing Program as an option for seniors who require additional supports.
- Finally, YHC and housing providers have recently completed or are currently making significant capital investments to expand the community housing stock, including:
 - The 401 Jeckell – 47-unit building (See TAB #19);
 - Three new triplexes in Mayo, Watson and Whitehorse (See TAB #21);
 - A new Housing First building in Watson Lake (See TAB #25);
 - A new 10-plex in Old Crow (See TAB #23);
 - Duplexes in Carmacks, Dawson, Faro and Mayo (See TAB #20); and
 - New emergency shelters in Dawson and Whitehorse (See TAB #42).

Major investments in housing include:

- The Canada Yukon Housing Benefit, an eight-year rent subsidy program to support low to moderate income Yukoners renting private market rental housing (See TAB #57).
- \$3.5M for Normandy Living, a private senior's residence with supports (See TAB #38)
- \$21.7M for the design and construction of the 4th and Jeckell, a 47-unit mixed-income housing development in Whitehorse (See TAB #19).
- \$2.4M over 2021-2022 for the construction of three triplexes in Mayo, Watson Lake, and Whitehorse in addition to \$3M in federal funding under the Rapid Housing Initiative - contributing nine units of housing options. (See TAB #21)
- \$400K in 2021-2022 for the design of the Watson Lake Housing First project which will be tendered in the Fall 2023 (See TAB #25).
- Design work to support the housing needs in the communities of Teslin, Carcross and Dawson in 2022-2023.
- \$5.7M annually under the Housing Initiatives Fund (See TAB #63).
- \$2.4M to Yukon through a Northern Housing Fund under the National Housing Strategy.

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Spring 2023

Housing Issues

Yukon Housing Corporation

- \$6.9M for First Nation Energy Efficiency Program and \$8.4M for Community Housing retrofits under the Low Carbon Economy Fund (LCEF) provided on a 75% (Canada) - 25% (territory) cost-matching ratio between 2019 and 2024. (See TAB #60 & #61)
- \$4.1M for the construction of a Housing First residence for vulnerable individuals (5th and Wood St.) in Whitehorse
- Continued commitment by Government of Yukon toward the Municipal Matching Rental Construction program for new rental units.

Affordable rental housing incentives (in partnership with the private market):

- Since its inception in 2019, the Housing Initiatives Fund (HIF) intakes have brought on line 361 units and 159 are under construction. (See Tab #63).
 - The sixth intake of the Housing Initiative Fund was launched in November 2022. The deadline to submit an application February 3, 2023.
- The Municipal Matching Rental Construction Grant has supported the construction of over 126 new rental homes throughout the Yukon, ten of which are in progress.
- Since 2020, our homeownership loan program that focuses on providing financial support for the purchase and construction of building projects in rural Yukon, has helped 21 Yukoners to buy or build their first homes. 14 of these projects are completed.

Approved by:

Signature on File

Justin Ferbey
President, Yukon Housing Corporation

January 31, 2023

Date approved

Session Briefing Note

Our Clean Future Annual Report

Environment
Energy, Mines and Resources

Recommended response:

- We continue to make significant progress in the implementation of *Our Clean Future*.
- In September 2022, we released our second annual report. It outlines the progress we made in taking action on climate change in 2021.
 - Notably, in 2021, the Yukon Climate Risk Assessment was released and we saw a 12% decrease in our emissions when compared to 2020.
- Through this report we introduced five new actions and revised 13 existing actions to better meet our goals.
- *Our Clean Future* is an adaptive strategy, which means that we assess and adjust the actions we are taking year-over-year to stay on track to meet our long-term goals.
- We will continue to track and report our progress annually.

Additional response:

- Over the past year, we have advanced several key actions, such as:
 - Legislated greenhouse gas emissions reduction targets and associated reporting through the *Clean Energy Act*;
 - Received and analyzed the recommendations from the Yukon Climate Leadership Council ([Ref ENV #24 / EMR #34](#));
 - Established a standard method for determining the health of wetland ecosystems, and tracking baseline conditions to understand future changes;
 - Established a geohazard mapping program to understand risks to the Yukon's transportation corridors; and,
 - Enacted the single-use paper bag ban on January 1, 2023.

Session Briefing Note

Our Clean Future Annual Report

Environment
Energy, Mines and Resources

Third response:

- Although we have made progress on many of our commitments, there is still significant work required to meet our 45 per cent greenhouse gas emissions target reduction by 2030.
- We will continue to build on *Our Clean Future* as we learn more about climate change and introduce more actions. This will be reflected in future annual reports.
- We will also continue to work with experts, stakeholders and partner governments across the territory and beyond, to identify opportunities for new actions and to accelerate and intensify existing actions to reach our ambitious target.

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.

Background:

- *Our Clean Future* was released in September 2020 and is a 10-year strategy.
- *Our Clean Future* contains 136 actions to reduce greenhouse gas emissions by 2030 and supports the Yukon to be highly resilient to the impacts of climate change.

Signature on File

Deputy Minister of Environment

2023-02-01

Date approved

Signature on File

Deputy Minister of Energy, Mines and Resources

Feb. 1, 2023

Date approved

Session Briefing Note**Joint Corporate Note Inflation
and affordability**

Finance

Recommended:

- All Yukon households are seeing their budgets stretched by elevated levels of inflation, with lower-income households often feeling the effects more than others.
- The government continues to assess how inflation is impacting Yukoners and several measures included in the 2023-24 Budget will help make life more affordable for Yukoners.
- In 2023–24, the government is extending the Inflation Relief Rebate Program, which provides a \$50 per month rebate on ATCO Electric and Yukon Energy utility bills for the April and May billing periods, along with an additional three months later in the year.
- Other measures in the 2023-24 Budget to help make life more affordable to Yukoners include funding for food in Yukon schools, the timber harvesting incentive to boost fuelwood supply, a quarterly top-up of \$150 to eligible recipients of the Yukon Senior Income Supplement, and a \$100 monthly increase to eligible Social Assistance recipients.

Additional response:

- This government already 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.

Session Briefing Note**Joint Corporate Note Inflation
and affordability**

- 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.

Context—this may be an issue because:

- Inflation has increased to decade highs in many countries, including Canada, which is experiencing the highest inflation in almost 40 years.
- Energy prices have been a significant driver and these prices are more obvious to consumers.
- Housing affordability has been a concern in the Yukon for several years.
- [March's rate of inflation in Yukon was the highest in Canada at 5.5 per cent vs 4.3 per cent nationally according to the Whitehorse Consumer Price Index.](#)

Background:**Key government initiatives addressing affordability in Yukon****Highlight of affordability spending in Budget 2023-24**

- \$5.3 million to extend the Inflation Relief Rebate. Yukoners will receive a \$50 credit on their power bill in April and May and for an additional three months later in the year.
- \$300,000 for the Timber Harvesting Incentive program.
- \$1.5 million to increase monthly social assistance payments by \$100.
- Over \$800,000 to recipients of the Yukon Seniors Income Supplement.
- \$500,000 for food in schools.

Session Briefing Note**Joint Corporate Note Inflation and affordability**

This builds on previous programs to protect the affordability of Yukoners including

- Last year, the Government of Yukon announced almost \$10 million in new inflation relief measures targeted at vulnerable groups.
- 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, this program is retroactive to April 1, 2022. Yukon also introduced the Timber Harvesting Incentive that gives commercial timber harvesters \$10 per cubic metre.
- The pilot program giving an extra \$500 per month to Extended Family Caregiver agreement caregivers and foster caregivers was extended to the end of the fiscal year.
- 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 starting in July 2023 (\$4 billion over six years, starting in 2022-23).
- Making all Canada Student Loans and Canada Apprentice Loans permanently interest-free, starting in April 2023 (\$2.7 billion over five years and \$556.3 million ongoing).

Session Briefing Note

Joint Corporate Note Inflation and affordability

- **GST Tax Credit:** The GST tax credit will be doubled for six months in 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 (below \$39,826, and gradually phased out above that level). Single Canadians without children would receive up to an extra \$234 and couples with two children would receive up to an extra \$467 this year. Seniors would receive an extra \$225 on average.

Inflation outlook

- The inflation rate in Whitehorse was 5.5 per cent in March, down from 7.0 in February, but 1.2 percentage points higher than the national inflation rate of 4.3 per cent. Whitehorse's inflation rate was the highest in Canada for fourth consecutive month.
- This ranking is a reversal from earlier in 2022 when Whitehorse had the lowest inflation in Canada. For 2022 as a whole, the relatively lower inflation at the beginning of the year and higher inflation at the end of the year cancelled out, and so, the annual inflation rate in Whitehorse was the same as the national rate: 6.8 per cent.
- It is natural that relatively lower inflation in Whitehorse is eventually followed by relatively higher inflation as prices in Whitehorse follow the national trend over the long term.
- The Bank of Canada has started to take a more aggressive approach to battling inflation by raising interest rates 4.25 percentage points since March 2022. The Bank's increase of 0.25 percentage point on January 25 brought the overnight rate to 4.5 per cent, the highest rate since early 2008. [This rate was maintained at the April rate announcement.](#)
- The housing market in the Yukon has stayed resilient the face of higher interest rates that have cooled markets in most other parts of Canada. Yukon was the only Canadian jurisdiction that saw residential sales in 2022 increase over 2021
- It wasn't until the fourth quarter until signs of cooling showed in the Yukon data, with average sales prices falling across all housing type. Compared with the end

Session Briefing Note

Joint Corporate Note Inflation and affordability

of 2021, prices were down by 1.2 per cent for single-detached, 3.9 per cent for duplexes, 11.4 per cent for condos, and 1.6 per cent for mobile homes.

- Most forecasters expect inflation in Canada will move towards historic norms over the next couple of years as supply chain problems subside and the effect of higher interest rates move through the economy. Canadian inflation is expected to decline from near 7 per cent in 2022, to between 3.5-4.0 per cent in 2023. Inflation in 2024 is expected to return to the midpoint of the Bank of Canada's target range of 1-3 per cent.
- Inflation in Whitehorse follows the national trend and therefore expected to fall to 3.8 per cent in 2023 and to 2.5 per cent in 2024.

INFLATION RELIEF ACROSS GOVERNMENT

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, beginning with the Yukon Business Relief Program (YBRP) in 2020, which was open to any business from any sector that experienced at least a 30% 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 TRRP committed \$15 million over three years to support the tourism sector and was focused on four 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.

Session Briefing Note

Joint Corporate Note Inflation and affordability

- 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:
 - 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).

Community Tourism Destination Development Fund

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

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Joint Corporate Note Inflation and affordability

strategy to support the growth and development of the creative and cultural industries in the Yukon.

- The CCIS identifies 4 strategic objectives and 22 key actions, which reflect input gathered through extensive public and sector engagement.
- We have identified 10 actions in support of pandemic recovery to be completed over three 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, three 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.

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;

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Joint Corporate Note Inflation and affordability

- 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 provides \$50 per month to all non-government residential and commercial electricity customers to help ease the impacts of rising inflation.
- The IRR initially covered June, July, and August 2022, and was extended to cover October, November, and December 2022. The budgets for these were included in 2022-23 Supplementary Estimates.
- The IRR was subsequently extended for March, April, and May 2023. The budget in 2023-24 is comprised of:
 - \$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 three 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.

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Economic Development:

- Economic Development is in the process of developing a temporary paid sick leave program. Program criteria, including eligibility and duration, are currently being developed.

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.
- For commercial and institutional buildings, the Energy Branch offers rebates for greenhouse gas-reducing retrofits and renewable heating.
- For First Nation and municipal buildings, the Energy Branch offers retrofit and funding support through its Community Institutional Energy Efficiency Program.
- There are two current incentives for wood, one for harvesters and one to offset fuelwood costs:
 - In October 2022 we launched the timber harvesting incentive to provide registered Yukon timber harvesting businesses an incentive of \$10 per cubic metre of timber harvested or sold between April 1, 2022 and March 31, 2023. We have paid out \$163,000 to industry so far.
 - In September 2022, we launched a new firewood rebate to offset the increased costs of firewood for home heating. The rebate provides \$50 for each cord of firewood purchased, up to a maximum of 10 cords. As of

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Joint Corporate Note Inflation and affordability

February 14, 2023 we processed 586 applications, and paid out approximately \$69,850 in rebates for 1,389 cords of firewood.

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;
- The Opportunities Yukon 45-unit Cornerstone Development in Whitehorse opened in summer 2022 and is providing supportive living and accessible housing;
- 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;
- In Old Crow, the 10-Plex Mixed-Use Housing complex is under construction with expected completion in summer 2023; and
- The 10-Plex Housing First Project in Watson Lake is included in the Northern Carve-Out. Construction is anticipated to begin in 2023-24.

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, Mayo, and Carmacks. These homes are on track for completion in summer 2023.
- The demolition of Macaulay Lodge in Whitehorse was completed in October 2022. Planning for the redevelopment of the site to support mixed commercial and residential use is underway.

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Joint Corporate Note Inflation and affordability

Health and Social Services:

For 2022-23:

- 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 six-month extension of \$500 per month to caregivers of children in out of home care; and
- Committed \$100,000 to Yukon Anti-Poverty Coalition to continue to support food security across the territory.

For 2023-24:

- a quarterly top-up of \$150 to eligible Yukon Senior Income Supplement recipients; and
- a \$100 monthly increase to eligible Social Assistance recipients.

Public Service Commission: (no change from Fall BN)

Remote work policy in support of employees working in communities

- In fall 2021, the Yukon government introduced a new remote work policy to support employees to continue working remotely in the long term.
- Implementing the new remote work policy is an action in the Our Clean Future strategy, as people are supported to work from home and reduce their emissions by commuting less.
- The new remote work policy also enables employees to work remotely from Yukon communities outside of Whitehorse, in some circumstances.
- The Public Service Commission will strive to support more long-term remote work arrangements throughout the Yukon government where it makes sense, and will track data on long-term arrangements going forward.

Session Briefing Note
Joint Corporate Note Inflation
and affordability

Spring 2023

Finance

Approved by:

Signature on File

a/Deputy Minister, Finance

April 24, 2023

Approved

Signature on File

Deputy Minister, Executive Council Office

April 24, 2023

Approved

Session Briefing Note**Spring 2023****Corporate Note – Budget Highlights**

Finance

Embargoed until day of budget tabling

Recommended response:

- In 2023-24, the Yukon continues to demonstrate its robust position nationally with population and economic growth among the strongest in the country.
- Budget 2023-24 delivers spending initiatives aimed at making life more affordable for Yukoners while also including several inflation relief measures to help combat the rising cost of goods.
- This budget continues to invest in the Yukon's health and social system and includes investments in new and expanded health services through the implementation of *Putting People First*. This includes addressing the substance-use health emergency and supporting the mental health of Yukoners.
- It delivers on our commitment to support a green economy with investments outlined in *Our Clean Future*.
- There are also strategic investments in infrastructure, particularly in housing for the most vulnerable. Other investments in housing include funds for land development, investments in housing projects in Dawson City, Watson Lake and Teslin, subsidies and supports for renters and funding for various affordable and community housing projects.
- Like in previous budgets, Budget 2023-24 continues to build relationships and further reconciliation with Yukon First Nations.

Session Briefing Note**Spring 2023****Corporate Note – Budget Highlights**

Finance

Embargoed until day of budget tabling

Additional response:

- The Yukon government is delivering on its commitment to grow a strong and resilient economy while ensuring robust, sustainable fiscal management.
- A surplus of 2.49 per cent of expenditures serves as a prudent fiscal management tool and demonstrates the ability of the government to address unforeseen events without going into a deficit.
- The fiscal summary includes a \$50 million contingency for presently undefined expected expenditures in 2023-24. This will not affect the Yukon's forecast fiscal position and allows the government to remain transparent about potential pressures.

Context—this may be an issue because:

- The 2023-24 Main Estimates will be debated during the March 2023 legislative session.
-

Background:

- The 2023-24 Main Estimates include a surplus of \$48.2 million and year-end debt of \$374.8 million.
- Total revenue is expected to be \$1.58 billion in 2023-24. This is an increase of \$115.2 million or 7.3 per cent from the 2022-23 Main Estimates.
- Forecast O&M expenditures total \$1.45 billion, with O&M recoveries offsetting this amount by \$130.9 million. This is an increase of 2.6 per cent in net O&M expenditures from the 2022-23 Main Estimates.

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Spring 2023

Corporate Note – Budget Highlights

Finance

Embargoed until day of budget tabling

- Forecast capital expenditures total \$483.8 million with recoveries of \$164.5 million. This is a 9.9 per cent decrease in net capital expenditures from the 2022-23 Main Estimates. This represents a reduction of \$63 million from last year's capital budget. This reduction reflects a sustainable approach to budgeting in the territory following elevated capital spending over the last two years, which helped stimulate Yukon's economy during the pandemic.
- There are 5,332.0 FTEs in the 2023-24 budget, which is a decrease of 89.1 FTEs from 2022-23.

Approved by:

Signature on File

February 23, 2023

a/Deputy Minister, Department

Approved

Session Briefing Note

TAB#28

Corporate Note – Fin/HPW 2022-23

Spring 2023

Supplementary Overview

Embargoed until day of budget tabling

Recommended response:

- Overall, the changes outlined in the Supplementary Estimates #2 show a government that continues to make sure Yukoners and our economy remain healthy as we emerge from the pandemic while also responding to new and emerging challenges.
- Inflation continues to have an impact on Yukoners, as well as an impact on government projects. Several changes included as part of this Supplementary Estimates are in response to higher costs or work progressing faster than planned.
- The capital budget has no overall gross change in this Supplementary Estimates, but this is not because no adjustments were made. Major projects are still getting the resources they need to reach completion, but other projects were decreased to reflect timelines and funds were reallocated accordingly.
- The increase of \$37.5 million for the Department of Highways and Public Works is being offset by deferrals and offsets in other projects.

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TAB#28

Corporate Note – Fin/HPW 2022-23

Spring 2023

Supplementary Overview

Embargoed until day of budget tabling

Additional response:

- The largest expenditures are on three important capital projects, accounting for \$53.8 million altogether.
- The first is the replacement of the Nisutlin Bay Bridge. This increase covers higher costs and an accelerated schedule. The additional work on this project results in an increase of \$35.8 million as part of this Supplementary Estimate.
- We also provided additional funding for building the Carmacks Bypass, which is part of the Yukon Resource Gateway Program. Work in this area makes up \$11.8 million of the Capital increase.
- The third project is the construction of the Dempster Fibre Line, which will open a second fibre optic link instead of relying just on one, and so give Yukoners more reliable access to the internet as well as necessary redundancy. This project includes a proposed increase of \$5.7 million.

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TAB#28

Corporate Note – Fin/HPW 2022-23

Spring 2023

Supplementary Overview

Embargoed until day of budget tabling

- These increases are offset by decreases in capital. The most significant reductions can be seen in the Yukon Housing Corporation. This is largely the result of revised timelines for various projects and initiatives as well as lower uptake in application-based programs, but also accounts for the housing and building cycle as Normandy Living, Cornerstone and the 47-unit 4th and Jeckell facility are all ready and taking in clients and we are now shifting towards building new relationships for potential future projects.
-

Context—this may be an issue because:

- The 2022-23 Supplementary Estimates #2 is tabled in the spring session and will be the subject of debate.
-

Background:

- Opposition may request an explanation for the changes included as part of the Supplementary Estimates #2.

Approved by:

Signature on File

March 02, 2023

a/Deputy Minister, Finance

Approved

Signature on File

March 02, 2023

Deputy Minister, HPW

Approved

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

Recommended response:

- Reconciliation is an ongoing process, and the Government of Yukon is continuing our work to respond to the Truth and Reconciliation Commission's Calls to Action.
- We are working collaboratively with First Nations to advance progress in key areas including health and social services, education, justice and heritage, through the Yukon Forum Joint Priority Action Plan.
- We are also working with Yukon First Nations to implement Yukon's *Missing and Murdered Indigenous Women, Girls and 2-Spirit+ People Strategy*, which will further advance reconciliation and address the Calls to Action.

Additional response:

- The Government of Yukon and Yukon First Nations governments are leaders in demonstrating a collaborative approach to reconciliation.
- At the Yukon Forum in November 2022, we discussed the approach to implementing and reporting on the Calls to Action with Yukon First Nations.
- We will continue our collaborative work to implement and report on the Calls to Action, including implementing the *Putting People First* recommendations for health and social services.

Context—this may be an issue because:

- The Yukon government (YG) previously made public its intention to fulfill its commitments to the Truth and Reconciliation Commission's (TRC) Calls to Action.
- The Calls to Action were a topic at the November 29, 2022 Yukon Forum.

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

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

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) collaborate on addressing the Calls to Action through the Yukon Forum Joint Priority Action Plan.
- YG has taken 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 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).

Approved by:**Signature on File**_____
Deputy Minister, Executive Council OfficeFebruary 6, 2023_____
Date

**New
BNs
After Start
Date**

Appropriation Act for April and May 2023

2023/24 Main Estimates numbers as approved by MB on February 9th 2023

(\$000's)

	2023/24 Main Estimates	1/12 of Main Estimates	April 2023 Interim Supply	May 2023 Interim Supply	Total Amount - Interim Supply	% Total Budget
Operation and Maintenance Votes						
01 Yukon Legislative Assembly	7,946	662	2,129	530	2,659	33.5%
24 Elections Office	853	71	67	67	134	15.7%
23 Office of the Ombudsman	1,566	131	130	130	260	16.6%
26 Child and Youth Advocate	876	73	73	73	146	16.7%
02 Executive Council Office	25,593	2,133	3,623	1,998	5,621	22.0%
51 Community Services	95,634	7,970	29,624	18,342	47,966	50.2%
07 Economic Development	26,474	2,206	2,510	1,820	4,330	16.4%
03 Education	244,155	20,346	38,043	14,137	52,180	21.4%
53 Energy, Mines and Resources	79,919	6,660	9,861	6,661	16,522	20.7%
52 Environment	57,427	4,786	4,942	5,052	9,994	17.4%
12 Finance	11,914	993	1,108	1,028	2,136	17.9%
27 French Language Services	6,805	567	567	567	1,134	16.7%
15 Health and Social Services	512,302	42,692	99,381	42,691	142,072	27.7%
55 Highways and Public Works	160,043	13,337	13,337	13,337	26,674	16.7%
08 Justice	91,650	7,638	15,365	3,941	19,306	21.1%
10 Public Service Commission	55,941	4,662	2,452	3,824	6,276	11.2%
13 Tourism and Culture	31,884	2,657	3,849	2,304	6,153	19.3%
11 Women and Gender Equity Directorate	3,672	306	1,219	198	1,417	38.6%
22 Yukon Development Corporation	11,427	952	2,760	1,060	3,820	33.4%
18 Yukon Housing Corporation	22,921	1,910	1,909	1,909	3,818	16.7%
19 Yukon Liquor Corporation	0	n/a	0	n/a	0	n/a
TOTAL OF O&M	1,449,002	120,750	232,949	119,669	352,618	24.3%
20 Loan Capital	5,000	417	1,000	0	1,000	20.0%
	1,454,002	121,167	233,949	119,669	353,618	24.3%

2022/23 Interim Supply		
2022/23 Main Estimates	Total Amount - Interim Supply	% Total Budget
8,761	2,865	32.7%
812	136	16.7%
1,566	260	16.6%
826	138	16.7%
25,527	4,890	19.2%
107,023	48,315	45.1%
26,721	4,600	17.2%
234,538	46,070	19.6%
81,982	16,864	20.6%
47,884	9,026	18.8%
11,764	2,120	18.0%
6,855	1,142	16.7%
493,393	117,032	23.7%
158,784	27,316	17.2%
86,358	17,690	20.5%
58,694	10,064	17.1%
32,510	5,148	15.8%
3,680	1,406	38.2%
6,125	1,700	27.8%
20,219	3,370	16.7%
0	0	n/a
1,414,022	320,152	22.6%
5,000	1,000	20%
1,419,022	321,152	22.6%

Appropriation Act for April and May 2023

2023/24 Main Estimates numbers as approved by MB on February 9th 2023

(\$000's)

	2023/24 Main Estimates	1/12 of Main Estimates	April 2023 Interim Supply	May 2023 Interim Supply	Total Amount - Interim Supply	% Total Budget
Capital Votes						
01 Yukon Legislative Assembly	60	5	3	3	6	10.0%
24 Elections Office	5	0	0	0	0	0.0%
23 Office of the Ombudsman	3	0	0	0	0	0.0%
26 Child and Youth Advocate	2	0	0	0	0	0.0%
02 Executive Council Office	15	1	0	0	0	0.0%
51 Community Services	100,877	8,406	8,406	8,406	16,812	16.7%
07 Economic Development	999	83	83	83	166	16.6%
03 Education	35,306	2,942	3,453	3,170	6,623	18.8%
53 Energy, Mines and Resources	2,363	197	197	197	394	16.7%
52 Environment	4,031	336	356	341	697	17.3%
12 Finance	32	3	3	3	6	18.8%
27 French Language Services	0	0	0	0	0	0.0%
15 Health and Social Services	15,933	1,328	3,598	1,328	4,926	30.9%
55 Highways and Public Works	250,603	20,884	25,992	20,950	46,942	18.7%
08 Justice	4,276	356	880	93	973	22.8%
10 Public Service Commission	115	10	10	10	20	17.4%
13 Tourism and Culture	2,702	225	190	215	405	15.0%
11 Women and Gender Equity Directorate	0	0	0	0	0	0.0%
22 Yukon Development Corporation	12,012	1,001	3,750	750	4,500	37.5%
18 Yukon Housing Corporation	54,500	4,543	7,042	7,042	14,084	25.8%
19 Yukon Liquor Corporation	0	n/a	n/a	n/a	n/a	n/a
TOTAL OF CAPITAL	483,834	40,321	53,963	42,591	96,554	20.0%
Total O&M and Capital	1,937,836	161,487	287,912	162,260	450,172	23.2%

2022/23 Interim Supply		
2022/23 Main Estimates	Total Amount - Interim Supply	% Total Budget
30	6	20.0%
5	0	0.0%
3	0	0.0%
1	0	0.0%
0	0	0.0%
116,715	19,452	16.7%
1,106	340	30.7%
37,534	8,705	23.2%
947	174	18.4%
3,984	666	16.7%
32	32	0.0%
0	0	0.0%
16,892	2,816	16.7%
277,370	46,228	16.7%
4,069	941	23.1%
68	12	17.6%
3,660	134	3.7%
0	0	0.0%
37,288	2,250	6.0%
46,773	7,798	16.7%
0	n/a	0.0%
546,477	89,554	16.4%
1,965,499	410,706	20.9%

Appropriation Act for April and May 2023
2023/24 Main Estimates numbers as approved by MB on February 9th
2023
(\$000's)

		2023/24 Main Estimates	1/12 of Main Estimates	April 2023 Interim Supply	APRIL - Explanation for amounts in excess of 1/12 of Main Estimates
Operation and Maintenance Votes					
01	Yukon Legislative Assembly	7,946	662	2,129	Higher costs anticipated because the house will be sitting. Government contr bution to the MLA pension plan is due on April 1.
24	Elections Office	853	71	67	
23	Office of the Ombudsman	1,566	131	130	
26	Child and Youth Advocate	876	73	73	
02	Executive Council Office	25,593	2,133	3,623	Contribution to Boards and Councils - Implementation Initiatives \$1.7M, Youth Directorate operational funding instalment payments \$515k.
51	Community Services	95,634	7,970	29,624	Includes full year payment of \$22.2M for Comprehensive Municipal Grants, Fire Management \$3.7M and 50% of Community Library Board payment \$250k due April 1.
07	Economic Development	26,474	2,206	2,510	First instalment Yukon Mining Alliance \$198k; Yukon U (Innovation and Entrepreneurship) \$208k, Yukonnstruct \$75k and Yukon Literacy Coalition \$183k.
03	Education	244,155	20,346	38,043	\$13.5M for first instalment due in April for various agreements/purchases/contracts that are committed at the start of the fiscal year are prorated at 1/10 as schools operate over 10 months; Universal Child Care \$10M; Yukon University contribution agreement for \$7.3M; Training Programs \$1.7M; and Bussing contract commitment of \$0.7M.
53	Energy, Mines and Resources	79,919	6,660	9,861	For commitments done early in the year: Mineral Resources and Geoscience Services \$5.8M and Client Services air craft charters \$1.3M.
52	Environment	57,427	4,786	4,942	Includes payment to Yukon Wildlife Preserve \$200k and parks seasonal employees.
12	Finance	11,914	993	1,108	Questica and Caseware Annual Licensing and Maintenance \$56k; Worker's Compensation Supplementary Benefit \$50k and YukonMacroeconomic Model Rental and Data Updates subscription \$24k.
27	French Language Services	6,805	567	567	
15	Health and Social Services	512,302	42,692	99,381	Contribution to Yukon Hospital Corporation \$46.8M (50% paid April 1 as per the funding agreement), 1/4 of Grants and contr bution agreements with NGO's \$15.3M.
55	Highways and Public Works	160,043	13,337	13,337	
08	Justice	91,650	7,638	15,365	Includes payment/commitment of 1/4 of all contribution agreements \$2.3M; 1/4 of RCMP and 911 contract \$9.5M.
10	Public Service Commission	55,941	4,662	2,452	Expenditures later in the year.
13	Tourism and Culture	31,884	2,657	3,849	Includes payments or commitments totaling \$2.1M for contribution agreements.
11	Women and Gender Equity Directorate	3,672	306	1,219	Includes payments totaling \$1.1M for contribution agreements with various NGOs.
22	Yukon Development Corporation	11,427	952	2,760	Interim Electrical Rebate First instalment due in April \$1.7M and ACTO Bills \$1M.
18	Yukon Housing Corporation	22,921	1,910	1,909	
19	Yukon Liquor Corporation	0	n/a	0	
TOTAL OF O&M		1,449,002	120,750	232,949	
20	Loan Capital and Loan Amortization	5,000	417	1,000	
		1,454,002	121,167	233,949	

Appropriation Act for April and May 2023

2023/24 Main Estimates numbers as approved by MB on February 9th

2023

(\$000's)

		2023/24 Main Estimates	1/12 of Main Estimates	April 2023 Interim Supply	APRIL - Explanation for amounts in excess of 1/12 of Main Estimates
<u>Capital Votes</u>					
01	Yukon Legislative Assembly	60	5	3	
24	Elections Office	5	0	0	
23	Office of the Ombudsman	3	0	0	
26	Child and Youth Advocate	2	0	0	
02	Executive Council Office	15	1	0	
51	Community Services	100,877	8,406	8,406	
07	Economic Development	999	83	83	
03	Education	35,306	2,942	3,453	Whistle Bend School \$2.3M; Yukon University contribution agreement for \$200k; IT infrastructure equipment and services \$210k; Whitehorse School Replacement \$33k.
53	Energy, Mines and Resources	2,363	197	197	
52	Environment	4,031	336	356	Purchase snowmobiles \$115k
12	Finance	32	3	3	
27	French Language Services	0	0	0	
15	Health and Social Services	15,933	1,328	3,598	Contribution to Yukon Hospital Corporation \$3M (25% paid April 1 as per the funding agreement); 1/4 of contribution agreements with NGO's \$356k and Emergency Medical Services \$52k.
55	Highways and Public Works	250,603	20,884	25,992	Dempster Fiber \$5.5M
08	Justice	4,276	356	880	First quarter RCMP Detachment payment and operational equipment \$787k.
10	Public Service Commission	115	10	10	
13	Tourism and Culture	2,702	225	190	Includes exhibit renewal project \$100k and Visitor Services - operational equipment \$50k
11	Women and Gender Equity Directorate	0	0	0	
22	Yukon Development Corporation	12,012	1,001	3,750	First quarterly instalment of Transfer Payments due in April 1st - Haeckel Hill Wind Project \$2.5M.
18	Yukon Housing Corporation	54,500	4,543	7,042	Includes loan payment to Chu Níikwān Limited Partnership \$2.5M.
19	Yukon Liquor Corporation		n/a	n/a	
TOTAL OF CAPITAL		483,834	40,321	53,963	
Total O&M and Capital		1,937,836	161,487	287,912	

Appropriation Act for April and May 2023

2023/24 Main Estimates numbers as approved by MB on February 9th

2023

(\$000's)

		2023/24 Main Estimates	1/12 of Main Estimates	May 2023 Interim Supply	MAY - Explanation for amounts in excess of 1/12 of Main Estimates
<u>Operation and Maintenance Votes</u>					
01	Yukon Legislative Assembly	7,946	662	530	
24	Elections Office	853	71	67	
23	Office of the Ombudsman	1,566	131	130	
26	Child and Youth Advocate	876	73	73	
02	Executive Council Office	25,593	2,133	1,998	
51	Community Services	95,634	7,970	18,342	Grant in Lieu of Taxes - payable as of May 15th. \$11M.
07	Economic Development	26,474	2,206	1,820	
03	Education	244,155	20,346	14,137	
53	Energy, Mines and Resources	79,919	6,660	6,661	
52	Environment	57,427	4,786	5,052	Wildlife Management Advisory Council \$300k and parks seasonal employees.
12	Finance	11,914	993	1,028	Worker's Compensation Supplementary Benefit \$50k.
27	French Language Services	6,805	567	567	
15	Health and Social Services	512,302	42,692	42,691	
55	Highways and Public Works	160,043	13,337	13,337	
08	Justice	91,650	7,638	3,941	Additional expenditures for RCMP contract and transfer payment agreements in April.
10	Public Service Commission	55,941	4,662	3,824	Expenditures later in the year.
13	Tourism and Culture	31,884	2,657	2,304	Additional expenditures for transfer payment agreements in April.
11	Women and Gender Equity Directorate	3,672	306	198	Additional expenditures for transfer payment agreements in April.
22	Yukon Development Corporation	11,427	952	1,060	
18	Yukon Housing Corporation	22,921	1,910	1,909	
19	Yukon Liquor Corporation	0	n/a	n/a	
TOTAL OF O&M		1,449,002	120,750	119,669	
20	Loan Capital and Loan Amortization	5,000	417	0	
		1,454,002	121,167	119,669	

Appropriation Act for April and May 2023

2023/24 Main Estimates numbers as approved by MB on February 9th

2023

(\$000's)

		2023/24 Main Estimates	1/12 of Main Estimates	May 2023 Interim Supply	MAY - Explanation for amounts in excess of 1/12 of Main Estimates
Capital Votes					
01	Yukon Legislative Assembly	60	5	3	
24	Elections Office	5	0	0	
23	Office of the Ombudsman	3	0	0	
26	Child and Youth Advocate	2	0	0	
02	Executive Council Office	15	1	0	
51	Community Services	100,877	8,406	8,406	
07	Economic Development	999	83	83	
03	Education	35,306	2,942	3,170	Whistle Bend School \$2.3M; IT infrastructure equipment and services \$210k; Whitehorse School Replacement \$33k.
53	Energy, Mines and Resources	2,363	197	197	
52	Environment	4,031	336	341	Facility Renovations \$100k.
12	Finance	32	3	3	
27	French Language Services	0	0	0	
15	Health and Social Services	15,933	1,328	1,328	
55	Highways and Public Works	250,603	20,884	20,950	
08	Justice	4,276	356	93	
10	Public Service Commission	115	10	10	
13	Tourism and Culture	2,702	225	215	Includes exhibit renewal project \$100k and Visitor Services - operational equipment \$50k
11	Women and Gender Equity Directorate	0	0	0	
22	Yukon Development Corporation	12,012	1,001	750	
18	Yukon Housing Corporation	54,500	4,543	7,042	Includes loan payment to Chu Níikwän Limited Partnership \$2.5M.
19	Yukon Liquor Corporation		n/a	n/a	
TOTAL OF CAPITAL		483,834	40,321	42,591	
Total O&M and Capital		1,937,836	161,487	162,260	

**LEGISLATED GRANTS
CHECK LIST FOR 2023/24 Interim Supply**

Department	April	May	Total
Yukon Legislative Assemebly			0
Election Office			0
Office of the Ombudsman			0
Child and Youth Advocate Office			0
Executive Council Office			0
Community Services			
- In-Lieu of Property Taxes		10,959	10,959
- Home Owners Grants			0
- Comprehensive Municipal Grants	22,241	0	22,241
- Community Recreation Assistance Grants	68	68	136
Economic Development			0
Education			
- Student Transportation	12	12	24
- Student Accommodation	3	3	6
- Child Care Subsidies	46	46	92
- Post Secondary Student Grants	420	420	840
Energy, Mines and Resources			0
Environment			0
Finance			0
- Workers' Compensation Supplementary Benefits	50	50	100
French Language Services Directorate			0
Health and Social Services			
- Adoption Subsidies	0	0	0
- Social Assistance - Whitehorse	1,858	1,858	3,716
- Yukon Seniors' Income Supplement	374	172	546
- Pioneer Utility Grant	0	0	0
- Medical Travel Subsidies	246	246	492
- Social Assistance - Region	328	328	656
Highways and Public Works			0
Justice			0
Public Service Commission			0
Tourism and Culture			0
Women and Gender Equity Directorate			0
Yukon Development			0
Yukon Housing Corporation			0
Yukon Liquor Corporation			0
Total			0
	25,646	14,162	39,808

Note: Grant amounts are included in the department's O&M Total. They are reflected separately above for the purpose of preparing the grants page in the Special Warrant and the Interim Supply Appropriation Act.

Post Lock-Up Briefing Note

Contingency Funding

Spring (2023-24)

Department of
Finance

Recommended response:

- A contingency fund is a prudent way of ensuring that government is able to meet emergency needs which emerge throughout the year, while also protecting its financial position.
- Government began using this innovative tool in 2020-21 as it managed unexpected costs related to the COVID-19 pandemic.
- This year, \$50 million is included as a contingency in order to protect the fiscal position while also being able to respond to emergency needs like flooding and fires.
- This amount still needs to be introduced and debated in the legislative assembly for departments to receive spending authority.

Additional response:

- In 2022-23, the amounts spent on unanticipated and emergency initiatives totaled approximately \$50 million.
- Similarly, in 2021-22, government had \$43 million dollars in similar spending.
- In 2020-21, the Government of Yukon had approximately \$34 million in net unanticipated and emergency response spending. That year, no contingency existed for emergency spending and it therefore had an impact on the government's surplus/deficit position.
- By including a contingency for 2023-24, we are able to learn from past history and absorb these costs without impacting the government's fiscal position.

Background:

- In the 2021-22 Budget and the 2022-23 Budget, the Government of Yukon included a contingency fund of \$10 million and \$15 million respectively, for COVID-19 related expenses.

Post Lock-Up Briefing Note

Recession impact on economy

Spring 2023-24

Department of
Finance

Recommended response:

- At the national level, economic conditions suggest that there is an increased chance of a recession. This is supported by the Conference Board of Canada's recession risk tracker, which suggests that there is a 94 per cent change that Canada could fall into a recession within the next 12 months.
- This is particularly evident as Real GDP growth stalled in the fourth quarter of 2022 and many economists are predicting an increased risk of a recession.
- Generally, the Yukon is well insulated from global recessions.
- While we continue to monitor all indicators and trends, large transfers from the federal government as well as a particularly high contribution of the public sector help buffer global impacts reasonably well.

Additional response:

- The Yukon's economy expanded throughout the 2008-09 global recession, which further supports the territory's resilience in the face of any turbulent economic conditions.
- Where a recession might have a bigger impact is on tourism demand and a recession could prologue the recovery from the COVID-19 pandemic. We will continue to monitor the impacts that any changing conditions may have on the tourism sector, however, there is no evidence at the moment to suggest that this industry is facing any threats.

Post Lock-Up Briefing Note

Cash Flow Process

Spring 2023-24

Department of
Finance

Recommended response:

- The Government of Yukon regularly makes payments to staff, contractors and hundreds of other vendors to ensure that Yukoners receive the services that they expect from government.
- Ensuring that the government has a sustainable cash flow to meet its spending needs is of critical importance in order to provide essential services to Yukoners.
- This means that the Department of Finance is regularly monitoring its cash flow to assess its current financial status at any point in time.
- By having an up-to-date assessment of the government's cash flow ensure that invoices for government projects are paid in a timely manner, staff receive their paycheques each pay period and that transfer payments to various other governments and organizations are processed smoothly.

Additional response:

- Government cash flow is subject to regular fluctuations in the bottom-line cash balance in the organization.
- This amount changes daily based on a significant number of variables, including transfers from Canada, biweekly expenditures for payroll and from receiving federal recoveries for infrastructure projects, which are claimed and recovered after the expenditures have been incurred.
- The government will continue to monitor its cash flow in a responsible manner so that it can transparently publish its cash position as part of the annual Public Accounts process each fall.

Post Lock-Up Briefing Note

CASA Commitments in Budget 2023-24

Spring 2023-24

Department of
Finance

Recommended response:

- This government is committed to working with our partners to ensure that we are living up to the spirit of our agreement.
- More importantly, however, we are committed to delivering the essential services that Yukoners expect from government.
- This is why Budget 2023-24 includes numerous commitments aimed at improving affordability, healthcare and renewable energy in the territory.
- These policy, program and infrastructure commitments allow us to continue to improve the lives of Yukoners in a meaningful way.

Additional response:

O&M

- Budget 2023-24 includes several commitments aimed at improving the health and wellness of our citizens. This includes:
 - An increase of \$100 in monthly social assistance payments;
 - \$1 million for the recruitment and retention of new rural education professionals; and
 - \$1 million for mental health supports for youth
- This government also recognizes the importance of recruiting and retaining staff who ensure we can all live healthy, happy lives.
- That is why this Budget is investing \$2 million for the recruitment and retention of healthcare professionals. This includes:
 - \$500,000 for a Health Human Resources Strategy;
 - \$464,000 for community nursing resources and nurse practitioners;
 - \$387,000 for additional FTEs for additional human resources staff; and

Post Lock-Up Briefing Note
CASA Commitments in Budget
2023-24

Spring 2023-24

Department of
Finance

- \$649,000 for recruitment incentives for new hires in the healthcare sphere.

Capital

- The Yukon's infrastructure remains an area of focus as we continue to invest in the infrastructure deficit from previous decades.
- Part of that investment means putting the infrastructure in place to transition the territory towards a new, green economy.
- As part of that investment, we are including \$5 million in renewable energy infrastructure projects. This includes:
 - \$3 million for the Whitehorse Battery Project; and
 - \$2 million for the Whitehorse Correctional Centre biomass expansion.

Session Briefing Note

Finance Infrastructure

TAB# F
Spring 2023

Recommended response:

- Over the past six years, our government has made unprecedented investments in infrastructure. There have been substantial capital investments to help sustain and build critical infrastructure.
- We have chosen to use our financial assets to invest in the future of the Yukon by 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.
- Over the last six years, the Yukon government has invested \$761 million in infrastructure.
- While these infrastructure projects do contribute to an increase in the government's net debt position, these investments also help close the gap in the infrastructure deficit which had accumulated over previous decades.

Additional response:

- 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,
 - \$69 million in land development,

Session Briefing Note

Finance Infrastructure

TAB# F
Spring 2023

-
- \$193 million on community infrastructure, and
 - \$22 million for the Yukon Hospital Corporation.
 - The Five-Year Capital Plan includes \$2.15 billion in spending over the next five years. This plan features strategic investments in infrastructure that support our growing economy and deliver government services to Yukoners. This includes \$865 million for infrastructure.

Context—this may be an issue because:

- Opposition may request information about investments in infrastructure over the last several years.

Background:

- Examples of projects completed in the past six years include:

• Alaska Highway safety improvements	\$34,965
• Campbell Highway Improvements	\$13,926
• Nares River Bridge	\$13,851
• Centre Scolaire Secondaire	\$34,040
• Carmacks Grader Station	\$7,602
• Mixed Income Housing – 4 th and Jeckell	\$20,948
• Whistle Bend land development	\$69,141
• Kwanlin Dun First Nation Community Hub	\$25,488
• Old Crow Community Centre	\$14,504

Session Briefing Note

Finance Infrastructure

TAB# F
Spring 2023

-
- Projects in the 2023-24 5-Year Capital Plan include the Nitsutlin Bay Bridge, North Klondike Highway reconstruction, Erik Nielsen Whitehorse International Airport runway replacement, and the Mental Wellness Unit at Whitehorse General Hospital.
-

Approved by:

Signature on File

March 8, 2023

a/Deputy Minister, Department

Approved

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 to increasing access to timely, safe, 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 \$93.6 million in operating funding to Yukon Hospital Corporation. This is an increase of 3.6 per cent over last year.
- We are also providing \$13.6 million in capital funding to the Corporation.
- Between 2016-17 and 2023-24, the operating funding has increased from \$64.2 million to \$93.6 million, which is an increase of 45.8 per cent.
- This funding increase has supported the hospital's core funding needs, as well as the development of new programs and services.

Context—this may be an issue because:

- Funding support of the Yukon Hospital Corporation may be raised during the legislative sitting.

Yukon Hospital Corporation Funding

TAB# G
Spring 2023

Finance

Background:

- Although, the Government of Yukon is the primary source of funding for the Yukon Hospital Corporation each year, there are other sources of revenue as note in the Public Accounts (page #266).
- Core funding requirements for the Corporation include such items as operations funding, First Nations Health program, laboratory services, and the orthopedic program.
- Capital funding is provided to the Corporation for operational equipment and for projects such as 1Health and the Short Stay Psychiatric Unit.

Approved by:

Signature on File

March 13, 2023

a/Deputy Minister, Department

Approved

House Responses