

Finance Session Note Binder – Table of Contents

Hot Topics – Reference Notes – Corporate Notes

BN's After Start Date

	SESSION NOTES - Fall 2024	
	HOT TOPICS	UPDATED
1	2024-25 Supplementary Estimates No. 1	
2	Supplementary Estimates No. 1 – Vote 12	
3	Interim Fiscal and Economic Update	November 19, 2024
4	FTE Growth	
5	Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit	November 5, 2024
6	Traffic Safety Act (FOTA changes)	
7	Mandate Commitments	
8	NWT Fiscal Responsibility	November 4, 2024
BRIEFING NOTES – REFERENCE		
	Comptroller's Office	
9	Public Accounts 2023-24 and News Release	October 28, 2024

Finance Session Note Binder – Table of Contents

Hot Topics – Reference Notes – Corporate Notes BN's After Start Date

	Management Board Secretariat	
10	Health and Hospital Funding	
11	S&P Credit Rating	
12	Capital Planning Office Transfer (FIN / HPW)	
13	Five-Year Capital Plan	
	Economics, Fiscal Policy and Statistics	
14	First Nation Tax Sharing	
15	Grants from Canada (TFF, CHT, CST, Cannabis, Vaping)	October 24, 2024
16	Carbon Rebate	October 31, 2024
17	Fuel and Tobacco	October 28, 2024
18	Income Tax	October 28, 2024
19	Insurance Premium Tax	October 28, 2024
20	Centre for the North's/Conference Board of Canada's Fall Outlook	November 5, 2024
21	September 2024 Labour Force Survey (LFS) release	October 15, 2024
	Financial Operations and Revenue Services	
22	Rural Community Banking	
23	Corporate Financial System	

Finance Session Note Binder – Table of Contents

Hot Topics – Reference Notes – Corporate Notes BN's After Start Date

	Corporate Notes (Possible Corporate for Finance)	
24	Housing Issues (YHC)	
25	Our Clean Future Implementation (ENV/EMR)	November 12, 2024
26	Supplementary Overview (FIN)	
27	Truth and Reconciliation Commission – Updates on Call to Action (ECO)	
28	Inflation and Affordability (FIN)	
29	Carbon Pricing (ENV/FIN)	October 1, 2024
30	Eagle Gold Mine (ECO/FIN/EMR)	October 9, 2024
	New BN's after Session start date	Updated
A	CD Howe Report	November 18, 2024

Session Briefing Note

2024-25 Supplementary Estimates No. 1 – Key Information

Recommended response:

- The 2024-25 Supplementary Estimates No. 1 forecasts an overall gross increase of \$150.1 million in O&M spending, with an offsetting increase of \$20.7 million in recoveries. The net increase in new O&M spending is forecast at \$129.4 million when accounting for recoveries.
- Capital spending for Supplementary Estimates No. 1 reflects a slight overall gross decrease of \$299,000 in spending and a \$4.2 million decrease in recoveries, resulting in a net increase in spending of \$3.9 million. These adjustments are mainly the result of updated cashflow forecasts for various projects.
- Budgetary revenues are projected to decrease by \$8.8 million, primarily due to a revenue forecast update from the Government of Canada, which revised the projection for Corporate Income Tax downward by \$6.7 million, as well as a reduction in royalty payments from Victoria Gold of \$2.5 million. This is partially offset by a \$350,000 increase for driver licenses due to recently increased fees.
- The Yukon government continues to maintain a surplus. As part of the 2024-25 Main Estimates, the Yukon government budgeted for a \$50 million contingency to address emergency pressures. \$50 million of the contingency has been applied towards the pressures identified in the Supplementary Estimates No. 1.
- The use of the contingency fund allows the government to present a revised surplus of \$75.4 million as part of these Supplementary Estimates. Changes in the Supplementary Estimates result in a revised year-end net debt of \$530.4 million.

Session Briefing Note**2024-25 Supplementary****Estimates No. 1 – Key Information**

- There is an increase of 46.6 in FTEs (Full Time Equivalents) for the Supplementary Estimates No. 1. These are primarily to hire new long-term care staff in support of additional care beds at Whistle Bend Place, the Aging with Dignity initiative and FTEs for schools, including teachers, clerical, and custodial staff.
- There is an increase related to the transfer of the Capital Planning Office from Highways and Public Works in the capital budget to Finance in the O&M budget. (see briefing note #04 FTE Growth)

Additional response:

- The Supplementary Estimates reflect an O&M increase mainly for:
 - \$50 million for advances to the Receiver for environmental protection work at the Eagle Gold Mine;
 - Funding advanced to the receiver has a net zero impact on the surplus and net financial debt, as the Yukon government has priority to recover these advances from the assets of the company.
 - \$34 million for pressures in Insured Health reflecting support for the well-being of Yukoners;
 - \$21 million for wildland firefighting costs in response to the significant fire season experienced in the territory and which helped ensure the safety of Yukoners; and
 - \$10 million for various Yukon Hospital Corporation funding requirements including the added O&M funding for converting ten beds at the Thompson Centre for Acute Care use.

Session Briefing Note

2024-25 Supplementary Estimates No. 1 – Key Information

- For the Supplementary Estimates, updates to the 2024-25 Capital Plan have resulted in a slight decrease of \$299,000. Changes include:
 - \$1.9 million towards the completion of the Mental Wellness Unit at Whitehorse General Hospital;
 - \$1.9 million for long-term and acute care bed optimization at Whistle Bend Place and at Whitehorse General Hospital;
 - Decrease of \$3.2 million due to cash flow revisions for the construction of the school in Burwash Landing;
 - Decrease of \$600,000 for the creation of new campsites aligning costs with the revised project timeline.

Health pressures

- Higher than anticipated pressures in health care are being seen across Canada. The Yukon government is responding to these pressures by increasing capacity in acute and long-term care.

Eagle Mine Receivership

- The Receivership will ensure that the company's assets are used to conduct the urgent environmental protection and monitoring that is required at the site.

Borrowing

- The Yukon government is in a strong financial position to support borrowing, as evidenced by the latest S&P credit rating in the summer, which was shortly after the Eagle Gold mine incident.
- The Government of Yukon has engaged the federal government to increase the territory's borrowing limit to expand on options to

Session Briefing Note

2024-25 Supplementary Estimates No. 1 – Key Information

respond to environmental emergencies, as well as increasing requirements in health care.

- By expanding our borrowing capacity, we gain the flexibility to navigate peaks and valleys in cashflow with greater ease. This broader range of financial tools strengthens our ability to make informed decisions that benefit Yukoners now and into the future.

Context—this may be an issue because:

- The 2024-25 Second Appropriation Act is tabled in the fall session and will be the subject of debate.

Background:

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

Approved by:

Jessica Schultz

September 19, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note**Fall 2024****Supplementary Estimates No. 1 – Vote 12**Finance

Recommended response:

- The 2023-24 Supplementary Estimates No. 1 for the Department of Finance is limited to changes in Operations & Maintenance (O&M) and revenues.
- Of note, the Capital Planning Office was transferred from the Department of Highways and Public Works to the Department of Finance, effective June 3, 2024, resulting in a prorated transfer of \$487,000 and four permanent positions.
- The Government of Yukon is committed to ensuring that programs and services, which Yukoners rely upon, are delivered without delay or interruption.
- The government's line of credit is used to finance programs across all of the government so that Yukoners continue to receive the services they expect, and employees and vendors continue to receive payments.
- It is to bridge finance between expenditures on projects and services approved by the Legislative Assembly and the receipt of revenues and recoveries.
- An additional \$5.7 million is required for forecast line of credit interest expenses for the Government of Yukon.
- Finally, the Yukon government is following federal revisions in Corporate Income Tax by proportionally adjusting the Yukon's projections downward to accommodate revised projections from the federal Budget 2024.

Session Briefing Note**Supplementary Estimates No. 1 – Vote 12**Finance

- This change reflects the amount collected nationally from corporate income tax, as well as the proportional amounts collected here in the Yukon.
- This reduction of \$6.67 million dollars will see revenues adjusted from \$41.13 million to \$34.46 million.

Additional response:**Capital Planning Office Transfer**

- The Capital Planning Office Transfer will ensure budget decisions are undertaken in a coordinated, responsible, and accountable manner that meets legislated deadlines.
- Consolidating responsibility for developing O&M and capital budget recommendations into one branch will allow the Department of Finance to align budget development processes and recommendations, project cash requirements, analyze and assess the government's O&M and Capital requirements in a coordinated manner.

Financial Management

- The line of credit is accessed only when needed for temporary borrowing needs, which represents less than 365 consecutive days.
- The line of credit is used to finance programs across all of the government so that Yukoners continue to receive the services they expect, and employees and vendors continue to receive payments.
- The line of credit is an important tool to ensure that the government is well-equipped to manage its expenses.

Session Briefing Note

Supplementary Estimates No. 1 – Vote 12

Finance

Context—this may be an issue because:

- Questions regarding the government's debt levels have been raised in the legislature along with rising interest rates during the spring session.

Background:

- The Department of Finance is responsible for preparing the O&M and Capital Main and Supplementary Estimates. The Department of Highways & Public Works was, historically, responsible for developing the Five-Year Capital Plan since the Capital Planning Office was created in 2019, however, that responsibility has transferred to the Department of Finance with the migration of the unit.
- The Capital Planning Office transfer provides better oversight and alignment between both O&M and Capital budgeting.
- The Government of Yukon holds a line of credit authorized under Section 2 of the *Temporary Borrowing Regulations*. A line of credit has been in place for the Government of Yukon for decades.
- Interest expense paid on the line of credit is authorized in the form of a Standing Appropriation (Section 76(1)(f) of the Financial Administration Act).
- The interest amount, each year, must be budgeted and accounted for in the Public Accounts.

Approved by:

Jessica Schultz

September 19, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

Interim Fiscal and Economic Update

Finance

Recommended response:

- The 2024-25 Interim Fiscal and Economic Update is a key deliverable of government used to update Yukoners on the latest developments impacting the territory's economy, as well as the government's financial picture.
- The Update presents updated expectations for the Yukon's finances and its economy since the 2024-25 Fiscal and Economic Outlook was released in March 2024.
- With this document, we fulfill important commitments to transparency in government spending and forecasting, while providing Yukoners with a comprehensive outlook on the latest challenges, strengths and key indicators of the Yukon's economy.
- Some of the highlights in this year's Update include:
 - continued strong demand for workers is contributing to earnings gains and to an unemployment rate that is among the lowest in Canada;
 - ongoing moderation of inflation is providing some relief for Yukoners;
 - a strong tourism sector, which has rebounded from the height of the pandemic, as evidenced by year-to-date visitation figures that are near record levels; and
 - continued growth in consumer spending and retail sales.

Session Briefing Note

Interim Fiscal and Economic Update

Finance

Additional response:

- While we remain optimistic about the Yukon's long-term and medium-term forecast, we are also facing new challenges, which we continue to action as a government. These challenges include:
 - responding to wildland firefighting needs in response to the significant fire season experienced in the territory and which helped ensure the safety of Yukoners;
 - addressing pressures in Insured Health to support the well-being of Yukoners;
 - funding for Yukon Hospital Corporation requirements, including additional O&M funding for converting ten beds at the Thompson Centre for acute care use; and
 - necessary advances to the receiver for environmental protection work at the Eagle Gold Mine. In this instance, funding advanced to the receiver has a net zero impact on the surplus and net financial debt, as the Yukon government has priority to recover these advances.

Eagle Gold Mine impact on economy:

- The June suspension of operations of the Eagle Gold Mine due to the heap leach failure has resulted in a material change in the outlook for mineral production and the Yukon's real gross domestic product with an expected contraction of 2.3 per cent in 2024.
- The response to the heap leach failure is ongoing and it will take some time before the extent of the impact on the local economy is known.

Session Briefing Note**Interim Fiscal and Economic Update**

Finance

- Beyond the impact on the territory's real GDP, near-term impacts related to the mine's suspension include job losses and the effects on local goods and services providers.
- While the seriousness of these events cannot be overstated, they are unfolding at a time when the Yukon's economy continues to be strong and can absorb much of the impact.
- In addition to low unemployment, a strong labour force and ongoing wage growth, the government's \$50 million contingency fund – included in Budget 2024-25 – is also reducing the impact of pressures in other areas.

Context—this may be an issue because:

- As a key deliverable document of government, the economic forecast and fiscal projections are of interest to media and members of the opposition parties.

Background:**Fiscal Update**

- The 2024-25 Supplementary Estimates No. 1 reflects a \$43.6 million decrease in the surplus from the Main Estimates, which results in the revised surplus for 2024-25 of \$75.4 million, down from \$119 million.
- Total government revenue, excluding recoveries, is now expected to be \$1.68 billion in 2024–25, a decrease of \$8.8 million, or 0.5 per cent, from the 2024–25 Main Estimates.

Session Briefing Note**Interim Fiscal and Economic
Update**

Finance

- Operations and maintenance (O&M) spending is forecast to increase by \$150.1 million, or 9.4 per cent, from the 2024–25 Main Estimates. Additional spending is primarily due to:
 - \$22 million for wildland firefighting costs in response to the significant fire season experienced in the territory and for flood events in Old Crow;
 - \$34 million for pressures in Insured Health reflecting support for the well-being of Yukoners;
 - \$10 million for various Yukon Hospital Corporation funding requirements including the added O&M funding for converting ten beds at the Thompson Centre for Acute Care use; and
 - \$50 million for advances to the Receiver for environmental protection work at the Eagle Gold Mine. Funding advanced to the receiver has a net zero impact on the surplus and net financial debt, as the Yukon government has priority to recover these advances.
- The Government of Yukon has revised its forecast for gross capital spending for 2024-25 by \$299,000 to \$483.7 million. Spending net of recoveries has increased 1.3 per cent from Budget 2024-25 to \$316.6 million.
- Changes to capital spending for 2024-25 include additional healthcare investments, changes to the timing of expenditures for the Kets'ádań Kù Burwash School project in Burwash landing, and other adjustments to reflect updated timelines across various capital projects.

Economic Update*Ceasing of operations of the Eagle Gold Mine to take steam out of GDP*

- Increased production from the Eagle Gold Mine was a prominent driver of the March 2024 economic forecast, and the suspension of operations is resulting in a substantial downgrade to the medium-term outlook for the Yukon's real GDP.

Session Briefing Note

Interim Fiscal and Economic Update

Finance

- The latest forecast includes a conservative assumption that the Eagle Gold Mine does not return to operation in the five-year forecast period, contributing to a reduction of over \$1.5 billion in the Yukon's real GDP compared to the March 2024 forecast. This forecast also does not include production from either of the two mines currently in the licensing process, Kudz Ze Kayah and Coffee Gold.
- With an expected contraction of 2.3 per cent in 2024, it would be the first year that the Yukon's real GDP contracted since falling 1.4 per cent in 2019.
- After marginal growth in 2025, stronger gains are expected over the final three years of the forecast, with growth averaging 2.3 per cent. This growth is supported by the expectation of increased production from the Keno Hill mine and tourism activity.

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

- Demand for workers has remained strong in 2024, contributing to robust growth in the number of people employed and size of the labour force, with both tracking towards a fourth consecutive year of growth.
- The October unemployment rate of 5.8 per cent was up slightly from 5.6 per cent in the previous month, and up from 4.0 per cent in October of last year. This marked the second consecutive month that the Yukon's unemployment rate showed a notable year-over-year increase.
- Despite increasing for a second straight month, the October unemployment rate of 5.8 per cent for the Yukon was tied with British Columbia and the Northwest Territories for the second lowest in the country, behind only Quebec (5.7 per cent).
- Prior to the increase in September, the Yukon had the lowest unemployment rate for seven consecutive months.
- Like September, the primary driver of the increase in the unemployment rate in October was a notable increase in the territory's labour force, with year-over-year growth of 8.7 per cent, the strongest in the country and well above the national growth rate of 2.3 per cent.

Session Briefing Note

Interim Fiscal and Economic Update

Finance

- Growth in the labour force over the last two months is masking strong gains in employment, with the Yukon posting the strongest employment growth in the country in both September and October.
- The Yukon's job vacancy rate has been among the highest in Canada for some time, exceeding the national rate in every month of 2024, and in all but four months since the start of 2021.
- Elevated demand for workers continues to be reflected in earnings gains, up 5.6 per cent in the first eight months of 2024, the strongest growth in the country.
- Prior to the suspension of operations, the Eagle Gold Mine employed 200 individuals locally. The full extent of the employment impact of the end of operations is not yet known, but many displaced workers from the Eagle Gold Mine have skills that are in demand and are likely to be absorbed elsewhere in the current tight labour market.
- Over the course of the forecast, demand for workers is expected to remain elevated across most industries, as shown by growth in employment and the labour force in all years. The Yukon's unemployment rate is expected to remain relatively low but trend upward in the latter years of the forecast.

The Yukon remains the highest populated territory.

- The Yukon's estimated population of 46,704 in the third quarter of 2024 was well ahead of both the Northwest Territories at 44,731 and Nunavut at 41,159.
- Estimates show the population gaps between the Yukon and the other two territories widening in recent quarters.
- Overall, demand for workers is expected to continue to draw people to the Yukon, and the forecast has population growth averaging 1.9 per cent over the five-year forecast.
- A shift in expectations of future mining activity related to the ongoing Eagle Gold situation may weigh on the population outlook, and this will be a consideration for the 2025-26 Budget forecast.

Session Briefing Note

Interim Fiscal and Economic Update

Finance

Retail sales have continued to grow in 2024

- Like 2023, growth in the value of retail sales has been driven by higher sales volume, with growth of 2.6 per cent in the first eight months of the year ahead of inflation of 2 per cent over the same period.
- After leading the country in growth in 2023, local retail sales continue to perform well in the Canadian context, with growth over the first eight months ahead of national growth of 1 per cent for the same period.
- While sales are up over the first eight months of 2024, August 2024 sales were 9.6 per cent lower than the August 2023 figure, primarily due to a 21.9 per cent decline in the value of sales from gas stations and fuel vendors in August of this year. Lower year-over-year prices for gasoline and fuel oil contributed in part to the decline in August 2024 sales.
- The latest forecast shows retail sales gains in every year. Growth is projected to average 5.9 per cent out to 2028.

Inflation situation is much improved

- The moderation of inflationary pressures that started to take hold late last year has continued into 2024, with inflation in recent months near or below 2 per cent in Whitehorse.
- After eleven consecutive months of national inflation exceeding the year-over-year growth in the Whitehorse Consumer Price Index (CPI), growth in the Whitehorse CPI was stronger in both September and October. The most recent data shows the Whitehorse CPI up 2.2 per cent from October of last year, exceeding Canadian inflation of 1.8 per cent.
- A notable contributor to year-over-year growth in the Whitehorse CPI in October was a 14.1 per cent increase in electricity prices. An approved rate increase for Yukon Energy took effect on October 1st which is estimated to see the average residential bill increase 10.5 per cent from the previous month assuming similar levels of power usage.

Session Briefing Note

Interim Fiscal and Economic Update

Finance

- While stronger recently, local inflation has averaged 2 per cent over the first ten months of 2024, below national inflation of 2.5 per cent over the same period.
- Even as the inflation picture has improved significantly, Yukoners are dealing with prices for many goods and services that are much higher than only four years ago.
- The current outlook for the Whitehorse CPI reflects expectations of a return to normal levels of inflation, with inflation of 2 per cent in 2024, much improved from 4.9 per cent in 2023 and 6.8 per cent in 2022. Annual inflation is expected to remain at 2 per cent for the remainder of the forecast.

Recent moderation in the housing market may be over

- As interest rates increased in the latter half of 2022 and throughout most of 2023, higher home financing costs led to declines in the number of residential sales and the average sale price.
- Data from the Canadian Real Estate Association suggests that the territory's housing market may be picking up steam. Residential sales of 260 units in the first half of 2024 are 30 per cent higher than the 200 units reported in the first half of 2023. Prices are also up from 2023, with the average sale price of \$535,200 over the first six months up 5.2 per cent from the same period of 2023.
- With the Bank of Canada lowering the overnight rate in recent months, and further interest rates drops likely coming, it could spur near-term housing demand.
- The latest data from the Yukon Rent Survey shows a tight Whitehorse rental market marked by increasing rents and vacancy rates that remain below the historic average.

Spending remains elevated, but it looks as if 2024 will fall short of last year's record investment in building construction

- Last year saw a record level of investment in building construction, with revised figures from Statistics Canada showing total spending of almost \$413 million.
- Investment in building construction in the first eight months of 2024 reached \$258.1 million. This is only slightly below the \$260.3 million reported in the same

Session Briefing Note

Interim Fiscal and Economic Update

Finance

period of last year. After trailing last year's spending for most of the year, the investment total was buoyed by strong investment in August, driven by robust investment in residential construction.

- Investment in non-residential spending has been particularly strong so far in 2024, with spending of \$125.3 million in the first eight months of the year nearly 14 per cent stronger than in the same period of 2023. Strong growth in commercial-related spending is driving non-residential investment.
- Weaker investment on the residential side accounts for the slight year-over-year decline in building construction investment. A notable decline in investment in multi-dwelling buildings was reported in the first eight months, more than countering an increase in investment in single-detached housing. Some of this decline is attributable to a very high level of investment in multi-dwelling structures in the first half of 2023, driven in part by construction of a 10-unit Housing First complex in Watson Lake.
- After underperforming compared to 2023 for much of the year, building permits have been stronger in recent months. Building permits of about \$220 million over the first nine months of the year are up 3.5 per cent from the same period of 2023. Growth so far in 2024 has been driven by a large increase in the value of value of residential buildings permits which are up \$68.2 million, or almost 93 per cent, in the first nine months.

Loss of Eagle Gold Mine is a major hit to the outlook for mineral production

- Before the June suspension of operations at the Eagle Gold Mine, this project was positioned to be a major contributor to the mining sector, well beyond the end of the current forecast period.
- With no available indication of when the mine might resume operations, the five-year forecast conservatively assumes no further production. The result is a downward revision of about 900,000 ounces of gold from the previous forecast.
- With silver production of over 2.1 million ounces over the first nine months of the year, the Keno Hill Silver Project looks to be on track to meet Hecla Mining Company's production guidance of 2.7–3.0 million ounces.

Session Briefing Note

Interim Fiscal and Economic Update

Finance

- The placer gold industry remains an important component of the Yukon's mining sector. Placer gold production in 2024 is expected to be similar to last year's production of about 59,000 ounces, but higher gold prices in 2024 could see production value reach a record level.
- Preliminary estimates from Natural Resources Canada have exploration spending at about \$147 million in 2024, down from an estimated \$164 million in 2023. Exploration efforts in the Yukon continue to be focused on the search for precious metals such as gold, silver and copper.
- As the situation at the Eagle Gold Mine unfolds in the coming months, we should have a better understanding of impacts on the local mining sector and what it could mean for the territorial economy.

Tourism sector continues to gain momentum

- Key indicators of tourism sector performance in 2024 are tracking towards their best year since the height of the pandemic.
- Border crossings of 398,714 in the first eight months of 2024 are up 6.4 per cent from the year prior. Crossings are the third highest ever reported for the first eight months of the year.
- Air arrivals in 2024 have also been strong, with 154,621 arrivals in the first eight months above the previous high of 144,446 for the same period of 2019, a year that saw a record number of air arrivals at the Erik Nielsen Whitehorse International Airport.
- In addition, the overall value of receipts from food services and drinking places is up nearly 13 per cent in the first seven months of 2024 versus the same period in 2023. While only a portion of the increase is attributable to the activities of visitors, stronger visitation numbers in 2024 are likely a contribution factor to the increase in the value of receipts.
- Overall, 2024 is shaping up to be a good year for tourism and the sector is well positioned for further gains over the medium term.

Session Briefing Note
Interim Fiscal and Economic
Update

Finance

Approved by:

Jessica Schultz

November 19, 2024

Deputy Minister, Finance

Date approved



2024–25
INTERIM FISCAL AND
ECONOMIC UPDATE



Contents

Introduction	1
Part 1: The Yukon's finances	2
Revenue	4
Taxation revenue.....	4
Other revenue	4
Operations and maintenance expenses	5
Five-Year Capital Plan update	8
Financing considerations	9
Part 2: Economic overview	10
Suspension of operations at the Eagle Gold Mine to take steam out of GDP	10
Further gains in employment and labour force expected over the medium-term.....	12
The Yukon remains the highest populated territory	15
Retail sales have continued to grow in 2024.....	16
Inflation situation is much improved.....	17
Recent moderation in the housing market may be over	20
Building construction investment remains elevated.....	22
Loss of Eagle Gold Mine is a significant hit to the outlook for mineral production	23
Tourism sector continues to gain momentum	26
Appendix: Key economic indicators	28



Introduction

In March 2024, the Government of Yukon published the 2024–25 *Fiscal and Economic Outlook* (FEO) outlining the territory’s fiscal and economic position and expectations for medium-term performance. Since the release of the outlook and the tabling of Budget 2024–25, inflation in the territory has continued its downward trend and interest rates have been on the decline. Both are providing some cost of living relief for the Yukon. Demand for workers and earnings growth remains strong, and the Yukon continues to be among the leaders in Canada in retail sales growth. However, the territory is also facing fiscal pressures in areas such as the continued response to challenges relating to climate change, housing needs and the delivery of health care, as well as unexpected expenditures associated with the Eagle Gold Mine heap leach failure.

Mining remains a critical component of the Yukon’s economy, both as an employer and as a contributor to the public resources that benefit all Yukoners. Recent events transpiring at significant mining operations are impacting the broader economy, as well as the government’s fiscal picture. Responding to acute challenges within the mining industry will be a major focus for the remainder of the fiscal year and into the future. While these events are of significant concern for Yukoners and the government, they are unfolding when the Yukon’s economy is relatively strong, highlighted by employment gains and an unemployment rate that continues to be the lowest in the country. Despite these ongoing challenges, the government continues to prioritize spending to preserve and enhance health, safety and wellness, affordability, and a high quality of life for everyone who calls the Yukon home. This work will be done through the strategic use of public resources that is in line with the priorities of Yukoners.

Part 1: The Yukon's finances

Since presenting the government's 2024–25 budget, multiple challenges have emerged that have led the government to focus on pressures that are critical to the health and safety of people and the environment. The expense forecast for 2024–25 has increased by \$133.3 million, or 7.7 per cent, after accounting for recoveries.¹ There is also \$50 million that is being advanced to the receiver for the Eagle Gold Mine to fund remediation efforts. This will have a net zero impact on the government's surplus and net debt position. As in previous years, the government's fiscal planning considered some potential impacts of unforeseen challenges by including a \$50 million contingency in Budget 2024–25. The projected surplus has decreased by \$43.6 million compared to Budget 2024–25. This decrease accounts for the contingency fund, the advance to the Eagle Gold Mine receiver, necessary accounting adjustments, and an anticipated reduction in revenues.

Table 1. Fiscal summary

(\$ millions)	2023–24 Supplementary Estimates No.2	2024–25 Main Estimates	2024–25 Supplementary Estimates No. 1
Revenue ^{2,3}	1,579.2	1,691.3	1,682.5
Expense ⁴	(1,786.2)	(1,724.3)	(1,857.6)
Contingency for anticipated expenses ⁵	0.0	(50.0)	0.0
Accounting adjustments ⁶	208.7	202.0	250.5
Surplus (deficit) ⁷	1.7	119.0	75.4
Net debt, end of year	(444.5)	(488.8)	(530.4)

Source: Department of Finance

The government continues to forecast a surplus of \$75.4 million. Net debt is projected to increase by \$41.6 million to \$530.4 million by the end of the 2024–25 fiscal year.

1. A recovery is a type of government revenue that reflects transfers from other levels of government and third parties as part of an agreement to cost-share, up to 100 per cent, of the costs to deliver an initiative, program or project. Unlike expenditures, recoveries, along with other types of revenue, are not voted by the Legislative Assembly and are presented in the budget separate from the associated expenditure.

2. To align with the presentation in the Yukon Public Accounts, revenues and recoveries do not include those collected by Yukon Housing Corporation, which are included in the "accounting adjustments" in this table.

3. Revenue is the sum of "Transfers from Canada", "Tax Revenue", and "Other Revenue" as found on Pages S-4 of the 2024–25 Supplementary Estimates No. 1, and equivalent pages of budget documents for other periods.

4. Expense is the sum of "Total Appropriated Amounts" minus "Recoveries from Canada" and "Third-Party Recoveries" as found on Pages S-5 of the 2024–25 Supplementary Estimates No. 1.

5. Found on Page S-5 of the 2024–25 Supplementary Estimates No. 1.

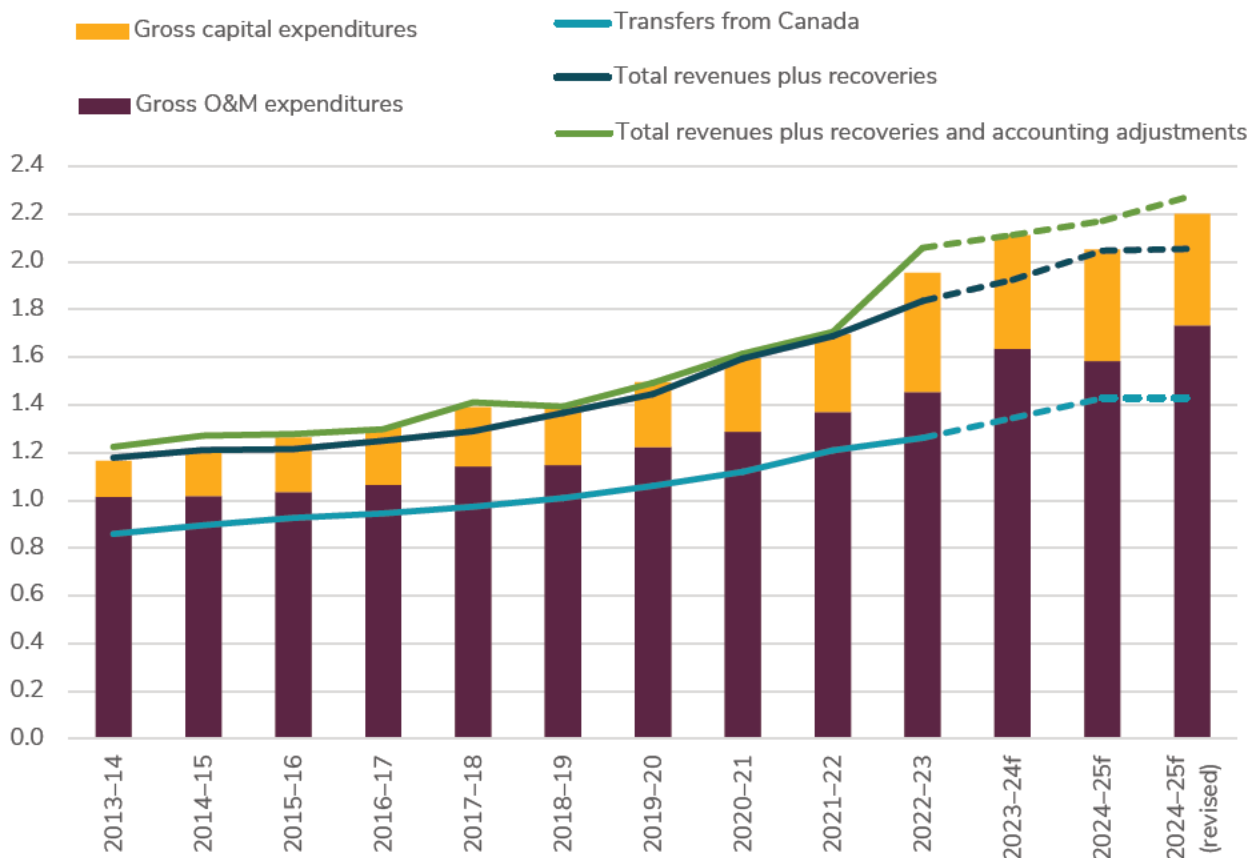
6. "Accounting adjustments" are the sum of "Tangible Capital Assets (net)", "Investment in Land Development", "Expenditures on Loan Programs", and "Other Adjustments (net)", on Page S-5 of the 2024–25 Supplementary Estimates No. 1, and equivalent pages of budget documents for other periods.

7. "Surplus (deficit)" is the sum of "revenue", "expense", "contingency for anticipated expenses", and "accounting adjustments".

Chart 1 compares historical spending, as reported in the Yukon Public Accounts, with the spending planned in Budget 2024–25 and the 2024–25 Supplementary Estimates No. 1. From 2013–14 to 2022–23, gross expenditures grew by an average of 6.2 per cent annually, which is higher than revenues, at 4.9 per cent annually. For 2024–25, expenditures are projected to increase by 4.3 per cent over the 2023–24 forecast, which is lower than the expected 6.7 per cent increase in revenues. Higher expenditure growth forecasts in 2023–24 and 2024–25 include the impacts of emergency management, health care, and the response to the heap leach failure at the Eagle Gold Mine.

Chart 1. Government of Yukon fiscal indicators^{8,9}

Expenditures and revenues (\$ billions)



Source: Department of Finance

f = forecast

8. Fiscal years 2013–14 to 2022–23 represent actuals as reported in the Yukon Public Accounts. For comparability, forecasts for fiscal years 2023–24 to 2024–25 use the same methodology, which differs from the presentation in Table 1.

9. To align with the presentation in the Yukon Public Accounts, revenues and recoveries do not include those collected by Yukon Housing Corporation, which are netted-out of the gross expenditures presented in this chart.

Revenue

Total government revenue, excluding recoveries, is forecast to decrease to \$1.68 billion in 2024–25, as shown in Table 2. This is a decrease of \$8.8 million, or 0.5 per cent, compared to Budget 2024–25, primarily reflecting changes from corporate income tax and mining royalty revenue (captured under “other revenue”). Transfers from Canada are projected to remain unchanged at \$1.43 billion.

Table 2. Revenue by type^{10,11}

(\$ millions)	2023–24 Supplementary Estimates No. 2	2024–25 Main Estimates	2024–25 Supplementary Estimates No. 1
Personal income tax	104.6	106.7	106.7
Corporate income tax	19.0	41.1	34.5
Property tax	7.2	7.6	7.6
Fuel oil tax	8.8	9.4	9.4
Tobacco and alcohol taxes	16.0	15.2	15.2
Other taxes	9.0	10.2	10.2
Other revenue	70.3	72.4	70.2
Total own-source revenue	234.9	262.6	253.9
Federal transfers	1,344.4	1,428.6	1,428.6
Total revenue	1,579.3	1,691.3	1,682.5

Source: Department of Finance

Numbers may not add due to rounding.

Taxation revenue

The forecast for revenue from corporate income tax has been reduced by \$6.7 million to \$34.4 million. Lower corporate profitability and lower than anticipated non-recurring adjustments from the prior year are contributing to the expectation of decreased national corporate tax revenue. Impacts stemming from the suspension of operations at Victoria Gold’s Eagle Gold Mine are still being assessed and the full extent of the impact is not yet known.

Other revenue

There is a \$2.2 million decrease in other revenue sources. This includes a \$2.5 million decrease to revenue in mining royalties on account of the suspension of production at the Eagle Gold Mine. It also includes a \$350,000 increase to fee revenues for new driver’s licences to reflect the fee for a five-year driver’s licence card changing from \$50 to \$100. This fee covers the costs of new licences, introduced on June 1, 2024, for upgraded security and design features. This is the first time the fee structure for driver’s licences has been updated since 2002.

10. All revenue figures are found on Pages S-8 and S-9 of the 2024–25 Supplementary Estimates No. 1, and equivalent pages of budget documents for other periods.

11. To align with the presentation in Yukon’s Public Accounts, revenues do not include those collected by Yukon Housing Corporation.

Operations and maintenance expenses

Gross operations and maintenance (O&M) expenditures are set to rise by \$150.1 million, or 9.4 per cent, from Budget 2024–25 to \$1.7 billion. Net O&M expenditures, after accounting for recoveries, are projected to increase by \$129.4 million, or 9.2 per cent, from Budget 2024–25. The increases are primarily due to unavoidable costs requiring immediate government action, including managing flood and wildfire emergencies; ensuring our health care system continues to meet the needs of all Yukoners; and responding to the Eagle Gold Mine heap leach failure.

There is a focus on limiting growth in program spending while ensuring the necessary funding is in place to respond to unanticipated costs and pressures for the services that Yukoners depend upon. Additional spending required outside of major unavoidable costs is intended to maximize the use of recoverable funding. Approximately \$20.7 million, or 13.8 per cent, of this spending is recoverable. The \$50 million contingency fund included in Budget 2024–25 reduces the impact of the cost pressures associated with the emergency response for fires and floods, as well as health care. Additional funding amounts noted below also reflect efforts across all of government to set priorities and offset rising costs.

\$52.8 million will be allocated to support the **health and wellbeing of Yukoners**. Across Canada, health care systems are experiencing higher than anticipated pressures resulting from shifting demographics. It is critical to address these pressures and to ensure funding supports the increased demand in acute and long-term care. The Government of Yukon will continue to work in partnership with the Yukon Hospital Corporation to provide high-quality, accessible care. Addressing these pressures, in partnership with the Yukon Hospital Corporation, and ensuring funding supports the increased demand in acute and long-term care are critical. There is additional funding for Insured Health Services to address pressures primarily related to increasing patient volumes and acuity. The funding ensures the Yukon Hospital Corporation has the financial resources it needs for the delivery of services that Yukoners expect and deserve.

\$52.1 million in costs are related to **remediation, reclamation and closure activities**. This includes \$50 million to respond to the failure of the heap leach facility at the Eagle Gold Mine. This funding is being advanced to the court-appointed receiver for immediate needs to remediate the site. The funding will have a neutral impact on the government's overall financial position as funds advanced to the court-appointed receiver for remediation and reclamation activities are secured by a court-ordered priority charge over the assets of Victoria Gold – currently in the amount of \$50 million. This amount also includes costs for remediation, reclamation and closure activities of the Minto Mine, which are 100 per cent recoverable. There are also adjustments for other mine sites that have lower-than-expected activity for remediation and closure. The government will continue to remediate abandoned mines in a way that prioritizes the safety of people and the environment, while guided by engagement with Yukon First Nations governments.

\$24.5 million will be used for **emergency management**. This reflects the costs for significant efforts undertaken to protect Yukoners from fire activity, wildfire response support in other jurisdictions and the response to flood events in Old Crow in May. It also includes support for the First Nations Fire Smart program, preventative measures to improve the fire resiliency of Yukon communities, flood hazard mapping and activities to support flood-prone communities across the Yukon.

\$10.4 million will be used for **corporate funding requirements**. This includes funding for employee future benefit obligations based on updated actuarial valuations and Workers' Safety and Compensation Board premiums for government employees. Corporate interest expenses in the 2024–25 Supplementary Estimates No. 1 are higher than projected due to increased pressures. The Government of Yukon makes use of its line of credit as it supplements its cash flow process in order to meet financial obligations during the period between expenses incurred and revenues received.

\$6.9 million will be used to **support Yukon learners**. This includes significant funding received through the Government of Canada's Early Learning and Child Care Infrastructure Fund to help increase the number of early learning spaces across the Yukon. Funding will also be used to hire more teachers at Yukon schools and support staff for the new Whistle Bend Elementary School, which welcomed its first students in August 2024. Other changes include an increase to legislated post-secondary student grants, such as the Yukon Grant, to reflect higher student costs and more Yukon students taking advantage of this financial assistance.

\$2.5 million will be used for **public safety and community supports**. This includes resources to meet the current salaries of the RCMP and funding for two new RCMP officers. It also includes resources to support the Downtown Whitehorse Safety Response Action Plan to further advance initiatives in partnership with community organizations, Yukon First Nations and local businesses to create a vibrant, inclusive and safe downtown Whitehorse.

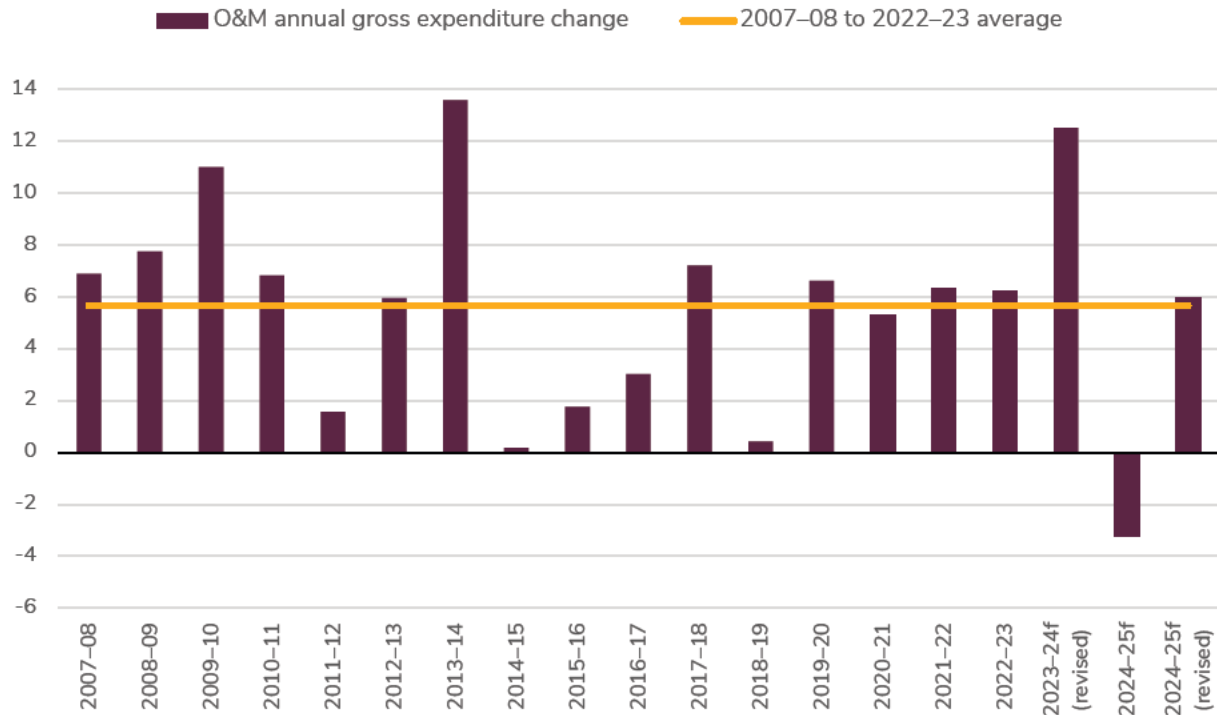
\$2.5 million will be used for the Government of Yukon's **First Nations relations commitments**. This includes First Nations capacity funding for consultation and engagement, bilateral negotiations, and implementation of Final and Self-Government Agreements. As well, the funding will further major Yukon projects in partnership with First Nations governments, such as supporting First Nations participation in the Coffee Gold Monitoring Program. This also includes funding to the Council of Yukon First Nations to advance the Yukon Residential Schools Missing Children Project.

Other commitments in the 2024–25 Supplementary Estimates No. 1 include funding from Canada for environment and climate change, labour market, and French language initiatives. Also included are adjustments to the agreement with Yukon Lotteries Corporation to enhance funding for sports and arts initiatives across the territory.

Chart 2 shows the annual growth in O&M spending of the Government of Yukon from 2007–08 to the forecasts for the 2023–24 and 2024–25 fiscal years. As a result of the spending pressures previously noted, O&M spending in 2024–25 is projected to grow 6 per cent from the 2023–24 forecast.

Chart 2: Annual growth in O&M spending

Change in Government of Yukon gross O&M spending (per cent)



Source: Department of Finance

f = forecast

Five-Year Capital Plan update

The Government of Yukon has revised its forecast for gross capital spending as outlined in the 2024–25 *Five-Year Capital Plan*. The anticipated gross capital expenditure in 2024–25 is forecast to be reduced by \$299,000 to \$483.7 million. Additionally, some capital recoveries have been deferred to a future fiscal year, reducing the forecast for capital recoveries in 2024–25 by \$4.2 million to \$167.1 million.

The Government of Yukon routinely evaluates capital budget allocations to ensure capital spending remains aligned with the territory's capital infrastructure requirements and fiscal objectives. By closely managing all identified capital pressures, the government strives to maintain responsible spending while keeping the needs and priorities of Yukoners at the forefront, including investments in infrastructure, health care, greenhouse gas emission reductions, and housing.

The *Five-Year Capital Plan* update provides an opportunity for the government to keep the public informed on the progress of critical infrastructure projects:

- The Dempster Fibre Line project has reached a significant milestone with construction now complete. Testing, commissioning and operationalizing of the line is expected by December 2024. The new network line will provide a backup in the event of a service disruption and provide more reliable internet and cellphone services.
- The construction of a new grid-scale battery remains on track for completion by the end of this year. With a budget of \$35 million, this project is set to significantly boost energy storage and improve grid stability. The Yukon Development Corporation has committed \$16.5 million to this effort, funded through the Investing in Canada Infrastructure Program.
- Major reconstruction and upgrades at Erik Neilsen Whitehorse International Airport are underway with reconstruction of the north half of the runway surface expected for fall 2024 and the south half for fall 2025.
- Since the tabling of Budget 2024–25, the government has tendered the Ryder Apartment complex project in Whitehorse, which aims to bring up to 45 new affordable housing units online.

This update to the FEO is also used to highlight the government's response to emerging budgetary pressures and evolving projects. In the 2024–25 Supplementary Estimates No. 1, the government has approved additional capital investments at Whitehorse General Hospital and the Thomson Centre to alleviate pressure on hospital bed capacity. Additionally, further funding has been allocated to the Yukon Hospital Corporation for the completion of the new Mental Wellness Unit at Whitehorse General Hospital. This funding addresses project delays experienced last fiscal year with the overall project budget remaining unchanged. Some infrastructure projects in the capital budget reflect updated funding timelines to better align cashflows with when the project takes place, such as the recently awarded Kets'ádań Kù (Burwash Landing) School project. The completion date on these projects, however, has not changed.

Financing considerations

The Yukon is a growing and dynamic territory, with an increasing population, expanding communities and increasing demands for essential services. It is important for the Government of Yukon to have the financial flexibility to support the sustainable development and growth that Yukoners expect. To date, the government has operated under a strong financial plan that did not require significant borrowing. Recent unforeseen challenges, such as urgent environmental responses and pressures on the health care system, have highlighted the importance of having increased flexibility to manage cashflows throughout the year and make use of tools beyond the government's line of credit.

Borrowing remains one of the tools available to the government to help meet immediate financial obligations while having the flexibility to continue to invest in essential infrastructure and services that benefit the entire Yukon and address critical responses that are becoming more common. The Yukon government is currently working closely with the federal government to secure an increase to the territory's borrowing limit. This does not mean the government will take on significant debt but is necessary to provide the flexibility to manage peaks and valleys in the government's cashflows. The Yukon remains in a strong financial position, which was reaffirmed by the recent reissuance of the government's 'AA' credit rating with S&P Global Ratings.¹² The government will continue to update Yukoners as it works with the federal government to seek an increase to the Yukon's borrowing limit.

12. News release – S&P Global Ratings reaffirms 'AA Stable' credit rating for 15th consecutive year. (July 15, 2024). [Government of Yukon](#).

Part 2: Economic overview

Since the release of the 2024–25 *Fiscal and Economic Outlook* in March, various factors, both anticipated and unforeseen, are impacting the Yukon's economy and medium-term outlook. Most notably, the June suspension of operations at the Eagle Gold Mine is weighing on the outlook for the territory's real gross domestic product (GDP). Near-term impacts related to the suspension of the mine include job losses and effects on local goods and services providers. Individuals who worked directly for the mine, along with those employed by contractors working with the mine operator, experienced disruptions to employment, even if they readily found other employment in the Yukon's tight labour market. Many goods and services providers were impacted by the loss of a major customer, and some have been left with outstanding payments for goods or services already provided. Less localized factors, such as shifting expectations for overnight interest rates, evolving consumer behaviors, and a resurgence in travel, are being reflected in the improved performance of some key economic indicators and sectors.

Despite recent events, the territory's economy remains in a favourable position and the outlook remains promising. Demand for workers continues to be strong, which is contributing to earnings gains and an unemployment rate that is expected to remain among the lowest in the country. The tourism sector has rebounded from the height of the pandemic and data suggests that 2024 visitation numbers will approach record levels. In addition, inflation continues to trend downward towards historic norms, and consumer spending and retail sales remain strong, with further growth anticipated over the medium-term.

Suspension of operations at the Eagle Gold Mine to take steam out of GDP

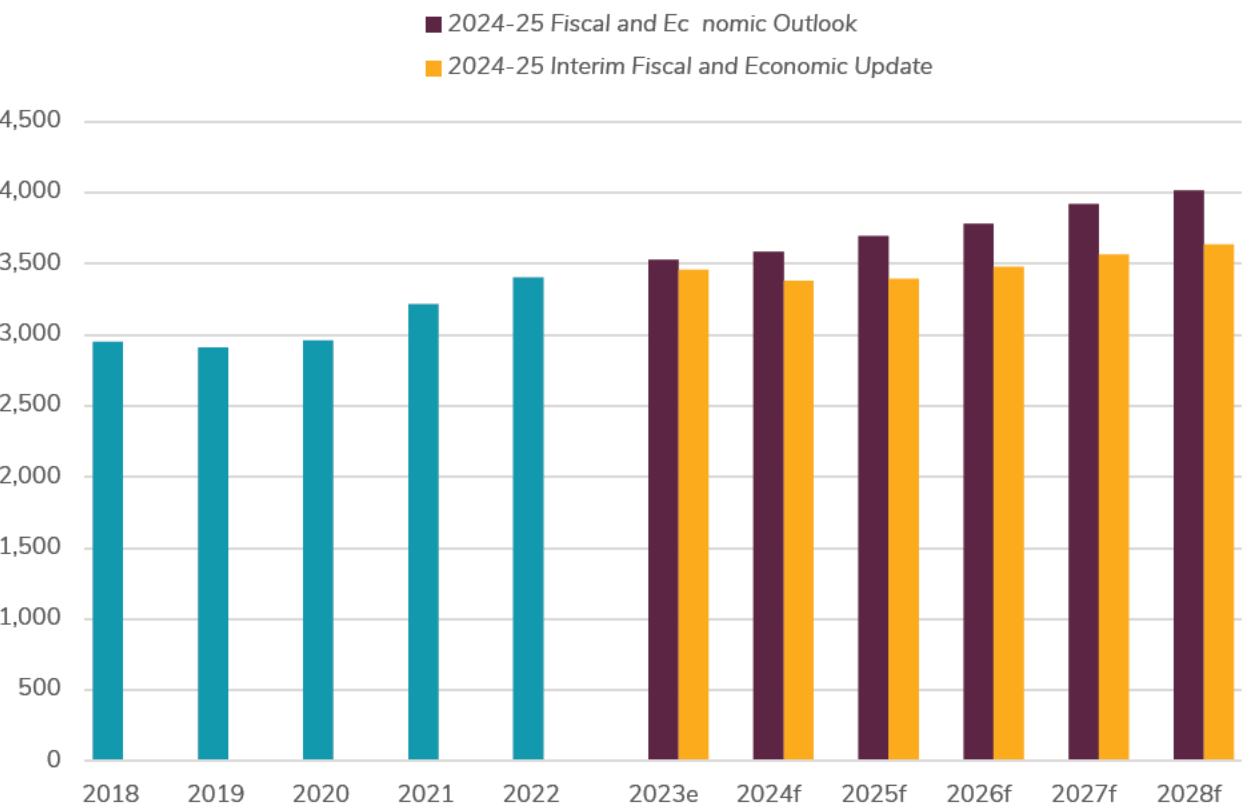
A prominent driver of the economic forecast released in March was higher gold production from the Eagle Gold Mine. The failure of the mine's heap leach pad on June 24, and the subsequent appointment of PricewaterhouseCoopers Inc. as the receiver on August 14¹³, has resulted in a material change in the outlook for the territory's mineral production.

13. News release – Statement from Minister of Justice and Attorney General on the Government of Yukon's application for a receiver to be appointed over the assets of Victoria Gold Corporation. (August 14, 2024). [Government of Yukon](#).

At the time of the current forecast, remediation of the failure was in the early stages and the timeline for when the mine might resume operations was uncertain. The current forecast includes a prudent and conservative assumption that the Eagle Gold Mine does not produce over the five-year outlook; however, it is noted that an earlier restart is not precluded.¹⁴ Not surprisingly, the loss of production from this mine results in a substantial downward revision in the outlook for real GDP.

Chart 3. Notable downgrade to real GDP outlook

Real GDP (\$ millions)



Source: Statistics Canada, Department of Finance

e = estimate

f = forecast

14. Similarly, the current conservative five-year forecast does not include production of either of the two mine projects currently in the licensing process, Kudz Ze Kayah and Coffee Gold.

Removing Eagle Gold Mine production equates to a reduction in the Yukon's real GDP of over \$1.5 billion over the five-year forecast compared to the previous forecast. With an expected contraction of 2.3 per cent in 2024, it would be the first year that the Yukon's real GDP contracted since falling 1.4 per cent in 2019. After marginal growth in 2025, stronger gains are expected over the final three years of the forecast, with growth averaging 2.3 per cent.

Costs to fully remedy the situation at the mine have been noted in the range of \$100 to \$150 million.¹⁵ Some of the spending for mine cleanup would be reflected in the territory's real GDP, offsetting some of the impact from the loss of the mine's production. The Government of Yukon has stated a goal to bring the mine site and surrounding environment back to where it was prior to the failure of the heap leach pad and to see a resumption of production rather than closure of the mine. This offers some possible upside to the economic outlook, as activities associated with returning the mine to production, and subsequently any production within the five-year forecast horizon, would be reflected in future forecast updates.

Growth in the out years of the forecast is supported by the expectation of increased production from the Keno Hill mine as it ramps up to full production. Tourism activity is expected to continue to be strong throughout the forecast horizon and to be a positive contributor to economic growth.

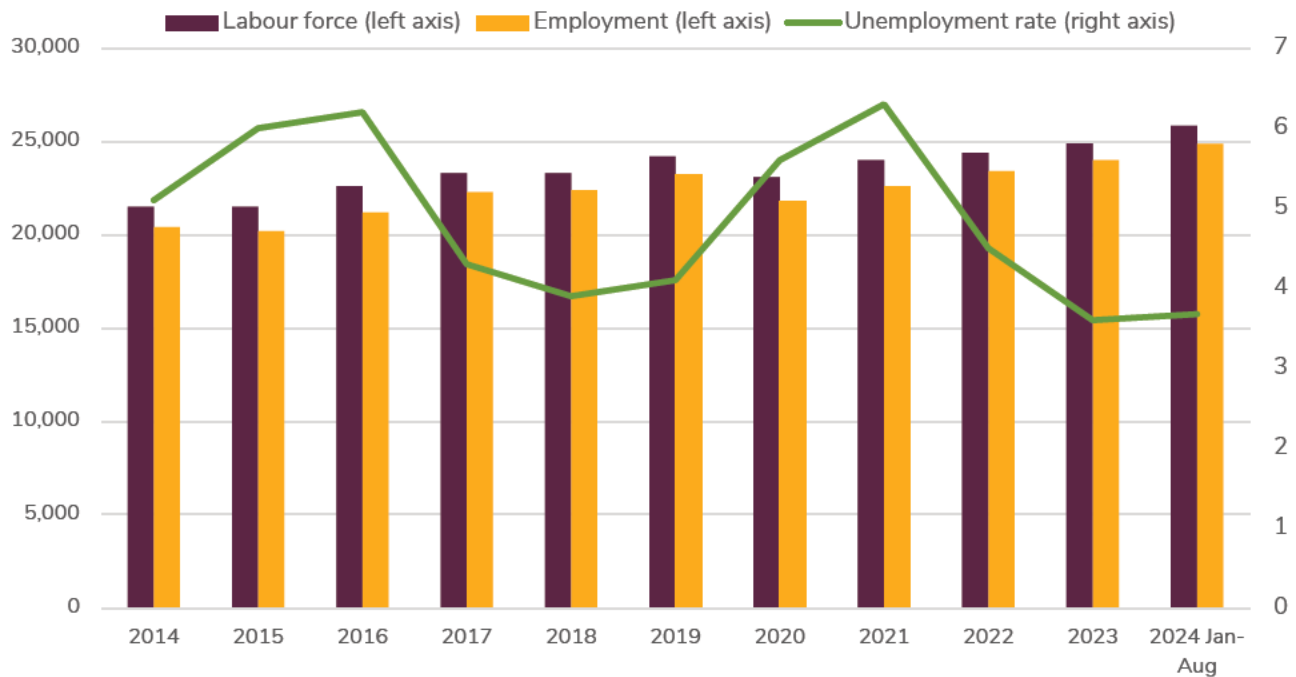
Further gains in employment and labour force expected over the medium-term

Demand for workers, especially in the service sector, has remained strong in 2024, contributing to robust growth in the number of people employed and the Yukon's labour force. The Yukon's unemployment rate has been low throughout 2024, and August's unemployment rate of 4.2 per cent marked the seventh consecutive month that the Yukon had the lowest rate in the country. The positive year-to-date performance has employment and the labour force tracking towards growth for a fourth straight year.

15. Court filing – Ontario Superior Court of Justice. *Government of Yukon v. Victoria Gold Corp.* (August 14, 2024).

Chart 4. Labour market has remained strong in 2024

Labour force (persons), employment (persons), unemployment (per cent)



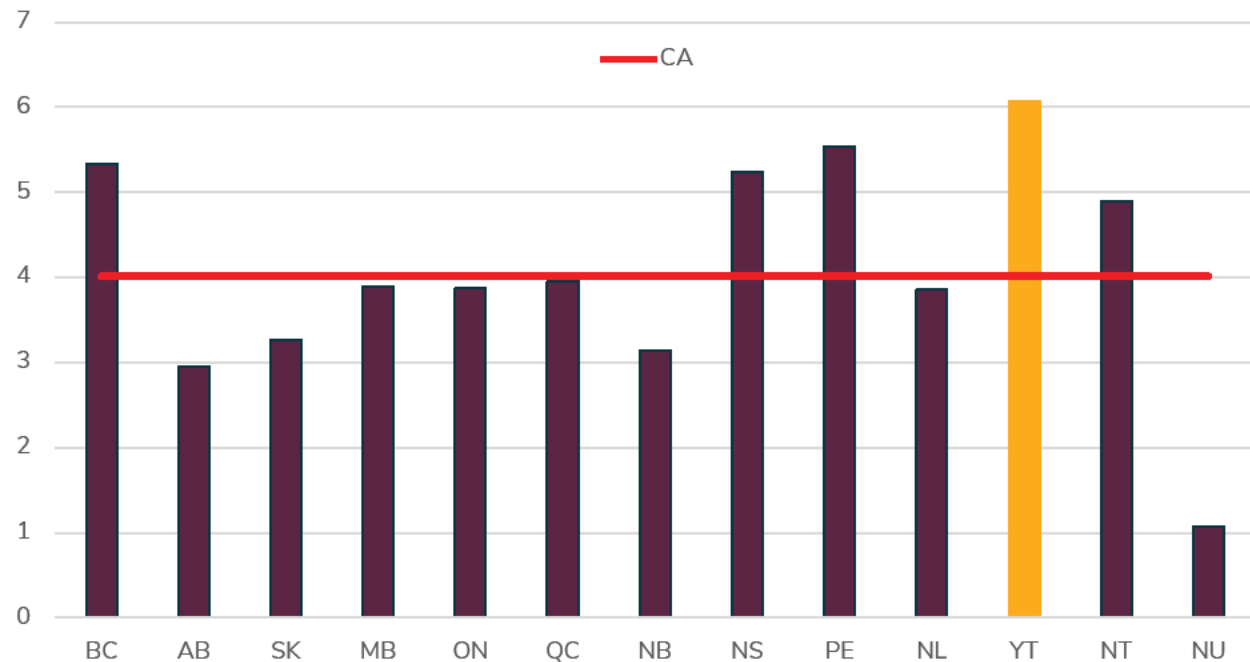
Source: Statistics Canada, Yukon Bureau of Statistics

Job vacancy rates have generally remained higher than the territory's unemployment rate, which suggests continued tightness in the local labour market. The Yukon's job vacancy rate has been among the highest in Canada for some time, exceeding the national rate every month in 2024, and in all but four months since the beginning of 2021.

Elevated demand for workers continues to be reflected in earnings gains. With average weekly earnings reported at \$1,448 per employee in June, the Yukon was third in the country behind only the other two territories, and well above the Canadian figure of \$1,253 per employee. Data for the first six months of 2024 show the Yukon leading the country in earnings growth.

Chart 5. Strongest earnings growth in the country

Average weekly earnings, seasonally adjusted, Jan – Jun 2024 change from Jan – Jun 2023 (per cent)



Source: Statistics Canada

Prior to the suspension of operations at the Eagle Gold Mine, local employment at the mine was estimated at around 200 people.¹⁶ The full extent of the employment impact from the end of operations is not yet known, as some former employees were retained to assist in efforts to contain any environmental damage and to stabilize the heap leach pad. A portion of those workers would be Yukoners. Additionally, many displaced workers have skills that are in demand and are likely to be absorbed elsewhere in the current tight labour market.

Over the course of the forecast, demand for workers is expected to remain elevated across most industries, with growth in employment and the labour force projected in all years. The Yukon's unemployment rate is expected to remain low over the entirety of the forecast.

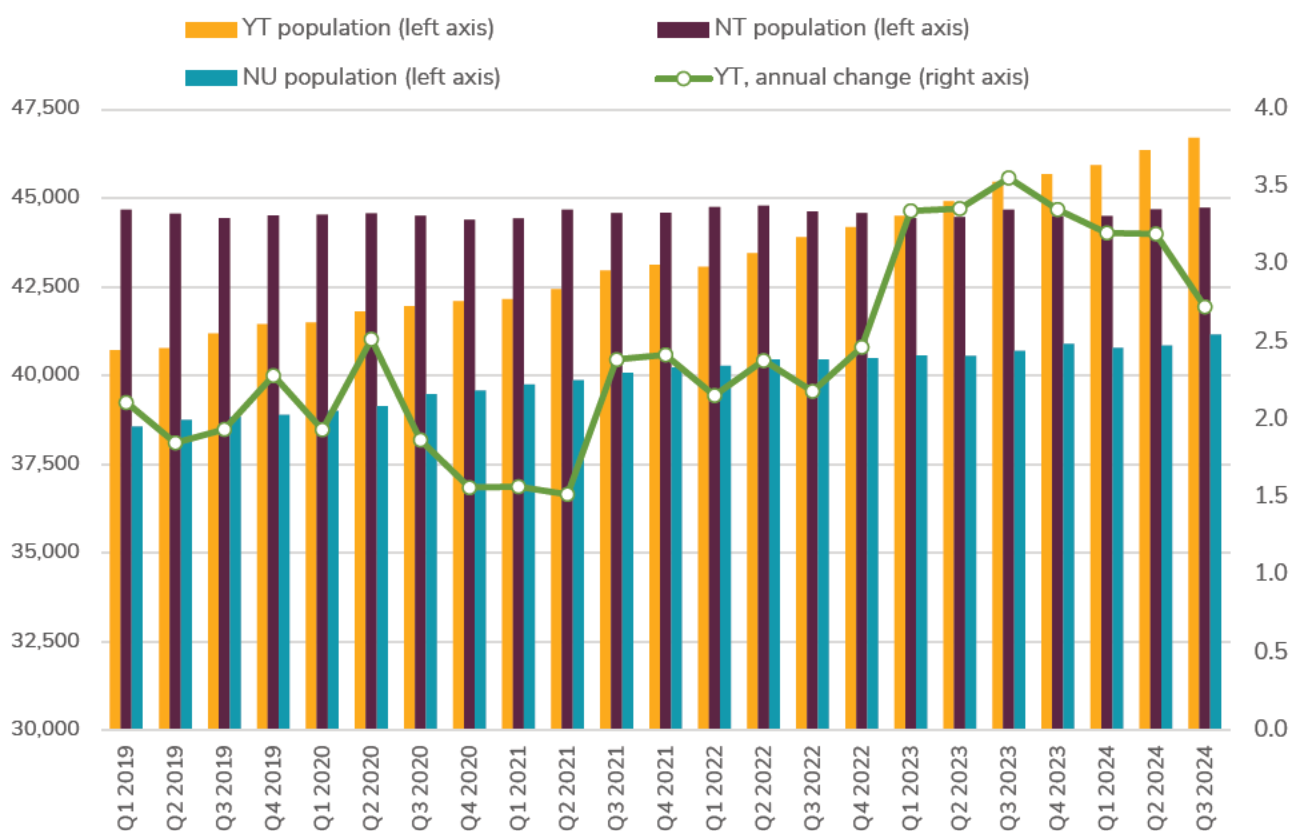
16. 2023 Annual Sustainability Report. Victoria Gold Corp. (March 2024).

The Yukon remains the highest populated territory

The Yukon moved ahead of the Northwest Territories in the third quarter of last year to become the most populous territory. The Yukon's estimated population of 46,704 in the third quarter of 2024 is ahead of both the Northwest Territories' population of 44,731 and Nunavut's population of 41,159.¹⁷ Estimates show the population gaps between the Yukon and the other two territories widening in recent quarters.

Chart 6. Stronger growth in the Yukon has seen the population gap with the other territories increase

Population (persons), annual change (per cent)



Source: Statistics Canada

17. Canada's population estimates, third quarter 2024. Statistics Canada. (September 25, 2024).

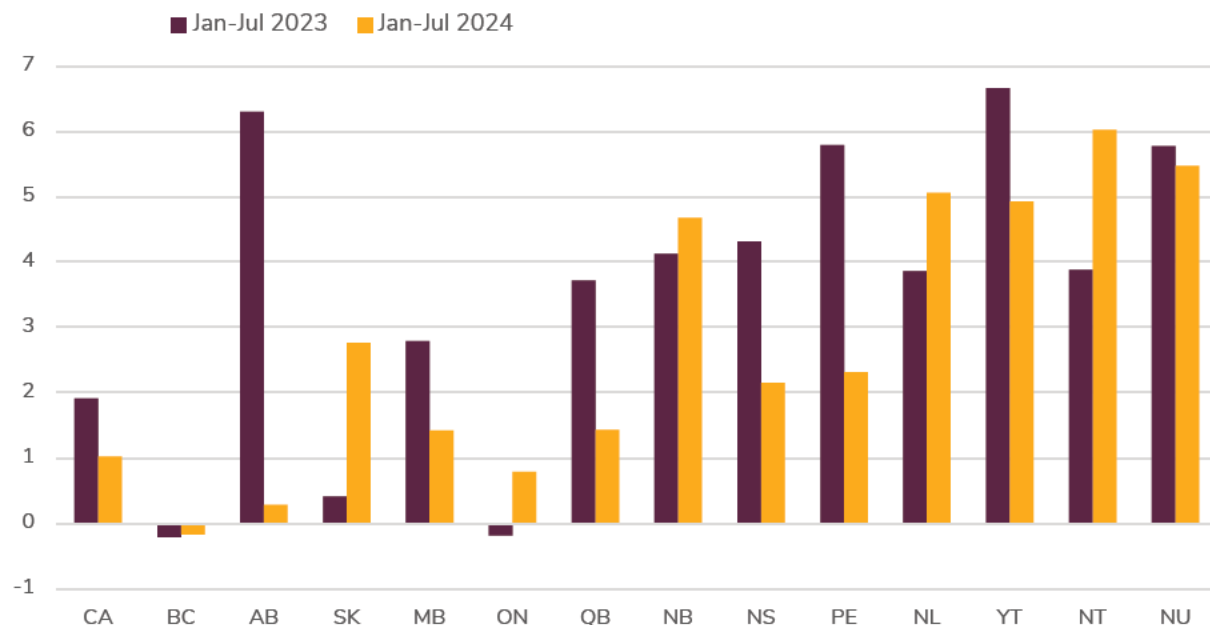
The forecast for population is unchanged from the March budget forecast. Demand for workers is expected to continue to draw people to the Yukon, with population growth averaging 1.9 per cent over the five-year forecast. It is unclear if there will be lasting impacts on the local mining sector stemming from the evolving Eagle Gold Mine situation, but a shift in expectations for future mining activity could have ramifications for the population outlook. This will be a consideration for the forecast in the upcoming Fiscal and Economic Outlook, published in spring 2025.

Retail sales have continued to grow in 2024

Retail sales have remained strong in 2024. Like 2023, growth in the value of retail sales has largely been driven by higher sales volume, with growth of 4.9 per cent in the first seven months of the year, well ahead of inflation that sat at 2.1 per cent over the same period. After leading the country in growth in 2023, local retail sales continue to perform well in the Canadian context, with year-to-date growth remaining among the highest in the country.

Chart 7. Retail sales growth in 2024 remains among the best in the country

Retail sales, year-over-year change (per cent)



Source: Statistics Canada

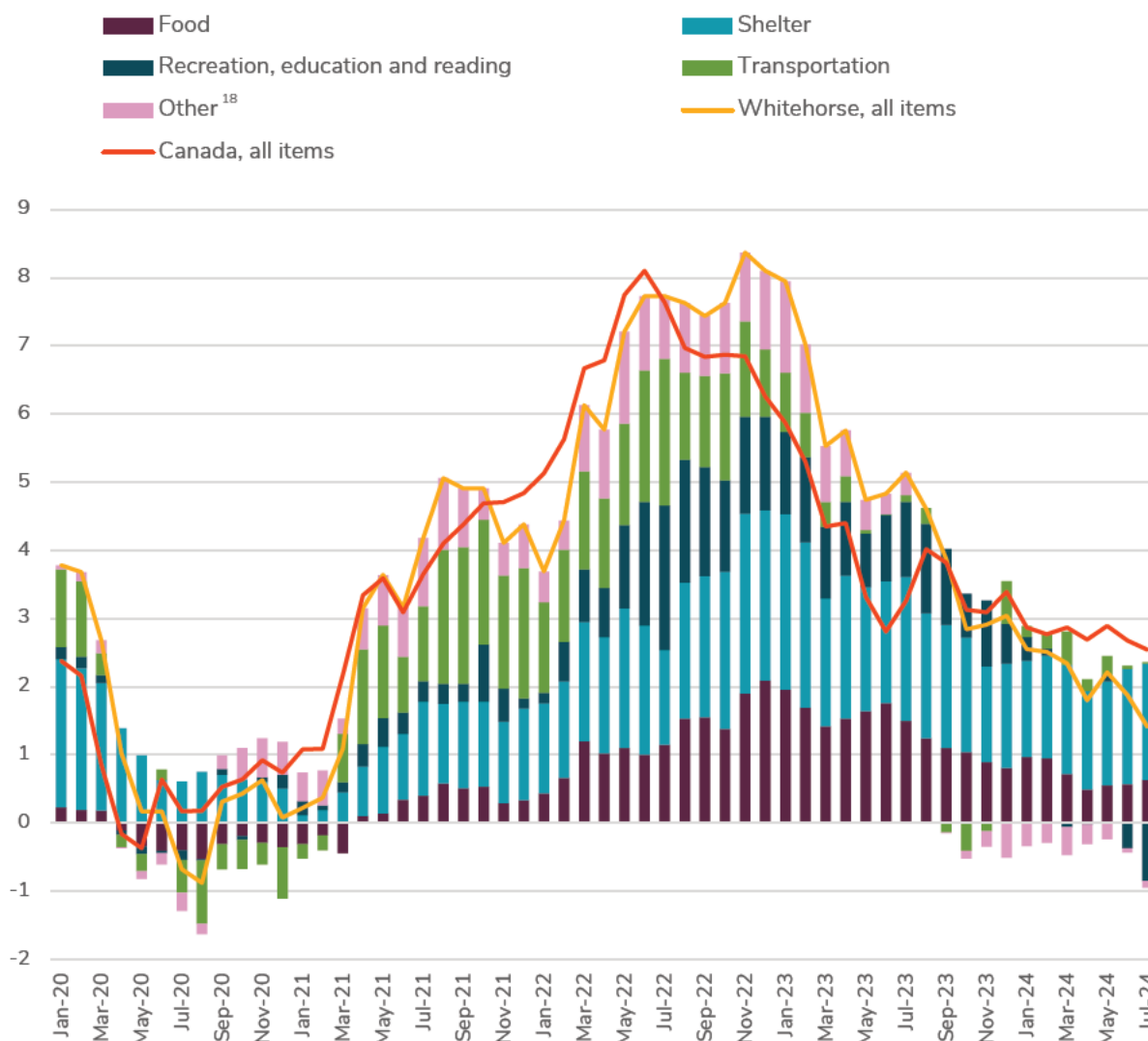
The latest forecast shows retail sales gains in every year with growth projected to average 5.9 per cent out to 2028, far surpassing expectations of overall price growth.

Inflation situation is much improved

The moderation of inflationary pressures that started to take hold late last year has continued into 2024. Growth in the Whitehorse Consumer Price Index (CPI) is much lower in every month of 2024, and inflation in recent months has been near or below 2 per cent.

Chart 8. Local inflation is much improved and is now well below the national figure

Whitehorse CPI, contribution to year-over-year change (per cent)



Source: Statistics Canada

18. Other represents the combined contributions of health and personal care, household operations, furnishings and equipment, clothing and footwear, and alcoholic beverages, tobacco products and recreational cannabis.

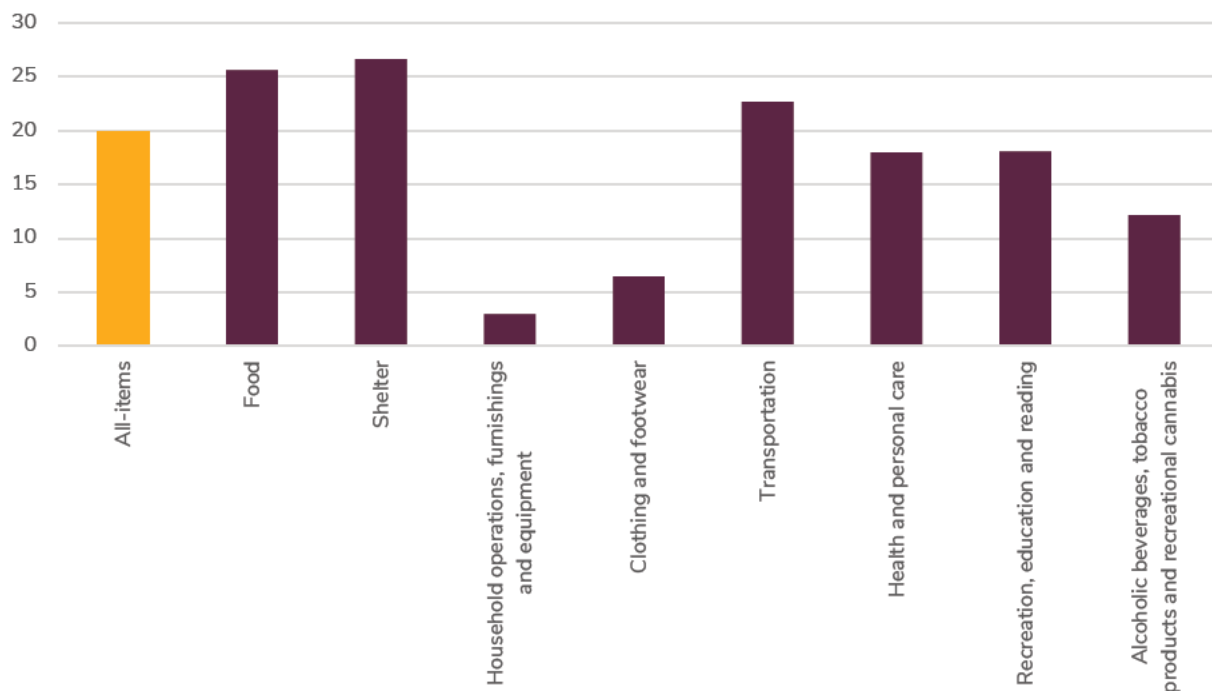
After exceeding the national figure for much of 2023, year-over-year growth in the Whitehorse CPI has been below growth in the overall Canadian CPI for 11 consecutive months. Chart 8 shows that the gap between national inflation and the inflation measure for Whitehorse has been larger in recent months.

Like 2023, price pressures for 'shelter' and 'food' continue to be prominent contributors to overall price growth. Higher 'mortgage interest costs', 'rent' and 'homeowner's replacement costs'¹⁹ continue to drive shelter costs, with all these areas among the major drivers of inflation in every month of 2024. While the 'food' component of the Whitehorse CPI continues to run at levels above historic norms, growth in food prices has been much weaker so far this year, which has taken steam out of the overall growth in prices.

Recent moderation in price growth is welcome news, but after a lengthy period of strong inflationary pressures, households are navigating the impacts of prices that are still above levels from just a few years ago.

Chart 9. A prolonged period of strong price gains adds up²⁰

Whitehorse CPI change since August 2020 (per cent)



Source: Statistics Canada

Chart 9 shows that overall, prices are up about 20 per cent from August 2020. Prices for food, shelter and transportation, key areas of every household's budget, have seen growth that exceeds overall inflation since August 2020.

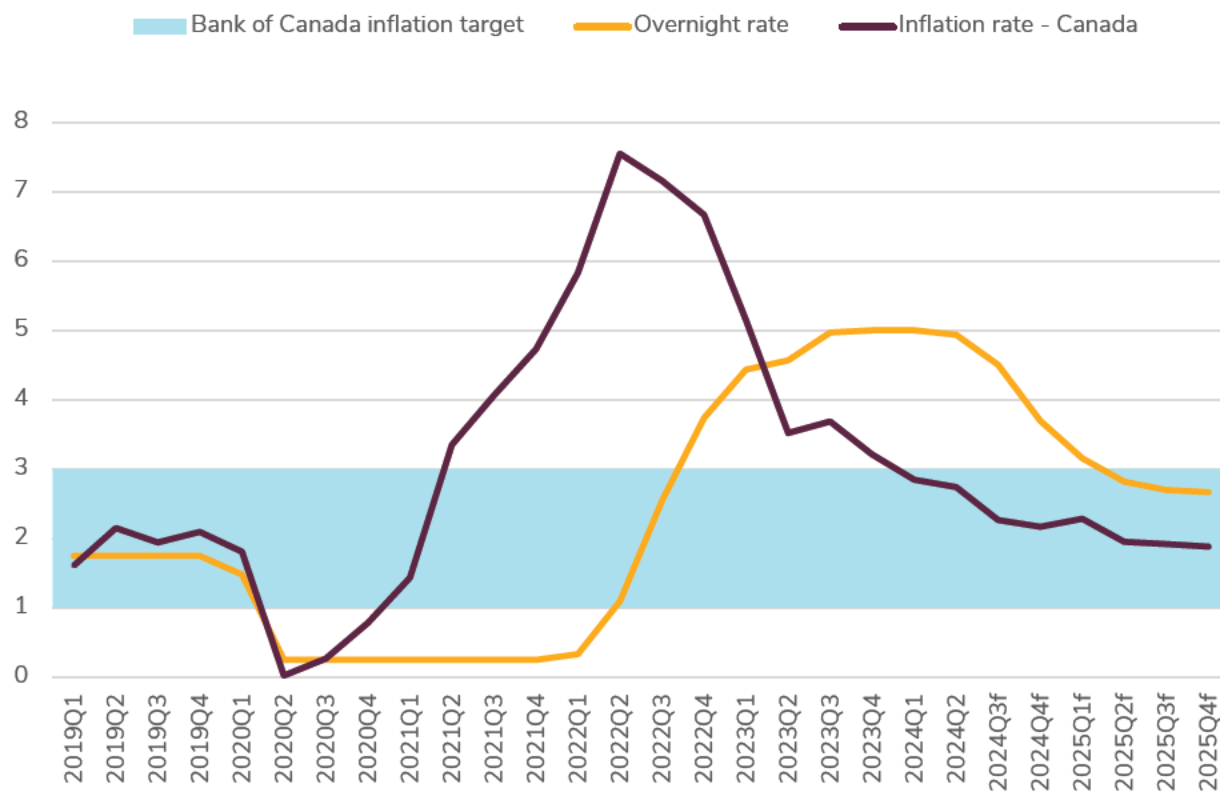
19. Replacement costs reflect an imputed value for the depreciation costs faced by households that own their home. Essentially, it is a cost attributed to the amount a homeowner would spend to maintain the home's market value.

20. August 2020 represents the low point for year-over-year growth in the Whitehorse CPI before inflation started to increase.

Lower interest rates in 2024 are providing some relief in terms of price pressures on the shelter side. After starting the year at 5 per cent, the Bank of Canada has made three 25 basis point cuts, lowering the target for the overnight interest rate to 4.25 per cent at the September rate announcement.

Chart 10. Improving inflation outlook supports further interest rate cuts

Canada CPI change (per cent), Overnight interest rate (per cent)



Source: Statistics Canada, Bank of Canada, public forecasts²¹

f = forecast

Recent interest rate reductions have seen mortgage providers follow suit by lowering some mortgage rates. Considering easing inflation and a softening Canadian economy, expectations are for additional rate cuts this year and into 2025, which could further ease pressure on shelter prices. Some of the benefits of lower rates on the cost of shelter may be tempered by higher home prices, as lower interest rates could fuel further demand for housing.

The current outlook for the Whitehorse CPI reflects expectations of a return to normal levels of inflation, with inflation of 2 per cent in 2024. This is much improved from 4.9 per cent in 2023 and 6.8 per cent in 2022. Annual inflation is expected to remain at 2 per cent for the remainder of the forecast.

21. Forecasts for the overnight rate are informed by various public forecasts, including Canada's major banks.

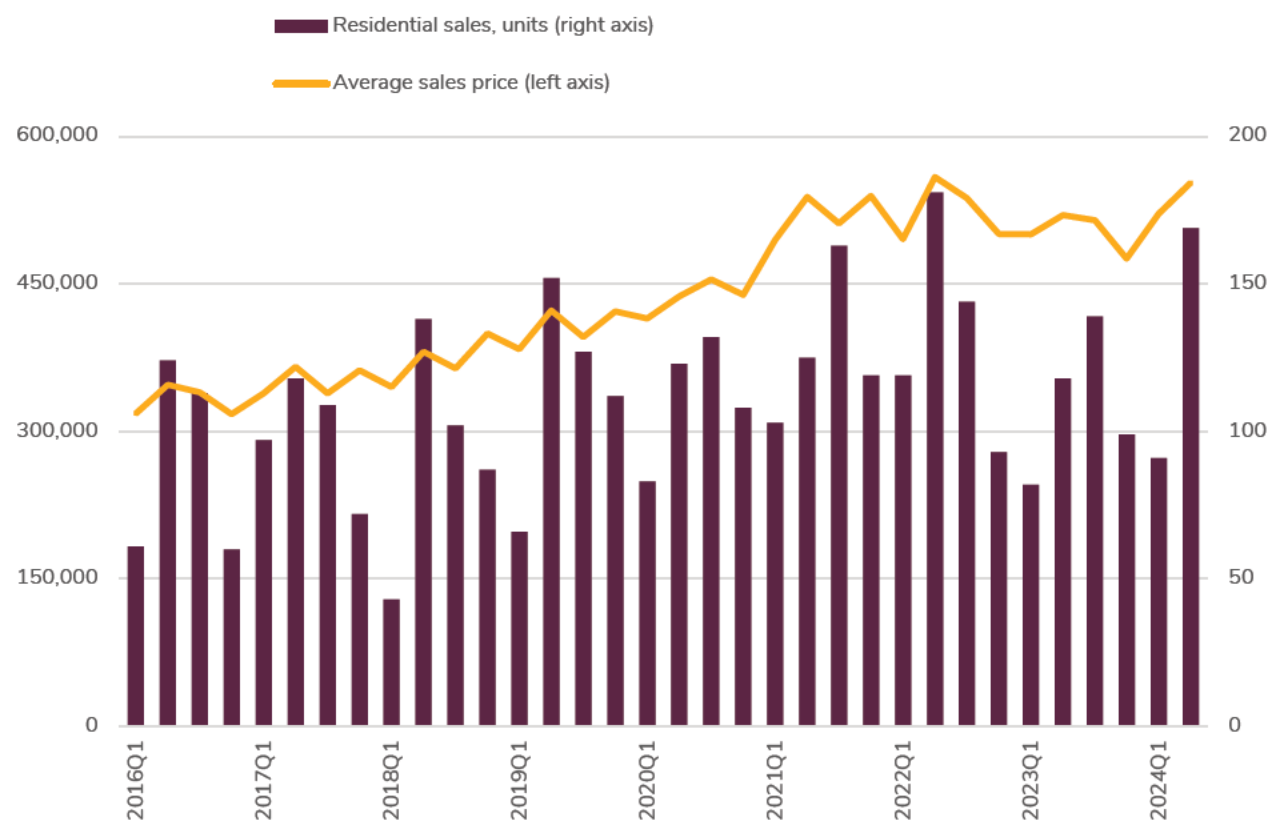
Recent moderation in the housing market may be over

As interest rates increased in the latter half of 2022 and throughout most of 2023, the impacts of higher home financing costs were undeniable, with declines in the number of residential sales and the average sale price.

Data for 2024 suggests that the territory's housing market may again be picking up steam. Residential sales of 260 units in the first half of the year are 30 per cent higher than the 200 units reported in the first half of last year. Prices are also up from 2023, with the average sale price of \$535,500 over the first six months up 5.7 per cent from the same period of 2023.²²

Chart 11. More sales and higher prices in the first two quarters of 2024

Average residential sales price, Yukon (\$), Residential sales, Yukon (units)



Source: The Canadian Real Estate Association, Haver Analytics

22. The Canadian Real Estate Association via Haver Analytics.

Recent data for Whitehorse also suggests that momentum may be picking up. After six straight year-over-year declines in the average selling price of a single detached house, the average price of \$668,000 in the second quarter of 2024 was up 6.2 per cent compared to the second quarter of 2023. Strong gains were also noted in row houses and condominiums apartments, with prices in the second quarter up 10.2 per cent and 11.0 per cent, respectively.²³

With the expectation of further interest rate drops coming, it could contribute to increased demand for housing in the near-term. Recent concerns raised by some local home builders about delays in securing approvals for Whitehorse building permits²⁴ are also a consideration for near-term prices, as delays in adding housing supply to the market could fuel higher home prices.

The inflation discussion highlighted rent as a prominent driver of local inflation in every month of 2024. The local rental market remains one of limited supply and increasing rents. The latest data from the Yukon Rent Survey also shows a tight Whitehorse rental market with rising rents and vacancy rates that remain below the historic average. The median rent in buildings with three or more units reached a new all-time high of almost \$1,300 per month in April. While edging up in consecutive rent surveys, the vacancy rate of 1.5 per cent remains very low.²⁵

23. Yukon Real Estate Report Second Quarter 2024. Yukon Bureau of Statistics. (September 2024).

24. Building permit delays concern Whitehorse construction industry. Yukon News. (July 24, 2024).

25. Yukon Rent Survey April 2024. Yukon Bureau of Statistics. (July 2024).

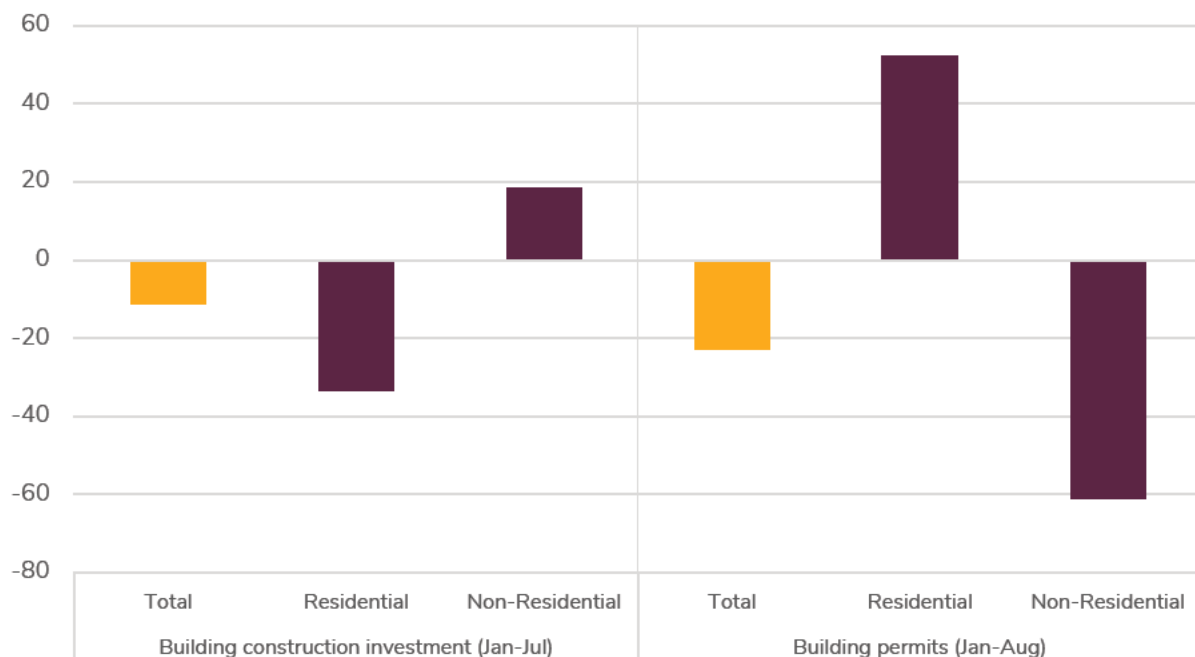
Building construction investment remains elevated

Last year saw a record level of investment in building construction, with revised figures from Statistics Canada showing total spending of almost \$413 million.

It appears unlikely that 2023's record level of investment will be surpassed this year, but overall spending over the first seven months of the year remains above the historic average. Investment in non-residential spending has been particularly strong so far in 2024, with spending of \$108.6 million, about 18 per cent stronger than in the same period of 2023. Strong growth in commercial-related spending is driving non-residential investment.

Chart 12. Key measures of construction activity behind last year's record pace²⁶

Year-over-year change (per cent)



Source: Statistics Canada, Yukon Bureau of Statistics

As noted in Chart 12, weaker investment on the residential side accounts for the overall year-over-year drop in building construction investment. A notable decline in investment in multi-dwelling buildings was reported in the first seven months, more than countering a slight increase in investment in single-detached housing. Some of this decline is attributable to a high level of investment in multi-dwelling structures in the same period of 2023, driven in part by construction of a 10-plex in Old Crow and a 10-unit Housing First project in Watson Lake.²⁷

26. This chart reflects the latest data available as of September 25, 2024. Building construction investment includes figures up to July 2024. Value of building permits includes figures up to August 2024.

27. News release – Housing First complex under construction in Watson Lake. (August 25, 2023). [Government of Yukon](#).

To date, the value of building permits in 2024 is also down, but the story differs from what is coming out of the investment numbers.²⁸ Building permits of about \$158 million over the first eight months of the year are down from the same period of 2023. Where the investment numbers showed growth in commercial activity, permit data shows a large decline. While residential investment was reported as decreasing, residential permit data is noted as being up approximately 52 per cent.

Prior to reporting for July, residential permits had also been down. Permitting of \$20 million related to the construction of a 34-unit multi-family residence in Dawson City in July resulted in a large jump in the value of building permits. As noted, local homebuilders have raised the issue of a backlog of building permits with the City of Whitehorse that are waiting for approval and the negative impact this is having on home construction this year.

The City of Whitehorse has noted that 2024 has been one of their busiest years ever for building permit applications with 407 applications reported as received at the end of August – compared to the 401 applications reported for all of 2023. The departure of key staff, changes to permit requirements that now require more information and land lottery building applications for both 2023 and 2024 being received at the same time have been highlighted as contributing to the slow approval process. The City of Whitehorse took steps to address the backlog, including redeploying staff and leveraging external help, resulting in the effective elimination of the backlog by mid-August. Reporting by the city shows that permits for complete building permit applications for single-family and townhouses are now being issued within two to three weeks and complete building permit applications for renovations and commercial permit applications are now being issued in three to four weeks, both within seasonal norms.²⁹

Loss of Eagle Gold Mine is a significant hit to the outlook for mineral production

Before the June suspension of operations at the Eagle Gold Mine, this project was positioned to be a major contributor to the mining sector, well beyond the end of the current forecast.

The Eagle Gold Mine produced nearly 167,000 ounces of gold in 2023. Prior to the failure of the heap leach pad, the operator, Victoria Gold Corp., had estimated that gold production in 2024 would be between 165,000 – 185,000 ounces.³⁰ With the operator making efforts to increase production, the five-year forecast released in March 2024 had production averaging just over 200,000 ounces for the years beyond 2024. With no current indication of when the mine might resume operations, the five-year forecast conservatively assumes no further production. The result is a downward revision of about 900,000 total ounces from the previous forecast.

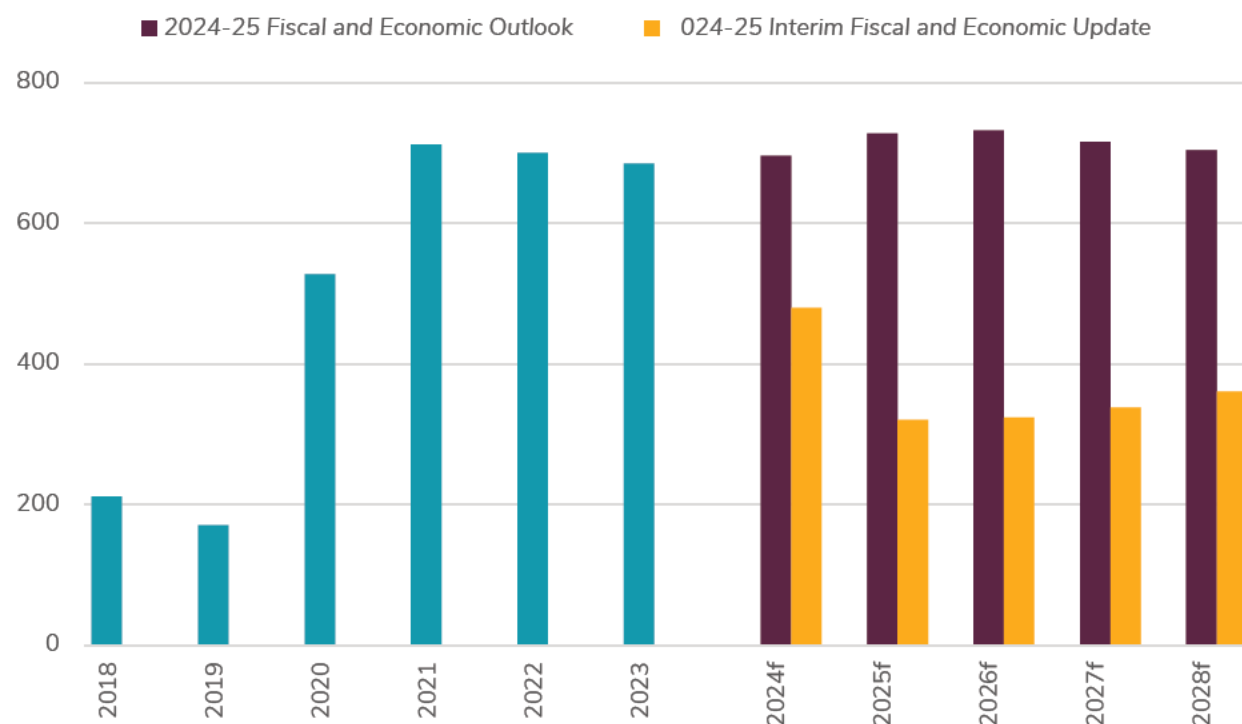
28. Building permits reflect spending intentions at the start of a project, and while the value can be significant, it is not spent all at once. In the case of larger projects, spending can be spread over several years.

29. Information compiled from the Building Permit Updates section on the Engage Whitehorse website.

30. News release – Victoria Gold: 2023 Fourth Quarter and Full Year Results (February 20, 2024). [Victoria Gold Corporation](#).

Chart 13. Notable downward revision in the outlook for mineral production³¹

Value of production (\$ millions)



Source: Department of Finance

f = forecast

The performance of the Keno Hill Silver Project does provide some positive news. In the first six months of 2024, the mine produced 1.546 million ounces of silver³², already exceeding last year's total production of just over 1.5 million ounces. Given the strong first half performance, silver production in 2024 may come closer to the higher end of Hecla Mining Company's production guidance of 2.7 to 3.0 million ounces.³³ Keno Hill production is projected to continue to increase, with growth in every year of the forecast.

The placer gold industry remains a key component of the Yukon's mining sector. Placer gold production in 2024 is expected to be similar to last year's production of about 59,000 fine ounces³⁴, but higher gold prices in 2024 could see the production value reach a record level.³⁵ Projected production value is nearly \$180 million, well above 2023's value of \$158 million and the record \$173 million reported for 2020.

31. Due to data suppression, data presented for 2019–2022 are based on internal estimates.

32. News release – Hecla Announces Second Quarter Production (July 10, 2024). [Hecla Mining Company](#).

33. News release – Hecla Reports Fourth Quarter and Full Year 2023 Results (February 14, 2024). [Hecla Mining Company](#).

34. Placer gold is a natural alloy of gold and silver containing minor amounts of other metals. The purity of the gold is measured by its fitness, which is the number of parts of gold in one thousand parts of alloy. Placer gold is often reported in crude ounces, which is the weight inclusive of the other metals. Fine ounces are a measure of the gold content only.

35. The figures noted are nominal dollars and are unadjusted for price changes over time.

Mineral exploration is vital to the long-term success of the local mining sector. Exploration activities have a long history of contributing to the local economy, particularly in rural areas. Preliminary estimates from Natural Resources Canada have exploration spending at about \$147 million in 2024, down from an estimated \$164 million in 2023. Exploration efforts in the Yukon continue to be focused on the search for precious metals such as gold and silver, as well as critical minerals, such as copper. Prices for all three metals have performed well in 2024, with gold and copper touching new record levels. If the past is an indication for future spending, a positive price environment is good news for exploration activity going forward.

The mining sector has long been a prominent contributor to the Yukon's economy³⁶, but recent events cloud the near-term outlook for mining. With mining often happening in rural parts of the territory, the potential for less activity and spending is a concern for rural goods and services providers. Mining activity also supports employment in rural areas, where opportunities for employment are often more limited. As the situation at the Eagle Gold Mine unfolds over the coming months, a better understanding of the impacts on the local mining sector and what it could mean for the territorial economy will be better known. In the short-term, the heap leach failure at the Eagle Gold Mine has highlighted the need to further prioritize ongoing efforts to develop new minerals legislation and new public lands legislation. This work, being done in collaboration with Yukon First Nations governments, should help create the conditions for a viable and responsible industry.

In early September, there was news that Selkirk First Nation was pursuing an opportunity to undertake exploration at the Minto Mine site with the objective of restarting the mine.³⁷ On September 5, the Yukon Supreme Court approved the mine receiver's application to sell substantially all the tangible mine assets, subject to the Yukon government's ongoing right to use the equipment and facilities it requires for closure and reclamation activities. Reclamation and closure work at the mine site is ongoing, with the Government of Yukon using funds from the financial security furnished by Minto Metals Corp. The next step for Selkirk First Nation in its efforts to reopen the mine is to negotiate the purchase of Minto's mining claims, mineral leases, and an arrangement for some or all of Minto's authorizations to be assigned over time. This second agreement would also have to be approved by the Yukon Supreme Court.

36. Estimates have the mining sector accounting for almost 14 per cent of the territory's real GDP since 2020, and the 2023 Yukon Business Survey notes that mining businesses made up nearly 5 per cent of all businesses in 2023.

37. *Selkirk First Nation clears 1st hurdle to buy Yukon's abandoned Minto mine*. CBC News. (September 7, 2024).

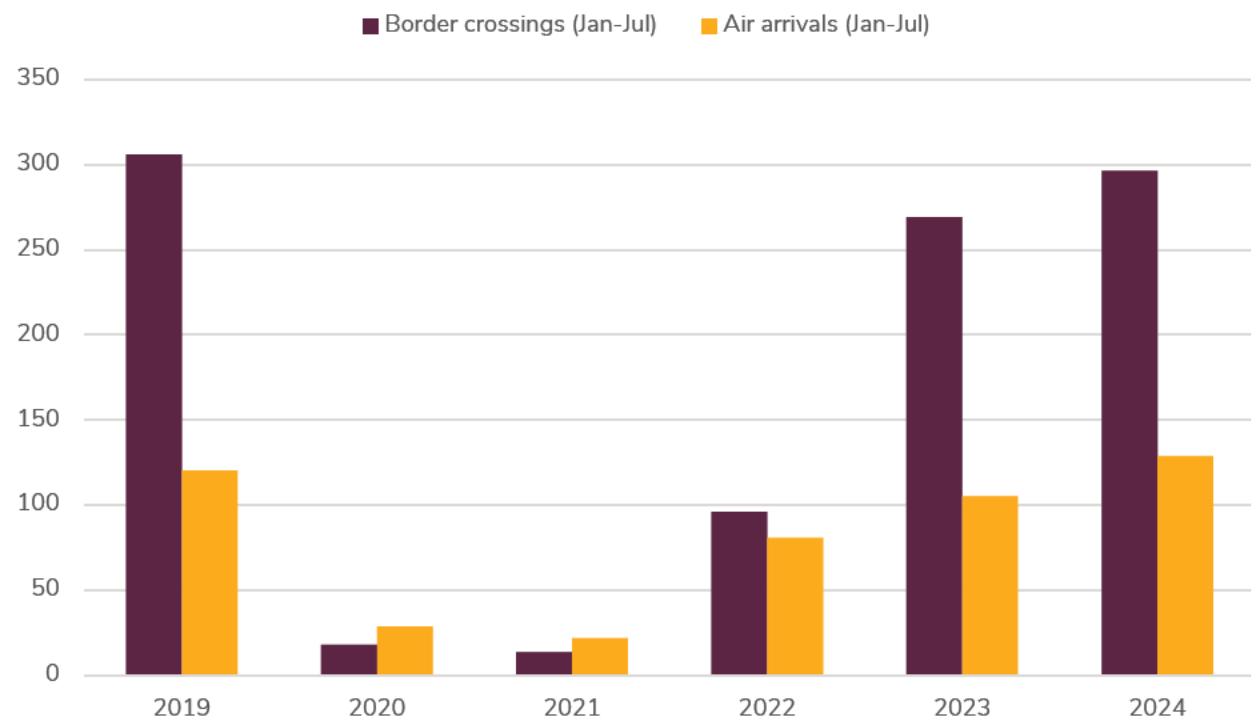
Tourism sector continues to gain momentum

Key indicators of tourism sector performance for 2024 are tracking towards their best year since the height of the pandemic. This is welcome news to the local economy, as the benefits of tourism activities are felt across many goods and services providers in the territory.

After gaining momentum in 2023, border crossings have continued to grow in 2024. Crossings of 296,553 in the first seven months of 2024 are up 10.2 per cent from the year prior. Crossings are the third highest ever reported for the first seven months of the year, behind only 2018 and 2019, with the latter representing a record year for total visitation.

Chart 14. Strong visitation and air arrivals so far in 2024

International land border crossings (thousands), air arrivals (deplaning passengers, thousands) at Erik Nielsen Whitehorse International Airport



Source: Statistics Canada, Highways and Public Works, Tourism and Culture

Air arrivals in 2024 have also been strong, with 128,625 arrivals in the first seven months above the previous high of 120,347 for the same period of 2019, a year that saw a record 206,177 air arrivals at the Erik Nielsen Whitehorse International Airport.

The overall value of receipts from food services and drinking places is up nearly 13 per cent in the first seven months of 2024 versus the same period of 2023. While only a portion of the increase is attributable to the activities of visitors, stronger visitation numbers in 2024 are likely a contributing factor to the increase in value of receipts.

Many of the prominent metrics of performance show 2024 to be a good year for tourism, but some operators have highlighted challenges stemming from a tight labour market and higher costs.

The struggle to find workers is a familiar theme for the local labour market, and the tourism sector is no different. 'Help wanted' signs for businesses in accommodation and food services have become commonplace in the territory. Some tourism operators have also noted difficulty in finding skilled labour and technical positions.³⁸

On the cost side, elevated demand for labour has been a contributing factor to earnings gains in the accommodation and food services industry. Average weekly earnings over the first half of the year are up nearly eight per cent compared to the first six months of 2023. While overall inflation has moderated, growth in food prices also continues to run above normal levels of growth. This, coupled with higher demand, is reflected in the cost of food purchased from restaurants, up nearly seven per cent over the first eight months of 2024 and a top five contributor to growth in every month this year. Some operators have also highlighted rising insurance costs.³⁹ This is in line with current trends in insurance in general, with higher claims costs putting upward pressure on insurance premiums.⁴⁰

Overall, 2024 is shaping up to be a good year for tourism and the sector is well positioned for further gains over the medium-term. Year-to-date growth in visitation is in line with the Conference Board of Canada's projection of almost 12 per cent growth in 2024, and the Conference Board is projecting further growth of nearly 10 per cent in 2025.⁴¹ It has also been a very busy year in terms of air traffic, and the number of arrivals so far in 2024 bodes well for a new annual high. The recent additions of two Boeing 737-800s to the Air North fleet is good news for the local tourism sector.⁴² Beyond improving air access to the Yukon, the investment in the two aircraft, along with the construction of a new hanger, is the largest capital investment in Air North history.

38. Yukon tourism operators see demand but also cost pressures. Yukon News. (April 20, 2024).

39. Yukon tourism operators see demand but also cost pressures. Yukon News. (April 20, 2024).

40. Rising cost of insurance 'very difficult' some Yukoners say. CBC News. (August 9, 2024).

41. Reliance on International Visitors Keeps Recovery at a Distance – Yukon's Travel Markets Outlook to 2027. The Conference Board of Canada. (February 8, 2024).

42. News release – Inaugural Air North, Yukon's Airline Boeing 737-800 Flight Takes Off. (July 25, 2024). [Air North](#).

Appendix:

Key economic indicators

	2022	2023	2024f	2025f	2026f	2027f	2028f
Gross Domestic Product (GDP)							
Real GDP (2017 \$ millions)	3,405	3,459 (e)	3,380	3,393	3,479	3,565	3,637
Per cent change	5.9	1.6	-2.3	0.4	2.5	2.5	2.0
Nominal GDP (\$ millions)	3,930	4,189 (e)	4,174	4,275	4,469	4,672	4,861
Per cent change	9.4	6.6	-0.3	2.4	4.5	4.5	4.0
Mineral production							
Metal production (\$ millions)	700	690	480	320	320	340	360
Labour market							
Labour force*	24,400	24,900	26,100	26,500	26,900	27,400	27,900
Employment*	23,400	24,000	25,000	25,300	25,800	26,400	26,800
Unemployment rate (per cent)	4.1	3.6	4.3	4.5	4.1	3.9	4.0
Participation rate (per cent)	73.1	73.2	74.8	74.2	73.9	73.9	73.9
Income							
Household income (\$ millions)	2,560	2,799	3,018	3,187	3,404	3,637	3,870
Per cent change	7.2	9.3	7.8	5.6	6.8	6.8	6.4
Consumers							
Consumer price inflation (per cent)^	6.8	4.9	2.0	2.0	2.0	2.0	2.0
Retail sales (\$ millions)*	1,085	1,162	1,220	1,280	1,360	1,450	1,550
Population							
Population*	43,964	45,169	46,100	47,000	47,900	48,800	49,700
Per cent change	1.8	2.7	2.1	2.0	1.9	1.9	1.9
Key assumptions							
Gold (USD/t oz)	1,802	1,943	2,241	2,227	2,150	2,100	2,000
Silver (USD/t oz)	21.79	23.40	27.20	27.17	27.00	27.00	27.00
Copper (USD/lb)	4.00	3.85	4.32	4.45	4.25	4.00	4.00
Zinc (USD/lb)	1.54	1.20	1.24	1.27	1.25	1.20	1.20
Lead (USD/lb)	0.98	0.97	0.95	0.95	0.98	1.00	1.01
CAD/USD exchange rate	0.77	0.74	0.73	0.74	0.75	0.75	0.75

e = estimate

f = forecast

^ = CPI available only for Whitehorse, annual average

* = Forecasts rounded. Annual per cent change based on unrounded figures.

Source: Statistics Canada, Bank of Canada, Yukon Bureau of Statistics

Population projections are produced by Yukon Bureau of Statistics. Metal prices forecasts are informed by various public forecasts, including Canada's major banks, the World Bank and the International Monetary Fund. All other forecasts are produced by the Department of Finance's Economic Research Branch based on data available as of September 25, 2024.

Session Briefing Note

2024-25 Full Time Equivalents

Recommended response:

- This government is committed to providing the services Yukoners depend on and will continue to ensure human resources are in place to assist and protect Yukoners.
- For the 2024-25 Supplementary Estimates No.1, the Government of Yukon is reporting 5,531.5 Full-Time Equivalents (FTEs) to support programs and services for Yukoners. This change reflects an increase of 46.6 FTEs or 0.8 per cent from the 2024-25 Main Estimates. Among these new FTEs, 62 per cent are fully recoverable and 7.0 are for term positions.

Additional response:

- The additional FTEs directly support increased services for Yukoners; 21.8 FTEs are for long-term care positions to support the increase of eighteen new rooms at Whistle Bend Place; 7.0 term positions to support Aging with Dignity initiatives; 2.0 additional resources are for the Emergency Measures Organization and 1.0 position to support the Safer Communities and Neighbourhoods unit in the Department of Justice.
- Increased school enrollment across the territory requires the addition of 5.9 as new teachers, 1.4 as clerical staff plus 3.5 for custodians for the new Whistle Bend Elementary School.

Session Briefing Note

2024-25 Full Time Equivalents

Finance

- The Capital Planning Office, which previously resided in Highways and Public Works capital budget, has now moved into the Department of Finance. This has resulted in an increase of 4.0 FTEs in O&M, as these positions had previously been in the capital budget.
- 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 updates in the house and with all members during regular briefings.
- Planned 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 work together on accounting for planned/budgeted FTEs and actuals/hours worked.

Context — this may be an issue because:

- Government staffing is frequently an issue raised by Opposition. A Yukon Party release issued in August 2024 noted that in July 2017 the Yukon Bureau of Statistics reported there being 9,000 public sector employees in the Yukon and 13,100 people either self-employed or working for the private sector and in July 2024 the Yukon Bureau of Statistics reported there being 11,700 public sector employees in the Yukon and 14,100 people either self-employed or working for the private sector

Session Briefing Note
2024-25 Full Time Equivalents

Background:

- The Supplementary 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.

Approved by:

Jessica Schultz
 Deputy Minister
 Department of Finance

September 18, 2024
 Date Approved

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

Recommended response:

- Borrowing remains one of the tools available to help us achieve our goals and to invest in the long-term prosperity of the territory. The Government of Yukon publicly discloses all its borrowing in the Public Accounts, each year.
- As part of our commitment to transparency, we also report on the government's surplus/deficit position and net debt position at various points throughout the year.

Borrowing (actuals and interest):

- The government's most recent update on its borrowing was published in the 2023–24 Public Accounts. On March 31, 2024, borrowing totaled \$375 million.
- In those most recent Public Accounts, corporations' loan balances were as follows:

Corporation	Amount
Yukon Development Corporation	\$192,528,000
Yukon Hospital Corporation	\$18,804,000
Yukon Housing Corporation	\$544,000
Yukon University	\$966,000
Accrued Interest and Capital Lease	\$2,460,000
Total	\$215,302,000

- In addition to long-term borrowing by the government's corporations, the Government of Yukon also has access to lines of credit and other forms of short-term borrowings with its banking provider, CIBC, which

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

are used to manage temporary or short-term cashflow needs throughout the year. The breakdown of short-term borrowings are as follows:

Government Entities	Amount
Government of Yukon	\$105,063,000
Yukon Development Corporation	\$54,652,000
Total	\$159,715,000

- Additionally, the government also discloses interest expenses incurred for each financial year.
- On a non-consolidated basis, 2023–24 corporate interest expenses were \$2.2 million. This represents interest on the government's line of credit and does not include \$99,000 in capital lease interest.
- On a consolidated basis, excluding Yukon Development Corporation, 2023–24 interest expenses incurred totaled \$3.6 million. Interest expenses incurred by Yukon Development Corporation for its loans and other borrowings in 2023–24 totaled \$10.5 million.
- The Government of Yukon's interest rate on its line of credit follows the CIBC prime rate. As of [October 24, 2024](#), the bank's prime rate was [5.95](#) per cent.
- There is also an additional discount factor applied on this rate, as the line of credit was secured through a competitive public tender. As a result of that competitive process, the discount factor is not disclosed in the government's annual documents. The 2023–24 Public

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

Accounts show that interest rates between 5.85 to 6.35 per cent were applied throughout the year.

Surplus/deficit and net debt:

- We are committed to providing a complete fiscal picture in order to provide the most up-to-date information for Yukoners.
- This is why we publish the government's surplus/deficit and net debt positions multiple times per year.
- This is done as part of the Main Estimates exercise at the start of the fiscal year, as part of the subsequent Supplementary Estimates documents, and finally, as part of the Public Accounts at the end of the fiscal year.
- Because both of these fiscal indicators vary based on a number of variables throughout the fiscal year, these figures are not typically provided as a point in time outside of these documents.
- The most recent year-end net-debt figure, or 'actuals' as they are often known, was published with release of the 2023–24 Public Accounts. On a non-consolidated basis, the government reflected net financial debt of \$495.5 million. On a consolidated basis, the government reflected net financial debt of \$196.1 million.
- In those same financial statements, the most recent year-end surplus/deficit actuals were also disclosed. On a non-consolidated basis, the government reflected a \$42.7 million deficit for that fiscal year. On a consolidated basis, in 2023–24, the deficit stood at \$3.2 million.

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

- More recently, the government included forecasts for its non-consolidated net debt figures, as well as its non-consolidated surplus/deficit position as part of its 2024–25 Supplementary Estimates No. 1. As part of those financial documents, year-end net debt is forecast to be \$530 million at the end of this fiscal year while the surplus is forecast to be \$75.4 million.

Borrowing limit:

- At any given time, either through short-term or long-term borrowing, the government can borrow up to \$800 million. This limit is set by the federal government under the Yukon Act.
- To date, the Government of Yukon has operated under a strong financial plan that did not require significant borrowing. In jurisdictions around the world and here in the Yukon, recent unforeseen challenges—such as urgent environmental responses and pressures on the health care system—require us to responsibly assess our financial approach as we plan for a prosperous future.
- These unprecedented circumstances have highlighted the importance of having increased flexibility to manage cashflow throughout the year. This flexibility will be more important as the need to address critical responses becomes increasingly common.
- To meet the changing needs of our growing territory, we are working closely with our federal partners to secure an increase to the territory's borrowing limit.
- This is a necessary step to ensure we have the flexibility to respond to both expected and unforeseen challenges. This solution expands on

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

the options available to manage cashflow efficiently and invest strategically in the future. As we plan for the future and assess the financial outlook in preparation for the years and budgets ahead, we will continue to explore new and existing ways to ensure long-term sustainability.

- The Government of Yukon is well positioned to support borrowing due to its strong financial position. This is evidenced by the Government of Yukon's AA Stable credit rating and its low net debt-to-GDP ratio.
- In the coming months, we will keep Yukoners informed as we work with our federal partners to seek an increase to the Yukon's borrowing limit, ensuring transparency as we continue delivering critical services and investments. Together, we are building a stronger, more resilient Yukon for generations to come.

Context — this may be an issue because:

- During the spring and fall sessions, information was requested about the current amount of long-term debt and temporary borrowings.
- The Yukon Public Accounts for 2023–24 show an increase in net financial debt, which is often misunderstood as debt stemming from borrowing.

Background:

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

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

- The borrowing limits of all three territories are set by regulations under the respective territorial acts. Requests for increases to these borrowing limits must be submitted in writing to the federal government and changes would require federal regulation amendments. This is done periodically by each government.
- In 2009, the borrowing limit was increased to \$300 million from \$138 million. In 2012, it was raised to \$400 million, and in 2020 it 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
	\$mil	\$mil		\$mil	\$mil		\$mil	\$mil	
Sep '20	800	3,241	25%	1,800	4,145	43%	750	4,219	18%
May '15				1,300	4,721	28%	650	2,421	27%
Mar '12	400	2,558	16%	800	4,394	18%	400	2,200	18%
May '10				575	4,817	12%			
May '09	300	2,137	14%						
Apr '07				500	4,668	11%			

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

Table 2. Territorial Credit Ratings			
	Yukon	Northwest Territories	Nunavut
Credit Agency	S&P Global	Fitch	DBRS Morningstar
Rating	AA	AA-	AA (2023 data)

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

Financial Instruments

- The government has had a line of credit in place for decades. The current one is with its commercial banking provider, CIBC.
- The corporations borrow using a variety of financial instruments including line of credit, bank loans, bonds, loans from First Nations, and loans and mortgages from Canada Mortgage and Housing Corporation.

At March 31, 2024	Term	Rate	Payment	Balance ('000s)
Yukon Development Corporation				
Bond	June 30, 2010 to June 29, 2040 30 Years	5.0%	Interest payable semi-annually. Principal due June 29, 2040	\$100,000
Toronto Dominion Bank	December 28, 2012 to September 28, 2035	2.06%	Monthly installments of \$47,918	\$6,879
Toronto Dominion Bank	August 23, 2018 to August 23, 2043	3.4%	Monthly installments of \$117,095	\$19,955
Toronto Dominion Bank	July 15, 2019 to July 14, 2044	2.64%	Monthly installments of \$30,868	\$5,823
Toronto Dominion Bank	November 4, 2020 to November 4, 2045	2.06%	Monthly installments of \$20,478	\$4,294

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

At March 31, 2024	Term	Rate	Payment	Balance ('000s)
Toronto Dominion Bank	April 26, 2021 to April 30, 2046	2.88%	Monthly installments of \$35,853	\$7,022
Toronto Dominion Bank	August 29, 2022 to September 1, 2052	4.07%	Monthly instalments of \$86,661	\$17,517
Tr'ondëk Hwëch'in First Nation	January 1, 2010 to 2049	Blended rate based on cost of debt and actual rate of return earned by the Utility. 7.79%	Equal annual principal repayments of \$125,000	\$3,250
Na-Cho Nyak Dun Investment Trust	March 5, 2014 to 2094	Actual rate of return earned by the Utility. 9.66%	Equal annual principal repayments of \$43,264	\$3,072
Chu N'likwän Limited Partnership	January 1, 2016 to 2040	Blended rate based on the cost of debt and the actual rate of return earned by the Utility. 5.60%	Equal annual principal repayments of \$1,019,320	\$17,328

Session Briefing Note

Borrowing/Interest, Net
Debt/Surplus/Deficit and Borrowing
Limit

Post-Tabling of Public Accounts

At March 31, 2024	Term	Rate	Payment	Balance ('000s)
Champagne and Aishihik First Nations	July 21, 2023 to July 31, 2048	Utility's rate of return on equity (2024-7.02%)	Interest payable annually, principal repayment of \$1 million due July 2048	\$1,000
Bank Overdraft				\$54,652
Yukon Hospital Corporation				
CIBC	March 2018 to December 31, 2026	Interest rate swap fixed at 5.15%	Blended monthly payments of \$160,000	\$4,905
CIBC	April 2018 to April 1, 2028	Interest rate swap fixed at 4.525%	Blended monthly payments of \$100,000	\$4,900
CIBC	December 2011 to March 15, 2028	Interest rate swap fixed at 5.23%	Blended monthly payments of \$117,000	\$5,080
CIBC	February 2023 to February 28, 2028	Interest rate swap fixed at 5.30%	Blended monthly payments of \$93,000	\$3,919
Yukon Housing Corporation				
CMHC	Loan assumed by YHC in 1998 up to 2028 as part of the	1.99% - 2.81%	Blended monthly payments	\$251

Session Briefing Note

Borrowing/Interest, Net Debt/Surplus/Deficit and Borrowing Limit

Post-Tabling of Public Accounts

At March 31, 2024	Term	Rate	Payment	Balance ('000s)
	Social Housing Agreement (NHA Post 1985 Section 95)			
CMHC	Loan assumed by YHC in 1998 up to 2028 as part of the Social Housing Agreement (NHA Section 79)	7.5% - 9.5%	Blended periodic installments	\$293
Yukon University				
Donor loan	Repayable within 90 days on demand, may be converted to a gift at any time by donor.	Nil	Nil	\$966
Accrued interest payable				\$2,098
Capital lease obligations				\$362

Session Briefing Note

**Borrowing/Interest, Net
Debt/Surplus/Deficit and Borrowing
Limit**

Post-Tabling of Public Accounts

Approved by:

Jessica Schultz

November 5, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

Traffic Safety Act (Fuel Oil Tax Act changes)

Recommended response:

- Our government makes every effort to implement policies that support the private sector and reduce red tape.
- The *Traffic Safety Act*, currently being considered by the Legislative Assembly, includes important amendments to the *Fuel Oil Tax Act*, which, if approved, will allow the Yukon to join the International Fuel Tax Association, known as IFTA, in the future.
- We look forward to working with the International Fuel Tax Association Inc. over the 2025-26 fiscal year. Joining the International Fuel Tax Agreement will be subject to the establishment of an IFTA regulation.
- When the Yukon joins IFTA, inter-jurisdictional carriers operating in the territory will be able to report and pay fuel taxes to a single jurisdiction, which then sends the fuel taxes collected to other IFTA jurisdictions.
- This means a significant reduction in the administration for the industry by minimizing reporting and licensing duplication and volumes, as well as timelier reporting.

Additional response:

- Currently, every province in Canada and every state in the United States, except for Washington D.C., Alaska, and Hawaii, are members of IFTA.
- The Yukon would be the first territory to join the association.

Session Briefing Note

Traffic Safety Act (Fuel Oil Tax Act changes)

Context—this may be an issue because:

- The Minister of Highways and Public works tabled the *Traffic Safety Act* during the 2024 fall sitting of the Legislative Assembly.
 - This Bill also amends the *Fuel Oil Tax Act*. The Minister of Finance is the Minister responsible for the *Fuel Oil Tax Act*.
-

Background:

- The Department of Finance has been co-sponsoring IFTA-related content.
- Proposed amendments to the *Fuel Oil Tax Act* will:
 - enable the Minister of Finance to enter IFTA at a future point in time,
 - support the implementation of IFTA in the territory,
 - allow the Minister of Finance to discharge obligations under IFTA, and
 - include some minor housekeeping provisions.
- Amendments to the *Fuel Oil Tax Act* are proposed to be established in two phases:
 - The primary provision, which will enable the Minister to enter IFTA, will be established upon assent of the *Traffic Safety Act*, and
 - All other provisions will come into force in the future upon the establishment of an IFTA regulation and upon entry into IFTA.
- During the implementation phase, the Department of Finance will:
 - Establish an IFTA regulation, and
 - Develop a final recommendation to join IFTA and sign an agreement.

International Fuel Tax Agreement

- IFTA is a tax collection reciprocal agreement that allows registered inter-jurisdictional carriers to report and pay fuel taxes to a single jurisdiction. The home jurisdiction sends the fuel taxes collected to other IFTA jurisdictions.
- IFTA membership would involve an ongoing annual membership cost and annual audit commitments. The current annual membership fee is US \$17,000.

Session Briefing Note
Traffic Safety Act (Fuel Oil Tax
Act changes)

- The trucking industry, via the Yukon Transportation Association, requested that the Yukon join IFTA.

Approved by:

Jessica Schultz

August 29, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

Mandate Commitments

Recommended response:

- The Department of Finance continues to work collaboratively with all government departments as we make progress on the commitments in mandate letters.
- Each of these important priorities contributes to ensuring we are making strategic fiscal decisions for the benefit of all Yukoners.
- This includes:
 - maintaining a strong relationship with the federal government;
 - imbedding many of the recommendations from the Yukon Financial Advisory Panel (YFAP) into our daily procedures;
 - continuing to work on options for subsidizing fertility treatments;
 - supporting the exploration of a Yukon carbon credit program;
 - collaborating with Yukon Housing Corporation and Economic Development on investments into the rental housing market; and
 - transferring the evaluation unit to the Executive Council Office to better support evidence-based decision making.

Additional response:

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

- As a central agency, the Department of Finance is dedicated to working collaboratively with other departments, including the Executive Council Office's Intergovernmental Relations branch to ensure fiscal objectives are met.

Session Briefing Note**Mandate Commitments**Finance

- The Government of Yukon maintains a positive working relationship with the Government of Canada on financial matters. In the 2024 credit rating report from S&P Global Ratings, it highlighted this as one of Yukon's strengths.
- The department also maintains strong working relationships with federal government agencies like the Canada Revenue Agency and Finance Canada as we regularly work together to ensure the integrity of the tax system, including harmonization of tax bases.

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

- The Government of Yukon is continuously reviewing the 32 recommendations from the 2017 Yukon Financial Advisory Panel Final Report and respects the panel's expert advice on how to deliver on government priorities while meeting the needs of Yukoners.
- While many of these recommendations have been actioned, either fully or partially, many others have been incorporated as part of government's regular operations.
- To date, the Government of Yukon has implemented several recommendations stemming from this report, including;
 - the implementation of the Putting People First strategy, as part of a recommended comprehensive review of the healthcare sector;

Session Briefing Note

Mandate Commitments

- the design and delivery of a revenue-neutral carbon rebate in the territory;
 - the development of an internal Performance Measurement & Evaluation Framework in an effort to increase government's capacity for evaluation; and
 - the exit from business which can be completed by the private sector; such as Central Stores and Queen's Printer.
- These are just a few of the steps the government has taken and are not an exhaustive list.
- The Department of Finance is further considering the recommendations, and their status is based on what is complete, actioned or in progress, as well as those which are no longer relevant or may need further attention.

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

- The Government of Yukon is committed to expanding the available support for Yukoners undergoing fertility treatments and to make access more affordable to Yukoners.
- The Department of Health and Social Services is working to amend the Travel for Medical Treatment Regulations so that Yukoners can have easier access to treatment outside the territory.

Session Briefing Note**Mandate Commitments**Finance

- The Department of Finance is currently examining various options, including a new fertility tax credit, and will determine what will work best for the Yukon.

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

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

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

- The Government of Yukon is aware that rental options in the Yukon are currently limited and are often costly.
- We have engaged with the Yukon Residential Landlords Association on researching potential incentives to increase supply in the rental market.
- In 2023-24, the Temporary Landlord Assistance Program provided a one-time payment of \$338 to private sector landlords for eligible rental units in order to stabilize the rental market and keep rental units available.

Session Briefing Note

Mandate Commitments

Finance

- Senior officials from the departments of Finance, Economic Development, Community Services and Yukon Housing Corporation met in the spring of 2023 to discuss options. This working group will continue to meet and discuss options which support this sector.

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

- The Government of Yukon is committed to continuous improvement of our operations, programs, and services. Through monitoring, measurements, and evaluation, we can make incremental improvements based on evidence.
- A new Performance Measurement and Evaluation Framework began phased implementation across government in fall, 2022.
- Using this framework, government programs, policies and strategies will report on their anticipated outcomes; the resources dedicated to accomplishing those outcomes; and their results. This information will provide enhanced insight into how government expenditures, operations and results align with the Yukon's priorities.

Context—this may be an issue because:

- This is the final year of the mandate.
- Some of the Liberal and New Democratic Party Confidence and Supply agreement tasks are also mandate letter items.

Session Briefing Note

Mandate Commitments

Background:

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

Approved by:

Jessica Schultz

September 20, 2024

Deputy Minister, Finance

Date approved

Recommended response

- In February 2024, the Government of the Northwest Territories released a new *Fiscal Sustainability Strategy*. The Strategy is intended to restore fiscal sustainability in the territory by rebalancing revenues and expenses over the coming years.
- Many of the financial pressures facing the NWT are paralleled here in the Yukon. Notably the soaring costs of healthcare and the unique challenges of delivering services in the north. The unpredictability of extreme weather events are also a serious concern as we continue to face the disproportionate impact of climate change in northern regions.
- The Government of Yukon remains diligent and focused on the key priorities for Yukoners, including health care, education, and housing as represented in the current revised budget.
- As part of the 2024-25 Supplementary Estimates No.1, we have allocated \$50 million of our contingency fund towards pressures in healthcare, as well as the emergency response for wildland fires and floods that impacted our territory this past summer.
- The use of the contingency along with our strong fiscal management, has allowed us to respond to fiscal pressures and still maintain a healthy budget surplus for this fiscal year.

Additional response

- While the NWT and the Yukon face some common challenges, our circumstances are also different in many ways.
- Notably, the Yukon is experiencing population growth. This has a positive impact on revenue, both from personal income taxes, but also because the major transfers from Canada are largely based on population. The NWT, on the other hand, is anticipating little to no population growth.
- The Yukon is also in a very strong position in terms of its borrowing and debt levels. The NWT's total borrowing exceeded \$1.3 billion dollars in 2022-23. [The Yukon's total borrowing as of March 31, 2024 was less than a third of this amount, at \\$375 million.](#)

Managing public funds responsibly

- The NWT's *Fiscal Sustainability Strategy* provides several examples of processes that the NWT plans to implement to control the growth in government spending over the coming years.
- Many of these processes are already in place in the Government of Yukon. For example, the Yukon government has already implemented rigid controls for requesting additional funding by departments. In our territory, departments submitting requests for additional funding must demonstrate how it will advance the priorities of Yukoners as laid out in the government's mandate letters.
- Again, in the Yukon, departments must also demonstrate that they have looked for opportunities to offset costs through operational efficiencies, or by reallocating resources from other underused programs and initiatives.

-
- Maintaining these standards and best practices helps to ensure that public resources are managed responsibly for the benefit of Yukoners now and for the years to come.
-

Context—this may be an issue because:

- Opposition and media may have questions about the similarities and differences between the financial situations of the Yukon and the Northwest Territories.
-

Background:

- The Government of the Northwest Territories published its Fiscal Sustainability Strategy in February 2024.
 - The Government of the Northwest Territories identified that the strategy was needed because of the growth of the public service, escalating health-care spending, and the NWT not receiving enough money from the federal government to pay for its programming.
 - The objective of the strategy is to restore fiscal sustainability in the territory through several actions, including:
 - increasing operating budget surpluses through a combination of new revenue generation and expenditure management by leveraging operating efficiencies; reducing short-term debt;
 - realigning operating spending for health programs and services to make these programs sustainable; and
 - and various other initiatives.
 - The NWT will monitor progress on its objective based on the following targets:
 - short-term debt repayment by a minimum of \$150 million by March 31, 2028; capital projects funded are 100% from operating surpluses;
 - annual supplementary reserves held to \$35 million; and
 - annual forced growth and new initiatives held to \$10 million.
-

Session Briefing Note

TAB#08

Fall 2024

NWT Fiscal Responsibility

Finance

Approved by:

Jessica Schultz

November 4, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

Public Accounts –

Comments for Post-Tabling

Finance

General response:

- The annual Public Accounts is a major accountability and transparency report of the Government of Yukon.
- As always, the Government of Yukon remains committed to openness and transparency with its public finances by ensuring full compliance with generally accepted accounting principles.
- I am pleased to say that the final audited financial statements for the 2023-24 fiscal year were tabled in the Legislative Assembly prior to the legislated deadline of October 31st and received a clean audit opinion from the Office of the Auditor General of Canada.
- The 2023–24 Public Accounts include the adoption of two new public sector accounting standards which impact, in varying degrees, the presentation and values included in the government's audited consolidated financial statements. As compared to last year's Asset Retirement Obligation standard, these standards did not require significant resources to implement.
- Throughout the audit process, we worked closely with the Office of the Auditor General of Canada and government entities to finalize this year's Public Accounts.
- As is the case each year, the statements cover both consolidated and non-consolidated summaries. The Consolidated Financial Statements include the results of all entities fully owned and/or controlled by the government. To achieve this, the financial activity of Yukon University, Yukon Hospital Corporation, Yukon Housing Corporation, Yukon Liquor Corporation and Yukon Development Corporation are consolidated into the government's financial activity.

Session Briefing Note

Public Accounts –

Comments for Post-Tabling

Finance

Seventh Report of the Standing Committee on Public Accounts

- At the start of each sitting of the Legislature, a Standing Committee is appointed to review and provide recommendations on the Public Accounts and reports from the Auditor General.
- On September 19th, the Standing Committee on Public Accounts released the Seventh Report of the Standing Committee on Public Accounts.
- This year's report includes one recommendation for the Department of Finance.
- The committee recommended that the department “continue to address issues necessary to facilitate earlier tabling of the Yukon Public Accounts and ensure that, at a bare minimum, the deadlines included in the Financial Administration Act are adhered to.”
- I am pleased to report that the department is actively working on improving its processes and systems to facilitate the timelier tabling of the Public Accounts in the Legislative Assembly.

Context — this may be an issue because:

- Traditionally, Opposition shows some interest in the Public Accounts. Public and media interest in the Public Accounts has traditionally been low to moderate, depending on the year. Last year, additional interest was shown in the Public Accounts as a result of delays in publishing the final statements in the Legislative Assembly.

Background:

- The Government of Yukon tabled its 2023–24 Public Accounts during the fall session, providing a complete account of the government's actual year-end financial results for that fiscal year.

Session Briefing Note

Fall 2024

Public Accounts –

Finance

Comments for Post-Tabling

- The Public Accounts provide accountability to Yukoners for spending decisions made during the budget cycle. They allow Yukoners to compare the estimates from budgets with the actual amounts spent over the fiscal year. These numbers also help guide future decision making within the government.
- In 2023–24, the Government of Yukon adopted two new accounting standards - PS 3400 Revenues and PS 3160 Public Private Partnership. Both standards provide guidance to the government in its identification, recognition and measurement of related transactions ensuring that any presentation and disclosure are consistent with other preparers of financial information.
- Below is a list of two new standards which came into effect on April 1, 2024, and a brief description of their requirements and impact on the Public Accounts:
 - PSAS 3160 – Public Private Partnerships addresses how to account for and report on infrastructure assets and the corresponding liability for public private partnerships. In its application of the standard, the government examined whether any arrangement or contract with the private sector was within scope of the standard and applied the criteria for recognizing an infrastructure asset and the related liability. The government concluded that it did not have any such arrangement during the financial year so there was no impact on the amounts presented in the 2023-24 Public Accounts.
 - PSAS 3400 - Revenue establishes new guidance to categorize revenue to enhance the consistency of revenue recognition in the accounts. The government, in its adoption of the standard, identified revenue streams within the scope of the standard and ensured that their measurement, presentation and disclosure requirements complied with the standard.

Approved by:

Jessica Schultz

October 28, 2024

Deputy Minister, Finance

Date approved

[Home](#) / [News](#) / Government of Yukon introduces 2023–24 Public Accounts to the Legislative Assembly

Government of Yukon introduces 2023–24 Public Accounts to the Legislative Assembly

Published 24/10/2024

Today the 2023–24 Public Accounts was tabled in the Yukon Legislative Assembly. The Public Accounts present the Government of Yukon's financial statements and reflect the government's finances for the previous fiscal year. The 2023–24 Public Accounts show the government's financial position on March 31, 2024.

The Auditor General of Canada has audited the 2023–24 Public Accounts and issued an unqualified audit opinion. This opinion demonstrates that the Government of Yukon represented its fiscal position fairly in the Public Accounts and complied with Canadian public sector accounting standards as well as Yukon legislation.

For the 2023–24 fiscal year, the Public Accounts report a non-consolidated annual deficit of \$42.7 million. This is a \$90.9 million decrease from the \$48.2 million surplus forecast in the Main Estimates for 2023–24 or a \$44.4 million variance from the surplus of \$1.7 million forecast as part of the 2023–24 Supplementary Estimates No. 2.


The non-consolidated change from the forecast is largely the result of:

- increased expenses in the areas of natural resources to address environmental liabilities, including remediation of the Minto Mine and in response to fires and floods;
- supporting the delivery of health care services; and
- increased funding related to the new collective agreement between the Government of Yukon and the Yukon Employees' Union.

On March 31, the Yukon's non-consolidated net financial debt was \$495.5 million, or an increase of \$120.7 million over the \$374.8 million projected in the Main Estimates. This represents a \$51 million change from the \$444.5 million forecast as part of the 2023–24 Supplementary Estimates No. 2.

Net financial debt reflects the difference between the government's total financial assets and its liabilities, which include long-term obligations such as environmental remediation and the retirement of government assets at the end of their useful life. It does not represent how much the government has borrowed or needs to borrow.

The increase in net financial debt is mainly the result of the Government of Yukon's proactive approach to addressing environmental liabilities in the territory. By recognizing these liabilities and accounting for sites in need of remediation, the government is taking the necessary steps to ensure these areas are properly identified, restored and made safe for future generations of Yukoners.



We remain dedicated to investing in critical infrastructure, education, health care and other essential services that support the Yukon's growing communities. At the same time, we are prioritizing environmental stewardship and maintaining a disciplined approach to financial management. While the 2023–24 Public Accounts show a deficit, this outcome reflects our commitment to meeting the needs of Yukoners through necessary and strategic spending. As we move forward, we are ensuring that our financial health remains strong as we invest in the Yukon's future.

Minister of Finance Sandy Silver

Backgrounder

Non-consolidated statements

- The Public Accounts reports actual revenues and spending for the prior fiscal year.
- The government's non-consolidated statements do not include the financial results for Yukon University, Yukon Hospital Corporation, Yukon Housing Corporation, Yukon Development Corporation or Yukon Liquor Corporation.
- The non-consolidated annual deficit for 2023–24 was \$42.7 million. This amount is based on total non-consolidated year-end revenues of \$1.952 billion and expenses of \$2.006 billion, as well as \$11.3 million in prior years' expense recoveries.
- On a non-consolidated basis, expenses in 2022–23 were \$183 million higher than the forecast in the Main Estimates.
- The growth in expenses was partly offset by an \$80.9 million increase in non-consolidated revenues. The largest portion of this increase came in the form of additional grants from the Government of Canada.

- On March 31, the Yukon's non-consolidated net financial debt was \$495.5 million, or an increase of \$120.7 million over the \$374.8 million projected in the Main Estimates.
- The Yukon received an "AA Stable" credit rating from S&P Global Ratings in July 2024, recognizing the Yukon's strong financial management practices and predictable funding relationship with the Government of Canada.

Consolidated statements

- The government's consolidated statements include the financial results for Yukon University, Yukon Hospital Corporation, Yukon Housing Corporation, Yukon Development Corporation or Yukon Liquor Corporation.
- On a consolidated basis, which includes public corporations and other entities under the Government of Yukon, the annual deficit was \$3.2 million in 2023–24. This amount is based on expenses of \$2.007 billion and revenues of \$2.003 billion.
- The consolidated net financial debt was \$196.1 million as of March 31, 2024, consisting of net financial assets of \$818.5 million and liabilities of \$1.015 billion.
- The consolidated debt from borrowing in 2023–24 was \$375 million, which mainly resides within the government's corporations and as part of the Government of Yukon's line of credit.

Media contact

Laura Seeley
Cabinet Communications
867-332-7627
laura.seeley@yukon.ca

Eric Clement
Communications, Finance
867-393-6482
eric.clement@yukon.ca

News release #:

24-476

Related information:

2023-24 Public Accounts

S&P Global Ratings reaffirms 'AA Stable' credit rating for 15th consecutive year

Was this page helpful? *



Session Briefing Note

Health and Hospital Funding

TAB#10
Fall 2024
Finance

Recommended response:

- We are committed to providing quality, and culturally safe health care services to all Yukoners.
- This includes working closely with the Yukon Hospital Corporation to address core funding needs throughout the fiscal year and ensuring that Yukoners have access to the timely care they need through our Insured Health Services programs.
- The supplementary operations and maintenance budget for the Department of Health and Social Services is \$646.7 million dollars, a \$135.7 million increase over the 2023-24 Main Estimates.
- With these investments, we are expanding Yukoners' access to physicians' services, cancer screenings, mental wellness and substance use treatment services, and both long-term and acute care.
- At the same time, we continue to work with our health system partners to address long-term fiscal pressures related to a growing and aging population, and the rising cost of delivering health services.

Additional response:

- The total Supplementary No. 1 increase for Health and Social Services is \$56.1 million dollars, which includes \$52.3 million for operations and maintenance and \$3.7 million for capital.
- Operations and maintenance increases include a \$10.4 million increase to the transfer payment agreement with the Yukon Hospital Corporation, bringing its 2024-25 agreement to \$120.8 million, a 9 per cent increase from the 2024-25 Main Estimates.

Session Briefing Note

Health and Hospital Funding

Finance

- Hospital funding is included to support breast cancer screening and tumor testing, the expansion of the orthopedic program, and increased bed capacity at Whitehorse General Hospital.
- In addition to new hospital funding, the 2024-25 supplementary budget also includes an additional \$34 million dollars for Insured Health Services, bringing the total 2024-25 budget for this program area to \$193.7 million dollars, a 39.9 per cent increase over the 2022-23 actuals. Major drivers of Insured Health Services costs include payments to physicians and growing out-of-territory hospital costs.
- Finally, these supplementary estimates include \$3.7 million in additional capital funding for Health and Social Services, \$3.6 million of which is to complete the Mental Wellness Unit and increase bed capacity at Whitehorse General Hospital.

C.D. Howe Report – Another Day Older and Deeper in Debt

- We continue to take an active view of our healthcare system and its funding needs as the Yukon's population, like many parts of the country, continues to age.
- We are aware of concerns raised in the recent C.D. Howe report, titled *Another Day Older and Deeper in Debt*, which suggests that an aging population and departures from the workforce will create additional challenges for many jurisdictions.
- We continue to consider this challenge, as well as others, as we analyze and forecast future needs in the Yukon's healthcare sector.

Context—this may be an issue because:

Prepared for Minister Silver
Department of Finance

Date prepared: September 16, 2024
Last Updated:

Session Briefing Note

Health and Hospital Funding

Finance

- YHC continues to face several funding pressures, including unprecedented costs related to surgery, imaging and lab services, utilities, and agency nursing.
- In August 2024, C.D. Howe released a report entitled “Another Day Older and Deeper in Debt” noting that an aging Canadian population and departures from the workforce will hamper government revenue generation while increasing health care costs.
- The Parliamentary Budget Office’s Fiscal Sustainability Report highlighted the same concerns, noting that current fiscal policy in the territories and several provinces is not sustainable over the 75-year projection horizon of the report.

Background:

HSS Budget

- Total supplementary operations and maintenance budget for the department of Health and Social Services is \$646.7 million. This is a \$52.4 million (8.8%) increase over the Main Estimates budget of \$594.4 million
- The total supplementary capital budget for the Department of Health and Social Services is \$13.1 million. This is a \$3.7 million (39.8%) increase over the Main Estimates budget of \$10.4 million.
- Capital increases include funding to complete the new Mental Wellness Unit at Whitehorse General Hospital and increase bed capacity health system wide.

Yukon Hospital Corporation

- The Government of Yukon is the primary source of funding for the Yukon Hospital Corporation (YHC), each year.
- Core funding requirements for YHC include operations funding, the First Nations Health program, laboratory services, the orthopedic program, loan servicing, and maintenance capital.
- Project specific capital funding is provided to YHC through separate TPAs. Recent examples are funding for the Mental Wellness Unit and capital costs for 1Health.

Session Briefing Note
Health and Hospital Funding

- Between 2017-18 and 2024-25, operating funding for the Yukon Hospital Corporation has increased from \$70.6 million to \$110.4 million, an increase of 56 per cent.
- The 2024-25 Supplementary Estimates No. 1 increase is lower than what was approved as part of the 2023-24 Supplementary Estimates No. 2 because that appropriation included \$16.3 million in one-time funding, which was not required on an ongoing basis. One-time funding included in-year contributions for prior years' deficits, pension solvency, breast cancer screening, and agency nurse staffing pressures.

Health and Wellness Yukon

- The *Health Authority Act*, which received Assent on April 29, 2024, provides the legal framework to establish the Yukon's first health authority.
- Legislation authorizes the naming of an initial board of governors and executive team for the new health authority to manage the transition.
- The YHC board will remain in place until such time as the corporation is transferred to the new health authority.

Approved by:

Jessica Schultz

September 20, 2024

Deputy Minister, Finance

Date approved

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

Finance

Recommended response:

- 2024 is the 15th consecutive year that S&P Global Ratings has issued a Double-A ('AA') credit rating for the Yukon.
- In its report, S&P Global Ratings highlights that "the government has a track record of strong management that produces solid financial results supported by stable federal funding."
- A strong credit rating indicates to contractors, suppliers, and investors that the Yukon honours its financial obligations and is worthy of investment.

Additional response:

- This independent assessment shows that the Yukon's strong relationship with the federal government will allow the Yukon government to continue to advance the priorities of Yukoners; such as improvements to our health and education systems, increased access to housing, and to be responsive to the impacts of climate change.
- The government continues to focus on strong and consistent fiscal management practices that enhance our long-term financial sustainability while responding to our growing population.
- The S&P rating was published on July 17, 2024, after the heap leach failure at the Eagle Gold mine. In its report, S&P note that while ... "the recent unexpected suspension of production at one of the two active mines in the territory is likely to dampen growth in the near term... expanding tourism and a strong construction sector, boosted by government spending, will support growth".

Session Briefing Note
S&P Global Ratings

Context — this may be an issue because:

- Budget performance and financial health are 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 2022 and 2023.
- S&P Global Ratings provide a forward-looking opinion on Yukon’s creditworthiness.
- Table 1 shows the 2024 S&P credit ratings for jurisdictions and Canada.
- Most jurisdictions use several credit rating agencies, while the other territories do not make use of S&P Global Ratings. Ratings from other agencies might differ from S&P or may not be directly comparable.

Table 1. S&P Credit Ratings 2024		
Jurisdiction	Rating Agency	Rating
Yukon	S&P Global	AA
British Columbia	S&P Global	AA-(negative)
Alberta	S&P Global	AA-
Saskatchewan	S&P Global	AA
Manitoba	S&P Global	A+
Ontario	S&P Global	A+(positive)
Quebec	S&P Global	AA-
New Brunswick	S&P Global	A+(positive)
Nova Scotia	S&P Global	AA-
Prince Edward Island	S&P Global	A (positive)
Newfoundland & Labrador	S&P Global	A
Canada	S&P Global	AAA

Session Briefing Note
S&P Global Ratings

TAB #11
Fall 2024
Finance

Jurisdictions not using S&P Credit Rating Agency		
Northwest Territories (Aug 2024)	Fitch	AA-
Nunavut (Nov 2023)	DBRS Morningstar	AA(low)

Approved by:

Jessica Schultz
Deputy Minister, Finance

September 20, 2024
Date approved

Session Briefing Note**Fall 2024****Capital Planning Office Transfer**Finance & HPW

Recommended response:

- The Government of Yukon is committed to making infrastructure investments that support the health and well-being of Yukon residents, while providing opportunities for growth and investment by the territory's private sector.
- For the past seven years, the Capital Planning Office has been located within the Department of Highways and Public Works where it has provided valuable project-based expertise on the government's capital plan. During that time, the Capital Planning Office saw a significant expansion of the Five-Year Capital Plan to provide detailed information on capital investments to Yukoners.
- The Capital Planning Office also established valuable relationships between government and the private sector, as well as with First Nations partners, as it developed its annual plan.
- With this foundational work in place, the responsibility for ongoing capital budget development, planning, and forecasting has returned to the Department of Finance where it can more directly incorporate this important knowledge and expertise into government's budget decisions.
- The alignment of operations and maintenance and capital budgets under one department allows the Department of Finance to leverage these strengths leading to a more efficient and robust budget development process.

Session Briefing Note

Capital Planning Office Transfer

Finance & HPW

- With this work well-established, the Department of Finance remains committed to ensuring that the Five-Year Capital Plan continues to support the implementation of the Yukon First Nations Procurement Policy.
- We also look forward to continuing to build on strong relationships with our partners by meeting with all Yukon First Nations to discuss the capital plan and associated opportunities for cooperation and coordination on capital projects.

Additional response:

- This transfer has no impact on the financial framework since it is a budget transfer from the Department of Highways and Public Works to the Department of Finance.

Context—this may be an issue because:

- There is some public awareness of the Capital Planning Office amongst First Nations governments and municipalities because of annual engagement sessions conducted by this program.

Approved by:

Jessica Schultz	September 20,2024
_____ Deputy Minister, Finance	_____ Date approved
Tracy Allen	September 20, 2024
_____ Deputy Minister, HPW	_____ Date approved

Session Briefing Note

Five-Year Capital Plan

TAB# 13
Fall 2024
Finance

Recommended Response:

- The Five-Year Capital Plan for 2024-25 builds on the Government of Yukon's commitment to communicate capital spending intentions to Yukoners, municipalities, the private sector and First Nations governments.
- It provides greater certainty and promotes a strategic approach to the forecasting and timing of procurement.
- The Yukon government will continue to issue tenders as early as possible to help vendors prepare for upcoming work and be prepared for the short construction season.

Additional Response:

- The Five-Year Capital Plan is designed to be flexible. The Department of Finance continues to navigate evolving priorities and needs within the territory to deliver a plan that is beneficial and informative for partners and the private sector. As circumstances change, or as new initiatives are identified, the Plan evolves to best meet the needs of Yukoners.
- The Yukon government will continue to provide Yukoners with updated information on the government's planned capital investments over the next five years.

Third Response: Sharing the Capital Plan with Yukon First Nations

- The Five-Year Capital Plan also supports the implementation of the Yukon First Nations Procurement Policy through information sharing on capital spending directly with Yukon First Nations.

Session Briefing Note**Five-Year Capital Plan**Finance

- Each year, the Government of Yukon reaches out to every Yukon First Nation to share the current capital plan and to discuss upcoming procurement opportunities within each First Nation's traditional territory.
- At the First Nation's request, department officials set up in-person meetings during the spring to discuss the capital plan and look for opportunities for cooperation and coordination.
- On March 27, 2024, the department invited all Yukon First Nations to meet to discuss the 2024-25 Five-Year Capital Plan.
- Department officials have met with all Yukon First Nations governments.

Fourth Response: Skagway Marine Services

- While the Skagway Marine Services Platform is not specifically highlighted in the 2024-25 Five-Year Capital Plan document, \$44.7 million in funding is included in the Fiscal and Capital Plans in 2025-26 through 2027-28.
- The funding for this project is included within the Real Property and Asset Management category in the table titled "Total planned capital spending by investment category" on page 8 of the 2024-25 Five-Year Capital Plan.
- The Yukon government will continue to work with the Municipality of Skagway to progress the project.

Session Briefing Note

Five-Year Capital Plan

TAB# 13
Fall 2024
Finance

Context—this may be an issue because:

- The Five-Year Capital Plan lays out the Yukon government's long-term capital investment strategy.

Background:

- 2024-25 marks the seventh year that a detailed Five-Year Capital Plan has been tabled in the Legislative Assembly.
- The Five-Year Capital Plan benefits Yukoners, municipalities, the private sector, and First Nations governments by providing a forward-looking, and transparent, view into the Yukon government's infrastructure development plans.
- By combining more detailed and comprehensive Five-Year Capital Plans with tendering forecasts, the Yukon government is working to meet the commitment made to Yukoners to have major, seasonally dependent construction contracts tendered at the right time.

Approved by:

Jessica Schultz

September 20, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

First Nation Tax Sharing

Fall 2024Finance

Recommended response:

- We are committed to respectful government-to-government relations with Yukon First Nations governments.
- We share 95 per cent of the personal income tax collected on settlement lands with all self-governing Yukon First Nations.
- In the 2023 tax year, this is estimated to be over \$4.2 million. The amount shared is determined based on residency on Yukon First Nation settlement lands.
- The Government of Yukon and all self-governing First Nations renewed their tax sharing agreements in December 2019
- Changes included 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 Government of Canada allows the territories to recover the cost of sharing personal income tax room with First Nations under the Territorial Formula Financing (TFF) grant via adjustment to their expenditure base.

Context — this may be an issue because:

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

Session Briefing Note

First Nation Tax Sharing

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 Government of Yukon, since the taxes will be made up under the grant. Canada is not prepared to do the same for any other taxes.
- The initial intent of the tax room sharing agreement was to provide First Nations governments with revenue from their tax base, i.e., citizens. However, for administrative ease and as the numbers were inconsequential, the agreements include the tax sharing of revenue from anyone living on their settlement land.

Session Briefing Note

First Nation Tax Sharing

TAB #14
Fall 2024
Finance

- The intent is not to encourage the material altering of the Government of Yukon or other Yukon First Nation governments' tax bases.

Appendix A

First Nation Tax Credit (\$'000)	
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	3,611
2022	4,228
2023 (estimate)	4,240

Approved by:

Jessica Schultz

August 20, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

Grants from Canada

Finance

Recommended response:

- The Government of Yukon receives four major transfers from Canada, each year. They are the Grant from Canada, also known as Territorial Formula Financing (TFF), the Canada Health Transfer, the Canada Social Transfer, and the Cannabis Transfer. Starting in January 2025, Vaping will become the fifth major transfer to the Yukon.
- The TFF is a legislated federal transfer that is renewed every five years. Recent legislation extended the TFF for the period from 2024-25 to 2028-29 under essentially the same terms as the previous five years.
- In December 2023, the federal government advised the Government of Yukon that the 2024-25 fiscal year Grant from Canada would be \$1.35 billion, an increase of roughly 7.8 per cent over the previous fiscal year.
- Resource revenues represent the Government of Yukon's revenues from forestry, oil & gas, land, minerals, and water. Every dollar above \$6 million in resource revenues is subject to offset and results in a dollar-for-dollar reduction in the Grant from Canada. There is no resource related offset in 2024-25.
- The federal government provided provisional estimates for the 2024-25 fiscal year for the Canada Health Transfer (CHT) at \$59 million, and the Canada Social Transfer (CST) at \$19 million.

Session Briefing Note**Grants from Canada**

Finance

Additional response:

- With the joining of the coordinated vaping product taxation agreement in May 2024, the first vaping transfer to the Yukon is expected in early 2025 when the implementation of the coordinated taxation regime is anticipated to come into force.
- In 2024-25, the Government of Yukon is expected to receive \$115,000 and we will receive approximately \$700,000 in 2025-26 once the federal framework is fully implemented.
- Since the legalization of cannabis in 2018, followed by the first cannabis transfer to the Yukon in 2019-20, the transfers have grown by almost 200 per cent. As of May 2024, the legal market share of cannabis had reached 77 per cent in Canada.

Context — this may be an issue because:

- The media and opposition may have questions about the new coordinated vaping taxation arrangement with the Government of Canada.

Background:**Territorial Formula Financing**

- The TFF makes up roughly 80 per cent of the Yukon's revenue.
- The TFF is calculated as the difference between the gross expenditure base (GEB) and the territory's 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.

Session Briefing Note

Fall 2024

Grants from Canada

Finance

- 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.
- The 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. The exception was when resource revenues were \$10.2 million in the 2021-22 fiscal year, largely due to increased production at the Eagle Gold mine. This impacted the Grant in 2023-24 because of time lags in the calculation of the grant. There are no foreseen offsets in the next two fiscal years due to downward revisions in estimates from Victoria Gold's royalties.
- The Grant from Canada is calculated each December for the next fiscal year. The table below outlines the 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
2024-2025	1,350,134	7.8

Canada Health Transfer and Canada Social Transfer

- CHT and CST account for roughly 3 per cent and 1 per cent of the Yukon's revenue, respectively.
- CHT and CST are unconditional grants distributed to all provinces and territories based on their share 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 per cent or the average of nominal Canadian GDP growth over the prior three years, whichever is greater.

Session Briefing Note

Fall 2024

Grants from Canada

Finance

- In February 2023, the federal government announced a guaranteed 5 per cent annual increase to the CHT funding base over the next five years beginning in 2023-24 (i.e., until 2027-28). Because the CHT is already expected to grow by more than 5 per cent 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, creating a permanent funding increase. This is expected to increase the Yukon's CHT payments by a cumulative \$5.8 million from 2025-26 to 2027-28 and could increase CHT funding by approximately \$3-4 million annually as of 2028-29.
- The tables below outline the Yukon's recent CHT and CST history:

CHT	Amount (\$'000)	Growth Rate (%)
2018-2019 Actual entitlement	42,210	4.86
2019-2020 Actual entitlement	44,492	5.41
2020-2021 Actual entitlement	46,415	4.32
2021-2022 Actual entitlement	48,613	4.74
2022-2023 Actual entitlement	50,893	4.69
2023-2024 Actual entitlement	57,624	13.23
2024-2025 2nd estimate	58,911	2.23
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 Actual entitlement	17,942	2.86
2023-2024 Actual entitlement	18,393	2.51
2024-2025 2nd estimate	19,127	4.00

NOTE: Actual CHT/CST entitlements can differ from Public Accounts because the latter can include prior-year adjustments. [The 2023-24 CHT payment includes a one-time CHT top-up of \\$2.3 million.](#)

Session Briefing Note

Fall 2024

Grants from Canada

Finance

Cannabis Transfer

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

CANNABIS	Amount (\$'000)
2018-2019	40
2019-2020	320
2020-2021	413
2021-2022	748
2022-2023	953
2023-2024	856

Vaping Transfer

- The Coordinated Vaping Product Taxation Agreement Act received assent on March 19, 2024 in the Yukon Legislative Assembly. The Act enabled the Yukon to enter into the coordinated vaping product taxation agreement with Canada in May 2024.
- Under the coordinated framework, federal duty on vaping products will be doubled and the Yukon is expected to receive 50 per cent of the revenue collected in the territory starting January 1, 2025.
- In their Budget 2024, Canada announced a 12 per cent increase in federal duty imposed on vaping products starting July 1, 2024. For coordinated jurisdictions, this would imply vaping tax rates of \$2.24 per 2 ml (for the first 10ml of vaping substance in a product) and \$2.24 per 10ml for volumes beyond that.
- Based on the timing of joining the coordinated agreements, new tax rates are applicable in Ontario, Quebec, NWT and Nunavut as of July 1, 2024 and January 1, 2025 for Alberta, Manitoba, New Brunswick, the Yukon and PEI.

Session Briefing Note
Grants from Canada

TAB #15
Fall 2024
Finance

Approved by:

Jessica Schultz

October 24, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note**Carbon Rebate**Finance

Recommended response:

- The Yukon's carbon rebate is revenue neutral, over time. Our goal is to reduce carbon emissions in the territory and return all the federal government's revenues to Yukoners.
- We will continue to ensure that rebate groups receive more, on average, than they pay in carbon pricing.
- Of the total carbon revenue collected in the Yukon, we are distributing 45 per cent to individuals, 36 per cent to general businesses, 12 per cent to mining businesses, and 3.5 per cent to both First Nations and municipal governments.

Additional response:

- Carbon pricing is a sound, evidence-based policy on climate change, but our government shares concerns about equity; specifically, for those Yukoners who do not use heating oil for their homes.
- The policies in Our Clean Future, as well as the carbon price, are intended to incentivize Yukoners to make the switch to low carbon energy sources, like electric heating or heat pumps.

Third response (see relevant subsection below):**British Columbia Carbon Tax**

- Leading up to BC's provincial election, Premier Eby has committed that, if re-elected, he will scrap the province's consumer carbon tax, which was introduced in 2008.
- His commitment is conditional on the federal government not replacing it with the federal backstop system.

Session Briefing Note**Carbon Rebate**Finance

- Currently, if a province or territory does not meet the minimum benchmark standards, the federal system is put in place.
- Unlike British Columbia's carbon tax rebate program, the Yukon's carbon rebate programs are revenue neutral. This means that individuals and households get more on average than they pay in federal carbon levies.

Surplus in Business Account

- The Yukon's rebate programs are revenue neutral over time. Historically, there has been a surplus in the business account due to the timing difference between when Canada pays the Government of Yukon its carbon proceeds, and when Canada settles the final amount of payments made on our behalf to businesses.
- The business rebate account is credited when we receive money from Canada from the carbon fuel charge. This usually takes three to six months after the fuel charge is "paid at the pumps."
- Businesses are being paid promptly all through the year, however, the government's business rebate account is not debited until we reconcile with the Canada Revenue Agency (CRA) for rebates made to these businesses. This process is typically completed 15 months after a tax year is closed.

Rebate for individuals

- The rebate amount for individuals for the 2023-24 rebate year is \$372, or \$93 per quarter. The rebate amount for 2024-25 rebate is \$310, or \$77.50 per quarter. This \$62 decrease is a result of the federal announcement to temporarily exempt heating oil from the carbon levy, which will lead to reduced proceeds from Canada.

Session Briefing Note**Fall 2024****Carbon Rebate**Finance

- Yukoners living outside of Whitehorse receive an additional supplement of 20 per cent or \$62.00, effective July 2024.
- One person per household will receive the rebate for all individuals. Payment is made to the first individual who files their tax.

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 business rebate for 2024-25 is \$22.20 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 includes eligible solar energy systems, electric vehicles, and charging systems. For 2024-25, the Super Green Credit provides a rebate of about \$111 per \$1,000.

Rebate for mining businesses

- As of 2023, there is a new mining business rebate structured the same way as the general business rebate.
- The mining business rebate for 2023-24 is \$21.08 per \$1,000 of eligible Yukon mining assets. Mining assets eligible for the Super Green Credit will be eligible for a rebate of about \$109 per \$1,000 of clean technology assets. Recognizing the difference in capital intensity

Session Briefing Note**Fall 2024****Carbon Rebate**Finance

between different mining operations, additional weight is applied to placer mining assets to increase their rebate amounts.

- The mining business rebate for 2024-25 is \$36.57 per \$1,000 of eligible Yukon mining assets. Mining assets eligible for the Super Green Credit will be eligible for a rebate of about \$111 per \$1,000 of asset costs.

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, also titled the *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

- The allocation that each First Nations government receives is based on the formula in Chapter 19 of the Umbrella Final Agreement. (See Annex)

Municipal governments

- Municipal governments receive carbon rebates on April 1 each year.

Session Briefing Note

Carbon Rebate

Finance

- The percentage that each municipal government receives is outlined in the *Carbon Price Rebate General Regulation*. (See Annex)

Output-Based Pricing System (OBPS)

- The OBPS is a method of carbon pricing designed to support emission intensive trade exposed industry. It is intended to avoid carbon leakage. Carbon leakage refers to the situation where businesses transfer production to other countries with laxer emission constraints to avoid carbon pricing.
- Industrial facilities that are registered under the OBPS will be able to purchase charge-free fuel from the time the charge starts to apply. OBPS facilities will instead be subject to the carbon price on the portion of their emissions that exceed an annual output-based emissions limit.
- From August 17 through October 3, 2022 we engaged the mining industry on the development of a new carbon rebate for facilities that may be subject to the OBPS.
- A What We Heard report was published in June 2023 outlining feedback from nine stakeholders who participated in the engagement. The Government of Yukon is considering this in the development of an OBPS rebate program.
- 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.

Context — this may be an issue because:

Session Briefing Note

Carbon Rebate

Finance

- On October 26, 2023 Canada announced a pause on the carbon fuel charge for heating oil until April 1, 2027. Canada also announced a permanent change to the rural supplement for their Canada Carbon Rebate from 10 per cent to 20 per cent of the base amount as of April 2024. The Canada Carbon Rebate does not apply in the Yukon; however, the Yukon mirrored this change for the Yukon Government Carbon Price Rebate, effective July 2024.

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).
- The federal government's climate plan set the Canada-wide carbon price at \$20 per tonne of carbon dioxide equivalent emissions beginning in 2019. The price is currently \$80 per tonne as of April 1, 2024 and will rise \$15 a year 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."

Illustrative example of family impacts

- As an example, a family of four in Mayo can expect to receive \$1,488.00 in rebates for the 12 months beginning in July 2024. This compares to the following outlays:

Session Briefing Note

Carbon Rebate

Finance

- If we assume that this family has two pick-up trucks that each consume 2,000 litres of gasoline on average per year; then the family should be expected to pay roughly \$735 in carbon pricing levies. This would leave them approximately \$753 ahead, assuming they heat by wood, electricity, or heating oil.
- Since the federal heating exemption does not apply to propane, some families will incur additional costs. The average 3-bedroom detached home consumes about 3,000 litres of propane. They would be expected to incur roughly \$390 in carbon pricing costs to heat their home. Added to the \$735 in costs for our family with two trucks and the family is still approximately \$363 ahead.

Parliamentary Budget Officer (PBO), Distributional Analysis of Federal Carbon Pricing under A Healthy Environment and A Healthy Economy, March 2022 report

- On April 17, 2024, the PBO stated their original report contain errors overstating the impact of carbon pricing. A new report was released in October 2024, which confirms the earlier finding that taking only the fiscal impact of the federal fuel charge, the average household in each of the backstop provinces see a net gain, receiving more from the Canada Carbon Rebate than the total amount they pay in the federal fuel charge and related GST. Taking into consideration both fiscal and economic impacts, the average household will see a net cost, paying more in the federal fuel charge and related GST, as well as receiving lower incomes, compared to the Canda Carbon Rebate they receive.
- PBO estimates that the federal fuel charge will lower real GDP by 0.6 per cent relative to a scenario without the fuel charge in 2030. In 2023, 0.6 per cent of the Yukon's GDP would amount to approximately \$20 million. In the November 2022 report, PBO found that the GDP would decrease by 0.8 per cent in 2030.
- On March 30, 2023, the PBO released an analysis of the impacts of the implementation of the Federal Fuel Charge in the seven provinces where the Climate Action Incentive payments are used in recycling carbon pricing.
- The report outlines both direct “fiscal” and “economic” impacts on households.

Session Briefing Note**Carbon Rebate**Finance

- Overall, in 2030-31, 80 per cent of households will receive more on the rebate than they pay on the fuel charge and associated GST. This is generally in line with how the Yukon rebate program works.
- Relative to household disposable income, the fiscal-only impact of the federal fuel charge is shown as progressive, with lower-income households facing lower net costs (or larger net gains) compared to higher income households.
- When the economic impact is combined with the fiscal impact, the net cost increases for all households, reflecting the overall negative economic impact of the federal fuel charge. Estimates across the participating provinces show a net loss for almost three-quarters of all the households.
- The Yukon and Nunavut were excluded from the analysis as we have our own rebate programs. The Yukon program is different than the federal program in that we provide a rebate to businesses to reduce the economic impact seen in the provinces covered by the PBO analysis.
- The PBO analysis is limited to estimating the distributional impact of the federal fuel charge and does not attempt to account for the economic and environmental costs of climate change.

November 2023, OBPS Regulatory Changes

- In 2023, Canada began lowering the OBPS facility's allowable charge-free emissions limit. These changes were not included in the original Pan-Canadian Framework carbon pricing discussions.
- This change increases the potential money raised by the OBPS in Yukon and the cost imposed on industry. During the development of the Yukon's OBPS rebate program, the Department of Finance will assess the impact of the OBPS tightening rate.

Session Briefing Note

Carbon Rebate

TAB #16
Fall 2024
 Finance

Appendix

Federal fuel charge rates applicable in the 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 are exempt

*July 1 for 2019, April 1 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				
		2020-21	2021-22	2022-23	2023-24	2024-25
General businesses	36.0%	48.38%	48.26%	49.29%	34.50%	35.00%
Mining businesses	12.0%	-	-	-	11.50%	10.70%
Yukon individuals	45.00%	28.13%	27.67%	26.56%	26.80%	25.20%
Municipal governments	3.50%	2.41%	2.47%	2.27%	2.60%	3.40%
First Nations governments	3.50%	0.36%	0.36%	2.09%	2.80%	2.10%
Visitors (tourists)	0.00%	8.42%	8.90%	7.66%	8.50%	9.80%
Government of Yukon	0.00%	11.24%	11.21%	11.03%	12.10%	12.60%
Government of Canada	0.00%	0.54%	0.56%	0.57%	0.70%	0.80%
Other	0.00%	0.53%	0.57%	0.54%	0.50%	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

	2020-21	2021-22	2022-23	2023-24	2024-25
Levy paid by individual	\$87.48	\$131.43	\$157.59	\$179.11	\$160.11
Rebate to individuals	\$192.00	\$176.00	\$320.00	\$372.00	\$310.00
Remote supplement	\$19.20	\$17.60	\$32.00	\$37.20	\$62.00

Yukon general business rebate amounts by on asset class

(per \$1,000 in assets)	2020-21	2021-22	2022-23	2023-24	2024-25
Building rebate	\$3.45	\$4.41	\$19.81	\$10.95	\$11.10
Equipment rebate	\$17.24	\$22.03	\$99.05	\$54.73	\$55.50
Green rebate	\$34.48	\$44.05	\$198.10	\$109.45	\$111.00

Session Briefing Note

Fall 2024

Carbon Rebate

Finance

Yukon mining business rebate amounts by on asset class

	(per \$1,000 in assets)	2023-24	2024-25
<i>Placer mining businesses</i>	Buildings and equipment rebate	\$84.32	\$72.94
	Green rebate	\$437.80	\$222.00
<i>Quartz mining businesses</i>	Buildings and equipment rebate	\$21.08	\$36.47
	Green rebate	\$109.45	\$111.00

Allocation amongst First Nation's share

First Nation	Percentage of First Nation's Total
Carcross/Tagish First Nation	7.2886%
Champagne and Aishihik First Nations	11.3420%
Tr'ondek Hwech'in First Nation	8.9878%
Kluane First Nation	4.1276%
Kwanlin Dun First Nation	8.8169%
Liard First Nation	10.1364%
Little Salmon/Carmacks First Nation	6.4153%
First Nation of Na-Cho Ny'ak Dun	5.9976%
Ross River Dena Council	5.9122%
Selkirk First Nation	6.8425%
Ta'an Kwach'an Council	5.0579%
Teslin Tlingit Council	7.6873%
Vuntut Gwich'in First Nation	7.8962%
White River First Nation	3.4916%

Allocation amongst Municipalities' share

Municipality	Percentage of Municipalities' Total
Carmacks	2.4975%
Dawson City	9.6566%
Faro	2.1070%
Haines Junction	4.2767%
Mayo	2.4492%
Teslin	2.4321%
Watson Lake	6.3431%
Whitehorse	70.2378%

Session Briefing Note
Carbon Rebate

TAB #16
Fall 2024
Finance

Approved by:

Jessica Schultz

Deputy Minister, Finance

October 28, 2024

Date approved

Session Briefing Note

Fall 2024

Fuel and Tobacco Taxes

Finance

Recommended response:

- The Government of Yukon is committed to striking a balance between appropriate levels of taxation, affordability for Yukoners, and meeting our commitments under *Our Clean Future*.
- We continue to monitor all of the Yukon's taxes to ensure they support the economic and social goals of the territory.
- Currently, taxation on fuel in the Yukon is the lowest of any jurisdiction in Canada at just 6.2 cents per litre for gasoline and 7.2 cents per litre for diesel. These rates have not increased since 1993.
- The Yukon's tax on cigarettes is the highest in Canada (before sales tax), following increases in 2018, 2019, 2021, 2023 and 2024. Anti-smoking advocacy groups have praised the Yukon for indexing its tobacco tax rates.
- 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 2022 to January 2023, inflation in Whitehorse was 7.9 per cent. This triggered an increase in tobacco tax rates in 2024. The tax rate since January 1, 2022, was 32 cents per cigarette. The rate increased to 35 cents per cigarette, effective January 1, 2024.
- Tobacco tax revenue in the Yukon saw a 10 per cent decline in 2022-23. This trend was noted across all jurisdictions in Canada due to decline in legal tobacco sales due to both smoking cessation and the substitution of vaping. Provinces and territories are also aware of a growing incidence of illicit market sales across the country and have met to discuss this issue.

Session Briefing Note**Fall 2024****Fuel and Tobacco Taxes**Finance

Additional response:

- Fuel tax revenues saw a significant downturn in 2020-21, mainly due to reduced traffic across the territory from tourists and other travelers. Fuel tax revenue largely recovered in 2022 and continues to register strong recovery in 2023.
-

Context — this may be an issue because:

- Tobacco tax revenue registered a steep decline across all Canadian jurisdictions in 2022-23 due to growing share of vaping and possible contraband market activity.
 - Inflation from January 2022 to January 2023 of 7.9 per cent resulted in a 3-cent tax rate increase per unit effective January 1, 2024.
-

Background:

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

Session Briefing Note

Fuel and Tobacco Taxes

TAB #17
Fall 2024
Finance

Appendix A

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

	2024-25 ESTIMATE	2023-24 ACTUAL	2023-24 FORECAST	2022-23 ACTUAL
Fuel	9,384	9,647	8,810	8,863
Tobacco	9,945	11,077	10,663	11,612
Total	29,548	20,724	28,489	29,383

Table 2. Current Yukon Tobacco Tax Rates

Cigarettes	\$0.35 per cigarette or \$70 per carton
Tobacco	\$0.35 per gram of tobacco product
Cigars	130 per cent of the taxable price per cigar (taxable price per cigar is 130 per cent of the manufacturer's or importer's selling price).

Session Briefing Note

Fall 2024

Fuel and Tobacco Taxes

Finance

Table 3. Provincial and Territorial Tobacco, Fuel and Insurance Tax Rates, 2024

	Tobacco ¢/cigarette	Gasoline ¢/litre	Diesel ¢/litre
Yukon	35.00	6.20	7.20
Northwest Territories	34.40	10.70	9.10
Nunavut	30.00	6.40	9.10
British Columbia ¹	32.50	14.50	15.00
Alberta ²	30.00	13.0	13.0
Saskatchewan	29.00	15.00	15.00
Manitoba ³	30.00	0.00	0.00
Ontario ⁴	18.475	9.00	9.00
Quebec	18.90	19.20	20.20
New Brunswick	25.52	10.87	15.45
Prince Edward Island	29.52	8.47	14.15
Nova Scotia	29.52	15.50	15.40
Newfoundland & Labrador ⁵	32.50	7.50	9.50

1. Higher rates for fuel tax apply in Vancouver and Victoria area.
2. Alberta suspended its fuel taxes in 2023. and reinstated on January 1, 2024 at a lower rate of 9¢/litre until March 31, 2024, after which it will be determined quarterly based on average West Texas Intermediate (WTI) oil prices
3. The fuel tax holiday implemented by Manitoba on January 1, 2024 to June 30, 2024 has been extended by three months to September 30, 2024.
4. Ontario reduced its fuel taxes to 9.0¢/litre, effective from July 1, 2022, until December 31, 2024.
5. Newfoundland & Labrador temporarily reduced its fuel taxes to 7.5 ¢/litre for gas and 9.5¢/litre for diesel, effective from June 2, 2022, to March 31, 2025.

Approved by:

Jessica Schultz
Deputy Minister, Finance

October 28, 2024
Date approved

Session Briefing Note**Income Tax**Finance

Recommended response:

- The Yukon continues to be one of the best jurisdictions to live and earn income in Canada.
- In order to maintain this advantage, personal and corporate income tax rates remain competitive with those of the other provinces and territories.
- As part of our commitment to our competitive tax framework, we continuously keep our tax rates up to date.

Recent Tax Measures

- On July 1, 2023, the Government of Yukon increased the maximum amount of Yukon Child Benefit to \$876 per child from \$820 to support about 1,200 Yukon families. Future annual increases will match the Whitehorse CPI to keep pace with the rising cost of living. In July 2024, the maximum annual benefit amount was increased to \$918 per child.

Personal Income Tax

- Personal income taxes are forecast to increase by \$6.2 million compared to the 2023-24 Main Estimates. This change reflects an expected increase in personal taxable income from the new Collective Agreement with the Yukon Employees' Union (YEU).

Corporate Income Tax

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

Session Briefing Note

Income Tax

Finance

- In 2020, the Government of Yukon further lowered the small business tax rate from 2 per cent to 0 per cent, effective January 1, 2021, saving small businesses in the Yukon approximately \$2 million per year.

Additional response:

- In 2022, the Government of Yukon mirrored the federal changes to increase the number of businesses eligible for the small business tax rate. New claw back rules eliminate the small business rate when a business's taxable capital exceeds \$50 million rather than the earlier \$15 million threshold reducing corporate income taxes by approximately \$1.7 million, annually.

Third response:

- There is a national trend of declining corporate taxable income. The federal government highlighted this in their Budget 2024.
- Approximately 60 per cent of corporate taxable income in the Yukon represents Yukon's share of national corporations' income. Therefore, we are lowering our estimates in a similar way as the federal government did.
- This adjustment is not necessarily reflective of any changes to our local economy.

Context — this may be an issue because:

- The economic impacts of the high-inflationary environment may garner interest in the Yukon's personal and corporate income tax situation.
- The 2024-25 Supplementary Estimates No. 1 revised corporate income tax from \$41.1 million to \$34.5 million.

Session Briefing Note**Income Tax**Finance

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 benefit amounts, and comparisons of tax rates in other jurisdictions.

Tax Measures in the 2023 CASA

- The 2023 Confidence and Supply Agreement proposed to adjust the Yukon Child Benefit rate to the Consumer Price Index (CPI) for Whitehorse in the 2023-24 budget year and tie annual rate adjustments to Whitehorse CPI going forward. This commitment has been completed by the Government of Yukon.
- The 2023 CASA also proposed the creation of 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, administers its own tax system.
- The Yukon's highest income bracket, for income over \$500,000, is taxed at a rate of 15.0%. Excluding Quebec 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. This simplifies tax returns and tax planning for Yukoners. The only exception is the highest bracket, which is set at the business limit for the small business deduction. The Yukon's unindexed top bracket is \$500,000 and Canada's indexed top bracket is \$246,752 for 2024.

Session Briefing Note**Income Tax**Finance

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 being the only other jurisdiction 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 in 2024 is \$918 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.

First Nations Tax Credit

- A Yukon taxpayer who resides on settlement land can claim a First Nations Tax Credit equal to 95% of Yukon tax payable. The credit ensures that First Nation taxpayers are not double taxed by paying Yukon tax and Yukon First Nations tax.
- First Nations Tax Credit has continued to experience strong growth since 2020. The most recent estimate for tax year 2022 shows a 17% increase to \$4.2 million.

Political Contribution Tax Credit

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

Session Briefing Note**Income Tax****Finance**

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 the Yukon, pay at least 25% of their salaries and wages to Yukon residents, and own less than \$100 million in assets.
- Eligible corporations can receive up to \$4 million in eligible investments per year.
- After 2027, the asset limit for an eligible corporation will decrease to \$50 million and the maximum eligible investment will be replaced with a rolling four-year limit of \$4 million.

Research and Development Tax Credit

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

Manufacturing and Processing Tax Credit

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

Session Briefing Note

Income Tax

Finance

Appendix A

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

	2024-25 FORECAST	2024-25 ESTIMATE	2023-24 ACTUAL	2022-23 ACTUAL
Personal Income Tax	106,685	106,685	109,607	107,391
Corporate Income Tax	34,461	41,134	15,375	42,907

Table B: 2024 Average Personal Income Tax Rates on \$50,000 of Taxable Income

	Average Tax Rate (%)	Rank (1=highest tax rate)
Federal	10.3	N/A
Yukon	4.4	9
Northwest Territories	3.8	11
Nunavut	2.3	13
British Columbia	3.9	10
Alberta	5.6	8
Saskatchewan	6.5	7
Manitoba	7.5	5
Ontario	3.7	12
Quebec	8.8	2
New Brunswick	7.0	6
Nova Scotia	9.5	1
Prince Edward Island	8.4	3
Newfoundland & Labrador	7.6	4

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

<i>For individuals</i>	2019	2020	2021	2022
First Nations	2,916,935	3,499,335	3,611,248	4,227,864
Business Investment	9,567	8,002	5,073	2,412
Political Contribution	(207)	0	0	3,090
Research & Development	1,905	1,811	1,813	300
Yukon Child Benefit	1,598,019	1,514,751	1,527,262	1,290,057
<i>For corporations</i>				
Political Contribution	558	(374)	2,250	658
Research & Development	495,249	592,818	596,944	655,044
Manufacturing & Processing	70,252	164,961	494,171	1,072,506

Session Briefing Note

Fall 2024

Income Tax

Finance

Table D: Federal, Provincial and Territorial Corporate Income Tax Rates for 2024

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

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

Approved by:

Jessica Schultz
Deputy Minister, Finance

October 28, 2024
Date approved

Session Briefing Note**Fall 2024****Insurance Premium Tax**Finance

Recommended response:

- The Government of Yukon is committed to ensuring that the territory remains a competitive jurisdiction when it comes to taxation rates. This includes insurance premium taxes.
- Insurance premium taxes are taxes charged on premium payments made as part of an insurance contract.
- Insurance premium taxes in Yukon are comparable to other provinces and territories. The 4 per cent rate is at the national average for Canada.

Additional response:

- Some provinces also apply provincial sales tax on certain insurance products in addition to an insurance premium tax. There is no sales tax in the Yukon.
- The insurance premium tax is charged on premiums based on the physical location of the property or the residency of the person being insured, not based on where the business of insurance is conducted.

Third response:

- The 2020 rebalancing of insurance rates to national average rates funded lowering the small business tax rates to zero.

Context — this may be an issue because:

- The official opposition criticized rate changes in Spring 2020 and have raised the issue in subsequent sessions.

Session Briefing Note**Fall 2024****Insurance Premium Tax**Finance

Background:

- Effective January 1, 2021, taxes on all insurance premiums increased to a flat rate of 4 per cent. Before this, the tax rate was 2 per cent on all insurance premiums, plus an additional 1 per cent on insurance premiums for fire protection.
- Increases made as part of Budget 2020 created a level playing field whereby the insurance industry pays the same tax in the Yukon as they pay in the rest of Canada. Before the increase, the Yukon's insurance tax was 50 per cent lower than in the rest of Canada.
- Examples of a few insurance products include:
 - Life
 - Property
 - Automobile
 - Liability
 - Accident and sickness

Session Briefing Note

Insurance Premium Tax

TAB #19
Fall 2024
Finance

Appendix

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

	2024-25 ESTIMATE	2023-24 ACTUAL	2023-24 FORECAST	2022-23 ACTUAL
Insurance	10,219	8,712	9,016	8,902

Table 2. Provincial and Territorial Tobacco, Fuel and Insurance Tax Rates, 2024

	Insurance (high rate ¹) %
Yukon	4.00
Northwest Territories	3.00
Nunavut	3.00
British Columbia ¹	4.40
Alberta ²	4.00
Saskatchewan	4.00
Manitoba ³	4.00
Ontario ⁴	3.50
Quebec	9.00
New Brunswick	3.00
Prince Edward Island	4.00
Nova Scotia	4.00
Newfoundland & Labrador ⁵	5.00

¹The insurance premium tax rate structure varies by jurisdiction. The highest rate of insurance is shown in this table.

Approved by:

Jessica Schultz
Deputy Minister, Finance

October 28, 2024
Date approved

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

Recommended response:

- We are pleased to see that the Conference Board of Canada's (CBoC) latest territorial outlook is generally in line with the Interim Fiscal and Economic Update released by the Government of Yukon.
- The Conference Board's outlook states that, despite some uncertainty in the mining sector, the Yukon economy remains fundamentally stable owing to a strong labour market and sustained spending by residents and visitors.
- The CBoC notes that the Yukon labour market is performing well. Labour demand is supporting job growth and a continued tight labour market, over the forecast period, is expected to support robust wage growth as well.
- The CBoC expects the Yukon's population will reach 50,000 by 2030 and, over the long term, annual population growth will average 1.7 per cent, above the national average of 0.9 per cent.

Additional response:

- The CBoC forecasts a decline of 3.2 per cent in real GDP in 2024 due to a sharp contraction in mining sector output following the end of production at the Eagle Gold Mine.
- The CBoC expects that real GDP in the Yukon will grow by an average of 2.1 per cent between 2025 and 2028.

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

- Inflationary pressures have moderated in Whitehorse and interest rate cutting is underway, which the CBoC expects will support improved consumer spending and business investment over the next few years.
- The CBoC notes that the Yukon's job market has remained on a sure footing, with employment in the territory on track to rise by 3.5 per cent in 2024 with resilient labour demand even in the face of weaker short-term economic conditions.
- In the coming years, the CBoC expects that non-residential investment should expand, spurred by an increase in commercial building construction, as well as publicly funded infrastructure projects.
- The economy will benefit from increased tourism and travel to the Yukon, which appear on track to approach record numbers in 2024, according to the CBoC.
- The CBoC notes that the Government of Yukon's most recent fall fiscal update projects a slightly downgraded surplus in the current fiscal year, however, the territory's finances remain on a solid footing despite the unexpected costs associated with the remediation of the Eagle Gold Mine.

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

Context—this may be an issue because:

- The Conference Board is a global think-tank organization whose reports often gain public attention.
 - Previous releases of the Territorial Outlook have received some media attention.
-

Background:

- The Conference Board of Canada produces forecasts for each territory, normally on a biannual schedule with spring and fall releases.
 - The Government of Yukon has been a member of the CBoC's northern policy focused arm, the Centre for the North, since 2009, with membership annual funding of \$25,000 provided through the Department of Economic Development.
 - The Department of Finance's Economic Research Branch participates in the development of the Yukon forecast by providing feedback to the CBoC on assumptions for their economic model and reviewing initial forecasts produced however, the CBoC forecasts are independent from the Government of Yukon's forecast and involvement of the Branch is of an advisory nature only.
 - The latest Territorial Forecast was released on November 6, 2024.
 - Long-term economic projects from CBoC are used as a weighted input in development of Yukon's long-term population projects by the Yukon Bureau of Statistics.
 - In addition to the CBoC long-term forecast, the Department of Finance also produces a medium-term forecast published with the Budget release in the spring, as well as an update with the Yukon Legislature's fall sitting.
-

Session Briefing Note

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

- The forecasts between the two groups use different econometric models, some differences in assumptions and are produced at different times, leading to differences. A medium-term comparison is provided below.

		2023	2024f	2025f	2026f	2027f	2028f
Real GDP (% Change)	Department	1.6	-2.3	0.4	2.5	2.5	2.0
Real GDP (% Change)	CBoC	1.6	-3.2	-0.3	2.7	3.5	2.4
Population	Department	45,169	46,100	47,100	47,900	48,800	49,600
Population	CBoC	44,975	45,861	46,288	47,009	47,799	48,801
Employment	Department	24,000	25,000	25,300	25,800	26,400	26,800
Employment	CBoC	24,000	24,848	25,419	25,757	26,173	26,529
Unemployment Rate (%)	Department	3.6	4.3	4.5	4.1	3.9	4.0
Unemployment Rate (%)	CBoC	3.6	4.2	4.0	4.1	4.1	4.4

Approved by:

Jessica Schultz

November 5, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

September 2024 Labour Force Survey (LFS) release

Finance

Issue

Statistics Canada's September 2024 LFS release of October 11, 2024, reported the unemployment rate (seasonally adjusted) for the Yukon at 5.6 per cent, up from 4.2 per cent in August 2024 and 3.6 per cent in September of last year. As the unemployment rate is an often-quoted indicator of labour market performance, this increase in the unemployment rate could draw interest from local media and other parties. In addition, there could be questions about whether the suspension of operations of the Eagle Gold mine is contributing to September's higher unemployment rate.

Current Situation

- Prior to the release of the September unemployment rate (seasonally adjusted) of 5.6 per cent, the Yukon had the lowest unemployment rate in the country for seven consecutive months.
- Despite increasing in September, the Yukon's unemployment rate was the third lowest in the country, behind the Northwest Territories (5.3 per cent) and Quebec (5.5 per cent).
- The Yukon's unemployment rate remains well below the national figure of 6.5 per cent for September.
- A notable increase in the territory's labour force was the primary driver of the increase in unemployment rate in September. The Yukon's labour force of 26,800 in September 2024 was up 6.8 per cent from 25,100 in September of last year. This represented the strongest labour force growth in the country, and well above overall Canadian growth of 2.5 per cent.
- Like most jurisdictions in Canada, a growing population is contributing to growth in the number of people in the labour force. Interestingly, data shows that a larger

Session Briefing Note

September 2024 Labour Force Survey (LFS) release

Finance

portion of the growth in the working-age population (ages 15+) is entering the labour force in the Yukon than in some other jurisdictions.

- For the Yukon, year-over-year growth in the working-age population of 3.2 per cent in September translated into labour force growth of 6.8 per cent, while on a national basis, stronger growth in the working-age population of 3.6 per cent, saw only an increase in the labour force of 2.5 per cent.
- While year-over-year growth in the labour force has outpaced employment growth, total employment in September 2024 was reported at 25,300 - up 1,100, or 4.5 per cent, from September 2023.
 - The Yukon's employment averaged almost 26,000 over the first nine months of 2024, up 5.7 per cent from the same period of last year.
- Industry level data suggests that there could be some impacts being seen due to the suspension of the operations of the Eagle Gold Mine, with employment in mining down 300 compared to September 2023.
- The recent increase in the unemployment rate is in line with the latest forecast for the Yukon's unemployment rate from the 2024-25 *Interim Fiscal and Economic Update* which has the unemployment rate averaging 4.3 per cent in 2024, up from 3.6 per cent in the previous year.
- Even with a higher unemployment rate figure in September, the year-to-date average of 3.9 per cent remains the lowest in Canada.

Session Briefing Note

September 2024 Labour Force Survey (LFS) release

Finance

Background

- According to Statistics Canada's Labour Force Survey, the Yukon's seasonally adjusted labour force totalled 26,800 in September 2024. The labour force increased by 1,700, or 6.8 per cent, compared to September 2023 (25,100) and increased by 400, or 1.5 per cent, compared to August 2024 (26,400).
- Yukon's seasonally adjusted employment in September 2024 was 25,300. The employment number increased by 1,100, or 4.5 per cent, compared to September 2023 (24,200).
 - Canada's seasonally adjusted employment figure increased by 1.5 per cent in September 2024 compared to September 2023.
- There were 1,500 unemployed (seasonally adjusted) in the Yukon in September 2024. The number of unemployed increased by 600, or 66.7 per cent, compared to September 2023 (900).
- The Yukon's seasonally adjusted unemployment rate in September 2024 was 5.6 per cent, an increase of two percentage points compared to September 2023 (3.6 per cent). Canada's seasonally adjusted unemployment rate in September 2024 was 6.5 per cent, an increase of 0.9 percentage points compared to September 2023 (5.6 per cent).

Approved by:

Jessica Schultz

October 15, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note
Rural Community Banking**Recommended response:**

- The Government of Yukon has a contract for the provision of rural banking services with CIBC, which provides the general public with basic banking services in ten rural communities without the need to travel to a larger community such as Whitehorse.
- As banking services continue to shift online, we are exploring ways to continue supporting Yukoners as they access these services, while doing so in a way which is financially sustainable.
- As this shift occurs, the community banking centres continue to help our rural residents access basic banking services close to home.

Additional response:Community Banking

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

Session Briefing Note

Rural Community Banking

Finance

Pelly Crossing Closure

- We know that community members in Pelly Crossing have been without a banking centre since 2020. The Government of Yukon and CIBC continue to explore sustainable, long-term solutions which will support those living in the community.
- During this process, community members can continue to access services in Carmacks, Mayo or Whitehorse.

Beaver Creek

- We know that community members in Beaver Creek are disrupted because of the community centre closure.
- The Government of Yukon, CIBC, and White River First Nation Development Corporation are working together to find alternative solutions.
- During this time, community members can continue to access services in Burwash Landing.

Context — this may be an issue because:

- Members of rural communities are interested in receiving the most up-to-date information about banking services.
- There are ongoing challenges in finding available staff and facilities to provide services in some communities.

Session Briefing Note

Rural Community Banking

Background:

- The Government of Yukon contracted commercial banking services in rural communities in 2019.
- CIBC was the successful proponent replacing TD Bank.
- Basic services for CIBC customers include:
 - Cash withdrawals.
 - Cheque and cash deposits to bank accounts.
 - Cheque cashing services.
 - Balance inquiries.
 - Purchase of Canadian and US dollar bank drafts (These are delivered from CIBC's Whitehorse branch).
 - Purchase of US dollar currency up to \$250 in Canadian dollars.
 - Opening/closing of personal chequing and savings accounts.
- Basic services for the general public include:
 - Over-the-counter point-of-sale device cash withdrawal by way of processing a debit card transaction.
 - Cheque cashing services for any Government of Yukon cheque up to \$5,000.
- CIBC can negotiate additional services with other levels of government. This includes cheque cashing services on behalf of First Nation governments or the federal government. The Government of Yukon is not involved in these negotiations or contracts.

Session Briefing Note
Rural Community Banking

TAB #22
Fall 2024
Finance

- CIBC may choose to provide additional services, such as commercial banking services that include commercial bank deposits and the sale of coins.

Approved by:

Jessica Schultz

September 19, 2024

Deputy Minister, Finance

Date Approved

Recommended response:

- The Government of Yukon has been using its current Corporate Financial System (CFS) since 2000.
- The CFS includes a wide range of systems and applications that support the government's ongoing financial operations. These systems and applications are crucial to the operation of the government as they allow for the ordering of goods and services, payment of vendors as well as receipt and processing of payments to the government. The CFS is also a tool by which the Department of Finance meets its obligation under the Financial Administration Act to be stewards of public funds.
- Updating or replacing the CFS requires careful planning, analysis, and implementation. Any potential update or replacement of this system will focus on providing a more citizen-centered approach for the public when it comes to financial processes; reducing and/or eliminating paper-based processes and automating workflows while enhancing internal controls and compliance; as well as enhancing the Department of Finance's capacity to aide in timely decision-making.

Additional response:

- CFS stakeholders working on the project have begun to identify the design requirements for the future system, as well as to determine necessary policy, legal, Public Sector Accounting Board (PSAB), and Collective Agreement compliance requirements for a potential new system.

- Nine companies responded to an RFI, which was posted in June 2024. The goal of the RFI is to assess responses and to provide information about current vendors, their products, alignment with our requirements, and a high-level cost estimate.
- This information will be used to determine recommendations for the next steps, which could include an upgrade or replacement.

Context—this may be an issue because:

- In June 2024, the Financial Systems Branch posted a public Request for Information to obtain information on existing systems that meet YG's requirements and to obtain high-level cost estimates.

Background:

- The CFS is operated and maintained by the Department of Finance.
- The CFS is an interconnected collection of customized and custom-developed software used by all YG departments and corporations. This includes corporate accounting, contracting, budgeting, signing authority, tax revenue, and financial reporting systems, as well as approximately 30 integrations with internal and external systems.

Approved by:

Jessica Schultz

August 20, 2024

Deputy Minister, Finance

Date approved

Corporate Notes

Recommended response:

- Yukoners continue to face challenges across the housing continuum, which include:
 - Homelessness and a lack of access to housing with services;
 - A lack of affordable rental supply; and
 - High house prices and mortgage rates.
- Exceptionally high building costs and high borrowing costs due to interest rates are creating significant challenges for both Yukon Housing Corporation and partners.
- The corporation's five-year strategic plan, Creating Home, will help transform affordable housing service delivery through the adoption of a more client-centred and collaborative approach that integrates support and leads to better outcomes for Yukoners.

Additional response:

- Across governments, we are working with stakeholders to develop new land parcels, increase housing stock while also responding to the findings of the 2022 Office of the Auditor General Report on Housing.
- We continue to advance projects that provide new housing to meet Yukoners' needs.

Context:

- The combination of high rental costs, limited affordable housing options and difficulties in securing mortgages, continues to be a challenge for many Yukoners.

Background:

General housing information in the Yukon

Homelessness

- At least 197 people were experiencing homelessness in the 2023 Whitehorse Point-in-Time Count. This included: 58% men; 38 % female; 4% other.

Rental housing

- According to the Census 2021, within the renter population in Whitehorse:

- 22.7% of households live in unaffordable housing;¹
- 17.9% live in unsuitable housing; and
- 10.5% live in inadequate housing.

Rents and vacancy rate, Yukon (YBS)

	October 2022	April 2023	October 2023	April 2024
Median rent (all types)	\$1,300	\$1,325	\$1,350	\$1,420
Vacancy rate (all types)	1.9%	2.2%	1.8%	1.8%

Housing construction

- Labour shortages contribute to higher construction costs and are leading to lower residential construction output.²

Residential building construction, Yukon (YBS)

	January-June 2023	January-June 2024
# residential permits issued*	518	329 (-35% decrease)
\$ value of new permits*	\$59.4 million	\$47.6 million (-20% decrease)

*In addition to new dwelling units, residential permits include renovations, garages, and additions. The totals do not include permits issued for plumbing or stoves.

House prices

- Yukon Bureau of Statistics reports that there were 84 real estate transactions recorded in Whitehorse in the first quarter of 2024 – a decrease of 35 compared to the first quarter of 2023 (119).
- While average prices for single-detached homes in Q1-2024 had fallen relative to Q1-2022 and Q1-2023, condo prices for Q1-2024 had increased 13% since Q1-2023.

Average House Prices, Whitehorse (YBS)

Residence type	Whitehorse Average House Prices		
	2023 Q1	2024 Q1	% Change
Single-detached house	\$635,000	\$629,500	-0.9%
Condominium	\$403,800	\$456,400	13.0%

¹ Housing costs are considered “unaffordable” when they exceed 30% of household income.

² Northern Housing Report, 2023

Yukon Housing Corporation Approach to Address Housing Issues

Creating Home – YHC’s new strategic plan

- Creating Home draws on a recognized framework intended to re-design and transform health care delivery, called the Quadruple Aim, and adapts it to housing.
- This innovative approach to housing delivery will lead to better outcomes by:
 - Improving the client and provider experiences;
 - Strengthening community wellbeing; and
 - Contributing to a sustainable future.
- Creating Home represents a significant shift in how Yukon Housing Corporation operates and delivers housing services.

Capital builds recently completed by YHC or partners:

- Since 2022, 10 YHC-led projects have been completed, creating a total of 77 new residential units; and
- 8 major partnership projects have been completed through the Housing Initiatives Fund, creating over 276 new units.

YHC projects completed 2022-2024

YHC Project	Construction Start Date	Construction Completion Date	Number of Units
401 Jeckell Street, Whitehorse	May 2020	December 2022	47
RHI affordable triplex, Whitehorse	June 2021	June 2022	3
RHI affordable triplex, Watson Lake	June 2021	March 2022	3
RHI affordable triplex, Mayo	June 2021	March 2022	3
Accessible duplex, Mayo	July 2022	June 2023	2
Accessible duplex, Carmacks	August 2022	July 2023	2
RRDC staff trailer, Ross River	June 2023	December 2023	3
10-plex*, Old Crow (*Asset owned by HPW and managed by YHC)	Summer 2021	January 2024	10
Accessible duplex, Faro	Summer 2023	Spring 2024	2
Affordable duplex, Dawson City	August 2022	June 2024	2
Total units completed (YHC projects):			77

Major partnership projects completed 2022-2024

Project (Lead)	Construction Completion Date	Number of Units
Bringing Citizens Home, Whitehorse (Champagne and Aishihik FN)	Summer 2022	20
Cornerstone multi-use building, Whitehorse (Opportunities Yukon)	July 2022	53
Normandy Living seniors supportive residence, Whitehorse (KBC)	December 2022	84
Boreal Commons apartments, Whitehorse (536754 Yukon Inc)	January 2023	87
Affordable modular housing, Mayo (Na-Cho Nyäk Dun FN)	March 2023	8
Jëje Zho 12-bed men's shelter, Dawson City (Tr'ondëk Hwëch'in FN)	July 2023	8
VGFN elders complex, Old Crow (Vuntut Gwitchin FN)	January 2024	9
VGFN mobile homes, Old Crow (Vuntut Gwitchin FN)	March 2024	7
Total units completed (major partnerships):		276

Underway or upcoming housing capital projects for YHC and partners

YHC – Underway (113 units):

- 10-unit Supported Living Residence in Watson Lake
- 34-unit residential building with 8 accessible units in Dawson (former Korbo Apartments)
- 45-unit residential building, which includes 9 accessible units in Whitehorse (former Ryder Apartments)
- 6 staff units across three duplexes in Burwash Landing
- 18 two-bedroom units – purchase of 190 Olive May Way in Whitehorse

YHC – Upcoming (37+ units):

Community housing	Staff housing
<ul style="list-style-type: none"> • 10 units in Mayo • 6-plex in Teslin • 6-plex in Carcross • 6-plex Haines Junction • Accessible triplex in Whitehorse • Accessible duplex in Ross River 	<ul style="list-style-type: none"> • Accessible duplex in Destruction Bay • Accessible duplex in Pelly Crossing

Major partnership projects underway (299 units):

Project	Anticipated Start Date	Anticipated Completion Date	Number of Units
Safe at Home Society's permanent supportive housing project "The Hearth"	March 2024	Spring 2026	67
Safe at Home Society's temporary housing project at 408 Alexander	May 2024	October 2024	17
DDDC's affordable rental project "Winter Crossing"	Spring 2024	Spring 2026	105
Northern Community Land Trust Society's "Project 1096"	June 2024	December 2025	32
HIF-7 funding recipients	Spring 2024	Fall 2026	78
Total units			299

Rent subsidy programs to make life more affordable for renters and seniors

- July 2023, the corporation acquired an additional 16 units for lease from Normandy, for a total of 26 units to lease to clients through its rent supplement program.
- Since 2020, the corporation has supported over 300 households pay rent through the Canada-Yukon Housing Benefit. As of September 2024, 170 clients are receiving monthly support.

Support for homeowners

- March 8, the corporation announced the Canada-Yukon Housing Benefit Homeowner Stream for homeowners in severe core housing need³ with annual household incomes under \$100,000:
 - Clients received a one-time payment of \$1,000.00 for Whitehorse homeowners and \$1,500.00 for homeowners living outside of Whitehorse.
- June 2023, the Yukon government launched an \$8.25 million flood recovery program for residents and businesses affected by flooding in the Klondike Valley.
- April 2023, Yukon Housing Corporation launched the expanded Yukon Home Ownership Program to provide qualified households with mortgages to build or buy their homes across the territory, including Whitehorse.
- The program was recently discontinued due to low uptake and the corporation is currently exploring alternative program options to support homeownership.

³ Severe core housing need is spending 50% or more of a household's income on shelter costs.

- In 2020, Yukon Housing Corporation launched the revised Home Repair Program to support low to moderate-income Yukon homeowners to remain in their homes and age in place by providing funding to address mobility requirements, repairs or core housing needs.

Support for new residential land development

September 2024	<p>As part of the Government of Yukon's ongoing commitment to increase land and housing availability and support business growth, new residential and industrial lots were released in partnership with municipalities and Yukon First Nations.</p> <ul style="list-style-type: none"> seven residential lots in Haines Junction, Mayo and Watson Lake; and three industrial lots in Teslin and Haines Junction <p>This was the sixth lot release this year and is a direct result of the Government of Yukon's historic investment in land development. Through the lotteries and tenders process, the Government of Yukon has released 685 lots across the territory since 2021 and is on track to release over 1,000 lots by 2026 (TAB #59).</p>
August 2024	<p>As part of its efforts to work in collaboration with municipalities and Yukon First Nations governments to address housing and business space needs across the territory, the Government of Yukon released 33 new residential lots across the Yukon.</p> <ul style="list-style-type: none"> Twelve lots were made available in Carmacks and Faro 21 country residential lots were made available in the Lone Tree subdivision north of Teslin.
June 2023	Government of Yukon partnered with the Government of Canada and the City of Dawson to develop four new residential lots in Dawson.
February 2023	120 lots, including single family, multi-family and townhouse lots in Whistle Bend made available through public lottery.
March 2023	Government of Yukon partnered with Liard First Nation on developing 43 new residential lots on Frances Avenue in Watson Lake.
March 2023	74 residential lots in Logan, Mayo and in Whitehorse's Whistle Bend made available through public lottery.
November 2022	Signed a loan agreement with Kwanlin Dün First Nation's arm's-length development corporation, Chu Níkwän Limited Partnership, for a new

Session Briefing Note

TAB #66
Fall 2024

Housing Issues

Yukon Housing Corporation

	residential land development project at Copper Ridge West in Whitehorse, the first large-scale residential land development on settlement land in the Yukon. An amended loan agreement was signed August 2023 with Chu Níkwän for the same development.
--	---

25-09-24
Date approved

Session Briefing Note

Our Clean Future Implementation

Environment and Energy,
Mines and Resources

Recommended response:

- We recognize the urgency of the climate emergency and launched Our Clean Future in September 2020 to map our route forward.
- The Government of Yukon continues to make significant progress on implementing Our Clean Future.
- In 2023, we announced the addition of 42 new actions to help us reach our climate goals, which brings the total number of climate actions to 178.
- These new actions are a product of the important work of the Yukon Climate Leadership Council, the Yukon Youth Panel on Climate Change, Navius Research and the findings in the Climate Risk Assessment report.
- We continue to track our progress on goals, targets and actions. Information on our progress was most recently published in [November in the 2023](#) Our Clean Future Annual Report and on the Our Clean Future website.
- Since releasing Our Clean Future in 2020, the Government of Yukon has completed [68](#) Our Clean Future actions, [105](#) are in progress or ongoing and [5](#) have not yet been started.

Additional response:

- As we continue to address climate change, it is important for us to look back on our progress as we diligently work towards our objectives.
- Under Our Clean Future, the government is focused on ensuring the Yukon is highly resilient to climate change impacts by 2030. (See ENV BN #21)

Session Briefing Note
Our Clean Future
Implementation

Environment and Energy,
Mines and Resources

- This year, we:
 - Completed flood maps for the Southern Lakes region, [Teslin](#) and Carmacks. Flood hazard mapping for Old Crow and the City of Dawson and the Klondike Valley are expected to be completed in 2025. [A flood hazard mapping study for Mayo is also underway and will be completed in 2026.](#)
 - Worked with municipalities and First Nations governments to finalize the Community Wildfire Protection Plans in Faro, Haines Junction, Teslin, the [City of Dawson and Whitehorse](#). [Plans for Beaver Creek, Mayo, Old Crow, Watson Lake, Destruction Bay and Burwash Landing are underway.](#)
 - Advanced climate change preparedness by initiating development of a permafrost monitoring system for key public buildings, and guidelines to address climate hazards in major infrastructure projects.
 - Established a geohazard mapping program to understand risks from climate change to the Yukon's transportation corridors.
 - Completed flood risk mapping for all transportation corridors in the Yukon.
- We are committed to efforts to reduce greenhouse gas emissions and we support Yukoners in the transition to cleaner transportation options and energy efficient homes and buildings.
- This year, we:
 - Began providing rebates for medium-duty electric vehicles.
 - Passed an electric vehicle charging station regulation under the *Public Utilities Act* to allow First Nation governments, private

Session Briefing Note

Our Clean Future Implementation

Environment and Energy,
Mines and Resources

businesses and municipalities to sell electricity through electric vehicle charging stations.

- Installed electric vehicle chargers in every road-accessible community in the Yukon, enabling zero-emissions travel throughout the territory. 19 fast charging stations are now operational throughout the territory, [and one new Level 2 charger in Swift River](#). (See EMR BN #30)
- Since 2020, we have provided rebates for 518 energy efficient new homes, exceeding our 2030 target of 500.

Third response:

- Existing actions put us on track to reduce the Yukon's emissions by 30 per cent by 2030. However, there is still significant work required to meet our target reduction of 45 per cent by 2030.
- [One of the major drivers of emissions is population – more people means more cars on the road and more homes to heat.](#)
- [However, as the population of the Yukon continues to grow, we aren't seeing the rate of emissions increase that we would expect.](#)
- [We are seeing lower emissions per Yukoner than we saw in 2010.](#)
- [This is a promising sign that the emissions intensity of everyday life for Yukoners may be starting to decrease.](#)
- We [passed](#) legislation to set a target of a 45 per cent reduction in mining sector emissions per unit of production by 2035.
- We will continue to build on Our Clean Future as we learn more and implement new actions. This will be reflected in future annual reports.

Session Briefing Note

Our Clean Future Implementation

Environment and Energy,
Mines and Resources

- We will continue to find opportunities to reach our targets as we work with experts, stakeholders and partner governments across the territory and beyond.

Context — this may be an issue because:

- Climate change and the government's progress in delivering on Our Clean Future commitments is of interest to Yukoners.

Background:

- Our Clean Future was released on September 14, 2020, and now has 178 actions, of which 136 are original actions and 42 are new actions. These actions seek to reduce greenhouse gas emissions and support the Yukon to be highly resilient to the impacts of climate change by 2030.
- The Government of Yukon reports annually on progress for the implementation of Our Clean Future. Four Annual Reports have been published to date, with the latest report released on [November 12, 2024](#) (capturing [2023](#) data).
- The Our Clean Future website was launched in December 2023, which shows the government's commitments and successes towards fighting climate change.

Approved by:

Dennis Berry

November 19, 2024

Deputy Minister, Environment

Date approved

Paul Moore

November 13, 2024

Deputy Minister, Energy, Mines and Resources

Date approved

Session Briefing Note

Supplementary Overview (Corporate Note)

Recommended response:

- The 2024-25 Supplementary Estimates No. 1 forecasts an overall gross increase of \$150.1 million in O&M spending, with an offsetting increase of \$20.7 million in recoveries. The net increase in new O&M spending is forecast at \$129.4 million.
- Capital spending for Supplementary Estimates No. 1 reflects a slight overall gross decrease of \$299,000 in spending and a \$4.2 million decrease in recoveries, resulting in a net increase in spending of \$3.9 million. These adjustments are mainly the result of updated cashflow forecasts for various projects.
- Revenues are projected to decrease by \$8.8 million, primarily due to a revenue forecast update from Canada which revised the projection for Corporate Income Tax downward by \$6.7 million as well as a reduction in royalty payments from Victoria Gold of \$2.5 million. This is partially offset by a \$350,000 increase for driver licenses due to recently increased fees.
- The Yukon government continues to maintain a surplus. As part of the 2024-25 Main Estimates, the Yukon government budgeted for a \$50 million contingency to address emergency pressures. \$50 million of the contingency has been applied towards the pressures identified in the Supplementary Estimates No. 1.
- The use of the contingency fund allows the government to present a revised surplus of \$75.4 million as part of these Supplementary Estimates. Changes in the Supplementary Estimates result in a revised year-end net debt of \$530.4 million

Session Briefing Note
Supplementary Overview
(Corporate Note)

Additional response:

- The Supplementary Estimates reflect an O&M increase mainly for:
 - \$50 million for payments to the Receiver for environmental protection work at the Eagle Gold Mine;
 - \$34 million for pressures in Insured Health reflecting support for the wellbeing of Yukoners;
 - \$21 million for wildland firefighting costs in response to the significant fire season experienced in the territory and which helped ensure the safety of Yukoners; and
 - \$10 million for various Yukon Hospital Corporation funding requirements including the added O&M costs of converting ten beds at the Thompson Centre for Acute Care use.
- For the Supplementary Estimates, updates to the 2024-25 Capital Plan have resulted in a decreased allocation of \$299,000. Notable changes include:
 - \$1.9 million towards the completion of the Mental Wellness Unit at Whitehorse General Hospital;
 - \$1.9 million for long-term and acute care bed optimization at Whistle Bend Place and Whitehorse General Hospital;
 - Decrease of \$3.2 million due to cash flow revisions for the construction of the school in Burwash Landing;
 - Decrease of \$600 thousand for the creation of new campsites aligning costs with the revised project timeline.

Session Briefing Note

Supplementary Overview

(Corporate Note)

- There is an increase of 46.6 in FTEs (Full Time Equivalents) for Supplementary Estimates No. 1. These are primarily to hire new long-term care staff in support of additional care beds at Whistle Bend Place, for the Aging with Dignity initiative and new FTEs for schools including teachers, clerical and custodial staff.
- There is also an increase in FTEs related to a transfer in the Capital Planning Office from Highways and Public Works capital budget to Finance in the O&M budget.

Corporate approach to fiscal sustainability:

- We continue to work to ensure that government spending is allocated in a way that meets key priorities and long-term goals.
- To meet these priorities, departments continue to follow established processes to ensure that funding is distributed efficiently and effectively across public services and programs.
- This means regular financial scrutiny is applied to decision-making and that new requests for funding are approved in a financially sustainable way, while continuing to provide the services that Yukoners expect.
- This coordinated approach to funding ensures that government can respond to new and evolving challenges, while managing resources responsibly.

Session Briefing Note
Supplementary Overview
(Corporate Note)

Context—this may be an issue because:

- The 2024-25 Second Appropriation Act is tabled in the fall session and will be the subject of debate.

Background:

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

Approved by:

Jessica Schultz

September 19, 2024

Deputy Minister, Finance

Date approved

Truth and Reconciliation Commission – Update on Calls to Action

Executive Council
Office

Recommended response:

- Reconciliation is an ongoing process and a shared responsibility of all governments and individuals in the Yukon.
- Our government is deeply committed to advancing reconciliation through collaboration and partnership with Indigenous governments and groups.
- We continue to share our progress toward addressing the Truth and Reconciliation Commission's Calls to Action, most recently through a progress report and Pathways magazine both released in Fall 2023.
- The magazine and report provided an update on the actions being taken across the Yukon government and in collaboration with First Nation governments and groups in areas including child welfare, health, education and justice.

Additional response:

- The Government of Yukon and Yukon First Nation governments are leaders in demonstrating a collaborative approach to reconciliation.
- While there is still work to do, targeted investments are resulting in meaningful change and creating better programs and services for all Yukoners.
- We will continue our collaborative work to implement and report on the Calls to Action, including through work on the Yukon Forum joint priorities and by implementing the *Putting People First* recommendations.

Context—this may be an issue because:

- The 2023 mandate letters include a commitment to fulfill the Truth and Reconciliation Commission's (TRC's) Calls to Action.
- The 2023 Confidence and Supply Agreement includes a commitment to working with Yukon First Nations to continue to implement the recommendations of the Truth and Reconciliation Commission through targeted investments.

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

- The TRC report *Honouring the Truth, Reconciling for the Future* was released in 2015 and contains 94 Calls to Action on redressing the harms resulting from Residential Schools and creating better relations between the federal, provincial and territorial governments and Indigenous Peoples. There are 32 Calls to Action that relate directly to YG.
- The Government of Yukon and Yukon First Nations (YFNs) collaborated on addressing the Calls to Action under the 2017 Yukon Forum Joint Priority Action Plan and through other reconciliation initiatives, such as supporting the important work of the YFN-led Yukon Residential Schools and Missing Children Project.
- The Government of Yukon has taken additional steps to address the Calls to Action, including:
 - establishing the position of Assistant Deputy Minister of First Nations Initiatives at the Department of Education, signing an agreement to establish a YFN School Board and entering into education agreements with all YFNs (speaks to Calls 7 and 10 directed to the federal government);
 - supporting Indigenous athletes and the North American Indigenous Games (Call 88);
 - implementing the YFN Procurement Policy (relates to Call 92) and the Representative Public Service Plan: *Breaking Trail Together* (relates to Call 7);
 - working with YFNs and Yukon Indigenous women's groups to implement the Yukon's *Missing and Murdered Indigenous Women, Girls and 2-Spirit+ People Strategy* (MMIWG2S+ Strategy) (relates to Call 41);
 - participating at the Trilateral Table on the Wellbeing of YFN Children and Families to address gaps for culturally appropriate parenting programs (Call 5); and
 - receiving input from YFNs on Health and Social Services programming through the Mental Health Advisory Committee (relates to Call 19).

Approved by:**Justin Ferbey****2024 08 20**

Deputy Minister, Executive Council Office

Date

Session Briefing Note

Inflation and Affordability (Corporate Note)

Recommended response:

- Inflation has continued to improve in recent months, but Yukon households continue to see their budgets stretched by elevated prices, with lower-income households often feeling the worst effects.
- The Government of Yukon continues to monitor inflation and its impact on Yukoners, so that we can take steps to ease the burden.
- As inflationary pressures continue to lessen, efforts to make life more affordable for Yukoners and to help industry are shifting from short-term assistance to measures with the potential to provide longer-term benefits, such as actions to improve home affordability.

Additional response:

- The Main Estimates for this year has continued to build on existing supports for Yukoners by making sure they can access essential services at prices they can afford.
- Budget 2024-25 included investments to advance affordable housing projects across the territory. From the Housing First Project in Watson Lake to the recently awarded replacement of the Ryder Apartments in Whitehorse, the Yukon government is taking action to build more affordable homes for Yukoners, especially those in vulnerable situations.

Session Briefing Note

Inflation and Affordability (Corporate Note)

- There is also over \$42 million in continued funding for early learning and childcare. This includes funding for the universal childcare program, which has reduced childcare fees to less than \$10 per day, on average.
- We are also making life more affordable and leading the nation with our Yukon-wide dental program, which has \$5.4 million in continued funding for 2024-25.
- To make sure that more people have the option of staying home when they are sick, the Temporary Paid Sick Leave was extended.
- We also extended the Interim Electrical Rebate, which provides welcome relief from power bills to Yukoners across the territory.
- In addition to items included in the 2024-25 Main Estimates, additional initiatives in many departments are continuing to assist Yukoners with the cost of living.
- The Department of Community Services, for example, is developing a program that will see free transit passes provided to non-governmental organizations, vulnerable populations and youth.
- The Department of Health and Social Services will also provide additional funding of \$777,000 for Safe at Home to provide supportive housing at 408 Alexander Street.

Session Briefing Note

Inflation and Affordability (Corporate Note)

- These are just a few examples of the many programs and initiatives that continue to support Yukoners.

Third response

- The Government of Yukon has also remained responsive to higher inflation in recent years through its various grants and subsidies, which are indexed to inflation. These include:
 - Subsidies for medical travel
 - The Yukon Child Benefit
 - Social Assistance Payments
 - Student Financial Assistance
 - Seniors' benefits
 - The Pioneer Utility grant
 - The Comprehensive Municipal Grant Regulation
 - Residential rent caps
- The Yukon's minimum wage is also responsive to price changes, as its annual change is tied to inflation in the previous year.
- After growing 6.8 per cent in 2023, the minimum wage increased a further 4.9 per cent to \$17.59 per hour on April 1, 2024.
- The Yukon's minimum wage is the second highest wage in Canada, behind only Nunavut's minimum wage of \$19.00 per hour.

Session Briefing Note

Inflation and Affordability (Corporate Note)

- These increases also contribute towards the strong earnings growth we continue to see in the territory, where average weekly earnings grew 6.1 per cent over the first half of 2024. This is the strongest growth in the country.

Context—this may be an issue because:

- Inflation has fallen from historical highs, but Yukoners are still dealing with higher prices for a variety of goods and services following a lengthy period of elevated inflation.
- The moderation of inflationary pressures that began to take hold late last year has continued into 2024. Growth in the Whitehorse Consumer Price Index (CPI) has been much lower in every month in 2024, and inflation in recent months has been near or below the historic average of 2 per cent.

Background:

Inflation – Recent performance and outlook

- Following ten increases in the overnight rate since March 2022, the Bank of Canada has made three 25 basis point cuts in 2024, with the overnight rate dropping from 5.0 per cent to 4.25 per cent. Expectations of further rate cuts this year and in 2025, could further reduce pressure on shelter prices as mortgage rates decline.

Session Briefing Note

Inflation and Affordability (Corporate Note)

- Both locally and nationally, price pressures have lessened, and inflation continues to trend towards historic norms. The current outlook for the Whitehorse CPI reflects expectations of a return to 'normal' levels of inflation, with the inflation forecast of 2 per cent in 2024, much improved from 4.9 per cent in 2023 and 6.8 per cent in 2022. Beyond 2024, annual inflation is expected to remain at 2 per cent over the remainder of the five-year forecast.

PROGRAMS AND OTHER MEASURES THAT SUPPORT AFFORDABILITY

Five-Year Capital Plan projects supporting housing affordability (Yukon Housing Corporation)

- The **Old Crow 10-Plex Mixed-Use Housing** facility is complete and opened in April 2024.
- Construction of the **10-plex Housing First Project in Watson Lake** began in the summer of 2023. It is scheduled to be completed in the fall 2024.
- Construction of the **Faro and Dawson Duplex** projects started in summer 2023 and is now complete.
- Groundwork began at the old **Ryder Apartments in Whitehorse** in September 2024 and we are aiming for completion in spring 2026. When completed, the new complex is anticipated to deliver over 45 new units.

Universal Child Care Program (Education)

- Universal child care is available to all Yukon families using licensed child care spaces. The universal child care program has reduced fees to less than \$10 per day, on average, for families across the Yukon.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

Dental Care program (Health and Social Services)

- The Yukon's Dental Program was launched in 2023 and provides \$1,300 per year in dental benefits to Yukoners without dental coverage. The program will cover dental treatments necessary to relieve pain and infection, prevent disease, treat cavities, and restore chewing and social function. It will also offer full coverage for preventive care, such as routine dental cleaning.

Paid sick leave program (Economic Development)

- On April 1, 2023, the Department of Economic Development launched the Paid Sick Leave Rebate. The program runs for two 12-month blocks:
 - April 1, 2023 to March 31, 2024; and
 - April 1, 2024 to March 31, 2025
- The Paid Sick Leave Rebate is a temporary program that offers up to 40 hours of paid sick leave to employees and self-employed Yukoners that earn less than the average private-sector wage of \$33.94/hour. The program includes all illnesses (and injuries not covered by any other Act, benefit, or program). The program is available to employees regardless of whether their employer offers paid sick leave, though employees must use all paid sick leave available to them through their employer before they are eligible for the Paid Sick Leave Rebate. The program is still in effect and will run until March 31, 2025.

Yukon Child Benefit (Health and Social Services and Finance)

- The Yukon Child Benefit provides monthly payments to modest and low-income households who have children under 18. The maximum benefit per child is now tied to inflation, effective the 2023–24 benefit year.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

Yukon Seniors' Income Supplement (Health and Social Services)

- The Yukon Seniors' Income Supplement provides a monthly income supplement for eligible Yukoner senior's receiving Old Age Security (OAS) and the Guaranteed Income Supplement (GIS) from the federal government. This amount is adjusted for inflation in October, each year.

Inflation Relief Rebate and Interim Electrical Rebate (Yukon Development Corporation)

- The Inflation Relief Rebate, a \$50 rebate that was automatically applied to electrical customers' bills, was a temporary measure to address inflation. The Inflation Relief Rebate was most recently applied to all ATCO Electric Yukon and Yukon Energy bills for November and December 2023 and January 2024.
- The Interim Electrical Rebate continues to provide residential electrical customers with a maximum rebate of \$22.62 per month based on the electricity they consume, up to 1,000 kilowatt hours (up to \$271.44 per year). This affordability measure will continue until March 2025.

Social Assistance Review (Health and Social Services)

- Health and Social Services is undertaking a review of the Yukon's Social Assistance rates to inform options to improve the delivery of the program and ensure it is meeting the needs of program clients.
- While the review is underway, the department is providing a \$100 monthly increase to eligible Social Assistance recipients.

Out of Home Childcare Increases (Health and Social Services)

- To offset inflationary cost of living increases and provide sufficient financial resources to meet the needs of children placed in their care, Health and Social Services provided an ongoing 10 per cent increase to monthly payments to caregivers of children in out of home care in 2023-24, on top of the annual indexed increase.

Session Briefing Note

Inflation and Affordability (Corporate Note)

- Combined, this amounted to a 16.46 per cent rate increase for community and extended family caregivers. The new rates are as follows:
 - o Whitehorse: \$46.86 per day
 - o Rural Communities: \$50.16 per day
 - o Old Crow: \$86.40 per day
- Rates are indexed annually to the Whitehorse Consumer Price Index, with an increase of 2.4% scheduled to take effect in October 2024.

Supportive Housing (Health and Social Services)

- \$777,000 for Safe at Home will go towards establishing temporary supportive housing at 408 Alexander Street.

Canada-Yukon Housing Benefit Rental Subsidy (Yukon Housing Corporation)

- The Canada-Yukon Housing Benefit offers a rental subsidy for low-to-moderate income renters.

Comprehensive Municipal Grant (Community Services)

- The Comprehensive Municipal Grant is how the Government of Yukon directly funds municipal governments. This core funding supplements municipal resources and pays for vital services, like the provision of fresh drinking water, the collection of solid waste and recycling, recreation programming and other services as required under the Municipal Act and other legislation.
- The high inflation seen in 2022 (6.8 per cent) increased the grant payments provided in April 2024. This resulted in a \$2.3 million increase for Yukon municipalities with overall contributions of over \$24.5 million for the 2024-25 fiscal year.

Session Briefing Note
Inflation and Affordability
(Corporate Note)

Energy retrofits and funding to improve efficiency and offset costs (Energy, Mines and Resources)

- Energy efficiency rebate 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.
- Between January 1, 2018, and June 30, 2024, 286 high-performance retrofits to residential, commercial and institutional buildings have been completed across the territory.
- Innovative programs like the Better Buildings Program that offer up-front funding, combined with our Good Energy rebates, make energy retrofits more accessible and affordable for Yukoners.

Approved by:

Jessica Schultz

September 25, 2024

 Deputy Minister
 Department of Finance

 Date Approved

Session Briefing Note**Fall 2024****Carbon Pricing
(Corporate Note)**Environment & Finance

Recommended response:

- Since its introduction in 2019, the Government of Yukon has been supportive of carbon pricing as a policy to help us reduce emissions and move toward our ambitious climate targets.
- We take a balanced approach to carbon pricing in the territory, one which considers the need to reduce emissions as well as the fair return of carbon pricing revenues to Yukoners.
- The Yukon's carbon rebate is revenue neutral. We are committed to both reducing carbon emissions in the territory and to returning all the federal government's revenues to Yukoners.
- Returning proceeds to individuals, municipal governments, Yukon First Nations, businesses, and mining operations is a critical part of our approach to carbon pricing in the Yukon.
- We are returning 100 per cent of the federal carbon levy to these five rebate groups who receive more, on average, than they pay in carbon pricing levies.

Additional response:

- The departments of Environment and Finance work together to coordinate with our federal counterparts to assess the implications of carbon pricing in the territory and to ensure the needs of the territory are recognized in national policy.
- This includes retaining control over how revenues are distributed back to Yukon individuals, municipal governments, Yukon First Nations and businesses.

Session Briefing Note**Fall 2024****Carbon Pricing
(Corporate Note)**Environment & Finance

- It also includes excluding the carbon price from electricity generation and aviation, in recognition of the unique constraints of our northern jurisdiction.

Third response:

- Carbon pricing is just one tool in our toolkit to address the climate emergency.
- We continue to implement Our Clean Future to reduce the Yukon's greenhouse gas emissions and, more broadly, to reduce the impact of the carbon levy on Yukoners.
- In December of last year, we announced 42 new actions under Our Clean Future as part of the third Our Clean Future annual report outlining the progress we have made on the strategy.
- Although we have made progress on many of our commitments, there is still significant work required to meet our target of reducing our emissions by 45 per cent by 2030.
- Ensuring that we utilize every policy lever at our disposal, including carbon pricing, is essential to meet our goals.
- Together, we are finding solutions to reduce our emissions while strengthening our economy and supporting our industry partners.

Context—this may be an issue because:

- Carbon pricing remains a highly sensitive topic across the country with many provinces and territories voicing their own perspective on how they would like to see this pricing mechanism handled moving forward.

Session Briefing Note**Fall 2024****Carbon Pricing
(Corporate Note)**Environment & Finance

- In October 2023, the federal government announced a temporary 3-year exemption for home-heating oil from the federal carbon price, with the intention of helping Atlantic Canada in particular.
 - While Atlantic Canada welcomed this change, the exemption has received considerable backlash. Most provincial governments (except for British Columbia) have called for extending the carbon price exemption to all home-heating fuels (including natural gas).
 - Critics also argued that the exemption undermines the credibility of the carbon tax and may weaken the incentives to switch to lower carbon heating options.
-

Background:

- The federal Draft Regulations Amending the Fuel Charge Regulations stipulate that all heating oil will be exempt from the fuel charge starting November 8, 2023, until April 2027.
- This means that light fuel oil consumption in all buildings, including residential, commercial, and institutional, will be exempt from the fuel charge.
- Nearly half (49.2% in 2022) of Yukon homes use oil-based heating.
- In Yukon, individuals, businesses, placer/quartz mining operations, Yukon First Nations governments and municipal governments are all eligible for a rebate for carbon pricing.
- Individuals who live outside of Whitehorse receive a remote supplement, which was recently increased from 10 to 20% (and is now in line with the federal remote supplement for backstop jurisdictions including Alberta, Manitoba, Ontario, and Saskatchewan).
- On September 12, 2024, British Columbia's Premier David Eby announced that if the federal government were to remove the carbon pricing backstop, then British Columbia would end the carbon levy in the province.
- British Columbia has had its own carbon pricing system in place since 2008.

Session Briefing Note**Fall 2024****Carbon Pricing
(Corporate Note)**

Environment & Finance

- British Columbia and the Yukon were the remaining supporters of carbon pricing as a climate change policy, with all other provinces publicly opposing the federal system. In late 2023, the newly elected Premier of the Northwest Territories also called for an exemption from the federal carbon levy for the territory.
- To date, Canada has been firm on granting no exception to the backstop.

Approved by:

Dennis Berry

October 2, 2024

A/Deputy Minister of Environment_____
Date approved

Jessica Schultz

October 1, 2024

Deputy Minister of Finance_____
Date approved

Eagle Gold Mine - Impacts

ECO-FIN-EMR

Recommended response:

- The Government of Yukon recognizes the seriousness of the heap leach failure that occurred at the Eagle Gold mine on June 24 and is treating the response as a government priority that reflects the urgency of the situation.
- Our priorities are to ensure the health and wellbeing of Yukoners and to protect the environment.
- An Independent Review Board has been established to investigate the heap leach failure that occurred at the Eagle Gold mine. Three highly qualified experts are on the Independent Review Board. The objective of the investigation is to determine the causes of the heap leach facility failure.
- We are committed to working with the First Nation of Nacho Nyak Dun to develop remediation strategies for the failure. A joint team of technical experts hired by the Government of Yukon and the First Nation meet on a regular basis to inform our actions.
- For the most up to date information on the situation at Eagle Gold Mine and actions we are taking, you can visit Yukon.ca/victoria-gold-updates.

Additional responses:

- On August 14, 2024, PricewaterhouseCoopers Inc. was appointed by the court as Receiver of the assets and property of Victoria Gold Corp.

Eagle Gold Mine -

ECO-FIN-EMR

Impacts

The Receiver is responsible for overseeing remediation of the heap leach failure and its environmental impacts, including compliance with territorial and federal orders.

- The Government of Yukon is committed to a thorough accounting of events leading up to the failure and the development of recommendations so that a similar event does not happen again in the Yukon.
- Once the causes of the failure are determined by the Independent Review Board, this information will inform the most appropriate subsequent steps and potential investigations, including consideration of a public inquiry.
- As of September 4, 2024, there are 27 liens against Victoria Gold worth over \$58.7 million.

Environmental and health impacts:

- The Department of Health and Social Services is monitoring impacts on human health. This includes ongoing review of any technical information and water sampling results, as well as situational reports, as they become available. Results from surface water samples taken show that the regulated drinking water system serving the area continues to meet the guidelines for drinking water quality.
- Water is sampled both at the site and downstream of Victoria Gold's Eagle Gold Mine. Water samples are collected regularly at select sites to monitor water quality. The results of the testing will let us know the

Eagle Gold Mine - Impacts

ECO-FIN-EMR

impacts and inform next steps.

- Technical experts from the Government of Yukon, the First Nation of Nacho Nyak Dun and the federal Department of Fisheries and Oceans are working closely together to monitor the fish and wildlife in the surrounding areas of the Eagle Gold Mine.

Economic and labour market impacts:

- Operations ceased at Eagle Gold Mine after the heap leach failure occurred. This situation has changed the outlook for mineral production in the Yukon and resulted in a notable downward revision in the medium-term outlook for the Yukon's real Gross Domestic Product (GDP). The 2024-25 Interim Fiscal and Economic Update released in early October includes the latest forecasts for real GDP.
- At the close of 2023, Victoria Gold had 471 direct hires and another 134 on contract.
- Of the more than 600 employed, the company reported that about 34 per cent were local, amounting to approximately 200 local workers. This represents about 0.8 per cent of the territorial labour force.
- Any possible negative impacts on the labour market are expected to be short-lived, as many displaced workers are likely to be reabsorbed into what is currently a tight labour market. The Yukon's unemployment rate is about half the national figure and the local job vacancy rate has been among the highest in the country throughout

Eagle Gold Mine - Impacts

ECO-FIN-EMR

2024.

- Monitoring of labour market data, such as the number of unemployed and the number of Employment Insurance claimants, for potential impacts of the mine closure is ongoing.
- As the Eagle Gold situation continues to unfold, we should have a better understanding if there may be longer-term impacts for the local economy.

Context — this may be an issue because:

- The June 24, 2024 heap leach failure at the Eagle Gold Mine affects the environmental and socio-economic wellbeing of Yukoners – from an environmental and business perspective.

Background:

- On June 24, 2024, a failure occurred at the heap leach facility of the Eagle Gold Mine operated by Victoria Gold Corporation.
- On July 30, 2024, the Premier provided remarks to the Council of Yukon First Nations' General Assembly on a variety of topics including mining and the incident at Eagle Gold Mine
- On August 5, 2024, the Premier provided a statement on mining activity in the Traditional Territory of First Nation of Nacho Nyak Dun.
- On August 14, 2024, the Government of Yukon with First Nation of Nacho Nyak Dun, submitted an application for receivership of Eagle Gold Mine.
- On August 16, 2024, the receivership was granted. It was appointed to PricewaterhouseCoopers. Implementing a receiver is an established process under federal bankruptcy legislation. Decision making and responsibility has

Eagle Gold Mine - Impacts

ECO-FIN-EMR

shifted from Victoria Gold to PricewaterhouseCoopers, with direction from the Yukon government.

- As of September 20, 2024, the Government of Yukon has done 10 technical briefings to continue to keep Yukoners informed with up-to-date information.
- The Yukon.ca website is updated on a regular basis along with weekly information bulletins to inform the public on the Victoria Gold heap leach failure's current situation.

Approved by:

Justin Ferbey

October 9, 2024

Deputy Minister, Executive Council Office

[Date approved]

Lauren Haney

October 9, 2024

Deputy Minister, Energy, Mines and Resources

[Date approved]

Jessica Schultz

October 9, 2024

Deputy Minister, Finance

[Date approved]

BNs

After

Start Date

Session Briefing Note

Fall 2024

The C.D. Howe Institute Report Card

Finance

Recommended response:

- The C.D. Howe Institute produces an annual report titled *Fiscal Accountability by the Letters: The Report Card for Canada's Senior Governments* which assesses the accessibility, transparency and timeliness of senior government financial documentation.
- The report considers how readily users can find government documents, understand their content and how easily they may use them to make informed decisions.
- The latest report assessed the 2023-24 Budget and Main Estimates and the Public Accounts 2022-23.
- The C.D. Howe Institute assigned the Yukon an A- ranking in the 2024 Report. This is the highest grade awarded this year. Alberta also received an A- ranking.
- The Yukon was rewarded for tabling budgets and releasing estimates in a timely manner, presenting key figures early in budget documents, and a consistent application of accounting standards.

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.
- The Yukon is one of only two senior governments in the country to receive a grade of A- or higher this year, demonstrating the strong fiscal management in the territory. This is also evidenced by our Double A Stable credit rating from S&P Global Ratings.

Session Briefing Note

The C.D. Howe Institute Report Card

Finance

Context — this may be an issue because:

- On November 19, 2024, the C.D. Howe Institute's published its annual report card on fiscal accountability focuses on the relevance, accessibility, timeliness and reliability of senior government's budgets, estimates and financial statements.
- Each jurisdiction is then assigned letter grades that reflect how readily a non-expert may find, understand and act on the information therein.

Background:

- The C.D. Howe Institute is a public policy think tank based in Toronto.
- The C.D. Howe Institute aims to be distinguished by "research that is nonpartisan, evidence-based, and subject to definitive expert review."

Approved by:

Jessica Schultz

November 18, 2024

Deputy Minister

Date approved

Department of Finance