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Session Briefing Note**Spring 2024****Public Accounts Committee Hearing**Finance

Recommended response:

- Since 2019, the Standing Committee on the Public Accounts has resumed holding annual hearings on the Public Accounts with witnesses from the Department of Finance, represented by the Deputy Minister and the Office of the Comptroller, as well as with officials from the Office of the Auditor General of Canada.
- This year, the committee convened two hearings. The first Committee hearing on the 2022-23 Public Accounts took place on November 24, 2023, shortly after the Public Accounts were tabled and published on November 22, 2023 and focused, largely, on the new Public Sector Accounting Standards for that fiscal year.
- The second hearing was held on February 21, 2024, and served as an opportunity to discuss the Committee's report from the previous year, as well as technical questions about the 2022-23 Public Accounts.

Additional response:

- The Office of the Auditor General of Canada affirmed that the Government of Yukon provided a fair representation of Yukon government's financial position for the 2022-23 fiscal year.
- The Independent Auditor's Report did, however, provide a qualified opinion on the 2022-23 Public Accounts on the basis that the Yukon government didn't meet its statutory deadline for tabling the 2022-23 Public Accounts in the legislative assembly.

Session Briefing Note**Spring 2024****Public Accounts Committee Hearing**Finance

- The delay in tabling was mostly the result of incorporating five new accounting standards which were introduced by the Public Sector Accounting Board. This resulted in more time than originally anticipated for the Government of Yukon to develop the 2022-23 Public Accounts.
- The Department of Finance has since been working on improvements which include increased planning and staffing in critical positions.

Context—this may be an issue because:

- Traditionally, there is interest from the Opposition in the Public Accounts. At the same time, public and media interest in the Public Accounts has traditionally been low to moderate.
- The 2022-23 Public Accounts were tabled beyond the legislated deadline.

Background:

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

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- The Consolidated Financial Statements include the results of all entities fully owned and/or controlled by the government. Therefore, the financial activity of Yukon University, Yukon Hospital Corporation and Yukon Housing Corporation are consolidated into the government's financial activity and inter-entity activity is eliminated. The Yukon Liquor Corporation and Yukon Development Corporation are consolidated on a modified basis as investments as they are "government business entities" and their financial statements follow different standards.
- The Non-Consolidated Financial Statements include only the results of the core departments as budgeted in the Main Estimates, which are also known as the Yukon government's Operation & Maintenance and Capital Estimates.
- On April 17, 2023, the Committee released a report following its hearing on the 2021-22 Public Accounts. The report included the following seven recommendations:
 - That the Department of Finance continue to make further technological improvements to the Yukon Public Accounts.
 - That the Department of Finance continue to address issues necessary to facilitate earlier tabling of the Yukon Public Accounts.
 - That the Department of Finance include more cross-jurisdictional comparisons for certain measures where appropriate, and explain the importance of such comparisons, in the "Financial Statement Discussion and Analysis" section in future publications of the Public Accounts.
 - That the Department of Finance complete its plan to comply with the implementation and disclosure requirements of the new accounting standard PS 3280 Asset Retirement Obligations for the 2022-23 Public Accounts.
 - That the Department of Finance report back to the committee by October 31, 2023, with an analysis of the implementation of the change from PS 3270 to PS 3280 as it pertains to solid-waste landfill closure and post-closure liabilities for landfill sites.

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Spring 2024

Public Accounts Committee Hearing

Finance

- That the Department of Finance report back to the committee by October 31, 2023, with an analysis of the year-over-year balance of the Carbon Price Rebate Program Revolving Fund.
- That the Department of Finance conduct an analysis of the capital expenditures variances at the mid-point in the fiscal year.

Approved

Signature on file

February 28, 2024

Deputy Minister of Finance

Date approved

Session Briefing Note

Spring 2024

2023-24 Supplementary Estimates No. 2

Finance

Recommended response:

- The 2023-24 Supplementary Estimates No. 2 forecasts an overall net increase of \$32.1 million in spending. This includes:
 - A \$61.0 million increase in O&M spending, with an offsetting increase of \$29.4 million in recoveries, and
 - Other than a small transfer of \$143,000 for the purchase of a broadcasting system by the Yukon Legislative Assembly, there is no change in overall gross capital spending, and a minimal decrease of \$397,000 in recoveries.
- Revenues are expected to decrease by \$14.9 million mainly to reflect lower revised forecasts for tobacco and corporate income tax revenues and quartz mining royalties.
- Changes in the Supplementary Estimates result in a revised forecast surplus of \$1.7 million and year-end net debt of \$444.5 million.
- The ability to remain in a surplus position despite an increase in spending is largely owed to significant infrastructure investments.
- In O&M, the most significant increase is for programs and initiatives within the Department of Health and Social Services:
 - \$25.6 million is required for Insured Health Services for physician claims, hospital claims, pharmacare and medical travel.
 - More than \$12 million in O&M spending will increase funding for the Yukon Hospital Corporation for unanticipated costs, which are partially a result of a global shortage of health care providers and work done to retain our valuable nurses.

Session Briefing Note**Spring 2024****2023-24 Supplementary Estimates No. 2**Finance

- \$6.7 million is also required to sustain initiatives aimed at strengthening justice and community safety within our territory.
- \$4.1 million will cover costs for new teachers, educational assistants, learning assistant teachers and mental health and wellness counsellors, as well as Yukon University and Governance increases.
- The 29.4 million increases in O&M recoveries are mostly comprised of a \$25 million recovery expected to be received for work completed and underway at the Minto Mine, this year.
- In Capital, there is virtually no change in overall expenditures, but there are increases in several projects which are offset by decreases in other areas:
 - The majority of the increases are for the Dempster Fibre project, with an additional \$18.4 million increase in funding.
 - There is also a \$14.6 million increase for the Nisutlin Bay Bridge Replacement project.
 - \$7.9 million will go towards the Whitehorse airport taxiway improvements and runway replacement.
 - A \$5.8 million increase is required for the Old Crow Health and Wellness Centre replacement and the Old Crow 10-unit mixed-use housing project.
 - The most notable decrease is a \$21.3 million reduction for the Skagway Marine Service Platform project, which has been deferred to 2025-26.
 - There is also an \$8 million decrease in Northern Carve Out funding. This funding will be relocated to 2024-25.

Additional response:

- Other O&M changes include funding repairs for washouts along highways, funding for sport and recreation initiatives, funding for higher expenses for water delivery and solid waste services. There is also some funding to cover interest costs on the line of credit. These costs are partially offset by actuarial adjustments to Employee Future Benefits and a lower revised forecast for work on Type II Mines.
- Other changes in capital include increases for the new walk-in-clinic and the Bilingual Health Centre, the Lapie River Bridge, and work on the Alaska Highway.
- There is an increase of 42.6 FTEs. This includes eight permanent staff to run the new walk-in-clinic, eight term positions to work on the establishment of a Yukon Health Authority, and six term positions to assist with the Substance Use Health Emergency Strategy.
- 5.5 permanent teachers have also been added based on school enrollment. Four term staff have been added to help with enhanced resiliency in fighting and managing wildfires in a changing climate. Finally, there are an additional nine term positions that will work on various initiatives contributing to safer and more inclusive communities. Two term positions will help with the National Action Plan to End Gender-based Violence.

Session Briefing Note

2023-24 Supplementary Estimates No. 2

TAB #02

Spring 2024

Finance

Context — this may be an issue because:

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

Approved

Signature on file
Deputy Minister
Department of Finance

February 20, 2024
Approved

2023-24 Special Warrant No. 1

Recommended response:

- Delivering patient-centred health care continues to be a top priority for the Government of Yukon. At the same time, the Government of Yukon has made significant progress in advancing major capital infrastructure projects like the Dempster Fibre line and Nisutlin Bay Bridge replacement.
- The Government of Yukon issued a special warrant in February that provided budgetary authorization to support continued progress on both priorities while the 2023–24 Supplementary Estimates No. 2 is debated in Legislative Assembly.
- The special warrant provides budgetary authorization for up to \$65.9 million in funding for the Department of Highways and Public Works and the Department of Health and Social Services:
 - \$40.9 million in the warrant provides funding to continue work on major capital projects that are progressing faster than anticipated, like the Nisutlin Bay Bridge replacement and the Dempster Fibre line. These two projects make up \$14.6 million and \$18.4 million in additional required funds, respectively.
- The warrant also includes \$25 million to meet financial commitments related to the growth of insured health costs. The Government of Yukon continues to invest in the territory's health and wellness systems. This funding addresses the costs needed to meet the diverse and evolving health and wellness needs of Yukoners.

- The Yukon is not the only jurisdiction experiencing increased pressures in the health care system. To date, three other jurisdictions have approved special warrants prior to the start of their spring legislative sessions: Saskatchewan, Manitoba, and Prince Edward Island. Saskatchewan and Manitoba have highlighted increased health care costs as the main drivers for their special warrants.

Additional response:

- Additional projects funded by this Special Warrant include advancing improvements at the Whitehorse airport and continued construction of the Old Crow Health and Wellness Centre and ten-plex.
- The government occasionally uses special warrants to provide spending authority while the legislative assembly is not in session. In 2018-19, a special warrant was issued to meet the demand for infrastructure and land development projects that progressed faster than originally expected. This allowed the Yukon government to take full advantage of federal funding opportunities.

Context—this may be an issue because:

- Spending included in the Special Warrant will be reviewed and debated during the March 2024 legislative session.

Background:

- A special warrant is an authorization that allows government departments to spend money or allocate funds for specific purposes when the regular budgetary or parliamentary approval process is not yet in place.

Session Briefing Note

TAB#03
Spring 2024

2023-24 Special Warrant No. 1

Finance

Approved

Signature on file

March 6, 2024

Deputy Minister, Finance

Date approved

Recommended response:

- The 2024-25 Fiscal and Economic Outlook outlines the medium-term expectations for the Yukon's finances and its economy.
- The Outlook highlights the economic context in which the government will make fiscally responsible decisions to address pressures posed by the continued rising cost of living, climate and environmental emergencies, and challenges in the healthcare system.
- Revenue growth this year is forecast to exceed expenditure growth with revenues projected to grow 7.4 per cent, year-over-year, while expenditures, net of recoveries, are projected to increase 5 per cent.
- Revenue growth is largely due to an increase in Transfers from Canada resulting from a growing population and the inclusion of a new Vaping Transfer to return taxation collected on vaping products to the Yukon.
- Increased personal income tax and business tax revenue are also contributing to the growth as the unemployment rate decreases and wages increase.
- The new net spending is driven in large part by salary increases from the new collective agreement with the Yukon Employees' Union; investments in health care services, including increased funding for Insured Health Services and the Yukon Hospital Corporation; and new funding to support student learning and wellbeing.

- Though expenditures are expected to be higher than total revenues in 2024-25, the government is projecting a surplus of \$119 million resulting from investment in tangible capital assets. The government's financial position is expected to remain in surplus in all years of the projection.
- The government is including a \$50 million contingency in the financial framework for 2024-25, as it did in 2023-24.
- Including a contingency has been a proven method to offset the cost of expected but undefined expenditures that arise throughout the fiscal year, including cost resulting from climate related emergencies that are increasing in frequency and scale as a changing climate produces longer and more intense fire and flood seasons in the Yukon.
- Including the contingency allows the government to respond to these events while limiting their impact on resources available for existing programming that benefits Yukoners. Funding provided through the contingency would need to be appropriated in supplementary estimates.
- The Government of Yukon's 2024-25 Five-Year Capital Plan includes approximately \$2.1 billion in capital spending, including \$484 million dollars in planned capital spending for fiscal year 2024-25.
- Total capital spending this year is unchanged from 2023-24, but capital spending in future years of the plan is anticipated to moderate. This, combined with increasing revenues and sustainable O&M growth, will contribute to reductions in the territory's net debt over the forecast horizon.

- In recent years, net debt has increased partially as a result of direct actions taken to support Yukoners during the pandemic. At that time, it was critical that we continue to support Yukoners and the economy.
- This was partially achieved through significant investment in infrastructure and capital projects. While this injection of stimulus spending kept Yukoners working through the pandemic and made great strides towards addressing gaps in our infrastructure needs, it also contributed towards increasing net debt.

Additional response (Economy):

- After several years, highlighted by a global pandemic, the Yukon's economy is returning to normal. Tourism has largely returned to pre-pandemic levels and inflation has fallen quite a bit from its recent highs. The economy has been adding jobs, and the unemployment rate was the lowest in Canada in 2023. Strong demand for workers continues to support growth in wages and higher consumer spending. The construction sector also remains busy.
- Yukon's real Gross Domestic Product (GDP) is forecast to have grown for a fourth straight year in 2023, increasing by 3.6 per cent.
- Real GDP is projected to increase in every year of the forecast. The positive outlook is supported, in part, by increased mineral production, as the Keno Hill and Eagle Gold mines ramp up to full production. In addition, increased tourism activity is expected to help contribute to growth over the medium term.
- Key indicators continue to show a tight labour market in 2023, highlighted by low unemployment rates and low job vacancy rates.

- Labour demand is expected to remain strong over the medium term. The unemployment rate is forecast to average 4.9 per cent from 2024 to 2028, likely to remain among the lowest in Canada.
- Inflation was much improved in the latter part of 2023 and is expected to continue to trend down throughout 2024. Annual levels of inflation over most years of the forecast are at, or, near two per cent.

Context—this may be an issue because:

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

Background:

Fiscal Update

- Major tangible capital investments planned for 2024-25 include the Kêts'ádań Kù (Kay-et-zah Dun-Coo) School in Burwash Landing, improvements to the Whitehorse Airport runway, replacement of the Nisutlin Bay Bridge, and the Dempster Fibre Line. The accounting adjustments required to spread the costs of these assets over their useful lives have a positive impact on the budgetary surplus.
- This surplus does not represent an excess of revenue over expenditures – it is a surplus position based primarily on the standard accounting practice of expensing the government's capital asset investments for the coming fiscal year over the useful life of those assets.
- Although having a positive impact on the surplus position, these tangible capital investments will play a part in increasing the Yukon government's net financial debt position, also known as net debt, which is forecasted to increase by \$114 million in 2024–25, to a total of \$488.8 million.

- Net financial debt is not a measure of government borrowing. It reflects the difference between the government's total liabilities and its financial assets, with most of the government's liabilities being long-term items which will not be realized all at once. Future years forecast a stabilization and subsequent decrease in net debt, falling to \$375.2 million in 2028–29 as capital expenditures moderate, O&M growth stabilizes, and forecasted revenues increase.
- The government is maintaining its strong commitment to capital infrastructure development through planned spending of approximately \$2.1 billion in this five-year capital plan. The \$484 million identified for 2024–25 matches the approved budget for 2023–24 and is the second highest expenditure commitment in Yukon history after the 2022–23 fiscal year.

Economic Update

Further gains in real GDP expected over the medium-term

- After leading the country in real GDP growth in 2020 and 2021 and placing second in 2022, the latest forecast shows further growth of 3.6 per cent in 2023.
- Beyond 2023, real GDP is projected to increase in all years of the forecast, with growth averaging 2.6 per cent from 2024 to 2028. Increased mineral production and improved tourism activity support the current positive outlook.

Another strong year for the labour market in 2023

- Robust demand for labour persisted in 2023, with both the number of people employed and the size of the labour force surpassing the former records of 2022.
- Like 2022, employment growth in 2023 outpaced gains in the labour force which caused the territory's unemployment rate to fall among the lowest in the country.
- High demand for workers is also reflected in job vacancy rates, which exceeded the unemployment rate throughout 2023. Elevated demand for labour has been strong across multiple industries, contributing to broad-based increases in wages and earnings.

- Labour demand is expected to remain strong over the medium term. As earnings adjust accordingly, it could draw people to the territory looking for employment, growing the labour force, and contributing to employment gains.
- The forecast has the unemployment rate, averaging 4.9 per cent from 2024 to 2028, likely to remain among the lowest in the country.

The Yukon is now Canada's most populated territory.

- Recent estimates from Statistics Canada show that the Yukon has surpassed the NWT in terms of population size to become the largest of the three territories.
- Yukon's estimated population of 45,169 in 2023, was up 2.7 per cent from 2022, the strongest annual increase since 2017's growth of 3 per cent.
- Growth in 2023 was driven by international migration, with net international migration of 1,120 almost double the previous record of 587 in 2022. Immigration levels have been buoyed by aggressive federal government targets, as they look to add about half a million new permanent residents annually.
- The current forecast shows population increasing every year out to 2028, with average growth of 1.9 per cent over the forecast period bringing the territory's population to near 50,000 in 2028.

Higher retail sales driven by more than just higher prices

- Retail sales grew 7.8 per cent to about \$1.17 billion in 2023, a new record high.
- In 2022, retail sales increased by 7.3 per cent, with almost all that growth coming from higher prices. Prices were less of a factor in 2023, with retail sales growth of 7.8 per cent, well ahead of the 4.9 per cent increase in the Whitehorse Consumer Price Index (CPI).
- Yukon had the strongest retail sales growth in the country in 2023 and was one of only five jurisdictions where retail sales growth outpaced inflation.

- Gains in retail sales are expected in every year of the forecast, with total growth of 28 per cent out to 2028. This is more than double the 12 per cent growth in the Whitehorse CPI forecast for the same period.

Inflation has cooled

- After more than a year of local inflation being among the highest in Canada, growth in the Whitehorse CPI trended down throughout 2023 and is once again below the national growth rate. January 2024's inflation rate of 2.6 per cent was the lowest since 1.1 per cent in March 2021.
- Inflation is much improved in recent months for almost all key components of the CPI for Whitehorse, with year-over-year contractions noted in some areas.
- Prices for 'food', 'shelter' and 'recreation, education and reading' continue to rise at levels above historic norms and remain the largest contributors to overall price growth. However, all areas have reported much weaker growth in recent months. Shelter costs continue to drive inflation via higher 'mortgage interest costs', 'rent' and 'homeowner's replacement costs'.
- Tourism's strong rebound coming out of the pandemic continues to drive 'traveller accommodations' and this has also been reflected in price growth in the 'recreation, education and reading' component of the Whitehorse CPI. While still high, inflationary pressures in this area began to ease later in 2023.
- The Bank of Canada's efforts to tame inflation appear to have set the stage for a soft landing for Canada, as inflation is trending down without an accompanying sharp downturn in economic activity. Weaker energy prices and improving supply chains have also helped to contribute to much-improved inflation nationally.
- After averaging 3.9 per cent in 2023, the Bank expects national inflation to fall to 2.8 per cent in 2024 and 2.2 per cent in 2025. As price pressures continue to recede, a similar story is expected locally with growth of the Whitehorse CPI forecast to fall from 4.9 per cent in 2023 to 3.0 per cent in 2024 and 2.5 per cent in 2025.

Weaker home prices in recent quarters as higher interest rates soften demand

- After almost six years of quarterly gains, the average price of a single-detached home has fallen in five consecutive quarters.
- Prices have softened across all housing types in recent quarters, largely due to the appreciation of interest rates over the last two years which have increased the cost of financing a home and have softened demand.
- While home prices have fallen from recent records, affordability continues to be a challenge, as lower prices have been offset by higher financing costs due to higher mortgage rates. Among single-detached homes, duplexes, condos and mobile homes, the latter showed marginal improvement in affordability in 2023.
- The Whitehorse rental market remains tight, with rents continuing to climb and a vacancy rate that continues to hover near a record low. The median rent in a building of three or more units was \$1,250 in October 2023, an all-time high, and the vacancy rate of 1.2 per cent was only slightly higher than April 2023's 1 per cent vacancy rate, or the record low of 0.8 per cent reported for April 2022.

2023 was another busy year for the construction sector

- Investment in building construction reached a new record high in 2023, growing 21 per cent to about \$450 million.
- Residential building construction grew 13 per cent to \$262 million. Most of the growth was noted in multi-unit dwellings, particularly in renovations.
- While residential projects continue to account for a larger portion of total investment, the 34 per cent increase in non-residential investment in 2023 was more than twice the growth rate of residential investment. Commercial investment drove non-residential investment in 2023, led by substantial growth in investment in new construction of office buildings, as well as renovation of existing office space.
- Non-residential investment in building construction was also supported by institutional and governmental investment, up 14 per cent to almost \$79 million. Overall gains in public investment were driven by new construction in education

which grew 75 per cent to almost \$30 million, largely due to construction of the new school in the Whistle Bend subdivision of Whitehorse.

- Like investment in non-residential building construction, non-residential building permits saw strong growth in 2023, up nearly 60 per cent to \$234.8 million, from 2022. Strong gains in permits for commercial projects as well as government-related projects drove non-residential permit value, accounting for almost all non-residential permit value.
- Historically, government investment is a prominent driver of construction activity, and this will continue to be the case over the medium term. The Government of Yukon's latest *Five-Year Capital Plan* includes spending of over \$2.1 billion out to fiscal year 2028-2029.

The Eagle Gold and Keno Hill mines to drive medium-term production

- Even with the loss of production resulting from Minto's abandonment in the first half of 2023, overall production is expected to increase in the medium-term, as both remaining hard rock mines are ramping up operations to full production.
- Victoria Gold's Eagle Gold Mine produced 166,730 ounces of gold in 2023, up from just over 150,000 ounces in 2022, and a record level for the mine. The increase is impressive as forest fire evacuations stopped work twice in 2023.
- The mine continues to ramp up operations to full production, and the operator expects production to increase to as much as 185,000 ounces in 2024.
- Operations resumed at the Keno Hill project in the second quarter of last year, with a reported 1.5 million ounces of silver produced in 2023. Production fell just short of the lower end of Hecla Mining Company's revised production guidance of 1.6-1.8 million ounces.
 - The operator expects much improved silver production in 2024, with silver production projected to increase to as much as 3.0 million ounces
- Placer gold production has long been a prominent contributor to the local mining industry. At nearly \$155 million, placer gold production accounted for almost a quarter of 2023's total estimate value of mineral production.

Fiscal & Economic Outlook

- Excluding 2020, when travel and work restrictions related to the COVID-19 pandemic greatly reduced mineral exploration activity, estimates of exploration spending from Natural Resources Canada, has been generally flat since 2017.
- Exploration spending on base metals has been stronger in the last couple of years, but exploration spending remains concentrated on precious metals. The Yukon has a rich history of gold production, and persistence of high prices has helped fuel recent exploration and should support exploration activities going forward.

Tourism sector well on its way back, with much improved performance in 2023

- Tourism's recovery gained momentum in 2023, with key performance measures having by far their best showings since COVID-19's emergence in early 2020.
- Border crossings in 2023 compare favourably with pre-pandemic levels, representing about 90 per cent of the figure for the same period of 2019.
- Like border crossings, air arrivals in 2023 are much improved. Arrivals at the Erik Nielson Whitehorse International Airport in 2023 represent over 89 per cent of 2019 arrivals, with arrivals up every month last year.

With its recent strong performance, the local tourism sector is well positioned for further gains over the medium term. Overall, visitation is tracking to be back to, or ahead of, pre-pandemic levels as early as 2024.

Approved

Signature on file

March 5, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

2024-25 Main Estimates

TAB #05
Spring 2024
Finance

Recommended response:

- The Government of Yukon is committed to supporting Yukoners and communities while delivering strong, sustainable fiscal management.
- This budget will benefit all Yukoners by providing significant investments in health care, education, and housing, and by ensuring that Yukoners have opportunities to thrive in a vibrant and sustainable economy.

Healthcare

- The government is committed to ensuring Yukoners have quality health and wellness services.
- We are providing an additional \$15.3 million in funding to support the operations of the Yukon Hospital Corporation and another \$30 million is directed towards our Insured Health services system.
- The government will continue to lay the foundation for the territory's new health authority. The budget includes \$9.4 million to help advance the implementation of a new health authority.
- We are providing \$2.58 million in funding to implement the *Substance Use Health Emergency Strategy* in coordination with our partners, and we have included \$5.1 million to complete the Mental Health and Wellness Unit at Whitehorse General Hospital.
- The budget also includes \$2.8 million in funding that will help attract additional healthcare personnel as we implement our Health Human Resources strategy.

Session Briefing Note

2024-25 Main Estimates

TAB #05
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Finance

Education

- The government is also committed to preparing youth across the territory for future success.
- This budget provides an additional \$4.4 million to help increase the number of educational support staff and wellness professionals in our schools and create a learning environment that is inclusive and responsive to the diverse needs of our students.
- An additional \$1.1 million in new funding will help enhance French first-language programming in Dawson City.
- This budget also includes \$13 million to build a new school in Burwash Landing, and another \$7.1 million to renovate existing schools in Ross River and Whitehorse.

Housing infrastructure

- This budget includes strategic investments in infrastructure, particularly in housing for the most vulnerable. This includes over \$100 million in capital funding for land development, housing, education, and health care.
 - \$27.6 million will go towards building affordable homes, community housing and housing first projects.
 - \$25.9 million will be invested for the development of lots across the Yukon.
 - \$6.0 million will assist the Safe at Home Society to develop supportive housing and housing-first projects.

Session Briefing Note

2024-25 Main Estimates

TAB #05
Spring 2024
Finance

Sustainable economy

- This year's budget delivers on our commitments to environmental stewardship, which is demonstrated through our investments to support existing and new actions identified in *Our Clean Future*.
- More than \$55.0 million in this budget is dedicated to *Our Clean Future* initiatives, including:
 - \$12.0 million for the Green Infrastructure Program
 - \$7.3 million for Yukon Government building retrofits
 - \$6.9 million for the Low Carbon Economy Leadership Fund
 - \$6.4 million for the Energy Rebate Program
- This budget also includes \$21.5 million to continue care and maintenance work at the Minto mine, which is ensure that water treatment at the site continues.

Financial management

- The Government of Yukon is committed to delivering strong, sustainable financial management. Overall, the 2024-25 Main Estimates forecasts a surplus of \$119 million, thanks in part to our continued investments in strategic infrastructure that will provide lasting benefits for Yukoners.
- Maintaining a budgetary surplus is a prudent fiscal management tool. It demonstrates the ability to address unforeseen events without going into deficit. Maintaining a surplus position also lessens the

Session Briefing Note

2024-25 Main Estimates

TAB #05
Spring 2024
Finance

government's potential need to borrow funds and reduces the government's net debt position.

- The government continues to take a fulsome look at when extraordinary level of spending is necessary. During the pandemic, for example, it was critical that we continue to support Yukoners and the economy. This was partially achieved through significant investments in infrastructure and capital projects. While this injection of stimulus spending kept Yukoners working through the pandemic and made great strides towards addressing gaps in our infrastructure needs, it also contributed towards increasing net debt.
- The government is expected to remain in surplus in all years of its five-year outlook, which will help to stabilize and eventually reduce our net debt position.
- The government has included a \$50 million contingency in the financial framework for 2024-25, which has been a proven method to offset the cost of expected but undefined expenditures that arise throughout the fiscal year while limiting their impact on the territory's fiscal position.

Additional response:

- Forecast O&M expenditures total \$1.60 billion, with recoveries offsetting this amount by \$183.7 million.
- Capital expenditures total \$484.0 million, with approximately \$171.3 million in recoveries.

Session Briefing Note

2024-25 Main Estimates

Spring 2024
Finance

- Revenue growth continues to accelerate alongside these record levels of recoveries. Revenue is forecast to increase by \$115.8 million, or 7.4 per cent, from the 2023-24 Main Estimates:
 - Transfers from Canada are expected to increase by \$101.6 million, or 7.7 per cent, from last year, with most of the increase expected from the Grant from Canada.
 - Taxes and general revenues are set to increase by \$14.2 million, or 5.7 per cent.
- The government continues to leverage federal recoveries to provide necessary infrastructure for the Yukon. This includes affordable housing projects, the Nisutlin Bay Bridge replacement project, the Dempster Fibre project, and improvements at the Erik Nielsen Whitehorse International Airport runway.

Interim Supply Bill

- The Budget for 2024-25 will continue to be debated by the Legislative Assembly until after April first. There is a routine Interim Supply Bill to ensure that departments have the spending authority to deliver core services and to begin important projects.
- The total amount in the Interim Supply Bill is \$458.3 million this year. This is comparable to the \$450 million total amount for last year. As a percentage of the of the total annual Budget, the Interim Supply Bill represents about 22.0% this year, compared to about 23.2% last year.

Session Briefing Note

2024-25 Main Estimates

TAB #05
Spring 2024
Finance

Context — this may be an issue because:

- The 2024-25 Main Estimates will be debated during the March 2024 legislative session.
-

Background:

- Gross O&M expenditures are forecast to increase by \$141.4 million, or 9.7 per cent, from the 2023-24 Main Estimates.
- The O&M recovery forecast has also significantly increased over the 2023-24 Main Estimates, by about \$52.9 million. Net O&M expenditures are forecast to increase by \$88.6 million, or 6.7 per cent, compared to the 2023-24 Main Estimates.
- Gross capital expenditures are forecast to be about \$484.0 million for 2024-25, which is virtually unchanged from the 2023-24 Main Estimates level. Capital recovery are forecast to increase by \$6.86 million.
- The \$50 million contingency is not included in departmental budgets and would still need to be presented to the legislative assembly for approval, but is included in our fiscal plan so that, if required, it will not affect Yukon's forecast fiscal position.
- On a consolidated basis, when all government reporting agencies, such as Yukon University and public corporations are included, the 2024-25 Main Estimates forecast an annual surplus of \$153.7 million and net debt of \$215.2 million.

Approved

Signature on file

March 11, 2024

Deputy Minister, Finance

Approved

Session Briefing Note

2024-25 Full Time Equivalents

TAB #06
Spring 2024
Finance

Recommended response:

- This government is committed to providing the services Yukoners depend on and will continue to ensure we have the human resources necessary to assist and protect Yukoners.
- In the 2024-25 Main Estimates, 5,484.9 Full-Time Equivalents (FTEs) are reported for the Government of Yukon to support programs and services for Yukoners. This change reflects an increase of 152.8 FTEs or 2.9 per cent from the 2023-24 Main Estimates. Among these new FTEs, 119.9 are for term positions and 50 per cent are fully recoverable.
- The increase is primarily related to the inclusion of 61.0 term positions for additional education assistants, learning assistance teachers and mental health and wellness counsellors. 28.5 term positions will work towards the establishment of a Yukon health authority, 11.5 term FTEs contribute to the Health Human Resources strategy, and 12.0 term positions will support the Yukon government's Substance Use Health Emergency Strategy.
- Other additions include resources to support initiatives, such as the Bilateral Nature Agreement, land use planning, Our Clean Future and climate change commitments, the National Action Plan to End Gender-based Violence and various other initiative supporting public safety in the Department of Justice. These additional resources will help the government meet its commitments as part of several key strategies, including *Putting People First*.

Additional response:

- The 2023-24 Supplementary Estimates No. 2 includes an additional 42.6 FTEs; of which 29.1 are for term positions, and 73% are fully recoverable.

Session Briefing Note

2024-25 Full Time Equivalents

TAB #06
Spring 2024

Finance

- This includes eight permanent staff to run the new walk-in-clinic, eight term positions to work on the establishment of a Yukon Health Authority, and six term positions to assist with the Substance Use Health Emergency Strategy.
- 5.5 permanent teachers have also been added based on schools enrollment. Four term staff will help with enhanced resiliency in fighting and managing wildfires in a changing climate, and nine term positions have been extended to continue the work towards safer and more inclusive communities. Two term positions will help with the National Action Plan to End Gender-based Violence.
- This government is fully committed to providing a transparent and up to date account of budgeted FTEs with its Main and Supplementary budgets. The government shares these updates in the house and with all members during regular briefings.
- Planned FTEs should not be confused with the statistics provided by the Public Service Commission, which reports on the number of employees and the number of actual hours worked by Yukon government employees.
- The Public Service Commission and the Department of Finance are working together to review both approaches and look at further options for improved reporting in the future.

Context — this may be an issue because:

- A Yukon Party release issued in January 2023 noted that in November 2016 (when the Liberals were first elected) the Yukon Bureau of Statistics reported there being 8,800 public sector employees in the Yukon and 13,300 people either self-employed or working for the private sector.

Session Briefing Note

2024-25 Full Time Equivalents

TAB #06
Spring 2024

Finance

- YBS statistics from December 2022 indicate there being 1,900 more public sector jobs in the territory and 500 fewer self-employed or private sector workers over the same time period. It should be noted that their definition of public sector includes all those working in municipal, First Nations, territorial and federal governments.
- In January 2020, the Yukon Chamber of Commerce publicly proposed that the Government of Yukon “report on the number and type of Yukon government employees and provide this quarterly by way of Yukon Statistics, for future reference and comparison.”

Background:

- The Main Estimates include an allocation of planned spending on government personnel. In addition, a calculation of the number of FTE positions is shared with the opposition through the budget technical briefings.
- See attached:
 - Appendix A for 2024-25 Main Estimates information.
 - Appendix B for 2023-24 Supplementary Estimates #1 information.
 - Appendix C for 2023-24 Supplementary Estimates #2 information.

Approved

Signature on file
Deputy Minister
Department of Finance

February 19, 2024
Approved

Appendix A Government of Yukon Summary of Operations & Maintenance 2024-25 Approved FTE's by Department						
Dept	2023-24 Mains	2024-25 Mains	Change	Details		
				Type	FTEs	Rationale
YLA	15.2	15.2	0.0	-	-	No change
ELEC	2.0	2.0	0.0	-	-	No change
OMB	8.0	9.0	1.0	Permanent	1.0	Communication Manager
CYAO	5.4	6.4	1.0	Term	1.0	Systemic Policy Analyst
ECO	110.3	112.8	2.5	Term	0.5	Western Premiers' Conference Planning Coordinator
				Permanent	2.0	Transfer of Evaluation Unit from Finance
CS	214.1	221.1	7.0	Permanent	1.7	Enhancing Resilience of Wildland fire Management - Unit Crew Services Agreement
				Term	3.3	Enhancing Resilience of Wildland fire Management - Wildfire Legislative Advisor and Negotiator (1.0) and Mobile Facilities Management (2.3)
				Permanent	2.0	Our Clean Future Phase II (added by MBS)
EcDev	63.2	63.2	0.0	Term	(2.0)	Time-limited removal - Technology and Innovation Branch
				Term	1.0	Foreign Credential Recognition
				Permanent	1.0	Innovation Strategy - Senior Business Advisor
EDU	1,187.9	1,253.5	65.6	Term	(1.0)	Time-limited removal - Director, Review of Inclusive and Special Education
				Permanent	2.0	Whistle Bend Elementary School
				Term	61.0	CASA: Educational Assistants, Learning Assistant Teachers and Mental Health and Wellness Counsellors (or similar) in schools
				Permanent	0.2	CSFY increase based on projected enrolment
				Term	4.4	Dawson enhanced French First Language (CSFY)
				Permanent	(1.0)	Transfer ATIPP/Privacy Management Coordinator to HPW
EMR	293.7	294.7	1.0	Term	(1.0)	Time-limited removal - Climate change initiatives through CIRNAC (permafrost and geohazard monitoring)
				Term	(1.0)	OCF - Clean Transportation Programs
				Permanent	1.0	OCF - Clean Transportation Programs
				Permanent	1.0	Land Use Planning
				Term	1.0	Land Use Planning
ENV	240.7	253.4	12.7	Term	(5.0)	Time-limited removal - Various agreements expiring March 2024
				Term	13.7	Bilateral Nature Agreement
				Term	1.0	Climate Change Preparedness in the North
				Term	1.0	Environment and Climate Change Canada - Climate Scientist
				Permanent	2.0	Our Clean Future Phase II
FIN	78.7	76.7	(2.0)	Permanent	(2.0)	Transfer of Evaluation Unit to ECO
FLSD	43.2	43.2	0.0	-	-	No change
HSS	1,573.4	1,616.4	43.0	Term	(5.5)	Time-limited removal - 1Health and EMS adjustments
				Term	3.5	Supervised Consumption Site
				Term	6.0	Substance Use Health Emergency Strategy
				Permanent	5.5	Managed Alcohol Program (0.5 FTEs added)
				Permanent	8.0	Walk-in Clinic
				Term	1.0	Congenital Anomalies Surveillance System
				Term	(17.5)	Existing THIF positions reprofiled for HWY and HHR
				Term	28.5	Health and Wellness Yukon
				Term	11.5	Health Human Resources
				Term	2.0	Canadian Partnership Against Cancer
HPW	782.6	783.1	0.5	Term	(3.0)	Time-limited removal - Motor Vehicles Act one-year extension
				Permanent	2.5	Whistle Bend Elementary School
				Permanent	1.0	Transfer ATIPP/Privacy Management Coordinator from EDU
JUS	291.1	312.1	21.0	Term	6.0	Substance Use Health Emergency Strategy
				Term	3.0	National Action Plan to End Gender-Based Violence
				Permanent	3.0	Court Services Branch
				Term	5.0	Guns and Gang Violence Action Fund
				Term	3.0	Drug Treatment Court Funding
				Term	1.0	Family Information Liaison Unit
PSC	161.0	158.0	(3.0)	Term	(1.0)	Time-limited removal - Legal Advisor
				Term	(2.0)	Time-Limited FTE Adjustment (missed in prior year)
TC	113.2	112.7	(0.5)	Term	(0.5)	Time-limited removal - Conrad Historic Site Management Plan
WGED	9.2	12.2	3.0	Term	(1.0)	Time-limited removal - MMIWG2S+ Senior Advisor
				Permanent	2.0	MMIWG2S+ Senior Advisor
				Term	2.0	National Action Plan to End Gender-based Violence
YHC	69.2	69.2	0.0	-	-	No change
YLC	70.0	70.0	0.0	-	-	No change
Total	5,332.1	5,484.9	152.8			

Changes	Request	Final
Term	126.7	119.9
Permanent	165.6	32.9
Total	292.3	152.8

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

Appendix B
Government of Yukon
Summary of Operations & Maintenance
2023-24 Supp #1 Approved FTE's by Department

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

Changes	Total
Term	61.7
Permanent	7.8
Total	69.5

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

Appendix C
Government of Yukon
Summary of Operations & Maintenance
2023-24 Supp #2 Approved FTE's by Department

Dept	2023-24 Mains	2023-24 Supp #1	2023-24 Supp #2	Change	Details		
					Type	FTEs	Rationale
YLA	15.2	15.2	15.2	0.0	-	-	No change
ELEC	2.0	2.0	2.0	0.0	-	-	No change
OMB	8.0	8.0	8.0	0.0	-	-	No change
CYAO	5.4	5.4	5.4	0.0	-	-	No change
ECO	110.3	110.3	110.3	0.0	-	-	No change
CS	214.1	214.1	218.1	4.0	Term	4.0	Enhancing Resilience - Fighting and Managing Wildfires in a Changing Climate
EcDev	63.2	63.2	63.2	0.0	-	-	No change
EDU	1,187.9	1,230.9	1,236.5	5.6	Permanent	5.5	Teachers based on enrollment
					Term	0.1	Teacher-on-Call based on enrollment
EMR	293.7	293.7	293.7	0.0	-	-	No change
ENV	240.7	254.4	254.4	0.0	-	-	No change
FIN	78.6	78.6	78.6	0.0	-	-	No change
FLSD	43.2	43.2	43.2	0.0	-	-	No change
HSS	1,573.4	1,584.2	1,600.2	16.0	Permanent	8.0	Walk-in-Clinic
					Term	8.0	Territorial Health Investment Fund
HPW	782.6	782.6	782.6	0.0	-	-	No change
JUS	291.1	291.1	308.1	17.0	Term	3.0	Drug Treatment Court Funding
					Term	6.0	Substance Use Health Emergency
					Term	1.0	Family Information Liasion Unit
					Term	5.0	Gun and Gang Violence Action Fund
					Term	2.0	National Action Plan to End Gender-based Violence
PSC	161.0	161.0	161.0	0.0	-	-	No change
TC	113.2	113.2	113.2	0.0	-	-	No change
WGED	9.2	11.2	11.2	0.0	-	-	No change
YHC	69.2	69.2	69.2	0.0	-	-	No change
YLC	70.0	70.0	70.0	0.0	-	-	No change
Total	5,332.0	5,401.5	5,444.1	42.6			

Changes	Total
Term	29.1
Permanent	13.5
Total	42.6

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

Session Briefing Note**Federal Budget 2024 Capital
Gain Changes**Department of
Finance

Recommended response:

- Federal Budget 2024 contains a suite of new tax measures, with the most notable being the proposed changes in capital gains inclusion rate.
- Budget 2024 proposes, for capital gains realized on or after June 25, 2024, an increase in the inclusion rate from one-half to two-thirds for corporations and trusts, and from one-half to two-thirds on the portion of capital gains above \$250,000 realized in the year by individuals.
- For individuals, this means that capital gains below \$250,000 would have an inclusion rate of one-half (50 per cent) and anything above that threshold would be included at two-thirds (66.7 per cent).

Additional response:

- In total, the tax measures in Budget 2024 amount to \$6 billion from 2023-24 to 2028-29 of additional revenues for the federal government. Some measures, like the capital gains inclusion rate changes, will bring more revenues and others, like tax credits, are expenditure measures that will result in a decrease in revenues.
- Federal Budget 2024 indicates that increasing the inclusion rate on capital gains is expected to generate new revenues for provincial and territorial governments.
- Based on preliminary estimates by the federal government, the capital gains inclusion rate changes alone may result in additional tax revenues of \$3 million over five years (for the Yukon), starting in

Session Briefing Note

Federal Budget 2024 Capital Gain Changes

Department of Finance

2024-25. This includes changes in personal income tax and corporate income tax revenues.

- Tax revenues, can be very volatile. The Department of Finance is currently undertaking an in-depth analysis of the tax measures and how they would impact the Yukon.

Context—this may be an issue because:

- Federal Budget 2024 was introduced by the federal government on April 16 and included tax changes.

Background:

- A capital gain arises when you sell, or are considered to have sold, property for more than the total cost you paid to acquire the property.
- The “Inclusion rate” is the term used in the Income Tax Act to represent the percentage of one’s capital gain to be included in income.

Approved

Signature on file

April 22, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note**Spring 2024****Borrowing & Debt**Finance

Recommended response:

- The Yukon government, through its corporations, periodically borrows funds to deliver the programs and services that Yukoners expect.
- Borrowing is just one financing tool available to governments to make strategic investments in priority infrastructure opportunities such as schools, hospitals, energy, and transportation, or in delivering better services for Yukoners.
- The Government of Yukon publicly discloses all its borrowings in the Public Accounts, which totaled \$233 million on March 31, 2023.
- Outside of the corporations, the Government of Yukon does not foresee a need beyond short-term borrowing requirements due to the same factors that are stabilizing net debt in the outlying years of the government's forecast.
- This includes strong revenue growth, a moderate capital plan, and a sustainable level of O&M growth.
- While extreme environmental emergencies or other unforeseen circumstances could require long-term borrowing, the Yukon government would be well positioned to support that borrowing due to its strong financial position. This is evidenced by the Yukon government's AA-Stable credit rating and its low net debt-to-GDP ratio, which is among the lowest in Canada.

Session Briefing Note

Spring 2024

Borrowing & Debt

Finance

Additional response:

- All borrowing is held by government corporations. On March 31, 2023, those balances were as follows:

Corporation	Amount
Yukon Development Corporation	\$205,112,000
Yukon Hospital Corporation	\$23,612,000
Yukon Housing Corporation	\$791,000
Yukon University	\$966,000
Accrued Interest and Capital Lease	\$2,999,000
Total	\$233,480,000

- In addition to long-term borrowing by the government's corporations, the Government of Yukon also has access to a line of credit with its banking provider, which is used to manage temporary or short-term cash flow needs throughout the year.
- At any given time, either through short-term or long-term borrowing, the government can borrow up to \$800 million. This limit is set by the federal government under the Yukon Act.

Context — this may be an issue because:

- During the spring and fall 2023 sessions, information was requested about the current amount of long-term debt and temporary borrowings.
- The Yukon Public Accounts for 2022-23 show a decrease in net financial assets, which is often misunderstood as debt stemming from borrowing.

Session Briefing Note

Spring 2024

Borrowing & Debt

Finance

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.
- 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
	\$million	\$million		\$million	\$million		\$million	\$million	
Sep '20	800	3,241	25%	1,800	4,145	43%	750	4,219	18%
May '15				1,300	4,721	28%	650	2,421	27%
Mar '12	400	2,558	16%	800	4,394	18%	400	2,200	18%
May '10				575	4,817	12%			
May '09	300	2,137	14%						
Apr '07				500	4,668	11%			

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

Session Briefing Note

Spring 2024

Borrowing & Debt

Finance

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

Financial Instruments

- The government has a \$50 million line of credit (temporarily increased to \$200 million ending May 1, 2024) with its commercial banking provider CIBC.
- The corporations borrow using a variety of financial instruments including bank loans, bonds, loans from First Nations, and loans and mortgages from Canada Mortgage and Housing Corporation.

At March 31, 2023	Term	Rate	Payment	Balance ('000s)
Yukon Development Corporation				
Bond	30 Years	5.0%	Interest payable semi-annually. Principal due June 29, 2040	\$100,000
Toronto Dominion Bank	Due September 28, 2035	2.06%	Monthly installments of \$47,918	\$7,308
Toronto Dominion Bank	Due august 23, 2043	3.4%	Monthly installments of \$117,095	\$20,669

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Borrowing & Debt

Finance

Toronto Dominion Bank	Due July 14, 2044	2.64%	Monthly installments of \$30,868	\$6,036
Toronto Dominion Bank	Due November 4, 2045	2.06%	Monthly installments of \$20,478	\$4,450
Toronto Dominion Bank	Due April 30, 2046	2.88%	Monthly installments of \$35,853	\$7,246
Toronto Dominion Bank	Due September 1, 2052	4.07%	Monthly instalments of \$86,661	\$17,836
Tr'ondek Hwech'in First Nation	Due in 2049	Blended rate based on cost of debt and actual rate of return earned by the Utility. 2022 – 5.02%	Equal annual principal repayments of \$125,000	\$3,375
Na-Cho Nyak Dun Investment Trust	Due in 2094	Actual rate of return earned by the Utility. 2022 – 2.88%	Equal annual principal repayments of \$43,264	\$3,115
Chu Niikwan Limited Partnership	Due in 2040	Blended rate based on the cost of debt and the actual rate of return earned by the Utility.	Equal annual principal repayments of \$1,019,320	\$18,348

Session Briefing Note

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Borrowing & Debt

Finance

		2022 – 2.88%		
Bank Overdraft				\$16,729
Yukon Hospital Corporation				
CIBC	Due December 31, 2026	Interest rate swap fixed at 5.15%	Blended monthly payments of \$160,000	\$6,524
CIBC	Due April 1, 2028	Interest rate swap fixed at 4.525%	Blended monthly payments of \$100,000	\$6,100
CIBC	Due March 15, 2028	Interest rate swap fixed at 5.23%	Blended monthly payments of \$117,000	\$6,192
CIBC	Due February 28, 2028	Interest rate swap fixed at 5.30%	Blended monthly payments of \$93,000	\$4,796
Yukon Housing Corporation				
Chartered Banks and CMHC	Variety with maturities up to 2028	1.99% - 2.81%	Blended monthly payments	\$379
Chartered banks and CMHC	Variety with maturities up to 2028	7.5% - 9.5%	Blended periodic installments	\$412

Session Briefing Note
Borrowing & Debt

Spring 2024
Finance

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				\$2,165
Capital lease obligations				\$834

Approved

Signature on file

Deputy Minister, Finance

March 06, 2024

Date approved

Recommended response:

- The Government of Yukon is committed to ensuring that programs and services, which Yukoners rely upon, are delivered without delay or interruption.
- As part of this commitment, the Department of Finance actively monitors cash flow and liquidity to ensure its employees and vendors are paid in a timely manner.
- In order to accomplish this monumental balancing act between the government's accounts payable and its accounts receivable, the government makes use of its regular cash reserves.
- On occasion, the government's cash position may show a negative balance as a result of timing in each of these payment streams.
- In these instances, the government may draw upon its line of credit as one of the tools used to finance the temporary shortfall.
- As with any long-term or short-term loan, the government incurs interest charges on the actual amount used on the line of credit.
- Offsetting some of these interest costs, the government also earns interest on the balance of its operating account, when positive.

Additional response:

- 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.
 - At this time, the government does not need to access borrowing tools beyond its short-term line of credit.

Context—this may be an issue because:

- The opposition questioned the government's debt levels and referenced rising interest rates during the fall session.
-

Background:

- The Government of Yukon holds a line of credit authorized under section 2 of the Temporary Borrowing Regulations.
- The line of credit is for a short period of time (less than 365 consecutive days) and is intended to bridge finance the government between the actual expenditures on projects and services approved by the legislative assembly and the actual receipt of revenues and recoveries.
- 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 needs to be budgeted and accounted for in the Public Accounts.
- The line of credit is procured alongside the government's commercial banking tender.
- The cost of the line of credit is a discount from the commercial banking provider's prime rate. This means that the interest paid on the line of credit will fluctuate with the Bank of Canada's policy rate.

Session Briefing Note

TAB#09
Spring 2024

Interest Expense

Finance

- The Government of Yukon also earns interest at the procured rate on the balance of its operating account.
- The Bank of Canada policy rate has increased from 0.25% in early 2022 to 5.00% as of February 15, 2024.

Approved

Signature on file

February 19, 2024

Deputy Minister, Finance

Date approved

Coordinated Vaping Product Taxation Agreement Act

Recommended response:

- This government continues to be concerned about rising rates of youth vaping.
- This is why we [have introduced](#) Bill 35, or the *Coordinated Vaping Product Taxation Agreement Act*, which will allow the Yukon to enter into a Coordinated Vaping Taxation Agreement with the Government of Canada.
- Supporting the federal government's taxation approach will help reduce rates of youth consumption, and by extension all consumption, by increasing the cost of vaping products sold in the territory.
- At the same time, as we see a shift away from cigarette and other forms of tobacco smoking towards increased vaping, this agreement will also mitigate some of that lost tobacco tax revenue.

Additional response:

- The federal vaping tax will work by including an additional duty on vaping products in provinces and territories participating in the coordinated regime. Canada would then transfer 50 per cent of the total revenues from those duties to those participating provinces and territories.
- Canada has already established coordinated agreements with some provinces and territories, which will be implemented in July 2024. Canada is now working with the remaining interested jurisdictions to establish agreements in March 2024 with a targeted implementation date of January 1, 2025.

Coordinated Vaping Product Taxation Agreement Act

- A January 2025 implementation date is expected to result in federal vaping transfers of \$115,000 in 2024-25, rising to \$780,000 by 2026-27, when fully implemented.
- The Canadian Cancer Society, the World Health Organization and public health experts support taxation as a critical public policy tool to reduce vaping, especially among price sensitive young people.
- Research shows that higher taxes on tobacco products lead to reduced smoking rates. When vaping products are taxed, it can also contribute to reducing vaping rates.
- With relatively higher tax rates for products most frequently purchased by youth, such as disposable vapes, the tax on vaping products was designed by Canada to discourage youth from vaping, while ensuring that cigarettes are not an appealing alternative.
- According to the World Bank, jurisdictions worldwide have implemented vaping taxation, . Several studies show vaping tax leading to decrease in youth vaping use. According to an article published in the American Journal of Preventive Medicine, a \$1 increase in vaping tax led to a 12 per cent decrease in teen vaping use.

Context—this may be an issue because:

- On November 14, 2023, a statement from the Minister of Finance and Minister of Health and Social Services regarding the Yukon's intention to join the federal coordinated vaping products taxation framework was released on Yukon.ca. The statement indicated that the government would introduce a motion signaling the

Coordinated Vaping Product Taxation Agreement Act

Yukon government's intention to bring forward legislation in spring 2024, supporting the federal coordinated vaping taxation.

- Also, on November 14, 2023, Minister Silver rose in the Legislative Assembly to give notice of the following motion:
 - *"THAT this House supports the Government of Yukon introducing legislation in the 2024 Spring Sitting that will confirm Yukon's participation in the coordinated vaping products taxation framework."*
-

Background:

- In Budget 2021, the federal government announced its intention to introduce a new taxation framework for the imposition of excise duties on vaping products. The excise tax on vaping products was established on October 1, 2022.
- Canada originally planned for 2022 implementation of the coordinated vaping products taxation agreements; however, the framework will not be implemented until July 1, 2024 for the first provinces and territories that joined.
- Ontario, Quebec, Northwest Territories and Nunavut agreements will come into effect on July 1, 2024. The remaining agreements are targeted for implementation by January 1, 2025. This includes the Yukon, Prince Edward Island, Alberta, New Brunswick and Manitoba. Saskatchewan, British Columbia and Newfoundland have their own vaping tax; Nova Scotia also has its own vaping tax but has passed legislation to enable participation in the federal framework.
- The federal government stated, in 2023, that provinces and territories wishing to join the coordinated vaping tax regime should do the following:
 - In October 2023 make a public announcement about the intention to join the coordinated vaping product regime.
 - Table the appropriate legislative Instrument (bill or motion) for the assembly to authorize the joining of the coordinated framework.

Coordinated Vaping Product Taxation Agreement Act

Proposed additional federal vaping tax

Tax base

- The vaping tax applies to liquid and solid vaping substances, such as e-juices, waxes, and herbs. The tax would apply on substances that contain nicotine as well as those that do not contain nicotine.
- The tax does not apply to vaping devices. The tax does not apply to substances that are already subject to the cannabis excise duty regime, or to substances produced by individuals at home for their personal use.

Tax rate

- The tax rate on the portion shared with the Yukon, referred to as the “additional duty” depends on the volume of vaping substances contained inside of individual vaping products sold, measured in millilitres (ml) or grams (gm). The tax rate would be \$1 per 2 ml, or a fraction thereof, for the first 10 ml of vaping substance in a product, and \$1 per 10 ml for volumes beyond that. For example:
 - A package containing 20 pods each containing 1 ml of vaping juice would be subject to \$20 of tax. The tax per pod would be \$1, since 1 ml is a fraction of 2 ml (i.e., it is one-half of 2 ml).
 - A 20 ml container of vaping juice would be subject to \$6 of tax. The tax on the first 10 ml would be \$5 (i.e., \$1 per 2 ml times 10 ml) and \$1 for the remaining 10 ml.
- This rate structure is designed to target closed systems, such as vaping pods and other single use devices. Research shows that these devices are predominately used by youth, whereas adults are more likely to use reusable open systems. [The average tax is relatively lower for refillable open-systems, which are more commonly used by adults and consumers that use vaping products to try and quit smoking.](#)
- Federal officials have indicated that the agreements must be signed by March 15, 2024 in order for the additional duty to apply beginning January 1, 2025.

Coordinated Vaping Product Taxation Agreement Act

- The federal vaping tax, including the additional amount in participating jurisdictions, will be levied under the federal *Excise Tax Act*. The *Federal-Provincial Fiscal Arrangements Act* has also been amended to allow the Government of Canada to enter into coordinated vaping tax agreements with provinces and territories, as represented by their respective ministers of finance.
- As of November 20, 2023, MB, NS, ON, PEI, QC, AB, NB, NU, NT and YT have indicated that they will join the coordinated vaping taxation regime.
- NL, BC, SK have their own vaping tax. (NS does as well but adopted legislation to enable participation in the federal framework.)
- The Yukon has already taken some action to discourage youth vaping. In particular, individuals must be 19 years old to sell or to use tobacco and vaping products.
- Statistics Canada estimates that youth are much more likely to vape than older Canadians. 14 per cent of Canadians aged 15 through 19 have vaped in the last 30 days. 20 per cent of Canadians aged 20 through 24 have vaped in the last 30 days. This compares poorly to the 4 per cent rate for Canadians over 25 years of age.

Approved

Signature on file

March 11, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

Yukon Financial Advisory Panel

TAB# 11
Spring 2024
Finance

Recommended response:

- Several actions recommended by the Yukon Financial Advisory Panel final report are being integrated into day-to-day government operations.
- As we consider each option included in the final report, we are implementing a principled, evidence-based approach to assessing their benefits.
- We are committed to responsible use of public funds to provide Yukoners with effective, sustainable programs and services, while supporting a growing and diversified economy.
- As part of this commitment, our focus will always remain on ensuring that Yukon residents, businesses, and organizations are supported by effective, reliable programs and services.
- The Government of Yukon is also taking action to stabilize net debt. The *Fiscal and Economic Outlook* tabled with this year's budget anticipates strong revenue growth, moderating expenses, and healthy budgetary surpluses in each year of the forecast.
- Ensuring the sustainability of government services remains paramount, and we are maintaining this focus as we ensure programs and supports are delivered where they are needed.

Session Briefing Note

Yukon Financial Advisory Panel

TAB# 11
Spring 2024
Finance

Additional response:

- Some of the initiatives implemented as a result of the Yukon Financial Advisory Panel include;
 - significant investments in the Yukon's critical infrastructure, including roads, bridges and energy generation;
 - the launch of the *Putting People First* report;
 - the development of the *Performance Measurement and Evaluation Framework*, which began rolling-out across government in the fall of 2022;
 - the development of a revenue-neutral carbon pricing rebate to Yukoners;
 - increased transparency and comprehensiveness of the territory's budget presentations and projections;
 - tax reductions for Yukon businesses;
 - launching a First Nations Procurement Policy; and
 - including a contingency fund in the last three budgets to help weather uncertain events.
-

Context—this may be an issue because:

- The 2023 mandate letter for the Minister of Finance includes a commitment to “Revisit the 2017 Yukon Financial Advisory Panel Final Report to review their recommendations to continue government's work to maintain a healthy financial position.”
-

Session Briefing Note

Yukon Financial Advisory Panel

TAB# 11
Spring 2024
Finance

Background:

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

Approved

Signature on file

February 19, 2024

Deputy Minister, Finance

Date approved

Conference Board of Canada's Spring 2024 Territorial Outlook

Recommended response:

- The 2024 Conference Board of Canada's (CBoC) Territorial Outlook for the Yukon shows continued economic growth, strong employment, increasing population and moderating inflation.
- The Conference Board's outlook cites increasing mineral production from Yukon's two operating mines as well as the development of two additional mines over the next 10 years.
- The Conference Board expects strong growth in tourism, with visitation returning to pre-pandemic levels by 2025.
- The Board expects the Yukon's unemployment rate to remain one of the lowest in Canada.

Additional response:

- The CBoC forecast is broadly in line with the department's forecast, on average, though with some differences in timing.
- The CBoC expects a higher unemployment rate of around 6 per cent, but employment and real GDP are expected to grow by roughly the same amount, on average, over the department's 2024 to 2028 forecast.

Context—this may be an issue because:

- Previous releases of the Territorial Outlook have received some media attention, so there may be requests for the Premier and/or senior officials to speak to the contents of the latest forecast.
-

Conference Board of Canada's Spring 2024 Territorial Outlook

Background:

Economic Indicators

- The Conference Board of Canada forecasts that the Yukon's real GDP grew by 1.8 per cent in 2023 and should grow by 2.8 per cent this year. Growth is expected to continue at an average rate of 4.2 per cent annually over the following 6 years.
- CBoC is forecasting unemployment in the territory to remain low in 2024 at 4.6 per cent before rising to 6.0 per cent in 2025 as population growth exceeds job growth.
- The CBoC is expecting inflation in Whitehorse to cool in the coming years, dropping back to the Bank of Canada's target range in 2024 with an average of 2.7 per cent for the year. Over the forecast term, inflation averages 2 per cent.
- CBoC expects that mining will be a key driver of economic growth over the forecast, with production from Eagle Gold mine continuing until the middle of the next decade as well as ramped up production from the restarted Keno Hill project.
- In addition, CBoC assumes that the Kudz Ze Kayah project will enter production in 2029 and the massive Casino project will enter commercial production early in the next decade and continue through their forecast horizon. CBoC also expects tourism to reach pre-pandemic levels of visitation by 2025. Visitation is expected to grow by 11.7 per cent in 2024, 9.9 per cent in 2025, and 2.8 per cent in 2026.
- The CBoC notes that any slowdown in the residential construction sector brought on by higher interest borrowing costs is expected to be short-lived as the strong economic outlook should draw in migrants, leading to increased housing demand. Residential investment is expected to grow by an annual average of 2.6 per cent over the forecast.
- In addition, several large government-funded non-residential capital projects will keep Yukon's construction sector busy in the years ahead.

Session Briefing Note

TAB#12
Spring 2024
Finance

Conference Board of Canada's Spring 2024 Territorial Outlook

Preparation of the biannual report

- The Conference Board of Canada produces forecasts for each territory, normally on a biannual schedule with spring and fall releases.
- The latest territorial forecast was released on April 30, 2024.
- The Conference Board, for the first time in their outlook, discusses the potential impacts of climate change on the economy, which may draw criticism from opposition and others.
- The Government of Yukon has been a member of CBoC's northern policy focused arm, the Centre for the North, since 2009, with membership annual funding of \$25,000 provided through the Department of Economic Development.
- The Department of Finance's Economic Research Branch provides feedback to CBoC on assumptions that are fed into their economic model and reviews initial forecasts.
- The Yukon Bureau of Statistics uses long-term economic projections from CBoC as a weighted input in development of Yukon's long-term population projects.

Approved

Signature on File

April 30, 2024

Deputy Minister, Finance

Date approved

Navigating Transition

Territorial Outlook to 2045

Overview

Through vast geographic expanses, rich natural resources, and diverse cultural heritage, the territories encapsulate Canada, embodying the nation's identity and contributing to its economic and cultural tapestry. In our Territorial Outlook to 2045, we consider the trends, opportunities, and challenges that will guide the territorial economies in the years to come.

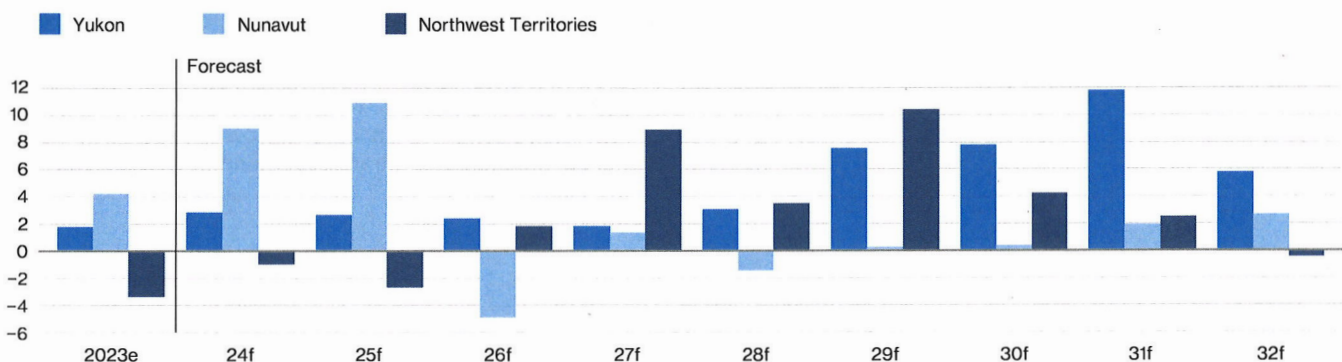
Today, the territorial economies face a time of transition. As in the rest of Canada, the effects of higher interest rates are now spreading through the economy, putting pressure on business investment, household spending, and housing and labour markets. Thankfully, monetary policy appears to be working. With inflation falling, the prospect of interest rate cuts and a surer economic footing is growing.

While the battle to tame inflation is advanced, geopolitical tensions are growing. As we have seen in recent years, far-flung conflicts can disrupt trade and price stability, impacting households and industry. The territories are of great strategic importance, playing a vital role in national security and resource autonomy.

The mining industry remains inseparable from the economic growth of the territories. The sector is entering a transitional period as demand for minerals is reshaped by technological change. The need to decarbonize as well as adhere to tightening environmental regulations is set to impact the way miners in the North operate. At the same time, the territorial economies are constrained by a lack of industrial diversity, and so complementing resource extraction with growth in sectors like tourism and the knowledge economy is key to building future resilience.

Chart 1

Territorial economic growth outlook
(real GDP growth, per cent)



e = estimate; f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

Infrastructure is a long-standing barrier to economic development across the territories. Our forecast tracks large construction projects in all three. Infrastructure development improves transportation and communication in remote areas and is an important source of employment for residents. Already elevated construction costs were further stretched by the recent bout of inflation.

Thankfully, price growth is easing. On the residential side, given high core housing need and low affordability, the need to increase housing stock across all three territories is acute.

Demographic trends are a key driver of our outlook. Canada is in the midst of a population boom driven by significant levels of international migration. Migration is an important counterbalance to population aging in the territories, primarily resolving labour market pressures. Distinct population age structures across the territories create different challenges and opportunities in each.

Over the next two decades, the territorial economies will confront escalating environmental risks, necessitating adaptive strategies and sustainable policies to mitigate damage to economic stability and regional development.

Nunavut

Nunavut's economic growth outlook is upbeat despite long-standing challenges of high unemployment rates and infrastructure underdevelopment. In the mining sector, gold production is rising, supported by the arrival of a new project in 2025.

- Between 2024 and 2030, real GDP will grow by an annual average of 2.1 per cent.
- Households in Nunavut continue to navigate higher levels of food insecurity and core housing need than in the rest of Canada.
- Nunavut's demographic profile stands out. Its relatively high fertility rate and lower median age result in distinct labour market conditions and demands on public services.
- A high unemployment rate reflects a skills mismatch in the territory's wage-based economy. The land-based economy is an important alternative source of employment and income.
- A new land use plan and the process of devolution will significantly alter Nunavut's governance, resource management, and community development.

Northwest Territories

The short-term economic outlook for the Northwest Territories is weak due to falling diamond production and a lack of private investment. The picture is expected to improve later this decade as new mineral projects act as a counterbalance.

- Between 2024 and 2030, real GDP will grow by an annual average of 3.5 per cent.
- The economy remains highly dependent on the mining sector. However, ambitions to expand services industries raise the prospect of building economic resilience through diversification.
- Despite multiple setbacks due to the pandemic, as well as the ensuing period of high inflation and last year's extreme wildfires, the tourism industry in the Northwest Territories hopes to enter a period of sustained growth, benefiting from rising numbers of visitors in the years ahead.
- Spurring greater levels of private investment is key to supporting competition and innovation as well as reducing reliance on the mining and public sector.
- The population growth outlook in the Northwest Territories is hampered by migration to other regions in Canada. Attracting international migrants will be critical for labour force growth in the years ahead.

Yukon

Yukon's outlook is relatively strong, aided by a busy construction sector, elevated levels of international migration, and growth in the tourism sector.

- Between 2024 and 2030, real GDP will grow by an annual average of 4.0 per cent.
- Despite the unexpected loss of the territory's copper mine, the mining sector will continue to expand, with two new mines forecast to open toward the end of this decade.
- Several large government-funded non-residential capital projects will keep Yukon's construction sector busy in the years ahead.
- Although near-term headwinds are weighing on hiring activity, demographic forces will keep the unemployment rate relatively low over the forecast. A strong economy and tight labour market will support wage growth, benefiting household income growth.
- As the territory seeks to bolster its population through international migration, addressing low housing affordability will be necessary to attract young and core-aged workers to Yukon.



Knowledge for your future

The responsibility for the findings and conclusions of this research rests entirely with The Conference Board of Canada.

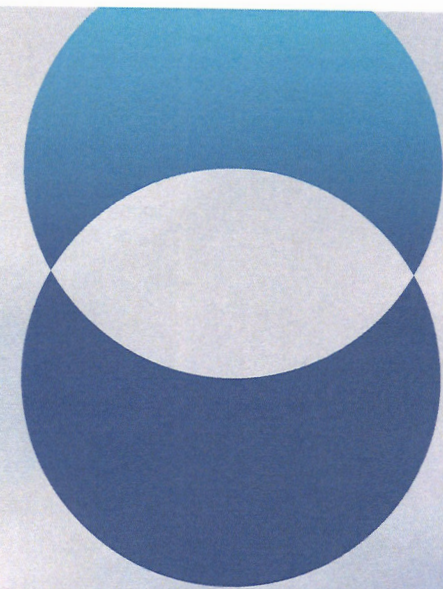
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Solid Foundations

Yukon's Outlook to 2045

Issue briefing | April 30, 2024

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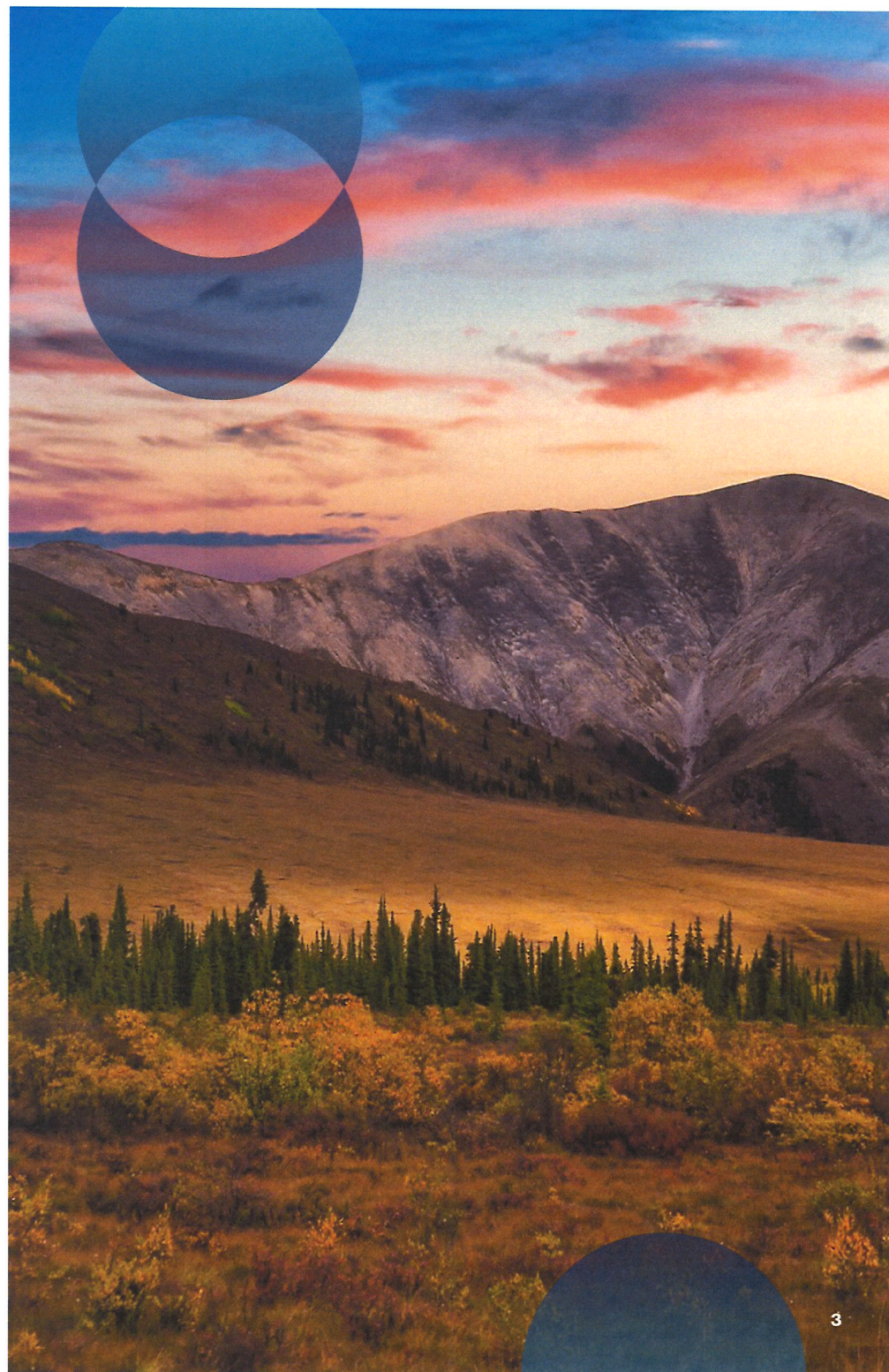
Labour market and households

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Methodology

Key findings

- Yukon's economic outlook is healthy, supported by rising production of silver and gold, a busy construction sector, and a rebounding tourism industry.
- Weaker hiring activity will temporarily weigh on employment growth. The next couple of years will see a modest rise in the unemployment rate, though conditions in the labour market are expected to remain relatively tight.
- Household spending has shown resilience in the face of higher interest rates, but consumption growth will slow in 2024. We anticipate interest rate cuts this year, supporting gains in consumer and business spending from 2025 onward.
- An aging population and low fertility rate make Yukon increasingly dependent on migration for population growth. The lack of affordable housing creates a barrier to would-be migrants and exacerbates labour supply challenges.
- The territory's tourism sector is emerging from the long shadow cast by the pandemic. A recovery in international visitors is key for Yukon and will help total visits reach pre-pandemic levels by 2025.



Overview

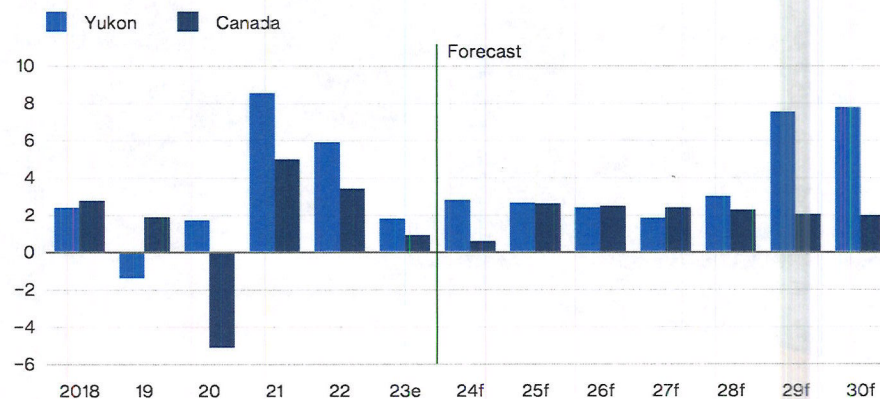
Yukon's economic outlook is healthy. Despite recent turbulence in the mining sector, the territory's economy is benefiting from a resilient labour market and resurgent tourism sector.

After real GDP growth hit 5.9 per cent in 2022, we estimate it slowed in 2023, falling to 1.8 per cent. The deceleration reflects fading tailwinds from the pandemic reopening as well as the unexpected closure of one of Yukon's three mines.

This year, Canada's economic outlook remains decidedly muted, as high interest rates are weighing on several areas of the economy. While Yukon is by no means immune to the weight of inflation-reduction measures, rising mineral production and favourable mineral prices will support economic growth of 2.8 per cent this year. Other industries including construction and tourism-related services are also expected to post robust growth in 2024.

Between 2025 and 2028, real GDP growth will average 2.5 per cent annually, aligning closely with our growth forecast for Canada during the same period. The arrival of two additional mines expected around the end of the decade sees the growth forecast strengthen notably in 2029 and 2030. (See Chart 1.)

Chart 1
Real GDP Growth in Yukon and Canada
(percentage change)



e = estimate; f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

International migration to Canada has risen significantly in recent years, fuelled by high levels of immigration as well as strong inflows of temporary residents. Yukon's population growth is increasingly dependent on migration, given the territory's aging population and low fertility rate. Attracting newcomers to the territory is vital for labour force and tax revenue growth.

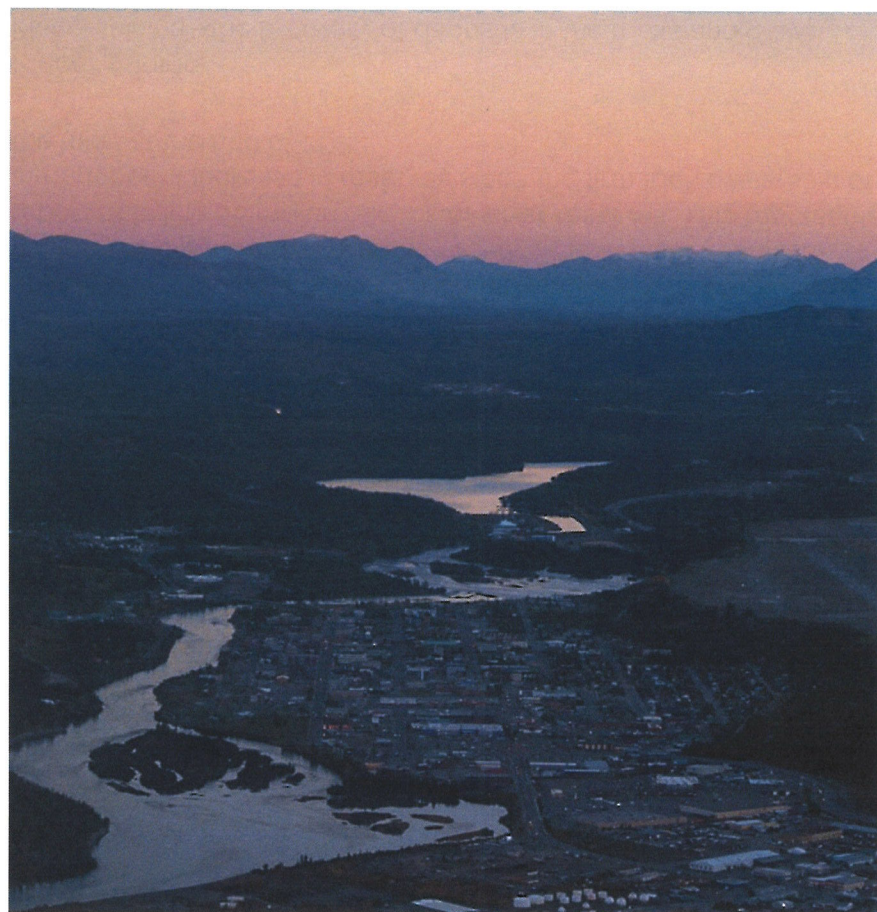
The latent effects of higher interest rates are today weighing on the labour market. Firms are responding by reducing hiring, and the job vacancy rate has fallen following a surge in 2022. A migration-fuelled expansion in labour supply, together with lower labour demand, is helping to restore a degree of balance to Yukon's labour market.

In the years ahead, a rising median age will continue to fuel retirements and keep conditions in the job market tight. Despite the slowdown under way, Yukon's unemployment rate remains one of the lowest in the country and will continue to be in the years ahead.

Wage growth accelerated in 2023, offering a partial restoration of purchasing power to households. Households are also benefiting from lower inflation, which in Whitehorse is now below the national average and within the Bank of Canada's target range. As inflation expectations normalize, wage growth is expected to moderate. Over the forecast period, a strong labour market will sustain demand for workers and help to buoy wage growth—a positive signal for household income growth.

The economic outlook is subject to several risks. Environmental risk is growing as the climate changes. In Yukon, temperatures are rising faster than elsewhere in Canada, and precipitation patterns are becoming less predictable. The environmental impacts of these changes include permafrost thawing, more frequent extreme weather events, glacier melt, and increased severity of forest fires. Such impacts pose a threat to infrastructure, livelihoods, and both traditional and industrial economic activities.

Given the risk posed by a changing climate, the government has laid out four key climate goals: reducing carbon emissions, adapting to climate change impacts, building a green economy, and ensuring access to reliable, affordable, and renewable energy. Yukon plans to reach net-zero emissions by 2050. Meeting these goals will create economic opportunities as well as new regulatory constraints within which industries will need to operate.



Mining

Precious metals ramping up

Mining is a core component of Yukon's economy. Inevitably, the abandonment of the Minto mine in 2023 will have a multi-year economic cost. Nevertheless, operations are ramping up at the Keno Hill silver mine following a temporary suspension of production. Production is also rising at the Eagle Gold mine. After declining in 2023, output in the mining sector is expected to post strong growth in 2024.



Current mining operations

Eagle Gold

The Eagle Gold mine produced just over 166,700 ounces of gold in 2023, marking an 11 per cent increase on the previous year. Production is expected to rise further in 2024 and 2025. This year, the mine is expected to achieve gold production guidance of 165,000 to 185,000 ounces. Our present outlook assumes that production at the mine will continue until 2034.

Keno Hill

After restarting production in the second half of 2023, the Keno Hill mine produced 1.5 million ounces of silver. As production ramps up in 2024, we expect silver production to rise significantly. The owners, Hecla Mining Company, recently published a technical report detailing 55 million ounces of silver reserves. This represents a 45 per cent increase in reserves since the firm took ownership of the mine at the end of 2022.

Placer mining

Placer mining—the recovery of deposits in the rocks and gravel of streams and riverbeds—is a long-standing contributor to gold production in Yukon. Our outlook assumes a total of 58,000 fine ounces of gold in 2024. Over the forecast period, we have tempered our production assumption for placer mining to reflect updated regulation. New legislation will see changes to the rules affecting land use and water permitting, reshaping the regulatory environment within which placer miners operate. On the upside, strong gold prices are driving up activity in the sector. In 2023, the number of claims staked was more than double the number in 2022. Placer mining plays an important role in the Dawson City regional economy providing a source of employment and business revenue.

Developing projects

Kudz Ze Kayah

The Kudz Ze Kayah project to develop a zinc-copper-lead mine appears to have overcome long-running legal challenges and is poised to advance toward the permitting stage. A recent government decision, following consultation with Indigenous authorities, recommends the project go forward, albeit with some additional conditions. These conditions include consulting with the Kaska Nation over rights, mine closure, land use, environmental monitoring, and financial security. While the resolution marks a positive step for the project, hurdles remain. Accordingly, the anticipated start date for commercial production at Kudz Ze Kayah has been delayed until 2029.



Casino

While hurdles remain, the Casino mine, if realized, would be substantially larger than any mine now operating in the territory. Mine owner Western Copper and Gold plans to submit a socio-economic effects statement for the copper, gold, molybdenum, and silver project in the second half of 2024. A key piece of infrastructure, the Carmacks Bypass, was recently completed. The mine will receive a second investment by Rio Tinto, totalling \$6 million, adding to an initial investment of \$25.6 million. While the Casino mine is included in our forecast assumptions, the risk of setbacks to the project's development confers considerable downside risk to our long-term outlook.

Coffee

Newmont Corporation's Coffee gold project is not included in our forecast. The owners of the mine recently expressed plans to sell it. Although the project received permission to proceed following a recommendation by the Yukon Environmental and Socio-economic Assessment Board, hurdles remain, including the acquisition of a quartz and water licence. If the open-pit gold mine is developed, a two-and-a-half-year construction phase would be followed by 10 years of production, yielding in the region of 2 million ounces of gold. The Coffee project constitutes an upside risk to our long-term outlook.

Exploration

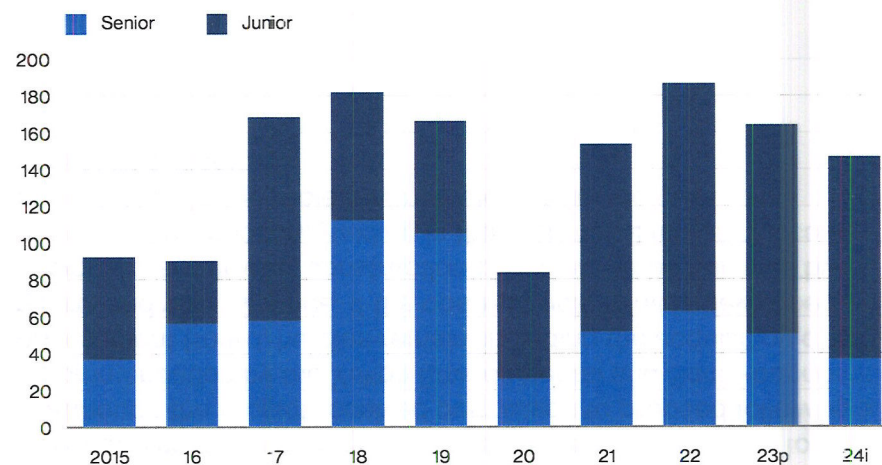
Data on spending intentions for 2024, collected by Natural Resources Canada, suggest that exploration spending will dip for a second consecutive year in Yukon, falling from \$164.3 million in 2023 to \$143.7 million. Exploration spending declined in 2023 as work was hampered by high temperatures and wildfires.

Spending intentions for 2024 are roughly in line with the 10-year average, with three quarters of the spending expected to be from junior mining companies. (See Chart 2.) Exploration by junior mining companies typically focuses on early-stage development of mineral deposits. While this kind of exploration is inherently riskier than exploration of known deposits, it suggests positive sentiment in the sector and confidence in the prospects for commodity prices. In Yukon, exploration targeting precious metals accounted roughly 60 per cent of expenditures in 2023 and is expected to account for a similar share of overall spending this year. Yukon's share of total exploration spending nationwide fell from 7 to 4 per cent in 2020 and has since held steady.

Exploration is incentivized by the territorial government's Yukon Mineral Exploration Program, which in 2022–23 invested \$1.4 million across 42 exploration projects. Gold remains the principle mineral target sought, spurred by buoyant prices. Interest in critical and strategic minerals, several of which are present in Yukon, is growing. The federal government, like the U.S. government, is seeking to develop Canada's position as a supplier of these minerals, which will play an important role in the clean-energy shift.

Chart 2

Exploration spending remains stable
(\$ millions, by company type)



p = preliminary estimates; i = spending intentions
Source: Natural Resources Canada; The Conference Board of Canada.

Tourism Revival: Risks and Rewards

Yukon's tourism sector is strengthening as the long shadow of the pandemic recedes. Increased cruise ship stops and international visitors to the territory helped to boost spending and overnight visits in 2023. Data published by CBRE show hotel occupancy rates hit a peak of almost 90 per cent last summer, a sign of resurgent demand. Yet some tourism activity was disrupted by wildfires, a risk that will loom large over the industry in the years ahead. Our recent [Travel Markets Outlook to 2027](#) estimates total visits to Yukon will grow by 11.7 per cent in 2024, 9.9 per cent in 2025, and 2.8 per cent in 2026.

Yukon's tourism market typically relies heavily on international visitors. Travellers originating in the U.S. may access the territory by land, and these arrivals are rising. However, direct air capacity from other places to Yukon remains below pre-pandemic levels, a clear obstacle to attracting overseas visitors.

Looking ahead, a muted near-term economic outlook in several tourism source markets, including Germany, is likely to temporarily dampen overseas visits. Nevertheless, our latest travel outlook estimates this segment will grow by 18.3 per cent in 2024 and surpass 2019 pre-pandemic levels by 2026.

To further realize its significant potential, the tourism sector must work to overcome labour and housing supply challenges. In 2023, the Tourism Industry Association of the Yukon's Recruitment and Retention Action Plan set out three goals to improve labour market conditions in the territorial tourism sector: improve Yukon businesses' capacity and competitiveness, increase connectivity between industry and educational institutions, and increase capacity to recruit nationally and internationally.

Construction

Output in Yukon's construction sector grew by an impressive 34 per cent in 2022, spurred by a significant increase in transport engineering construction. We estimate construction output increased by a further 5.7 per cent in 2023. Investment in building construction (seasonally adjusted in constant dollars) increased by 6.5 per cent last year, reaching an all-time high.

Under the weight of higher interest rates, the resilience of Yukon's residential sector is being tested. The number of residential building permits fell by 25 per cent in 2023, an indicator that home building has slowed. In the housing market, would-be homebuyers are facing higher borrowing costs. Accordingly, activity in the real estate market cooled in 2023, with fewer retail transactions and a lower average resale price for single-detached houses relative than in 2022.

In 2024, real business investment in residential structures is forecast to decrease by 3.4 per cent as home builders respond to subdued demand. But the slowdown in the residential sector is expected to be relatively short-lived. A strong economic outlook over the next few years will spur labour demand and draw migrants to Yukon, in turn, incentivizing home building. Over the next five years, we forecast average annual growth of 2.6 per cent in real residential business investment

As in many other parts of the country, low housing affordability is a key challenge in Yukon. The Canada Mortgage and Housing Corporation estimates 20 per cent of families in Whitehorse are unable to afford market housing. Overcoming the housing crisis is arguably one of the greatest national economic challenges. In Yukon, homelessness in Whitehorse has risen, according to local charities. The territory's ability to attract domestic and international migrants, critical in meeting future labour demand, will hinge on the availability and affordability of housing.

Non-residential construction, which accounts for a smaller share of the construction industry, performed well in 2023, spurred by a surge in commercial investment as well as publicly funded infrastructure projects. Our outlook tracks large ongoing and planned construction projects in Yukon.

Construction of the Nisutlin Bay Bridge is ongoing, with an expected completion date of 2026. The bridge's cost has risen to \$184 million in part due to a change order stemming from new regulations to protect fish.

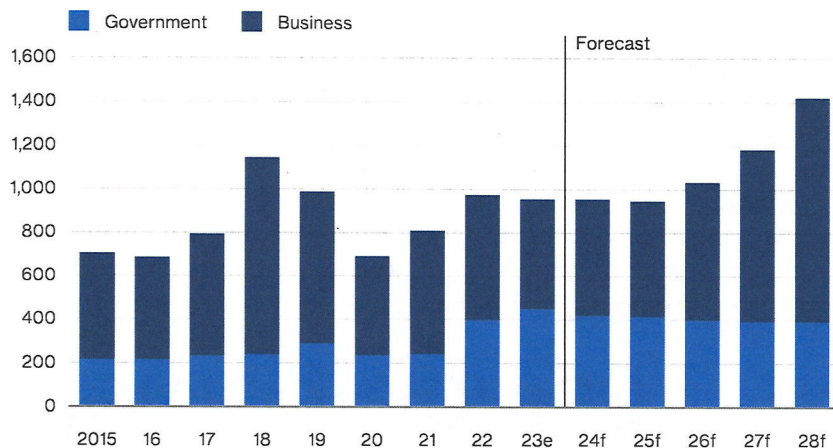
The Yukon Resource Gateway Program is a portfolio of infrastructure upgrades to existing roads aimed in part at improving access to areas of high mineral potential. Several of the projects have agreements in place with Yukon First Nations, including upgrades to the Nahanni Range Road, Silver Trail, North Canal Road, Robert Campbell Highway, and Freegold Road.

The territorial and federal governments recently announced \$14 million in funding for two transportation projects, the Takhini River Bridge and North Klondike Highway. The upgrade to the Takhini Bridge will see the bridge widened to better accommodate cyclists and pedestrians. Other projects included in the outlook are an 800-kilometres fibre optic line along the Dempster Highway and construction work at Erik Nielsen Whitehorse International Airport.

The government of Yukon's five-year capital plan includes almost \$2.1 billion in investment over the next five fiscal years spread across key priority areas. Government investment as a share of total investment has risen in recent years and will remain strong in the years ahead. In the latter half of the decade, construction of the Kudz Ze Kayah and Casino mine will contribute to non-residential investment and drive up the share of business-led investment in Yukon. (See Chart 3.)

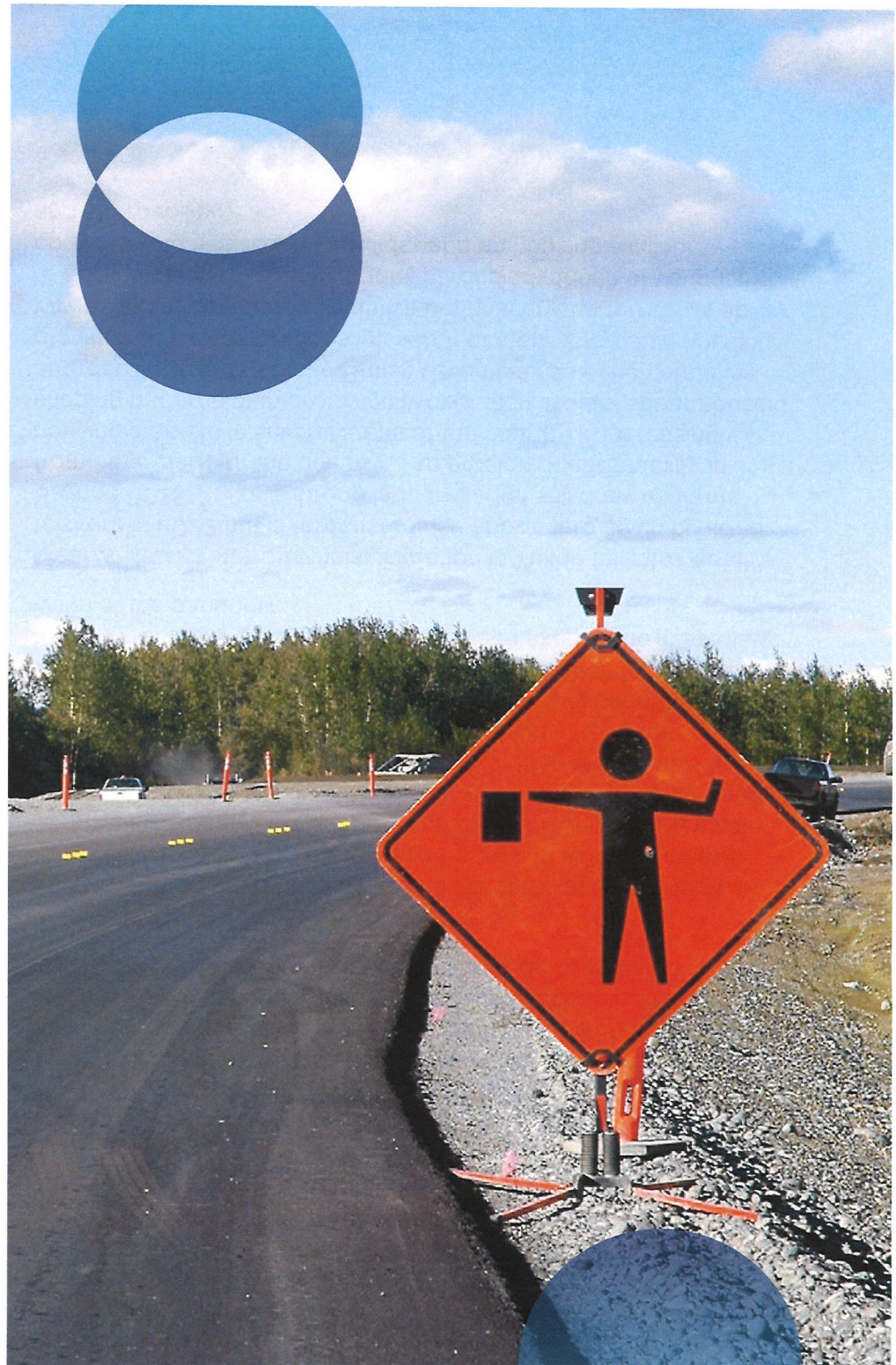
Chart 3

Recent investment gains supported by increased government spending
(investment spending, 2017 \$ millions)



e = estimate; f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

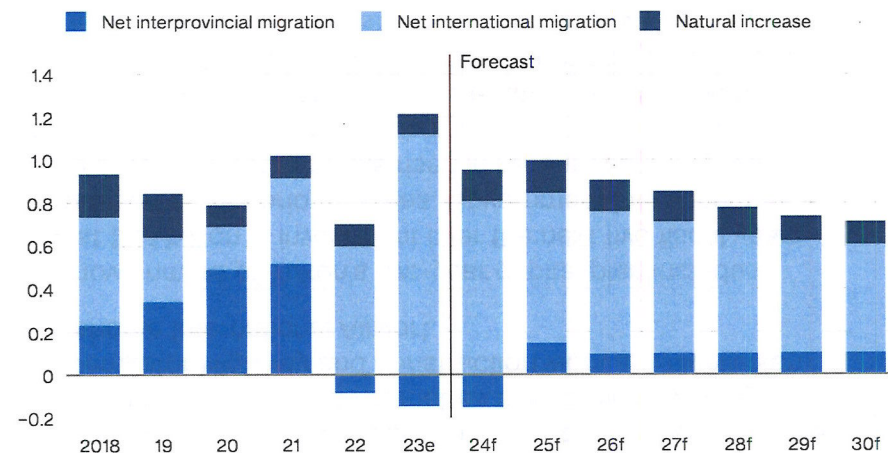


Demographics

Population growth in Yukon accelerated to 2.3 per cent in 2023, the highest rate since 2017, allowing total population in the territory to end the year at just above 45,000. Population growth in Yukon is underpinned by international migration. (See Chart 4.) In 2024, population growth is forecast to slow marginally to 2.2 per cent. Amid a declining natural rate and moderating international migration, population growth will average 1.7 per cent between 2025 and 2030. By 2045, we see the territory's population surpassing 60,000 residents.

Chart 4

International migration drives Yukon's population growth
(contribution to population growth, 000s)



e = estimate; f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

The median age of Yukon's population is rising, and the fertility rate is below the replace rate of 2.1 children per woman. Together, these forces mean that the natural rate of increase is falling and the territory is increasingly dependent on migration for population growth.

The territory is experiencing a rise in immigration supported by historically high federal immigration targets. In addition, inflows of non-permanent residents, a group that includes international students, temporary foreign workers, and asylum seekers, have also strengthened. While immigration is expected to remain strong in the coming years, we anticipate a moderation in temporary resident inflows. Financial requirements for students have been tightened, while the federal government is tightening the rules for firms wishing to hiring temporary workers, which were relaxed in the immediate wake of the pandemic.

Meanwhile, net interprovincial migration in Yukon fell into negative territory in 2022 but is forecast to rise above zero again by 2025. Beyond 2025, Yukon's strong labour market will draw migrants from other parts of the country. The erosion of affordability in housing markets in several areas of the country is increasingly shaping patterns of interprovincial migration. Notably poor housing affordability in Ontario and British Columbia has driven outflows of migrants to other regions in search of more affordable housing. While Yukon remains an attractive destination, the territory's ability to attract interprovincial migrants, particularly those of young and core-working age (25–54), will depend on housing availability and affordability.

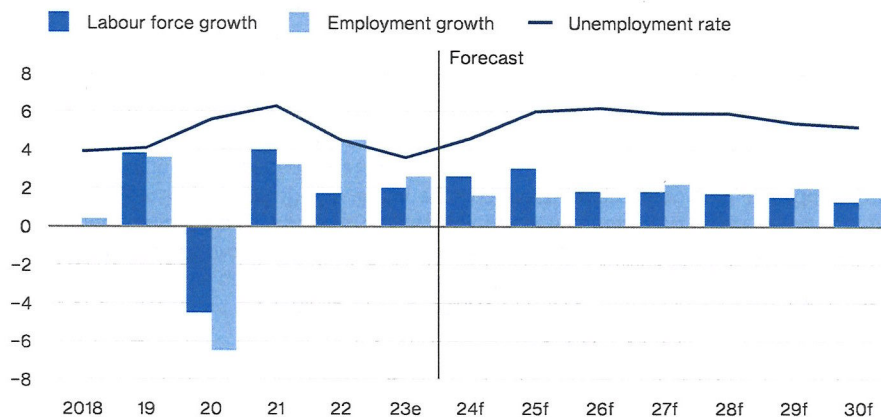
Labour market and households

Yukon's labour market remained resilient in the face of rising economic headwinds in 2023. Employment rose by 600 jobs, a smaller increase than 2022. As employment gains outpaced labour force gains, the unemployment rate decreased to 3.6 per cent.

The latent effects of higher interest rates are now being felt in the labour market, subduing labour demand. Meanwhile, high levels of international migration are supporting labour force growth. In 2024, 2025, and 2026, our forecast is that labour force growth will outpace job growth, resulting in a rising unemployment rate. (See Chart 5.)

Chart 5

Unemployment rate rising as migration-fuelled labour force growth outpaces job growth
(per cent)



e = estimate; f = forecast

Sources: The Conference Board of Canada; Statistics Canada.

While international migration and downward cyclical factors may offer a partial reprieve from labour supply pressures, the underlying force of population aging will see firms confront increasingly tight labour market conditions in the latter half of the decade. After 2026, Yukon's unemployment rate is expected to trend downward as an aging population pushes down participation rates.

Households in Yukon are benefiting from the gradual easing in inflation that is helping to restore price stability. Retail sales grew by 7.7 per cent in 2023, outpacing 4.9 per cent inflation. The resilience of consumer spending across the country in the face of tightening financial conditions has been notable, and Yukon is no exception. Factors such as residual pent-up demand, expanded savings, a strong labour market, and accelerated wage growth all contributed to buoyant consumer spending in 2023. We expect this momentum to moderate in 2024 as labour market conditions soften and wage growth cools. Retail sales are forecast to slow to 3.1 per cent growth in 2024, then average a healthy 3.4 per cent between 2025 and 2030.

[Download forecast tables](#)

This report examines the long-term economic outlook for Yukon. The outlook is based on detailed analysis of local and regional conditions, combined with The Conference Board of Canada's proprietary macroeconomic model of the territorial economies. The model contains over 1,200 variables and equations structured uniquely to each of the territories. Inputs and outputs include components of gross domestic product, the interaction of industry sectors, detailed population and labour force conditions by age group, interprovincial trade, and pricing and investment activity.

The forecast was completed on January 31, 2023.

Acknowledgements

Yukon's Outlook to 2045 was prepared by Liam Daly, Senior Economist, under the general direction of Ted Mallet, Director of Economic Forecasting. The territorial outlooks are funded by the Centre for the North.

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Recommended response

- The Government of the Northwest Territories recently published 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.
- The Strategy notes several challenges that are impacting the NWT's finances. Many of these challenges are also impacting the Yukon, including the soaring costs of health care across Canada and the unique challenges of delivering services in the territories. Extreme weather events are also a serious concern, especially because of the disproportionate impact of climate change in northern regions.
- The Government of Yukon is responding to these challenges in this year's Budget. We are remaining focused on the key priorities for Yukoners, including health care, education, and housing. We have also included a \$50 million contingency fund, which will allow us to respond to any emergencies that could occur during the year.
- Importantly, thanks to our strong financial management, we were able to maintain a healthy budget surplus, not only this year but in every year of our forecast. This allows us to sustainably make investments for the long-term benefit of Yukoners, while also preserving our fiscal firepower as we enter a period of increased uncertainty and risk.

Additional response

- While the NWT and the Yukon are facing some challenges in common, our circumstances are also different in important ways.
- First, 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 NWT is forecasting that real GDP is projected to shrink by 2.9 per cent in 2023 after dipping by an estimated 0.4 per cent in 2022. This compares negatively to the Yukon's forecast of 3.7 per cent real GDP growth in 2023.
- The Yukon is also in a very strong position in terms of its borrowing and debt levels. NWT's total borrowing exceeded 1.3 billion dollars in 2022-23. The Yukon's total borrowing was less than a quarter of this amount, at \$223 million.

Growth in public sector (employees)

- The NWT's *Fiscal Sustainability Strategy* references a significant growth in public sector employees. The document states that the consolidated public sector workforce for the Government of NWT has grown by 1,391 positions, or by about 27.3%, since 2019 for a total employee count of 6,482.
- Using data from Statistics Canada, it is possible to examine the total public sector workforce in the Yukon and the NWT over time.

- Including employees in public administration, educational services, and health care and social assistance, the public sector workforce in 2019 was, on average, 8,177 in the NWT and 6,969 in the Yukon. By 2023, this had increased by 812 in the NWT and 215 in the Yukon. That represents a growth of about 9.9 percent in the NWT and about 3.1 in the Yukon.
- The Government of Yukon also keeps track of total approved full time equivalent positions, or “FTEs”. On a non-consolidated basis, total FTEs increased from 5,074 in 2019 to 5,402 in 2023, for a growth rate of about 6.5 per cent.

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, departments submitting requests for additional funding must demonstrate how this funding will advance the priorities of Yukoners as laid out in the government’s mandate letters.
- 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.

NWT Fiscal Responsibility

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 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.

Approved

Signature on file

March 5, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

TAB# 14
Spring 2024

Public Accounts - Accounting Standard Changes effective April 1, 2023

Finance

Recommended response:

- As part of the Yukon government's commitment to openness, accountability, and transparency, we prepare and table the Yukon's Public Accounts each fall in the Legislative Assembly.
- The Public Accounts are prepared in accordance with Public Sector Accounting Standards established by the Chartered Professional Accountants of Canada.
- The Public Sector Accounting Board routinely issues new standards or revises existing standards in response to changes in global accounting standards.
- This is often done to enhance reporting provisions, increase transparency and improve readability of public sector financial statements.
- Changes to Public Sector Accounting Standards provide guidance to Yukon government accounting policies, what information is recorded and how it is disclosed in the Public Accounts.

Additional response:

- The Public Sector Accounting Board introduced two new accounting standards effective April 1, 2023, which will impact the 2023-24 Yukon Public Accounts.

Session Briefing Note

TAB# 14
Spring 2024

Public Accounts - Accounting Standard Changes effective April 1, 2023

Finance

-
- The main change is related to the implementation of PS 3400, which is related to the treatment and disclosure of revenues from transactions.
 - This new standard will provide a framework for distinguishing revenue arising from transactions that have performance obligations, and those that don't. By performance obligations, we mean the promise by government to provide services to the payor.
 - The second standard is the implementation of PS 3160, which contains requirements for recognizing, measuring, and classifying infrastructure procurement through a public private partnership.
 - The Government of Yukon does not currently have any arrangements that fall under this new standard.

Supplementary response:

- The Government of Yukon is already planning for the implementation of these new standards and is exploring the opportunity to secure accounting and financial reporting advisory services to provide advice on the adoption of these new standards and their potential impacts.
- The Department of Finance does not anticipate the volume of work required for the implementation of these new public accounting

Session Briefing Note

TAB# 14
Spring 2024

Public Accounts - Accounting Standard Changes effective April 1, 2023

Finance

standards to be nearly as significant as last year, which was exceptional due to the number and complexity of new standards that were required to be implemented.

- The Government of Yukon is already planning for the implementation of these new standards and is exploring the opportunity to secure accounting and financial reporting advisory services to provide advice on the adoption of these new standards and their potential impacts.

Context—this may be an issue because:

- During recent hearings of the Standing Committee on Public Accounts, the committee inquired about the expected impacts of new public accounting standards on the government's financial position, including the consolidated financial statements.
- Traditionally, there is interest from the Opposition in the publication of the Public Accounts. Some of the standards have introduced new disclosure notes which may be of interest to the Opposition, the public and the media.

Background:

The following Public Sector Accounting Standards came into effect in 2022-23:

- PS 3280 was a new standard that established a legal obligation to perform retirement activities for a tangible capital asset (asset Retirement Obligations).
- PS 3041 was a standard that replaced PS 3040 with revised guidance on the accounting for, presentation and disclosure of portfolio investments.

Session Briefing Note

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Spring 2024

Public Accounts - Accounting Standard Changes effective April 1, 2023

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- PS 3450 was a new standard that established guidance on the recognition, measurement, presentation, and disclosure of financial instruments.
- PS 2601 replaced PS 2600 with revised guidance on the recognition, presentation, and disclosure of transactions in a foreign currency.
- PS 1201 replaced PS 1200 with revised reporting principles, presentation, and disclosure in government financial statements.

Approved

Signature on file

February 27, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

Spring 2024

CD Howe Reports

Finance

Recommended response:

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

- The CD Howe Institute produces an annual report assessing the usefulness of government financial documents and assigns letter grades for the quality of these products.
- The report considers how easily readers can find government documents, understand their content, and use them to make informed decisions.
- There is no report for 2024 at this point, however, we expect the next report may be released in the fall.
- Last year's report covers budgets for the 2022-23 fiscal year and audited financial statements for fiscal year 2021-22. The Yukon government received a B+ ranking, which was the third highest ranking. Alberta received an A+ and Saskatchewan received an A-.
- The Yukon received high marks for presenting key figures early in its budget documents and financial statements and for presenting the Main Estimates at the same time as the Budget.

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

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

Session Briefing Note**Spring 2024****CD Howe Reports**Finance

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

Additional response:Fiscal Accountability: Report Card for Canada's Senior Governments, 2023

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

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

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

Session Briefing Note

Spring 2024

CD Howe Reports

Finance

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

Pension Roulette: The Risks and Consequences of Alberta Leaving the CPP

- At the end of February, the CD Howe institute released its report titled '*Pension Roulette: The Risks and Consequences of Alberta Leaving the CPP.*'
- The report outlines several considerations related to the Alberta government's report proposing the creation of an Alberta Pension Plan.
- While the report does not specifically reference the territory, the Yukon government is engaged in Federal-Provincial-Territorial discussions to ensure all Canadians are entitled to an affordable and dependable CPP.

Context — this may be an issue because:

- The C.D. Howe Institute published two reports in 2023. One report focused on whether governments had detailed the impacts of the COVID-19 pandemic on government finances in their financial documents. It did not include letter rankings as is usually the case with the annual reports. The other is report, which is published annually, ranks governments based on the usefulness of their financial documents.

Session Briefing Note

Spring 2024

CD Howe Reports

Finance

Background:

- The C.D. Howe Institute annual report on fiscal accountability typically focuses on the relevance, accessibility, timeliness and reliability of senior government's budgets, estimates and financial statements.
- Each jurisdiction is then assigned letter grades that reflect how readily a non-expert may find, understand and act on the information therein.
- In the 2022 report titled 'The Right to Know: Grading the Fiscal Transparency of Canada's Senior Governments', the Yukon was one of only two senior governments in the country to receive a grade of A- or higher. This was largely based on presenting our budgets in a consistent manner with our financial statements.
- In 2023, the Yukon received a B+. The changes from 2022 to 2023 reflect changes in governments' financial reporting and the Institute's grading scheme.
- The Yukon's budget process has not changed significantly over the past two years; however, the Department of Finance and the Government of Yukon continue to make incremental improvements in information and budget presentation each year.

Approved

Signature on file

February 29, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note**Spring 2024****Yukon Hospital Corporation Funding**Finance

Recommended response:

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

Additional response:**2024-25 Main Estimates**

- In 2024-25, we are providing \$110.4 million in operating funding to the Yukon Hospital Corporation, which is an increase of 18 percent over the 2023-24 main estimates.
- This funding increase will support the hospital's growing core funding needs, new recruitment and retention initiatives, and address wait times.
- This includes funding for *1Health*, a modernized health information system that will improve care across the Yukon by enabling timely and secure access to medical records.

Session Briefing Note**Spring 2024****Yukon Hospital Corporation Funding**Finance

- It also includes an increase in funding for the First Nations Health Program to deliver a number of integrated programs and services for Indigenous patients accessing care.
- Between 2017-18 and 2024-25, operating funding has increased from \$70.6 million to \$110.4 million, or an increase of 56 per cent.
- We are also providing \$5.07 million in capital funding in 2024-25, to complete the construction of the Mental Wellness Unit at the Whitehorse General Hospital.
- Once complete, this new facility will provide twelve beds and three separation spaces for individuals with a mental health diagnosis that is disrupting their daily functioning or negatively affecting their own safety or the safety of others.
- It will also free up existing hospital space to expand the number of inpatient beds at Whitehorse General Hospital.

2023-24 Supplementary No. 2

- In 2023-24, we are providing \$123.3 million in operating funding to the Yukon Hospital Corporation, which is an increase of 38.5 per cent over the 2022-23 Main Estimates.
- This funding includes \$93.6 million allocated in the 2023-24 Main Estimates and an additional \$29.7 million allocated in the Supplementary Estimates.
- This additional funding is for rising agency nursing costs, drug costs, lab and imaging costs, and surgery costs.

Session Briefing Note**Spring 2024****Yukon Hospital Corporation Funding**Finance

- It also includes one-time funding of \$8.5 million for a prior-year deficit and \$2.3 million for pension solvency payments.
 - These amounts are not ongoing in the 2024-25 Main Estimates.
-

Context—this may be an issue because:

- Funding support for the Yukon Hospital Corporation (YHC) may be raised by the opposition during the legislative sitting.
 - YHC continues to face several funding pressures, including unprecedented costs related to surgery, imaging and lab services, utilities, and agency nursing.
 - The government recently passed an OIC facilitating the usage of the Thomson Centre and Whistle Bend Place as overflow hospital spaces.
 - The government is tabling enabling legislation for a new health authority that will affect the future of the Yukon Hospital Corporation.
-

Background:

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

Yukon Hospital Corporation Funding

TAB#16
Spring 2024
Finance

Health and Wellness Yukon

- The government is tabling enabling legislation for the new health authority at the Spring session.
- Legislation will authorize 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

Signature on file

February 19, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note

First Nation Tax Sharing

Spring 2024

Finance

Recommended response:

- We are committed to strong and positive government-to-government relations with Yukon First Nations governments.
- We currently share 95 per cent of the personal income tax collected on settlement lands with 11 of 14 Yukon First Nations governments.
- In the 2022 tax year, this is estimated to be approximately \$4.2 million and is based on residency on Yukon First Nation settlement lands.
- In December 2019, the Government of Yukon and all self-governing First Nations renewed their tax sharing agreements.
- Changes include an added obligation for the Government of Yukon to advise the First Nations of the impacts of tax changes. These tax sharing agreements do not contain expiry dates.

Additional response:

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

Context — this may be an issue because:

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

Session Briefing Note

First Nation Tax Sharing

Spring 2024
Finance

Background:

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

Session Briefing Note

Spring 2024

First Nation Tax Sharing

Finance

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

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 (est.)	4,200

Approved

Signature on file

February 19, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note**Spring 2024****Grants from Canada**

Finance

Recommended response:

- The government receives four major transfers from Canada, each year. They are the Grant from Canada, also known as Territorial Formula Financing or the TFF, the Canada Health Transfer, the Canada Social Transfer, and the Cannabis Transfer.
- 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 Yukon government that the 2024-25 fiscal year Grant from Canada would be \$1.350 billion, an increase of roughly 7.8 per cent over the previous fiscal year. The Grant consists of the Territorial Formula Financing (TFF) grant minus resource offsets; however, there are currently no resource-related offsets for this year.
- Resource revenues represent the Yukon government's revenues from forestry, oil & gas, land, minerals, and water. Every dollar above \$6 million in resource revenues is subject to offset and results in a dollar-for-dollar reduction in the Grant from Canada.
- The federal government provided provisional estimates for the 2024-25 fiscal year for the Canada Health Transfer (CHT) at \$58 million, and the Canada Social Transfer (CST) at \$19 million.

Session Briefing Note

Grants from Canada

TAB # 18
Spring 2024
Finance

Additional response:

- Vaping revenue will become the Yukon's fifth major transfer in early 2025, once the Coordinated Vaping Product Taxation Agreement takes effect.
- 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 December 2023, the legal market share of cannabis has reached 72 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 (TFF) makes up roughly 80 per cent of Yukon's revenue.
- TFF is calculated as: $\text{Grant} = \text{gross expenditure base (GEB)} - \text{fiscal capacity}$.
- The GEB is an approximation of the Yukon's annual revenue requirement. The GEB is adjusted annually to account for growth in population and provincial, territorial, and municipal government expenditures.
- Fiscal capacity is an estimate of the Yukon's ability to generate own-source revenue. It is calculated as the total revenue that the Yukon could raise from its largest non-transfer revenue sources if each source were taxed at the national average tax rate for that source.
- TFF is reduced dollar for dollar for the Yukon's eligible resource revenues over \$6 million (the net amount is called the *Grant from Canada*).

Session Briefing Note

Spring 2024

Grants from Canada

Finance

- 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. There are no foreseen offsets in the next two fiscal years due to downward revisions in estimates from Victoria Gold's royalties. Beaufort historical payment, if received in fiscal year 2024-25, would result in an offset in 2026-27.
- The Grant from Canada is calculated each December for the next fiscal year. The table below outlines Yukon's recent grant history:

GRANT	Amount (\$'000)	Growth Rate (%)
2018-2019	950,220	3.3
2019-2020	997,400	5.0
2020-2021	1,054,979	5.8
2021-2022	1,117,700	5.9
2022-2023	1,174,144	5.1
2023-2024	1,252,161	6.6
2024-2025	1,350,134	7.8

- 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. Due to double-digit nominal GDP growth in 2021 and 2022, the 2023-24 2nd estimate for CHT noted an 8.81 per cent increase in payment. As nominal GDP forecast for 2023 and 2024 returns to normal, CHT is expected to grow by 5 per cent as per 2024-25 1st estimate which is consistent with the average growth in the past.

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- 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 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 2 nd estimate	55,376	8.81
2024-2025 1 st estimate	58,108	4.93
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 2 nd estimate	18,395	2.53
2024-2025 1 st estimate	18,866	2.56

NOTE: Actual CHT/CST entitlements can differ from Public Accounts because the latter can include prior-year adjustments. 2023-24 2nd estimate for CHT includes a one-time federal top-up of \$2.252 million, announced in February 2023.

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Grants from Canada

Finance

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

CANNABIS	Amount (\$'000)
2018-2019	40
2019-2020	320
2020-2021	413
2021-2022	748
2022-2023	953
2023-2024 estimate	1,173

Approved

Signature on file

February 16, 2024

Deputy Minister, Finance

Date approved

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

Recommended response:

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

Additional response:

- Our government continues to stand by carbon pricing as sound, evidence-based policy on climate change, but we share 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. Despite this change to the federal carbon levy, Yukoners continue to lead the way to support this low carbon transition.

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Carbon Rebate

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Third response (see relevant subsection below):

Surplus in Business Account

- As of March 31, 2023, there is a \$20.5 million surplus in the business account that represents the timing difference between when Canada pays the Yukon government its carbon proceeds, and when Canada settles the final amount of payments made on our behalf to businesses.
- The Department of Finance's indicates that the amount paid to businesses in calendar year 2022 is \$21.8 million which at the time of Public Accounts was \$18.7 million. The \$21.8 million will be debited to the revolving fund in late March, 2024, when the Yukon and Canada reconcile amounts outstanding for the 2022 taxation year in a process called the final determination.
- 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.

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

- From the inception of the carbon fund in 2019 to March 31, 2023, the government has received \$31.6 million in proceeds received from Canada. By the end of the last fiscal year, this money has almost all been disbursed to businesses. However, we have closed the books on only \$11.1 million in payments with CRA as we wait for the previously mentioned reconciliation period.
- This leaves a balance of \$20.5 million, which is what is reflected in the 2022-23 Public Accounts. That balance consists mainly of estimates of amounts paid to businesses for tax year 2022, which still needs to be reconciled with CRA. There is also a small portion related to both the 2021 and 2023 tax years.

Rebate for individuals

- The rebate amount for individuals for the current 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.
- Yukoners living outside of Whitehorse receive an additional supplement of 10 per cent, or \$37.20 during the current rebate year, rising to 20 per cent or \$62.00, beginning in July, 2024.
- One person per household will receive the rebate for all individuals. Payment is made to the first individual who files their tax.

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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. Mining businesses now receive their carbon rebate as a refundable tax credit on their tax returns.
- 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 between different mining operations, additional weight is applied to placer mining assets to increase their rebate amounts.

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

- 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

- Each year, on March 31st, the Government of Yukon estimates the share of carbon levies paid by each eligible rebate group to assess if they are still expected to receive more in rebates than they are expected to pay in levies.
- The allocation that each First Nations government receives is based on the formula in Chapter 19 of the Umbrella Final Agreement. (See Annex)

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Municipal governments

- Municipal governments receive carbon rebates on April 1st, each year.
- The percentage that each municipal government receives is outlined in the *Carbon Price Rebate General Regulation*. (See Annex)

Output-Based Pricing System (OBPS)

- We continue to work with the federal government during the implementation of the 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. This can lead to increased emissions.
- 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. The engagement occurred alongside Energy Mines and Resources' consultation on the development of intensity-based emissions targets for the mining sector.
- A 'What We Heard' Report was published in June 2023 outlining feedback from nine stakeholders who participated in the

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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:

- Instead of a forecast surplus of \$6 million, the 2022-23 Public Accounts shows a surplus of \$25 million in the Carbon Rebate Revolving Fund, primarily due to a surplus in the business account.
- 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 Climate Action Incentive Payments (CAIP) from 10% to 20% of the base amount as of April 2024. The CAIP does not apply in Yukon, however 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).

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- 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, rising by \$10 per tonne per year on April 1, up to \$50 per tonne in 2022. Beginning in 2023, the federal carbon levy 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:
 - If we assume that this family has two pick-up trucks that each consumes 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.

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

- 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.
- 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.
- In a November 2022 report, the PBO estimated that the cost of climate change has lowered Canada’s GDP by 0.8 per cent, as of 2021. In the Yukon context, 0.8 per cent of real GDP is roughly \$28 million per year. The PBO is expecting the cost of climate change to increase with time.

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- The Bank of Canada's latest monetary policy report released January 24th, notes in its projections for overall consumer price index growth for 2024 and 2025, that the impact of the carbon price on year-over-year inflation is generally low, at roughly 0.1 percentage points.

November 2023, OBPS Regulatory Changes

- OBPS facilities are able to purchase fuel free of the carbon charge. OBPS facilities, instead, are subject to the carbon price on the portion of their emissions that exceed an annual output-based emissions limit. Canada refers to that payment as a regulatory charge. Facilities that emit less than the level, earn surplus credits that they can bank or sell.
- 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.

ANNEX

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

Session Briefing Note

Carbon Rebate

TAB #19
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 Finance

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

Yukon mining business rebate amounts by on asset class

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

Session Briefing Note

Carbon Rebate

TAB #19
Spring 2024
Finance

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 #19
Spring 2024
Finance

Approved

Signature on file

March 3, 2024

Deputy Minister, Finance

Date approved

Session Briefing Note**Spring 2024****Fuel, Tobacco & Insurance Premium 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, 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**Spring 2024****Fuel, Tobacco & Insurance Premium Taxes**

Finance

-
- Insurance premium taxes in the Yukon are comparable to other provinces and territories. Our tax rate is at the national average for Canada.

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, fuel and insurance 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 for 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

Spring 2024

Fuel, Tobacco & Insurance Premium Taxes

Finance

- 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.

Appendix A

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

	2024-25 ESTIMATE	2023-24 FORECAST	2023-24 ESTIMATE	2022-23 ACTUAL
Fuel	9,384	8,810	8,810	8,863
Tobacco	9,945	10,663	14,628	11,612
Insurance	10,219	9,016	9,016	8,902
Total	29,548	28,489	32,454	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% of the taxable price per cigar (taxable price per cigar is 130% of the manufacturer's or importer's selling price).

Session Briefing Note

Spring 2024

Fuel, Tobacco & Insurance Premium Taxes

Finance

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

	Tobacco ¢/cigarette	Gasoline ¢/litre	Diesel ¢/litre	Insurance (high rate ⁶) %
Yukon	35.00	6.20	7.20	4.00
Northwest Territories	34.40	10.70	9.10	3.00
Nunavut	30.00	6.40	9.10	3.00
British Columbia ¹	32.50	14.50	15.00	4.40
Alberta ²	27.50	9.0	9.0	4.00
Saskatchewan	29.00	15.00	15.00	4.00
Manitoba ³	30.00	14.00	14.00	4.00
Ontario ⁴	18.475	9.00	9.00	3.50
Quebec	18.90	19.20	20.20	9.00
New Brunswick	25.52	10.87	15.45	3.00
Prince Edward Island	29.52	8.47	14.15	4.00
Nova Scotia	29.52	15.50	15.40	4.00
Newfoundland & Labrador ⁵	32.50	7.50	9.50	5.00

1. Higher rates for fuel tax apply in Vancouver and Victoria area.
2. Alberta suspended its fuel taxes from April 1, 2022, until December 31, 2023. It was reinstated on January 1, 2024 at a lower rate of 9¢/litre until March 31, 2024.
3. Manitoba paused the collection of its fuel taxes from January 1, 2024 to June 30, 2024.
4. Ontario reduced its fuel taxes to 9.0¢/litre, effective from July 1, 2022, until June 30, 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, 2024.
6. The insurance premium tax rate structure varies by jurisdiction. The highest rate of insurance is shown in this table.

Approved

Signature on file

Deputy Minister, Finance

February 16, 2024

Date approved

Session Briefing Note
Income Tax**Spring 2024**
Finance

Recommended response:

- The Yukon continues to be one of the best jurisdictions to live and earn a living in Canada.
- In order to maintain this competitive 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 benefit amount will increase to - 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) and is expected to continue in 2024-25.

Corporate Income Tax

- In 2017, the Yukon government 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

Spring 2024
Finance

- In 2020, the Yukon government 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.

Context — this may be an issue because:

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

Background:

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

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 2023-2024 budget year and tie annual rate adjustments to Whitehorse CPI going forward. This commitment has been completed by the Government of Yukon.

Session Briefing Note

Income Tax

Spring 2024
Finance

- 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.

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*.

Session Briefing Note

Income Tax

Spring 2024
Finance

Yukon tax benefits and credits

Yukon Child Benefit

- The Yukon Child Benefit is an income-tested payment for families with children. Payments are non-taxable and are provided on a monthly basis.
- The program is administered by the Canada Revenue Agency. Eligibility is determined based on income tax returns and payments are processed from July to June. Payments are combined with the federal Canada Child Benefit.
- The maximum annual benefit in 2023 is \$876 for each dependent child, less 2.5% of family net income over \$35,000 for families with one child, and 5% of family net income over \$35,000 for families with more than one child.
- The annual child benefit amount as of 2023 is now indexed for inflation. The maximum annual benefit will increase to \$918 per child in July 2024. The income threshold, prescribed in the Yukon Child Benefit Regulation, is not indexed.

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.

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Income Tax**Spring 2024**
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

Spring 2024
Finance

Appendix A

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

	2024-25 ESTIMATE	2023-24 FORECAST	2023-24 ESTIMATE	2022-23 ACTUAL
Personal Income Tax	106,685	104,603	98,397	107,391
Corporate Income Tax	41,134	18,954	27,442	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 (\$)

For individuals	2019	2020	2021	2022 (est.)
First Nations	2,916,935	3,499,335	3,611,248	4,230,000
Business Investment	9,567	8,002	5,073	2,400
Political Contribution	(207)	0	0	3,000
Research & Development	1,905	1,811	1,813	300
Yukon Child Benefit	1,598,019	1,514,751	1,527,262	1,290,000
For corporations				
Political Contribution	558	(374)	2,250	650
Research & Development	495,249	592,818	596,944	655,000
Manufacturing & Processing	70,252	164,961	494,171	1,072,000

Session Briefing Note
Income Tax

Spring 2024
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	3.0	15.0

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

Approved

Signature on file

Deputy Minister, Finance

February 27, 2024

Date approved

Session Briefing Note

Rural Community Banking

Spring 2024
Finance

Recommended response:

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

Additional response:

Community Banking

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

Pelly Crossing Closure

Prepared for Minister Silver
Department of Finance

Date prepared: January 25, 2024
Last Updated:

Session Briefing Note

Rural Community Banking

Spring 2024
Finance

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

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 an alternate location for the banking centre.

Context — this may be an issue because:

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

Background:

- The Government of Yukon contracted commercial banking services in rural community banking services in 2019.
- CIBC was the successful proponent replacing TD Bank.
- Basic services for CIBC customers include:
 - Cash withdrawals.
 - Cheque and cash deposits to bank accounts.
 - Cheque cashing services.

Session Briefing Note

Rural Community Banking

Spring 2024

Finance

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

Approved

Signature on file

Deputy Minister, Finance

February 16, 2024

Date Approved

Session Briefing Note**Spring 2024****S&P Global Ratings**Finance

Recommended response:

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

Additional response:

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

Context — this may be an issue because:

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

Session Briefing Note

Spring 2024

S&P Global Ratings

Finance

Background:

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

Table 1. Credit Ratings – July 2023		
Jurisdiction	Rating Agency	Rating
Yukon	S&P Global	AA
Northwest Territories	Moody's	Aa2
Nunavut	DBRS Morningstar	AA
British Columbia	S&P Global	AA(neg)
Alberta	S&P Global	A+
Saskatchewan	S&P Global	AA
Manitoba	S&P Global	A+
Ontario	S&P Global	A+(pos)
Quebec	S&P Global	AA-
New Brunswick	S&P Global	A+
Nova Scotia	S&P Global	AA-
Prince Edward Island	S&P Global	A
Newfoundland & Labrador	S&P Global	A
Canada	S&P Global	AAA

Approved

Signature on file

 Deputy Minister, Finance

February 16, 2024

 Date approved

Recommended response:

- The Government of Yukon is committed to continuous improvement of our day-to-day operations, the design of new initiatives and the delivery of services to the public.
- To support this important work, the Evaluation Unit will move from the Department of Finance to the Executive Council Office as of April 1, 2024.
- This will allow the unit to better integrate with the government's priorities through the strategic planning work led by the Executive Council Office.

Additional response:

- By monitoring and measuring the operations and the outcomes of programs, we are supporting the successful evaluation and evidence-based management of our programs.
- Phased implementation of the new *Performance Measurement and Evaluation Framework* began in fall 2022.
- This *Framework* improves our understanding of how government expenditures translate into real benefits for the Yukon and Yukoners.
- A growing proportion of government programs, policies, and strategies are reporting on their anticipated outcomes, the resources dedicated to their accomplishment and the metrics used to understand their operations and the results they achieve for the Yukon.

Context—this may be an issue because:

- The government committed to the development of an Evaluation Framework in Minister Silver's Mandate Letter of July 5, 2021.
 - The Evaluation Unit and two FTEs will transfer to the Executive Council Office as of April 1, 2024.
-

Background:

- The government is committed to developing an evaluation framework in the former Premier's 2021 Mandate Letter. This commitment was reaffirmed in the 2023 Mandate Letter for the Minister of Finance.
- In response to these commitments, the Evaluation Unit in the Department of Finance developed the *Performance Measurement and Evaluation Framework* and began a phased implantation in fall 2022.
- The *Framework* includes two major components. The first component is a formalized set of standards and best practices that help departments design programs and collect information in a way that enables government to evaluate the success of those programs in the future. The Evaluation Unit has worked with departments since 2022 on a voluntary basis to apply these standards and begin to evaluate several existing and new programs.
- The second component of the *Framework* is an enterprise software application that would facilitate the collection, storage, and analysis of information relevant to evaluation. The Department of Finance requested \$240,000 through the IRMC envelope in 2024-25 (\$70,000) and 2025-26 (\$170,000) to support the development of the data platform.
- The Department of Finance used a Negotiated Request for Proposals (nRFP) for the procurement of the platform in the fall of 2023.
- One proponent responded to the nRFP; however, the proposed cost was significantly higher than the amount secured under the IRMC envelope. The

Session Briefing Note

ECO TAB #71
FIN TAB #24
Spring 2024
ECO-FIN

Evaluation Unit Transfer

Yukon government is therefore exploring options for this component of the program.

Approved

Signature on file	2024.02.21
Deputy Minister, ECO	Date approved
Signature on file	February 19, 2024
Deputy Minister, FIN	Date approved

Session Briefing Note

Corporation Borrowing

Spring 2024

Finance

Recommended response

- The Yukon government and its corporations periodically borrow funds in order to deliver the programs and services that Yukoners expect.
- Borrowing is just one financing tool available to government to take advantage of strategic investment opportunities like the delivery of energy and housing initiatives, or healthcare programs.
- The Yukon government is committed to ensuring that publicly funded long-term borrowings are properly authorized.
- As part of this commitment, Management Board reviews and approves all publicly funded long-term borrowing, including the borrowing done by Yukon government owned corporations.
- This process has been in place for the last several decades.

Additional response

- All borrowing is held by government corporations. On March 31, 2023, those balances are as follows:

Corporation	Amount
Yukon Development Corporation	\$205,112,000
Yukon Hospital Corporation	\$23,612,000
Yukon Housing Corporation	\$791,000
Yukon University	\$966,000
Accrued Interest and Capital Lease	\$2,999,000
Total	\$233,480,000

Session Briefing Note

Corporation Borrowing

Spring 2024
Finance

Context—this may be an issue because:

- Questions have been asked about the Government of Yukon's outstanding debts and borrowing in recent years.
-

Background:

- In 2023, Yukon Development Corporation (YDC) borrowed \$6,425,000 and lent it to Yukon Energy Corporation (YEC) for YEC to comply with its capital structure policy that results in a debt/equity ratio of approximately 60/40.
- YEC's borrowing enables the corporation to invest in the Yukon's energy infrastructure which ensures reliable, affordable, and renewable energy for Yukoners.
- The corporations borrow using a variety of financial instruments including bank loans, bonds, loans from First Nations, and loans from Canada Mortgage and Housing Corporation.
- There were two O.I.C.'s passed and one O.I.C. repealed related to YDC and YEC borrowing in 2023:
 - O.I.C. 2023-145 was passed to authorize YDC to borrow \$6,425,000 and lend it to YEC. This debt allows YEC to maintain a debt-to-equity target of 60:40.
 - O.I.C. 2023-14 was passed to authorize YDC to undertake borrowing and lend it to YEC to maintain its debt-to-equity target of 60:40. This O.I.C. does not exempt YDC from requirements to have Management Board approval to undertake public borrowing.
 - O.I.C. 1990/076 was repealed because it was redundant as the *Financial Administration Act* already applied to YEC as it relates to public borrowings.

Session Briefing Note

Corporation Borrowing

Spring 2024

Finance

- Corporation outstanding loans at March 31, 2023 were:

	Term	Rate	Payment	Balance at March 31, 2023 ('000s)
Yukon Development Corporation				
Bond	30 Years	5.0%	Interest payable semi-annually. Principal due June 29, 2040	\$100,000
Toronto Dominion Bank	Due September 28, 2035	2.06%	Monthly installments of \$47,918	\$7,308
Toronto Dominion Bank	Due august 23, 2043	3.4%	Monthly installments of \$117,095	\$20,669
Toronto Dominion Bank	Due July 14, 2044	2.64%	Monthly installments of \$30,868	\$6,036
Toronto Dominion Bank	Due November 4, 2045	2.06%	Monthly installments of \$20,478	\$4,450
Toronto Dominion Bank	Due April 30, 2046	2.88%	Monthly installments of \$35,853	\$7,246
Toronto Dominion Bank	Due September 1, 2052	4.07%	Monthly installments of \$86,661	\$17,836

Session Briefing Note
Corporation Borrowing

Spring 2024
Finance

Tr'ondek Hwech'in First Nation	Due in 2049	Blended rate based on cost of debt and actual rate of return earned by the Utility 2022 – 5.02%	Equal annual principal repayments of \$125,000	\$3,375
Na-Cho Nyak Dun Investment Trust	Due in 2094	Actual rate of return earned by the Utility 2022 – 2.88%	Equal annual principal repayments of \$43,264	\$3,115
Chu Niikwan Limited Partnership	Due in 2040	Blended rate based on the cost of debt and the actual rate of return earned by the Utility 2022 – 2.88%	Equal annual principal repayments of \$1,019,320	\$18,348
Bank Overdraft				\$16,729
Yukon Hospital Corporation				
CIBC	Due December 31, 2026	Interest rate swap fixed at 5.15%	Blended monthly payments of \$160,000	\$6,524
CIBC	Due April 1, 2028	Interest rate swap fixed at 4.525%	Blended monthly payments of \$100,000	\$6,100

Session Briefing Note
Corporation Borrowing

Spring 2024
Finance

CIBC	Due March 15, 2028	Interest rate swap fixed at 5.23%	Blended monthly payments of \$117,000	\$6,192
CIBC	Due February 18, 2028	Interest rate swap fixed at 5.30%	Blended monthly payments of \$93,000	\$4,796
Yukon Housing Corporation				
Chartered Banks and CMHC	Variety with maturities up to 2028	1.99% - 2.81%	Blended monthly payments	\$379
Chartered banks and CMHC	Variety with maturities up to 2028	7.5% - 9.5%	Blended periodic installments	\$412
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				\$2,165
Capital lease obligations				\$834

Session Briefing Note
Corporation Borrowing

TAB#25
Spring 2024
Finance

Approved

Signature on file

February 27, 2024

Deputy Minister, Finance

Date approved

Recommended response:

- The Government of Yukon has been using its current Corporate Financial System (CFS) since 2000.
- The Department of Finance will post an RFI in the summer of 2024 to support market research.
- Replacing the CFS requires careful planning, analysis, and implementation.
- Initial work and engagement has begun to identify the design requirements for the future CFS, as well as to determine necessary policy, legal, Public Sector Accounting Board (PSAB), and Collective Agreement compliance requirements for a potential new system.

Additional response:

- The RFI results will determine available vendors, products, functionality, alignment with our requirements, and a high-level cost estimate.
- This information will be used to determine recommendations for next steps which could include an upgrade or replacement.

Context—this may be an issue because:

- In the summer of 2024, the Financial Systems Branch will post a public procurement tool - Request for Information - to perform market research.
-

Background:

- The CFS is operated and maintained by the Department of Finance.
- The CFS includes a wide range of systems and applications that support the ongoing financial operations of the government. 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.
- Any potential update or replacement of this system will be focusing 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.

Approved

Signature on file

February 16, 2024

Deputy Minister, Finance

Date approved

Corporate Notes

Session Briefing Note
Corporate Note – Budget Highlights

TAB# 27
Spring 2024
Finance

Recommended response:

- The Government of Yukon is committed to supporting Yukoners and communities while delivering strong, sustainable fiscal management.
- The Yukon's economy is returning to normal with inflation falling, tourism rebounding, and growth in wages leading to higher consumer spending.
- This budget will benefit all Yukoners by providing significant investments in health care, education, and housing, and will ensure that Yukoners have opportunities to thrive in a vibrant and sustainable economy:
 - An additional \$15.3 million in funding is included to support the operations of the Yukon Hospital Corporation and another \$30 million is directed towards our Insured Health services system.
 - \$4.4 million will help increase the number of educational support staff and wellness professionals in our schools and create a learning environment that is inclusive and responsive to the diverse needs of our students.
 - \$101 million in capital is dedicated for land development, housing, education and health care.
 - This year's budget also delivers on our commitment to environmental stewardship, demonstrated through more than \$55 million allocated to support existing and new actions identified in *Our Clean Future*.

Session Briefing Note**Spring 2024****Corporate Note – Budget Highlights**

Finance

Embargoed until day of budget tabling

- Through Budget 2024-25, the government will continue to lay the foundation for the territory's new health authority. We will also provide funding to implement the *Substance Use Health Emergency Strategy* in coordination with our partners.
- This budget includes strategic investments in infrastructure, particularly in housing for the most vulnerable. Investments in housing include projects in Watson Lake, Mayo, Faro and Dawson City and funding support for various affordable and community housing projects.
- Like in previous budgets, Budget 2024-25 continues to build relationships and further reconciliation with Yukon First Nations.
- Revenue growth continues to accelerate alongside record levels of recoveries. The Yukon's strong financial position continues to improve as we look towards the future.

Additional response:

- The Yukon government is delivering on its commitment to grow a strong and resilient economy while ensuring robust, sustainable fiscal management.
- A strong surplus will serve as a prudent fiscal management tool and demonstrates the ability of the government to address unforeseen events without going into a deficit.

Session Briefing Note**Spring 2024****Corporate Note – Budget Highlights**

Finance

Embargoed until day of budget tabling

- The fiscal summary includes a \$50 million contingency for unforeseen pressures and emergencies. Including a contingency has been a proven method to offset the cost of expected but undefined expenditures that arise throughout the fiscal year while limiting their impact on the territory's fiscal position.

Context—this may be an issue because:

- The 2024-25 Main Estimates will be debated during the March 2024 legislative session.
-

Background:

- The 2024-25 Main Estimates include a projected surplus of \$119 million and net debt of \$488.8 million.
- Total revenue is expected to be \$1.69 billion in 2024-25. This is an increase of \$115.8 million, or 7.4 per cent, from the 2023-24 Main Estimates.
- Gross O&M spending is forecast at \$1.6 billion, reflecting a \$141.4 million or 9.7 per cent increase over 2023–24 Main Estimates. Approximately 12 per cent is recoverable from Canada and other partners, making the net impact \$88.6 million, or a 6.7 per cent net increase over 2023–24 Mains.
- Forecast capital expenditures total \$484.0 million with recoveries of \$171.3 million. Although gross capital expenditures are consistent with the previous year (\$483.8 million in 2023-24) increased recoveries result in a 2.1 per cent decrease in net capital expenditures from the 2023-24 Main Estimates.

Session Briefing Note

Spring 2024

Corporate Note – Budget Highlights

Finance

Embargoed until day of budget tabling

- There are 5,484.5 FTEs in the 2024-25 budget, which is an increase of 152.8 FTEs from 2023-24. Growth primarily for CASA Education commitments (61.0) and Health Human Resources commitments (11.5) as well as Putting People First (28.5).

Approved

Signature on file

February 28, 2024

Deputy Minister, Finance

Date Approved

Session Briefing Note

Corporate Note – Fin/HPW 2023-24 Supplementary Overview

HPW TAB#1

FIN TAB#28

Spring 2024

Embargoed until day of budget tabling

Recommended response:

- The changes outlined in the Supplementary Estimates No. 2 highlight the government's commitment to supporting the health and wellbeing of Yukoners and communities. The government will continue to make important investments to support our healthcare system, enhance public safety, and provide needed infrastructure across the territory.
- The 2023-24 Supplementary Estimates No. 2 forecasts an overall net increase of \$32.1 million in spending. This includes:
 - A \$61.0 million increase in gross O&M spending, with an offsetting increase of \$29.4 million in recoveries, and
 - Other than a small transfer of \$143,000 in the Yukon Legislative Assembly, there is no change in overall gross capital spending, and a small decrease of \$397,000 in recoveries.
- Changes in the Supplementary Estimates result in a revised forecast surplus of \$1.7 million and year-end net debt of \$444.5 million.
- The ability to remain in a surplus position despite an increase in spending is largely owed to significant infrastructure investments:
 - Infrastructure investments, which are mostly tangible capital assets, impact net debt when they are realized. However, as they are anticipated to provide benefits over many years, their

Session Briefing Note

Corporate Note – Fin/HPW 2023-24 Supplementary Overview

HPW TAB#1

FIN TAB#28

Spring 2024

Embargoed until day of budget tabling

impact on the surplus/deficit position is recognized over their expected life.

O&M

- In O&M, the most significant increases are for programs and initiatives in the Department of Health and Social Services:
 - \$25.6 million is required for Insured Health Services for physician claims, hospital claims, pharmacare and medical travel.
 - More than \$12 million in O&M spending will increase funding for the Yukon Hospital Corporation for unanticipated costs, which are partially a result of a global shortage of health care providers and work done to retain our valuable nurses.
- Some other significant items in the supplementary estimates include:
 - \$6.7 million to sustain initiatives aimed at strengthening justice and community safety within our territory.
 - \$4.1 million to cover costs for new teachers, educational assistants, learning assistant teachers and mental health and wellness counsellors, as well as Yukon University and Governance increases.
- The 29.4 million increases in O&M recoveries are mostly comprised of a \$25 million recovery expected to be received for work completed and underway at the Minto Mine, this year.

Session Briefing Note

Corporate Note – Fin/HPW 2023-24 Supplementary Overview

HPW TAB#1

FIN TAB#28

Spring 2024

Embargoed until day of budget tabling

Capital

- In Capital, there is no significant change in overall expenditures, but there are increases in several projects which are offset by decreases in other areas:
 - Most of the increases are for the Dempster Fibre project, which will receive an additional \$18.4 million to support faster than anticipated progress during the year. This project will provide Yukoners with more reliable access to the internet as well as necessary redundancy.
 - There is also a \$14.6 million increase for the Nisutlin Bay Bridge Replacement project and a \$7.9 million increase for the Whitehorse airport taxiway improvements and runway replacement.
 - Finally, there will be an \$5.8 million increase is required for the Old Crow Health and Wellness Centre replacement and the Old Crow 10-unit mixed-use housing project.
- These increases are offset by a number of decreases in other capital projects to reflect revised timelines:
 - The most notable decrease is a \$21.3 million reduction for the Skagway Marine Service Platform project, which has been moved to 2025-26.

Session Briefing Note

Corporate Note – Fin/HPW 2023-24 Supplementary Overview

HPW TAB#1

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Spring 2024

Embargoed until day of budget tabling

- There is also an \$8 million decrease in Northern Carve Out funding, which is being deferred to 2024-25.
- Delays in some of the community projects under the infrastructure development funding will also see an additional \$7.7 million decrease in capital.

Additional Response:

- Revenues for 2023-24 are expected to decrease by \$14.9 million, mainly to reflect lower forecasts for tobacco and corporate income tax revenues and quartz mining royalties.

Context—this may be an issue because:

- The 2023-24 Supplementary Estimates #2 is tabled in the spring session and will be the subject of debate.

Approved

Signature on file	February 29, 2024
_____ Deputy Minister, Finance	_____
Signature on file	February 28, 2024
_____ Deputy Minister, HPW	_____ Approved

Session Briefing Note**Spring 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.
- The Department of Environment and the Department of Finance work closely to ensure that 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.
- Our two departments 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.
- It also includes excluding carbon price from electricity generation or aviation, in recognition of the unique constraints of our northern jurisdiction.

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

Additional 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
- Our government continues to stand by carbon pricing as sound, evidence-based policy on climate change, but we share 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 carbon pricing, are intended to incentivize Yukoners to make the switch to low carbon energy sources, like electric heating or heat pumps. Despite this change to the federal carbon levy, Yukoners continue to lead the way to support this low carbon transition.

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

- 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.

Third response:

- 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, and businesses 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 four rebate groups who receive more, on average, than they pay in carbon pricing levies.

Context—this may be an issue because:

- 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).

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

Environment & Finance

- 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).

Approved

Signature on file

March 1, 2024

Michael Prochazka, Deputy Minister of
Environment

Date approved

Signature on file

February 26, 2024

Deputy Minister of Finance

Date approved

Prepared for Premier Pillai, Ministers Clarke and Silver
Departments of Environment and Finance

Date prepared: January 8, 2024

Last Updated: February 22, 2024

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Session Briefing Note

Inflation and Affordability

(Corporate Note)

Spring 2024

Finance

Recommended:

- Inflation has continued to improve in recent months, but all 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 track 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:

- This year's Budget continues to support Yukoners by making sure they can access essential services at prices they can afford.
 - o The Budget includes massive investments to advance affordable housing projects across the Yukon. From the Housing First Project in Watson Lake, the Ryder Apartments in Whitehorse, and the Korbo Multiplex in Dawson, the Yukon government will be taking action to build more affordable homes for Yukoners, especially those in vulnerable situations.
 - o There is also over \$42 million in continued funding for early learning and child care in this Budget. This includes funding for the universal child care program, which has reduced child care fees to less than \$10 per day on average.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

Spring 2024

Finance

- o We are also making life more affordable and leading the nation with our Yukon-wide dental program, which will see \$5.4 million in continued funding for 2024-25.
 - o To make sure that more people have the option of staying home when they are sick, we have extended the Temporary Paid Sick Leave and included the necessary funding to do so in this Budget. We have also extended the Interim Electrical Rebate, which will provide welcome relief from power bills to Yukoners across the territory.
- These are just a few examples of the many programs and initiatives that will continue to support Yukoners this year.
- The Yukon's minimum wage has also been responsive to price changes, as its annual change is tied to inflation in the year prior. After growing 6.8 per cent in 2023, the minimum wage is scheduled to grow a further 4.9 per cent to \$17.59 per hour as of April 1, 2024. The new minimum wage would represent the second highest wage in Canada, behind only Nunavut's minimum wage of \$19.00 per hour.
- Higher inflation impacts various Government of Yukon programs through indexation, including:
 - o Subsidies for medical travel
 - o The Yukon Child Benefit
 - o Social Assistance Payments
 - o Student Financial Assistance
 - o Seniors' benefits
 - o The Pioneer Utility grant

Session Briefing Note

Inflation and Affordability (Corporate Note)

Spring 2024

Finance

- o The Comprehensive Municipal Grant Regulation
- o The minimum wage
- o Residential rent caps
- o The tobacco tax rate

Context—this may be an issue because:

- Inflation has fallen from historical highs but remains elevated in Canada and in the Yukon.
- While improved, energy prices remain elevated, and food and shelter costs continue to be prominent drivers of overall inflation. These are all areas where higher prices are more obvious to consumers.
- Housing affordability has been a concern in the Yukon for several years.
- After more than a year of local inflation being among the highest in Canada, growth in the Whitehorse CPI trended down throughout 2023 and was once again below the national inflation in the last three months of 2023 [and the first two months of 2024](#).
- Higher earnings were reported across most industries in 2023, and several industries reported earnings growth more than 2023's average inflation of 4.9 per cent. Even as some industries had earnings gains outpace inflation, earnings growth of 2.8 per cent in the industry total fell short of the overall increase in prices in 2023.

Session Briefing Note

Inflation and Affordability

(Corporate Note)

Spring 2024

Finance

Background:

Inflation – Recent performance and outlook

- Early in the recovery from the COVID-19 pandemic, some price pressures were slower to materialize in the Yukon than in other parts of the country, as inflation for Whitehorse was amongst the lowest in Canada in the first half of 2022.
- Robust price growth in the CPI components of food, shelter and recreation, education and reading material were key drivers of overall inflation in 2023.
- Actions taken by the Bank of Canada to rein in inflation by cooling the Canadian economy appear to be having the desired effects. The national labour market has softened, consumer spending has slowed, and real GDP has leveled out. Following ten increases in the overnight rate since March 2022, discussion among many analysts has shifted towards the timing of rate cuts.
- The Bank's efforts to tame inflation look to have set the stage for a soft landing for Canada, as inflation is trending down without an accompanying sharp downturn in economic activity. Weaker energy prices and improving supply chains have also helped contribute to a much-improved national inflation picture.
- Prior to the recent period of elevated inflation, prices in the Yukon had generally tracked close to the national trend. After averaging 3.9 per cent in 2023, the Bank expects national inflation to fall to 2.8 per cent in 2024 and 2.2 per cent in 2025. As price pressures continue to recede, a similar story is expected locally with growth of the Whitehorse CPI forecast to fall from 4.9 per cent in 2023 to 3.0 per cent in 2024 and 2.5 per cent in 2025.

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Inflation and Affordability (Corporate Note)

Spring 2024
Finance

PROGRAMS AND OTHER MEASURES THAT SUPPORT AFFORDABILITY

Projects under the Five-Year Capital Plan supporting housing affordability (Yukon Housing Corporation)

- The **Old Crow 10-Plex Mixed-Use Housing** facility will be completed and will be ready for residents to start moving in by March 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 are scheduled to be complete in early 2024.
- The **Korbo Multiplex in Dawson** is in the design phase. This project will deliver approximately 34 new housing units.
- The old **Ryder Apartments in Whitehorse** was demolished in December 2023 and plans are underway to replace it with a new multi-family affordable housing complex. The project is in the design phase and 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.

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.

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Inflation and Affordability (Corporate Note)

Spring 2024
Finance

Paid sick leave program (Economic Development)

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

Yukon Child Benefit (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, starting in the 2023–24 budget year.

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 is 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.

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Inflation and Affordability

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- 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 has been extended to March 2025.

Other Government initiatives

Initiatives under Health and Social Services:

- Engagement on the Yukon's Social Assistance rates started in late summer 2023 with clients on Social Assistance.
- While the review is underway, the department is providing a \$100 monthly increase to eligible Social Assistance recipients.
- To offset inflationary cost of living increases and provide sufficient financial resources to meet the needs of children placed in their care, the department is providing a 10 per cent increase to monthly payments to caregivers of children in out of home care, on top of the annual indexed increase.
- During the 2023-24 fiscal year, a 16.46 per cent rate increase for community and extended family caregivers was provided. The rates are as follows:
 - o Whitehorse: \$46.86 per day
 - o Rural Communities: \$50.16 per day
 - o Old Crow: \$86.40 per day

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.

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Inflation and Affordability

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- The high inflation seen in 2022 (6.8 per cent) will increase the grant payments to be provided in April 2024. This will result in a \$2.3 million increase for Yukon municipalities with overall contributions of over \$24.5 million for fiscal year 2024/25.

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

- Our energy programs are successfully encouraging Yukon residents and local businesses to reduce their energy use, save money and choose low carbon options to live and move.
- Energy efficiency 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 December 31st, 2023, 221 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.

Support to the forestry industry (Energy, Mines and Resources)

- To help increase the supply of firewood, over the past two years the Yukon government has offered an incentive to timber harvesters. In 2022-23, the Government of Yukon distributed \$315,000 to 33 Yukon businesses. The program has contributed to an increase in timber harvest volumes.

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Inflation and Affordability

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Finance

- In fall 2023, the Government of Yukon and the Canadian Northern Economic Development Agency combined financial contributions to launch the \$200,000 Forestry Support Program. The program is helping to enhance operational safety and resilience by allowing commercial harvesters and retailers to purchase or repair things like harvest equipment, vehicles, trailers, and personal protective equipment.
- We have distributed over \$170,000 through this program and anticipate exhausting the funds by the application deadline of March 31, 2024.

Temporary Landlord Assistance Program (Economic Development)

- Vacancy rates in the local rental market remain very low. The Government of Yukon is committed to encouraging landlords to remain in the residential market. To help support this, the department of Economic Development introduced a temporary Landlord Assistance Program in November 2023.
- The program is available to all Yukon residential landlords who rent out accommodations to which the Yukon's Residential Landlord and Tenant Act applies and who rented out accommodation in 2023. The program provides a one-time, per-unit payment of \$338 for 2023.

Government initiatives indexed to inflation

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

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Inflation and Affordability (Corporate Note)

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Finance

- o Student Financial Assistance (updated each school year)
- o Tobacco Tax is updated each January
- o Yukon Child Benefit (July)

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

Tourism and Culture:

COVID-19 Business Relief Programs

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

Session Briefing Note
Inflation and Affordability
(Corporate Note)

Spring 2024
 Finance

- Great Yukon Summer (GYS) program;
- Great Yukon Summer Freeze program;
- ELEVATE program; and
- A top-up to the Tourism Cooperative Marketing Fund (TCMF).

Health and Social Services:

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

Approved

Signature on file

March 19, 2024

Deputy Minister, Finance

Approved

[Home](#) / [News](#) / The Government of Yukon is working to make life more affordable for Yukoners

The Government of Yukon is working to make life more affordable for Yukoners

Published 05/03/2024

The Government of Yukon is working hard to ensure all Yukoners see the benefits of our stable and growing economy by implementing programs that address inflation, improving access to housing and making it easier for Yukoners to access essential services.

Some of the ways the Government of Yukon is making housing more affordable include:

- Investing \$5 million in the Winter Crossing housing project in Whistle Bend to help meet demand for affordable housing in Whitehorse. At 105 units, this is the largest affordable housing development in the Yukon's history.
- Increasing access to supportive housing options for low-income seniors and elders by providing 26 units at the Normandy Living Independent Seniors Living Community in Whitehorse through the Yukon Housing Corporation's rent subsidy program. Supporting over 300 households with rent subsidies through the Canada-Yukon Housing Benefit in 2023.
- Providing a one-time subsidy of \$228 per unit to Yukoners with homes on the rental market.
- Setting the residential rent index at 4.9 per cent as of May 15, 2024, limiting the amount by which landlords can raise rents.
- Supporting the construction of 645 affordable homes through the Housing Initiatives Fund.
- Releasing Creating Home, the Yukon Housing Corporation's new strategic plan, which will transform affordable housing service delivery through a client-centered and collaborative approach.
- Budget 2024-25 contains massive investments to advance affordable housing projects across the Yukon. The Government is taking action to build more affordable homes for Yukoners, especially those in vulnerable situations.

Other ways the Government of Yukon is making life more affordable include:

- Providing \$1,300 per year in dental benefits to Yukoners without dental coverage.
- Funding the Yukon's universal child care program, saving parents up to \$700 per child per month and means families can continue to have high-quality, affordable child-care options.
- Providing monthly payments through the Yukon Child Benefit to modest and low-income households who have children under 18. Starting in the 2023-24 budget year, the maximum benefit per child is now tied to inflation.
- Increasing the minimum wage to \$17.59 per hour and tying it to inflation. A minimum wage tied to inflation aims to reduce poverty and increase affordability.
- Extending the Inflation Relief Rebate for the fourth time since it was first announced in March 2022. All non-government residential and commercial electricity customers received a \$50 credit on their bills during November and December 2023 and January 2024.
- Since the launch of the Good Energy rebates program, the Government of Yukon has issued Yukoners more than 28,000 rebates for more than 36,000 energy-efficient products or home upgrades.
- Advancing projects and partnerships that provide Yukoners with affordable electricity, including the design and implementation of the new Peak Smart program.
- Increasing the on-call honorarium for Emergency Medical Services community responders to \$7.70 per hour, an increase of 107 per cent.
- Increasing children's opportunities for success by investing half a million dollars to strengthen existing school food programs across the territory. This funding is a crucial part of the Yukon government's efforts to further support nutrition programs in all Yukon schools and help ease the financial burden on families with school-aged children.
- Eliminating late fees at Yukon Public Libraries.
- Providing the City of Whitehorse with 50 per cent of identified costs to offset the burden on taxpayers for the first two years of a new curbside recycling program, should the City decide to implement one.
- Increasing funding to municipalities through a 10.3 per cent increase in Comprehensive Municipal Grant funding, for a total of \$24.5 million in 2024-25. This grant helps to fund community programs and services, offsetting the costs to taxpayers.
- Starting in July 2024, the remote supplement for Yukoners living outside Whitehorse will double as part of the territory's carbon rebate program. This means more money will come back to Yukoners in communities that may have higher travel costs.
- Offering up to 40 hours of paid sick leave to employees and self-employed Yukoners who make less than the private-sector wage of \$33.94 per hour through the Paid Sick Leave Rebate.
- Budget 2024-25 will continue to support Yukoners by making sure they can access essential services at prices they can afford.

The Yukon has seen sustained economic growth since 2016 and has one of the lowest unemployment rates in the country. Budget 2024-25 will continue our efforts to make life more affordable for everyday Yukoners and help create a strong, economically secure future for everyone who calls the Yukon home.

Premier Ranj Pillai

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24-097

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ENV #1 / EMR #33

Spring 2024

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 December 2023, we released the third Our Clean Future annual report outlining the progress we made responding to climate change in 2022.
- The report announced the addition of 42 new actions to help us reach our climate goals. 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.
- The 42 new actions implement 15 recommendations from the Yukon Climate Leadership Council and three recommendations from the Yukon Youth Panel on Climate Change.
- Additionally, several of the new recommendations put forward by the Yukon Climate Leadership Council align with existing Our Clean Future actions.
- We will continue to work together to advance our efforts to reduce emissions as we assess our progress year-to-year, consider new research and the input of others, and increase our resilience to climate change.
- We have also revised 19 existing actions to better align with our efforts to reduce the Yukon's greenhouse gas emissions and build a climate resilient territory.

Session Briefing Note
Our Clean Future
Implementation

Spring 2024
Environment and Energy,
Mines and Resources

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.
- We legislated greenhouse gas emissions targets and associated reporting through the Clean Energy Act in 2022.
- We installed electric vehicle chargers in every road-accessible community in the Yukon, enabling zero-emissions travel throughout the territory. (See EMR BN #29)
- We launched the five-year Sustainable Canadian Agricultural Partnership in 2023 which will enhance the agriculture sector's resiliency and adaptation to climate change.
- In collaboration with the Yukon's public utilities, we met our target to install seven megawatts of renewable electricity capacity through the Micro-Generation program by 2030. (See EMR BN #38)
- We launched the Better Buildings Program to offer affordable financing for energy retrofits to Yukoners' homes and buildings in 2022.
- We established a geohazard mapping program to understand risks from climate change to the Yukon's transportation corridors.
- We advanced emergency preparedness as we progressed the Community Wildfire Protection Plans for Dawson City, Mayo, Watson Lake, Beaver Creek, the Town of Faro and the Kluane Lake Region.
- We have begun work to develop flood hazard maps for all flood-prone Yukon communities. We expect to release flood maps for the Southern Lakes, Carmacks, and Teslin in 2024. Flood hazard mapping

ENV #1 / EMR #33

Spring 2024

Session Briefing Note Our Clean Future Implementation

Environment and Energy,
Mines and Resources

for Old Crow and Dawson and the Klondike Valley will begin in 2024 and 2025.

- In May 2023, we completed the installation of a biomass heating system at Elijah Smith Elementary School in Whitehorse.
- In January 2024, we passed an electric vehicle charging station regulation under the *Public Utilities Act* to allow First Nation governments, private businesses and municipalities to sell electricity through electric vehicle charging stations.

Third response:

- Of the original 136 actions released in Our Clean Future in 2020, we have completed 45 actions. Eighty-seven actions are in progress and four are yet to begin.
- The ambitious addition of 42 new actions in 2023 puts 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.
- We are working with industry to establish a path to implement the mining intensity target of a 45 per cent reduction in 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.
- We will continue to find opportunities to reach our targets as we work with experts, stakeholders and partner governments across the territory and beyond.

ENV #1 / EMR #33

Session Briefing Note

Our Clean Future Implementation

Spring 2024

Environment and Energy,
Mines and Resources

Context — this may be an issue because:

- Climate change is of high interest to Yukoners.
- The government's progress in delivering on Our Clean Future commitments will be of interest.

Background:

- Our Clean Future was released on September 14, 2020.
- Our Clean Future 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. Three Annual Reports have been published to date, with the latest report released on December 20, 2023.
- The Our Clean Future website was launched in December 2023, allowing Yukoners to see our commitments and successes towards fighting climate change.

Approved

Signature on File

2024-02-09

A/Deputy Minister
Department of Environment

Date approved

Signature on File

February 12, 2024

Deputy Minister
Department of Energy, Mines and Resources

Date approved

Housing Issues

Yukon Housing Corporation

Recommended response:

- Many Yukoners continue to face challenges across the housing continuum, including:
 - 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 rising interest rates are creating significant challenges for both Yukon Housing Corporation and its partners.
- The corporation's new strategic plan, Creating Home, will help transform affordable housing service delivery through the adoption of a more client-centred and collaborative approach that integrates supports and leads to better outcomes for Yukoners.

Additional response:

- Across government, 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, continue 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.

Housing Issues

Yukon Housing Corporation

Rental pricing

- As of October 2023, the median rent for units in Whitehorse in all types of buildings \$1,368. This is 5.1% higher than it was in October 2022. For rental units in buildings with three or more units, the median rent was \$1,250, and the vacancy rate was 1.2%. Within the renter population in Whitehorse:
 - 22.7% live in unaffordable housing;
 - 17.9% live in unsuitable housing; and
 - 10.5% live in inadequate housing.

Rental and vacancy rate, Yukon (YBS)

	April 2022	October 2022	April 2023	October 2023
Median rent (all types)	\$1,300	\$1,301	\$1,325	\$1,368
Vacancy rate (all types)	1.6%	1.7%	2.2%	1.9%

Housing Construction

- Residential building construction declined by 19.3% over the same period. There was \$81.9 million in residential building construction in Yukon in 2023. This figure represents a 7.5% decline from 2022.
- Labour shortages contribute to higher construction costs and are leading to lower residential construction output.¹

House prices

- Yukon Bureau of Statistics real estate reports show that average prices for single detached and condos have fallen for three consecutive quarters; however, house prices remain high and many Yukoners face affordability challenges due to rising mortgage rates.
- Average House Prices (YBS)

Type	Whitehorse Average House Prices		
	2022 Q3	2023 Q3	Change
Single-detached house	\$701,200	\$664,600	(-5.2%)
Condominium	\$459,400	\$426,600	(-7.1%)

¹ Northern Housing Report, 2023

Yukon Housing Corporation Accomplishments

Creating Home – YHC new strategic plan

- Creating Home is the corporation's new 5-year strategic plan that will transform affordable housing service delivery through the adoption of a more client-centred and collaborative approach that integrates supports and leads to better outcomes for Yukoners and communities.
- The plan 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 experience
 - 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:

- 60 units completed between 21/22 and 22/23 by YHC
- **February 2024** 10 units in Old Crow (with HPW)
- **March 2024** accessible duplex in Faro
- **January 2024** – 3-unit mobile home delivered and prepared for occupancy for RRDC staff to help improve social conditions in the community.
- **August 2023** – two accessible, affordable duplexes in Mayo and Carmacks, YHC
- **July 2023** – a 12-bed men's shelter, Jëje Zho, in Dawson City, Tr'ondëk Hwëch'in
- **May 2023** – 9-unit Elders' complex, Vuntut Gwitchin First Nation
- **January 2023** – 87-unit rental development in Whitehorse by Boreal Commons
- **January 2023** – 47-unit build for in Whitehorse YHC
- **December 2022** – 84-unit Seniors' Supportive Housing Facility, Normandy Living.
- **July 2022** – 45-unit multi-use building, Cornerstone: Opportunities Yukon
- **June 2022** – triplex in Whitehorse, YHC
- **Summer 2022** – 20-unit, Whistle Bend: Champagne and Aishihik First Nations
- **March 2022** – triplexes in Mayo and Watson Lake, YHC

Housing Issues

Yukon Housing Corporation

Underway or Upcoming housing capital projects for YHC and partners

YHC- Underway (12 units)

- 10-unit Watson Lake Housing First building
- 2-unit affordable duplex in Dawson

YHC – Upcoming (112+ units) Community housing:

- 34-unit building with 8 accessible units in Dawson
- 45+ unit building with 9 accessible units on 6th Avenue in Whitehorse (formerly Ryder Apartments)
- 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

Staff housing:

- Accessible duplex in Destruction Bay
- Accessible duplex in Pelly Crossing
- Duplex in Burwash Landing

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 YHC 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 April 2024, 177 clients are receiving monthly support.

Support for homeowners:

- March 2024 – CYHB Homeowners stream
- June 2023 the Yukon government launched an \$8.25 million flood recovery program for residents and businesses affected by flooding in the Klondike Valley. (Tab #19)

Housing Issues

Yukon Housing Corporation

- April 2023, YHC launched the expanded Yukon Home Ownership Program which provides mortgages for qualified households to build and buy their homes across the territory, including Whitehorse.
 - The program is currently under review and scheduled for revision in the coming year.
- In 2020, YHC 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 2023:

- June 2023, the Government of Yukon partnering with the Government of Canada and the City of Dawson to develop [four new residential lots in Dawson City](#).
- 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 Mayo and the Logan and Whistlebend subdivisions of Whitehorse made available through public lottery.
- November 2022, signed a loan agreement with Kwanlin Dün First Nation's (KDFN) arm's-length development corporation Chu Níkwän Limited Partnership (CNLP) for a new 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.

Approved by:

Signature on file

President, Yukon Housing Corporation

April 30, 2024

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 our society.
- Our government is deeply committed to advancing reconciliation through collaboration and partnership with Indigenous governments.
- While there is still work to do, our efforts are resulting in meaningful change and creating better programs and services for all Yukoners.
- In 2023, on the National Day for Truth and Reconciliation, we shared our progress toward addressing the Truth and Reconciliation Commission's Calls to Action through the release of the Pathways magazine and an accompanying report.
- The magazine and report provide an update on the actions being taken across the Yukon government and in close collaboration with First Nation governments and organizations 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.
- 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) Calls to Action.

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

Approved

Signature on file

Deputy Minister, Executive Council Office

2024.02.02

Date

BNs

After

Start Date

(\$000's)

		2024/25		April 2024	May 2024	Total	
		Main	1/12 of Main	Interim	Interim	Amount -	
		Estimates	Estimates	Supply	Supply	Interim	% Total
						Supply	Budget
<u>Operation and Maintenance Votes</u>							
01	Yukon Legislative Assembly	8,559	713	2,424	760	3,184	37.2%
24	Elections Office	1,184	99	99	120	219	18.5%
23	Office of the Ombudsman	1,798	150	150	209	359	20.0%
26	Child and Youth Advocate	1,104	92	92	129	221	20.0%
02	Executive Council Office	26,611	2,218	3,643	2,055	5,698	21.4%
51	Community Services	106,780	8,898	32,912	19,619	52,531	49.2%
07	Economic Development	26,171	2,181	2,614	2,405	5,019	19.2%
03	Education	252,745	21,062	37,947	13,966	51,913	20.5%
53	Energy, Mines and Resources	103,547	8,629	11,830	8,630	20,460	19.8%
52	Environment	55,615	4,635	5,270	5,414	10,684	19.2%
12	Finance	15,894	1,325	1,433	1,771	3,204	20.2%
27	French Language Services	7,755	646	647	647	1,294	16.7%
15	Health and Social Services	594,372	49,531	91,281	48,592	139,873	23.5%
55	Highways and Public Works	165,732	13,811	13,811	13,811	27,622	16.7%
08	Justice	101,400	8,450	16,696	4,636	21,332	21.0%
10	Public Service Commission	53,543	4,462	4,728	4,588	9,316	17.4%
13	Tourism and Culture	31,988	2,666	4,711	2,725	7,436	23.2%
11	Women and Gender Equity Directorate	5,475	456	1,578	223	1,801	32.9%
22	Yukon Development Corporation	6,125	510	1,700	0	1,700	27.8%
18	Yukon Housing Corporation	24,039	2,003	1,947	2,296	4,243	17.7%
19	Yukon Liquor Corporation	0	n/a	0	n/a	0	n/a
TOTAL OF O&M		1,590,437	132,536	235,513	132,596	368,109	23.1%
20	Loan Capital	5,000	417	5,000	0	5,000	100.0%
		1,595,437	132,953	240,513	132,596	373,109	23.4%

2023/24 Interim Supply		
2023/24 Main Estimates	Total Amount - Interim Supply	% Total Budget
7,946	2,659	33.5%
853	134	15.7%
1,566	260	16.6%
876	146	16.7%
25,593	5,621	22.0%
95,634	47,966	50.2%
26,474	4,330	16.4%
244,155	52,180	21.4%
79,919	16,522	20.7%
57,427	9,994	17.4%
11,914	2,136	17.9%
6,805	1,134	16.7%
512,302	142,072	27.7%
160,043	26,674	16.7%
91,650	19,306	21.1%
55,941	6,276	11.2%
31,884	6,153	19.3%
3,672	1,417	38.6%
11,427	3,820	33.4%
22,921	3,818	16.7%
0	0	n/a
1,449,002	352,618	24.3%
5,000	1,000	20%
1,454,002	353,618	24.3%

Appropriation Act for April and May 2024

2024/25 Main Estimates numbers as approved by MB on February 14th 2024

(\$000's)

		2024/25		April 2024	May 2024	Total	
		Main	1/12 of Main	Interim	Interim	Amount -	% Total
		Estimates	Estimates	Supply	Supply	Interim	Budget
						Supply	
Capital Votes							
01	Yukon Legislative Assembly	40	3	3	3	6	15.0%
24	Elections Office	18	2	2	2	4	22.2%
23	Office of the Ombudsman	32	3	3	3	6	18.8%
26	Child and Youth Advocate	14	1	1	1	2	14.3%
02	Executive Council Office	15	1	0	0	0	0.0%
51	Community Services	99,269	8,272	8,243	8,414	16,657	16.8%
07	Economic Development	1,013	84	265	265	530	52.3%
03	Education	29,380	2,448	2,212	2,162	4,374	14.9%
53	Energy, Mines and Resources	529	44	44	44	88	16.6%
52	Environment	6,613	551	811	551	1,362	20.6%
12	Finance	32	3	3	3	6	18.8%
27	French Language Services	0	0	0	0	0	0.0%
15	Health and Social Services	9,386	782	2,861	2,861	5,722	61.0%
55	Highways and Public Works	260,347	21,696	22,994	21,544	44,538	17.1%
08	Justice	5,328	444	968	181	1,149	21.6%
10	Public Service Commission	63	5	6	10	16	25.4%
54	Tourism and Culture	2,219	185	147	372	519	23.4%
11	Women and Gender Equity Directorate	0	0	0	0	0	0.0%
22	Yukon Development Corporation	16,023	1,335	1,250	0	1,250	7.8%
18	Yukon Housing Corporation	53,672	4,474	4,472	4,472	8,944	16.7%
19	Yukon Liquor Corporation	0	n/a	n/a	n/a	n/a	n/a
TOTAL OF CAPITAL		483,993	40,334	44,285	40,888	85,173	17.6%
Total O&M and Capital		2,079,430	173,287	284,798	173,484	458,282	22.0%

2023/24 Interim Supply

2023/24	Total	
Main	Amount -	% Total
Estimates	Interim	Budget
	Supply	
60	6	10.0%
5	0	0.0%
3	0	0.0%
2	0	0.0%
15	0	0.0%
100,877	16,812	16.7%
999	166	16.6%
35,306	6,623	18.8%
2,363	394	16.7%
4,031	697	17.3%
32	6	18.8%
0	0	0.0%
15,933	4,926	30.9%
250,603	46,942	18.7%
4,276	973	22.8%
115	20	17.4%
2,702	405	15.0%
0	0	0.0%
12,012	4,500	37.5%
54,500	14,084	25.8%
0	n/a	n/a
483,834	96,554	20.0%
1,937,836	450,172	23.2%

Appropriation Act for April and May 2024
2024/25 Main Estimates numbers as approved by
MB on February 14th 2024
(\$000's)

	2024/25 Main Estimates	1/12 of Main Estimates	April 2024 Interim Supply	APRIL - Explanation for amounts in excess of 1/12 of Main Estimates
Operation and Maintenance Votes				
01 Yukon Legislative Assembly	8,559	713	2,424	Higher costs anticipated because the house will be sitting. Government contribution to the MLA pension plan is due on April 1.
24 Elections Office	1,184	99	99	
23 Office of the Ombudsman	1,798	150	150	
26 Child and Youth Advocate	1,104	92	92	
02 Executive Council Office	26,611	2,218	3,643	Contribution to Boards and Councils - Implementation Initiatives \$1.3M, Youth Directorate operational funding instalment payments \$323k.
51 Community Services	106,780	8,898	32,912	Includes full year payment of \$24.5M for Comprehensive Municipal Grants, Fire Management \$4.3M to support potential cash flow requirements for fire suppression and flood response and 50% of Community Library Board payment \$250k due April 1.
07 Economic Development	26,171	2,181	2,614	First instalment for Yukon U (Innovation and Entrepreneurship) and Labour Market Development.
03 Education	252,745	21,062	37,947	\$15M for first instalment due in April for various agreements/purchases/contracts that are committed at the start of the fiscal year are prorated at 1/10 as schools operate over 10 months; Universal Child Care \$10M; Yukon University contribution agreement for \$7.8M and Bussing contract commitment of \$4.3M.
53 Energy, Mines and Resources	103,547	8,629	11,830	For commitments done early in the year: Mineral Resources and Geoscience Services \$7.5M and Client Services air craft charters \$1.3M.
52 Environment	55,615	4,635	5,270	Includes first instalment due in April for various agreements and parks seasonal employees.
12 Finance	15,894	1,325	1,433	Questica and CaseWare Annual Licensing and Maintenance \$57k; Worker's Compensation Supplementary Benefit \$50k and Yukon Macroeconomic Model Rental and Data Updates subscription \$25k.
27 French Language Services	7,755	646	647	
15 Health and Social Services	594,372	49,531	91,281	Contribution to Yukon Hospital Corporation \$44M (50% paid April 1 as per the funding agreement), 1/4 of Grants and contribution agreements with NGO's \$15M.
55 Highways and Public Works	165,732	13,811	13,811	
08 Justice	101,400	8,450	16,696	Includes payment/commitment of 1/4 of all contribution agreements \$2.5M; 1/4 of RCMP and 911 contract \$10M.
10 Public Service Commission	53,543	4,462	4,728	Includes payments or commitments totaling \$265k.
54 Tourism and Culture	31,988	2,666	4,711	Includes payments or commitments totaling \$3M for contribution agreements.
11 Women and Gender Equity Directorate	5,475	456	1,578	Includes payments totaling \$1.3M for contribution agreements with various NGOs.
22 Yukon Development Corporation	6,125	510	1,700	Interim Electrical Rebate First instalment due in April \$1.7M.
18 Yukon Housing Corporation	24,039	2,003	1,947	
19 Yukon Liquor Corporation	0	n/a	0	
TOTAL OF O&M	1,590,437	132,536	235,513	
20 Loan Capital and Loan Amortization	5,000	417	5,000	
	1,595,437	132,953	240,513	

Appropriation Act for April and May 2024
2024/25 Main Estimates numbers as approved by
MB on February 14th 2024
(\$000's)

	2024/25 Main Estimates	1/12 of Main Estimates	April 2024 Interim Supply	APRIL - Explanation for amounts in excess of 1/12 of Main Estimates
Capital Votes				
01 Yukon Legislative Assembly	40	3	3	
24 Elections Office	18	2	2	
23 Office of the Ombudsman	32	3	3	
26 Child and Youth Advocate	14	1	1	
02 Executive Council Office	15	1	0	
51 Community Services	99,269	8,272	8,243	
07 Economic Development	1,013	84	265	Business Incentive Program - payments on applications that are being currently assessed.
03 Education	29,380	2,448	2,212	Yukon University contribution agreement for \$150k.
53 Energy, Mines and Resources	529	44	44	
52 Environment	6,613	551	811	Swan Haven Upgrades \$300k.
12 Finance	32	3	3	
27 French Language Services	0	0	0	
15 Health and Social Services	9,386	782	2,861	Contribution to Yukon Hospital Corporation \$2.5M (based on YHC's Mental Wellness Unit forecasted spend)
55 Highways and Public Works	260,347	21,696	22,994	
08 Justice	5,328	444	968	First quarter RCMP Detachment payment and operational equipment \$787k.
10 Public Service Commission	63	5	6	
54 Tourism and Culture	2,219	185	147	
11 Women and Gender Equity Directorate	0	0	0	
22 Yukon Development Corporation	16,023	1,335	1,250	First quarterly instalment of Transfer Payments due in April 1st - Innovative Renewable Energy Initiative.
18 Yukon Housing Corporation	53,672	4,474	4,472	
19 Yukon Liquor Corporation		n/a	n/a	
TOTAL OF CAPITAL	483,993	40,334	44,285	
Total O&M and Capital	2,079,430	173,287	284,798	

Appropriation Act for April and May 2024
2024/25 Main Estimates numbers as approved by
MB on February 14th 2024
(\$000's)

		2024/25 Main Estimates	1/12 of Main Estimates	May 2024 Interim Supply	MAY - Explanation for amounts in excess of 1/12 of Main Estimates
Operation and Maintenance Votes					
01	Yukon Legislative Assembly	8,559	713	760	
24	Elections Office	1,184	99	120	
23	Office of the Ombudsman	1,798	150	209	
26	Child and Youth Advocate	1,104	92	129	
02	Executive Council Office	26,611	2,218	2,055	
51	Community Services	106,780	8,898	19,619	Grant in Lieu of Taxes - payable as of May 15th. \$10.5M; Fire Management \$4.3M to support potential cash flow requirements for fire suppression and flood response.
07	Economic Development	26,171	2,181	2,405	Labour Market Development.
03	Education	252,745	21,062	13,966	
53	Energy, Mines and Resources	103,547	8,629	8,630	
52	Environment	55,615	4,635	5,414	Parks seasonal employees.
12	Finance	15,894	1,325	1,771	Worker's Compensation Supplementary Benefit \$50k.
27	French Language Services	7,755	646	647	
15	Health and Social Services	594,372	49,531	48,592	
55	Highways and Public Works	165,732	13,811	13,811	
08	Justice	101,400	8,450	4,636	Reduced funding required in May to account fo upfront payments that are made in April (mostly for RCMP).
10	Public Service Commission	53,543	4,462	4,588	Includes payments or commitments totaling \$125k.
54	Tourism and Culture	31,988	2,666	2,725	
11	Women and Gender Equity Directorate	5,475	456	223	
22	Yukon Development Corporation	6,125	510	0	
18	Yukon Housing Corporation	24,039	2,003	2,296	
19	Yukon Liquor Corporation	0	n/a	n/a	
TOTAL OF O&M		1,590,437	132,536	132,596	
20	Loan Capital and Loan Amortization	5,000	417	0	
		1,595,437	132,953	132,596	

Appropriation Act for April and May 2024
2024/25 Main Estimates numbers as approved by
MB on February 14th 2024
(\$000's)

	2024/25 Main Estimates	1/12 of Main Estimates	May 2024 Interim Supply	MAY - Explanation for amounts in excess of 1/12 of Main Estimates
Capital Votes				
01 Yukon Legislative Assembly	40	3	3	
24 Elections Office	18	2	2	
23 Office of the Ombudsman	32	3	3	
26 Child and Youth Advocate	14	1	1	
02 Executive Council Office	15	1	0	
51 Community Services	99,269	8,272	8,414	
07 Economic Development	1,013	84	265	Business Incentive Program - payments on applications that are being currently assessed.
03 Education	29,380	2,448	2,162	
53 Energy, Mines and Resources	529	44	44	
52 Environment	6,613	551	551	
12 Finance	32	3	3	
27 French Language Services	0	0	0	
15 Health and Social Services	9,386	782	2,861	Contribution to Yukon Hospital Corporation \$2.5M (based on YHC's Mental Wellness Unit forecasted spend)
55 Highways and Public Works	260,347	21,696	21,544	
08 Justice	5,328	444	181	
10 Public Service Commission	63	5	10	
54 Tourism and Culture	2,219	185	372	Includes Yukon Modernization Signage \$200k and Beringia - operational equipment \$25k.
11 Women and Gender Equity Directorate	0	0	0	
22 Yukon Development Corporation	16,023	1,335	0	
18 Yukon Housing Corporation	53,672	4,474	4,472	
19 Yukon Liquor Corporation		n/a	n/a	
TOTAL OF CAPITAL	483,993	40,334	40,888	
Total O&M and Capital	2,079,430	173,287	173,484	

LEGISLATED GRANTS

2024/25 Main Estimates numbers as approved by MB on February 14th 2024

Department	April	May	Total
Yukon Legislative Assemebly			0
Election Office			0
Office of the Ombudsman			0
Child and Youth Advocate Office			0
Executive Council Office			0
Community Services			
- In-Lieu of Property Taxes		10,548	10,548
- Home Owners Grants			0
- Comprehensive Municipal Grants	24,556	0	24,556
- Community Recreation Assistance Grants	68	68	136
Economic Development			0
Education			
- Student Transportation	12	12	24
- Student Accommodation	3	3	6
- Child Care Subsidies	46	46	92
- Post Secondary Student Grants	420	420	840
Energy, Mines and Resources			0
Environment			0
Finance			0
- Workers' Compensation Supplementary Benefits	50	50	100
French Language Services Directorate			0
Health and Social Services			
- Adoption Subsidies	0	0	0
- Social Assistance - Whitehorse	1,714	1,714	3,428
- Yukon Seniors' Income Supplement	300	300	600
- Pioneer Utility Grant	0	0	0
- Medical Travel Subsidies	450	450	900
- Social Assistance - Region	289	289	578
Highways and Public Works			0
Justice			0
Public Service Commission			0
Tourism and Culture			0
Women and Gender Equity Directorate			0
Yukon Development			0
Yukon Housing Corporation			0
Yukon Liquor Corporation			0
Total	27,908	13,900	41,808

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