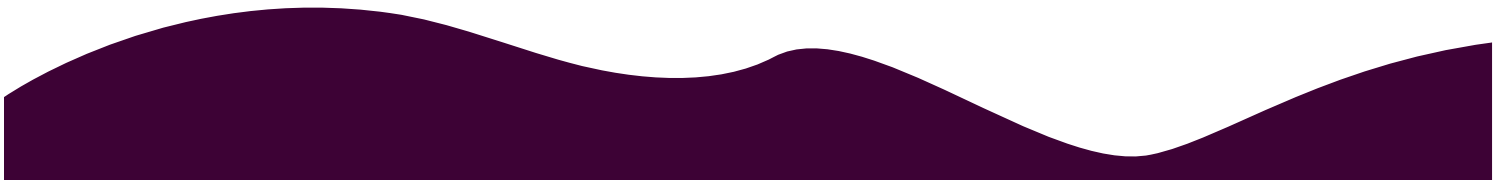




2022–23
INTERIM FISCAL
AND ECONOMIC UPDATE



Introduction

The 2022–23 Budget presented a plan for how the Government of Yukon will continue to support the needs of individuals, families, businesses and communities across the territory. Since the budget was tabled in March, Yukoners have seen first-hand the effects of the changing climate with significant wildfire and flood events in many parts of the territory. Like all Canadians, Yukon households are also seeing their budgets stretched by elevated levels of inflation. As well, uncertainty remains from the COVID-19 pandemic and the government continues to invest where needed to help ensure the health and safety of Yukoners. Despite these ongoing challenges, the Yukon's economy continues to grow with the outlook for key industries such as tourism looking increasingly positive.

The revised overview presented in the 2022–23 *Interim Fiscal and Economic Update* provides an update on current expectations for the Yukon's finances and its economy over the short and medium terms. Along with the spending priorities discussed in the 2022–23 *Fiscal and Economic Outlook*, this interim update outlines new areas of essential spending to support the health and safety of Yukoners and help address issues related to affordability. The update also discusses recent economic performance and medium-term expectations.

Part 1: The Yukon's finances

The 2022–23 Budget, also known as the Main Estimates, forecast a \$39.5 million surplus this fiscal year. Additional allocations presented in the 2022–23 Supplementary Estimates #1 would increase spending by \$26.2 million, or 1.3 per cent over the Main Estimates. The entire increase is to the operations and maintenance (O&M) budget, which is partly offset by an increase to recoveries of \$1.5 million. Total government revenues for 2022–23 are also expected to increase by \$18.2 million.

Table 1. Fiscal summary

(\$millions)	2021–22 Supplementary Estimates #2	2022–23 Main Estimates	2022–23 Supplementary Estimates #1
Revenue ^{1,2}	1,422.4	1,460.2	1,478.5
Expense ³	(1,566.4)	(1,644.6)	(1,669.3)
COVID-19 Contingency ⁴	(1.5)	(10.0)	(10.0)
Accounting Adjustments ⁵	171.0	233.9	233.9
Surplus/(Deficit) ⁶	25.5	39.5	33.0
Net Debt (end of year)	(96.6)	(207.5)	(214.0)

Source: Department of Finance. Numbers may not add due to rounding.

1. To align with the presentation in the Yukon Public Accounts, revenues and recoveries do not include those collected by Yukon Housing Corporation, which are included in the Accounting Adjustments in this table.

2. Revenue is the sum of "Transfers from Canada", "Tax Revenue", and "Other Revenue" as found on Pages S-4 of the 2022–23 Supplementary Estimates #1, and equivalent pages of budget documents for other periods.

3. Expense is the sum of "Total Appropriated Amounts" minus "Recoveries from Canada" and "Third-Part Recoveries" as found on Pages S-5 of the 2022–23 Supplementary Estimates #1.

4. Found on Page S-5 of the 2022–23 Supplementary Estimates #1.

5. Accounting Adjustments are the sum of "Tangible Capital Assets (net)", "Investment in Land Development", "Expenditures on Loan Programs", and "Other Adjustments (net)", on Page S-5 of the 2022–23 Supplementary Estimates #1, and equivalent pages of budget documents for other periods.

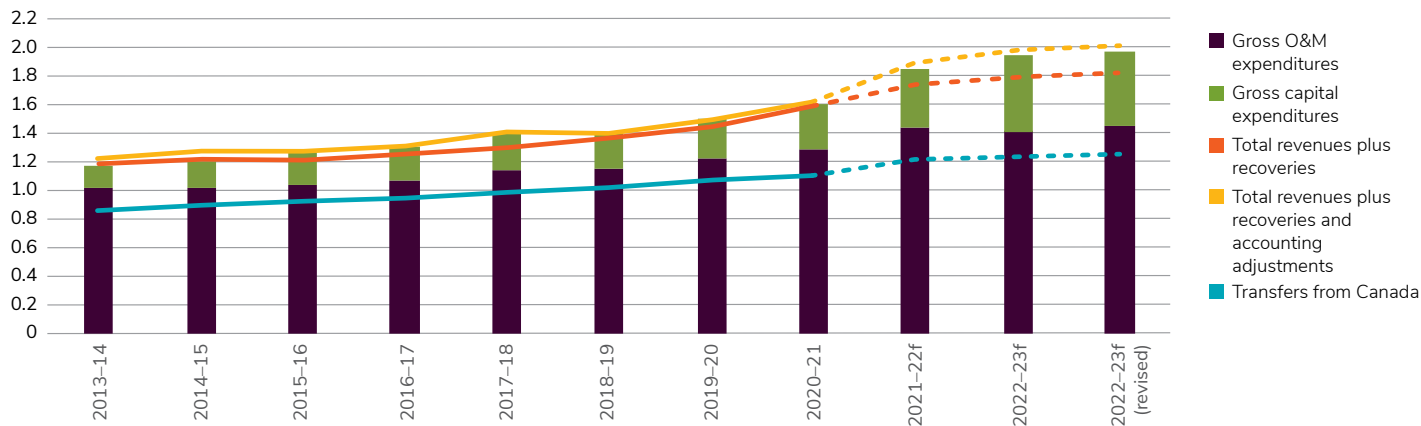
6. Surplus/(Deficit) is the sum of "Revenue", "Expense", "COVID-19 Contingency", and "Accounting Adjustments".

As shown in Table 1, the Supplementary Estimates #1 reflect a \$6.5 million decrease in the fiscal position from the Main Estimates, which results in the surplus projected for 2022–23 falling to \$33 million from \$39.5 million.

The decrease to the expected surplus in 2022–23 will have an equal impact on the Government of Yukon’s net debt position. Estimated net debt will increase to \$214.0 million from \$207.5 million in 2022–23.

Chart 1. Government of Yukon fiscal indicators^{7,8}

Expenditures and revenues (\$billions)



Source: Department of Finance. f = forecast

In Chart 1, forecast spending and revenue for the Yukon, including recoveries, from 2013–14 through to the Main Estimates and the Supplementary Estimates #1 for 2022–23, are compared to historical spending as reported in the Yukon Public Accounts. For the fiscal years between 2013–14 and 2022–23, gross expenditures grow by 6.2 per cent annually and revenues grow by 4.6 per cent annually, on average.

Revenue

Total government revenue, excluding recoveries, is expected to be \$1.48 billion in 2022–23 (Table 2). This is an increase of \$18.2 million, or 1.2 per cent, from the Main Estimates.

7. Fiscal years 2013-14 to 2020-21 represent actuals as reported in the Yukon Public Accounts. For comparability, forecasts for fiscal years 2021–22 to 2022–23 use the same methodology, which differs from the presentation in Table 1.

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

Table 2. Revenue by type^{9,10}

(\$millions)	2021–22 Supplementary Estimates #2	2022–23 Main Estimates	2022–23 Supplementary Estimates #1
Income taxes	126.5	114.4	114.4
Property tax	6.9	7.0	7.0
Fuel oil tax	8.3	9.7	9.7
Tobacco and alcohol taxes	18.3	18.6	18.6
Other taxes	7.3	8.1	8.1
Other revenue	46.5	58.1	59.1
Total own-source revenue	213.8	215.8	216.8
Federal transfers	1,208.5	1,244.4	1,261.6
Total revenue	1,422.4	1,460.2	1,478.5

Source: Department of Finance. Numbers may not add due to rounding.

Federal transfers

Nearly all of the increase to revenues from the Main Estimates is a \$17.2 million increase to federal transfers. This includes a \$15 million allocation from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) to support affordable housing and housing-related infrastructure in northern Canada. The Government of Canada's 2022 budget allocated \$30 million over two years to the Yukon for affordable housing in the North.

Revenue from the Canada Health Transfer (CHT) is also forecast to increase. In March 2022, the Government of Canada announced it would provide a one-time \$2 billion top-up to the CHT for provinces and territories to address surgery and procedure backlogs caused by the pandemic. The Yukon's allocation from the CHT top-up will increase revenue by \$2.2 million in 2022–23 from the Main Estimates.

Other revenue

There is an additional \$1 million in other revenue projected in the Supplementary Estimates #1. This is due to an increase in the forecast for interest revenue on Agreements for Sale of developed land in the Yukon. This revenue is forecast to increase by \$1 million in 2022–23 based on an increasing number of sale agreements and the increasing dollar value of these agreements.

Operations and maintenance expense

Operations and maintenance spending is forecast to increase by \$26.2 million, or 1.8 per cent, from the Main Estimates.

Approximately \$20.2 million, or 77 per cent, of this increase will be spent on emergency management costs. Around the world communities are increasingly dealing with the environmental impacts of climate change, and Yukoners are experiencing these impacts first-hand. In summer 2022, the Yukon experienced a busy fire season that required a significant response to ensure the health and safety of Yukoners and minimize

9. All revenue figures are found on Pages S-8 and S-9 of the 2022–23 Supplementary Estimates #1, and equivalent pages of budget documents for other periods.

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

damage to property. A further \$400,000 will be spent to enhance First Nation Fire Smart projects, which is 100 per cent recoverable from the Government of Canada. The emergency management costs also include \$3.8 million in projected spending related to the response and clean up following recent flood events. In 2022, the Yukon saw notable flooding events in Teslin, Carmacks, Ross River, and Upper Liard.

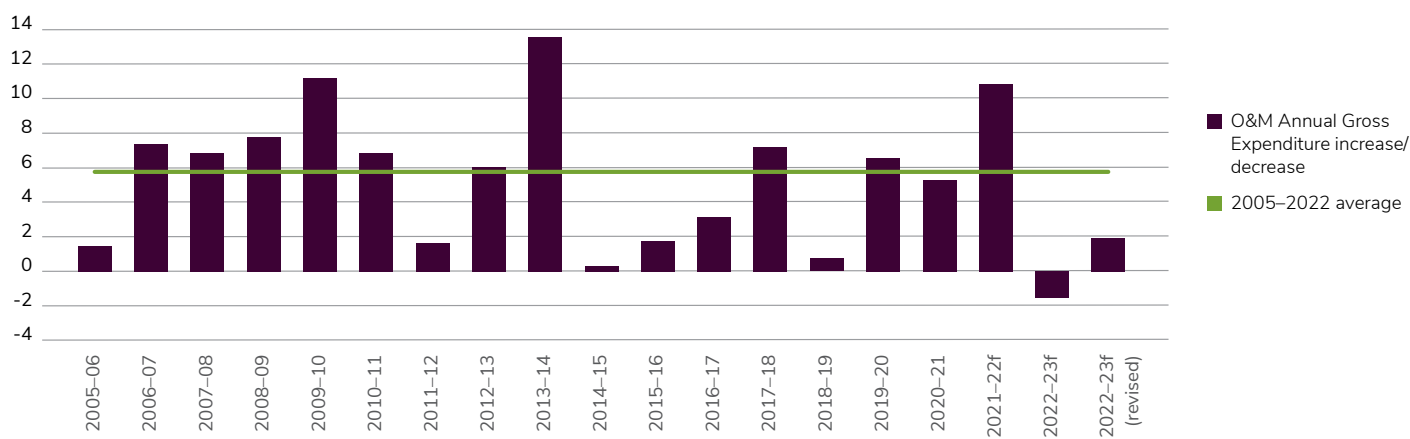
Yukoners are paying more for necessities due to inflationary pressures. Most of the remaining O&M increase, about \$3.2 million, is being used for a three-month, \$150 Inflationary Relief Rebate received on ATCO Electric and Yukon Energy utility bills in summer 2022 to help reduce the impacts that rising prices are having on the budgets of families and businesses.

Approximately \$1.6 million, or 5.9 per cent, will be spent on several of the Government of Yukon’s First Nations relations commitments. This includes a \$1.3 million increase in First Nations capacity funding for consultation and engagement, bilateral negotiations, and implementation of Final and Self Government Agreements. It also includes \$250,000 for the Council of Yukon First Nations to commemorate the 50th anniversary of *Together Today for Our Children Tomorrow*.¹¹

The remaining 5.2 per cent, or \$1.4 million, will be spent on education supports and other initiatives, including \$1.1 million to carry forward funding from 2021–22 for the Labour Market Development Agreement and Workforce Development Agreement, which is 100 per cent recoverable from Canada. This funding is aimed at strengthening the labour market and helping employers, find, hire, and keep workers. There is also \$250,000 for the new Performing Musicians Fund to support the developing careers of the Yukon’s emerging musicians.

Chart 2. Annual growth in O&M spending

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



Source: Department of Finance. f = forecast

11. *Together Today For Our Children Tomorrow* was the policy paper that paved the way for negotiation of the Yukon Final and Self-Government Agreements. A delegation of Yukon First Nations Chiefs presented it to the federal government in 1973.

Government continues to make progress on evaluation and performance measurement

As the Government of Yukon continues to make progress on implementing its Performance Measurement and Evaluation Program (PMEP), the organization will continue to find efficiencies which may lead to cost savings.

As identified in the 2022–23 *Fiscal and Economic Outlook*, the PMEP is being implemented in a multi-step process throughout the fiscal year and, over time, will lead to improved data collection on government programs and help determine how outcomes align with departmental budgets. The gradual introduction of the framework will help ensure each component is implemented effectively, that government departments and public entities are supported throughout the implementation process, and that the initiative is successful in the long-term.

Five-Year Capital Plan update

The Government of Yukon's 2022–23 gross capital spending projections have not changed in the Supplementary Estimates #1. As shown in Table 3, total planned spending in 2022–23 is \$546.5 million, of which approximately 40 per cent is expected to be recoverable across multiple investment categories.

Table 3. Total planned capital spending 2022–23 to 2026–27 by investment category

Category (\$millions)	2022–23	2023–24	2024–25	2025–26	2026–27	5-year
Climate change, energy and green economy	63	61	30	21	15	190
Land development, social development, education and health	150	139	139	114	81	623
Community and First Nations infrastructure	93	97	91	88	55	424
Transportation infrastructure	154	161	210	202	150	877
Real property and asset management	38	60	79	72	74	323
Information technology	49	54	19	18	18	158
Annual Total	547	572	568	515	393	2,595

Source: Capital Planning Office. Numbers may not add due to rounding.

Annual capital spending totals in the Five-Year Capital Plan may shift and change from year to year based on many factors, including evolving or newly emerging government priorities, and changing construction market conditions. While spending may appear to decline in the later years of the capital plan for some categories, it is likely that totals will increase as projects progress, new projects are defined, and funding agreements and partnerships are confirmed.

In the Supplementary Estimates #1, capital funding for the Arctic Energy Fund will decrease by \$5 million due to planned projects being deferred to future years. There will also be a \$5 million increase for the Yukon Energy Corporation's Mayo to McQuesten transmission line and Whitehorse grid-scale battery storage projects, which are 100 per cent recoverable from the Government of Canada's Investing in Canada Infrastructure Program. These projects were delayed in 2021–22 and require additional expenditures in 2022–23. Overall, these changes will have a net zero impact on the capital budget in 2022–23.

As has been the case globally and nationally, the Yukon has seen significant increases in the cost of labour and construction materials since the COVID-19 pandemic began. These factors, in addition to general supply chain disruptions, have contributed to bids on government procurements exceeding estimates as well as project delays.

In 2022–23, the Government of Yukon may continue to see costs escalate as the Bank of Canada raises interest rates. The government will continue to monitor these pressures and actively manage its capital budget to ensure it is taking a fiscally responsible approach to its capital spending while remaining focused on the priorities of Yukoners.

The Government of Yukon evaluates capital budgets on an ongoing basis to determine if and where it can improve the efficiency of capital spending in alignment with the territory’s capital infrastructure needs. After reviewing plans over the next several months, updated capital funding expectations will be published in the 2023–24 Five-Year Capital Plan.

Part 2: Economic overview

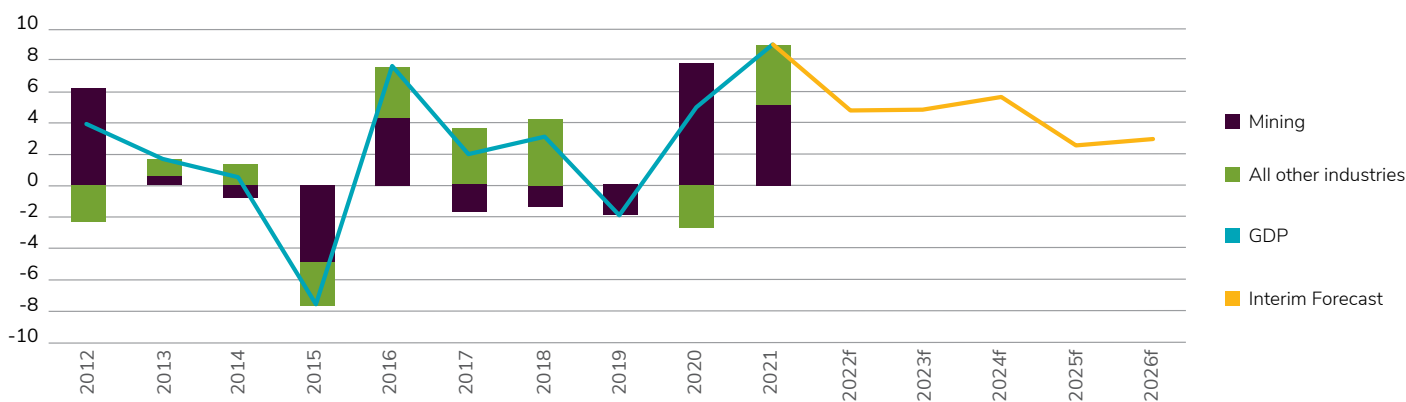
Real GDP growth forecast in every year of the medium-term outlook

Estimates of real Gross Domestic Product (GDP) show that the territory’s economy has performed exceptionally well in the face of recent challenges presented by the COVID-19 pandemic.

Preliminary estimates show the Yukon’s real GDP grew 9.1 per cent in 2021, building on an estimated expansion of 5.2 per cent in 2020 and marking the second year in a row that the Yukon has led the country in economic growth. Strong mineral production was a primary driver of growth in both years, but unlike 2020, growth in 2021 was broad-based with gains reported in 17 of 20 major industry classifications. The current forecast is for growth of 4.8 per cent in 2022, to be followed by similar levels of growth in 2023 (4.9 per cent) and 2024 (5.4 per cent). Growth in real GDP is noted in every year of the forecast.

Chart 3. Increased mineral production fueling recent growth, but rebounds in other industries are also contributing to gains

Contribution to real GDP growth (percentage points)



Source: Statistics Canada, Yukon Finance.

f = forecast

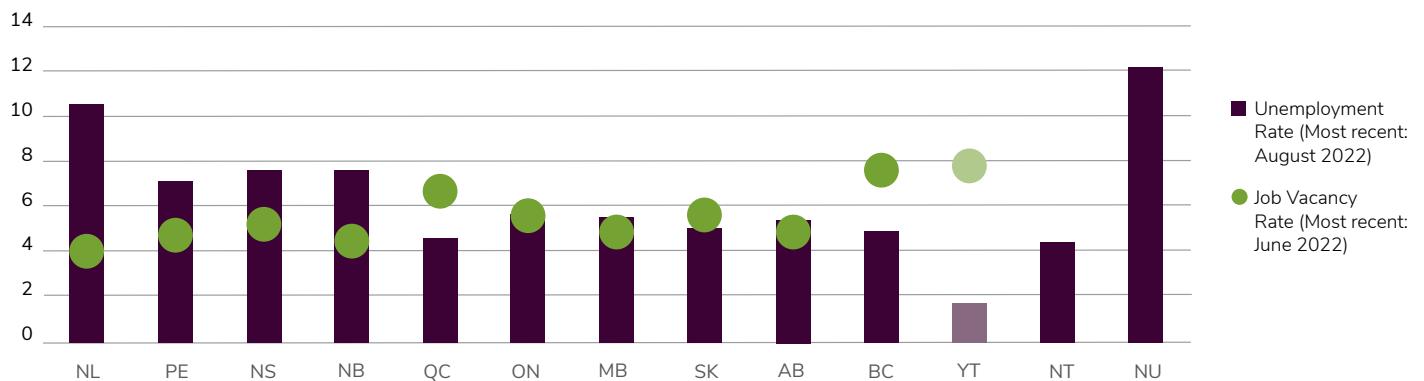
The Yukon's labour market has tightened

Robust economic growth has increased competition in the labour market. The Yukon's unemployment rate averaged 3.9 per cent over the first eight months of 2022, well below the average of 6.2 per cent reported for the same period of 2021, and near the 2019 average of 3.8 per cent. As a result, the Yukon again has the lowest unemployment rate in the country with August's figure of 1.7 per cent matching the record low reported from April 2018 (Chart 4).

Employers across the country are facing challenges finding workers. Over the summer, the vacancy rate¹² in several parts of Canada exceeded the unemployment rate, meaning there were proportionally more jobs seeking workers than workers seeking jobs. The labour market is especially tight in the Yukon, due in part, to the territory's strong economy. Chart 4 shows the Yukon's June 2022 job vacancy rate of 7.7 per cent¹³ was the highest in the country.¹⁴

Chart 4. Labour market tightness has returned

Labour market indicators (per cent)



Source: Statistics Canada.

Tight labour markets are resulting in a movement of workers to industries with better compensation and away from lower-paying sectors such as accommodation and food services.¹⁵ This has resulted in labour shortages that are impacting the day-to-day operations of many businesses. There has also been an increase in older workers leaving the labour force. Participation rates for workers aged 55 years and older in the Yukon have been trending downward since 2018. Retirements have been accelerating over the course of the pandemic, adding to recent issues around labour availability.

Wage growth remains robust as employers try to attract staff. Data for the second quarter of 2022¹⁶ shows the average offered wage in the Yukon of \$26.90 per hour was the third-highest in the country and above the national average of \$24.05 per hour. Weekly earnings are also on the rise. After growing 3.3 per cent in 2021, the average worker in the Yukon earned nearly \$1,329 per week through the first six months of this year, up 4.4 per cent from the same period of 2021.

12. The job vacancy rate is the number of job vacancies expressed as a percentage of labour demand, defined as all occupied and vacant jobs.

13. The June 2022 vacancy rate was the most recent figure available at the time this publication was produced.

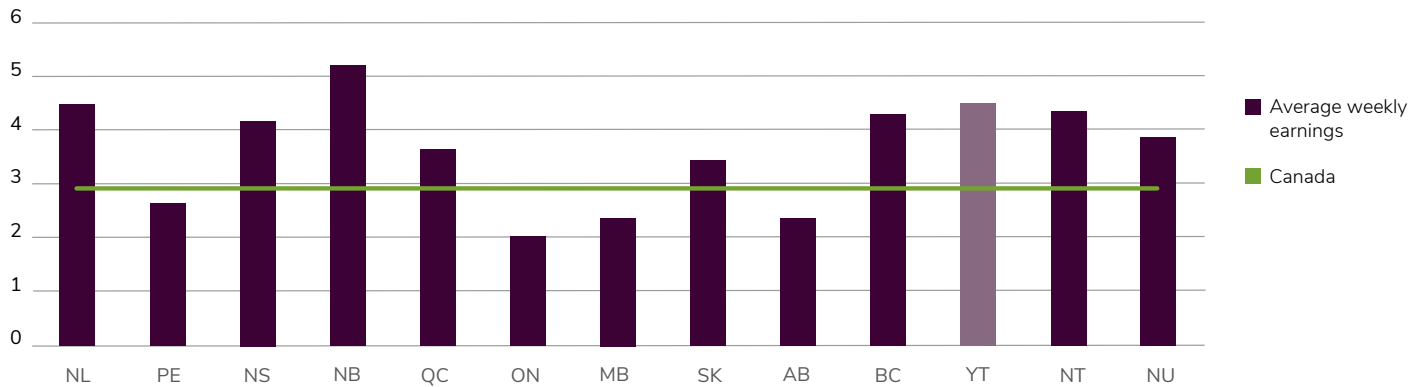
14. Job vacancy rates for June 2022 were not published for the Northwest Territories and Nunavut due to concerns over data reliability.

15. In a tight labour market, this is where Canadian workers are going (August 23, 2022). [CBC News](#).

16. Average offered wage data is from Statistics Canada table 14-10-0325-01 and is available on a quarterly basis starting with the first quarter of 2015.

Chart 5. Growth in earnings in the Yukon is second only to New Brunswick

Average weekly earnings, seasonally adjusted, Jan-Jun 2022 change from Jan-Jun 2021 (per cent)



Source: Statistics Canada.

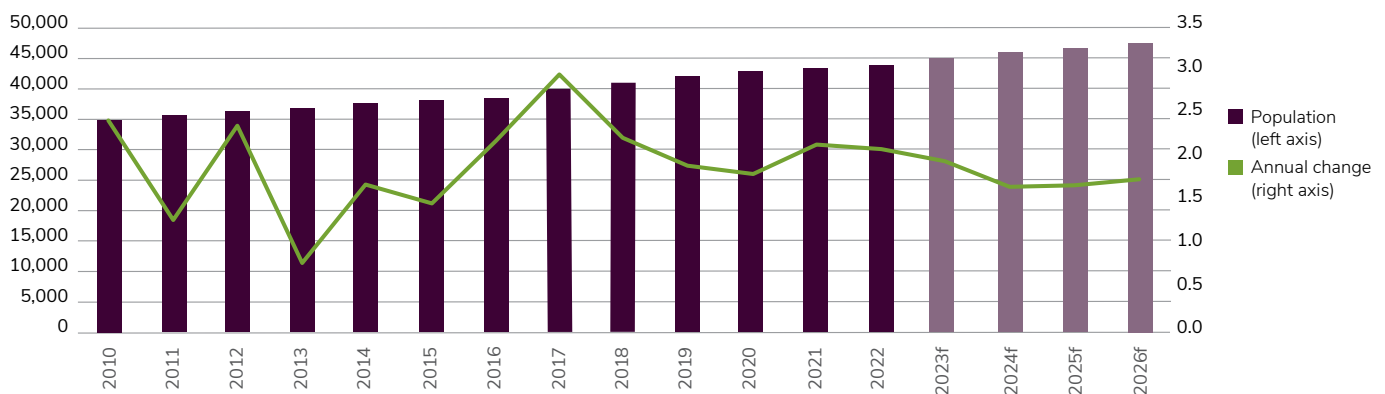
Some of the tightness in the labour market should dissipate over the forecast. The labour force is expected to grow faster than employment as higher earnings draw people into the labour market. This will lead to a modest increase in the unemployment rate, but at a level which remains historically low, and among the lowest in the country.

Further population growth forecast over the medium term

Medium-term expectations for the territory’s population are unchanged from the March forecast. As has been the case in recent years, population gains are expected to be supported by migration into the Yukon, particularly international migration. A generally strong economy should continue to be a draw for individuals and families. Population growth is expected in all five years of the forecast with the Yukon’s population growing to 47,200 by 2026 (Chart 6).

Chart 6. Further gains expected over the medium term

Population (persons), annual change (per cent)



Source: Yukon Bureau of Statistics. f = forecast

Income growth reflected in higher consumer spending

Growth in employment and incomes will help to drive growth in consumer spending over the medium term. Following strong performance during the pandemic, with gains in both 2020 and 2021, retail sales are forecast to grow about 7 per cent in 2022, increasing to over \$1 billion for the first time ever. Higher prices in 2022 explain some of the increase in retail sales, however, the increase surpasses inflationary pressures.

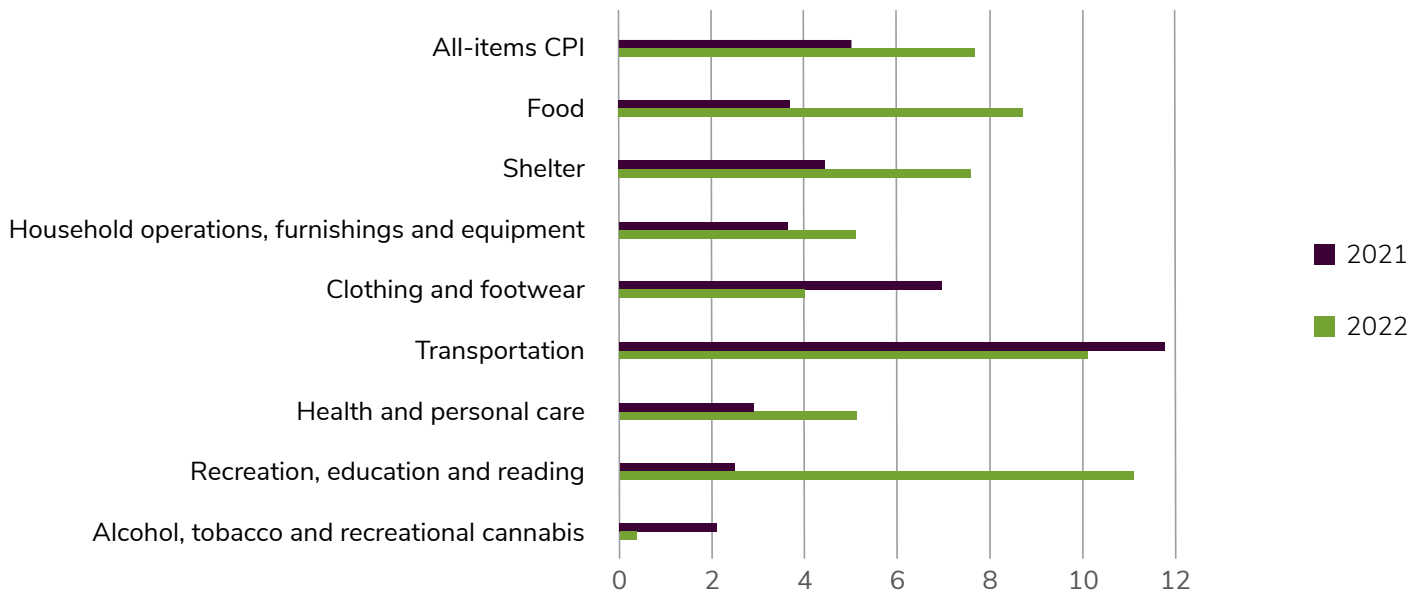
Inflation has increased globally

Inflation has increased throughout the world, largely due to supply chain disruptions and the war in Ukraine, which has pushed up the prices of food and energy. Domestic factors are also at play as there is excess demand for labour and other key inputs. Pent-up demand coming out of the pandemic has also helped to drive up prices of some goods and services. As a result, the national inflation rate is near levels not seen in 40 years.

The Yukon has not been immune to the forces driving up prices globally. The inflation rate in Whitehorse¹⁷ rose to 7.7 per cent in July, the highest rate since the early 1990s. Inflation was little changed in August at 7.6 per cent, with prices in Whitehorse up in all major categories of the Consumer Price Index (CPI) (Chart 7). Higher fuel prices have been the biggest driver of inflation. The prices of gasoline and fuel oil in August were up 21 and 48 per cent, respectively, from 12 months earlier.

Chart 7. Inflationary pressures have been broad-based

Whitehorse CPI, Aug 2022 change from Aug 2021 (per cent)



Source: Statistics Canada.

17. Data are not available for the Yukon, only Whitehorse.

Ultimately, inflation in the Yukon is determined by national and international forces, but the Government of Yukon is taking steps to help address the effects on consumers. This includes funding targeted to support vulnerable groups such as one time payments of \$150 for Yukoners on social assistance, an additional \$100,000 in funding for the Whitehorse food bank and payments to seniors through a 10 per cent top-up in the Pioneer Utility Grant. Yukoners who heat their home with wood will receive a \$50 rebate on fuelwood purchased from Yukon commercial firewood suppliers. The government also extended the Inflation Relief Rebate for another three months, which gives Yukoners a \$50 monthly credit on their electricity bill. In addition, the April 1, 2022 increase of the Yukon's minimum wage to \$15.70 per hour¹⁸ has helped to offset some of the impacts of increasing prices. The current minimum wage in the territory is second highest in the country following Nunavut's \$16.00 per hour.

Inflation seems to be peaking and is expected to continue to subside over the next two years. Notably, gasoline prices in Whitehorse have already come down 34 cents per litre from the summer peak as oil prices have moderated globally. Though gasoline prices only make up a small percentage of the CPI basket for Whitehorse at 2.9 per cent in August 2022, due to the volatility of gas prices, they have an outsized impact on the overall inflation rate. Excluding gasoline from the CPI basket, prices in August increased 7.3 per cent from August 2021, below the headline inflation rate of 7.6 per cent.

The Bank of Canada has started to take a more aggressive approach to battling inflation by raising interest rates three percentage points since March, including a 0.75 percentage point increase on September 7. Higher borrowing costs will dampen spending and remove some of the excess demand in the economy. Inflation in Whitehorse is expected to moderate, with the average annual rate of inflation forecast to fall from 6.5 per cent in 2022 to 3.8 per cent in 2023.

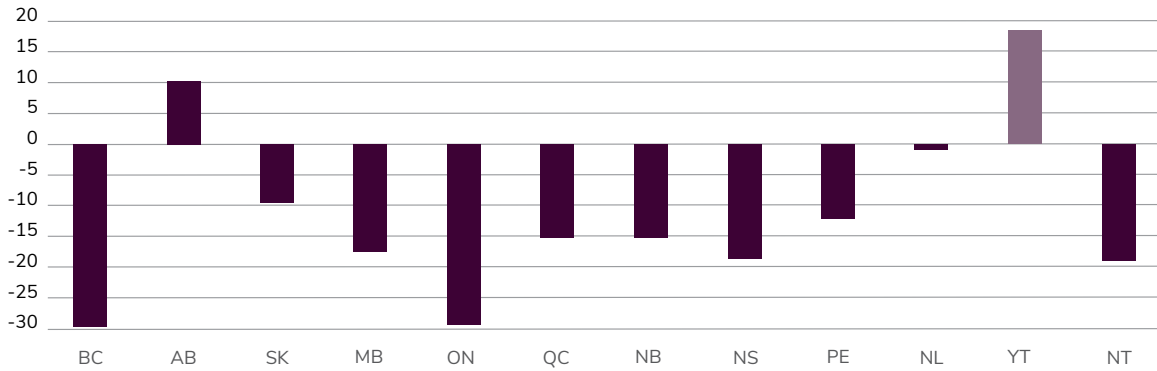
Whitehorse housing market has shrugged off interest rate hikes to date

The housing market in the Yukon has stayed hot in the face of higher interest rates, which have cooled markets in most other parts of Canada. Residential sales have declined significantly in most other jurisdictions but are reported as up almost 19 per cent year-to-date in the Yukon (Chart 8). Prices have also continued to rise. The average price of a single-detached home hit an all-time high of over \$695,000 in the second quarter of 2022. While average prices for other types of housing fell below recent records, they all remain elevated and near record highs.

18. The minimum wage increases every year on April 1. This annual increase is tied to inflation, calculated using the Whitehorse CPI..

Chart 8. Demand for housing in the Yukon has remained strong in 2022, even as other markets have softened¹⁹

Residential sales, Jan-Aug 2022 change from Jan-Aug 2021 (per cent)



Source: The Canadian Real Estate Association.

There are, however, some signs that the Yukon’s housing market has started to cool. The sales-to-new listings ratio in the second quarter of 2022 fell to its lowest level since the first quarter of 2016 and inventories of unsold homes have started creeping up as houses stay on the market longer. Further cooling is expected over the remainder of the year as the effect of higher borrowing costs take hold. A significant portion of the Government of Yukon’s Five-Year Capital Plan is allocated to housing and land development in order to continue to help address the supply side of the housing equation.

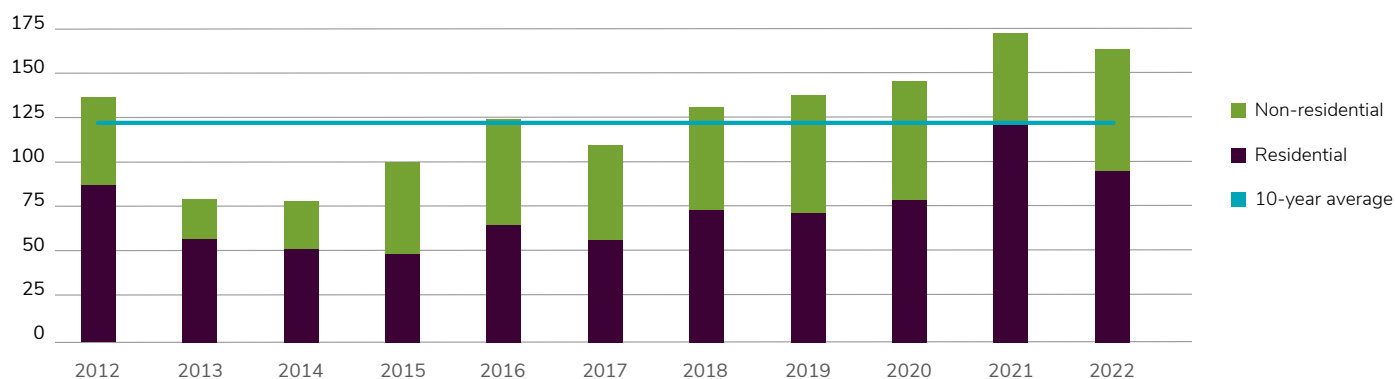
Residential investment remains strong despite moderation

Though housing activity remains robust, investment year-to-date for 2022 is less than last year’s record performance. There was just over \$94 million invested in residential building construction in the first seven months of 2022, down from \$120 million in the same period of 2021. Nevertheless, the year-to-date residential investment is still well above the average of about \$71 million noted for the same period over the last 10 years.

19. The Canadian Real Estate Association does not publish data for Nunavut.

Chart 9. Investment in building construction in 2022 remains strong

Investment in building construction Jan to Jul (\$millions)



Source: Statistics Canada.

Construction sector supported by commercial and government projects

To date, in 2022, building permits on the non-residential investment side have been very strong. Commercial permits totaling almost \$53.1 million over the first seven months of the year are up 42 per cent from the same period of 2021. Over this span, governmental permits totaled \$52.5 million and were nearly 10 times the value from the first seven months of last year. The increase in governmental permits was due in large part to construction of a new elementary school in Whitehorse's Whistle Bend subdivision.

Some of the gains in permit values are the result of higher input and labour costs. Nationally, residential construction costs in the second quarter were 20 per cent higher than a year earlier and non-residential costs were 13 per cent higher.²⁰ Higher earnings for the construction sector in the Yukon are also contributing to the higher cost of construction in 2022. June's average weekly earnings for construction of over \$1,600 is 14.2 per cent higher than the figure reported for June 2021.

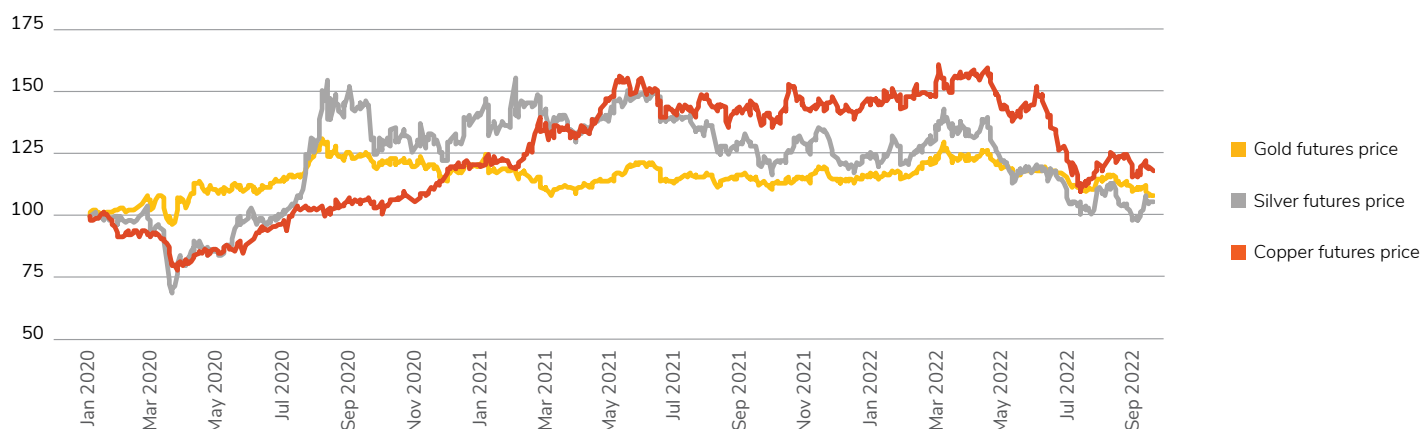
Mining sector outlook remains positive, despite some headwinds in the near term

Prices for key metals remain well above prices reported prior to the emergence of COVID-19, but have fallen substantially since mid-April 2022 (Chart 10). Copper prices have fallen 28 per cent, silver prices 27 per cent and gold prices 16 per cent.

20. National figures are based on a composite of 11 census metropolitan areas.

Chart 10. Prices of key metals down from recent highs but remain up over the last two years

Metal prices, daily (Index; January 2, 2020 = 100)



Source: Investing.com, Department of Finance.

Nevertheless, private sector forecasts for gold, silver and copper show prices staying above pre-pandemic levels over the medium term, and this is helping to support exploration activity. Natural Resources Canada's spending intentions figure for mineral exploration in 2022 was \$157.9 million representing growth of almost 17 per cent from \$135.1 million estimate in 2021.

Mineral production anticipated to remain strong despite production challenges

Recent events have contributed to downward revisions to the mineral production forecast. Alexco Resource Corporation announced in June that it would be temporarily shutting down mill operations at their Keno Hill mine to advance underground development.²¹ In early July, it was announced that Alexco had been acquired by Hecla Mining Company, and this acquisition was completed in early September 2022.²² Hecla plans to keep operations at Keno Hill suspended for 18 months, as they work to redesign the mine plan, accelerate development, and open up sufficient working faces.²³ As a result, forecasts for production for 2022 and 2023 have been revised downward to reflect the planned mill shutdown, with Keno Hill not returning to the forecast until 2024.

Victoria Gold Corporation had to pause milling operations for four-and-a-half weeks in the first half of the year due to excess water in the mine during the spring thaw. Supply chain disruptions and staffing challenges also contributed to unplanned downtime in 2022. Production in 2022 is now forecast to come in at the lower end of Victoria Gold's announced expectations of 165,000-190,000 ounces.²⁴

21. News Release – Alexco Provides Keno Hill Operations Update (June 22, 2022). [Alexco Resource Corp.](#)

22. News Release – Hecla Completes Acquisition of Alexco Resource Corp. (September 7, 2022). [Alexco Resource Corp.](#)

23. US Hecla to acquire Alexco Resource (July 5, 2022). [Mining Journal.](#)

24. Victoria hit by unplanned down time (August 15, 2022). [Mining Journal.](#)

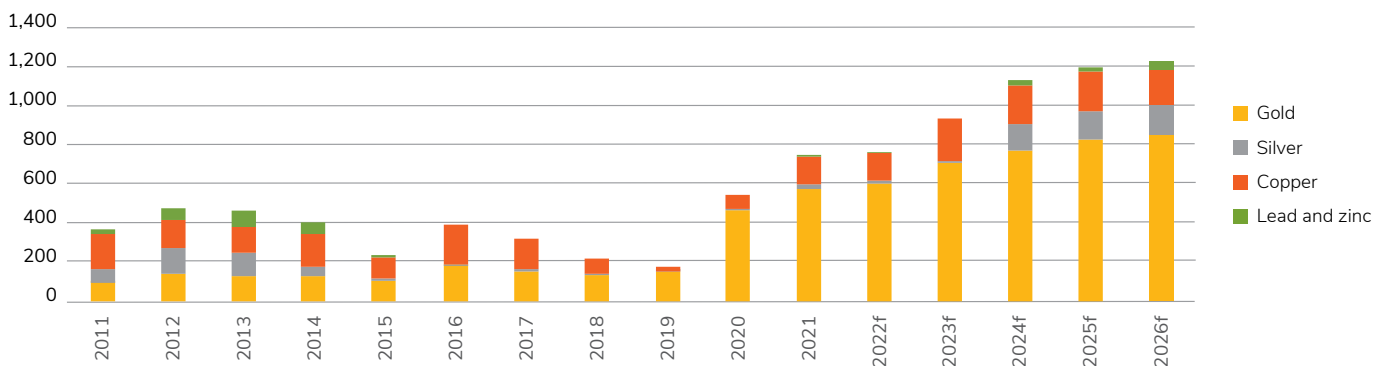
Minto Metals Corporation’s Minto mine also had to shutdown production for four weeks following the spring melt. However, Minto Metals has publicly indicated that they expect to deliver on their production guidance of 27-31 million pounds of copper, 11,000-12,100 ounces of gold and 140,000-150,000 ounces of silver.²⁵

The outlook for placer gold production remains unchanged from the forecast discussed in the 2022–23 Fiscal and Economic Outlook with annual production expected to remain near 2021’s reported production of about 64,000 ounces in all years from 2022 to 2026.

The medium-term outlook for mineral production remains robust. Even with the Keno Hill milling operation shut for more than half of the year, the value of mineral production is expected to exceed 2021’s estimated value of approximately \$740 million. Beyond 2022, growth is noted in all years of the forecast, with annual production at just over \$1.2 billion in 2026 (Chart 11).

Chart 11. Mineral production value forecast shows growth in every year²⁶

Value of metal production in the Yukon (\$millions)



Source: Natural Resources Canada, Department of Finance. f = forecast

Tourists are returning to the Yukon

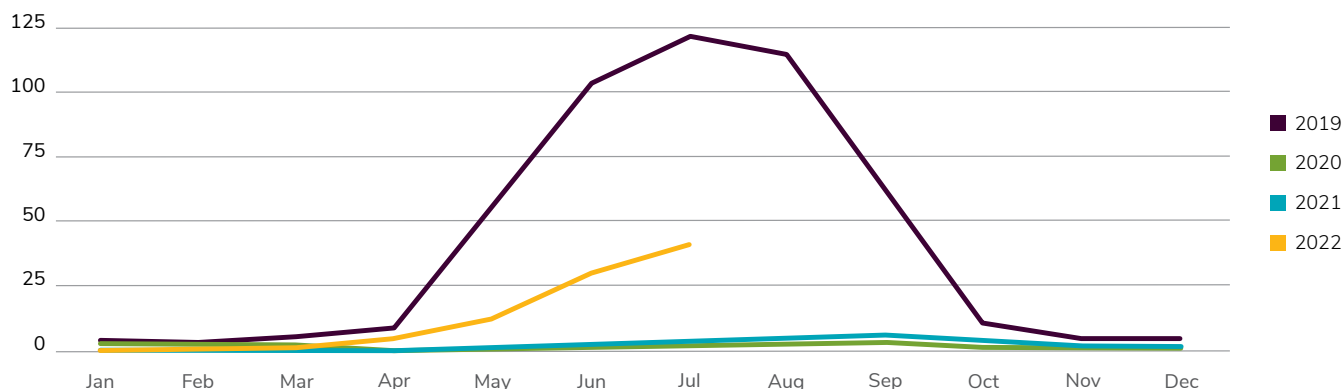
The tourism sector has rebounded substantially this year. While still below pre-pandemic levels, the number of international border crossings into the Yukon totaled almost 96,000 from January to July, already 51 per cent above the total visitation reported for 2020 and 2021, combined.

25. News Release – Minto Metals Delivers a Record First Quarter with 9.1 million lbs of Copper Production and an Adjusted EBITDA of \$19.2 million (May 26, 2022). [Minto Metals Corp.](#)

26. Due to data suppression of Statistic Canada’s estimates, data presented for 2019, 2020 and 2021 are based on internal estimates.

Chart 12. International border crossings are showing signs of recovery, but remain well below pre-pandemic levels

Monthly international border crossings (thousands)



Source: Statistics Canada.

Other data further support a strong rebound year for tourism in the Yukon. Air arrivals at Erik Nielsen Whitehorse International Airport through August were triple the number of arrivals from the first eight months of 2021. While up from last year, year-to-date arrivals are only at 69 per cent of the number of arrivals in 2019. Hotel occupancy rates have also improved.²⁷ Data published by CBRE Hotels show 70 per cent of available rooms in June were booked, double the rate from June 2021.²⁸

The return of travel and increased tourism activity has not been without hiccups. Canada’s airline industry has struggled to keep up with increased passenger volume and several tourism-related providers have had difficulties with staffing.²⁹ Even with all these challenges, further improvement is expected when more data are reported for the historically strong visitation months of July, August, and September.

The Government of Yukon’s COVID-19 relief and recovery initiatives have played a critical role in sustaining the local tourism industry through the pandemic. This has helped enable the sector’s recovery. As more people continue to embrace travel coming out of the pandemic, the stage is now set for a strong rebound in visitation to the Yukon. Beyond 2022, expectations are for key metrics of tourism performance to continue to improve.

The Yukon’s economy firing on all cylinders

The recovery in tourism coupled with ongoing strength in the mining sector have the Yukon’s economy on the strongest footing in years. Despite inflationary challenges, the outlook for the territory’s economy remains positive, highlighted by further economic growth, a strong labour market and a growing population.

27. Occupancy rate is the percentage of occupied rooms expressed as a percentage of the total available rooms at a given time.

28. Trends in the Canadian Hotel Industry. National Market Report – June 2022. [CBRE Hotels – Valuation & Advisory Services](#).

29. *Tourists return to the Yukon, but the season isn’t without challenges* (July 20, 2022). [CBC News](#).

Appendix: Key economic indicators

	2020	2021	2022f	2023f	2024f	2025f	2026f
Gross Domestic Product (GDP)							
Real GDP by Industry (2012 \$ million)	2,687	2,931	3,073	3,224	3,397	3,484	3,578
Per cent change	5.2	9.1	4.8	4.9	5.4	2.6	2.7
Nominal GDP (\$ millions)	3,067	3,435	3,795	4,163	4,593	4,889	5,219
Per cent change	6.0	12.0	10.5	9.7	10.3	6.5	6.8
Mineral production							
Metal production (\$ millions)	530	740	770	940	1,140	1,190	1,220
Labour market†							
Labour force	22,900	23,700	24,400	25,100	25,600	26,200	26,700
Employment	21,700	22,400	23,300	23,800	24,300	24,700	25,200
Unemployment rate	5.2	5.5	4.5	5.0	5.4	5.5	5.5
Participation rate	70.9	72.3	72.6	73.0	72.9	72.7	72.5
Income							
Household income (\$ millions)	2,214	2,411	2,679	2,872	3,062	3,229	3,406
Per cent change	2.5	8.9	11.1	7.2	6.6	5.4	5.5
Consumers							
Consumer price inflation [^]	0.9	3.0	6.5	3.8	2.4	2.0	2.0
Retail sales (\$ millions)	900	963	1,030	1,090	1,160	1,220	1,280
Population*							
Population	42,198	43,118	44,000	44,900	45,600	46,400	47,200
Per cent change	1.9	2.2	2.1	2.0	1.6	1.7	1.8
Key assumptions							
Gold (\$US/toz)	1,770	1,800	1,820	1,750	1,750	1,750	1,750
Silver (\$US/toz)	20.50	25.15	21.50	21.50	21.00	21.00	21.00
Copper (\$US/lb)	2.80	4.23	4.00	3.50	3.50	3.50	3.50
Zinc (\$US/lb)	1.03	1.36	1.55	1.20	1.20	1.20	1.20
Lead (\$US/lb)	0.83	1.00	1.06	1.00	1.00	1.00	1.00
Can/US exchange rate	0.75	0.80	0.77	0.77	0.78	0.78	0.78

f = forecast [^] = CPI available only for Whitehorse, annual average

† = Rounded to the nearest 100. Totals may not add due to rounding.

* = Forecasts rounded to the nearest 100. Annual per cent change based on unrounded figures.

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

Population projections are produced by Yukon Bureau of Statistics. All other forecasts are produced by the Department of Finance's Economic Research branch based on data available as of September 23, 2022.