

Government of Yukon Economic Strategy Implementation Sectoral Strategies Gap Assessment

Final Report

Submitted to:

Meg Horn
Department of Economic Development
Government of Yukon
Box 2703 Whitehorse, Yukon Y1A 2C6

Prepared by:

Paul Kishchuk, MA

Vector Research

Box 31126 Whitehorse, Yukon Y1A 5P7
paul@vectorresearch.ca
tel. 867.668.3164
fax 867.668.3124

April 2004

Prepared with financial assistance from Indian and
Northern Affairs Canada's *Knowledge and Innovation Fund*

Sectoral Strategies Gap Assessment

Contents

Preface.....	1
A. Overview of the Sectoral Strategies.....	3
B. Gap Identification vis à vis A New Direction.....	5
B.1 A New Direction Targets.....	5
B.2 A New Direction Enabling Factors.....	7
C. Sectoral Strategies Gap Assessment.....	9
C.1 Baseline Factors.....	9
C.1.1 Human capital.....	9
C.1.2 Financial capital.....	10
C.1.3 Industry champion.....	10
C.1.4 Statutory framework for public resource development.....	10
C.1.5 Environmental assessment (land-based industries only).....	11
C.2 Key Elements.....	12
C.2.1 Industry scale, scope and architecture.....	12
C.2.2 Industry vision and mission.....	12
C.2.3 Situational analysis.....	12
C.2.4 Stakeholder involvement.....	13
C.2.5 Value-added opportunities.....	13
C.2.6 Sustainable development.....	13
C.2.7 Next steps.....	13
D. Concluding Observations.....	14
D.1 A New Direction Targets.....	15
D.2 Enabling Factors.....	15
D.3 Baseline Factors.....	16
D.4 Key Elements.....	18

Preface

The Yukon economy is small, resource-rich and relatively undeveloped. The territory's 30,000 residents were responsible for the production of one tenth of one percent of Canada's total Gross Domestic Product (GDP) in 2002. The Yukon's borders delineate an area some 483,450 km² in size of which 4,480 km² is covered by freshwater lakes. Key components of the Yukon's large stock of natural resource wealth include metallic, precious and non-metallic minerals, oil, natural gas, forests and hydro-electric energy potential.

Historically, economic development efforts in the Yukon have focused on the development of natural resources, both renewable (e.g., forestry) and non-renewable (e.g., minerals). For example, past federal efforts focused on the building of infrastructure in support of resource extraction activities. The Faro townsite, upgrades to the Faro-Skagway road system and expanded hydro-electric generation capacity at Aishihik Lake and the Whitehorse Dam are all legacies of the federal 'if we build it, industry will come' approach to economic development.

Past federally-led resource development efforts did not come close to exhausting the Yukon's stock of natural resource wealth. On April 1, 2003, the Government of Yukon's span of natural resource management and administration responsibilities expanded to include minerals, forests and federal Crown lands fully. With responsibility for oil, gas, territorial lands and agriculture previously transferred, the suite of natural resources for which the Government of Yukon holds management and administration authority is now fully rounded out.

The resulting increase in local control over the Yukon's natural resources is expected to facilitate the development of the Yukon's natural resource wealth over the medium to long term. Thus, while natural resource extraction is often considered a 'been there, done that' approach to economic development, the expansion in the Government of Yukon's resource development responsibilities presents, in a way, a fresh start for a resource-based approach to economic development.

At the same time as the Yukon's natural resource wealth has remained relatively untapped, the intrinsic value of the Yukon's land base has increased. As land-based development continues to spread over larger areas of the earth's surface, world-wide tourism-sector growth has improved the marketability of pristine wilderness locations such as the Yukon.

Sectoral Strategies Gap Assessment

The increase in the standard of living (as measured by real GDP per person) enjoyed by all Canadians and shared by Yukoners over the last quarter century, has created additional avenues for economic growth. For example, the Yukon's culture & arts industries which include music, museums, visual arts and the performing arts have seen significant growth over the last decade.

Technological advances over the last quarter century have also led to new economic development opportunities. For example, dispersion of information and communications technologies have directly spawned new and expanded industries in the Yukon. In addition, the application of information and communication technologies across existing primary and tertiary industries holds the potential to improve productivity and indirectly enhance economic growth.

In summary, contemporary economic development activities can take many forms: natural resource extraction, expansion in the tourism and culture & arts sectors as well as the direct and indirect application of information and communications technologies. The potential of all these forms of economic development activity have been recognized over recent years by the public and private sector in the Yukon through the preparation of a series of sectoral strategies. To various degrees, the sectoral strategies outline plans and approaches for expanding economic activity in the Yukon.

The Government of Yukon's Department of Economic Development has recently completed and released a document which outlines a new economic direction for the Yukon. Prepared in consultation with stakeholders and industry representatives, *A New Direction: Building a Sustainable Yukon Economy*, is intended to lay the groundwork for a new economic strategy for the territory. A next step noted in *A New Direction* is the undertaking of "a review and analysis of existing sector development strategies to determine how well they mesh with the Economic Direction and to assess any gaps that may exist." Accordingly, the purposes of this project are to identify gaps in the coverage of the selected strategies compared to the scope outlined in *A New Direction* and to undertake a gap assessment of the selected sectoral strategies.

The next section of the paper presents a brief overview of the sectoral strategies selected for analysis. Section B looks at how well selected sectoral strategies mesh with key components of *A New Direction*. Section C of the paper seeks to assess gaps within each of the strategies that meet the *A New Direction* definition of a strategic industry. The paper wraps up in Section D with some concluding observations and suggested actions.

A. Overview of the Sectoral Strategies

A total of 14 sectoral strategies were selected by the Department of Economic Development for analysis. While many more have been prepared in the Yukon over the last 25 years, the 14 chosen represent the most recent efforts. The earliest date of publication for any of the sectoral strategies is September 1996 and the most recent was completed in January 2004. It must be noted that while all of the strategies are available in the public domain, some exist only in “final draft” form and others did not receive approval for “official” release. The selected sectoral strategies include:

1. Yukon MINE Plan

Prepared for Energy, Mines and Resources, Government of Yukon; 2002; 28 pages.

Purpose: to “...set a course for achieving a revitalized mineral industry in the Yukon.” (introductory page)

2. Oil and Gas Sectoral Strategy

Prepared for Energy Resources Branch, Department of Economic Development, Government of Yukon; September 1998 (not approved for release); 30 pages plus appendix.

Purpose: a summary of the opportunities associated with the Yukon’s unexplored oil and gas potential, the paper “conducts a competitive analysis and notes the challenges that Yukon faces. More importantly, it outlines the strategic objectives for Yukon, the initiatives required to achieve them, the factors that will influence the probability of success, and the timelines and processes to follow.” (page 3)

3. Yukon Forest Strategy

Prepared for the Government of the Yukon (Yukon Forest Commission); October 1998; 25 pages.

Purpose: to “...describe government policy and plans to manage forest resources through a vision, goals and actions.” (page 1)

4. An Evaluation of the Forest Industry Development Options for the Yukon

Prepared for Economic Development , Government of Yukon; September 1996; 30 pages plus glossary.

Purpose: a study of “...the realistic short and long term development opportunities offered by Yukon timber resources. The study also attempts to ascertain what actions would improve these development prospects.” (page 1)

5. A Vision for Tourism in the Yukon

Prepared for Tourism Yukon, Government of Yukon; June 2000; 24 pages.

Purpose: “...a framework to guide future planning and development of tourism in the Yukon into the 21st century.” (page 7)

Sectoral Strategies Gap Assessment

6. Tourism Yukon Marketing Strategy: 2003-2005

Prepared for Tourism Yukon, Government of Yukon; 2003; 14 pages.

Purpose: "...Tourism Yukon's road map to grow tourism revenues in the Yukon by 10% to \$176 million by 2005." (page 2)

7. Yukon Information Technology Sector Strategy

Prepared for the Yukon Information Technology Industry Society; 2003; 39 pages.

Purpose: "...to outline an IT sector strategy that will guide the Sector toward viability and growth in the future." (page ii)

8. Cultural Industries Strategy

Prepared for Arts Branch, Tourism Yukon, Government of Yukon; 2000; 24 pages.

Purpose: "This document outlines a plan that will take the Yukon into the new millennium, the overall goal being to sustain vibrant and competitive cultural sectors in the territory." (page 1)

9. Yukon Visual Arts Craft Strategy

Prepared for Tourism Yukon; 2001; 105 pages plus appendices.

Purpose: "...to lay a strong and secure foundation for the Yukon visual arts and craft sector...that will support various forms of artistic expression, while enabling Yukon craftspeople to make a living at their craft, should they choose to do so." (page 3)

10. Yukon Museum Strategy

Prepared for Cultural Services Branch, Department of Tourism and Culture, Government of Yukon; 2003 (draft only); 14 pages.

Purpose: a response by the Government of Yukon to issues identified in a 2002 study (*Strategies for Sustaining Yukon's Museums*) and to "provide strategic direction for future working relationships between government and community institutions, planning for the museum sector, and funding initiatives." (page 5)

11. An Economic Strategy for Housing Construction in the Yukon

Prepared for the Yukon Housing Corporation; January 2004; 40 pages plus appendices.

Purpose: "...to provide a strategy for maximizing the economic benefits – to Yukoners and the Yukon economy – of housing construction in the Yukon. A particular focus of the strategy is to be the possibility of increased manufacturing of housing components and materials in the Yukon." (page 1)

Sectoral Strategies Gap Assessment

12. Yukon Agriculture Multi-Year Development Plan

Prepared for Agriculture and Agri-Food Canada, Yukon Government and Yukon Agricultural Association. June 2000; 29 pages plus appendices.

Purpose: The document "...is designed to facilitate identification and development of ideas and enterprise sectors; increase the opportunity for investment in viable agricultural sectors; increase the understanding of emerging new agricultural industries; and, provide a framework for the development of new agricultural industries.

13. Sport and Recreation Industry Strategy

Prepared for Sport and Recreation Branch, Government of Yukon; 1999 (not approved for release); 10 pages plus appendix.

Purpose: "...creation of a strategy designed to increase the benefits of the industry in the Yukon." (page 1)

14. Yukon Training Strategy (1998)

Prepared for Advanced Education, Government of Yukon; December 1998; 12 pages.

Purpose: a revision and update of the Yukon Training Strategy (first prepared in 1986 and revised in 1992) intended to "ensure all Yukon people have the opportunity to participate fully in training and development which enhance their lifeskills and employability." (page 4)

B. Gap Identification vis à vis A New Direction

A New Direction considers the Yukon's economic future from two distinct perspectives. From one perspective, the criteria for identifying targets in the form of strategic industries and strategic projects which offer the greatest potential gains for the overall economy are identified. From a second perspective, the factors necessary to enable new economic growth in the strategic sectors/projects are described. The results of the analysis of how well the 14 sectoral strategies selected for review mesh with the targets and enabling factors identified in *A New Direction* is outlined below.

B.1 A New Direction Targets

Strategic Industries

"Strategic industries are those that have strategic importance to Yukon's economy and have imminent potential to grow and thereby contribute to increases in Yukon's GDP"
(A New Direction: 14).

On the basis of the above definition, the Yukon's strategic industries include mining, oil & gas, forestry, tourism, information technology, culture & arts and construction. Note that tertiary activities associated with primary strategic industries are also intended to

Sectoral Strategies Gap Assessment

be included within the rubric of ‘strategic industries’. Table I below matches the *New Direction* strategic industries with the 14 selected sectoral strategies.

Table I: A New Direction Strategic Industries vs. Completed Sectoral Strategies

A New Direction Strategic Industries	Completed Sectoral Strategy
mining (primary & tertiary)	1. Yukon MINE Plan (primary)
oil and gas (primary & tertiary)	2. Oil and Gas Sectoral Strategy (primary)
forestry (primary & tertiary)	3. Yukon Forest Strategy (primary) 4. An Evaluation of the Forest Industry Development Options for the Yukon (tertiary)
tourism	5. A Vision for Tourism in the Yukon 6. Tourism Yukon Marketing Strategy: 2003-2005
information technology	7. Yukon Information Technology Sector Strategy
culture & arts	8. Cultural Industries Strategy 9. Yukon Visual Arts Craft Strategy 10. Yukon Museum Strategy
construction	11. An Economic Strategy for Housing Construction in the Yukon
Sectoral strategies completed not matched to A New Direction strategic industries	12. Yukon Agriculture Multi-year Development Plan 13. Sport and Recreation Industry Strategy 14. Yukon Training Strategy

As can be seen from Table I, at least one sectoral strategy has been prepared for each of the seven strategic industries defined by *A New Direction*. Some industries feature several strategies. For example, three strategies have been matched with culture & arts industries and four with the tourism industry. While for the most part the selected strategies are comprehensive in their coverage of a given industry, some are specific to certain aspects of an industry or to a certain industry function. For example, the sectoral strategy associated with the construction industry considers only residential construction and does not speak to commercial construction. Three of the sectoral strategies selected for review are unmatched with the *A New Direction* strategic industries.

Strategic Projects

“Strategic projects are those that hold strategic importance to economic development; that is they not only have potential to provide an immediate economic stimulus, they also have the potential for secondary benefits. These downstream benefits may include purchases of local goods and services, opening up new export markets, or creating an “icon” that will attract further investment. They include the public and private sector as well as joint initiatives. They are typically projects with potential for significant economic or regional benefits” (A New Direction: 14).

Sectoral Strategies Gap Assessment

A New Direction identifies three strategic projects: Whitehorse Waterfront Development, 2007 Canada Winter Games infrastructure and the Four Mountains Resort in Carcross. The enabling factors which will lever the development of the strategic industries and projects identified in *A New Direction* are described in the next section.

B.2 A New Direction Enabling Factors

A series of eight “enabling factors” which will aid new economic growth in the Yukon are outlined in *A New Direction*. The enabling factors include economic infrastructure (physical infrastructure and business climate), investment, export markets, marketing and promotion, capacity development, entrepreneurship and innovation. The objectives of each enabling factor, as outlined in the *A New Direction* summary document (page 7), are reproduced in Table 2 below. Note that the relative contribution of a given enabling factor to industry growth will vary from industry to industry.

Table 2: A New Direction Enabling Factors and Associated Objectives

Enabling Factor	Objective
Infrastructure	Improve the stock of physical and economic infrastructure
Business Climate	Develop a positive business climate in the Yukon
Investment	Promote and facilitate links between Yukon opportunities and capital investment
Export	Assist Yukon businesses to identify, access and develop regional, national and international markets
Marketing and Promotion	Market the Yukon as an attractive, strategic and competitive place to do business
Capacity Development	Build the Yukon’s economic potential through enhancing capacity
Entrepreneurship	Promote, develop and celebrate entrepreneurial skills, talents and abilities in the Yukon
Innovation	Encourage innovation in all sectors of the Yukon economy

Each of the 11 sectoral strategies which map to the profile of strategic industries charted in *A New Direction* contain a listing of activities and actions to be undertaken to implement the strategy. The listings of activities and actions represent a potential source of knowledge at the sectoral level which can be used to assist in the achievement of the enabling factor objectives.

Sectoral Strategies Gap Assessment

Table 3: Summary of Matches Between Enabling Factor Objectives and Sectoral Strategy Actions/Activities

	--- Enabling Factor Objectives ---							
	Infrastructure	Business Climate	Investment	Export	Marketing and Promotion	Capacity Development	Entrepreneurship	Innovation
Yukon MINE Plan	17, 22	5, 8, 10-12, 15, 16, 20, 23, 26	18		25, 26	21, 26		9
Oil and Gas Sectoral Strategy	16	15		22	18-20	21		
Yukon Forest Strategy	8-18	20, 23		22		21, 23		
An Evaluation of the Forest Industry Development Options for the Yukon	29, 30	29			30	30		
A Vision for Tourism in the Yukon	6, 18	7, 14		14-16	6-15	14, 16, 18		15
Tourism Yukon Marketing Strategy: 2003-2005	7			8, 10, 11	9-14			7
Yukon Information Technology Sector Strategy	18, 22	21, 22, 23	17-21	18		17, 19, 20	18, 19, 21	19
Cultural Industries Strategy	22	23	19	21	19-21	19		23
Yukon Visual Arts Craft Strategy	4-6, 12, 15-24	4-6		13-15	25-28	7		8-12
Yukon Museum Strategy	13	9	10, 11		11, 14	10-13		
An Economic Strategy for Housing Construction in the Yukon	38	38	38	38	38	38	38	38, 39
Note: figures in grid correspond to page numbers in sectoral strategies where specific actions and activities may be found. Blank cells indicate no match was found.								

The extent to which activities and actions in the various sectoral strategies match with the *A New Direction* enabling factor objectives is summarized in Table 3. It is intended that the “mesh points” be used as a starting point for further investigation and implementation of *A New Direction*. The figures in the grid correspond to page numbers the in sectoral strategies where specific actions and activities may be found. Blank cells indicate no match was found. Note that the presentation of activities and actions varies from strategy to strategy. In some strategies activities and actions are grouped together while in others they are sprinkled throughout. As a result, the number of page numbers appearing in a single cell in Table 3 is not necessarily indicative of the exact number of matches between actions/activities and enabling factor objectives.

C. Sectoral Strategies Gap Assessment

The previous section of this paper looked at the selected sectoral strategies from the perspective of how well the selected sectoral strategies “mesh” with key components of *A New Direction*. The focus of this section is to assess the “gaps” within each of the 11 Yukon sectoral strategies which meet the definition of strategic industries. To enable the identification of gaps, a composite sectoral strategy outline was derived on the basis of a review of the 14 sectoral strategies selected for analysis by the Department of Economic Development, as well as an additional five sectoral strategies from other parts of Canada and Australia.¹

A sectoral strategy is by itself not a complete recipe for the development of an industry. Certain fundamentals need to be in place if the seeds sown by implementation of a sectoral strategy are to properly take root. Thus, before looking at the features of an ideal sectoral strategy, this section starts with an assessment of the extent to which the various sectoral strategies address the state of the baseline factors in their industry.

C.1 Baseline Factors

Five baseline factors relevant to the Yukon situation were identified. Each is described below. To facilitate the assessment of each of the strategies in relation to the baseline factors, a “key question” was conceived for each factor. The five key questions were “asked” of each sectoral strategy with possible responses including: limited (*), moderate (**), comprehensive (***), no evidence found (O) and not applicable (n/a).² The results of the baseline factor assessment are presented in Table 4.

C.1.1 Human capital

Land, resources (minerals, water and energy), capital and labour are all required inputs for the generation of economic output and industry growth. Key among these factors of production is labour. Without the application of human effort, there can be no production. In consequence, each strategic industry requires a source of labour to grow.

¹ The additional strategies include:

- British Columbia Mushroom Industry :: *2001-2005 Strategic and Operational Plan*
- Australian Apple and Pear Growers Association :: *Apple and Pear Industry Strategic Plan 2002-2007*
- Government of Newfoundland and Labrador *Newfoundland & Labrador Craft Industry Development Strategy (2002)*
- Innovation and Science Council of British Columbia :: *Development of British Columbia's Ocean Technology Sector July 2003 Update*
- Australian Olive Association :: *Australian Olive Industry Strategic Plan 2003-2008*

² The distillation of some 400+ pages of sectoral strategy into a single table is a necessarily subjective exercise. It is not intended to be a pass/fail opinion of individual strategies. Rather, the approach used seeks to identify patterns that point to strengths and weaknesses across the entire set of sectoral strategies so that appropriate responses can be developed by the Government of Yukon.

Sectoral Strategies Gap Assessment

When the labour required by a strategic industry for growth must be skilled and knowledgeable, the industry is in the market for human capital. Human capital can be created by on-the-job training, work experience and through formal education.

While the skilled labour pool in the Yukon could certainly be increased through on-the-job training and work experience, the extent to which Yukon firms can play a role is limited by the small size of most Yukon firms and the early state of development of some industries (e.g., oil & gas, forestry). Thus, the strategic industries most likely to experience growth are those that have access to a supply of skilled labour delivered by educational institutions in the Yukon or for which labour mobility from southern jurisdictions is not in some way impaired.

Key question: to what extent does the sectoral strategy address the state of access to human capital matched to potential industry requirements?

C.1.2 Financial capital

Financial capital is also a key ingredient for business and industry growth. Businesses located in small, remote markets such as the Yukon are often perceived³ as having difficulty in accessing financial capital.

Key question: to what extent does the sectoral strategy address the financial capital access requirements of businesses which comprise the industry?

C.1.3 Industry champion

At the operational level, industries face issues specific to that industry which can influence industry growth. Some form of “industry champion” that can synthesize and solve issues of common concern to all firms in an industry is an essential ingredient to industry growth.

Key question: to what extent does the strategy rely on the involvement of one or more industry champions?

C.1.4 Statutory framework for public resource development

Industries which involve the extraction of publicly-owned natural resources require legislation (and regulations) to frame the general contract terms between resource developers and the Yukon public. Forestry, mining, oil & gas and tourism, are examples of industries where the general terms of the contract between resource developers and

³ Access to capital was not noted as a significant “disadvantage to doing business in the Yukon” in the Yukon Bureau of Statistic’s 2003 *Yukon Business Survey*.

Sectoral Strategies Gap Assessment

the Yukon public must be explicit and competitive if industry activity is to be encouraged.

Key Question: to what extent does the sectoral strategy address the state of the statutory framework for the development of public resources?

C.1.5 Environmental assessment (land-based industries only)

The environmental assessment landscape in the Yukon is poised to change significantly on November 14, 2004, the effective date of the *Yukon Environmental and Socio-economic Assessment Act* (YESAA). After that time it is expected that a wider span of economic development activities will be subject to environmental assessment under the new legislation, in part because YESAA will apply to a broader land base and in part because YESAA will employ an activity-based assessment trigger rather than an action-based trigger. The new statute will also explicitly consider the socio-economic effects of development activity (rather than implicitly as a by-product of an environmental effect).

Key Question: to what extent does the sectoral strategy address the integration of environmental assessment considerations with future industry development activities?

Table 4: Gap Assessment - Baseline Factors

	--- Baseline Factors ---				
	Human capital	Financial capital	Industry champion	Statutory framework for public resource development	Environmental assessment (land-based industries)
Yukon MINE Plan	*	*	*	**	**
Oil and Gas Sectoral Strategy	**	○	○	***	*
Yukon Forest Strategy	*	○	○	*	○
An Evaluation of the Forest Industry Devel. Options for the Yukon	*	*	○	*	○
A Vision for Tourism in the Yukon	**	*	**	n/a	○
Tourism Yukon Marketing Strategy: 2003-2005	○	○	○	n/a	○
Yukon Information Technology Sector Strategy	**	**	***	n/a	n/a
Cultural Industries Strategy	***	**	***	n/a	n/a
Yukon Visual Arts Craft Strategy	***	*	**	n/a	n/a
Yukon Museum Strategy	**	n/a	**	n/a	n/a
An Economic Strategy for Housing Construction in the Yukon	*	*	○	n/a	○

Key: * = limited; ** = moderate; *** = comprehensive;
○ = no evidence found; n/a = not applicable.

C.2 Key Elements

The composite sector strategy outline developed on the basis of the review of the 14 Yukon strategies (and the five additional strategies) contains seven key elements. Each is described below. Similar to the approach used in the assessment of the baseline factors, a “key question” was conceived for each element. The seven key questions were “asked” of each sectoral strategy with possible responses including: limited (*), moderate (**), comprehensive (***), no evidence found (O) or not applicable (n/a).⁴ The results of the key element gap assessment are presented in Table 5.

C.2.1 Industry scale, scope and architecture

The effective encouragement of economic growth in an industry requires an understanding of industry fundamentals such as scale (e.g., revenues and employment), scope (e.g., number and structure of firms) and architecture (e.g., seasonality and export linkages).

Key Question: to what extent does the sectoral strategy demonstrate an understanding of industry scale, scope and structure?

C.2.2 Industry vision and mission

Industry growth can spawn additional growth in the same industry. Sparking that initial growth, however requires that industry development efforts be focused and initiated in a logical order.

Key Question: to what extent does the sectoral strategy indicate that an industry vision and mission has been defined and agreed upon by industry stakeholders?

C.2.3 Situational analysis

Attempting to grow an industry from Stage A to Stage B requires an understanding of the state of industry development. Strengths - weaknesses - opportunities – threats (SWOT) analysis is often used to define Stage A. An assessment of future market conditions (e.g., prices) and factors (e.g., input costs) can be used to determine industry potential and future development prospects – Stage B.

Key Question: to what extent does the sectoral strategy attempt to objectively describe the state of current industry development and future viability?

⁴ As noted earlier, the distillation of some 400+ pages of sectoral strategies into a single table is a necessarily subjective exercise. It is not intended to be a pass/fail opinion of individual strategies. Rather, the approach used seeks to identify patterns that point to strengths and weaknesses across the entire set of sectoral strategies so that appropriate responses can be developed by the Government of Yukon.

Sectoral Strategies Gap Assessment

C.2.4 Stakeholder involvement

Industry stakeholders know best what it will take to make their industry grow. As a result, a successful sector strategy requires seeking advice of industry stakeholders at the “grassroots” level through surveys, interviews and focus groups.

Key Question: to what extent were the views of industry stakeholders incorporated into the sectoral strategy?

C.2.5 Value-added opportunities

The creation of long-term benefits from industry growth depends in part, though not exclusively, on the identification and capture of value-added opportunities. For the Yukon’s strategic resource industries this means the secondary processing of primary production. For the Yukon’s other strategic industries this involves the identification of what will sell in local, national and international markets whether in the form of, for example, tourist destinations or innovative information technology services.

Key Question: to what extent does the sectoral strategy identify value-added opportunities in the industry?

C.2.6 Sustainable development

A key requirement for future industry development in the Yukon is that it be sustainable. Thus, in the Yukon context, a desirable feature of a sectoral strategy is that it address whether industry development seeks “...to meet the need of the present generation without compromising the ability of future generations to meet their own needs”.⁵

Key Question: to what extent does the sectoral strategy address the sustainability of industry development?

C.2.7 Next steps

Once the figurative Stage B has been identified, the next step is to take the information contained in the strategy and apply it. Next steps are variously described as actions, strategies or activities.

Key Question: to what extent are the next steps for industry development clearly laid out?

⁵ The "Brundtland definition" from *Our Common Future*, World Commission on Environment and Development, 1987.

Sectoral Strategies Gap Assessment

Table 5: Gap Assessment - Key Elements

Sectoral Strategy	--- Key Elements ---						
	Industry scale, scope and architecture	Industry vision and mission	Situational analysis	Stakeholder involvement	Value-added opportunities	Sustainable development	Next steps
Yukon MINE Plan	○	*	**	*	○	***	*
Oil and Gas Sectoral Strategy	*	○	***	○	*	*	***
Yukon Forest Strategy	○	*	○	*	*	***	*
An Evaluation of the Forest Industry Development Options for the Yukon	*	○	**	○	***	○	***
A Vision for Tourism in the Yukon	*	**	○	***	*	**	*
Tourism Yukon Marketing Strategy: 2003-2005	○	*	○	***	**	*	**
Yukon Information Technology Sector Strategy	*	***	**	***	**	○	***
Cultural Industries Strategy	***	**	*	***	*	○	**
Yukon Visual Arts Craft Strategy	*	*	**	***	***	*	***
Yukon Museum Strategy	○	***	○	***	○	○	**
An Economic Strategy for Housing Construction in the Yukon	*	○	**	○	***	**	*

Key: * = limited; ** = moderate; *** = comprehensive; ○ = no evidence found; n/a = not applicable.

D. Concluding Observations

The goal of the Yukon's new economic strategy is to "...build a sustainable Yukon economy – dynamic, diversified, and capable of sound performance over the long term." (*A New Direction*; 4). *A New Direction*, the document which describes the Yukon's new Economic Direction, lays out a framework intended to focus economic development efforts in the Yukon.

Sectoral Strategies Gap Assessment

The significant and untapped economic potential of the Yukon has been recognized over the years, though in a less focused way, through the preparation of a series of sectoral strategies. To various degrees, the sectoral strategies outline plans and approaches for expanding economic activity in the Yukon.

This paper has been prepared to facilitate the bridging of the previously completed strategy work with the *A New Direction* framework by undertaking a review and analysis of selected existing sector development strategies to determine "...how well they mesh with the Economic Direction and to assess any gaps that may exist." A summary identification of the gaps identified and some possible actions to bridge the gaps are presented below.

D.1 A New Direction Targets

On the basis of criteria presented in *A New Direction*, seven strategic industries were identified: mining, oil & gas, forestry, tourism, information technology, culture & arts and construction. While at least one sectoral strategy has been prepared for each strategic industry identified, not all of the strategies provide complete coverage of the industry in question. For example, the construction sector sectoral strategy considers only residential construction and does not consider commercial construction. As another example, sectoral strategies prepared for two of the Yukon's primary strategic industries (mining and oil & gas) focus mainly on primary production and not tertiary resource processing.

- Review the database of economic development studies (currently being updated by the Department of Economic Development) to ascertain if sectoral strategies have previously been prepared for a) commercial construction, b) tertiary mineral processing and c) tertiary oil & gas processing. If existing strategies cannot be identified, or are too dated, consider preparing new strategies in the three areas noted.

D.2 Enabling Factors

Table 3 presents the summary of matches between enabling factor objectives and actions/activities identified in the various sectoral strategies.⁶ On the basis of the matching exercise (i.e., by counting the number of blank cells in each enabling factor column) it is apparent that the importance of five of the enabling factors was well considered in the sectoral strategies. Those five enabling factors, with their blank cell

⁶ As noted earlier in the paper, the relative contribution of a given enabling factor to industry growth will vary from industry to industry.

Sectoral Strategies Gap Assessment

counts, include: infrastructure [1], business climate [2], marketing and promotion [2], capacity development [2], and export [3].

Again, on the basis of the Table 3 matching exercise, the three enabling factors less considered in the sectoral strategies include: innovation [5], investment [7], and entrepreneurship [10].

- Use the database of economic development studies (currently being updated by the Department of Economic Development) to identify existing studies or strategies which focus on innovation, investment and entrepreneurship in the Yukon context. If existing work cannot be found, consider undertaking research with the purpose of bolstering the innovation, investment and entrepreneurship elements of the existing sectoral strategies.

While most of the sectoral strategies include a reasonably thorough consideration of five of the eight enabling factors, it should be remembered that the enabling factors represent the Yukon-specific “drivers” of economic growth. As result, it is crucial that each factor be nurtured.

- For each of the eight enabling factors, assign a Branch from the Department of Economic Development to be a “champion” for one or more factors. Task the champions with a) assessing the current status of their enabling factor(s), b) monitoring the health of their factor(s), and c) identifying initiatives to better integrate their factor(s) into ongoing industry development efforts.

D.3 Baseline Factors

Human capital

The Yukon Training Strategy, prepared in 1998, was reviewed in the course of this project. While the strategy provides a thorough overview of training policy issues, it does not consider the human capital requirements of specific industries (including industries identified as strategic in *A New Direction*). As shown in Table 4, human capital considerations were comprehensively covered in only two of the sectoral strategies reviewed (i.e., only two were assigned a ***). Given the strength of the link between human capital and economic growth importance of human capital, a current understanding of human capital requirements on an industry by industry basis is an important piece in the economic development puzzle.⁷

⁷ For some industries, this analysis has already been completed. Examples include information technology (*Yukon Information Technology Labour Market Survey*, November 2002) and culture & arts (*The Yukon's Cultural Labour Force*, February 2004).

Sectoral Strategies Gap Assessment

- For strategic industries for which labour market studies have not been completed (or are now dated), undertake further work that maps the existing inventory of available training in the Yukon against specific strategic industry needs.

Financial capital

Several (7 of 11) of the sectoral strategies contained mention of the financial capital access requirements for businesses within their respective industries. None of the strategies, however, addressed this baseline factor to a comprehensive extent.

- Given the importance of financial capital to business and industry growth, consider undertaking research to examine whether Yukon businesses are served by a reasonable range of financial institutions and whether the risk premiums faced by local borrowers are fair.

Industry champion

On the basis of the analysis presented in Table 4, the extent to which the sectoral strategies rely on the involvement of one or more industry champions is quite variable. Four strategies were found to have no reliance on industry champions. It is also apparent from the analysis that not all industries have “champions” outside of government (e.g., forestry, oil & gas).

- Confirm the importance of having an industry champion in place through further research. Prepare an inventory of industry champions for the Yukon’s strategic industries and assess their viability.

Statutory framework for public resource development

With the exception of oil & gas, key pieces of the Yukon’s resource management legislation (i.e., forestry and minerals) are in transition from mirrors of federal statutes to made-in-Yukon statutes. While completion of made-in-Yukon legislation and regulations represent a medium to long-term endeavor, a clear presentation of the new statutory provisions at the appropriate time will improve the Yukon’s business climate.

- Stand prepared to clearly communicate the general contract terms between resource developers and the Yukon public upon completion of each piece of made-in-Yukon resource legislation (including regulations).

Environmental assessment (land-based industries only)

Out of all four baseline factors, coverage of the integration of environmental assessment considerations with future industry development activities was the least comprehensive.

Sectoral Strategies Gap Assessment

The lack of integration is perhaps due in part to delays in the drafting and implementation of the *Yukon Environmental and Socio-economic Assessment Act*. Notwithstanding that possibility, the wider span of economic development activities that will be subject to environmental assessment and the explicit consideration of socio-economic effects makes it important that the strategic industries be aware of the implications of the new legislation.

- Undertake an analysis of the implications of the *Yukon Environmental and Socio-economic Assessment Act* for a representative sample of potential strategic industry projects.

D.4 Key Elements

On the basis of the analysis presented in Table 5 (i.e., counts of the number of *'s for each key element), the two strongest elements of the sectoral strategies reviewed were:

- the extent to which the views of industry stakeholders were incorporated [23]; and
- the extent to which next steps for industry development were clearly laid out [24].

Also on the basis of counts of *'s in Table 5, the two weakest elements of the sectoral strategies reviewed were:

- the extent to which the sectoral strategy demonstrates an understanding of industry scale, scope and architecture [9]; and
- the extent to which the sectoral strategy addresses the issue of sustainable industry development [14].

Summing along the rows in Table 5 gives an indication of the comprehensiveness of coverage of the key elements for a given sectoral strategy. On this basis, the most comprehensive coverage was demonstrated by:

- Yukon Information Technology Sector Strategy [14];
- Yukon Visual Arts Craft Strategy [14]; and
- Cultural Industries Strategy [12].

Each of the sectoral strategies reviewed in the course of this project which map to A *New Direction's* strategic industries demonstrates a reasonable degree of comprehensiveness. As a result, each should prove useful in the development of their respective industry.

Sectoral Strategies Gap Assessment

- Should it be decided to prepare additional sectoral strategies (such as may be required for commercial construction, tertiary mineral processing and tertiary oil & gas processing):
 - Use Table 5 as a guide to identifying examples of best practices in the preparation of individual sectoral strategy elements by looking at elements within strategies which were assigned three *'s;
 - Use the Yukon Information Technology Sector Strategy, the Yukon Visual Arts Craft Strategy and the Cultural Industries Strategy as examples of best practices in the overall preparation of sectoral strategies.