



Contribution of Placer Mining to Dawson City's Economy December 2023



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Introduction

The report provides estimates of important metrics of the economic contribution of placer mining to Dawson City's economy both before and during the pandemic. The analysis was done on data collected as part of the biannual Yukon Business Survey. Two time periods were examined:

1. 2018 - a pre-covid time period based on the 2019 Yukon Business Survey
2. 2020 – a during-covid time period based on the 2021 Yukon Business survey

To ensure the quality of the estimates, they are validated against mineral production data of Statistics Canada and Natural Resources Canada, data from the economic forecasting model from the Department of Finance, and estimates in the Yukon Placer Mining Development and Exploration Overview of the Yukon Geological Survey.

Methodology

Yukon Bureau of Statistics conducts the Yukon Business Survey every two years. The survey covers all businesses operating in Yukon excluding crown corporations and non-profit organizations. The survey collects data on business structures and ownership types, business revenues, current employees, and impacts of mining, tourism, and construction on business revenues.

For the 2019 Yukon Business Survey, the reference year is 2018 for revenue and GDP, and 2019 for labour market conditions. There were 2,348 businesses responded to the 2019 survey, resulting in a response rate of 69.0%. For the 2021 Yukon Business Survey, the reference year is 2020 for revenue and GDP and 2021 for labour market conditions. The total number of respondents in this cycle was 2,390 with a response rate of 66%. More information on surveys results can be found at yukon.ca/en/yukon-business-survey-2019 and yukon.ca/en/yukon-business-survey-2021.

In the survey, businesses are asked to report, to the best of their knowledge, the percentage of their total revenue attributable to mining, i.e., the revenue derived directly or indirectly from mining. The question is perception-based and the concept of “revenue attributable to mining” may not be fully clear to all respondents. Hence, the likelihood of an unknown extent of bias due to respondents' perception and confusion about the concepts may not be ruled out. Moreover, it is assumed that 100% of the revenue of a business belonging to the mining industry is attributable to mining if the business failed to answer this question. To check the validity of the reported values in the survey and the assumptions adopted during analysis, the calculated GDP from the survey was compared with the GDP by industry data of Statistics Canada. The results of the comparison indicate that, overall, respondents' perceptions are reasonably accurate.

GDP of a given industry sector attributable to mining was calculated by multiplying the sum of revenue attributed to mining reported by businesses in the industry sector with the ratio of the *current dollar GDP* to the *gross output* of the same industry sector derived from Statistics Canada's Supply and Use Tables (used to be known as the Input and Output Tables). GDP

values attributable to mining for all industry sectors were aggregated to estimate the total GDP attributable to mining. Estimates of the proportion of GDP attributed to mining do not include the amount of GDP generated within the public sector and by non-profit organizations as they are beyond the scope of the Yukon Business Survey.

The contribution of placer mining was calculated based on activities reported by survey respondents and then validated against other administrative data mentioned in the introduction section.

Limitations

When interpreting the results of this report, readers should be aware that mining productions may vary with many factors such as gold prices, transportation costs and policy changes, etc. As a result, the contribution of placer mining may change from year to year. In other words, the results provide a snapshot and therefore, should **not** be interpreted as a general trend without examining data from other years.

Readers should also consider two economic events in 2020: (i) the disproportionate impact of the COVID-19 pandemic on the tourism sector; and (ii) a ramp-up in mining production. Tourism and mining are the two major sectors of Dawson City's economy. In 2020, due to pandemic-related travel restrictions, both domestic and global, Yukon's GDP attributable to tourism decreased from 5.0% in 2018 to 2.2.% in 2020. On the contrary, Yukon's GDP attributable to mining increased from 6.7% to 11.4% during the same period¹. A low contribution of the tourism sector and an increase in mining production combined with a decline in the total GDP in 2020 have resulted in this temporary high percentage of economic contribution of placer mining in Dawson City. The dynamics of the labour market impact were also very similar to that of the economic impact. As the economy recovers from the pandemic and the tourism sector regains its momentum, placer mining's economic and labour market contributions in Dawson city are likely to decline.

Results

In 2018, 37.9% of total business revenue and 29.8% of total business GDP was attributable to placer mining in Dawson City, compared to 45.1% of total business revenue and 33.9% of total business GDP in 2020. The 2018 shares of revenue and GDP of Dawson City attributable to placer mining were respectively 7.2 and 4.1 percentage points less than the 2020 shares. In 2019, 21.7% of Dawson City's total business employment was attributable to placer mining, compared to 26.0% in 2021. Note that the results exclude any level of government, crown corporations and non-profit organizations.

¹ The value of Yukon placer gold production went up from \$83.6 million in 2018 to \$170 million in 2020 according to the Yukon Geological Survey.

Metric	“Pre-Covid”	“During Covid”
	Data source: Yukon Business Survey 2019	Data source: Yukon Business Survey 2021
	2018 (revenue and GDP) and 2019 (labour market)	2020 (revenue and GDP) and 2021 (labour market)
Placer mining's contribution to Dawson City's total business revenue	37.9%	45.1%
Placer mining's contribution to Dawson City's total GDP from businesses	29.8%	33.9%
Placer mining's contribution to Dawson City's total business employment	21.7%	26.0%

Important Notes:

1. The definition of a business for the Yukon Business Survey does not include any level of government, Crown corporations or non-profit organizations (NPOs).
2. Total Business Revenue and Total GDP from Businesses include all industries and are calculated using the GDP by industry data and the Supply and Use Tables data from Statistics Canada.
3. Total Employment in Businesses does not include workers from sectors mentioned in note 1.