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Yukon Economic Strategy Third Progress Report

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To August, 1991

Yukon
Economic Development:
Mines and Small Business

Yukon Economic Strategy: Third Progress Report

To August 1991

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Yukon Economic Strategy: Third Progress Report

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Introduction

The Yukon Economic Strategy (Y.E.S.) is the result of the extensive two year research and public consultation process of Yukon 2000. The Strategy, released in April, 1988, sets out an ambitious agenda for the Yukon Government to work toward four broad goals for the economy of the Yukon. The goals are: the option to stay in the Yukon; control of the future; an acceptable quality of life; and equality. To achieve those goals, the Yukon Government undertook over 230 commitments for change -- many of them major initiatives. This is the third report on progress toward achieving those objectives; the previous report was released in October of 1990.

The Yukon Council on the Economy and the Environment (YCEE) coordinates a public review of the Strategy each year. The YCEE was created in 1989 to replace the Yukon Economic Council. The name change reflects the increased scope of the new Council. The review of the Yukon Economic Strategy is not carried out in isolation; rather, the Y.E.S. is reviewed in conjunction with the Yukon Conservation Strategy (Y.C.S.). The focus is not simply on development, but on sustainable development. The YCEE not only monitors progress; but will advise if any of the initiatives of the Y.E.S. are acting at cross-purposes to the Y.C.S., and will highlight any important gaps between the strategies.

Natural Resources

Since reported on last year, the Yukon Conservation Strategy has gone from a draft to a final Strategy; which sets out the Yukon Government's plan to balance many goals and interests in order to achieve long-term sustainable development. The commitments made in the YCS include initiatives to diversify and stabilize our economy, integrate all resource management, protect our unique northern wilderness, earn more benefits from development, and establish more local control over resources. Although the monitoring processes are coordinated, a separate progress report is being prepared for the YCS, through the Department of Renewable Resources.

A major step toward implementing the YCS, and toward fulfilling commitments to protect the environment in the YES, was the development and passage of a new Environment Act. The Environment Act gives a legislative basis for managing the environment in accordance with the principles set out in the Yukon Conservation Strategy.

A new Economic Development Agreement (EDA) has been successfully negotiated with the Federal Government, since the last progress report. Together with the ongoing Business Development Fund, the new EDA will help encourage and support projects which make good productive use of the Yukon's natural resources.

Substantial progress continues to be made toward the settlement of Yukon Indian Land Claims. Provisions in the Umbrella Final Agreement will help protect resources required for traditional and subsistence uses, while also protecting the interests of other resource users.

As previously reported, a development assessment process is included in the land claim agreement. This process will complement regulations, and processes established under the Environment Act. It is intended to streamline all federal and territorial regulatory reviews for the Yukon into one system. This process will look

at all economic, social, and environmental factors together. It will be designed for a greater local voice in whether projects are approved and what conditions they must meet.

Work is continuing on the devolution of provincial-type powers over resources; including forestry, oil and gas, and mining. As previously reported, the responsibility for the fresh water fishery and for mine safety have already been transferred to the territory.

Substantial progress has been made on the negotiations of the Northern Accord on oil and gas, since the signing of the agreement-in-principle with Canada was reported last year. An agreement has been reached between the Yukon Government and the Government of the North West Territories, regarding the sharing of administrative and management responsibilities for oil and gas in the Beaufort Sea. The Accord is intended to provide more local involvement in management of oil and gas resources and a share of the revenues when areas like the Beaufort Sea come into production.

The Kluane area land use planning commission has made its final report. The federal government recently announced a suspension of Northern Land Use Planning activities, after completion of the Kluane plan. The Yukon Government will continue to carry out district plans in areas with greatest pressures for development.

In order to guard the Yukon's historical and archaeological heritage; the Yukon Government passed the Historic Resources Act in May, 1991. The Act provides the basis for meeting future land claims heritage commitments; creates a fund to support worthy historic resources projects, and establishes a board to hear objections to historic resources designations. The Act requires impact assessments for historic resources threatened by development, and provisions for ownership and custody of historic objects as well as control of their export.

Financial and Business Services

The decentralization of delivery of economic development programs continues, with Business Development Offices now located in 8 communities, in addition to Whitehorse.

The Yukon Government has established an interim trust fund to help provide Yukon Indian people with the training necessary to prepare them to benefit from opportunities arising from a land claims settlement. A contribution of \$1 million was made by the Yukon Government in 1990/91. When land claim final agreements are ratified, the Federal government will also contribute to the training, under the terms of a subagreement on training.

The new Economic Development Agreement (which was negotiated since the last progress report) will provide greater access to capital for economic development.

The creation of the Business Development Fund was a major action taken in the first year of the Economic Strategy to improve business and financial services. This fund combines several programs into one process with one application form. Businesses have been using the BDF to obtain combinations of assistance for feasibility studies, financing, production, marketing and other needs.

A great deal of progress has been made toward providing basic banking services in rural communities. Bank agencies have been opened in Ross River, Beaver Creek, and Haines Junction. Agencies are expected to open this fall in Mayo, Carmacks, and Old Crow.

Human Resources

A special agreement on training, intended to help Indian people benefit from the opportunities offered by a settlement, was included in the Land Claims umbrella final agreement. To help pre-implement that agreement, an interim trust fund of \$1 million for training has been established. This fund will grow to \$3.25 million (in 1988 dollars) by the time Settlement legislation is passed. A Training Policy Committee has been established to administer this fund. In addition, the effective involvement of Indian people in education is being ensured by providing for aboriginal representation on education and training decision making bodies.

A special interim training trust fund of \$500,000 has been established to provide residents of south east Yukon with the means to carry out training and employment programs to enable them to benefit from the development of the Sa Dena Hess (previously known as Mount Hunderere) mine.

The advisory committee on Decentralization, which was established in January, 1989, has reported to Cabinet. The Government has committed to decentralize a minimum of 100 positions over a three year period. In 1991/92, a commitment to decentralize 39 positions has been made; of these, 15 are already in place.

A Cooperative work-study program is being developed at the Yukon College, with a start-up expected during the 1991/92 school year. The cooperative program will give students the opportunity to obtain work experience with potential Yukon employers.

A Yukon Health and Social Services Council has been established to advise the Yukon Government on social and health policy matters.

The Community Development Fund continued to help improve the quality of life in all communities by approving funding of \$2,615,000 in 1990/91 for building community facilities, job creation, community planning, and training.

The childcare system has been greatly improved since release of the strategy. Funding for childcare is providing substantially greater support for parents, childcare workers and operators. Funding is available for starting new non-profit childcare centres as well as special programs for infants, at-home parents, and extended hours. A new Child Care Act has been passed, which establishes quality standards for childcare.

The Yukon Government, in continuing to fulfill its role as model employer, has negotiated employee benefits for its auxiliary employees, which recognize and support the seasonal and on-call nature of their work regimes. In accordance with the Yukon Government's Employment Equity Policy, departments have submitted their first action plans outlining how they will reduce employment barriers facing aboriginal people, women and people with disabilities. The Government continues to support local hire and to recognize informal skills in hiring for the public service.

Infrastructure

Work is underway to develop a comprehensive transportation policy and long-term plans for transportation infrastructure. In addition to the 5 year capital plans already prepared each year, the longer term planning will set priorities for the development of all transportation projects.

A major initiative has begun to develop a comprehensive energy policy, and new programs which will help ensure a secure, sustainable supply of affordable energy, and the wiser use of existing supplies. Several

projects have been carried out to develop local sources of energy, such as wood chips and waste wood, geothermal, and micro-hydro. Work on those and other projects continues.

The Yukon Government signed framework agreements on transfer of health services with the Federal Government and the CYI, in the fall of 1990. Whitehorse General Hospital will be transferred to Yukon control in 1992, when it will be operated by an arms-length Board. Subject to the ratification of Land Claims final agreements Community health services, including the Environmental Services Branch of Health and Welfare Canada, and health facilities in communities, will be transferred in 1993.

Arctic B&C airports have been transferred to the Yukon Government, along with adequate funding to deliver a high level of services. Work is continuing toward the transfer of federal highways to Yukon management and control. The transfer of the Dempster and South Klondike highways was completed since the last report; only the Alaska Highway and Haines Road remain to be transferred eventually. The Resource Transportation Access Program (formerly the Regional Resource Roads program) was evaluated, and adjustments were made to improve its effectiveness. The RTAP continues to provide funding for access to all types of resource development; mainly by road, but also by water and air.

The Motor Transport Act and Highways Act have been completely revised and passed in the Legislature. Revisions to the Motor Vehicles Act are nearing completion, and will be tabled in the Legislature when ready. The revisions will ensure that Yukon transportation legislation reflects the modern realities of the transportation industry.

Major investments in land development are continuing. Over the past year, land development was accelerated greatly in Watson Lake, to provide residential land required to house workers at the new Mount Hundere mine, and to accommodate the growth due to spin-off employment.

Information & Technology

The new Economic Development Agreement negotiated in 1991, will provide financial assistance and incentives to acquire and implement new technology. Combined with the Business Development Fund, this assistance will promote research projects in the Yukon.

Work is continuing on the implementation of a Yukon Science Strategy. Despite sending several positive signals, the Federal Government has now stated that it will not provide any funding for the implementation of the Science Strategy. A research endowment fund of one million dollars has been established.

The Yukon College began its unique Northern Studies Program in the fall of 1989. Courses will be offered in northern science, northern justice, Native studies, and northern outdoors and environmental studies.

The upgrading of the telecommunications and broadcasting services, reported last year, is being continued. Nine million dollars is being spent to replace the VIII^F mobile radio system with one that will extend and improve telephone and other communications services. Radio and television reception has been improved in several communities with new equipment.

Agriculture

The comprehensive Agriculture policy has been revised following public consultations on a draft version released last year. New Agriculture land regulations, and continuing development of assistance programs by the Agriculture Branch, will follow shortly. Most of the cost of agriculture land will be forgiven in return for

specific farm development work, to assist new farmers to develop their agricultural enterprise. Property tax rebates will also be provided on the basis of farm production.

The new Economic Development Agreement will complement the assistance provided by the Business Development fund to foster the long term viability of agriculture enterprises. Funding will be available under the EDA, to add to the several studies and demonstration projects already carried out to show the viability of agricultural pursuits in the Yukon.

The Kluane regional land use plan has recently been completed, and the Klondike and Hootalinqua North district plans were completed earlier. A local area planning process is underway for three local areas in each of the Klondike and Hootalinqua North planning districts, to make specific land-use recommendations for each area. These land use recommendations will identify the best lands available for agriculture in each area.

Construction

The Business Incentive Policy was revised following consultations with industry. Yukon employment, apprenticeship, and locally made goods and services have been incorporated into the new policy, to encourage greater use of Yukon workers, business, and materials. The rebate schedules for construction materials, and Yukon labour have been in place for the past year. A rebate schedule for goods purchased by the Yukon Government should be published shortly.

The use of local materials was incorporated into the design of the Watson Lake school. That practice will continue for other major construction projects.

The Government continues to work with the contracting community to improve tendering practices that better suit local contractors, as reported last year. Tenders are advertised in the territory first, and closure dates are staggered so that firms can bid on several different jobs.

Cultural Industries

The Business Development fund is now providing cultural industries with financial assistance to improve their marketing.

Substantial progress has been made toward the establishment of an Arts Branch. The first priority of the new branch will be to consult the public on an Arts Policy.

The Yukon Government has approved a policy of allocating 1% of the approved capital costs for new government buildings for the acquisition of art for the building. This artwork will form the basis for a Yukon Government Art Bank. The Department of Tourism is currently assisting the Worker's Compensation Board in acquiring new artwork for its new building.

Fishing

The new Economic Development Agreement, along with the Business Development fund will provide assistance to open new markets for Yukon fish products. In addition, the industry is being consulted about their training needs, and training programs will be developed in the near future.

Federal management of freshwater fisheries was transferred in May, 1989. At that time, the federal government committed an extra \$750,000 over three years to upgrade and do inventories of fisheries and \$84,000 for

operations and maintenance. A fisheries section has been established in the Department of Renewable Resources.

Several studies and projects have been funded to develop fisheries and start commercial production. These include arctic char and other fish farming, lake stocking, and creating new products such as salmon roe.

To increase public knowledge, and promote the conservation of fish stocks, the Fisheries section has produced two educational videos, and other promotional material, on catch and release fishing, and conservation.

Forestry

The new Economic Development Agreement, along with the Business Development fund, will help promote processing of Yukon forest products in the Yukon by supporting the research into and development of new forestry products. The Business Development Fund now offers low interest loans to assist the forestry industry with forest inventory, acquisition of new technology, and development of infrastructure. The new EDA will also provide assistance to study and acquire new technology, train local workers, and help the industry to diversify. That assistance is expected to increase the productivity of the local industry, and enable it to better supply local needs.

Several successful projects are under way to use waste wood as an energy source.

Manufacturing

Government and industry representatives are now working on a catalogue of Yukon made products which will increase consumer awareness of those products and help to market them. The Yukon Government and the private sector are also studying the feasibility of establishing a central marketing service to help develop export markets. Other marketing assistance is being provided by the BDF, which provides assistance for businesses to attend trade shows.

The BDF also continues to provide several other types of support for manufacturing, including: feasibility studies, capital and operating loans, venture capital, new technology, and commercial use of renewable resources.

Mining

The Yukon Mining Incentives Program (YMIP) helps strengthen and diversify the mining industry by providing assistance to prospectors and small exploration companies. Placer miners are better able to access financial assistance under the YMIP, than they were under previous programs.

The new Economic Development Agreement will provide the Yukon mining industry with greater access to Federal funding, along with Yukon Government funding, to develop a geological data base for the Yukon, and carry out research, technological development and training. To carry out part of that work, a new geoscience office, sponsored by the EDA, will open in Whitehorse early in 1992.

The Yukon Mining Advisory Committee (YMAC) has been active developing recommendations on the new Yukon Waters Act, and will be developing regulations to the two mining acts, which will allow land use regulation on mining claims.

The agreement on water quality standards for placer mining was previously reported. This cooperative effort by the industry and two levels of government, through the Implementation Review Committee (IRC) is reinforcing the certainty and stability of placer operations, while protecting the environment. In November, 1991, a major scientific study, funded by the IRC, will be released and will form the basis of recommendations for new regulations governing placer mining.

The increasing efforts of the Yukon Government to increase energy supply and moderate fuel prices will benefit the mining industry, which is a major consumer.

Despite intensive lobbying along with other organizations, the government was only partially successful in keeping the earned depletion allowance incentives for flow-through mining shares. The tax write-offs were extended and then replaced by direct support under a new Canadian Exploration Incentives Program (CEIP). The federal government cancelled the CEIP in January 1990.

Outfitting, Trapping & Guiding

A new training program for big game outfitters and wilderness guides has been developed in conjunction with industry representatives. The program will help increase the number of qualified guides available, and improve the skills of all guides.

To increase public awareness and knowledge about Yukon's wilderness and wildlife resources, work is underway to complete the Yukon Mammals series to cover all 62 mammals, in addition to the educational videos and promotional materials on fish conservation previously mentioned.

The new Economic Development Agreement can be used to benefit the wildlife industry in many ways, including research and incentives for greater local value added to Yukon products, such as furs.

A Concession and Compensation Review Board has been established to determine compensation for trappers and outfitters displaced by developments on lands administered by the Yukon Government.

Subsistence

Planning is underway to deliver some of the joint NWT/Yukon training program, in Renewable Resources management, in the Yukon. The program, now being offered in Fort Smith, provides training in wildlife resource management.

An EDA-funded study on the native subsistence economy has been completed by the Council for Yukon Indians. The land claim framework agreement and its subsidiary agreements reflect native subsistence needs and practices.

A Traditional Knowledge workshop was held in May, 1989. A local conservation strategy for Old Crow and a co-management agreement with the Selkirk Band for the McArthur Game Sanctuary are underway. Indian bands are being funded to collect traditional knowledge for use in developing regional big game management plans.

Tourism

Several initiatives are ongoing or have been started to use the unique history and Indian culture of the Yukon, to develop cultural attractions. Management plans have been completed for Hershel Island Territorial Park, 30 Mile Canadian Heritage River and Fort Selkirk. The exterior of Yukon Sawmill has been restored, and

work is expected to begin soon on interior renovations and the development of an interpretation plan, to relate the history of forest utilization in the Yukon from the pre-Gold Rush period to the present.

Tourism planning, development and promotion is being supported and encouraged to benefit more Yukon regions and communities. Regional tourism plans have been completed for the Silver Trail, Watson Lake, Campbell and Kluane regions, and are underway in the Carcross/Southern Lakes and Teslin areas. A Community Tourism Planning Guide provides a "hands-on" approach for communities wanting to pursue their own tourism planning.

Greater Native participation in the tourism industry has been encouraged by providing support for the formation of a Yukon Native Tourism Association, identifying opportunities for Native tourism development in Regional Tourism Plans, and providing advice and information to Native entrepreneurs. First Nations are also actively involved in the planning, development, and management of various heritage projects.

Support for private sector initiatives continues through the collection and distribution of up-to-date market research data, identification of development opportunities in Regional Tourism Plans, providing advice and information to entrepreneurs and through review of applications for government funding. A Tourism Business Guide is available for individuals and groups interested in developing tourism-related ventures.

Several major projects were funded under the Canada/Yukon Economic Development Agreement, such as the Yukon Anniversaries Commission, feasibility studies for a Kluane resort, Mayo accommodations, and a Whitehorse convention centre. A proposed new Tourism EDA is expected to provide additional support to the tourism industry over the next 5 years.

The Department of Tourism is working closely with the Canadian Parks Service and other YTG agencies to plan improved access to and interpretation of Kluane National Park at Alsek Pass.

Yukon's tourism marketing programs are designed to optimize Yukon's exposure in joint government -- industry promotions in key markets, and to maximize Yukon benefits by co-operating with other jurisdictions. Programs include: joint Alaska/Yukon marketing; Tourism North -- a B.C./Yukon/Alaska initiative; Destination Yukon, designed to position the Yukon as a destination in its own right; and the Tourism Industry Association of the Yukon (TIAY) Convention Promotion Agreement. These activities allow the Yukon to generate exposure far in excess of its financial capacity to do so alone, and therefore provide substantial benefits to Yukon's tourism industry.

Yukon and the Northwest Territories recently joined the Council of Western Tourism Ministers. The six jurisdictions work together in the areas on marketing, human resource development and research.

Trade and Services

The new Business Incentives Policy (BIP) provides rebates to all contactors, on the basis of the number of Yukon residents employed, apprentices trained, and Yukon materials used on government construction projects.

Community bank agencies have been established in Ross River, Beaver Creek, and Haines Junction. Agencies will be opened in Mayo, Carmacks, and Old Crow during 1991.

The government has taken a number of steps to improve contracting for services. Tenders are advertised locally first in most cases. Bi-monthly meetings are being held with the Yukon Contractors Association. The

Yukon Chamber of Commerce has been consulted regarding the Community Purchase Policy being developed. Advance information is provided on new public works.

The Department of Government Services has conducted community tours to explain buying practices, continues to support the Buyers' Show and the Trade Show, conducts seminars on contracting procedures and contract law, and has established a consultant registry and a directory listing local firms and services. The Department is also standardizing contract and tender procedures. These efforts are intended to help Yukon business to benefit from government contracting and purchasing.

Volunteerism and Housework

Job sharing, part-time work and flexible hours have been introduced into the public service. Some working at home arrangements may be introduced where requested and viable. Unpaid work experience is now recognized in job applications and interviews for public service jobs.

Unused spaces in training courses are now offered to community groups.

Childcare spaces are increasing as a result of the government's new childcare program, and the greatly increased funding. The goal of the program is to double the number of spaces available.

The government continues to make appointments to public boards and committees that reflect a gender, racial, regional, and political balance. A survey conducted in May, 1991 indicates that a balance is close to being achieved. Of 342 positions on boards and committees, appointed by the Yukon Government; 57% are held by women, 29% by aboriginal people, and 36% by residents of communities outside of Whitehorse.

A new honorarium policy is being implemented. Under the new policy: the level of honoraria paid varies with level of responsibility; travel expenses are paid; and child care is provided.

Conclusion

A great deal of progress has been made toward implementing most of the commitments of the Yukon Economic Strategy. The Y.E.S. continues to act as a blueprint for government policy and program development. The effect of the Strategy, on the economy of the Yukon, is increasing with the implementation of each initiative.