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YUKON DEVELOPMENT STRATEGY

FINANCIAL RESOURCES

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Financial Resources Strategy

A Progress Report ■ April, 1987

This report updates work done over the last year towards a development strategy for financial institutions in the Yukon.

Our purpose is to find agreement on objectives and directions which will help broaden the financial base in the territory. Actions based on these objectives and directions also should help make financial resources and services accessible to individuals, businesses, and groups.

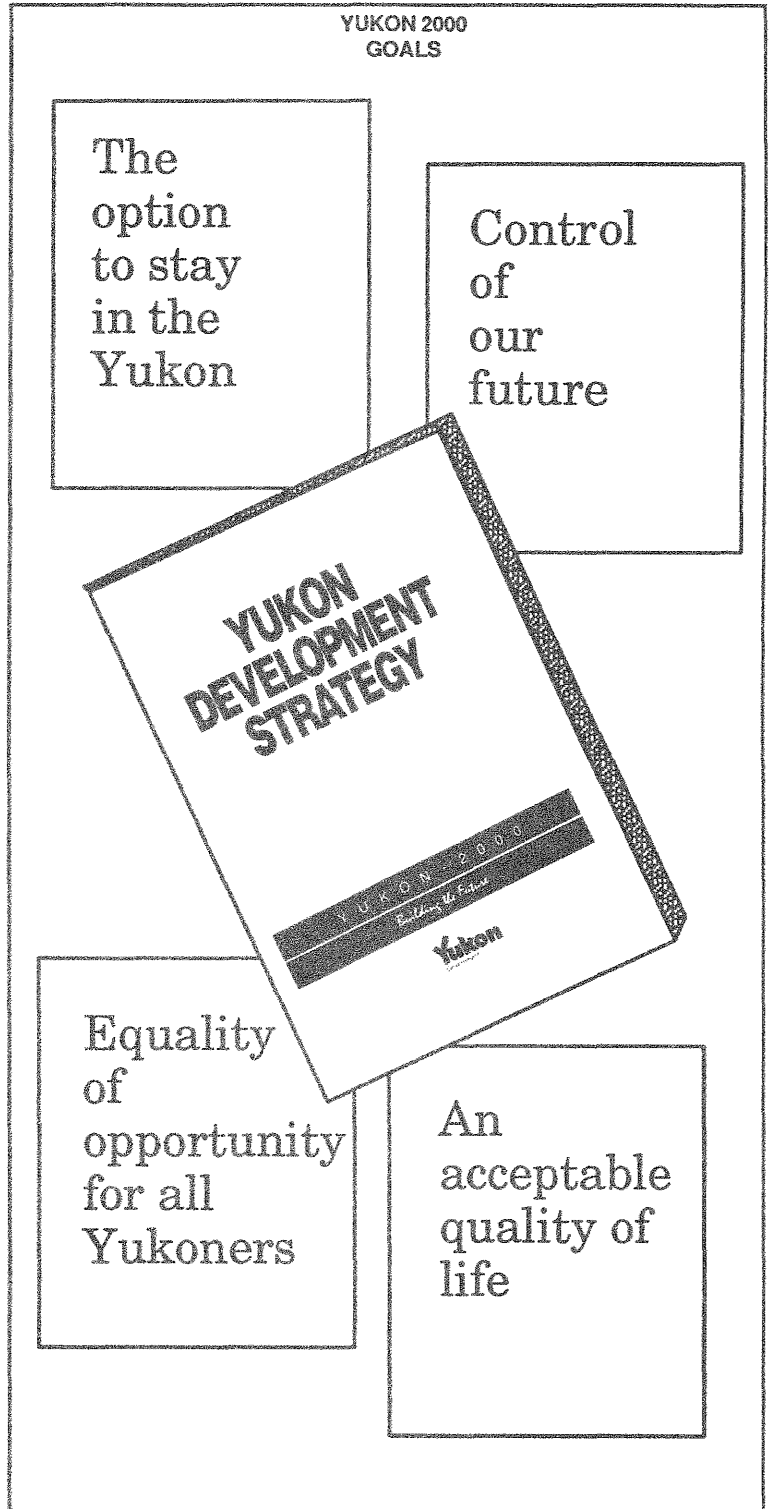
Development in many areas of the economy is dependent on financing — whether it be from private institutions like banks or venture capital companies, from individuals or from government. Loans, grants, various incentives, and equity financing, are possible ways to get the funds needed to start, operate, and expand operations.

The objectives and directions should help guide decision making when it comes to forming and implementing policy and programs. Once we have agreement, the foundation will be there for specific actions.

But it is recognized that obtaining financing is just one aspect of doing business. Financial advice and services are important too. The skill level of entrepreneurs and reasonable operating costs, to name just two factors, also affect the viability of businesses.

So this section of the Yukon Development Strategy should be considered as part of the bigger picture. In the next few months the objectives and directions outlined here, and in similar reports on other aspects of our economy, will be discussed across the Yukon.

Public input now will set the tone of the financial resources strategy into the next decade. Yukon 2000 wants feedback on whether the options listed below will meet Yukon Development Strategy goals.



Objectives

How do you get new and existing businesses moving so they contribute to the Yukon's economy? Anyone in the business world will say financial capital is a vital component.

The basic goal of this Financial Resources Strategy is:

To ensure Yukon businesses, entrepreneurs, and individuals in all regions and sectors have good access to financial capital and supporting financial services.

Although simple, this goal is important. The implication here is that the financial system will be used to develop our economy. This goal also suggests the creative spirit of Yukoners will play a large role in determining what types of economic activities take place in the territory.

The objectives below should help us towards meeting financial and overall strategy goals when they are used to shape new programs and policies.

The proposed financial objectives are:

1. To ensure access to financial capital for both equity and long term debt.
2. To encourage increased competition amongst financial institutions.
3. To expand and modernize existing businesses, and start new ones in all geographic regions and sectors of the economy with the aim of improving quality and the chance for continued success.
4. To increase and improve financial services in rural areas.
5. To remove barriers which block access to capital and financial services for Indians and Indian businesses.
6. To increase opportunities to access financial capital for women, youth, the elderly, and disabled.
7. To provide basic financial services, namely cheque cashing and deposit taking, in all Yukon communities.

8. To encourage Yukoners to develop local resources and opportunities, especially in rural Yukon.

9. To encourage small scale and cooperative activities particularly at the community level.

10. To encourage employees to become employers and where appropriate to attract entrepreneurs to establish in the Yukon.

These objectives, of course, encourage many specific actions. We also need directions which can be used to make decisions.



Directions

The following directions can be used by decision makers on financial resource matters.

1. The private sector should lead in providing financial services with government filling in where unmet needs exist. Commercial lending institutions support much of the Yukon's economic development. This support should be encouraged. But viable opportunities should not be foregone when the private sector is unable or unwilling to respond to our needs for financial services.
2. Long term business success should be encouraged. It is the successful businesses which will supply permanent jobs for Yukoners and bring economic stability.
3. The government should use the existing strengths of individuals and communities to promote the local economy. Applying this direction will allow people to stay in their communities and use their skills in productive and fulfilling ways instead of moving or retraining.
4. Financial capital should be made more accessible to groups and organizations which run up against unreasonable barriers to financial capital.

The structure of our financial markets discriminates against certain groups and people who don't have a long and successful record in business. Locations which are not readily accessible to markets also can't get financial capital.

5. While recognizing the usefulness of targeting development assistance, programs should be available to all sectors of the economy and in every region.

The government should be sure opportunities in one industry or one region are not lost by looking narrowly at the most promising areas for development.

6. Short term assistance should be favoured over long term assistance.

Businesses should not be encouraged to become dependent on aid. Ultimately, the economy is weaker since assistance may not always be available to prop up firms.

7. The use of private financial institutions should be encouraged over government alternatives.

The government should stimulate the private sector to respond to Yukoners' financial needs. In addition, scarce government funds should be used only when the private sector cannot, or will not, provide the required services.

8. Government programs should be modified to fill gaps and solve deficiencies instead of creating new programs.

This direction ensures scarce government funds are not wasted on administrative costs

which could be covered under existing program review processes.

9. Government should try to minimize costs to users and improve access by simplifying the application and review process for programs.

The government needs to have procedures which ensure public accountability, especially where public funds are involved but government should also recognize the costs to businesses when unnecessary time is spent dealing with government. A balance should be found between the two.

10. Over time, government assistance should recover costs, either directly or indirectly.

Direct cost recovery involves repayment of loans, for example. But indirectly government can benefit from giving assistance through increased tax revenues and decreased welfare or unemployment payments.



Conclusion

With agreement on objectives, directions to guide decision making, and the appropriate tools, the next step in achieving a useful Financial Resources Strategy will be to test it against specific actions.

This will happen in a later stage of the process and in consultation with the public at community and industry meetings.