8.14 DEBT MANAGEMENT

8.14.1 General

8.14.1.1 The debt management program is designed to manage public debt in a sustainable, transparent and cost-effective manner. It supports sound risk management and broader fiscal and economic objectives by ensuring borrowing is planned, authorized, executed and monitored in a prudent and coordinated manner.

8.14.1.2 This Debt Management policy establishes the general requirements for governing borrowing, debt administration, liquidity management, debt-related risk oversight and reporting. Detailed operational expectations are addressed in the multi-year debt management plan, annual borrowing plan, tools and procedures maintained under this policy.

8.14.1.3 This policy is issued by Management Board pursuant to section 4 of the *Financial Administration Act* (FAA) and can only be revised with the approval of Management Board.

Effective Date

August 20, 2026.

8.14.2 Authority

8.14.2.1 ***Yukon Act***

8.14.2.1.1 Subsection 23(1) of the *Yukon Act* provides that the Legislature has the authority to make laws for, among other things, the borrowing of money by the Commissioner on behalf of Yukon. Subsections 23(2) and (4) provide that the aggregate of all borrowings must not exceed the amount set by the Governor in Council through an Order in Council. Subsection 23(5) enables the Governor in Council to make regulations respecting borrowings for the purposes of subsections 23(2) and (4).

8.14.2.1.2 The *Yukon Borrowing Limits Regulations* (SOR/2013-38) made under subsection 23(5) of the *Yukon Act* provide that “government” for the purposes of the Regulations, means the “government reporting entity of Yukon” (as defined from time to time in the CPA Canada Public Sector Accounting Handbook). The Regulations also define what constitutes borrowing by the government reporting entity and how to determine its value for the purposes of the borrowing limit.

8.14.2.1.3 The borrowing limit established by federal Order in Council from time to time under subsection 23(4) of the *Yukon Act* is published on the website of the Privy Council Office.

8.14.2.2 Financial Administration Act

8.14.2.2.1 Pursuant to section 49.01 of the *Financial Administration Act* (FAA) both undertaking borrowing and issuing securities must be:

i. authorized by the FAA or another Act; and

ii. approved by the Management Board.

8.14.2.2.2 Section 52 of the FAA authorizes certain temporary borrowings for a period not exceeding 365 days in accordance with regulations made under that section and any other applicable regulations under Part 5 of the Act. The *Temporary Borrowing Regulations* (OIC 1984/204) authorize the Minister of Finance to borrow for a period not exceeding 365 days by way of overdrafts with or by drawing upon an operating line of credit at any Chartered Bank in Canada in accordance with the provisions of the regulation. Management Board approval is also required in accordance with section 49.01.

8.14.2.2.3 Section 53 of the FAA authorizes borrowings for the efficient operation of the consolidated revenue fund in accordance with regulations made under that section. Such regulations may authorize arrangements for money overdrafts and the borrowing of money by the issue and sale of notes or treasury bills, in accordance with the requirements of section 53, any other requirements set out in the regulations or in other applicable regulations under Part 5 of the FAA. Management Board approval is also required as per section 49.01.

8.14.2.2.4 Authorization to borrow or issue securities may also be included in an Appropriation Act or another Act and in all cases, there must also be approval by the Management Board as per section 49.01.

8.14.2.2.5 Under section 59 of the FAA, the Minister of Finance is the fiscal agent of the government for the purpose of negotiating any borrowing by the government and may arrange all details and do, transact, and execute all deeds matters and things required during the negotiations for the borrowing.

8.14.2.2.6 Under subsection 59(2) of the FAA, the Commissioner in Executive Council may appoint other persons recommended by the Minister of Finance to act as fiscal agents under the direction of the Minister.

8.14.2.2.7 To summarize, borrowing must be authorized by an Act which may include the FAA, an Appropriation Act or other special Act and in all cases must be approved by Management Board. The borrowing must comply with the provisions of the authorizing Act, applicable regulations, Management Board directives and related signing authorities providing transaction specific authority.

8.14.3 Scope

8.14.3.1 This policy applies to:

i. Borrowing as defined in the *Yukon Borrowing Limits Regulations* that is undertaken by the government reporting entity as defined in those Regulations; and
ii. Public borrowing as defined in the FAA that is undertaken by a public entity as defined in the FAA.

8.14.4 Definitions

a. “annual borrowing plan” means the yearly plan that sets out the expected borrowing needs, funding sources, use of funds, debt servicing impacts and borrowing headroom for the fiscal year.
b. “approved instruments” means borrowing instruments, facilities or arrangements that are permitted by applicable legislation, approved by the required authority for short-term liquidity management, long-term financing, refinancing or other approved borrowing purposes.
c. “borrowing” has the meaning established in the *Yukon Borrowing Limits Regulations* made under the *Yukon Act*. For greater clarity, borrowing includes obligations incurred as a result of capital leases, public private partnership and contingent liability tied to any loan guarantee.
d. “credit rating agency” means an organization engaged to assess and communicate the government reporting entity creditworthiness to investors, lenders and other market participants.
e. “consolidated” means Government of Yukon departments, branches, government corporations and other entities included in the consolidated financial statements.
f. “debt” means the value of all borrowings under the *Yukon Borrowing Limits Regulations*.
g. “debt management framework” means the structure, rules and governance that guide borrowing and debt management.

h. "debt management plan" means the plan that sets out the debt management objectives, borrowing outlook, risk tolerances, fiscal anchors, monitoring requirements and reporting expectations over a multi-year period.

i. "debt management program" means the ongoing work carried out under the debt management framework to plan, approve, monitor and report on borrowing and debt.

j. "debt management risks" means the financial, operational, legal, market, counterparty and other risks that may arise from borrowing.

k. "debt management strategy" means the overall approach to managing borrowing, debt costs and risks in a way that supports the government's fiscal plan.

l. "debt-market selection process" means a documented process tailored to borrowing transactions for selecting a lead bank, dealer, underwriter, fiscal agent, syndicate or other market participant, where appropriate.

m. "debt servicing costs" means debt interest plus any incidental costs associated with the administration of debt.

n. "fiscal agent" means a person or organization authorized to help arrange, negotiate or carry out borrowing on behalf of the government reporting entity.

o. "fiscal anchor" means a defined affordability benchmark, typically expressed as a ratio or threshold such as debt servicing costs as a share of revenue, used to assess whether borrowing is sustainable over time.

p. "government reporting entity" means government departments, government corporations and other government organizations that are included in the Government of Yukon consolidated financial statements.

q. "Government of Yukon" means the territorial government whose executive power is exercised in accordance with the *Yukon Act*.

r. "headroom" means the difference between total authorized borrowing capacity and borrowing outstanding or committed.

s. "liquidity" means having enough money available, or being able to access money quickly, to pay bills and meet financial obligations on time.

t. "long-term debt" means borrowing with a maturity greater than one year.

u. "non-consolidated" means the departments and branches that are included in the Government of Yukon non-consolidated financial statements.

v. "short-term debt" means borrowing or other permitted debt instruments that mature within one year from the date issued or drawn.

8.14.5 Principles

8.14.5.1 These principles apply to the debt management activities under this policy.

8.14.5.2 The Department of Finance will manage the borrowing program consistent with the government's fiscal plan and long-term fiscal sustainability. Borrowing needs should be planned in advance, supported by sufficient liquidity and carried out only under applicable Acts and regulations.

8.14.5.3 Borrowing decisions should consider market conditions, refinancing needs, cash-flow requirements and the objective of reducing the risk of having to access financing when market conditions are unfavourable. Decisions should also support affordable and resilient debt management.

8.14.5.4 Debt management risks should be identified, assessed and monitored on an ongoing basis. Risk responses should be proportionate to the nature, likelihood and potential impact of the risk.

8.14.5.5 The Department of Finance will seek to maintain appropriate access to reliable and cost-effective funding sources that reflect borrowing needs, market scale and approved authorities. Funding sources may include financial institutions, First Nations or their corporations, fiscal agents, public debt markets or private institutional lenders.

8.14.5.6 Where regular market issuance is not warranted, the Department of Finance will maintain market readiness through key relationships, credit rating engagement and market monitoring. It will also periodically review available borrowing options to confirm they remain suitable for operational needs.

8.14.5.7 Required documentation, approvals, filings, legal instruments, agreements, fees and supporting records for approved borrowing programs or arrangements must be kept current. This ensures financing can be accessed in a timely manner when an approved need or market opportunity arises.

8.14.5.8 Cash must be managed to ensure the government reporting entity can meet its financial obligations, including principal and interest payments, when due. Borrowing and debt management activities must be monitored to keep risk exposures within the defined fiscal anchors.

8.14.5.9 Borrowing and debt management information must be disclosed through approved public reporting channels. Reporting should support transparency, accountability and public understanding of the borrowing position, debt servicing costs, remaining borrowing headroom and significant changes from the plan.

8.14.6 Roles and responsibilities

8.14.6.1 The following roles and responsibilities support the implementation, oversight and administration of this policy. Each role is responsible for the functions assigned below and for coordinating with other parties where required.

Role	Responsibilities
Cabinet	Provides broad government direction on major fiscal, policy and strategic matters related to borrowing where Cabinet consideration is required including: • matters with significant implications for government priorities; • public communication; • intergovernmental relations; • borrowing regulations; • legislative changes or the overall fiscal plan.
Management Board	• Approves this policy and provides direction on financial matters requiring its approval under this policy; • Considers major borrowing-related policy choices; • Reviews significant debt management proposals, where required; • Approves borrowing, borrowing levels and debt costs; • Approve multi-year debt management plans and annual borrowing plans; • Supports alignment between borrowing decisions, approved budgets, capital planning, affordability considerations and the broader financial framework.

Role	Responsibilities
Minister of Finance	• Provides direction and accountability for borrowing and debt management matters within the Minister's authority; • Considers borrowing matters requiring ministerial approval or recommendation; • Recommends borrowing limits, funding options and liquid cash reserve levels to Management Board where required; and • Supports transparent communication of the government's borrowing approach, affordability position and key risks.
Deputy Minister of Finance	• Provides executive oversight for implementation of the framework across the government reporting entity; • Confirms that policy, planning, monitoring and risk management processes are in place; • Reviews key debt management materials before ministerial or Management Board consideration; • Supports sound debt management practices by setting debt cost objectives, risk management parameters and debt ratio targets where required; and • Ensures coordination across Finance, government corporations and other participating departments. • Establishes or dissolves the Investment and Debt Management Committee. Approves its mandate, membership, reporting expectations and terms of reference.
Assistant Deputy Minister, Financial Operations and Revenue Services	• Oversees the debt management program, including management of operational and business risks; and • Provides senior-level direction to Financial Operations and Revenue Services on borrowing, debt administration, liquidity management, monitoring and reporting activities.

Role	Responsibilities
Financial Operations and Revenue Services, Department of Finance	Leads operational debt management activities, including: • development and maintenance of the debt management plan and annual borrowing plan; • borrowing forecasts; • cash flow, cost-benefit, liquidity and debt portfolio analysis; • borrowing limit and headroom monitoring; • assessment of the value of borrowing under the *Yukon Borrowing Limits Regulations*; • preparation of borrowing advice, reporting and disclosure information; • maintenance of debt registers, maturity profiles, risk schedules and monitoring reports; • engagement with financial institutions, credit rating agencies and internal stakeholders; and • establishment of related procedures and operational controls.
Management Board and Budget Secretariat	• Supports budget development and fiscal strategy by assessing the borrowing implications of operating and capital planning decisions, ensuring alignment with the financial framework and established borrowing parameters. • Provides advice on affordability and debt capacity and develops financial position forecasts to inform fiscal planning and support the debt management activities of Financial Operations and Revenue Services.
Economic, Fiscal Policy and Statistics, Department of Finance	• Supports fiscal forecasting, affordability analysis and requests to the Government of Canada for changes to the borrowing limit, as required.

Role	Responsibilities
Office of the Comptroller, Department of Finance	• Leads policy and financial quality assurance for this policy; • Reviews compliance with legislation and financial administration requirements; • Maintains policy tools and checklists; • Supports the development of required regulations, policies, procedures or compliance guidance; and • Coordinates debt-related information for the preparation and tabling of the Public Accounts.
Legal Services, Department of Justice	• Supports borrowing-related agreements, security or issuance documentation, Orders in Council, agency or fiscal agent arrangements, disclosure materials and other legal instruments or approvals connected to the borrowing activities; • Internal or external legal counsel may also be used where specialized advice is needed to address documentation, filing, disclosure, market access or cross-jurisdictional requirements.
Investment and Debt Management Committee	• Serves as an advisory committee for the Deputy Minister of Finance, with terms of reference defined by the Deputy Minister of Finance. • Reviews debt management results, total cash, portfolio risks and borrowing options; provides recommendations on the government's debt risk tolerance and related risks parameters, use of the line of credit and other borrowing matters; and • Supports broader corporate understanding of the fiscal impacts of debt management decisions.

8.14.7 Planning and business case requirements

8.14.7.1 Planning

18.14.7.1.1 The Government of Yukon must maintain a debt management strategy in alignment with the principles established in this policy.

18.14.7.1.2 The strategy must define the government's borrowing objectives and establish the government's risk tolerance for borrowing based on prevailing market and economic conditions, and in alignment with the fiscal anchors established in this policy.

18.14.7.1.3 The multi-year debt management plan will include the strategy and annual borrowing plan. Yukon government corporations and other government entities are expected to provide the Department of Finance with regular cash flow, spending, financing and liquidity information to inform the plan.

18.14.7.1.4 The multi-year debt management plan will set out:

- projected short and long-term borrowing requirements;
- planned sources and uses of funds, including allocations by purpose such as capital, operating, refinancing or liquidity requirements;
- debt servicing impacts;
- maturity profile;
- interest rate exposure;
- available borrowing headroom;
- debt affordability metrics used to guide borrowing decisions;
- repayment strategy; and
- major assumptions.

18.14.7.1.5 The plan must identify major year-over-year changes in borrowing profile, including contextual explanations of the key drivers behind material variances, and will align with the budget, Estimates and capital planning cycle.

18.14.7.1.6 Stress sensitivity analysis or stress testing should be incorporated where material assumptions could affect the plan. This includes scenarios such as resource revenue volatility, cost overruns, higher interest rates, weaker economic growth or other significant fiscal pressures.

8.14.7.2 Borrowing proposals

8.14.7.2.1 Borrowing proposals should demonstrate the government's overall financing needs and be developed as part of, or be consistent with, the budget and fiscal planning cycle. It should not be framed as a proposal for financing individual projects.

8.14.7.2.2 The proposal should define the aggregate financing requirement, including the amount, timing of cash requirements, affordability and debt servicing costs of the proposal. It should identify repayment capacity, liquidity impacts, borrowing headroom, key risks and the principal drivers of the financing need, and assess feasible funding alternatives, documenting the expected costs, benefits, risks and implementation considerations associated with each option.

8.14.7.2.3 Where borrowing is expected over multiple periods or through phased draws, the proposal should identify the financing implications, approvals timelines and updated cash and accrual considerations for each period or phase.

8.14.7.2.4 Where borrowing is related to utility costs, ratepayer-supported activities or other self-sustaining financing purposes, the borrowing proposal and debt management plan should address rate payer or user-fee support and affordability considerations. It should also address financial statement presentation, borrowing-limit treatment and residual government exposure. This treatment does not remove the requirement for authorization by an Act, compliance with regulations and Management Board approval.

8.14.8 Permitted instruments and borrowing purposes

8.14.8.1 Borrowing may only be undertaken through approved instruments that are consistent with statutory authority, market access practices, and the government reporting entity’s operational needs.

8.14.8.2 Borrowing purposes must be identified in the annual borrowing plan, borrowing proposals, internal reporting and public disclosure. Categories may include short-term cash-flow or liquidity management, long-term capital or infrastructure financing, refinancing, and ratepayer-supported utility financing. They may also include self-liquidating or self-sustaining and other approved requirements.

8.14.8.3 Capital planning principles and objectives will guide investment and financing decisions for infrastructure borrowing. Consistent with these principles, available federal infrastructure funding and third-party contributions will be assessed before considering the use of debt financing.

8.14.8.4 Short-term debt issuance

8.14.8.4.1 The Department of Finance may use short-term debt to address temporary cash-flow or working capital needs.

8.14.8.5 Long-term debt issuance

8.14.8.5.1 Long-term debt issuance may be used to provide stable, longer-term funding for capital financing, refinancing or other legally authorized purposes.

8.14.8.5.2 Debt should not be issued in foreign markets under this policy. Borrowing activity must be limited to Canadian borrowing markets and Canadian dollar arrangements.

8.14.9 Credit rating agencies engagement

8.14.9.1 Public credit ratings will be obtained from at least one credit rating agency in support of the debt management program.

8.14.9.2 The Department of Finance should determine the timing, scope and purpose of each credit rating engagement, prepare the required briefing materials and ensure that rating-related communication is coordinated with the Executive Council Office, Office of the Comptroller and any other internal or external advisors whose involvement is required.

8.14.10 Engagement with financial institutions, market participants

8.14.10.1 Engagement with fiscal agents, financial advisors, dealers, underwriters, banks, legal counsel and other market participants should be conducted transparently and fairly while protecting confidentiality. Engagements should also demonstrate value for money and comply with applicable laws, procurement requirements, delegated authorities, conflict-of-interest expectations and communications protocols.

8.14.10.2 Subject to applicable laws and approved authorities, the Department of Finance may use a documented debt-market selection process for borrowing transactions requiring a lead bank, dealer, underwriter, fiscal agent or syndicate. The selection rationale, authority, scope of services, fees or spreads, conflict-of-interest considerations, value-for-money assessment and transaction records should be documented and retained.

8.14.11 Fiscal anchors

8.14.11.1 The Department of Finance will maintain risk tolerances, monitoring triggers and escalation thresholds to manage key debt management risks.

8.14.11.2 The following fiscal anchors will be used under this policy:

1. Borrowing affordability - assessed using non-consolidated debt servicing costs as a percentage of non-consolidated revenue on an annual basis, with a target threshold of 5 per cent;
2. Borrowing capacity utilization - assessed based on maintaining borrowing Headroom of at least 10% of the federally approved borrowing limit; and
3. Available liquidity - assessed based on sufficient liquidity to fund a minimum of 90 days of payment obligations.

8.14.11.3 The fiscal anchors and thresholds will be monitored through the annual debt management plan and budget cycle.

8.14.11.4 If the fiscal anchor for affordability or capacity is exceeded at any point in its fiscal outlook, the Government of Yukon will prepare a plan for how it expects to return to its established thresholds within three fiscal years.

8.14.12 Performance Indicators

8.14.12.1 Along with the fiscal anchors, the debt management plan should identify specific performance indicators used for internal monitoring and public reporting, including:

a. Total outstanding borrowing and other obligations that count against the borrowing limit, such as capital leases, public-private partnership obligations and 100 per cent of loan guarantees across the government reporting entity, where required, under applicable borrowing limit rules.

b. Debt to revenue indicators, including tax-supported debt as a percentage of revenue and gross consolidated debt to modified revenue, where modified revenue consists of non-consolidated government revenue and the gross revenues of government business enterprises.

c. Debt velocity indicators, including the growth rate of outstanding borrowing compared to the long-term growth rate of total revenues.

d. Borrowing per capita, as a measure of the debt burden on a per resident basis.

e. Debt to GDP, as a measure of government borrowing relative to the size of the territorial economy.

f. Net debt-to-GDP, compared to the median for provinces and territories based on data for the fiscal year from which public account data is available for all provinces and territories.

8.14.12.2 Performance indicators are intended to support medium-term monitoring and trend analysis and do not replace the primary fiscal anchors.

8.14.13 Reporting and public disclosure

8.14.13.1 Debt management reporting shall be provided after the close of each fiscal quarter to support review by the Assistant Deputy Minister, Financial Operations and Revenue Services, the Assistant Deputy Minister, Management Board and Budget Secretariat and the Deputy Minister of Finance.

8.14.13.2 An annual summary report should be provided to Management Board, and more frequently where breaches, material exceptions, or significant changes from the approved debt management plan arise. The report should identify any matters requiring Management Board direction or approval.

8.14.13.3 At least annually, public disclosure will be provided through the Main Estimates, fiscal outlook publications, Public Accounts, credit rating channels and other approved reporting channels, as appropriate. Disclosure should explain borrowing authorities used, outstanding debt, debt servicing costs, remaining headroom and material changes or variances from the annual borrowing plan.

8.14.14 Emergency provisions, exceptions and corrective actions

8.14.14.1 Emergency borrowing or policy exceptions may be permitted under extraordinary circumstances such as public safety, legal necessity, major economic disruption, or urgent environmental or infrastructure response.

8.14.14.2 Exceptions under this policy require Management Board approval and may require Cabinet approval.

8.14.14.3 Where a policy threshold may be exceeded or has been exceeded, a remediation plan will be prepared describing the reason for exceeding the threshold and a timeline for corrective action.