



Yukon

Budget Address

2019–20





Budget address 2019 - 2020

presented by

**PREMIER
SANDY SILVER**

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Introduction

Thank you, Mr. Speaker.

It is my pleasure to rise today to deliver our government's third budget—the Main Estimates for the 2019–20 fiscal year.

For our government, the development of this Budget has offered an opportunity for reflection—to look at the distance travelled since we embarked on this path a short time ago, evaluate the resources we have gathered and the conversations we have had with Yukoners, and take stock.

I am proud of the team we have and of the deep sense of service they each bring to their roles.

Each member of our team is deeply rooted in their community and takes to heart the duties they have undertaken.

We approached this Budget with a vision based on those values and with a responsibility to Yukoners now and for generations to come.

It is a strategic budget that supports the programs people value, invests in Yukon's future and sets a sustainable financial path forward.

This is a budget for Yukoners. It represents the needs of all industries and considers all communities.

We have embraced decisions not for the sake of political expediency—but rather with deep consideration and long-term focus.

Our thinking needs to extend decades into the future.

Anything less would be a disservice to Yukoners.

Our government's approach has been methodical.

We have examined, discussed and tested our ideas.

We have taken a whole of government approach—and engaged with our First Nations partners and municipal governments.

Most of all we have engaged with Yukoners.

We know good ideas come from all corners of the territory.

All of that without prejudging the outcome. Gather the facts, listen to the perspectives and opinions, measure the possible results—and then decide.

It is a simple formula, but it is one that takes time and takes patience.

We have also shown the willingness to deeply examine issues that have been left untouched in the past.

We have made much needed changes to our access to information and privacy legislation, rewritten antiquated laws, and made progress on modernizing our legislation and policies to make them non-discriminatory and inclusive of all Yukoners.

In other words, Mr. Speaker, our government is working to ensure our laws reflect a modern Yukon.

Some may suggest that it is risky to tackle difficult questions that others might have sidestepped.

To us, that is part of the mantle we have taken on: responsibility for issues that matter to Yukoners, including the ones that it would be much more convenient to ignore.

It is the simplest of approaches: do the job right. Lay a solid foundation and you can build something great.

It is with that spirit that we have built this Budget.

Sound fiscal management

Our government believes in sound financial management.

It believes in taking a long-term view.

Only in this way can we put the territory's finances on a sustainable path.

We are committed to budgets that accurately forecast our spending on an annual basis.

This Budget delivers on this commitment.

This year, the government's operating and maintenance expenses will be \$1.2 billion, an increase of 1.9 per cent over the 2018–19 forecast.

This is well below the 6.3 per cent average growth in the last 20 years.

Our spending on capital projects will be stable compared to last year, at \$288 million.

Again, this year, we are tabling with this Budget a Five-Year Capital Plan.

We introduced this innovation last year to be transparent with Yukoners about what capital projects are planned for the coming years.

Governments then have more time to plan projects that meet the needs of Yukoners across the territory.

The private sector has a better opportunity to plan their activities well in advance of our short construction season.

Good planning means we come up with reliable solutions for our northern environment and build infrastructure that works.

This year's capital plan has been refined to provide a more focused look at capital projects related to education, health and housing – all key priorities in this Budget.

Overall, our total estimated spending is \$1.5 billion, up slightly from \$1.48 billion forecasted for 2018–19.

Anticipated revenues total \$1.43 billion, which includes recoveries of expenses. That is an increase of \$65 million—or 5.5 per cent—over the forecast for the last year.

With the rise in the average household income in the territory, we are expecting a 4.5 per cent increase in revenue from personal income taxes compared to the 2018–19 forecast.

Overall, income tax revenues are expected to total \$89.8 million this year.

This year's Budget also shows the first accounting of the federal carbon levy.

All revenues will be rebated to Yukon households, businesses and municipal and First Nations governments—with the first rebates to individuals beginning in October.

Healthy economy

Mr. Speaker, as we have committed to do, our government is releasing a Fiscal and Economic Outlook with our budget.

It shows our economy is performing well.

Our labour market has been strong and continues to thrive.

Employment is high. We have experienced record low unemployment rates.

Wage earnings have increased, and levels of consumer spending have risen.

The outlook for Yukon's mining sector is positive.

We anticipate Victoria Gold Corp's Eagle Gold mine will go into production this fall.

Two other mining projects—BMC Minerals' Kudz Ze Kayah project south of Ross River and the Goldcorp's Coffee project in the Dawson region—are moving through the permitting process.

Mr. Speaker, Yukon is a safe and friendly place for the mining industry to do business.

To ensure effective promotion of the industry, we have committed to a new multi-year agreement with the Yukon Mining Alliance with increased funding, worth \$1.2 million over three years.

Yukon's tourism industry also continues to perform well.

2017 was a record year for the industry, and it is expected that 2018 will also prove to be another record year, with increases in overnight stays, air arrivals at the Erik Nielsen International Airport and international border crossings into Yukon.

Further increases are projected for the next three years.

The new Yukon Tourism Development Strategy developed through the efforts of hundreds of Yukoners across the territory has set a bold goal for the next 10 years—to double the revenues to Yukon businesses attributable to tourism from \$262.9 million in 2016 to \$525 million in 2028.

This year, our government is initiating work on a creative and cultural industries strategy.

These industries—involving our artists, actors, writers, film makers, musicians, dancers, fashion designers, crafters and others—are a distinct and important part of culture in Yukon and direct contributors to our economy.

A unified approach to supports for these industries presents the opportunity to make tangible and measurable strides in both economic and social development—in keeping with our commitment to build healthy, vibrant and sustainable communities.

The best time to focus on diversification is when the economy is strong.

That is why our government partnered in creating NorthLight Innovation, the first community innovation hub North of 60.

NorthLight supports our vision of an innovative and collaborative economy, where the exchange of ideas and expertise fosters individual success and collective strength.

Already this facility has become a significant accelerator for our digital economy.

We look forward to our economy remaining strong over the coming years, as the territory's existing industries expand and as we intensify efforts to diversify the economy.

Mr. Speaker, our territory is growing.

Its population recently surpassed 40,000.

People have been drawn to our territory for the quality of life, for jobs, for excellent access to services and for our amazing wilderness.

People are staying in our territory or returning home after their studies because of our strong economy and progressive lifestyle.

The strength of the partnerships we are building across the territory and Yukoners' collective resolve to bring about positive change all point to a promising future.

At the same time, we need to prepare for the added pressures of a growing population.

The trend shows continued growth in our territory, and we need to be equipped to meet the demands that a larger population will have on our systems and services.

We are working to meet this challenge with investments in key services for Yukoners.

Investing in affordable housing

Yukon has become one of the most desirable parts of the country—something that comes as no surprise to any of us.

Yukon is an amazing place to live.

At the same time, our growth has increased demand for residential lots and housing.

Most of us know a young couple who is looking to purchase their first home, or a professional who has moved here to pursue a new career opportunity and is hunting for somewhere to stay, or someone who needs a place to live but lacks the means.

Our government is working hard to address these needs.

We are intensifying efforts to make residential lots available.

\$19 million is allocated to develop lots in both Whitehorse and rural communities in each of the next five years.

In the coming year, we will release 240 lots in the Whistle Bend subdivision of Whitehorse, including 19 multi-family lots.

About 20 new lots will also be released in various communities across the territory, either through the development of small subdivisions or the release of single lots.

While the Yukon government has been the territory's main land developer for decades, our government wants to increase the private sector's role.

As an initial step, we will be releasing several parcels of land in Whitehorse to gauge the private sector's interest and capacity in developing lots for sale.

At the same time, we are continuing our work with First Nations and municipal governments to ensure land development takes account of their interests and priorities.

Partnerships with First Nations, municipalities and the private and not-for-profit sectors are fundamental to how we are addressing housing needs in the territory.

Last year, we launched the new Housing Initiatives Fund, designed to support innovative housing projects to meet local needs.

Ten projects are now underway as a result of the 2018 call for proposals.

They will create 110 new affordable units, increasing the housing supply in Whitehorse, Carcross, Pelly Crossing, Haines Junction, Teslin and Carmacks.

This year's Budget contains \$3.6 million for the Housing Initiatives Fund for the second year of this five-year program.

The call for proposals from First Nations governments and development corporations, developers, contractors, community organizations and the general public was issued in January.

This year's Budget also includes \$1.5 million to assist First Nations governments and development corporations in Yukon to build or retrofit existing housing in 2019–20.

This will bridge a gap between the National Housing Strategy and the completion of the national strategy on Indigenous housing that might otherwise have caused some projects to be put on hold.

We are also coordinating the distribution of the First Nations Energy Efficiency Program in Yukon.

It identifies anticipated funds from Environment Canada's Low Carbon Economy Fund towards assisting the construction or green retrofit of housing for First Nations.

We are providing \$4 million this year to the Challenge Disability Resource Group towards the construction of its Cornerstone Housing Project in Whitehorse.

The Cornerstone project will provide affordable and supportive housing for people with disabilities, people in need of affordable homes and those experiencing barriers to long-term housing options.

The 53-unit building will include 46 affordable one-bedroom units and seven affordable condo ownership units, as well as commercial space on the ground level.

This funding builds on the \$750,000 towards the purchase of land and the \$1.15 million towards the development of the project provided last year.

This year's Budget also contains \$300,000 in planning money for community housing in Old Crow and another \$300,000 to plan and design two new housing complexes, each with 24 units, which will be built at the corner of 4th and Jeckell in Whitehorse.

In addition, the Budget includes \$800,000 to complete the territory's first Housing First project and \$1.4 million to convert single-unit facilities owned by the Yukon Housing Corporation to duplexes.

These conversions allow for more efficient use of facilities the government already owns while increasing available housing throughout the territory.

Our government is pleased with the work done across the country to develop a national housing strategy, the first of its kind.

We are proud of the work that has been done to foster a stronger relationship with the Canada Mortgage and Housing Corporation.

We have signed a 10-year funding agreement that will create long-term stability for further housing projects in Yukon.

The national work on housing is allowing us the flexibility to design housing solutions that meet Yukon's specific needs.

We firmly believe that the best solutions are local solutions to local problems.

Investing in quality education

Mr. Speaker, ours is a territory rich in resources – and our most precious resource is our young people.

Throughout the territory, we have students who will one day become scientists, artists, engineers, skilled trades workers, leaders—or who will step into careers that have yet to be imagined.

The path they take will be the one that speaks to them, but it is up to us to help shine light on opportunities for their future.

The seeds of a successful life are planted by the investments we make in the education of young Yukoners.

The goal is simple—improve educational outcomes for our youth.

To do this, we are modernizing education—with new facilities, new curriculum and new post-secondary programming.

Our Five-Year Capital Plan includes several projects, including two new schools.

This spring, construction will begin on the new French First Language Secondary school in Whitehorse.

\$19 million has been set aside for the project in 2019–20, and we are eager to continue our collaboration with the Commission scolaire francophone du Yukon and the francophone community to help students thrive.

This year's Budget also includes \$1.6 million to begin planning a new school in Whistle Bend.

This new school facility will help address a growing student population and provide capacity for future school replacements in Whitehorse.

Through capital and maintenance planning, we are working with school communities to meet the needs of students now and into the future.

This includes managing and rearranging current learning spaces, renovating to create more modern learning spaces and making use of modular classrooms.

The Budget contains \$2 million over the next two years for the construction of portable classrooms.

In the communities, we are investing \$50,000 this year to continue our planning with the Kluane First Nation to relocate the Kluane Lake School from Destruction Bay to Burwash Landing.

This is something the community has been seeking for more than a hundred years.

In Ross River, we will spend \$1.4 million this year to continue stabilization work for the community school.

We know that our investments in education must go beyond bricks and mortar.

Just as important as where students learn, is how and what they learn.

Implementation of the new curriculum centred on students and reporting on outcomes continues—so that our students are equipped with the skills and knowledge they need for their careers and lives in Yukon and beyond.

We want an education system that reflects this place, weaving Yukon First Nations languages, culture, histories and knowledge into what and how students learn—in all grades and all subjects.

Through our Yukon First Nations Curriculum Working Group, we are collaborating with First Nations governments and Elders to make the curriculum more relevant for Yukon students.

Our government is also working with Yukon First Nations and communities to give rural students more opportunities.

These include more course options and trades training, improved bandwidth for digital learning, and local, hands-on learning experiences and credits for cultural experience.

For post-secondary students, our government is committed to ensuring they have more options closer to home.

We are continuing to work with Yukon College in its transition to Yukon University, supporting of our mutual goal of providing programming to meet the diverse needs of our communities.

This fall, we plan to introduce legislation to create Yukon University—the first university in northern Canada.

Investing in reliable health care

Health care is important to all of us.

It is vital to our government's commitment to a people-centred approach to wellness.

Investments in our health care system are key to healthy, vibrant and sustainable communities.

Operations and maintenance spending on health and social services is on the rise, growing by \$25 million, an increase of 6.2 per cent over the 2018–19 forecast.

This is by far the biggest expense in our budget.

With our growing population, the demand on our system is only going to increase.

We need to address this steady upward trend in costs and align it more closely with our ability to pay—while improving service delivery and outcomes.

This is why we are in the midst of a comprehensive review of health and social services programs, services and delivery, as suggested by the Yukon Financial Advisory Panel.

The purpose is simple: look at what we do, how we do it, and what steps we can take to offer Yukoners better access to health care services.

It is also about investing wisely and getting the best value for money.

The government has already identified several opportunities to achieve efficiencies through an internal review across the Department of Health and Social Services.

Some of these will be implemented in the coming year.

Although these process changes will not be visible to Yukoners, any improvements to efficiency will strengthen the services we provide.

Let me mention some examples –

- coordinating the procurement of drugs and other medical supplies more effectively across the Department of Health and Social Services
- modernizing payment options and models for client service, such as direct deposit for people who receive social assistance and pre-authorized debits for continuing care residents, and
- improving online service supports for Yukoners.

We also want to explore the opportunities that are available to us as a smaller jurisdiction to do things differently—to find ways to enable innovation in program and service delivery.

This spring, as part of the comprehensive review of health and social services, we will begin to engage Yukoners in a broad discussion of how to improve Yukon's health and social services.

We are confident that these conversations with Yukoners will yield new insights and opportunities that will strengthen our health and social services system.

One area that will be discussed is collaborative care.

The best care and support we can offer Yukoners comes from a system that is integrated. One that does not isolate each means of support from the other, but instead combines them—health, social and continuing care—as a comprehensive system that matches services to needs.

One of the keys to this is better communication between providers.

This is why in 2018–19 we provided \$1.2 million for the Yukon Hospital Corporation to upgrade to Meditech, a modern records system.

We are providing \$3 million in this Budget towards this three-year project.

It will allow collaboration between providers and enable authorized individuals to access patient records in a way that has never before been possible in Yukon.

This approach will benefit anyone seeking care, regardless of where they are or what they need.

It will also allow us to eventually offer a patient portal for clients to easily and securely access their health records online—giving Yukoners more insight into their own care.

This year's Budget also provides \$1 million for a larger secure medical unit at the Whitehorse General Hospital and \$750,000 to begin the work on replacing the Old Crow Health Centre.

Other major capital investments in health care this year include \$2.6 million in renovations at Copper Ridge Place and \$2.7 million to complete work on Whistle Bend Place, both in Whitehorse.

Investing in community infrastructure

Strategic investments in infrastructure build healthy, vibrant, sustainable communities.

Our government is working collaboratively with Yukon First Nations and municipalities to strengthen community infrastructure across the territory.

By engaging with us, these partners have been instrumental in identifying priorities.

This in turn has been crucial to our success in advancing projects for Yukoners.

Work is complete in many communities on replacing old water and sewer infrastructure and improving water and waste water treatment.

Further work will occur this year towards ensuring communities have the quality services needed for their residents.

Investments in community infrastructure also mean jobs, particularly in rural Yukon.

Consider the Nares River Bridge in Carcross, for example.

It was the first project begun under our new value-based procurement process—and included a requirement for First Nations participation and northern experience and knowledge.

The contract ensured benefits for the Carcross/Tagish First Nation.

These are factors that were not considered before and are now a permanent consideration in our procurements.

It is part of a larger objective to improve procurement that we committed to at the outset of our mandate.

The Government of Yukon is implementing a new procurement policy as part of a comprehensive overhaul of how it buys goods and services.

Our aim is to make it easier for businesses to access contracting opportunities while increasing consistency and allowing more flexibility in sourcing goods and services.

The new procurement policy revises the definition of a Yukon business, providing more clarity for local firms.

It adjusts timelines for tender forecasts, and allows for higher thresholds for competitive tendering and new exceptions that respond to trade agreements.

The changes will help the Yukon government optimize the impacts of its spending on the local economy and be in the best position to support opportunities for regional economic development across the territory.

This is a major undertaking—one that is long overdue.

Future projects, such as the paving of the runway at the Dawson City airport and improvements to the Mayo Aerodrome, will be undertaken under this improved framework.

So will the first phase of the Yukon Resource Gateway Project, which will begin this year with work on the Carmacks Bypass.

When planning infrastructure projects, our government wants to give contractors the best opportunity to take advantage of the construction season.

This year, we are issuing tenders worth \$58 million for seasonally dependent projects well in advance of when ground must be broken.

As infrastructure is built and maintained, we need to give greater consideration to the impacts of climate change.

We are integrating climate change risk assessments in government development projects and measuring how climate change can affect physical infrastructure.

Climate change also heightens the risks posed by wildland fire.

This Budget includes funding for initial work on a new air tanker base in Whitehorse, to ensure we are in a better position to respond to these risks.

Work is underway on developing a new strategy to address climate change, energy and green economy.

This strategy is aimed at making our communities more resilient, reducing greenhouse gas emissions while planning for Yukon's energy needs and economic future.

A new fund—worth \$50 million over 10 years—will be dedicated to renewable energy projects in Yukon.

This new Arctic Energy Fund will complement, and build on, the steps we have already taken on projects to make the territory less reliant on fossil fuels.

Conclusion

Mr. Speaker, I have outlined key areas of focus for this year's Budget.

Our government is listening to Yukoners—Yukoners who want affordable homes and reliable health and social services. Yukoners who want quality education to give their children the best future possible. Communities that want well-maintained roads and well-functioning infrastructure that meet the needs of their citizens.

This Budget responds to these needs and aspirations.

We have taken the time and effort required to map the terrain, make preparations, and chart our course.

You can see that confidence in this Budget.

There is no extravagance here, no adornment to distract.

Just a singular vision and purpose to deliver for Yukoners.

This is our north star.

None of this would have been possible if not for the hard work of all of the employees of the Government of Yukon.

To all of them, I say: thank you.

Everything I have discussed in this speech has been the result of their hard work—from the groundwork they have prepared for new initiatives to their commitment to long hours and unceasing diligence across every department.

Many staff have come forward with ideas for how things could be better in their departments and in our communities.

They have collaborated across departments to achieve great results.

The cannabis legislation, for example, required a number of departments to work together on a complex file with a tight deadline. The work completed is some of the best in the country.

When we work as one government, it results in valuable products, programs, and analysis that benefits all Yukoners.

The passion and dedication of our public service is matched by the passion and dedication of the people who call Yukon home.

Yukoners share an unwavering sense of community and a commitment to making this territory a better place.

I want to thank them for bringing their ideas, their perspectives and their approaches to discussions on how we can move forward together to realize the potential of this place.

Fellow Yukoners, together we are on the right path.

At times, it may be rougher underfoot or take longer to get to our destination than we might hope—and the winds of world economics can sometimes slow our stride.

But we can take the necessary steps with confidence because a methodical, steady pace and a clear-eyed plan will get us where we need to go: a prosperous territory that offers incredible opportunities and supports its residents.

Thank you, Mr. Speaker.

Merci.

Mahsi` cho.

Gunałchish.