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## Making room for growth

Over the last decade Yukon's population grew faster than any other Canadian jurisdiction (Chart 1). The number of people who call Yukon home exceeded 40,000 for the first time on record in 2018. People are drawn to the territory by an economy that is expected to be among Canada's growth leaders over the next several years.

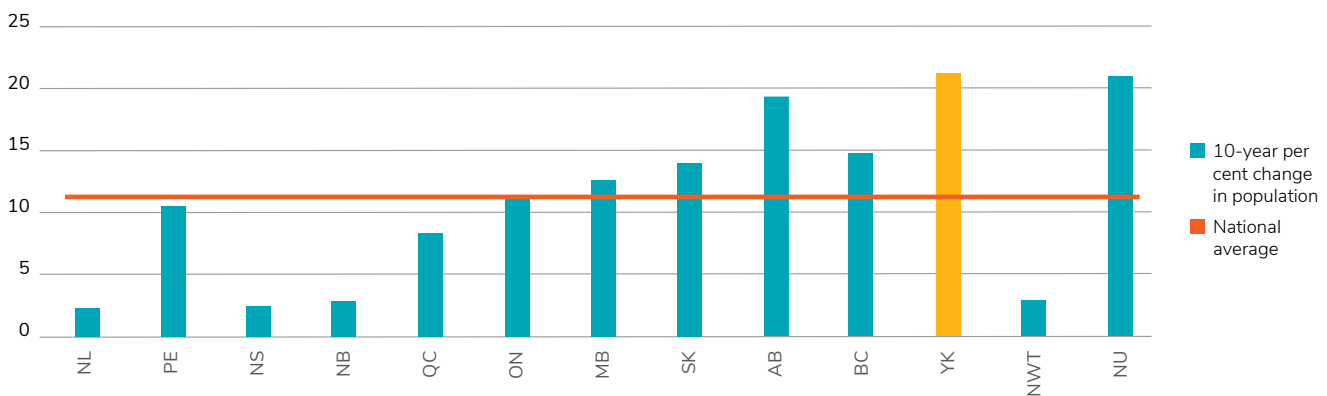
Economic growth has been broad-based, with most economic indicators showing strength. Yukon has the country's lowest unemployment rate and has seen a notable increase in labour earnings. The mining sector will be a key source of growth over the next several years. The Eagle Gold mine is set to begin operations this year and construction of the Coffee gold mine is expected soon after.

This strong economic environment presents an opportunity to reduce the economy's reliance on the public sector and give the private sector space to flourish. It presents an opportunity to continue along the path towards fiscal sustainability.

Work is ongoing to improve the efficiency and effectiveness of government service delivery. This is in addition to the comprehensive review of Health and Human Services by an independent panel of experts. Government will continue to seek opportunities to enable businesses, First Nations and municipal governments to provide more services and offer Yukoners more choices.

**Chart 1. Yukon's population boom**

10-year change in population by jurisdiction (per cent)



Source: Statistics Canada

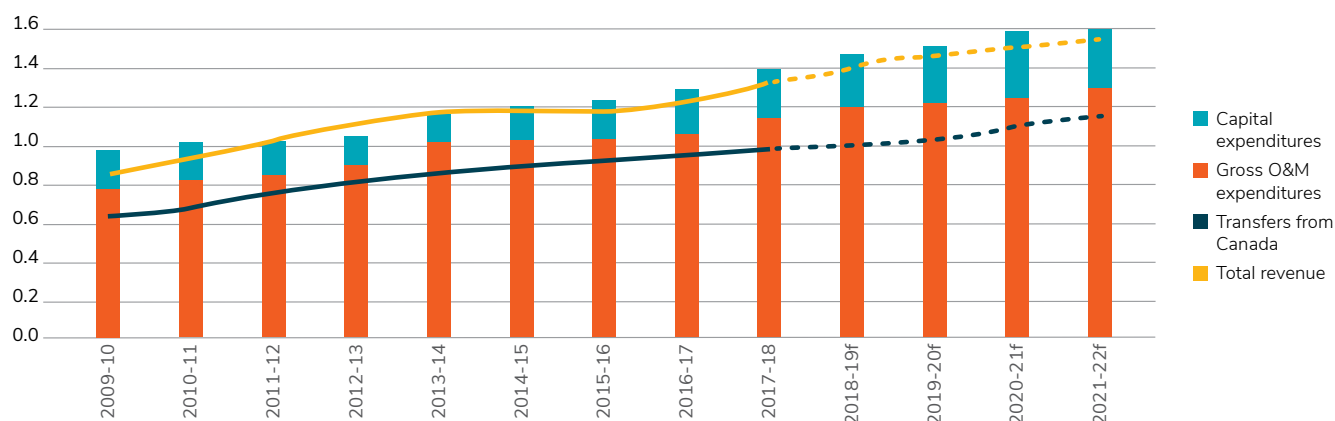
## Part 1: Yukon's finances

Strong demographic and economic growth is creating fiscal pressures. Spending is needed immediately to meet growing demand, but federal transfers take approximately five years to fully adjust. This is on top of the need to accommodate an aging population by investing in continuing care.

To meet the fiscal gap the government is expected to run a small deficit in 2019–20. A disciplined approach to capital planning and a focus on efficiency of government services will allow revenues to catch up with expenditures, resulting in a \$5 million surplus in 2020–21 and additional surpluses in future years.

## Chart 2. Modest spending growth lets revenues catch up

Yukon government fiscal indicators (\$billions)<sup>1</sup>



Source: Department of Finance

Table 1. Fiscal summary

\$thousands	2018-19 Main estimates	2018-19 Supplementary estimates #2	2019-20 Main estimates	2020-21 Plan	2021-22 Plan
Revenue	1,166.7	1,185.7	1,251.1	1,272.4	1,316.1
Expense	(1,305.3)	(1,326.2)	(1,325.3)	(1,348.5)	(1,389.6)
Accounting adjustments	134.1	133.4	68.3	81.1	77.2
Surplus/Deficit	(4.5)	(7.1)	(5.9)	5.0	3.7
<b>Other key metrics</b>					
Net Debt (End of Year)	21.0	11.2	57.9	72.8	90.0

### Operating expense

The government is committed to funding services to meet the needs of a growing and aging population while also holding the line on spending and finding efficiencies. Operating and maintenance (O&M) expenditures are projected to grow by 1.9% to \$1.2 billion in 2019–20. Average annual growth in O&M spending over the full three-year forecast is 2.4% well below average growth of 6.3% since 1999 (Chart 3).

To hit these targets, departments are continuing to review how services can be delivered more efficiently. Some examples to date include reducing duplication by centralizing some corporate services, cutting back on travel costs and modernizing communications services by reducing the number of fax and land lines. The aim is not merely to cut costs, but also to enhance services and get the most out of every dollar.

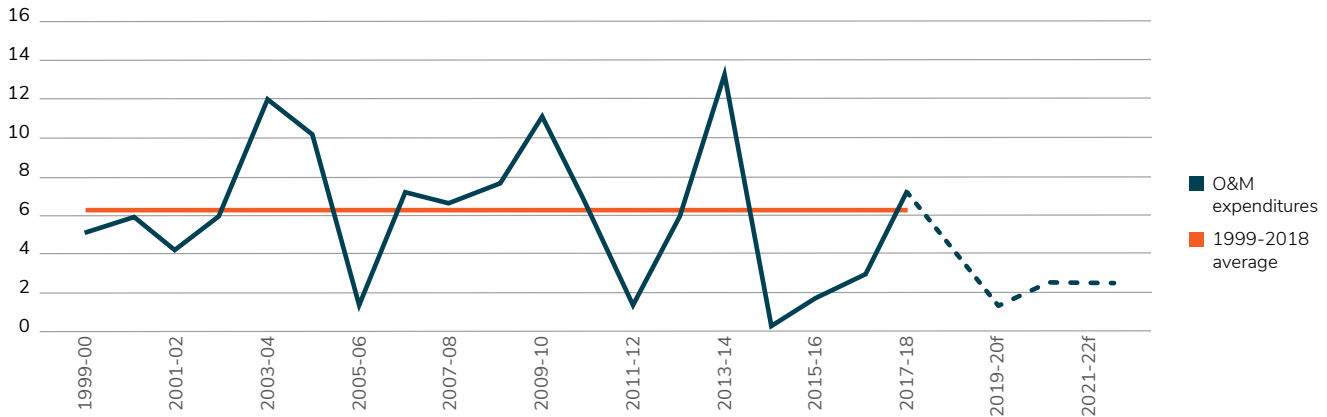
The government is currently undertaking a comprehensive review of health care to bend the health care cost curve while continuing to meet the needs of Yukoners. The government has begun to implement some of the ideas generated during an internal review in advance of broader public engagement. This includes the installation of the Meditech system at the Yukon Hospital Corporation that will modernize medical

1. Total revenue in Chart 2 includes capital and operating recoveries. This differs from the presentation in Table 1, where recoveries are netted out of expense, and the revenues shown are transfers, taxes and other revenues not including recoveries.

records management with plans to eventually implement this across the rest of the health care system. An independent expert panel will shortly begin additional public engagement and seek input from stakeholders.

### Chart 3. Growth in O&M spending expected to be below average

Change in Government of Yukon O&M spending (per cent)



Source: Department of Finance

### Capital plan

The 2019–20 Five-Year Capital Plan builds on the process that was introduced in the 2018-19 budget cycle. The Capital Plan helps provide certainty to Yukoners and helps to optimize the planning and timing of procurement. Budget 2019 outlays an average of just over \$300 million annually for capital projects.

This year the presentation of the Five-Year Capital Plan is focused on six capital categories, which provide a more transparent picture of how investments are impacting the quality of life in Yukon.

- \$383 million over five years for **land development, social development, education and health**, which includes a new school in Whitehorse, expansion of the operating room at the Whitehorse General Hospital, new residential lots and affordable housing.
- \$277 million over five years for **community and First Nations infrastructure**. This includes clean water infrastructure, new fire halls, the Carmacks arena and the Whitehorse air tanker base.
- \$149 million over five years for **real property and asset management**, including annual funding for design, maintenance, renovation and development of government buildings, such as the Heritage Resources and Administration Facility. This also includes spending on operational equipment and emergency response vehicles.
- \$428 million over five years for **transportation infrastructure** including safety improvements to the Alaska Highway, bridge replacements, airport development and the Yukon Resource Gateway project.
- \$127 million over five years for **energy** projects that include efficiency upgrades to government and First Nations' buildings that take advantage of federal funding for green initiatives and expand renewable energy options in Yukon.

- \$155 million over five years for **information technology** including funding for the Dempster Highway Fibre Line, which will improve internet reliability.

**Table 2. Five-Year Capital Plan gross expenditures by category**

\$millions	2019-20	2020-21	2021-22	2022-23	2023-24
Land development, social development, education and health	80.8	79.7	73.5	81.5	67.6
Community and First Nations infrastructure	53.0	50.7	58.0	59.1	55.7
Real property and asset management	28.2	29.5	24.0	23.5	43.7
Transportation infrastructure	92.1	83.7	84.5	80.1	87.9
Energy	13.9	31.7	34.9	30.1	16.8
Information technology	20.0	55.9	46.0	15.0	17.7
<b>Totals</b>	<b>288.0</b>	<b>331.2</b>	<b>321.1</b>	<b>289.4</b>	<b>289.4</b>

### The carbon pricing rebate program

Starting on July 1, 2019, the federal carbon levy will be applied to fuels purchased in Yukon. Carbon dioxide emissions will initially be taxed at a rate of \$20 per tonne. This rate will increase on April 1 of each year until it reaches \$50 per tonne in April 2022. What this means for the price of fuel is summarized in Table 3 along with other aspects of the program.

The intent of carbon pricing is to make pollution more expensive, not to raise revenues for government. Yukon's Carbon Pricing Rebate program makes this point explicit by returning all carbon levy revenues back to individuals, businesses and First Nations and municipal governments.

- **Individuals** will receive quarterly rebates starting in October 2019. Those in remote communities receive a 10% supplement starting in July 2020 to offset higher energy needs.
- **Yukon businesses** will receive their rebate as a refundable income tax credit based on a weighting of assets that consume fossil fuels or displace the consumption of fossil fuels.
- **Placer miners and quartz mines** emitting fewer than 6,000 tonnes of carbon dioxide will receive a full rebate on all fuel purchases.
- **First Nations and municipal governments** will be paid on a fiscal year basis, with payments made at year end. These rebates will be developed following further discussions.

**Table 3. Summary of carbon levy and rebates**

Rates for carbon levy		2019-20	2020-21	2021-22	2022-23
Carbon dioxide	\$/tonne	20.00	30.00	40.00	50.00
Gasoline	¢/litre	4.42	6.63	8.84	11.05
Diesel	¢/litre	5.37	8.05	10.73	13.41
Propane	¢/litre	3.10	4.64	6.19	7.74
Levy/Rebate by group (\$millions)		2019-20	2020-21	2021-22	2022-23
Households	Levy paid	3.40	4.16	5.68	7.19
	Rebate	3.51	6.43	8.77	11.11
Businesses (non-mining)	Levy paid	1.61	3.22	4.29	5.37
	Rebate	1.93	3.85	5.14	6.42
Placer and quartz mining	Levy paid	2.05	4.10	5.47	6.84
	Rebate	2.05	4.10	5.47	6.84
First Nations governments	Levy paid	0.04	0.08	0.10	0.13
	Rebate	0.08	0.16	0.21	0.26
Municipal governments	Levy paid	0.20	0.39	0.52	0.65
	Rebate	0.23	0.47	0.62	0.78
Total levy paid by rebated entities		7.30	11.95	16.06	20.18
Total rebates		7.80	15.01	20.21	25.41
Rebate for individuals (\$ per person)		2019-20	2020-21	2021-22	2022-23
Levy paid by the average person		84.00	103.00	140.00	177.00
Rebate to individuals		86.00	156.00	212.00	268.00
Remote supplement		-	15.60	21.20	26.80

## Revenue

Yukoners enjoy one of the most favourable tax regimes in the country with no territorial sales or payroll taxes, no health care fees and the lowest fuel taxes of any jurisdiction. Yukon tax filers pay less in personal income taxes as a share of income than in most other provinces or territories. As of 2017, the corporate tax regime is among the most competitive in Canada.

Total government revenue is forecast to be \$1.251 billion in 2019–20, an increase of 5.5% or \$65.5 million from 2018–19. Growth in revenues is expected to average 2.6% over the subsequent two fiscal years rising to \$1.316 billion by 2021–22.

This growth is mostly coming from an increase in federal transfers, which account for 85% of revenues. Federal transfers are projected to grow by 5.3% in 2019–20 to \$1.058 billion before rising to \$1.122 billion in 2021–22.

A strong labour market and rising household income are expected to boost personal income tax revenue in 2019–20 by 4.5% to \$74.9 million. Total income tax revenue remains basically flat at \$89.8 million as

corporate income taxes return to more normal levels after an exceptionally strong year in 2018-19. Strong economic growth and the opening of two new gold mines are expected to lift income tax revenue to \$95.7 million in 2021–22.

Government revenues will get a boost from land sales related to the release of residential lots at Whistle Bend. Revenues from sale of land increase by just over \$9 million to \$28.0 million in 2019–20. These revenues reimburse government for the cost of developing the lots.

**Table 4. Revenue by type**

\$millions	2018-19 Main estimates	2018-19 Supplementary estimates #2	2019-20 Main estimates	2020-21 Plan	2021-22 Plan
Income taxes	86.0	90.6	89.8	92.4	95.7
Property tax	5.0	5.0	5.9	5.6	6.2
Fuel oil tax	7.9	8.8	9.1	9.4	9.6
Tobacco and alcohol taxes	17.1	18.3	18.2	16.9	18.0
Other taxes	2.4	3.0	3.2	3.2	3.4
Other revenue	43.1	51.6	66.5	54.0	60.9
<b>Total own source revenue</b>	<b>161.5</b>	<b>177.3</b>	<b>192.7</b>	<b>181.5</b>	<b>193.8</b>
Federal transfers	1,005.1	1,008.3	1,058.4	1,090.9	1,122.2
<b>Total revenue</b>	<b>1,166.6</b>	<b>1,185.6</b>	<b>1,251.1</b>	<b>1,272.4</b>	<b>1,316.0</b>

## Part 2: Economic overview

### Yukon’s economy is one of the hottest in Canada

Yukon’s economy is in the midst of a robust expansion. Strength has been broad based, with a number of economic indicators showing improvement including employment, incomes, population and retail sales. Real GDP is estimated to have grown by 2.6% in 2018 and is projected to grow by 3.3% in 2019. Further growth is expected through to 2023, the last year of the forecast.

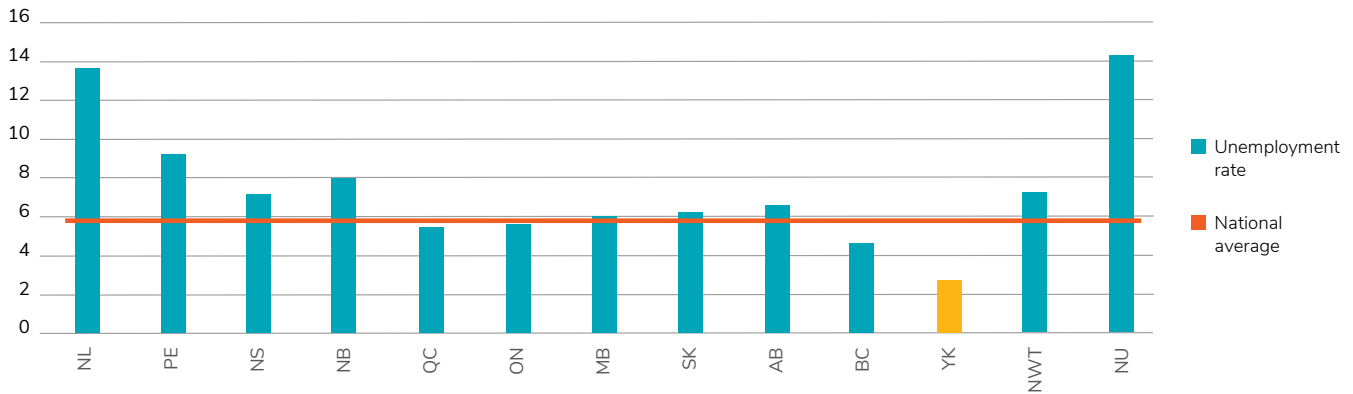
A strong economy can present its own challenges. At 2.7%, Yukon had the lowest unemployment rate among Canadian jurisdictions in 2018 (Chart 4). Employers have found it increasingly difficult to fill job openings, with the number of vacant jobs exceeding the number of unemployed. This increased competition for labour is leading to rising wages and creating cost pressures in other sectors.

This is particularly evident in the housing market. The strong labour market has drawn newcomers to the territory, which along with rising incomes has boosted demand for housing. House prices have risen, rental space has been hard to find and rents have increased.

Elevated pressures in the economy are expected to dissipate gradually over the forecast. Rising wages and labour force growth should bring the labour market back into balance. Residential investment increased substantially in 2018 and should be supported going forward by planned government expenditures on housing and lot development.

### Chart 4. Yukon had the tightest labour market in 2018

2018 unemployment rate by Canadian jurisdiction



Source: Statistics Canada

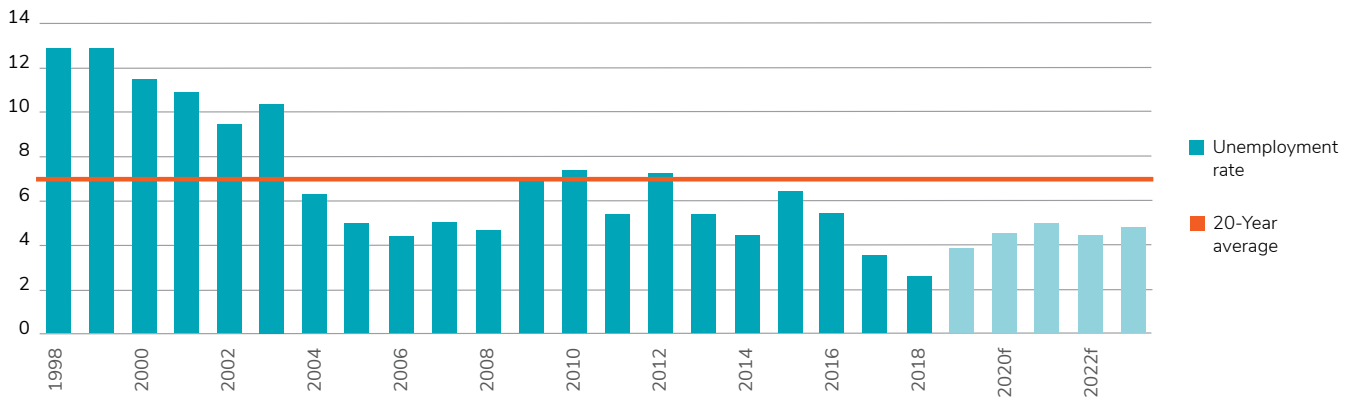
### Tight labour market conditions

After enjoying one of the strongest labour markets in Canada in recent years, the medium-term outlook is for further gains in employment, but some upward movement in Yukon’s unemployment rate. Development and operation of two new mines, continued high levels of residential construction as well as further service sector expansion will fuel demand for labour. Employment is expected to grow by 2.5% in 2019 followed by more modest growth of about 1.0% thereafter.

As employment growth moderates, the unemployment rate is expected to rise, but remain below 5% over 2019 to 2023 (Chart 5). Some of this unwinding has already occurred with the unemployment rate moving up from 2.3% in July 2018 to a still-low 3.6% this January.

### Chart 5. Unemployment rate to move back towards more sustainable levels

Unemployment rate (per cent)



Source: Statistics Canada, Department of Finance

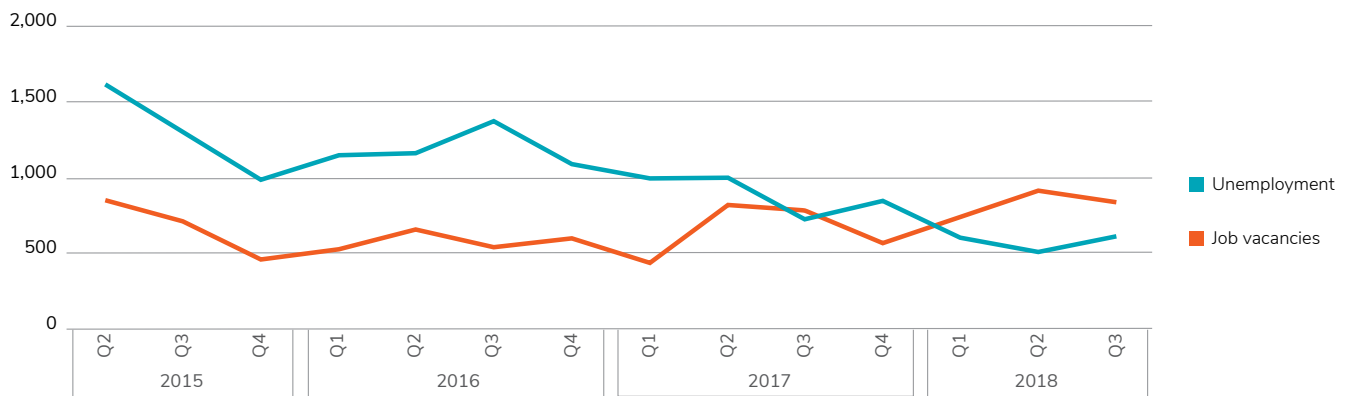


## Increased competition for workers is lifting wages

As the number of people looking for work has fallen, the number of employers looking for workers has increased. Job vacancies shot up over the summer with between 850 and 900 unfilled jobs in the second and third quarter of 2018. The number of job openings exceeded the number of people looking for work by almost half, with 600 people estimated to have been unemployed during that span (Chart 6). It is unlikely that employers can fill that gap by drawing Yukoners into the labour force. Yukon's labour force participation rate, the share of the population either working or looking for work, is already the highest in the country by a comfortable margin (Chart 7). Attracting workers from out of territory is also more difficult than usual as BC, from which Yukon draws around half its non-resident workers, was the only jurisdiction in Canada with a higher job vacancy rate than Yukon.

**Chart 6. Job vacancies exceeded the number of unemployed**

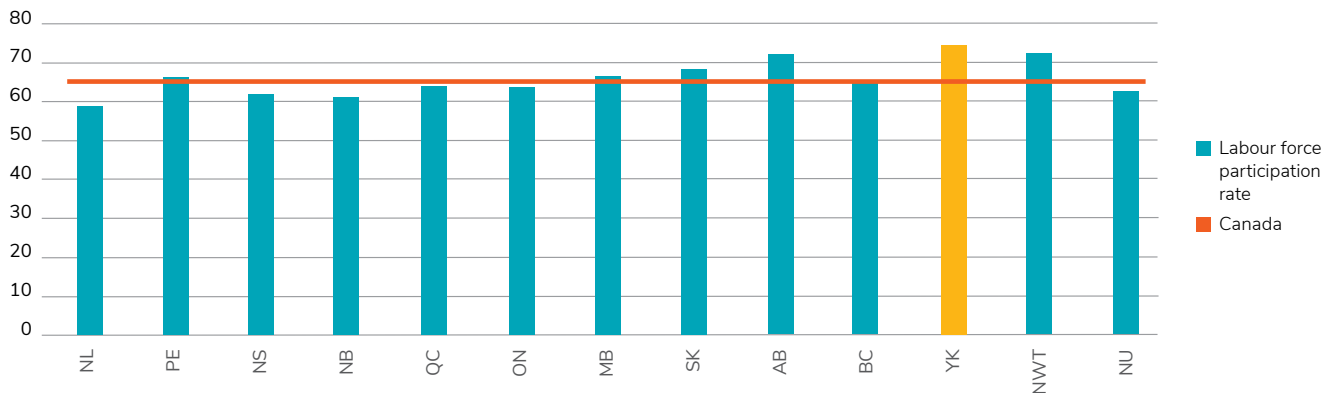
Unemployment and job vacancies



Source: Statistics Canada

**Chart 7. Yukon has the highest labour force participation in the country**

2018 labour force participation rate by jurisdiction (per cent)



Source: Statistics Canada

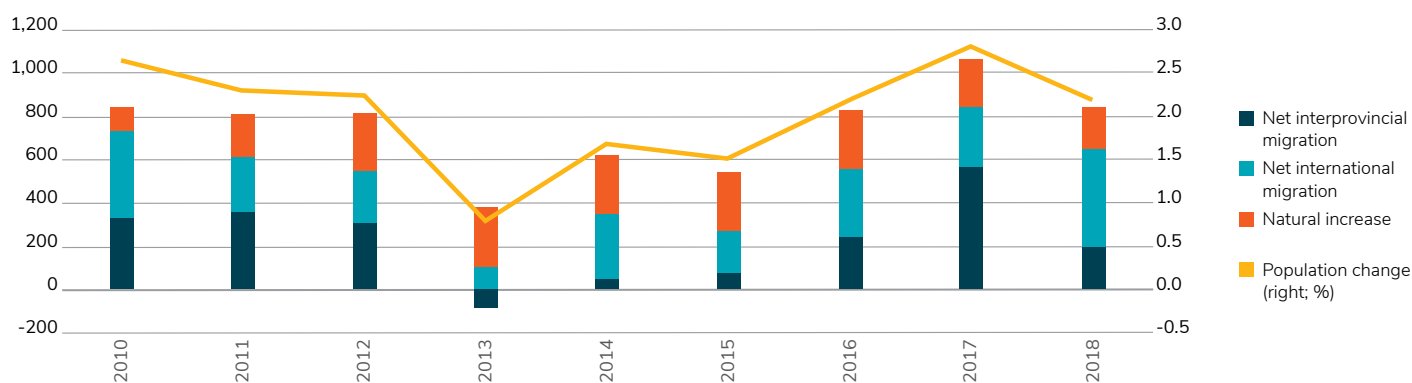
With demand for workers outstripping supply, labour earnings are increasing. As of November workers in Yukon earned just under \$1,140 per week, 6% more than a year earlier. Average weekly earnings in Yukon trail only the Northwest Territories, Nunavut and Alberta. Wages should see sustained pressure over the next few years which will bolster household income. Disposable income growth is expected to be 4.3% in 2018 and average 4.7% over 2019-2023.

### Further population gains expected over the medium-term

Yukon continues to see high levels of population growth. Yukon's population grew by 2.1% in 2018, the second-highest growth rate among Canadian jurisdictions and the third consecutive year in which growth exceeded 2%. Net international migration of 429 was the largest component of population growth in 2018 (Chart 8) and surpassed 2010 for the highest on record. Yukon also saw net inflows of interprovincial migrants for the fifth consecutive year. Population growth is expected to slow modestly to 1.7% in 2019 and beyond as net-international migration moderates from record levels. Yukon's population is projected to surpass 44,000 by 2023.

**Chart 8. Net immigration boosting Yukon's population**

Population change by source



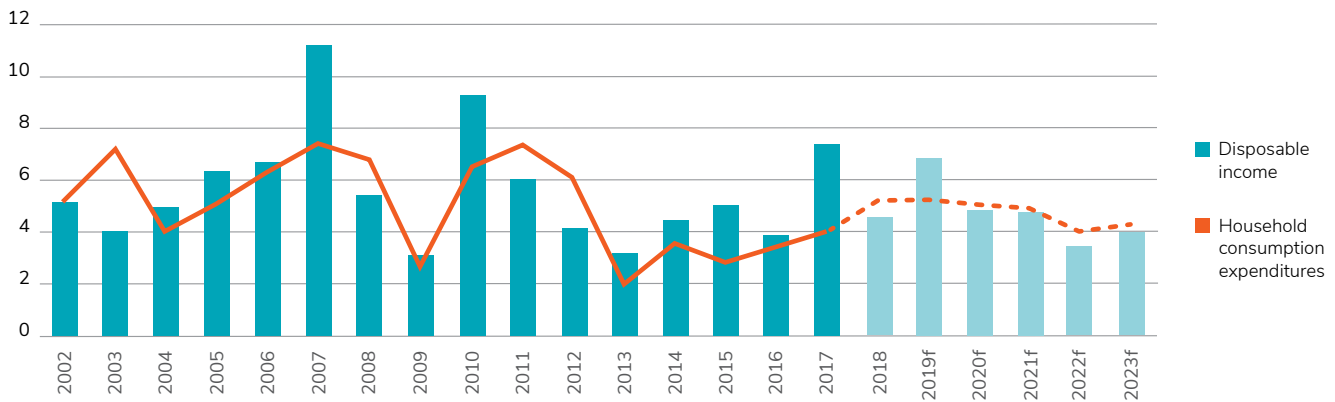
Source: Statistics Canada

### Rising incomes spur consumer spending

Higher incomes, along with more people residing and working in Yukon, has translated into higher levels of consumer spending (Chart 9). Household consumption is estimated to have grown by 5.4% in 2018. This would be the strongest growth in consumer expenditures since 2012 (6.1%). Notable growth is expected throughout the remainder of the forecast, averaging almost 5% annually from 2019 to 2023.

## Chart 9. Yukon's rising incomes continue to boost consumer spending

Annual per cent change in select indicators



Source: Statistics Canada; Department of Finance

Some of the growth in spending in 2018 was due to higher prices. Consumer price inflation in Whitehorse was the highest since 2011 at 2.4%. Consumer prices were pushed up by higher gasoline prices in the middle of the year. With oil prices falling sharply to end the year, this effect is expected to reverse in 2019 with inflation falling to 2.0%. Over the medium term consumer prices are expected to rise in line with national inflation of about 2%.

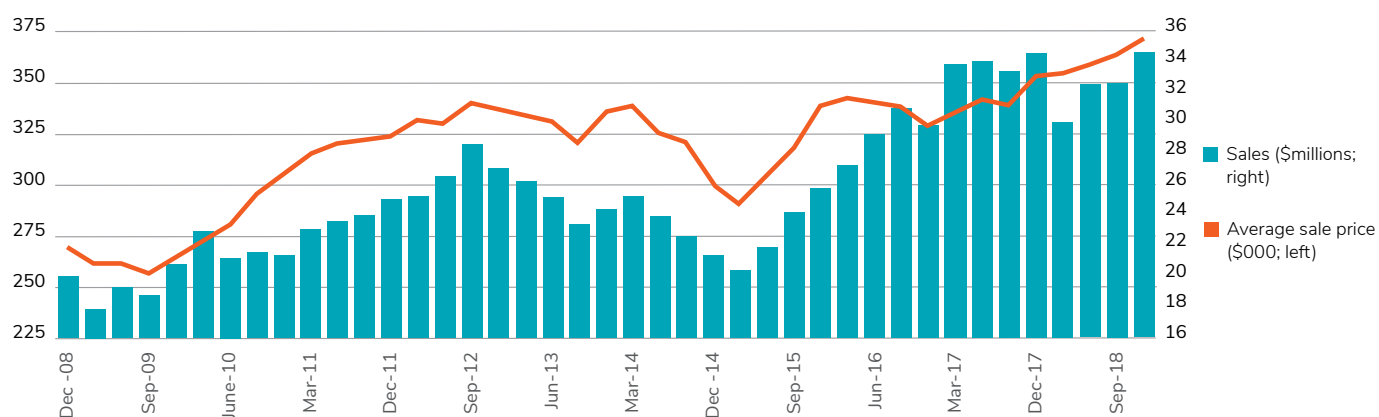
### Population and employment gains are prominent drivers of housing market performance

A positive outlook for the labour market and further population expansion are expected to support continued strength in Yukon's housing market. This will be slightly moderated by a gradual rise in interest rates. The Bank of Canada raised interest rates by 0.25 percentage points three times in 2018. Additional rate hikes are expected in 2019, but the Bank is expected to proceed cautiously given the decline in oil prices since October and ongoing uncertainty around global trade policy.

Elevated and growing values of real estate transactions are indicative of the high demand for housing in recent years. The value of real estate transactions was up almost 13% in the first three quarters of 2018. Whitehorse sale prices in 2018 were particularly strong. The sale price of a single-detached house in Whitehorse averaged a record \$474,000 over the first three quarters of the year, up almost 8% from the same period of 2017. Supply is expected to expand with the release of another 240 lots in the Whistle Bend sub-division, but prices should remain elevated as demand from a growing population keeps pace with supply.

## Chart 10. Housing market showed strength in 2018

Yukon housing market indicators (4-quarter moving average)



Source: Canadian Real Estate Association

Population growth continues to support high demand for rental accommodations, particularly in Whitehorse, as reflected in a prolonged period of low vacancy rates. For buildings with three or more rental units, the Whitehorse vacancy rate has not exceeded 4% since 2014 and was estimated at 3.1% in October. For rental units in all types of buildings the vacancy rate in October was reported at a very low 2.4%. Continued population growth and a strong labour market are expected to maintain downward pressure on vacancy rates.

## Mining outlook

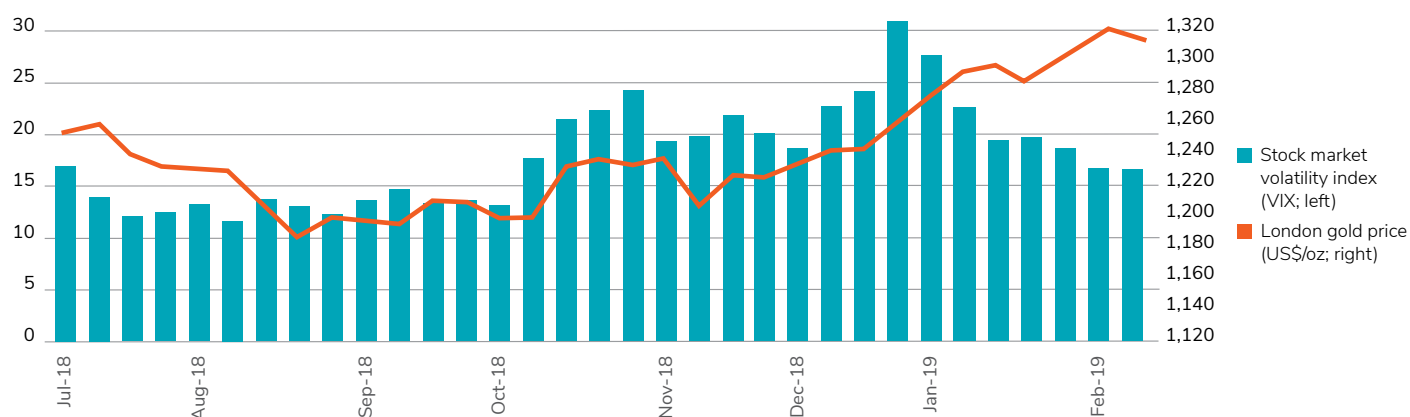
### Global trade uncertainty causes metals prices to diverge

The broad-based global economic expansion weakened in the second half of 2018, largely due to trade tensions between the US and China. This caused turmoil in global financial markets, with market volatility spiking in December. Commodity prices were also hit, with substantial declines in the price of oil as well as basic industrial metals such as copper, zinc and aluminum. Copper prices closed out 2018 at US\$2.70/lb, down from the recent high of US\$3.30/lb in June. Despite the uncertainty, the global economy remains on solid footing and copper prices are expected to remain near current levels of US\$3.00/lb in the medium term.

Market volatility has boosted gold prices, since gold is considered a safe haven in times of uncertainty (Chart 11). Gold Prices increased from under US\$1,200/toz in early October to over US\$1,300/toz more recently. The countercyclical behaviour helps to insulate Yukon from global downturns. While ongoing uncertainty may continue to elevate gold prices, the current outlook is for generally stable prices over the medium term.

## Chart 11. Stock market volatility has boosted gold prices

Financial market indicators



Source: Chicago Board Options Exchange; ICE Benchmark Administration Limited (IBA)

### Mining outlook remains positive despite Minto suspension

Financial market turmoil may have boosted gold prices, but it was also a contributing factor to the temporary suspension of operations at the Minto mine late last year. The suspension came after the sale of the mine by Capstone Mining Corp to Pembridge Resources fell through. Pembridge<sup>2</sup> noted that unfavourable equity market conditions had made it harder to secure financing. With the transition to care and maintenance only about a dozen employees will be on site, down from 200 during operation.<sup>3</sup> While there is potential for Minto to resume operations, a resumption is not included in the current forecast.

Even with the suspended operations at Minto, 2018 was generally positive for Yukon's mining sector because of exploration and development activities. Exploration spending<sup>4</sup> in Yukon is estimated to have increased 10.3% in 2018 to over \$186 million. This was the highest since 2012 and accounted for 8% of national spending.

Mine development activities figure prominently in the medium-term outlook. Development of Victoria Gold Corp's Eagle Gold mine is well underway with the proponent indicating that nearly \$300 million has been spent, with \$150 million worth of contracts going to Yukon companies.<sup>5</sup> Victoria Gold had a work force of 420 in October, with 275 of these employees from Yukon.<sup>6</sup> Victoria Gold is targeting first production in September 2019<sup>7</sup>.

Goldcorp's Coffee project continues to progress through the regulatory process and construction could begin as early as 2019, with first production in the second half of 2021.<sup>8</sup> Adding uncertainty to project development is the January 14 announcement that Newmont Mining Corp. is merging with Goldcorp in a deal that would create the world's largest gold company. If approved by shareholders and regulators, the newly formed Newmont GoldCorp would look to sell US\$1.0-\$1.5 billion in assets. How this potential merger may impact development of the Coffee project should become clearer in the coming months.

2. News release: Minto Acquisition Update. (October 11, 2018). [Pembridge Resources plc](#).

3. Twenty-four of 119 Capstone workers laid off today. (October 11, 2018). [Whitehorse Star](#).

4. Natural Resources Canada. Survey of Mineral Exploration, Deposit Appraisal and Mine Complex Development.

5. Yukon mine a year away from pouring 1<sup>st</sup> gold bar. (October 1, 2018). [CBC News](#)

6. Yukon mine a year away from pouring 1<sup>st</sup> gold bar. (October 1, 2018). [CBC News](#)

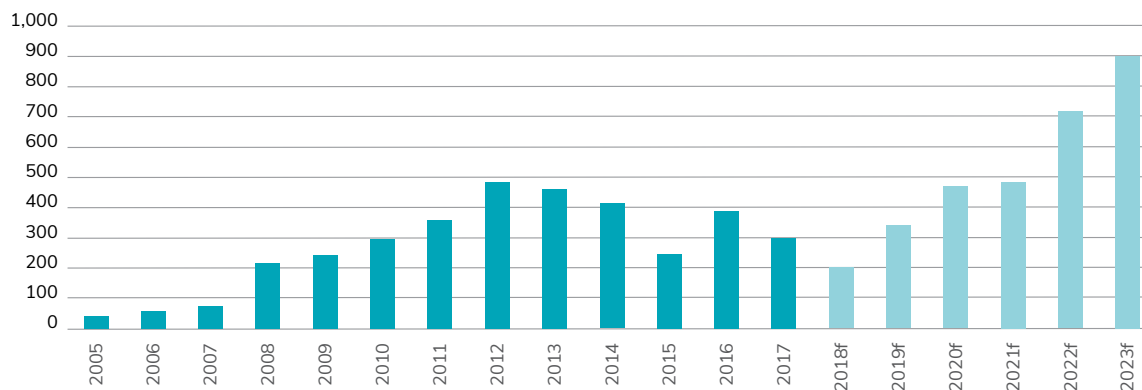
7. Construction at huge Yukon gold mine reaches milestone. (January 3, 2019). [Daily Commercial News](#)

8. Corporate Presentation: Corporate Update. (November 2018). [GoldCorp Inc.](#)

Placer gold production of 72,000 crude ounces is expected in 2018, below the 2017 production of 74,400 crude ounces, but still the second-highest level reported since 2004. Placer gold continues to be a notable contributor to the annual value of mineral production. When combined with production from Eagle Gold and Coffee, the value of mineral production is expected to climb from an estimated \$200 million in 2018 to about \$900 million by 2023 (Chart 12).

### Chart 12. New mines to boost mineral production

Value of mineral production (\$millions)



Source: Natural Resources Canada, Department of Finance

## Other sectors

### Positive outlook for the tourism sector

Yukon’s tourism sector continues to mature with local operators now offering world class travel experiences on a year-round basis. Yukon’s tourism sector has performed well in recent years and appears well-positioned for further expansion.

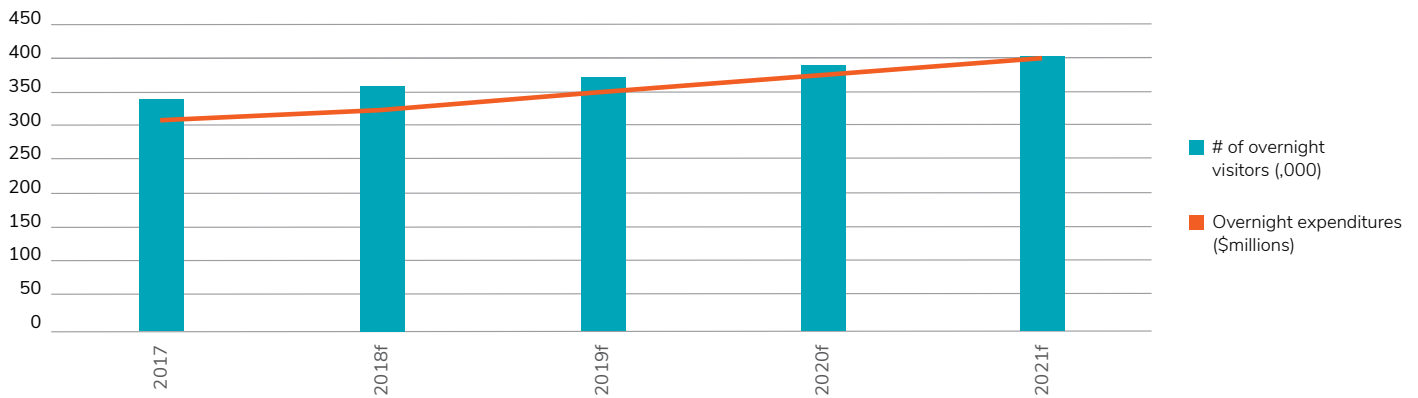
The number of overnight visitors to Yukon grew 4.6% to 355,000 in 2018<sup>9</sup>. Additional gains are expected in each of the following three years, with average growth of 4% bringing visitation to 400,000 by 2021. Following growth of 6.1% to \$324 million in 2018, expenditures associated with overnight visitors are also expected to increase. The current forecast has overnight expenditures exceeding \$400 million by 2021, almost 24% higher than the 2018 estimate (Chart 13).

A key consideration for the tourism sector outlook is the performance of the Canadian dollar, as a lower dollar makes Canadian vacations more affordable for foreigners. The Canadian dollar has been trading around US\$0.75/C\$ so far in 2019. This is down from a high of over eighty cents last February. Ongoing uncertainty over US/Canada trade policy and falling commodity prices to end 2018 weighed on the dollar. The outlook is for the Canadian dollar to remain near current levels of just over US\$0.75/C\$.

9. Spring 2018 Travel Markets Outlook. [Canadian Tourism Research Institute](#).

### Chart 13. Overnight visitation and spending expected to grow

Number of overnight visitors and spending



Source: Canadian Tourism Research Institute

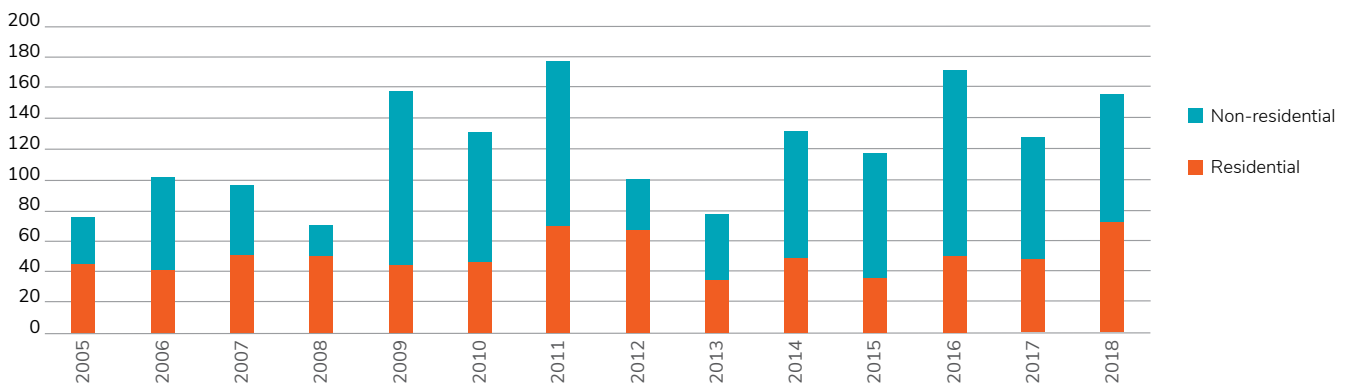
### Residential activity to support construction industry

Construction activity is expected to remain in full swing to keep pace with demands for residential and non-residential construction from both the private and public sectors.

A tight housing market has caused residential investment to swell. There were over \$72 million worth of residential building permits pulled in 2018, up almost 52% from 2017 (Chart 14). In 2018 investment in residential building construction amounted to \$188 million, up 29% from 2017. Growth in residential investment is expected to continue over the forecast as developers work to keep pace with demand.

### Chart 14. Strong contributions from the residential side

Value of building permits (\$millions)



Source: Department of Finance

Public sector investment has long been a prominent contributor to local construction activities and this will continue going forward. Budget 2019 includes capital spending of almost \$290 million in 2019–20, up slightly from 2018-19. Capital spending is projected to remain stable, averaging about \$300 million annually to 2023–24. Some of the notable projects include a redundant fibre line along the Dempster Highway, the construction of a school in Whistle Bend, and replacement of the Old Crow Health Centre.

Capital spending by the City of Whitehorse is also contributing to the local economy. Construction of the \$40 million municipal operations building is expected to be completed by summer 2019.<sup>10</sup> Replacement of the downtown fire hall is a key infrastructure priority, with an estimated \$3.3 million allocated for the project in 2019.

### **There are capacity constraints and cost pressures in the construction sector**

A strong local economy and tight labour market have contributed to some skill shortages, rising wages and higher construction costs. With demand for construction expected to remain elevated, building contractors will be able to command a higher price, leading to increased construction costs. Higher margins can be expected to filter through to higher wages as contractors compete for skilled trades. According to the Yukon Bureau of Statistics there were 238 job vacancies for trades, transport and equipment operators last summer, amounting to 20% of all job vacancies.

In addition to local cost pressures, 2018 saw a substantial increase in the cost of construction materials. In particular, the price of basic steel materials increased by upwards of 20% due to counter tariffs enacted in response to US tariffs on Canadian steel and aluminum. These pressures will be somewhat mitigated in 2019 as fuel and lumber prices have declined substantially since October 2018.

## **Conclusion**

Yukon's economy is well-positioned to build on recent momentum. The development of two new mines, as well as further growth in population are key highlights of the economic outlook. To support Yukon's economic future, this government is focused on efforts that foster positive relationships, create certainty and support investment. Ongoing efforts to improve the quality of services delivered to residents and utilize system efficiencies can contribute to improved quality of life for not only the Yukoners of today, but also those of tomorrow.

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10. City of Whitehorse embarks on long-awaited operations building. (October 12, 2018). [Daily Commercial News](#).



**Table 5. Key economic indicators**

	2017	2018	2019f	2020f	2021f	2022f	2023f
<b>Real Gross Domestic Product</b>							
Annual per cent change	2.9	2.6(f)	3.3	2.4	4.0	1.4	3.6
<b>Population</b>							
Population (persons)	39,667	40,483	41,200	41,900	42,600	43,300	44,100
Annual per cent change	2.8	2.1	1.7	1.7	1.8	1.6	1.7
<b>Labour market</b>							
Labour force	22,000	21,900	22,700	23,200	23,400	23,500	23,700
Employment	21,200	21,300	21,800	22,100	22,300	22,500	22,500
Unemployment rate	3.6	2.7	3.9	4.7	4.9	4.4	4.8
<b>Consumers</b>							
Inflation (per cent)	1.7	2.4	2.0	2.1	2.1	2.0	2.0
Retail Sales (\$millions)	800	840(f)	890	930	975	1,010	1,050
<b>Commodity Prices</b>							
Gold (\$US/toz)	1,258	1,269	1,293	1,300	1,300	1,300	1,300
Silver (\$US/toz)	17.07	15.71	16.25	16.50	16.50	16.50	16.50
Copper (\$US/pound)	2.80	2.96	3.02	3.04	3.04	3.04	3.04
Zinc (\$US/pound)	1.31	1.33	1.28	1.23	1.23	1.23	1.23
Oil (\$US/barrel)	50.91	64.82	59.79	64.74	73.51	74.79	77.37
Natural Gas (\$US/MMBTU)	2.96	3.16	3.08	3.13	3.37	3.45	3.60
<b>Key Rates</b>							
Three month T-bill rate	0.70	1.40	2.10	2.40	2.70	3.00	3.00
Canada/US exchange rate	0.77	0.77	0.78	0.78	0.78	0.78	0.78
<b>Mining</b>							
Mineral production (\$millions)	301	\$200(f)	340	470	490	725	905

f = forecast;

Source: Real GDP, Population, Labour Market and Consumers are from Statistics Canada. Exchange Rates and Interest Rates are from the Bank of Canada. Commodity prices are from the World Bank.

Forecast is based on data available as of February 5, 2019. Population forecast is done by the Yukon Bureau of Statistics all others are from the Department of Economic Research.