



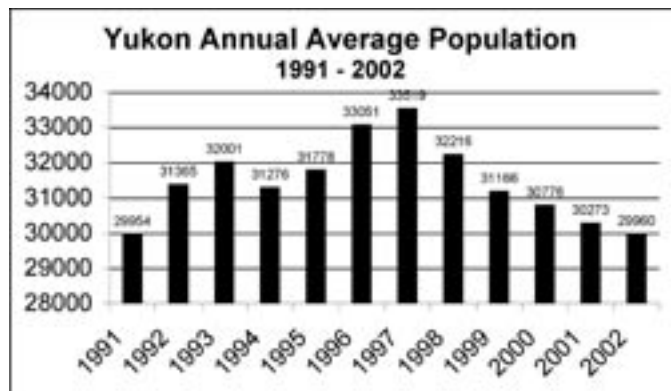
## Appendix 1

### Yukon Economic Indicators

#### Population

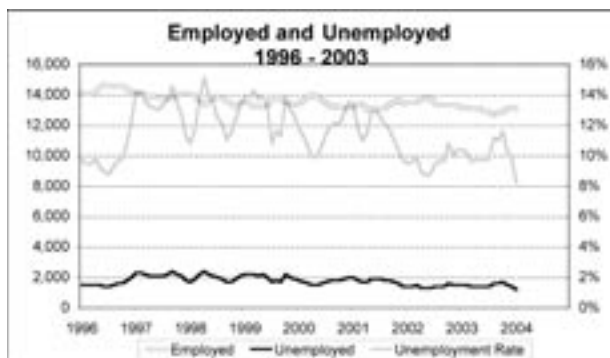
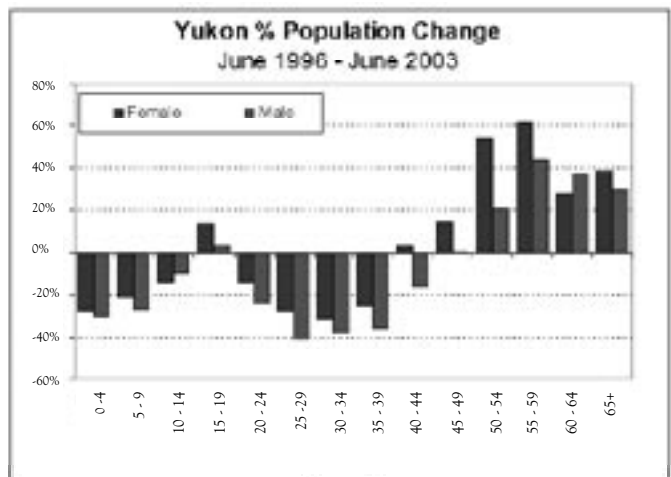
The Yukon's population has decreased by about 10% since 1997 while the Canadian population has increased by around 5% over the same period.

Population losses have been concentrated in Yukoners aged 50 or under, which have declined by 20% since 1996. The number of Yukoners over 50 has increased by 30% in the same period. The population losses have also been concentrated in males at a ratio of around 2:1.



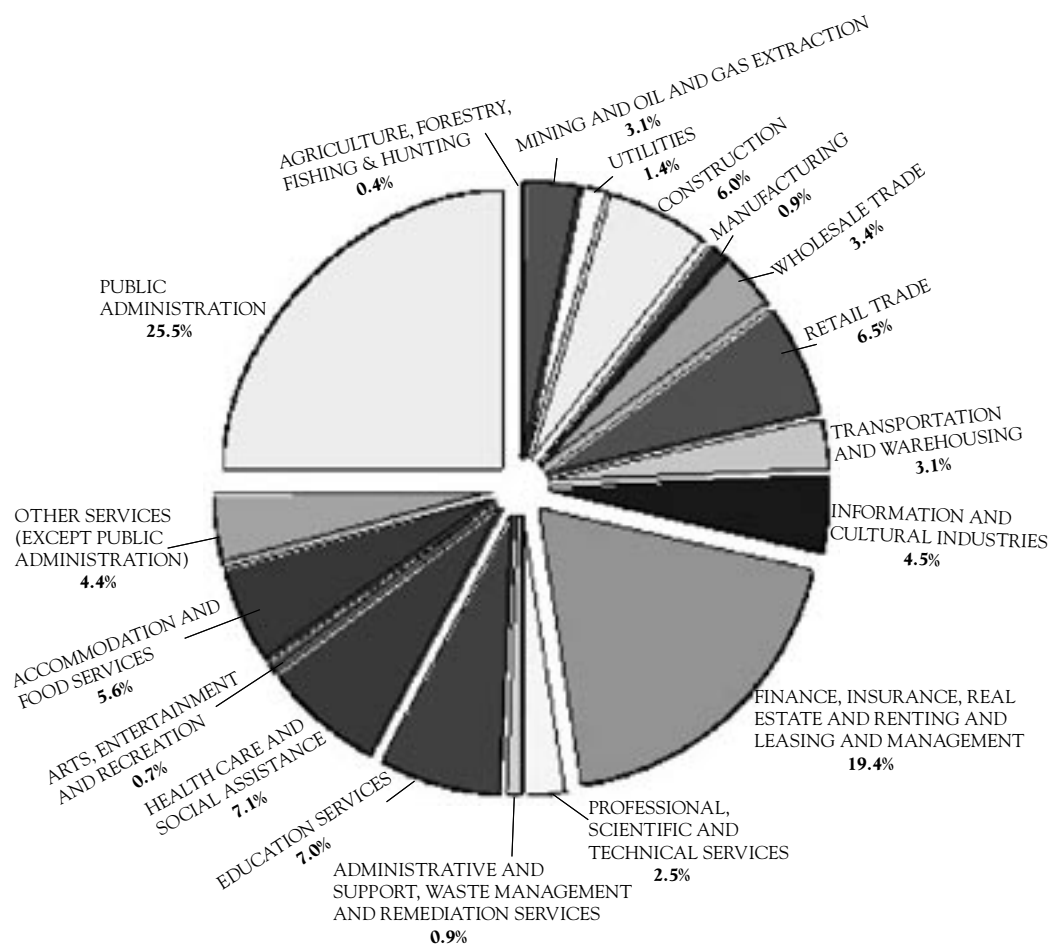
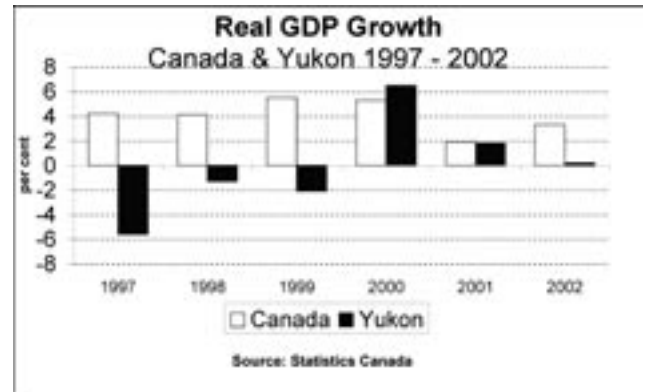
#### Employment

The Yukon economy has shed 1,900 jobs since June of 1996. The bulk of these job losses have occurred in the mining sector while minor job growth as been experienced in the information, culture and recreation; accommodation and food, and management and administration categories. The job losses have also been concentrated almost entirely men.



## Economic Output

Economic growth rates in the Yukon are historically volatile, and have often been “first or worst” amongst Canadian jurisdictions. Following the Faro mine closure, GDP fell from 1997 to 1999 and has grown modestly since then. Yukon’s GDP growth has lagged the national growth rate in five of the last six years.

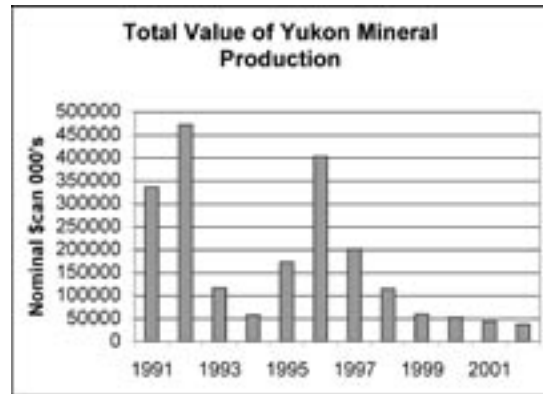


Economic output in 2002 was dominated by the public administration sector at 25.5% of GDP. Education services along with health care and social assistance, composed mainly of government activities, contributed a further 7.0% and 7.1% respectively. The public sector directly contributes over 35% of Yukon’s output with a significant, but un-quantified, indirect contribution as well.

# Yukon Economic Sectors

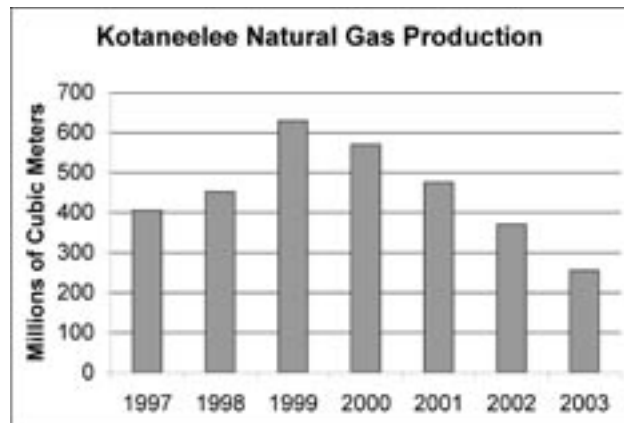
## Mining

The value of Yukon mineral production has fallen significantly since the Faro and Brewery Creek mine closures. Placer gold production now accounts for virtually all mineral output in the territory. Looking forward to 2004, there is an increased sense of optimism in the industry for higher levels of exploration and the potential of development, particularly for gems.



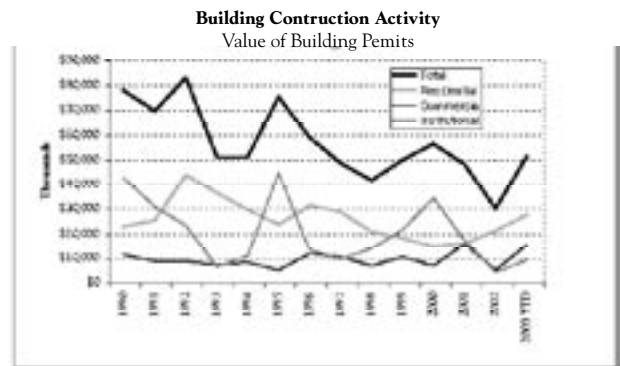
## Oil and Gas

Yukon's oil and gas sector remains small but has a large potential to contribute, especially if the Alaska Highway Pipeline is developed. The Kotaneelee field in SE Yukon remains Yukon's sole producer, with two wells producing 370 million m<sup>3</sup>. The project now has a declining production profile, after being ranked among the most productive wells in Canada. New exploration, investment and development are required to achieve the potential of this sector.



## Construction

Yukon's construction sector is highly variable and contributes around 8.5% of GDP. The low interest rate environment of the last few years has boosted commercial and housing development. Planned Canada Games construction activity will provide benefits over the next few years and the Yukon will receive over \$44 million in federal government infrastructure funding over the next 3 years.



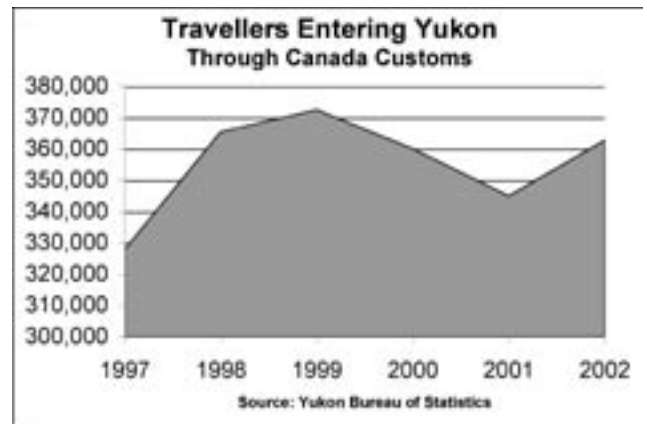
## Retail and Wholesale Trade

Increased consumer spending, together with business investment and government spending, has kept the Yukon economy growing. Greater retail capacity and favorable exchange rates have positioned Whitehorse as a regional supply center for parts of south-east Alaska, northern BC and the Yukon. Retail sales have increased in the Yukon for 11 straight years.



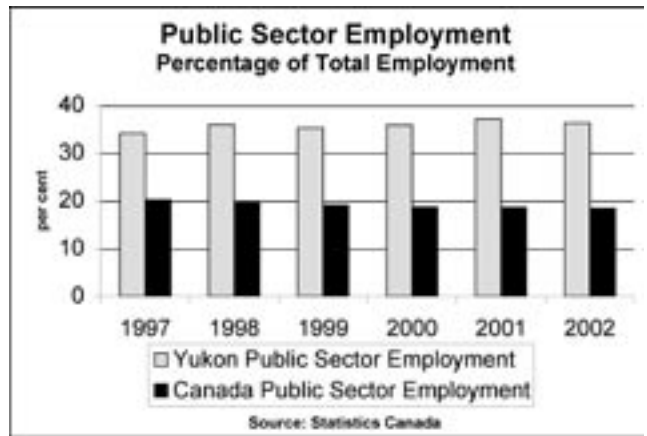
## Tourism

Yukon's tourism sector contributes around 5% to GDP and generates 8% of employment in the Yukon. The contribution of tourism to GDP in the Yukon is the highest among all Canadian jurisdictions. Tourism accounts for the bulk of Yukon's exports at around \$100 million annually. Tourism has potential for growth in maximizing value-added and spending of visitors, increased linkages with other sectors and in promoting niche areas.



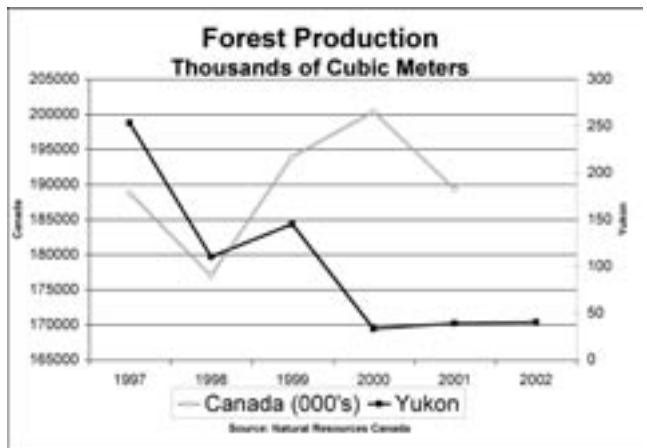
## Government

Government spending directly contributes over 35 per cent to GDP while one in three Yukon workers is directly employed by government. Government's role in the economy has increased as other sectors have declined, and conversely, government's role will diminish as the economy grows. Around 80 per cent of YTG revenues are from federal transfers, as the Yukon government depends on federal transfers and is vulnerable to changes in federal funding.



## Forest Sector

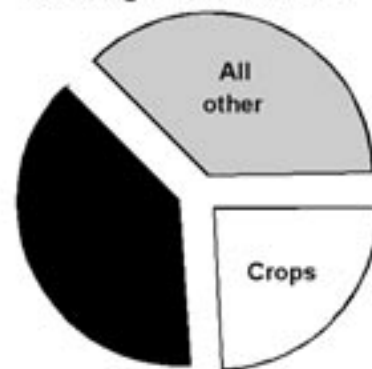
The Yukon's forest sector has been impacted by regulatory uncertainties, a lack of secure forest tenures, the Canada/U.S. softwood dispute and low commodity prices in recent years. Forest production has declined by 84 per cent since 1997 as the closure of the two major milling operations affected production. Growth in the forest sector will be aided by development of sound policy, regulations and tenure systems as well as improvements in commodity prices and market conditions.



## Agriculture

Yukon's agriculture sector is small, but continues to grow and diversify. There are currently 160 farms operating in the Yukon with annual sales of \$4.2 million. Over 70% of farms are located within 100 kilometers of Whitehorse. Greenhousing and poultry farming are the largest sectors while vegetable and meat production are increasing. There is an estimated \$50 million of capital in the agriculture sector, 80% in land and buildings. Growth potential in agriculture comes from competing with imported food to the Yukon market.

Yukon Agricultural Land Use



## Cultural Industries

Cultural industries represent one of the fastest growing job-producers in the Yukon, which, together with the information and recreation industries, employs around 1,000 people. Cultural industries includes film and video production, sound recording, new media production, publishing, visual arts and crafts. There has been significant growth in sound recording and local publishing in recent years as the Yukon now hosts six recording studios and two major book publishers. Yukon cultural industries have proven to be competitive globally and have strong growth potential.

## Information Technologies

Yukon's IT sector is small but has great growth potential. The Yukon has a highly connected population with over 53% of homes having internet connections and all but two Yukon communities having access to high speed internet. The IT sector has proven successful in developing products to serve the local market and has the potential increase exports. The sector needs further broadband access to keep up with demand and to develop outside markets.

## Major Yukon Economic Opportunities

Despite the recent poor economic performance, there are several strategic projects that have the potential to drive economic growth in the long-term. These include:

### 1. The Alaska Highway Natural Gas Pipeline

Despite recent delays, the Alaska Highway Pipeline Project remains a significant Yukon opportunity. The long-term inability to meet forecast demand for natural gas in the U.S. will keep industry attention focused on the vast reserves located in Prudhoe Bay. The project is significant at a national and local level:

Benefits for Canada<sup>1</sup>:

- \$13.6 billion construction cost.
- 100,000 – 375,000 person years of employment.
- \$26 to \$31 billion contribution to GDP.

Benefits for Yukon:

- 30% increase in GDP
- 32,000 – 50,000 person years of employment.



- FN benefits with jobs and royalties.

<sup>1</sup> All benefits estimated by Informetrica: The Alaska Highway Project: Economic Effects on the Yukon and Canada.

## 2. Canada-Alaska Railway Project

The rail link between Alaska and the British Columbia would provide a major piece of strategic infrastructure to the Yukon. A rail link would favorably improve the economics of mining, oil and gas, tourism and a host of other sectors.

The U.S. is proposing a joint commission to study the feasibility of the project and has offered \$6 million (U.S.) in funding to undertake feasibility work. Former transport Minister David Collette did not formally accept the U.S. offer however, the position of the new Transport Minister, Tony Valeri, is not yet known.

The project has estimated capital cost \$1.5 to 2.3 billion (U.S.) although detailed cost estimates have not yet been prepared.

## 3. 2007 Canada Games

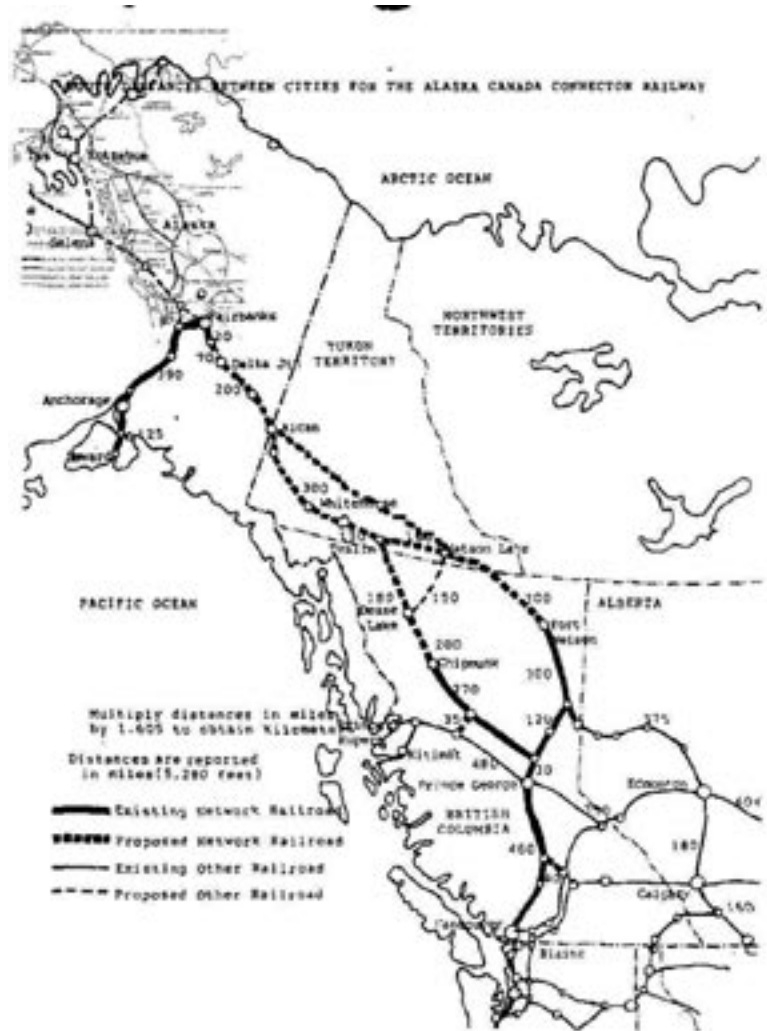
The 2007 Canada Games, hosted by the City of Whitehorse, provide a tangible near-term economic opportunity. Early estimates predict that the games are expected to generate 500 or more person years of employment and increase GDP by around 2 per cent. Construction spending is expected to provide another 400 person years of employment in the lead-up to the games.

In early 2004, the host society will be working to further define the benefits and opportunities possible through hosting the games. The goal of this exercise to ensure that the economic benefits of hosting the Canada Games generate opportunities for Yukon businesses.

## 4. Land Claims and Devolution

The Yukon economy has been transformed in the last year with the continued progress on Land Claims settlements and the devolution of resource management authorities from Canada to the Yukon.

In 2003, 12 of 14 Yukon First Nations have signed or initialled their final agreements and many are now implementing. First Nations are becoming major investors in the Yukon economy and are using their land, resources and governance authority to create



economic opportunities. Major projects to date include the Vuntut Development Corporations partnership in Air North, the Yukon Inn partnership, the Lyn Building purchase and other others. New projects, such as the Carcross Tagish First Nation's Four Mountains Resort and the Kwanlin Dun waterfront development project are in the planning stage. Other projects are likely to materialize in the next few years that present opportunities for First Nations and for all Yukoners.

Devolution puts the control of Yukon resources in the hands of Yukon people. The federal resource management regimes that were inherited through the transfer have been criticized for being inflexible and unresponsive to the needs of Yukon business. The long-term impact is that future changes in policies, legislation and regulations will be made by the Yukon to meet the concerns of all Yukon residents.