

A New Direction: Building a Sustainable And Competitive Yukon Economy

Summary Document

January 30, 2004

Introduction

The Yukon has abundant resources, talented and resilient people and a high quality of life. With these attributes, we have the wherewithal to grow our economy. We have sufficient competitive advantages in the Territory to build a strong, sustainable economy that is grounded in private-sector initiative.

The Yukon economy needs a new direction, one that enables the territory to achieve its potential. Our goal is to develop a sustainable, competitive Yukon economy that is capable of sound performance over the long term. To achieve this goal, we need to develop the Yukon's sustainable competitive advantages and focus on building an economy that can successfully compete at regional, national and international levels.

The purpose of this paper is to build the Yukon Economic Direction and outline some of the strategic initiatives that the Department of Economic Development will pursue to build a sustainable and competitive economy.



**Building a Sustainable and
Competitive Yukon Economy**

The Yukon Economic Situation

The Yukon has a small, open economy that competes globally. The Yukon's current economic environment is described below:

- The global economic picture is improving, with economic recovery underway in the United States and strong growth continuing in China and other Asian economies. Global events, such as the on-going incidence of terrorist activities, the Iraq invasion and the spread of SARS, have added uncertainties but generally, the global economic situation is improving.
- Nationally, Canadian economic growth has been tempered by SARS, mad-cow disease, trade issues with the U.S. and a rising Canadian dollar. Despite this, the Canadian economy remains resilient and is expected to carry its strong performance into 2004.
- Regionally, the Yukon is surrounded by jurisdictions that are generally enjoying strong economic growth, driven largely by resource sectors. Alaska, the Northwest Territories, Saskatchewan and Alberta have all posted strong economic performance lately. British Columbia has been impacted by the Canada U.S. softwood lumber impasse and a series of fires and floods that have impeded economic growth.
- The Yukon economy has generally underperformed both the national and regional economies over the last several years. Population and employment declines, sluggish growth in output and a decline in resource production are the key indicators. Worldwide, the three major drivers of change are technology, the changing role of government in business, and globalization. Within this context, both governments and business are players in a more competitive environment.

input, views and suggestions on the direction the department should take to build the economy. This work has been guided by and reviewed with a key stakeholders group, comprised of 13 representatives from organizations representing business, industry, community and labour.

Important Messages

Through our numerous meetings, the private sector has told us that we need to:

- Focus on the big picture rather than the details of economic development;
- Get our regulatory house in order and develop a positive business climate;
- Attract outside investment;
- Get beyond protectionist and risk-averse attitudes, and develop our people to compete in world markets;
- Orient government activities towards instead of away from development;
- Market aggressively our products, services, industries, businesses, and Territory;
- Position the department of Economic Development to be an effective proponent for economic development within and outside of government.



The Process

The department has met with approximately 100 representatives from 18 organizations to gather their

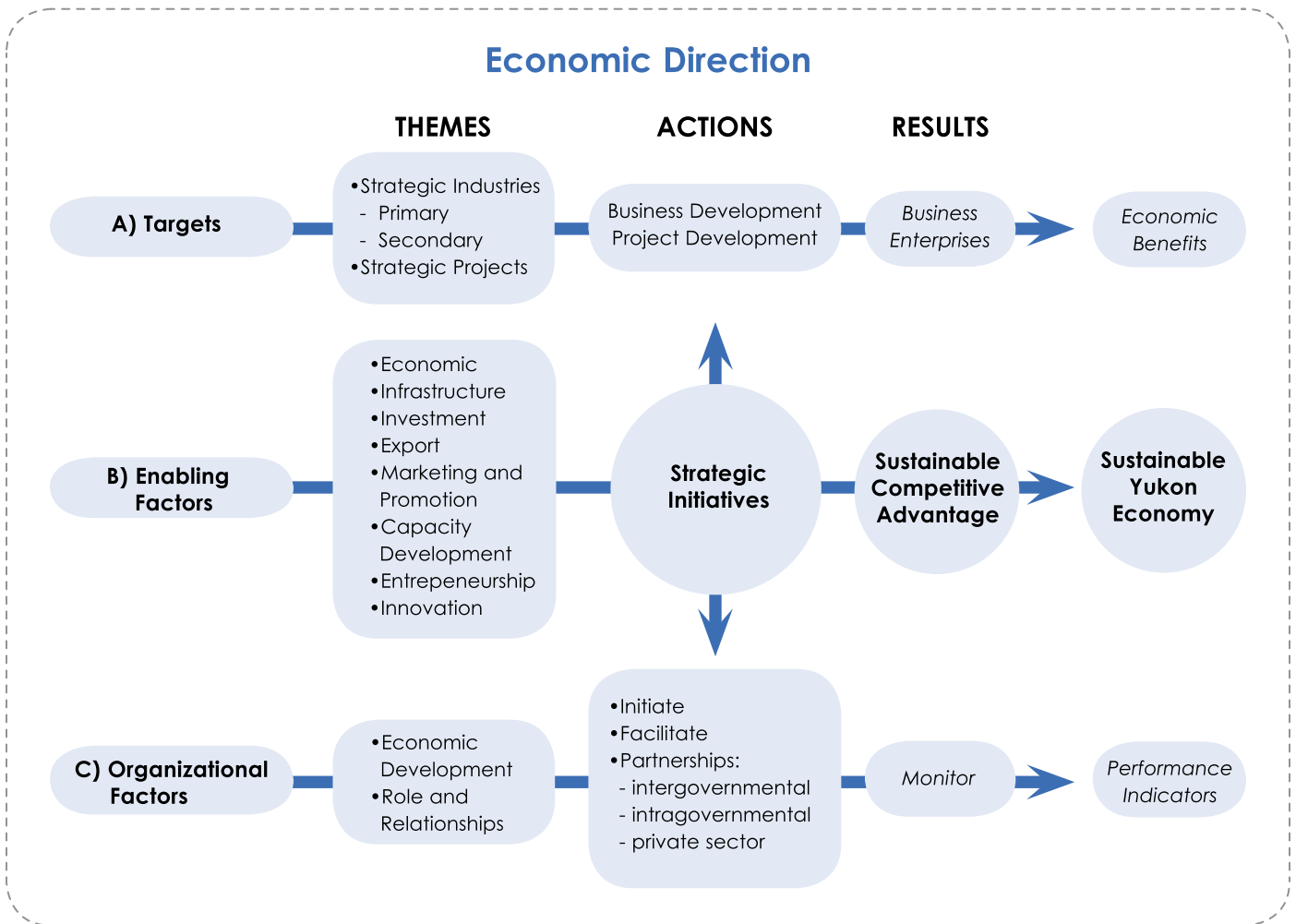
Consultation Themes

The department has heard a large number of constructive inputs. Through a detailed review of these inputs, a number of common themes have emerged. These are summarized below.

Theme Areas	Description
Strategic Industries	The government needs to focus its work on the industries that offer the greatest potential to create economic growth. These industries can be either primary (export oriented) or secondary (flowing from primary activity).
Strategic Projects	Strategic projects have the potential for long-term, sustainable economic impacts and generally enhance the Yukon's competitive position. The department will participate in these projects as the lead Yukon Government agency and as a facilitator to development.
Economic Infrastructure	Economic infrastructure includes establishing a positive business climate and regulatory regime in the Yukon as well as enhancing the physical assets that enable economic development.
Investment	Investment and Yukon opportunities need to be linked – the department should play a role in making this linkage.
Export	Developing new regional, national and international markets for Yukon goods and services is key to generating economic growth.
Marketing and Promotion	Marketing the Yukon as an attractive place to invest and do business is seen as a core function of the department
Capacity Development	Building the capacity of individuals, businesses, organizations, First Nations and institutions to participate more effectively in the economy is seen as an important function.
Entrepreneurship	The department needs to foster entrepreneurship as a basic set of skills and abilities that enable economic development.
Innovation	Innovation growth is key to developing a competitive advantage – it is about doing things more effectively or efficiently. The department should foster innovation and be innovative in its own approach to economic development.
Economic Development Roles and Relationships	Economic Development needs to establish its role as a leader and advocate for economic development and build solid working relationships to be effective. This applies equally to internal (with the Yukon government) and external relations.

The Framework for an Economic Direction

To develop an economic direction, the themes that emerged from consultation were used as a foundation to build a framework. This involves turning what we heard into where we will focus. As this process evolves, the department will address more specifically what we will do. The framework is depicted below.



The themes are split into three broad categories:

- A) *Targets*, which are the main focus of the department’s activities.
- B) *Enabling Factors*, which are the ingredients required to support the development of sustainable, competitive business activities.
- C) *Organizational Factors*, are the ways the department will structure and conduct its work.

To implement the Economic Direction, the overall goal of developing a sustainable competitive advantage to achieve a sustainable Yukon economy has been developed. To support this overall goal, an objective has been developed for each theme and broad strategic initiatives have been attached to each objective. The Economic Direction is described in the following section.

The Yukon Economic Direction

The department of Economic Development will take a focused and strategic approach to developing the Yukon economy and will be guided by the following principles.

1. The private sector is the key to economic growth. The public sector plays an important role, but is not the engine of growth for the future.
2. Our relationships, within and outside of government, are critical to the success of our work.
3. Building and enhancing the Yukon’s sustainable competitive advantages are fundamental to building a sustainable and competitive Yukon economy.
4. The Yukon Economic Direction, which will guide the work of the department, is a dynamic process rather than a static document. The department will engage our partners to ensure that our on-going work is relevant and effective in achieving sustainable economic growth.
5. Our success depends on doing the fundamentals well. Economic development is a complex and long-term process – there are no silver bullets.

**Our Goal:
To build a sustainable and competitive Yukon economy**

A) Targets

Themes	Objectives	Strategic Initiatives
Strategic Industries	Focus on the development of primary and secondary industries that strengthen and diversify the economy as well as providing long-term, sustainable economic benefits.	<ul style="list-style-type: none"> • Identify and foster growth potential within individual industries and sectors. • Assist industry-based organizations and relevant government departments to implement sector specific development strategies. • Promote export activities by developing capacities and incentives.
Strategic Projects	Lead the Yukon Government's participation in strategic projects to ensure that government is proactive and supportive of the development of major strategic projects.	<ul style="list-style-type: none"> • Identify strategic economic opportunities and projects. • Work with proponents and our partners to make good projects happen. • Support and facilitate project proponents through government policy and approval processes.

B) Enabling Factors

Themes	Objectives	Strategic Initiatives
Economic Infrastructure	Improve the stock of economic infrastructure, including the development of a positive business climate in the Yukon.	<ul style="list-style-type: none"> • Improve the Yukon's regulatory competitiveness and business climate. • Develop and deliver positive, pro-development messages that welcome investment and development to the Yukon. • Promote a culture of can-do. • Lead and support the Yukon Government's involvement in strategic infrastructure projects such as the railway. • Promote development of infrastructure where it is a known barrier to development, such as cost-effective energy and broadband access.
Investments	Promote and facilitate links between Yukon opportunities and capital investment.	<ul style="list-style-type: none"> • Make the Yukon accessible and attractive to outside investors. • Align Yukon opportunities and Yukon businesses with appropriate sources of capital. • Promote, encourage and facilitate joint venture opportunities.
Export	Assist Yukon businesses to identify, access and develop regional, national and international markets.	<ul style="list-style-type: none"> • Identify and promote Yukon products and Yukon services that have the potential to successfully compete regionally, nationally and internationally. • Help Yukon businesses and industries to explore and develop export markets.
Marketing and Promotion	Market the Yukon as an attractive, strategic and competitive place to do business.	<ul style="list-style-type: none"> • Develop effective ways to promote the Yukon's competitive advantages. • Assist Yukon businesses and industry to market their products and services. • Strategically develop and promote the Yukon brand.
Capacity Development	Build the Yukon's economic potential through enhancing capacity.	<ul style="list-style-type: none"> • Work with our partners to mitigate skill shortages across sectors and occupations, where they are a barrier to development. • Where opportunities exist, attract skilled workers and entrepreneurs to the Yukon. • Work with First Nations and First Nation Development Corporations to develop ways of meeting their capacity needs. • Link business owners and managers with the counseling and advice they need to operate and expand their businesses.
Entrepreneurship	Promote, develop and celebrate entrepreneurial skills, talents and abilities in the Yukon.	<ul style="list-style-type: none"> • Develop entrepreneurial capacity, with a strong focus on young entrepreneurs. • Foster an environment where business risk-taking is encouraged and rewarded.
Innovation	Encourage innovation in all sectors of the Yukon economy.	<ul style="list-style-type: none"> • Foster Innovation in Government, as a means to demonstrate leadership. • Promote and incorporate innovation as a means of doing things better and more effectively, for less cost, to produce greater benefits for more people. • Incorporate innovative practices in the work of the department of Economic Development.

C) Organizational Factors

Themes	Objectives	Strategic Initiatives
<p>Department of Economic Development Roles and Relationships</p>	<p>Advocate, initiate and facilitate economic development and implement this role within government and with our private sector, First Nation and other partners.</p>	<ul style="list-style-type: none"> • Fill the role of lead agency (quarterback) for economic initiatives within the Yukon government. • Build productive ongoing working relationships, with First Nations, the private sector, industry organizations and others, as a means to advance the development of the Yukon economy. • Work with the private sector to develop a sustainable competitive advantage. • Establish effective ways to partner with the private sector in developing and continually improving the Yukon Economic Direction.

Next Steps

The department will continue to develop and refine the Economic Direction, and will include the following:

- A review and analysis of existing sector development strategies to determine how well they mesh with the Economic Direction and to assess any gaps that may exist.
- A detailed assessment of the Yukon competitive advantages, including our regulatory competitiveness with other jurisdictions.
- Organizing a senior-level interdepartmental economic development committee to foster an integrative, cohesive and cooperative approach.
- Organizing, with our private and public sector stakeholders, a Yukon coalition for economic development whereby stakeholders remain engaged with government in economic development.
- A shift from direction to action that considers:
 - Immediate actions to produce near-term results.
 - Medium-term actions that could produce results within three years.

-Strategic, long-term initiatives that are targeted at major projects and goals with sustainable benefits.

- Developing Program Funds for marketing/export incentives, strategic project/industry initiatives, and regional economic development (including First Nations).
- Meet with First Nations, other government partners and regional or sector-specific committees to discuss projects and industries as required.
- A way of measuring progress on our objectives.

