



What We Heard

During the course of the consultations, the department heard a large number of comments and a multitude of positive and constructive suggestions for moving the economy forward. In the course of these discussions, some distinct common themes emerged around Yukon's competitive advantages and disadvantages, as well as our needs and opportunities. The department has broadly

categorized the inputs on defining Yukon competitive advantages and disadvantages into six core areas, which include:

The key comments concerning the advantages and disadvantages for each of the six theme areas are presented in the following table.

a) Resources

Advantages

- Yukon landscape – beauty, nature, outdoor recreation opportunities
- Quality of life
- Some world-class tourism products; potential for more; stable tourism industry
- Abundant natural resources – minerals, oil & gas, forests, furs, water
- Strong, modern retail sector
- Vibrant arts, music and writers community
- Flexible small business sector; pockets of energetic entrepreneurship
- Several new/innovative products launched recently
- Special areas of expertise e.g. northern construction & telecommunications knowledge
- Large public sector lends economic stability

Disadvantages

- Natural resource development influenced by world trends and commodity prices
- Small business is very small; only a few businesses in medium (100+ employees) category – all public utilities
- Small manufacturing and processing sector
- A number of support products/services need to be imported from Outside
- New/innovative products have short track record; most have not yet proven viable over the longer term
- Large public sector leads to some business dependence on government which can skew attitudes towards growth and competition
- Mega-projects such as Pipeline have costs attached, e.g. infrastructure, social impacts

b) Infrastructure

Advantages

- Transportation and energy infrastructure are adequate for current population and situation
- Telecommunications, health, education and recreation facilities are high quality and current
- Access to high speed Internet; high connectivity by Yukoners
- Infrastructure work provides significant economic benefits
- Proportionately large public sector has resources to move in a particular area when it chooses
- AK Highway Pipeline is close; would provide major economic stimulus
- Access to commercial sea port at Skagway

Disadvantages

- Land availability somewhat limited in Whitehorse by geography
- Lots of bandwidth available, but too costly for most subscribers to use
- Short-term, specialized nature of some infrastructure projects limits local benefits
- Some current infrastructure, e.g. transportation, may not support certain types of economic growth

c) Markets

Advantages

- Although small, local markets are stable and generally support local businesses
- Contiguous areas (e.g. Alaska, northern BC) expand the “resident” market
- Large number of tourists represents an accessible export market
- Some emerging local markets for goods & services, e.g. First Nations governance; IT services
- Large potential for import substitution

Disadvantages

- Small resident market limits potential for a local market base
- Export markets are typically quite distant; can be hard to reach and penetrate
- Business export readiness is limited and experience is short
- Federal and international regulatory regimes can pose export challenges

d) Business Climate

Advantages

- Yukon and other governments welcome new business development; positive political climate
- Small, informal jurisdiction appeals to many businesspeople
- No sales tax or accommodation tax

Disadvantages

- Regulatory regime can be onerous, confusing and overwhelming
- Current mentality of many residents is risk-averse, not oriented to growth
- Sources of local capital are extremely limited, e.g. no formal venture capital

- Through devolution, Yukon Government controls most of the regulatory regime
- Land claims are almost complete; FN's are open to business ideas/joint ventures
- Some costs are relatively low, e.g. land, housing, taxes

- Local business support services have gaps
- Many costs are relatively high, e.g. wages, utilities, transport to markets

e) Investment

Advantages

- Opportunities for new investment exist
- Yukon Government offers several investment incentives:
 - › Small business investment tax credit
 - › Research & development tax credit
 - › Manufacturing & processing tax credit
 - › Mineral exploration tax credit
 - › Film incentives, e.g. labour and travel rebates, no location fees

Disadvantages

- Small size, remoteness, low profile
- Sources of local capital are extremely limited, e.g. no venture capital; heavily dependent on chartered banks
- No local trust company services
- Difficult for FN's to attract private investment because of different risk factors in such areas as collateral, bonding, insurance issues; all of these affect return on investment expectations

f) Capacity

Advantages

- Highly educated labour force
- Good educational institutions and facilities that try to respond to industry and community needs
- Notwithstanding skill shortages, labour force is generally strong and flexible
- Many major sectors have prepared human resource and training strategies
- Exportable expertise in such areas as rural and remote construction; mining services Shortage of skilled people including trades (which is the case across Canada)

Disadvantages

- Shortage of skilled people including trades (which is the case across Canada)
- Aging workforce (similar to most of North America – the Baby Boomer phenomenon)
- Many businesses lose qualified people to government's higher wages
- Many sectors need staff training and upgrading to improve service/delivery
- First Nations currently have limited capacity in economic development

Yukon’s sustainable competitive advantages are assets that will form the basis for defining our economic direction. Competitive disadvantages include areas that can be addressed or mitigated in developing an economic direction, in turn enhancing Yukon’s sustainable competitive advantage.

The department further analyzed the input received to develop a framework for establishing an economic direction. This framework is described graphically above and is discussed more thoroughly in the subsequent chapters.

