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# Introduction

The 2025–26 *Fiscal and Economic Outlook* reviews the economic indicators that will influence government decision-making this year and examines the impact that expenditure and revenue forecasts will have on the government's fiscal position.

Over the past several years, the Yukon has faced extraordinary challenges that have required significant financial responses. The pandemic necessitated investments to support Yukoners and maintain economic stability. These investments sustained jobs and addressed long-standing infrastructure gaps but also contributed to increased net debt. In recent years, rising costs for health care, housing and essential services, as well as the growing financial impact of responding to natural disasters such as wildfires and floods have continued to put pressure on Yukon's fiscal position.

In addition to these pressures, the Yukon must replace end-of-life infrastructure. Major projects such as the replacement of the Nisutlin Bay Bridge and the main runway at the Erik Nielsen Whitehorse International Airport are critical for ensuring the territory's continued growth and creating significant economic opportunities for the future of the Yukon and Yukoners. These projects support jobs and local businesses during the construction phase and lay the foundation for long-term economic growth by improving transportation networks, increasing trade potential and enhancing safety and reliability for Yukoners and businesses alike. While these projects require substantial capital investments in the short term, once completed, overall capital spending is expected to decrease significantly, allowing net debt to stabilize and then improve in the coming years.

Most recently, the Government of Yukon acted quickly and decisively to contain the environmental disaster stemming from the heap leach failure at the Eagle Gold Mine in June 2024. In the 2024–25 fiscal year, the government committed up to \$105 million in loans to the court appointed receiver for Victoria Gold Corp. (Receiver) to finance urgent remediation efforts at the mine site. Addressing this environmental disaster and ensuring the long-term protection of the Yukon's land and waters will require significant additional funding, which is reflected in Budget 2025–26.

Despite these extraordinary pressures, the Yukon remains on strong financial footing. The government continues to make strategic investments that support economic growth, protect the environment and enhance the quality of life for all Yukoners. Through sound financial management practices, including the prioritization of spending in key areas and the continuous pursuit of efficiencies, the government has maintained a strong credit rating and ensured that the Yukon's long-term prosperity remains secure.

Moving forward, the Government of Yukon will continue to work collaboratively with private and public partners, including Yukon First Nations governments, to build a strong, diversified and sustainable economy. This approach will ensure that this year's budget delivers lasting benefits for future generations, while maintaining the territory's financial sustainability.



## Part 1: The Yukon's finances

A clear and transparent fiscal outlook informs Yukoners about the territory's financial position and the factors shaping it. By providing biannual updates on emerging challenges and opportunities, this outlook helps residents, businesses and First Nations and municipal governments understand how economic trends and policy decisions affect the government's finances and the broader economy.

Budget 2025–26 makes strategic investments that strengthen communities, protect the environment and support the local economy, while ensuring fiscal sustainability for the territory. Key priorities include significant funding for hospital and insured health services to meet increased demand, as well as necessary expenditures to address the heap leach failure at the Eagle Gold Mine. There is also funding for new affordability initiatives and student supports; significant investment in land development, in partnership with Yukon First Nations; and funding for new business supports, community safety and social services.

**Table 1. Fiscal summary**

(\$ millions)	2024-25 Main Estimates	2024-25 Supplementary Estimates No.2	2025-26 Main Estimates	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Revenue <sup>1,2</sup>	1,691.3	1,690.2	1,813.7	1,918.6	2,022.6	2,133.1	2,200.1
Expense <sup>3</sup>	(1,724.3)	(1,976.0)	(1,999.6)	(1,914.5)	(2,004.6)	(2,062.2)	(2,112.3)
Contingency for anticipated expenses <sup>4</sup>	(50.0)	0.0	(75.0)	(50.0)	(50.0)	(50.0)	(50.0)
Accounting adjustments <sup>5</sup>	202.0	343.4	342.9	108.3	129.9	73.7	42.8
Surplus (deficit) <sup>6</sup>	119.0	57.6	82.0	62.4	97.9	94.6	80.5
Net financial assets/ (debt), end of year	(488.8)	(608.1)	(695.7)	(716.8)	(717.6)	(673.6)	(619.9)
Short-term borrowing <sup>7</sup>		400.0	150.0	120.0	100.0	100.0	100.0
Long-term borrowing <sup>8</sup>		233.5	624.0	614.7	606.7	602.2	597.7
Total borrowing		633.5	774.0	734.7	706.7	702.2	697.7
Territorial borrowing limit		1,200.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0
Available borrowing authority		566.5	426.1	465.3	493.3	497.8	502.3

Source: Department of Finance. Numbers may not add due to rounding.

Table 1 shows that total expenditures for operations and maintenance (O&M) and capital, net of recoveries, in 2025–26 is projected to increase by \$275.4 million (16 per cent) over Budget 2024–25 and \$23.6 million (1.2 per cent) over the 2024–25 Supplementary Estimates No. 2. The increase from the government's 2024–25 Main Estimates to those of this year includes one-year of funding of up to \$118 million for environmental protection work at the Eagle Gold Mine. Because the expenditure is offset by a loan receivable it has a net-zero impact on the government's surplus and net debt forecasts, but it will impact the government's short-term cash flow requirements. Excluding this one-time cost, net expenditures increase by \$157.4 million (9.1 per cent) year-over-year, which includes \$91.7 million for the Department of Health and Social Services and

1. To align with the presentation in the Yukon Public Accounts, revenues and recoveries do not include those collected by Yukon Housing Corporation, which are included in the accounting adjustments in this table.

2. Revenue is the sum of "Transfers from Canada," "Tax Revenue" and "Other Revenue" as found on Pages S-14 and S-15 of the 2025–26 Main Estimates and equivalent pages of budget documents for other periods.

3. Expense is the sum of "Total Appropriated Amounts" minus "Third-Party Recoveries" and "Recoveries from Canada" as found on Pages S-8 and S-9, respectively, of the 2025–26 Main Estimates and equivalent pages of budget documents for other periods.

4. Found on Page S-9 of the 2025–26 Main Estimates.

5. Accounting Adjustments are the sum of "Tangible Capital Assets (net)," "Investment in Land Development," "Expenditures on Loan Programs" and "Other Adjustments (net)," on Page S-9 of the 2025–26 Main Estimates and equivalent pages of budget documents for other periods.

6. Surplus (deficit) is the sum of revenue, expense, contingency for anticipated expenses and accounting adjustments.

7. Short-term borrowing is borrowing for a period that does not exceed 365 days. This includes borrowing by the Government of Yukon and the Yukon Development Corporation.

8. Long-term borrowing is borrowing for a period that exceeds 365 days. This includes borrowing by the Government of Yukon, Government Business Enterprises and fully consolidated entities.

\$27.2 million for the Department of Education. Most of these health and education costs reflect ongoing pressures for services that arose during the 2024–25 fiscal year and are also captured in the 2024–25 Supplementary Estimates No. 2 in Table 1. Other new spending in 2025–26 includes funding for RCMP services, land development and an increase to the Comprehensive Municipal Grant, which provides a block grant amount to all Yukon municipalities to fund municipal operations. Other expenditures focus on making life affordable for Yukoners, supporting safe and healthy communities and investing in critical economic and social infrastructure.

Revenue is projected to increase by \$122.4 million (7.2 per cent) over the 2024–25 Main Estimates, driven mostly by an increase of \$109.5 million (7.7 per cent) to the Transfers from Canada, supplemented by a \$12.9 million (4.9 per cent) increase in tax revenue and other general revenue.

After accounting for investments in tangible capital assets and other accounting adjustments, the Government of Yukon is projecting a surplus of \$82 million in 2025–26. The government is projecting continued annual surpluses over the next five years due to average annual revenue growth outpacing O&M expenditure growth.

Budget 2025–26 includes a contingency amount of \$75 million for expected but undefined expenditures for fire and flood response, potential continued extraordinary pressures on health care and social services and any negative consequences on the Yukon's economy because of the uncertainty surrounding U.S. trade policy. This contingency amount drops back to \$50 million in future years, as the government anticipates capacity in the health and social services systems will begin to catch up to the considerable growth in demand experienced in the last two years, and as additional clarity on U.S. trade policy becomes known. The contingency is not included in departmental budgets and would need to be presented to the Legislative Assembly for authority to spend. Including it in the framework minimizes the impact of these yet-undefined costs on the Yukon's forecast fiscal position.

The government's net financial debt is forecast to increase by \$206.8 million in 2025–26 over the 2024–25 Main Estimates to a total of \$695.7 million. Net debt is a measure of the government's ability to cover its existing liabilities with its financial assets. The increase in the government's net debt position reflects continued large investment in tangible capital assets, which are not considered financial assets. This includes the completion of two of the costliest infrastructure projects in the territory's recent history – the Nisutlin Bay Bridge replacement and runway upgrades at the Erik Nielsen Whitehorse International Airport. These are critical economic infrastructure links that will contribute to the territory's growth for years to come.

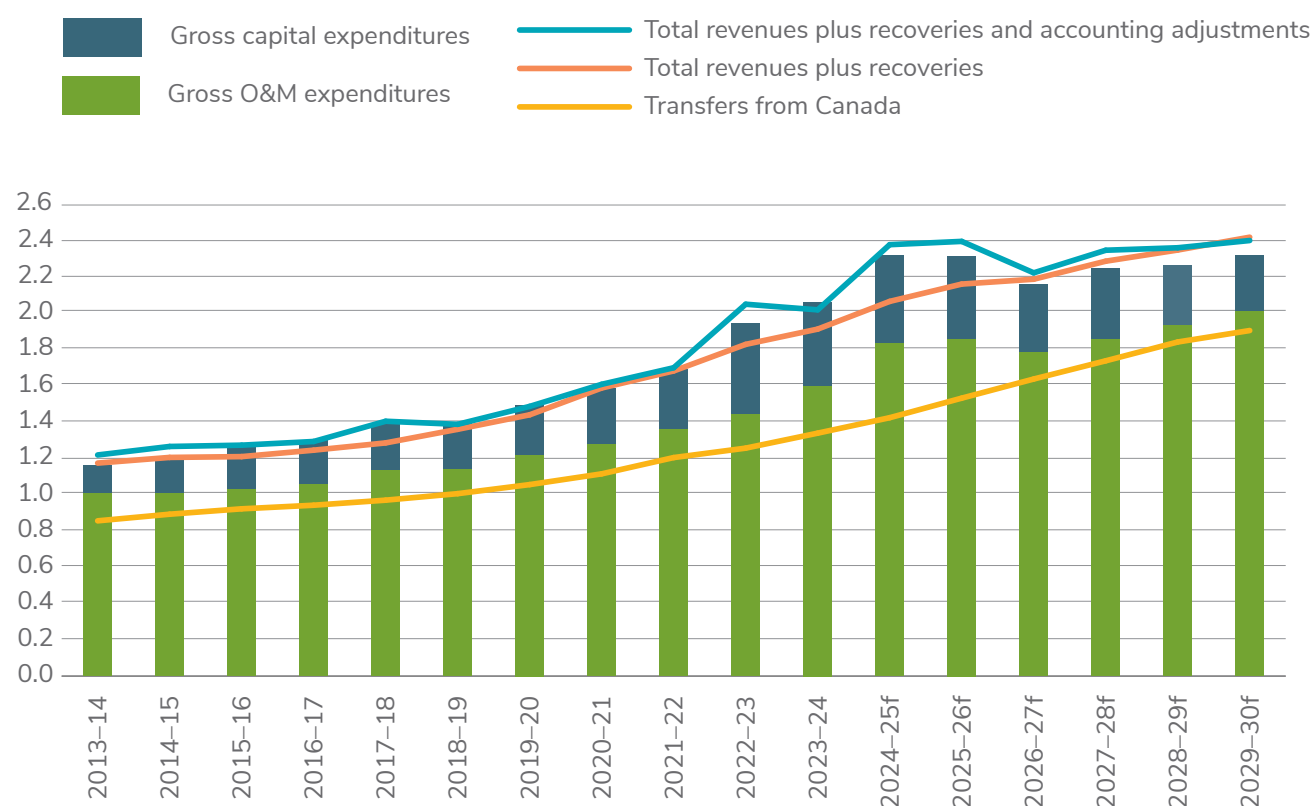
The government is targeting net O&M spending increases of 4 per cent, annually, in years two, three, four and five of the fiscal outlook and a return to more modest capital spending in line with years prior to 2022–23, following the completion of these major projects. The O&M target has been increased from the 3.5 per cent target in the 2024–25 *Fiscal and Economic Outlook* to account for continued growth in health care costs. Even with the increase to 4 per cent, revenue growth will outpace the O&M growth and this excess of revenue will improve the government's

cash position. The combination of excess revenues and decreased capital costs will slow the increase in net debt in the middle years of the outlook, with a decline noted in the later years.

For the first time, the government is including, in Table 1, a summary of the government's short and long-term borrowing position. Including this information reflects the government's commitment to transparency and accountability in financial management. As part of Budget 2025–26, the government has included provisions to enable long-term borrowing up to \$400 million. This strategic borrowing provides the government flexibility to manage cash flow fluctuations in response to increasing health care demands and intense, time-limited environmental emergencies, without limiting the government's ability to make critical investments in essential infrastructure and services that benefit the entire territory. The maximum amount of borrowing occurs in fiscal year 2025–26. The same factors that stabilize and reduce net debt in the outlook – decreasing capital spending, increasing revenues and lower O&M growth – will help reduce borrowing needs over time and support the government's commitment to repaying the borrowed funds.

### Chart 1. Government of Yukon fiscal indicators<sup>9 10</sup>

#### Expenditures and revenues plus recoveries (\$ billions)



Source: Department of Finance

f = forecast

9. Fiscal years 2013–14 to 2023–24 represent actuals as reported in the Yukon Public Accounts. For comparability, forecasts for fiscal years 2024–25 to 2029–30 use the same methodology, which differs from the presentation in Table 1 above.

10. To align with the presentation in the Yukon Public Accounts, revenues and recoveries do not include those collected by Yukon Housing Corporation, which are netted out of the gross expenditures presented in this chart.

Chart 1 presents the forecast for the Yukon's gross expenditures and revenue from 2024–25 through 2029–30 alongside historic spending as reported in the Yukon's Public Accounts. Spending includes both O&M and capital. For the full fiscal years between 2013–14 and 2023–24, gross expenditures grew by 6 per cent annually while revenues plus recoveries grew by 5 per cent annually, on average. The average expenditure growth is impacted by a large, 51.9 per cent increase to the capital plan in 2022–23 that resulted in a 15 per cent year-over-year increase to gross expenditures. This increase was due to major investments in critical economic infrastructure like the Dempster Fibre Line and upgrades to the Erik Nielsen Whitehorse International Airport.

From 2024–25 to 2029–30, revenue growth is projected to average 4 per cent, while gross expenditure growth is forecast at 2.2 per cent, annually, with revenues exceeding expenditures beginning in 2026–27. There is a large increase to gross expenditures in 2024–25 due to the inclusion of costs for the environmental response at the Eagle Gold Mine.

Reduced O&M expenditures, combined with an 8.3 per cent average annual decrease in capital expenditures from 2025–26 to 2029–30, result in the forecast 2.2 per cent annual growth in gross expenditures. Additional capital opportunities may be identified in future years, the government will consider these projects contingent on recoveries and prioritized against existing projects to contain both gross and net capital expenditures within the planned spending targets. This prudent approach will further support the government's commitment to repaying any borrowed funds.

## Revenue

Total government revenue, excluding recoveries, are expected to be \$1.8 billion in 2025–26, as shown in Table 2. This reflects a \$122.4 million (7.2 per cent) increase from Budget 2024–25. Continued growth in revenue for the final four years of the forecast is expected to average 5 per cent, annually. Revenue increases are driven by a combination of an increase in the outlook for federal transfers and expectations for taxation revenue. The increase also includes the new Vaping Transfer from Canada, introduced January 1, 2025, which returns 50 per cent of taxes collected on vaping products by the Government of Canada to the Yukon.



Table 2. Revenue by type<sup>11, 12</sup>

(\$ millions)	2024–25 Main Estimates	2024–25 Supplementary Estimates No. 2	2025–26 Main Estimates	2026–27 Plan	2027–28 Plan	2028–29 Plan	2029–30 Plan
<b>Transfers from Canada</b>	<b>1,428.6</b>	<b>1,429.9</b>	<b>1,538.1</b>	<b>1,643.9</b>	<b>1,744.7</b>	<b>1,848.8</b>	<b>1,912.3</b>
Grant from Canada	1,350.1	1,350.1	1,454.2	1,555.6	1,651.7	1,751.2	1,810.9
Canada Health Transfer	58.1	58.9	61.7	65.2	69.0	72.7	75.5
Canada Social Transfer	18.9	19.1	19.7	20.4	21.2	22.0	22.9
Cannabis Transfer	1.4	1.6	1.9	2.0	2.1	2.1	2.2
Vaping Transfer	0.1	0.1	0.8	0.8	0.8	0.8	0.8
<b>Tax revenue</b>	<b>190.3</b>	<b>189.5</b>	<b>197.3</b>	<b>204.7</b>	<b>212.2</b>	<b>218.5</b>	<b>221.9</b>
Personal income tax	106.7	111.0	119.1	124.0	129.4	133.8	135.7
Corporate income tax	41.1	34.5	33.8	35.4	37.1	38.6	39.7
Property tax	7.6	7.6	7.8	8.3	8.4	8.4	8.4
Fuel oil tax	9.4	11.6	11.8	12.0	12.3	12.5	12.7
Tobacco and alcohol taxes	15.2	15.8	15.5	15.2	14.9	14.6	14.4
Insurance premium tax	10.2	9.1	9.4	9.8	10.2	10.6	11.0
<b>Other revenue</b>	<b>72.4</b>	<b>70.8</b>	<b>78.2</b>	<b>70.0</b>	<b>65.7</b>	<b>65.8</b>	<b>65.8</b>
Liquor profit	7.2	7.2	6.3	6.5	6.5	6.5	6.5
Licenses, fees, registrations and permits	21.0	21.4	21.6	21.2	21.1	21.1	21.1
Sale of land	30.0	30.0	31.8	33.2	28.9	28.9	28.9
Other revenue	14.1	12.2	18.6	9.1	9.2	9.3	9.4
<b>Total revenue</b>	<b>1,691.3</b>	<b>1,690.2</b>	<b>1,813.7</b>	<b>1,918.6</b>	<b>2,022.6</b>	<b>2,133.1</b>	<b>2,200.1</b>

Source: Department of Finance. Numbers may not add due to rounding.

11. All revenue figures found on Pages S-14 and S-15 of the 2025–26 Main Estimates and equivalent pages of budget documents for other periods.

12. To align with the presentation in the Yukon Public Accounts, revenues do not include those collected by Yukon Housing Corporation.

## Transfers from Canada

Federal transfers are projected to increase by \$109.5 million, or 7.7 per cent, in 2025–26. The three main transfers are the Grant from Canada, the Canada Health Transfer (CHT) and the Canada Social Transfer (CST). The Grant from Canada, or the Territorial Formula Financing (TFF) program, represents approximately 80 per cent of the Yukon's total revenue, excluding recoveries. Projections for the TFF have increased based on expectations of an increase to planned spending in jurisdictions across the country and strong population growth in the territory.

The CHT and CST have increased based on population growth. Additionally, projections for the CHT include growth at 5 per cent annually to 2027–28, with the territory meeting commitments on shared health priorities under the Working Together to Improve Health Care for Canadians funding plan with Canada. There are also increases to projections for the Cannabis Transfer, based on higher-than-expected prior year revenue; as well as the Vaping Transfer, primarily due to 2025–26 being the first full year of the transfer.

## Taxation revenue

The Yukon's own-source revenue from taxation is expected to rise by 3.7 per cent, amounting to an increase in revenue of \$7.1 million in 2025–26. Projections for personal income tax have increased due to stronger-than-expected employment and wage growth. Corporate income taxes (CIT) are lower in 2025–26 and beyond, compared to 2024–25, due to a one-time adjustment related to prior year assessments and reassessments by the Canada Revenue Agency. However, CIT projections have been revised upward from previous projections due to an improvement in corporate profitability nationally.

Projections for other tax revenue sources have also been revised. Fuel tax revenue has been adjusted higher from increased tourism activity and economic growth. Tobacco tax revenue has been revised upward based on higher-than-expected tax receipts, while projections for it continue to decline in alignment with national trends. As per the Tobacco Tax Act, the tobacco tax rate increased in line with the Whitehorse Consumer Price Index (CPI) from 35 to 36 cents per cigarette on January 1, 2025. Liquor tax revenue remains consistent based on expectations for steady revenue from liquor sales. Insurance premium tax revenue has been revised downward in 2025–26 based on current lower-than-expected tax receipts, with future projections growing based on expectations for population growth and changes in CPI.

Aside from legislated increases to the tobacco tax based on inflation, there are no proposed changes to tax rates in Budget 2025–26.

## Other revenue

Other sources of revenue are expected to increase by \$5.9 million, or 8.1 per cent, in 2025–26. This is primarily due to interest on loan advances to the Receiver with an annual interest rate of 9 per cent. The forecast for liquor profit is down based on higher expenses from transportation, contracting and procurement costs, while sales revenue remains consistent. Finally, there are also increased projections for revenue from the sale of land and licenses, fees, registration and permits.

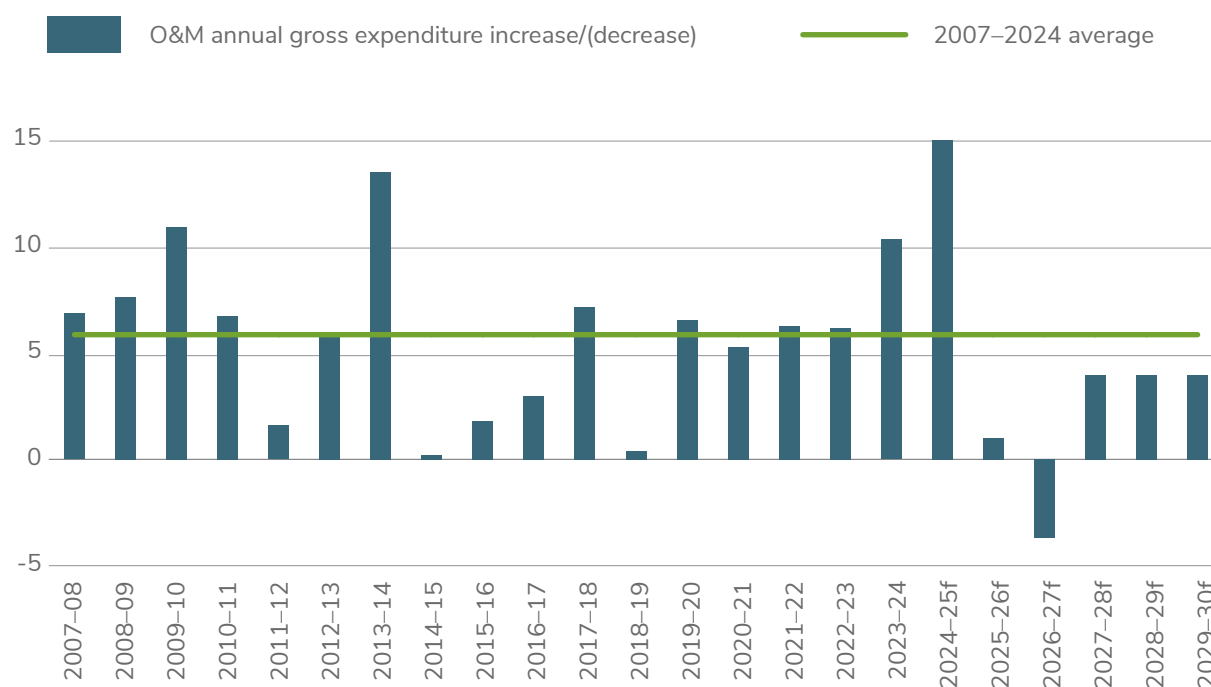
## Operations and maintenance expenses

Budget 2025–26 plans for gross O&M spending of \$1.88 billion, which reflects a \$282.6 million (17.7 per cent) increase over Budget 2024–25 and a \$18.2 million (1.1 per cent) increase over the 2024–25 Supplementary Estimates No. 2. This number includes advances to the Receiver. If removed, the gross O&M increase is \$164.6 million (10.3 per cent). Of this increase, \$10.5 million (6.4 per cent) is recoverable from Canada and other partners, making the net impact \$154.1 million (10.9 per cent).

Chart 2 compares forecast gross O&M spending from 2024–25 through 2029–30 to actual historic O&M spending as reported in the Yukon's Public Accounts.

### Chart 2: Annual growth in gross O&M spending

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



Source: Department of Finance

f = forecast

The average annual growth in O&M spending between 2007–08 and 2023–24 was 5.9 per cent. The 2024–25 forecast amount includes usage of the annual contingency for flood and fire response, as well as additional expenditures for environmental protection, health care and education. This includes:

- \$105 million for advances to the Receiver for Victoria Gold Corp.;
- \$80.5 million for the Department of Health and Social Services, including funding for insured health services and new hospital beds at the Whitehorse General Hospital; and
- \$24.3 million for the Department of Education, including costs for a new contract with the Yukon Association of Education Professionals, funding for the First Nation School Board and new supports for Early Learning and Child Care.

The majority of these 2024–25 costs are for ongoing pressures and are reflected in Budget 2025–26, including advances to the Receiver. The advances are for the emergency response and remediation efforts at the Eagle Gold Mine, including ensuring adequate water management infrastructure, berm and storage pond construction, improving water treatment capabilities, improving safety conditions, stabilizing the heap leach facility and implementation of environmental monitoring programs. It also includes funding contributions to the First Nation of Nacho Nyak Dun and costs for an Independent Review Board, the purpose of which is to identify the cause of the heap leach failure. These costs in 2025–26 are an estimate.

Victoria Gold Corp. put in place a \$103.7 million surety bond for the site and the Government of Yukon has received \$55 million of the surety bond security to date. The funds received from the surety bond are not shown as recoverable in the budget as the eventual accounting treatment for the bonds may be influenced by a sale of the Eagle Gold Mine or Victoria Gold Corp. assets.

Other O&M increases in 2025–26 include new funding for parents of children with disabilities and those caring for children in out-of-home placements; new affordable child care spaces; supportive housing initiatives; downtown safety initiatives; and film, culture and heritage, regulatory improvement and business support programming.

# Five-Year Capital Plan update

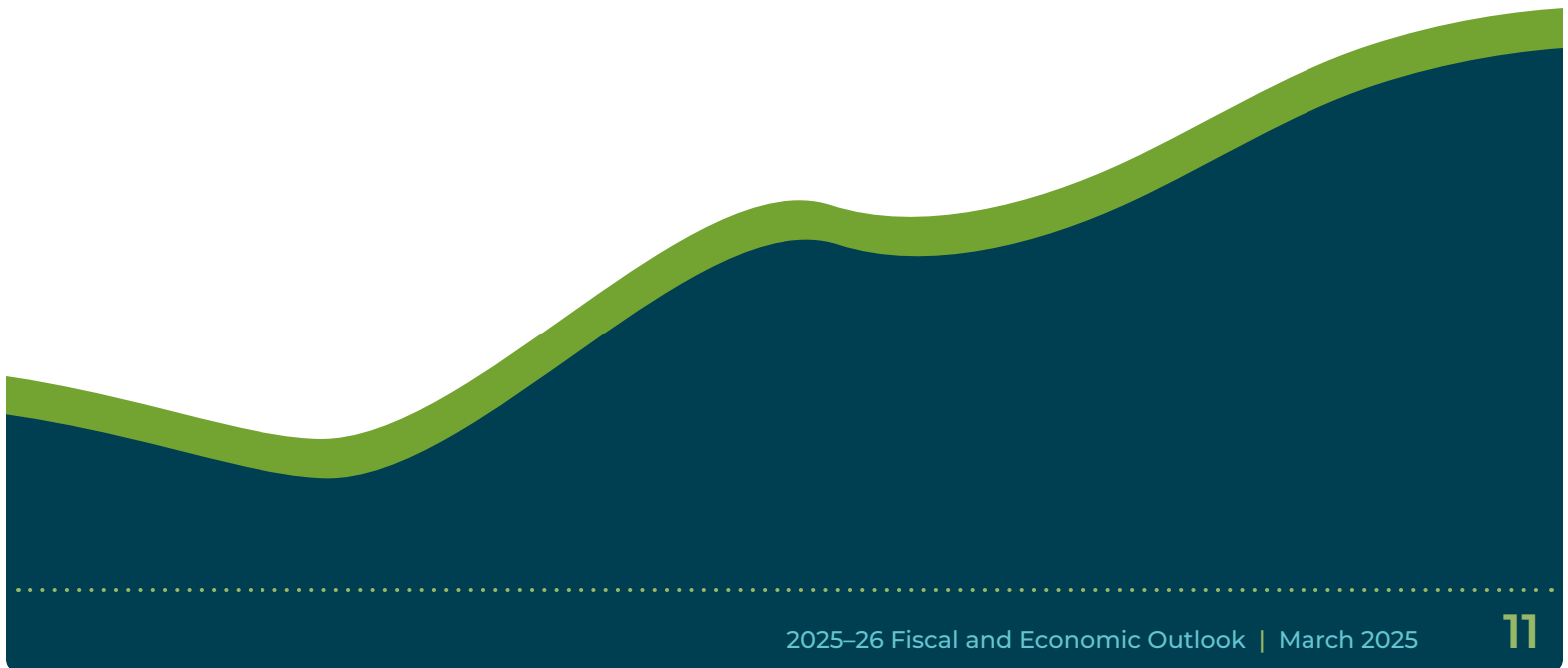
The Five-Year Capital Plan is intended to provide the public with a clear understanding of the Government of Yukon's long-term capital plans and priorities. It outlines the strategic investments planned to support a growing economy while securing the continued delivery of essential government services for Yukoners.

The Government of Yukon is committed to maintaining robust capital investment in the territory while strengthening partnerships with Yukon First Nations governments, municipalities and the private sector. This plan is forward-looking, with the flexibility to adapt to emerging needs and opportunities.

**Table 3. Five-Year Capital Plan gross expenditures by category**

Category (\$ millions)	2025-26	2026-27	2027-28	2028-29	2029-30	Five-year Total
Climate change, energy and green economy	29	9	9	9	9	66
Housing and land development	84	61	65	65	65	340
Education	22	23	28	30	3	106
Health care	9	5	6	7	13	40
Community and First Nations infrastructure	76	61	60	62	63	322
Transportation infrastructure	208	154	148	92	94	696
Real property and asset management	31	54	64	49	41	239
Information technology	19	17	18	18	18	89
Annual Total	478	384	398	332	308	1,900

Source: Five-Year Capital Plan. Numbers may not add due to rounding. Total may differ slightly from the Main Estimates due to the accounting treatment of Yukon Liquor Corporation capital expenditures.



Through this capital plan, the government is fulfilling commitments under *Our Clean Future*, investing in residential land development and housing infrastructure to increase the supply of housing stock, building education infrastructure, partnering with Yukon First Nations governments and municipalities to address community infrastructure needs and investing in transportation infrastructure critical to the Yukon's economic growth.

Projects of note include:

- The Nisutlin Bay Bridge replacement is expected to be completed in 2025–26, helping to secure the uninterrupted flow of essential goods and services into the territory.
- Major reconstruction and upgrades to the infrastructure at Erik Nielsen Whitehorse International Airport are on track for completion in 2025–26.
- National Trade Corridors funding will continue to drive significant investments into North Klondike Highway upgrades over the next four years.
- The contract for the construction of the Kêts'ádań Kù School in Burwash Landing was awarded in August 2024, with substantial construction continuing through 2025–26.
- Work has begun on a 34-unit affordable multi-family residential building on the site of the former Korbo Apartments in Dawson City, with an anticipated completion date in 2026–27.
- A 45-unit multi-family residential building to replace the old Ryder Apartments in Whitehorse began construction this year and is expected to be complete in 2026–27.
- Funding for planning work to define the scope, budget and sequencing for a proposed expansion of the Whitehorse General Hospital.

The capital plan continues to be well-supported by federal infrastructure funding programs with \$462.7 million of spending in the Five-Year Capital Plan (24.4 per cent) being recoverable. Strategic investments in transportation infrastructure are supported by the National Trade Corridors Fund and Yukon Resource Gateway Project funding. Community and First Nations infrastructure investments are supported by the Investing in Canada Infrastructure Program, the Canada Community-Building Fund and the Small Communities Fund.

## Financing considerations

The Government of Yukon is committed to maintaining the financial flexibility required to respond to both immediate and long-term needs effectively. While the territory has historically operated under a robust financial plan that minimized borrowing, recent challenges, such as urgent environmental responses and growing pressures in the health care system, underscore the importance of adaptability in financial planning. As the Yukon's economy and government continue to mature, borrowing becomes an important tool for maintaining sustained growth and stability. Many jurisdictions rely on strategic borrowing to fund essential infrastructure projects and services, balancing immediate financial needs with long-term planning.

Strategic borrowing plays a key role in addressing these challenges. It not only provides the flexibility to manage fluctuations in cash flow but also unlocks opportunities for future growth and resilience. In the fall, the Government of Yukon provided Yukoners with an update on the need to reassess the territory's borrowing limit and to engage with federal partners. Through close collaboration with the federal government, the borrowing limit was increased to \$1.2 billion. This increase provides the necessary capacity to manage cash flow fluctuations more effectively.

As part of Budget 2025–26, the government has included provisions to enable long-term borrowing up to \$400 million. This authorization, included under the *First Appropriation Act* 2025–26, represents a prudent and forward-looking measure designed to ensure that the Yukon is equipped to address emerging pressures while continuing to invest in essential infrastructure and services that benefit the entire territory. Long-term borrowing instruments are not a new tool for the Government of Yukon; a similar approach was taken in 2008 when the Yukon Energy Corporation issued a bond to finance critical infrastructure investments. This precedent highlights the government's strategic use of borrowing to support the territory's long-term development.

The government intends to secure this long-term financing later in the fiscal year, ensuring the process aligns with the territory's strategic financial planning and cash flow needs while achieving the most favourable lending terms for the territory.

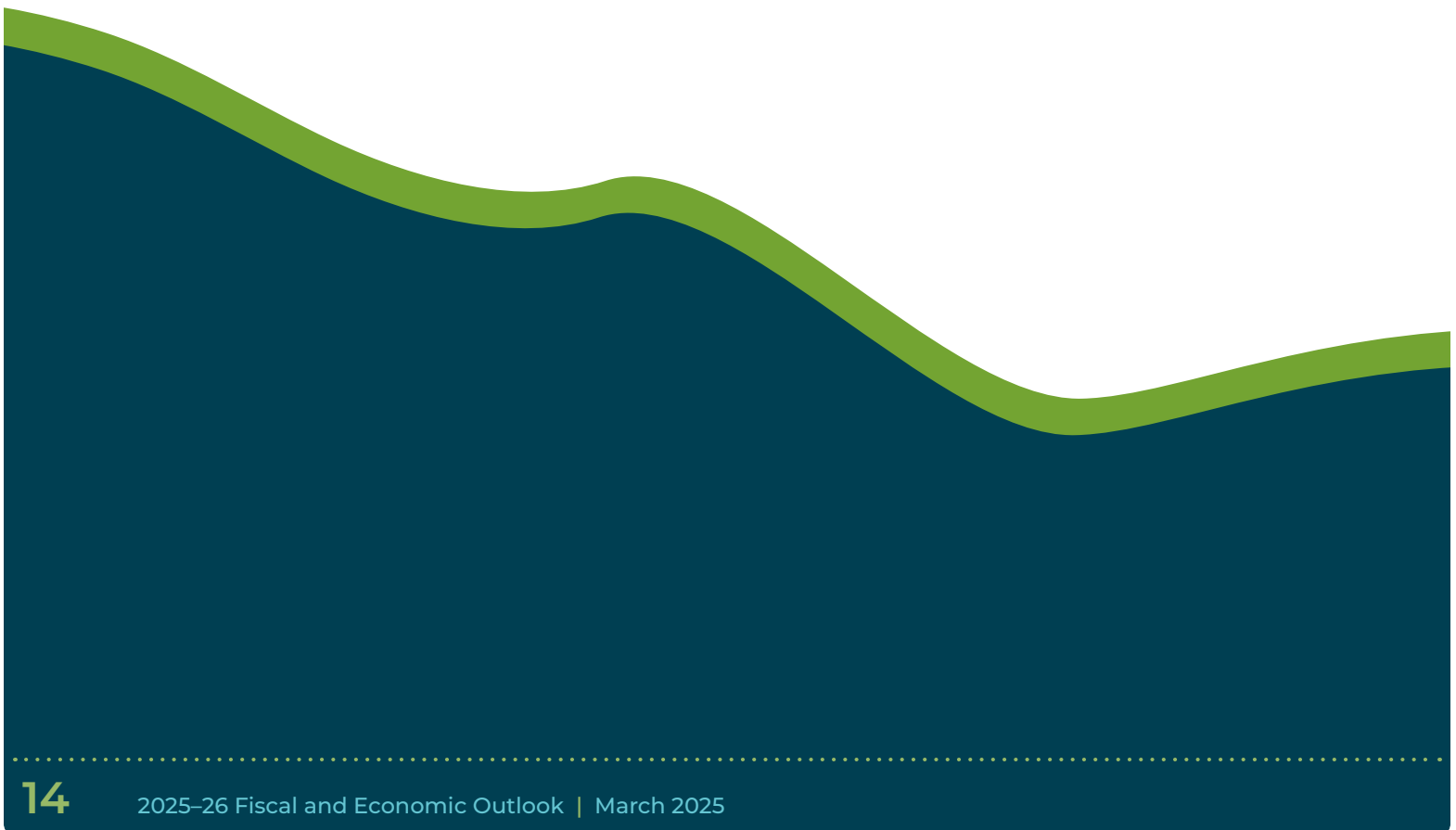
The funds borrowed through this process will be critical in addressing the evolving needs of the Yukon's rapidly growing population. They will allow the government to continue responding to increasing health care demands and tackle intense, time-limited environmental emergencies. Additionally, these funds will support investments that enhance economic and environmental stability across the territory.

Investments in infrastructure, such as replacing the Nisutlin Bay Bridge and the main runway at the Erik Nielsen Whitehorse International Airport, will lay the foundation for sustained economic growth and improved quality of life for Yukoners. These investments also enhance the territory's connectivity to the rest of the country, support economic diversification and foster community growth and wellbeing.

With net debt forecast to stabilize and decrease in future years as these projects are finalized, the government is well-positioned to manage borrowing responsibly while sustaining the territory's long-term fiscal health. The fiscal outlook included in this document supports this clear path to reducing net debt over the medium-term. It also highlights strong revenue growth and controlled O&M spending, aligned with population growth and inflation, which will help reduce borrowing needs over time and support the government's commitment to repaying the borrowed funds.

The Yukon's consistently high credit rating from S&P Global Ratings, reflects the territory's commitment to responsible fiscal management and sustainable economic growth. This strong rating enables the government to borrow at favorable terms, ensuring cost-effective financing for key initiatives while maintaining long-term fiscal sustainability.

The Government of Yukon remains steadfast in its commitment to transparency and accountability in financial management. Yukoners can continue to expect regular updates as the government navigates the evolving fiscal landscape, ensuring that borrowing decisions align with the territory's long-term goals and priorities. To further enhance this commitment, the government has included new information in Budget 2025–26, providing Yukoners with a clearer understanding of financial decisions related to borrowing. This continuous improvement in the government's financial presentation is consistent with the high grade it received from the C.D. Howe Institute for fiscal accountability and the clarity of its financial reporting. This proactive and strategic approach to financial management ensures the Yukon is prepared to meet today's challenges while building a prosperous and resilient future.





## Part 2: Economic overview

The suspension of operations at the Eagle Gold Mine in June of last year led to a significant downward revision in the outlook for the Yukon's real gross domestic product (GDP). The impact of the mine closure has largely been limited to mine workers, suppliers and the government.

The Yukon's economy could be tested further in 2025, creating economic headwinds should tariffs be imposed by the U.S. The Yukon's economy is less reliant on U.S. trade than most Canadian jurisdictions; however, businesses and consumers would still face higher costs due to a weakened Canadian dollar and higher costs of goods imported from the U.S. The economic outlook assumes that Canada and the U.S. can negotiate an agreement and that there will be no new tariffs, similar to the position taken by the Bank of Canada in the most recent Monetary Policy Report from January. The situation remains fluid and carries a high degree of uncertainty.

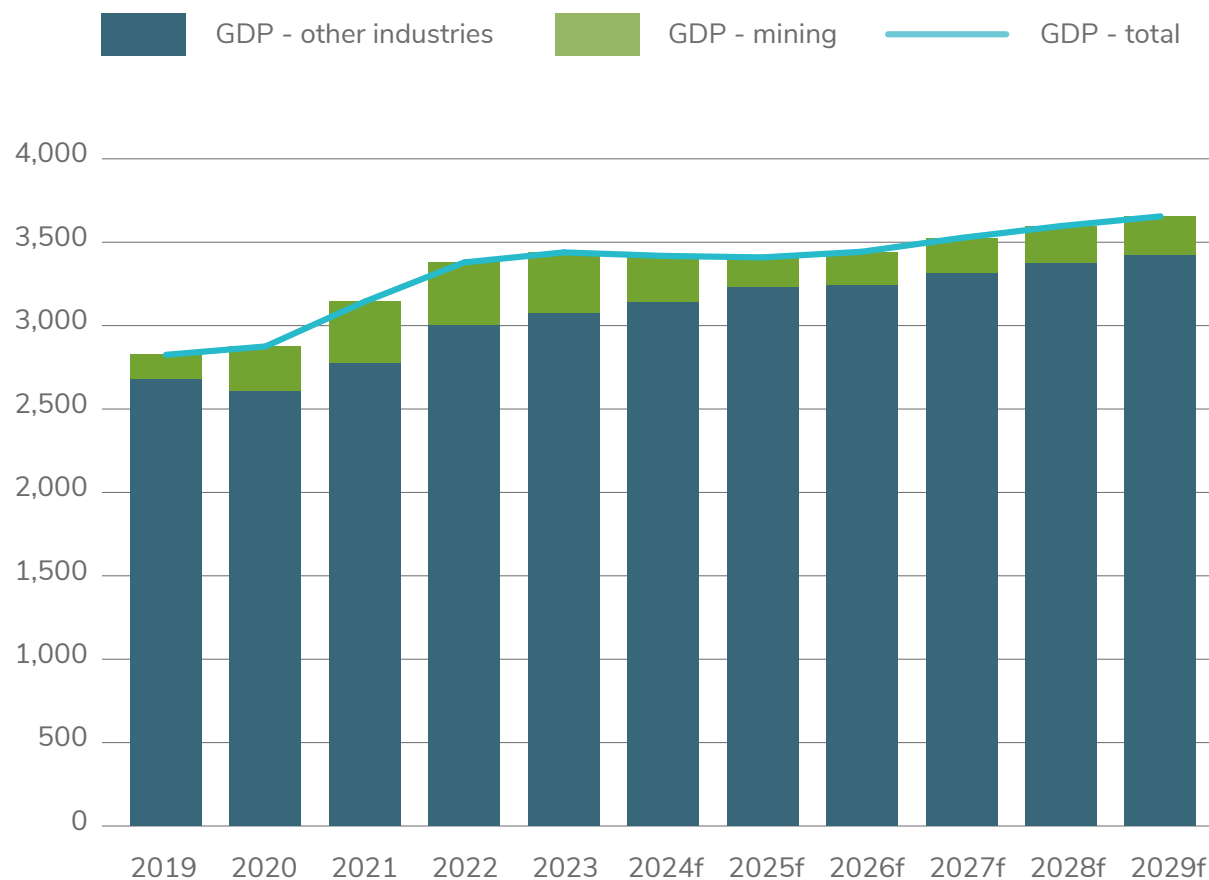
Despite these challenges the Yukon's economy remains resilient. The tourism sector continues to show strong growth and demand for labour has stayed strong, with job gains and rising earnings. The Yukon's strong labour market will continue to help cushion the effects of the Eagle Gold Mine's closure with job growth projected throughout the forecast.

### Robust placer gold production offsets some of the GDP losses from the Eagle Gold Mine suspension

Stronger than expected placer gold production has bolstered the forecast for real GDP. The Yukon's real GDP is estimated to have contracted 0.6 per cent in 2024. This would be the first annual decline since 2019. The contraction, however, is much improved from the 2.3 per cent decline predicted in the 2024–25 *Interim Fiscal and Economic Update*. The stronger forecast is largely due to significantly higher placer gold production in 2024. Placer gold production in 2025 is expected to fall and be closer to annual production levels prior to 2024, which results in a marginal decline in real GDP of 0.3 per cent in 2025. Compared to the fall forecast, the contraction in real GDP is shallower, but spread over two years, with growth returning in 2026 at a rate of 1 per cent.

Chart 3. The rest of the economy continues to grow despite lower mining output

Real GDP (2017\$ millions)



Source: Statistics Canada, Department of Finance f = forecast

Beyond 2026, the outlook improves with growth projected to average 2 per cent over the final three years of the forecast. Growth is supported by tourism and increased production at the Keno Hill mine.

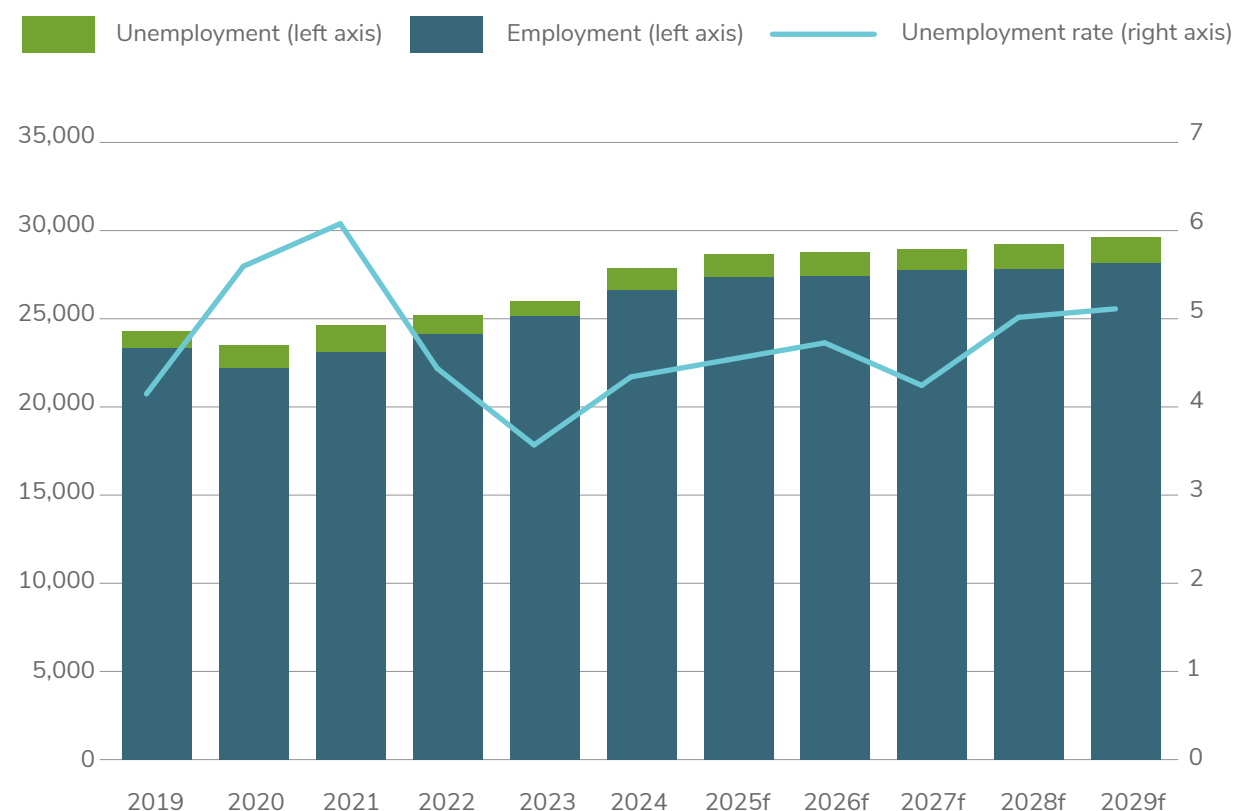
## Positive outlook for the labour market even with notable mine closure

In the Yukon, mineral production can cause significant swings in GDP that do not necessarily reflect the overall health of the economy. Despite the estimated GDP decline in 2024, employment growth remains strong and unemployment is low, indicating that the broader economy is stable and resilient.

When operations were suspended in June, the Eagle Gold Mine was one of the largest private sector employers in the territory. Many of the displaced workers appear to have been reabsorbed into the Yukon's tight labour market. Employment in every month of 2024 was higher than the same month of 2023 and annual employment growth of 6 per cent was the strongest in the country. Though layoffs from the Eagle Gold Mine did not show up in employment data, lower job vacancy rates in 2024 could be indicative of displaced workers filling open jobs. There were around 1,000 job vacancies per month in the first half of 2024 and around 747 on average for July to November.

### Chart 4. Further employment gains expected over the medium term

Employment (persons), unemployment (persons), unemployment rate (per cent)



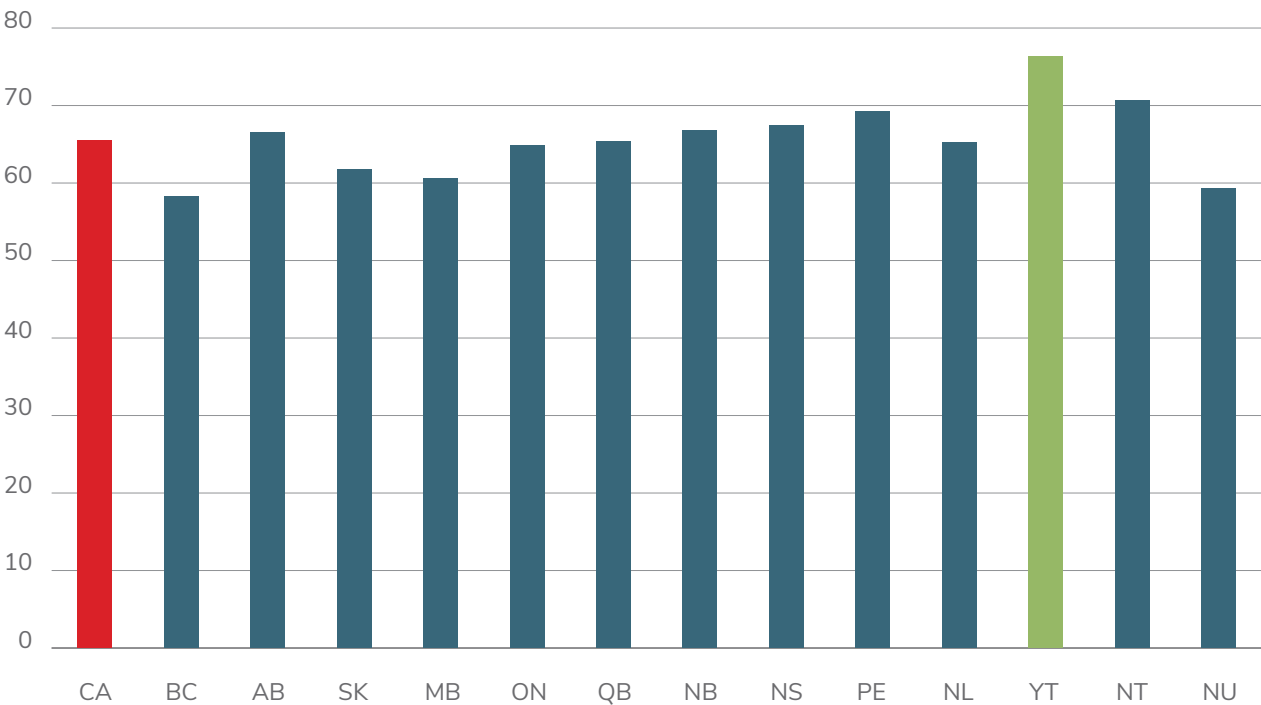
Source: Statistics Canada, Department of Finance f = forecast

While the Yukon’s unemployment rate of 4.3 per cent in 2024 was the lowest in the country, it increased from 3.5 per cent in 2023. After averaging under 4 per cent over the first eight months, unemployment rates were higher over the final four months of the year, averaging 5.1 per cent. Higher unemployment rates reflect more Yukoners joining the labour force, rather than layoffs related to the closure of the mine. This is supported by figures for Employment Insurance (EI). After EI beneficiaries ticked up from 590 in June, the last month the mine was in production, to 610 in July and August, the number has fallen throughout 2024 with the most recent data for November showing 550 beneficiaries.<sup>13</sup>

The labour force participation rate represents the proportion of the working-age population that is either working or looking for work. A high participation rate is generally reflective of a labour market where there are ample opportunities for workers. Over the last 10 years, the Yukon has had either the first or second highest participation rate among the provinces and territories. High participation rates persisted throughout 2024, even considering June’s mine closure and at over 76 per cent in 2024, the Yukon’s participation rate was the highest in the country.

**Chart 5. The Yukon had the highest participation rate in the country in 2024**

Participation rate (per cent)



Source: Statistics Canada

13. Employee insurance beneficiaries (regular benefits) by province and territory, monthly, seasonally adjusted. Statistics Canada. (January 23, 2025).

The full employment impacts of the Eagle Gold Mine closure have yet to be revealed. Estimates had about 150 people, most of them local, working on site stabilization and remediation efforts at the mine.<sup>14</sup>

Another near-term consideration for the labour market is a reduction in the supply of international workers because of reductions to federal immigration targets. This could create challenges for local employers who may struggle to find employees and who may have to pay higher wages to attract and retain workers.

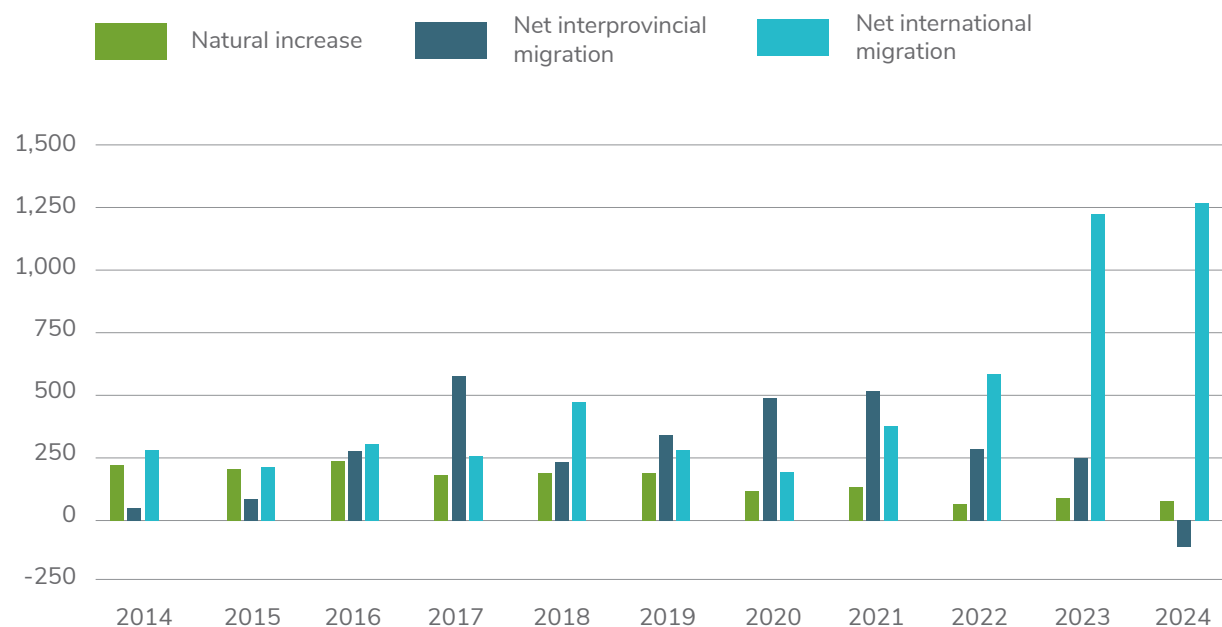
Overall, the outlook for the territory's labour market is for further gains in employment and labour force over the forecast, as labour demand remains elevated across several industries. Persistent demand is also expected to support further earnings growth, as local employers continue to compete for labour in a tight labour market.

## Population expected to increase, although reductions to Canadian immigration targets have tempered growth

The Yukon's population growth has accelerated in recent years due to a marked increase in immigration. Record net international migration was reported in each of the last three years and last year's figure of 1,266 was up from the previous high of 1,223 reported for 2023 and more than double the prior record of 585 in 2022. Strong migration drove population growth of 3 per cent in 2024, the strongest growth since an increase of 3.4 per cent in 2008.

**Chart 6. Record international migration driving recent population growth**

Annual change (persons)



Source: Statistics Canada

14. PricewaterhouseCoopers Inc., the Receiver reported in a November 28, 2024, update that "there are approximately 150 Victoria Gold Corp. employees and contractors on site performing emergency work, care and maintenance and winterization activities."

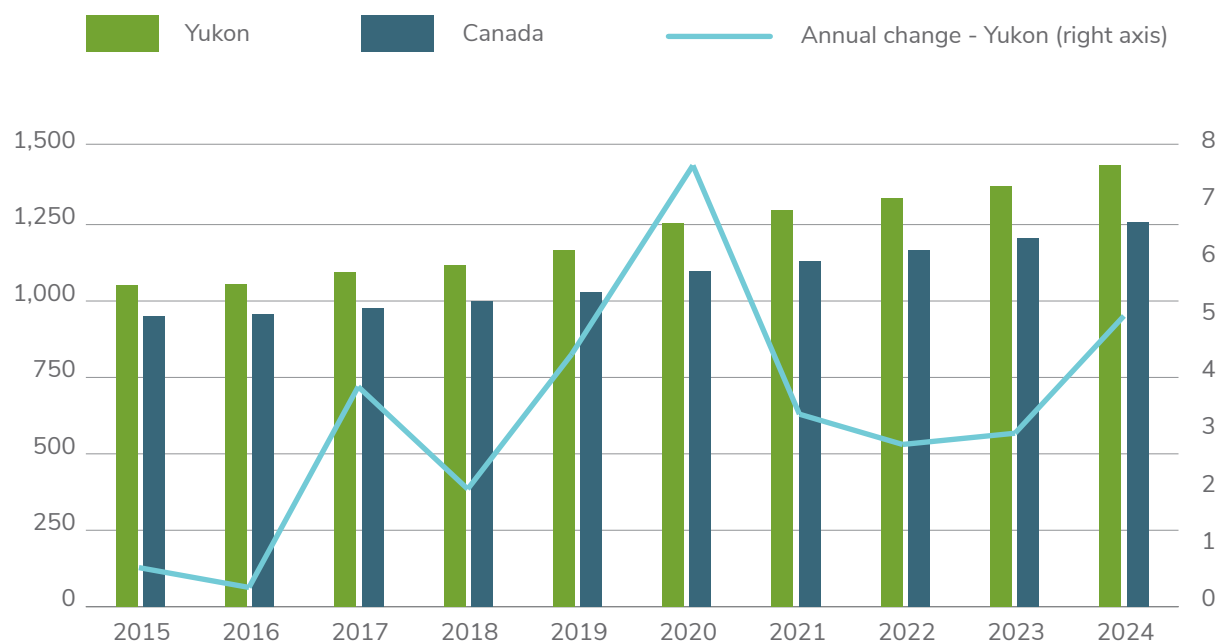
In response to concerns that record immigration was contributing to housing and cost of living pressures in many parts of Canada, the federal government significantly reduced its targets for permanent residents and announced measures to reduce the number of temporary residents.<sup>15</sup> As a result of these new immigration targets, Canada's population is expected to see minor contractions in 2025 and 2026, before a return to growth of 0.8 per cent in 2027.<sup>16</sup> Impacts on the Yukon's population over the near-term are less pronounced, but international migration is projected to fall below recent levels, taking some steam out of annual population growth. Even so, population gains are noted in every year of the five-year forecast, with the Yukon's population expected to rise to over 51,000 by 2029.

## Earnings gains continue to support retail sector, but retail sales growth moderated in 2024

Earnings growth remained strong in 2024 with average weekly earnings over the first 11 months of the year increasing 5.3 per cent to nearly \$1,446. This was the third highest level in the country and the Yukon's year-to-date growth was the third strongest in the country. With year-to-date earnings growth in the Yukon outpacing national growth of 4.3 per cent, the gap between territorial earnings and overall Canadian earnings continued to grow.

**Chart 7. Strong growth in 2024 has seen the earnings gap between the Yukon and Canada increase**

Average weekly earnings, seasonally adjusted, Jan-Nov (\$), Annual change (per cent)



Source: Statistics Canada

15. News release – 2025–2027 Immigration Levels Plan. Immigration, Refugees and Citizenship Canada. (October 24, 2024).

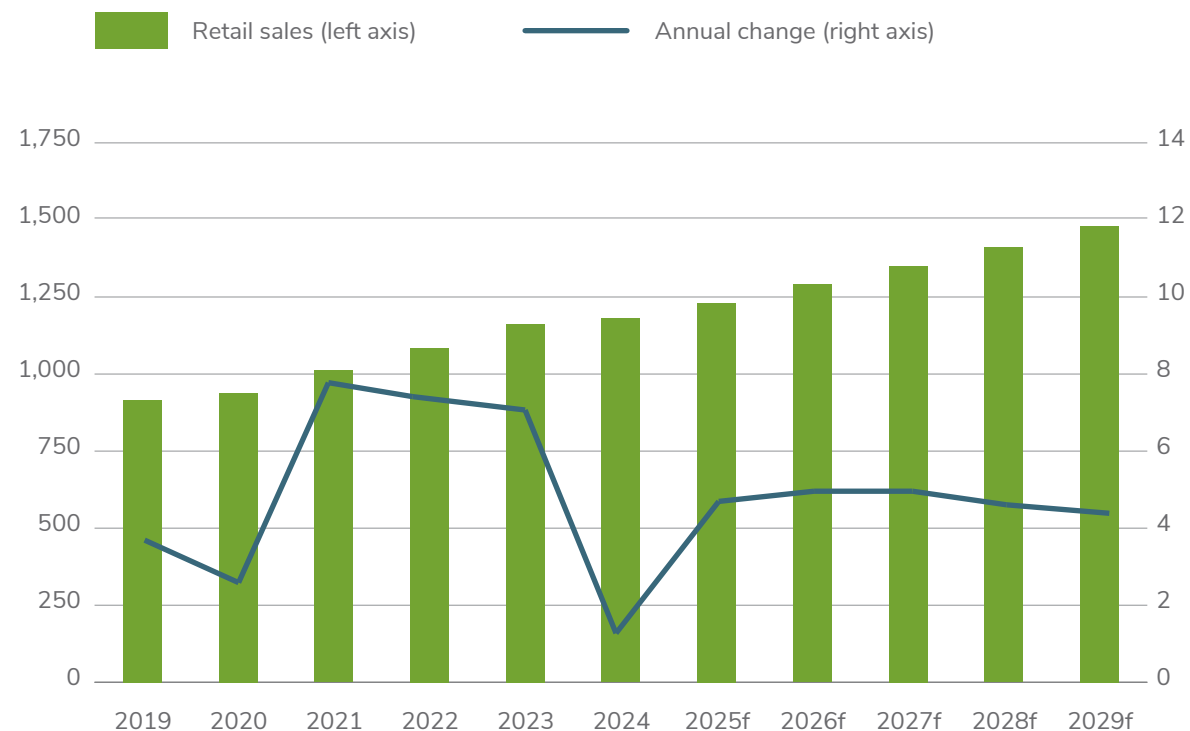
16. 2025–2027 Immigration Levels Plan. Immigration, Refugees and Citizenship Canada. (October 24, 2024).

Earnings growth in 2024 was generally broad-based as most industries reported growth in average weekly earnings. Higher earnings related to 'Health Care and Social Assistance' were supported by pay increases and bonuses for some health care professionals included in the last Government of Yukon collective agreement. This agreement was ratified in June 2023 and ran to the end of 2024. Gains were not limited to the public sector, with workers in 'Trade' and 'Construction' also earning significantly more.

Despite robust earnings growth, the pace of growth in retail sales moderated in 2024. The value of territorial retail sales has reported notable gains in recent years, with growth averaging 7.4 per cent in the three years prior to 2024.<sup>17</sup> While increasing to almost \$1.2 billion in 2024, growth of 1.2 per cent was well below recent annual increases.

### Chart 8. After recent robust gains, retail sales growth is moderating

Retail sales (\$ millions), Year-over-year change (per cent)



Source: Statistics Canada, Department of Finance f = forecast

17. Even as higher prices have been a prominent driver of recent growth, gains have been supported by higher sales volume as annual retail sales growth has exceeded annual levels of inflation.

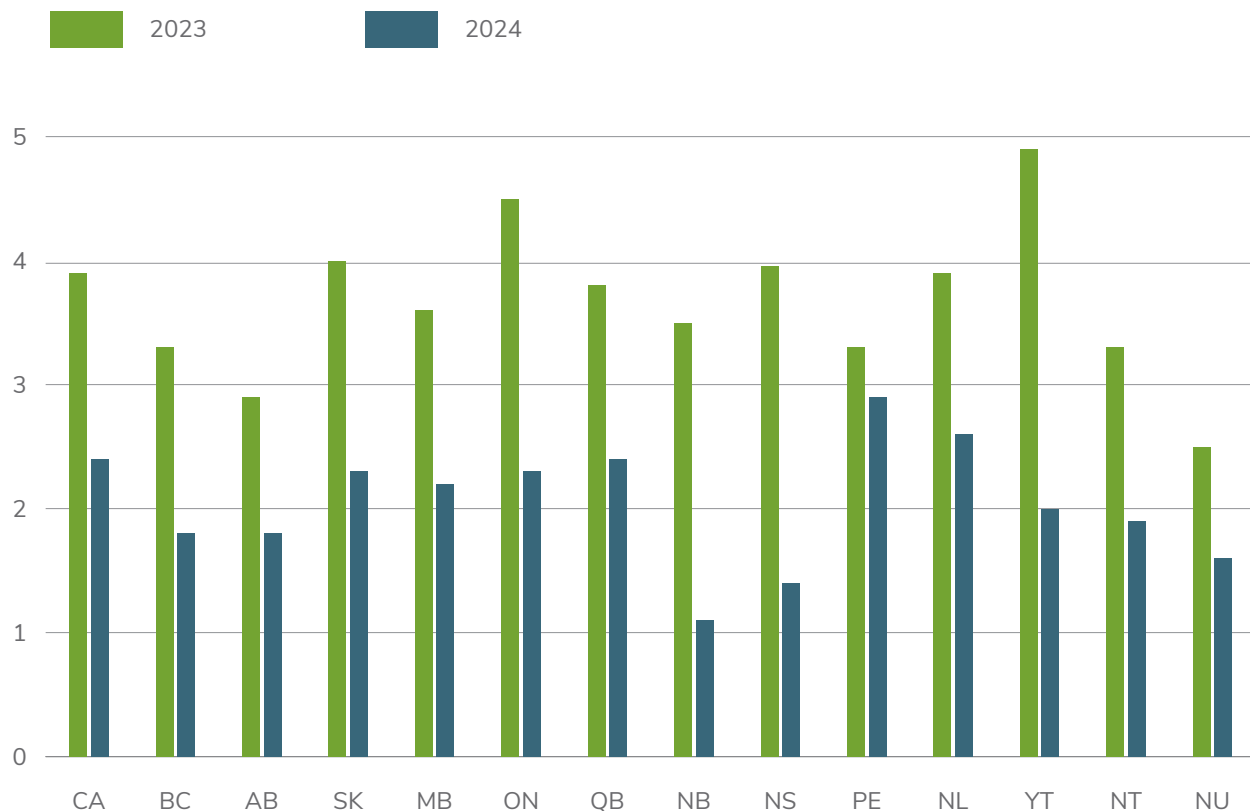
The slowdown in retail sales is expected to be short-lived. A positive outlook for the labour market and continued population growth supports retail sales gains in every year of the forecast. Growth in retail sales is expected to accelerate to 4.5 per cent in 2025, with growth averaging 4.6 per cent over the entirety of the forecast.

## Inflation continues to moderate

Price pressures decreased throughout 2024, as growth in the Whitehorse Consumer Price Index (CPI) continued to trend towards pre-pandemic levels.<sup>18</sup> At 2 per cent in 2024, local inflation was well below the 2023 figure of 4.9 per cent, matching the level reported for 2019. Inflation fell in all provinces and territories, with the Yukon showing the largest improvement.

**Chart 9. Inflation is much improved in 2024**

Annual inflation (per cent)



Source: Statistics Canada

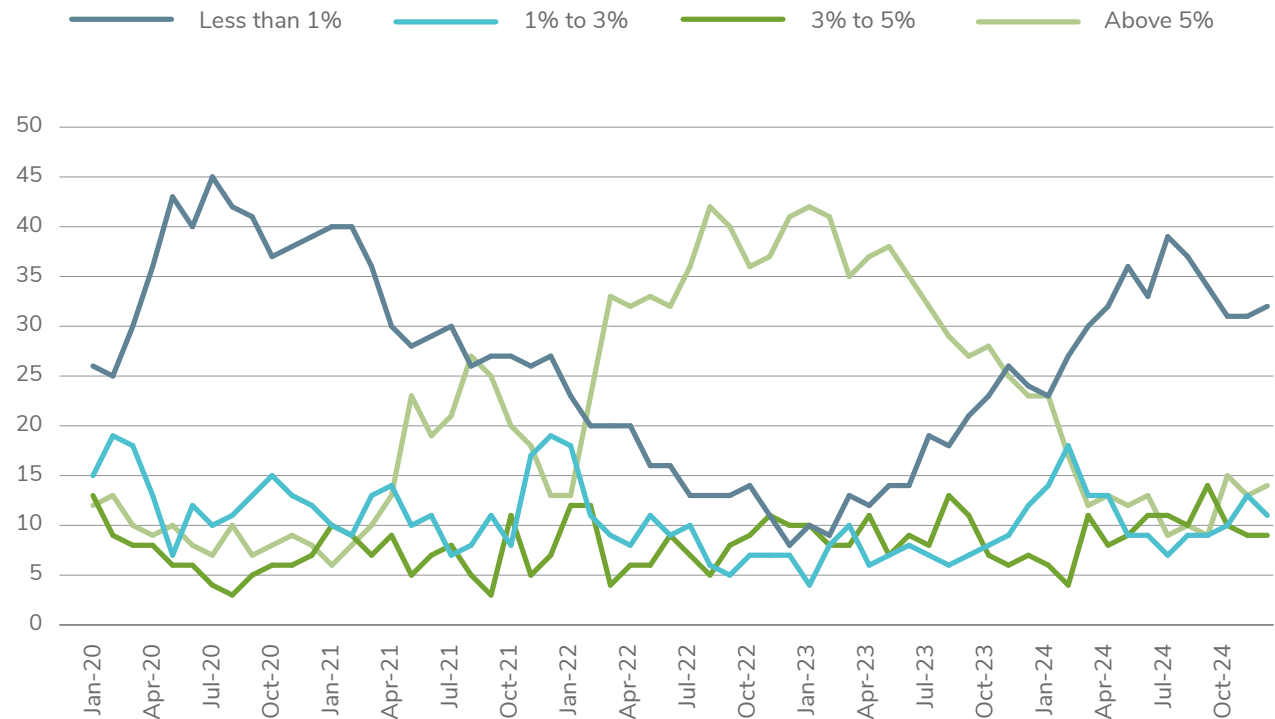
18. With no territorial-wide measures available, changes in the Whitehorse CPI are considered a proxy for inflation for the Yukon.



The number of CPI components growing faster than 5 per cent has fallen back in line with historic levels. About one-third of all CPI components show year-over-year growth under 1 per cent.

### Chart 10. Price pressures are moderating<sup>19</sup>

Number of Whitehorse CPI components by year-over-year change



Source: Statistics Canada

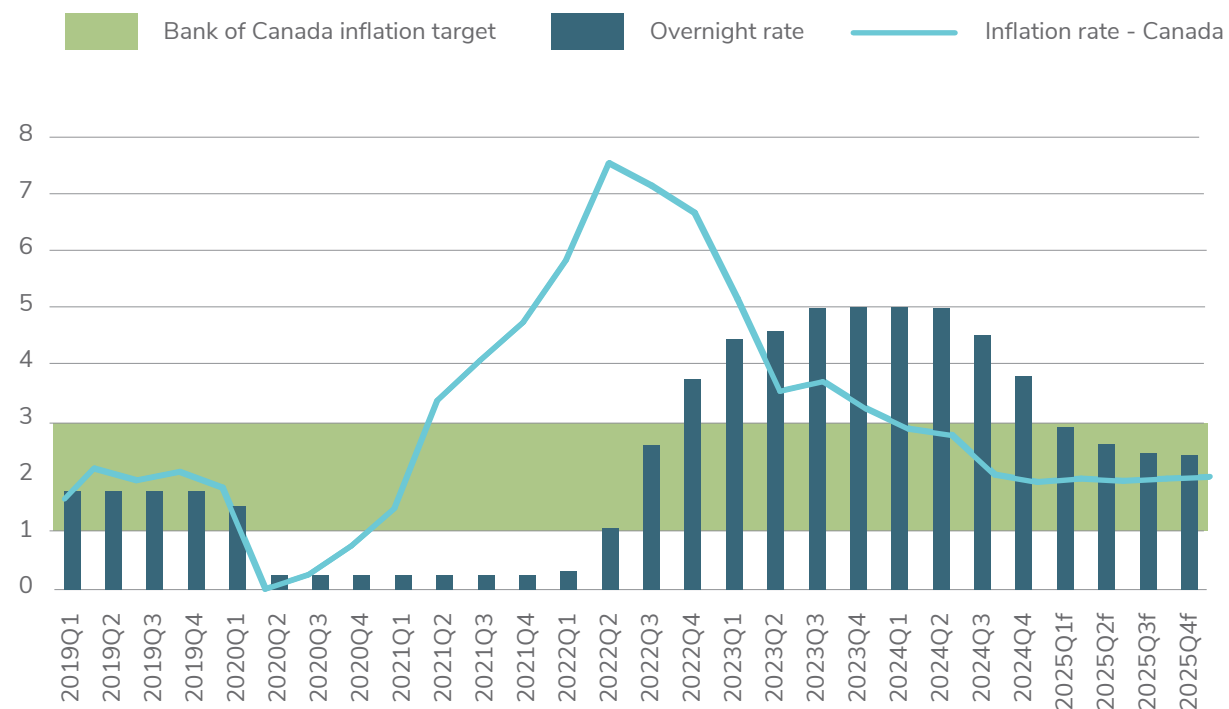
19. To limit double counting, only the most granular aggregation of the components of Whitehorse CPI are presented.

While much improved, price pressures related to shelter and food remain the largest drivers of overall inflation. Shelter costs have been driven by higher mortgage interest costs, rent and homeowner's replacement costs with these areas among the major drivers of inflation in every month of 2024 both in Whitehorse and nationally.<sup>20</sup>

Falling interest rates in 2024 are providing some relief to households. After starting 2024 at 5 per cent, the Bank of Canada made five cuts to its overnight interest rate, ending the year at 3.25 per cent. A further cut of 25 basis points was announced in late January 2025.

## Chart 11. Outlook for further interest rate cuts is good news for many households

Canada CPI change (per cent), Overnight interest rate (per cent)



Source: Yukon Bureau of Statistics, Bank of Canada<sup>21</sup> f = forecast

Over the medium-term, annual growth in the Whitehorse CPI is expected to track closer to historic norms of 2 per cent, with current projections for annual inflation at 2 per cent in every year of the forecast. If the pause on U.S. tariffs expires, inflation could increase significantly due to a lower Canadian dollar and retaliatory tariffs on imports from the U.S. The Bank of Canada estimates that a U.S.-Canada trade war could add upwards of 0.8 percentage points to overall Canadian inflation in 2025 and 1.3 percentage points in 2026.<sup>22</sup>

20. Replacement costs reflect an imputed value for the depreciation costs faced by households that own their home. Essentially, it is a cost attributed to the amount a homeowner would spend to maintain the home's market value.

21. Forecasts for the overnight rate are informed by various public forecasts, including Canada's major banks.

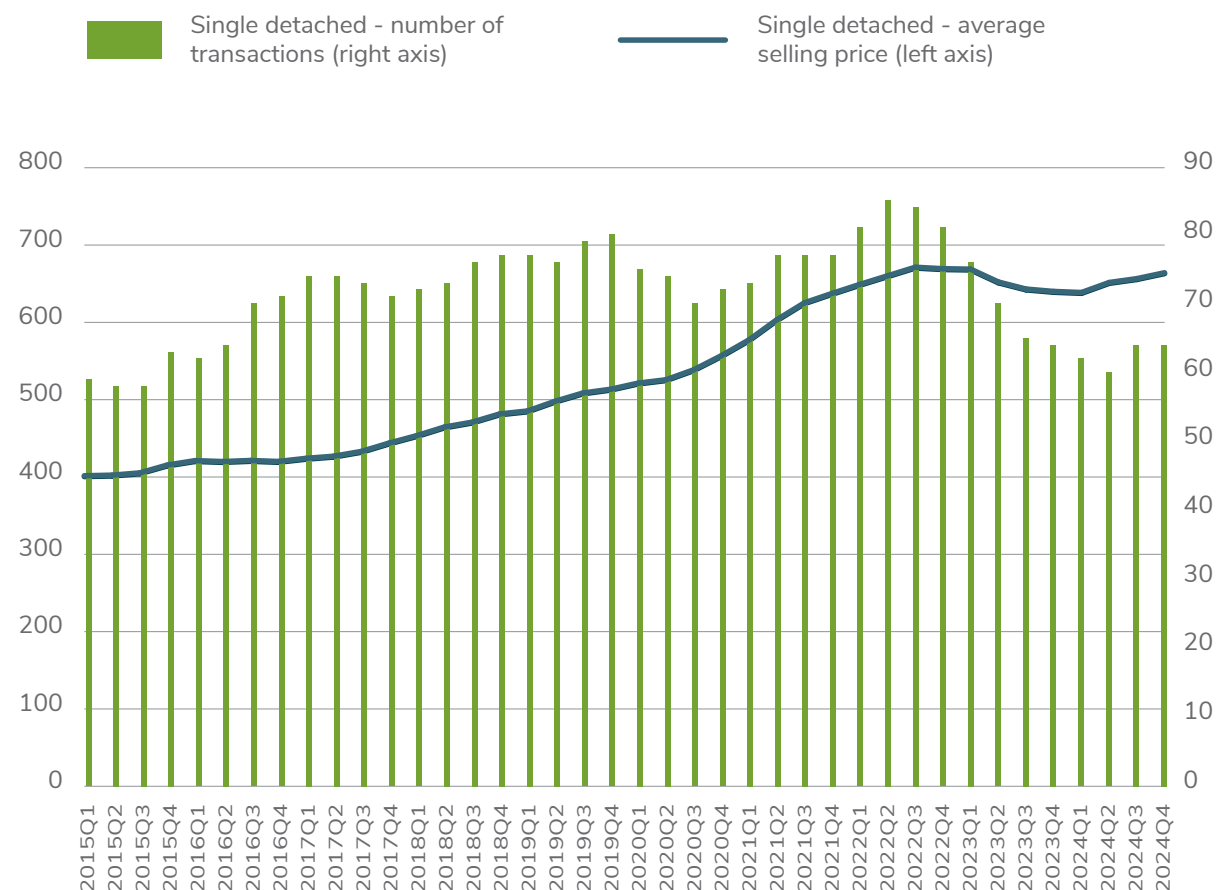
22. Monetary Policy Report – January 2025, Bank of Canada.

# Home prices started to grow again in 2024

Rising home prices have coincided with falling interest rates. After peaking at 6.31 per cent in November 2023 the average monthly mortgage rate for new and existing lending has fallen every month. It reached 4.91 per cent in November 2024, the lowest since August 2022. This fall in mortgage rates has been accompanied by an increase in home prices in Whitehorse with prices picking up steam in the latter half of 2024. Prices for all housing types in the fourth quarter of 2024 were up from the same quarter of 2023. Overall, the average sale price of a single detached home of \$663,100 in 2024 was up over \$24,000 from 2023.<sup>23</sup>

## Chart 12. Prices for single-detached homes in Whitehorse picked up in the second half of 2024

Average selling price (\$ thousands), Number of transactions<sup>24</sup>



Source: Yukon Bureau of Statistics

23. Yukon Real Estate Report Fourth Quarter, 2024. Yukon Bureau of Statistics. (February 2025).

24. Figures represent a four-quarter moving average.

With further interest rate reductions by the Bank of Canada expected in 2025, mortgage rates are anticipated to fall, which could stimulate demand for housing and add further pressure to home prices.

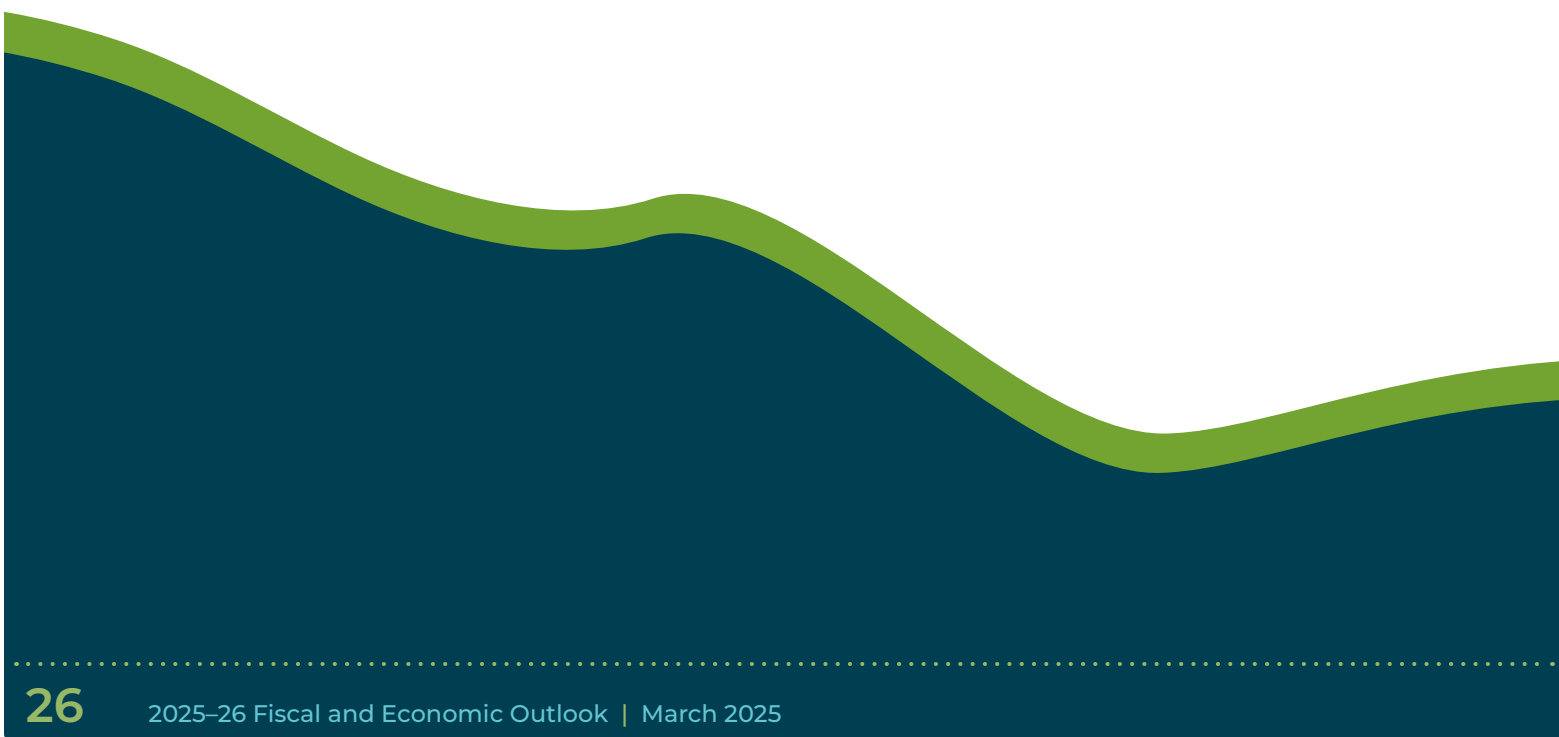
On the rental side, the story continues to be one of increasing rents and low vacancy rates for the Whitehorse market. Rent was one of the main drivers of inflation in every month of 2024. According to the October 2024 Yukon Rent Survey, the median rent in buildings with three or more units reached a new all-time high of almost \$1,310 per month in October. The vacancy rate of 1.3 per cent remained low, falling from 1.5 per cent in April.<sup>25</sup>

To meet housing demands, further development of land for residential use will be required. The Government of Yukon's 2025–26 Five-Year Capital Plan includes planned spending of \$340 million out to 2029–30 on housing and land development. Among the projects included in the plan are a 34-unit multi-family residential project in Dawson City and a 45-unit multi-family development in Whitehorse, both of which are expected to be completed in 2026–27. The Range Point Subdivision project is in the early stages of site preparation and reflects the efforts by the Government of Yukon and the Kwanlin Dün First Nation to develop a new neighbourhood in the capital city. In addition, the Government of Yukon has invested \$5 million in the Winter Crossing housing project, a 105-unit affordable housing project in the Whistle Bend neighbourhood in Whitehorse. Scheduled to open in 2026, Winter Crossing will be owned and operated by Da Daghay Development Corporation, an economic arm of the Ta'an Kwäch'än Council.<sup>26</sup>

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25. Yukon Rent Survey October 2024. Yukon Bureau of Statistics. (February 2025).

26. 105-unit affordable housing project in Whitehorse gets \$5M from territory. CBC News. (February 28, 2024).

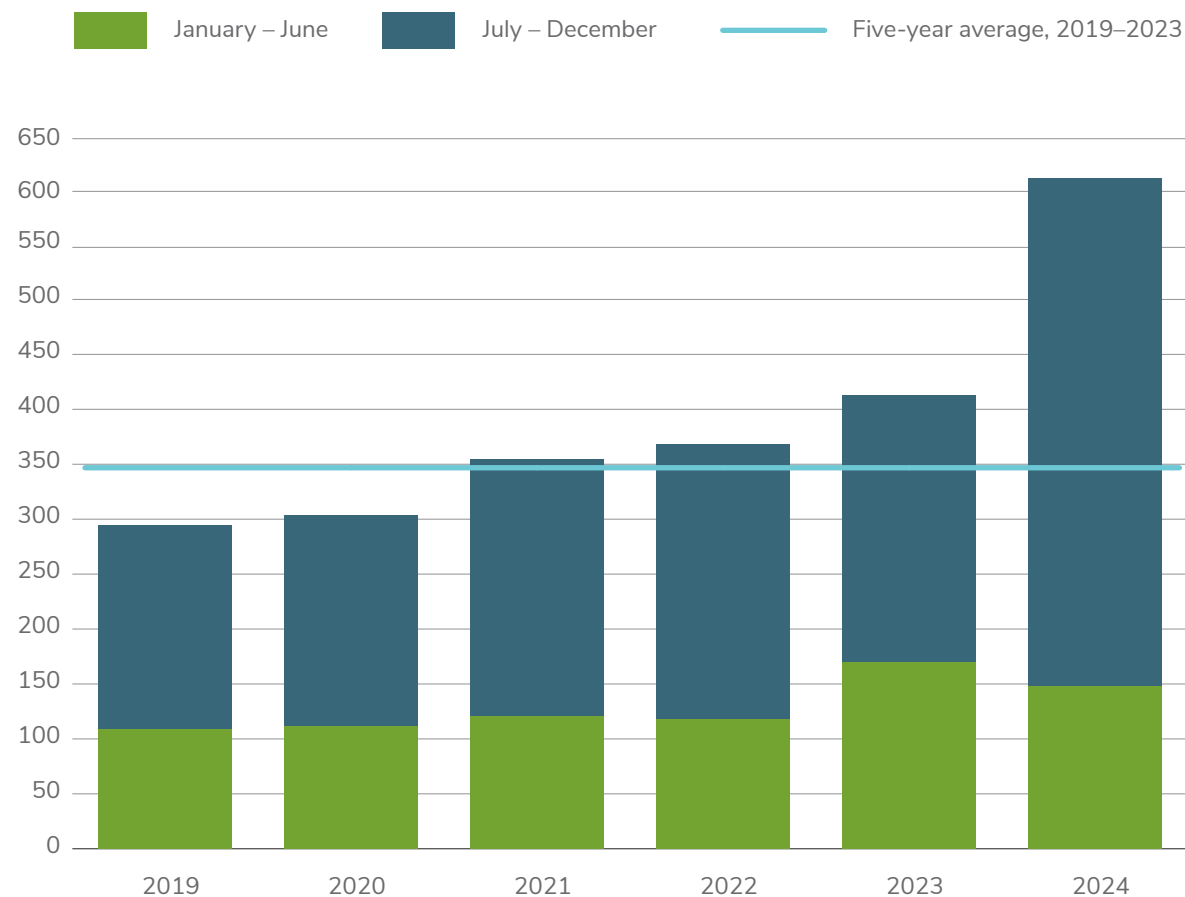


# Building construction investment reached a new high in 2024

After a slow start to the year, investment in building construction saw much stronger spending in the second half of 2024. Of the new record level of \$610.1 million reported for 2024, almost 76 per cent of this spending occurred in the last six months of the year. Robust spending in the second half of 2024 contributed to annual growth of nearly 48 per cent.

**Chart 13. After a slow start, investment in building construction reached a new high**

Investment in building construction, Yukon (\$ millions)



Source: Statistics Canada

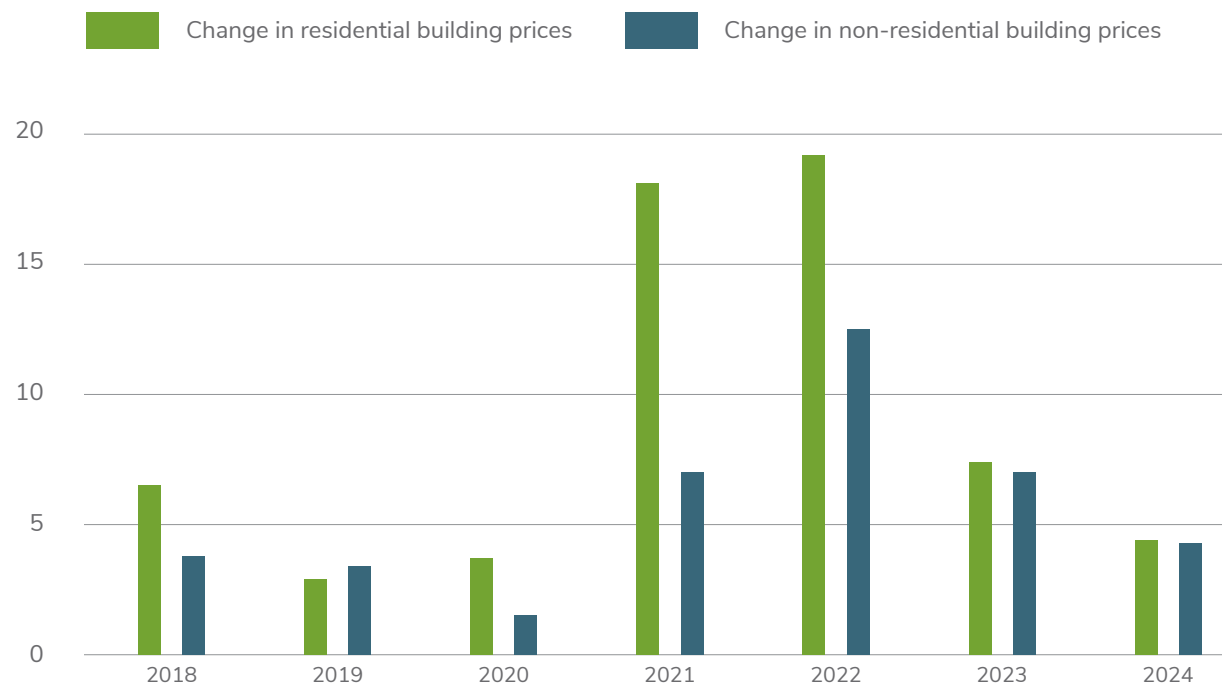
Last year's soft start for building construction was due in part to a backlog of Whitehorse building permits that were awaiting approval. The City of Whitehorse took steps to address the backlog, which was effectively eliminated by the end of August. September's nearly \$62 million in building permits was by far the highest monthly value reported in 2024.

Investment in residential building construction was particularly strong, growing 84.6 per cent to \$413.2 million. Unlike recent years, when new construction was the largest component of residential building investment, renovations investment accounted for approximately 62 per cent of last year's residential investment. The Safe at Home Society's project which is seeing the conversion of the former High Country Inn into affordable housing units was a notable contributor to residential renovations investment. While falling well below the gains noted on the residential side, non-residential building investment was also up in 2024, growing 4.2 per cent to \$196.8 million. Investment related to commercial structures was up over 45 per cent to \$133.6 million in 2024. Expenditures related to office buildings accounted for about 40 per cent of this spending, driven in part by spending on the new headquarters of Northwestel in Whitehorse. Robust growth was also noted in 'hotels/restaurants' with investment almost doubling to \$35.3 million, largely driven by construction of the new Hyatt Place Whitehorse hotel by Northern Vision Development.

After several years of strong inflationary pressure on construction prices, higher prices were less of a factor in the gains in investment spending for building construction noted in 2024.

### Chart 14. Price growth was less of a driver of investment growth in 2024

Change in building prices, Canada (per cent)



Source: Statistics Canada

Chart 14 illustrates that growth in prices for both residential and non-residential buildings for Canada overall fell below levels reported in the previous three years.<sup>27</sup> In the near-term, the potential for U.S. tariffs and the ensuing response from Canada could contribute to higher construction costs, as the price of some construction materials and related machinery and equipment are likely to increase.

\$28.5 million in building permits for institutional and government projects in 2024 was only half of the \$57.4 million reported in the previous year. These declines largely reflect lower spending on school construction, as work on a new elementary school in Whitehorse's Whistle Bend subdivision was completed in early 2024. The Government of Yukon's current Five-Year Capital Plan outlines spending of \$1.9 billion out to fiscal year 2029–30.

The City of Whitehorse's latest capital expenditure program identifies \$317 million in proposed spending on capital projects from 2025 to 2028. The budget includes approved spending of just over \$54 million and almost \$263 million in additional spending which is subject to successful leveraging of external funding. With spending of over \$144 million, engineering services represents about 45 per cent of all spending.<sup>28</sup> Included in this spending is over \$60 million associated with efforts to address potential future landslides along Robert Service Way.

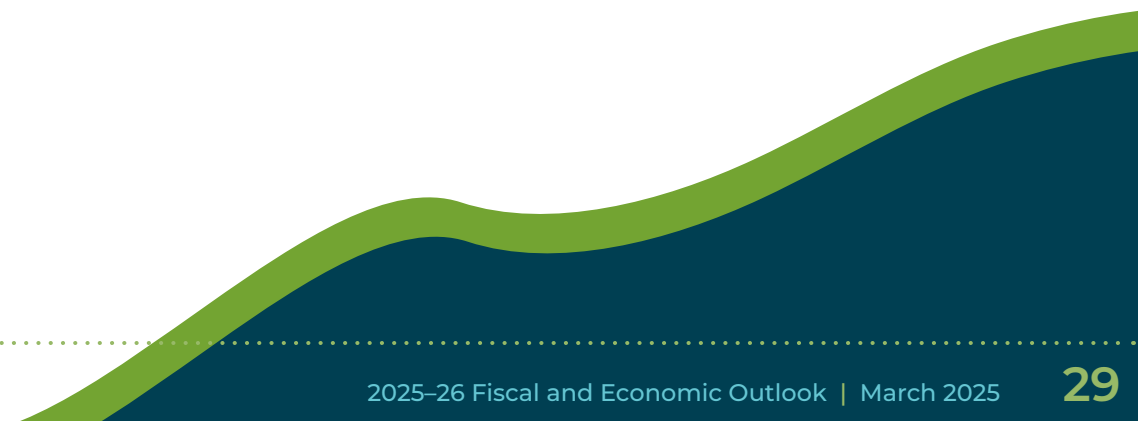
## Outlook for mineral production remains clouded by the Eagle Gold Mine suspension

The local mining sector's outlook remains uncertain due to the suspension of the Eagle Gold Mine in June 2024, following a heap leach pad failure which released contaminants into the environment. Remediation efforts, led by PricewaterhouseCoopers Inc., have focused on heap leach pad stabilization, storage pond construction and environmental monitoring.<sup>29</sup> The Receiver's second report from November 2024 highlights ongoing remediation, mid-term emergency work packages and plans to monetize non-core assets. In mid-December, the Ontario Superior Court approved an increase in the Receiver's borrowing limit to \$105 million to fund remediation through the first quarter of 2025, with funds drawn from Victoria Gold Corp.'s financial security held by the Government of Yukon.

27. As data is not reported for the Yukon, national figures are used as a proxy for the change in local residential and non-residential building prices.

28. Most of this spending is subject to approval of external funding.

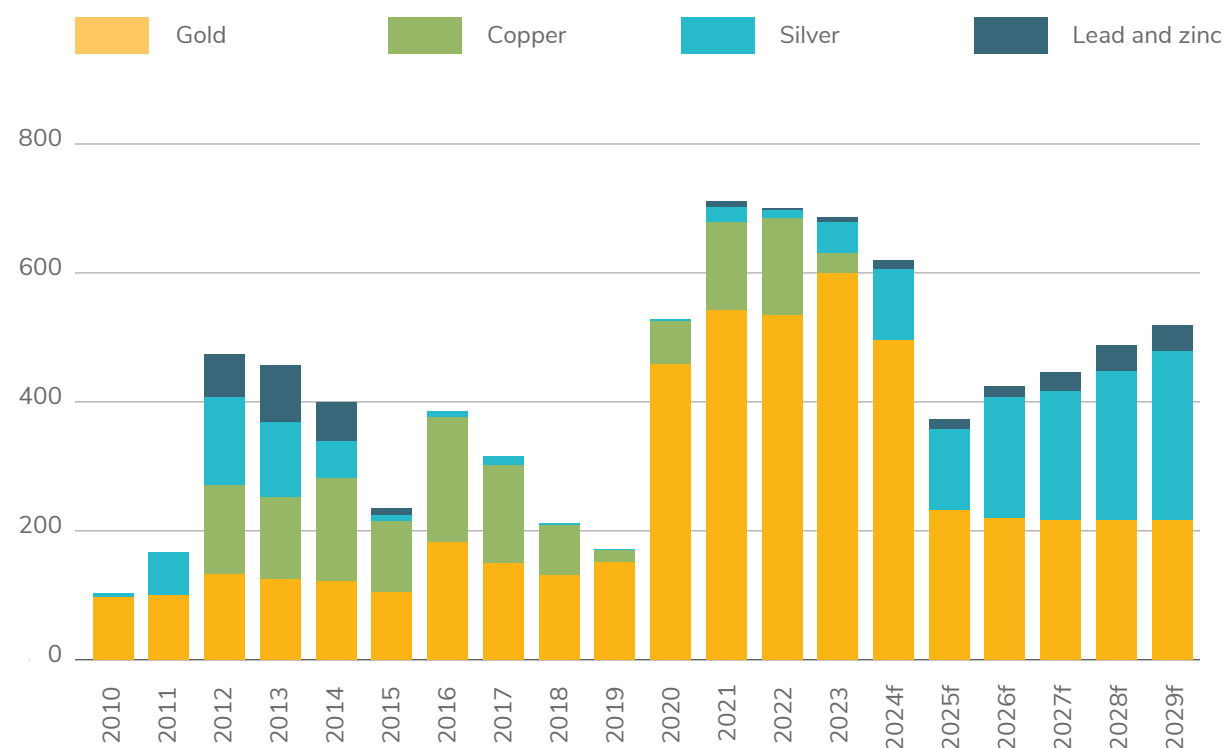
29. A petition by the Government of Yukon to order Victoria Gold Corp. into receivership was approved by the Ontario Superior Court on August 14, 2024. PricewaterhouseCoopers Inc. was named receiver and manager.



The Government of Yukon has stated a desire to see the Eagle Gold Mine return to production, but currently, the future of the mine remains unclear. Before its suspension, it was expected to produce over 200,000 ounces of gold annually, with the mine to produce well into the next decade. Though production may eventually resume at the Eagle Gold Mine, it is not included in the five-year forecast. The forecast also does not include construction or production from either of the two mine projects currently in the licensing process: Kudz Ze Kayah and Coffee Gold. If more information becomes available, these projects may be added to future forecasts.

**Chart 15. Mineral production expected to underperform recent levels<sup>30</sup>**

Value of production (\$ millions)



Source: Natural Resources Canada, Department of Finance f = forecast

A positive for local mining in 2024 was the strong performance noted in the placer gold industry. Placer gold production of nearly 79,000 fine ounces was more than one-third higher than production in 2023 and was the highest since 1997.<sup>31</sup> This, combined with high gold prices, pushed the value of placer gold production to a record \$271 million.

30. Reflects internal estimates based on placer gold production reported to the Department of Energy, Mines and Resources and public reporting of production by other hard rock producing mines.

31. Placer gold is a natural alloy of gold and silver containing minor amounts of other metals. The purity of the gold is measured by its fitness, which is the number of parts of gold in of gold in one thousand parts of alloy. Placer gold is often reported in crude ounces, which is the weight inclusive of the other metals. Fine ounces are a measure of the gold content only.



# Chart 16. Record value of placer gold production in 2024

Placer gold production (fine ounces, thousands), Value of placer gold production (\$ millions)



Source: Department of Energy, Mines and Resources and the Department of Finance

Some placer gold operators increased efforts due to high prices and the nearing expiration of water licences, as 2025 is the 10-year anniversary for many licences. With many licences up for renewal at the same time, some operators may be concerned about renewal delays. Some operators may also be worried about how changes to the regulatory environment since these licences were issued, such as new guidelines for wetland disturbances and requirements for reclamation plans, could make renewals more complex.<sup>32</sup>

Higher production from the Keno Hill silver project in 2024 also mitigated some of the economic impact of the Eagle Gold Mine suspension. Hecla Mining Company reported increased production for silver, lead and zinc in 2024. Silver production grew about 85 per cent to almost 2.8 million ounces. Zinc production more than doubled from just under 2.5 million pounds in 2023 to nearly 5.9 million pounds and lead production increased 12.5 per cent to 3 million pounds. The operator cited delays in permitting due to First Nations and territorial government attention being on the heap leach failure at the Eagle Gold Mine as a factor that delayed construction of a cemented tails batch plant. Production in 2025 is expected to be similar to 2024, with further gains projected in the forecast period.

32. The current forecast reflects the potential for expiring licences and potential regulatory delay by having production fall below recent highs, with production falling marginally over the forecast period.

Mineral exploration is crucial for the sector's long-term viability. Current estimates reported by Natural Resources Canada have exploration spending in the Yukon at \$169.1 million in 2024, down from \$184.8 million in 2023. While spending has rebounded since the COVID-19 contraction, the Yukon's share of national exploration spending has declined.

### Chart 17. Annual levels are little changed, but share of national spending has fallen

Exploration expenditures (\$ millions), Contribution to total national spending (per cent)



Source: Natural Resources Canada

After early improvements post-2020, the Yukon's share of total Canadian exploration spending fell to 3.9 per cent in 2024 and the Yukon's share of the country's exploration spending has underperformed pre-pandemic levels every year since 2020.

The medium-term outlook for exploration is clouded by various factors. A positive outlook for gold, silver and copper prices could spur local exploration. Interest in critical minerals, supported by federal investments, could also attract investment. In September, a \$40 million investment from the Critical Minerals Infrastructure Fund was announced to help the Yukon explore the feasibility of a connection to the British Columbia electrical grid.<sup>33</sup> Further positive news for potential critical minerals exploration came in December with news of joint funding from the Canadian and U.S. governments to support pre-development activities for Fireweed Metals' Mactung Mine.

33. This fund will provide up to \$1.5 billion in federal funding until 2030 to enable sustainable development and expansion of critical minerals across the country.

There are also considerations that have the potential to negatively impact exploration activity over the medium-term, including concerns about the Eagle Gold Mine failure, potential tariff action and uncertainty around new minerals legislation and land use planning.

## Tourism sector surpassing pre-pandemic levels

The Yukon's tourism sector showed strong recovery in 2024, with key metrics approaching, and in some cases exceeding, pre-pandemic levels. Border crossings increased, with U.S. residents accounting for nearly three-quarters of the total, supporting local businesses through hotel stays, dining, and shopping. Air arrivals at the Erik Nielsen Whitehorse International Airport were also strong, with the nearly 27,000 arrivals in August representing a new record high.

### Chart 18. Air arrivals reached an all-time high in August of last year

Arrivals (deplaning passengers) at Erik Nielsen Whitehorse International Airport (thousands)



Source: Department of Tourism and Culture, Department of Highways and Public Works

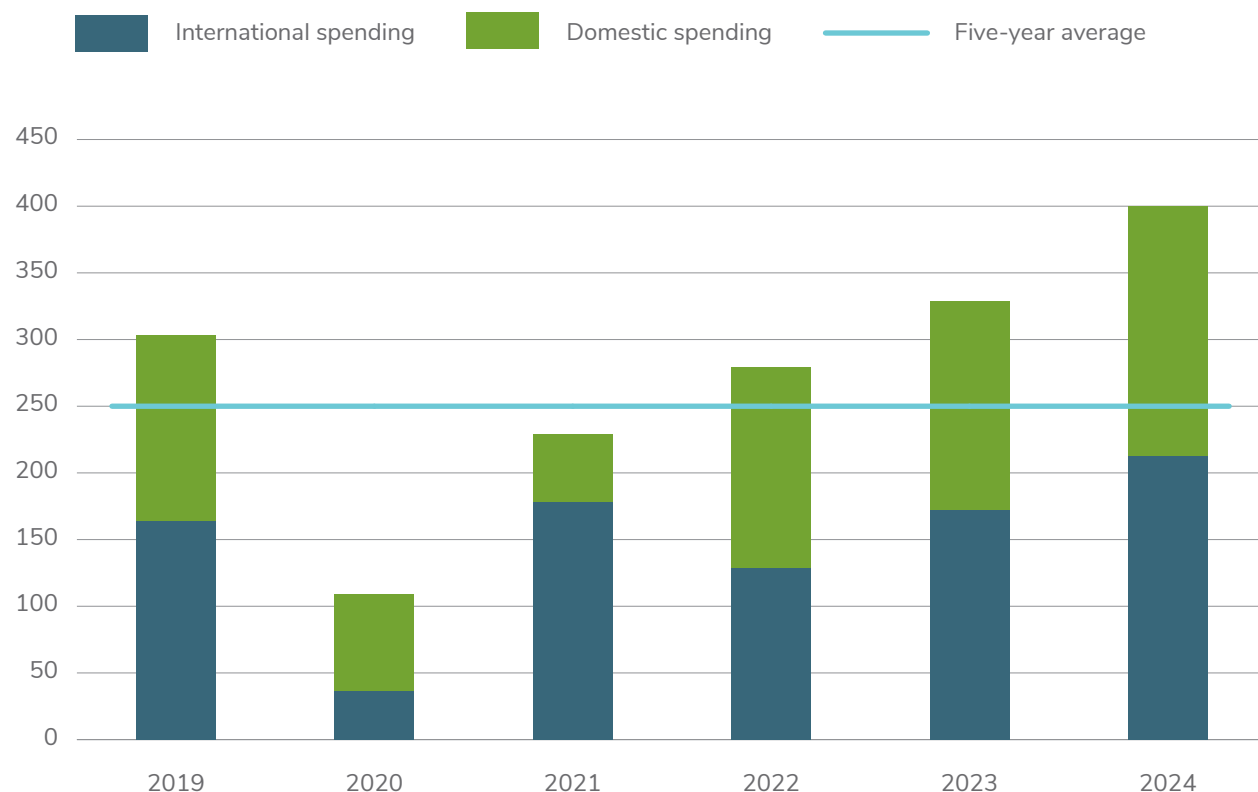
Hotel occupancy rates over the first 10 months of 2024 were the highest since 2018, reflecting a resurgence in travel.<sup>34</sup> Food services and drinking places saw a nearly 10 per cent increase in receipts over the first 10 months of 2024, driven by higher visitation and prices. Visitor spending showed strong growth in 2024, with gains in spending from both international and domestic visitation.<sup>35</sup>

34. Occupancy figures as reported by CBRE Hotels. Figures for the occupancy rate do not capture all hotel rooms in the Yukon, with approximately 600 rooms represented in this calculation.

35. Data from the Canadian Tourism Data Collective via the Department of Tourism and Culture.

Chart 19. Strong visitor spending in 2024

Visitor spending (\$ millions)



Source: Department of Tourism and Culture

Though demand has improved, the sector continues to face challenges, including a tight labour market and high job vacancy rates, particularly in accommodation and food services. Labour shortages are driving up costs, with average weekly earnings in the sector rising 7.3 per cent in the first 11 months of 2024. Food price inflation, though improved, remains high, contributing to increased costs for dining out.

The tourism sector is well-positioned for growth, with the Conference Board of Canada projecting steady growth in the number of overnight visits and associated expenditures in every year out to 2028. By the end of 2028, the Conference Board projects the number of overnight visits in the Yukon will be 20 per cent higher than it was in 2019.<sup>36</sup> However, potential U.S. tariffs on Canadian goods could impact the sector, depending on the severity and duration of such actions.

36. *Return of U.S. Visitors Will Fuel Growth – Yukon's Travel Markets Outlook to 2028*. The Conference Board of Canada. (October 3, 2024).

# Appendix:

## Key economic indicators

	2023	2024	2025f	2026f	2027f	2028f	2029f
<b>Gross Domestic Product (GDP)</b>							
Real GDP (2017 \$ millions)	3,531	3,509 (f)	3,500	3,535	3,620	3,693	3,753
Per cent change	1.5	-0.6	-0.3	1.0	2.4	2.0	1.6
Nominal GDP (\$ millions)	4,330	4,390	4,473	4,608	4,813	5,008	5,190
Per cent change	6.3	1.4	1.9	3.0	4.4	4.0	3.6
<b>Mineral production</b>							
Metal production (\$ millions)	690	620	370	420	450	490	520
<b>Labour market</b>							
Labour force*	25,900	27,700	28,500	28,600	28,800	29,200	29,500
Employment*	25,000	26,500	27,200	27,300	27,600	27,700	28,000
Unemployment rate (per cent)	3.5	4.3	4.5	4.7	4.2	5.0	5.1
Participation rate (per cent)	74.0	76.3	76.1	74.6	73.5	72.7	72.0
<b>Income</b>							
Household income (\$ millions)	2,720	2,905	3,103	3,238	3,428	3,575	3,727
Per cent change	8.8	6.8	6.8	4.4	5.8	4.3	4.3
<b>Consumers</b>							
Consumer price inflation (per cent)^	4.9	2.0	2.2	2.0	2.0	2.0	2.0
Retail sales (\$ millions)*	1,162	1,180	1,230	1,290	1,350	1,410	1,480
<b>Population</b>							
Population*	45,286	46,640	47,600	48,600	49,500	50,400	51,300
Per cent change	2.9	3.0	2.1	2.0	1.9	1.9	1.8
<b>Key assumptions</b>							
Gold (USD/t oz)	1,943	2,387	2,652	2,558	2,500	2,475	2,450
Silver (USD/t oz)	23.40	28.27	30.92	30.38	30.00	30.00	30.00
Copper (USD/lb.)	3.85	4.15	4.24	4.48	4.50	4.50	4.50
Zinc (USD/lb.)	1.20	1.26	1.30	1.25	1.20	1.20	1.20
Lead (USD/lb.)	0.97	0.97	0.99	1.01	1.03	1.04	1.04
CAD/USD exchange rate	0.74	0.73	0.70	0.72	0.72	0.72	0.72

e = estimate

f = forecast

^ = CPI available only for Whitehorse, annual average

\* = Forecasts rounded. Annual per cent change based on unrounded figures.

Source: Statistics Canada, Bank of Canada, Yukon Bureau of Statistics

Population projections are produced by Yukon Bureau of Statistics. Metal prices forecasts are informed by various public forecasts, including Canada's major banks, the World Bank and the International Monetary Fund. All other forecasts are produced by the Department of Finance's Economic Research Branch based on data available as of February 21, 2025.

