

Annual Report of the
**Yukon Council on the Economy
and the Environment**
(YCEE)



April 1998 - March 1999

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September 30, 1999

The Honourable Piers McDonald
Government Leader
Government of the Yukon
Box 2703
Whitehorse, Yukon Y1A 2C6

Dear Mr. McDonald,

I am pleased to provide you with the 1998/99 Yukon Council on the Economy and the Environment Annual Report. It summarizes the activities of the Council for the past fiscal year. The Report provides information on the background and goals of the Council as well as a detailed account of Council activities and expenditures, as required by the *Environment Act*.

Recognizing the major effect that the Development Assessment Process will have on both the Yukon's economy and its environment, the Council put considerable effort into reviewing the draft Development Assessment Act. This initiative was carried out over and above its core-mandated activities. In addition, the Council commissioned a paper to detail options for using the tax regime to support sustainable economic development. The Council began the planning of a series of community conferences on sustainable economic futures that were implemented in the spring of 1999. As well, Council initiated a speaker's series, which will continue during this year. A number of other activities, as set out in this report, were also completed.

It has been my pleasure to work with a dedicated and talented group of individuals on the Council over this past year. They represent the wide range of interests and experience reflected in Yukon society. Their presence together on Council gives your Government a resource that could make a significant contribution to the goal of a sustainable future for the Yukon.

Sincerely,

Jennifer Mauro

Chair

EXECUTIVE SUMMARY

Established in 1989, the Yukon Council on the Economy and the Environment (YCEE) was the first legislated round table in Canada. Mandated by the *Environment Act*, and representing a wide range of interests in the Yukon, the Council's primary purpose is to encourage sustainable development in the Yukon.

In addition to the mandated requirements, the Council pursued a number of other initiatives, research projects and stakeholder dialogues this past year in an effort to foster solutions-oriented debate and recommendations. This included:

- Publishing Building an Effective Yukon Development Assessment Process: Report on the Draft Yukon Development Assessment Act. This report outlined 44 recommendations to assist government achieve its objectives for development assessment as set out in the Umbrella Final Agreement.
- Publishing Tax Incentives to Increase Access to Financing for Yukon Businesses. This paper identified a number of strategies to develop a more dynamic and competitive tax regime that could contribute sustainable and diversified development.
- Initiating planning for a series of Community Conferences, to be held in 14 Yukon communities. The conferences will generate debate and recommendations on topics including: alternatives to the traditional economic sectors; community sustainability; and sustainable economies within the Circumpolar North. A series of speakers will contribute to the debate in the context of globalization and performance measurements in sustainable development.
- Reviewing the Yukon Government Fund Limited (Immigrant Investment Fund) and encouraging government to look beyond the attraction of new capital to ensure appropriate management of the fund to meet the objectives of sustainable economic development by clearly defining guidelines and objectives

Administering a budget of \$140,000.00, which included a base budget of \$70,000 and an additional \$70,000 to support the Community Conferences initiative, Council's chair and its ten members had seven meetings throughout the year--four regular meetings, including one in Dawson City, and three special meetings. During this time, Council revisited YCEE's Conflict of Interest Guidelines and distributed to other Boards the newly revised operating procedures that it felt may be of use to them.

BACKGROUND AND MANDATE

The Yukon Council on the Economy and the Environment (Council) was established in November 1989 and was the first legislated round table on the economy and the environment to be established in Canada.

The Council was created to advise the Yukon Government and encourage non-governmental organizations, individuals and businesses to adopt practices and approaches that will further the goal of sustainable development in the Yukon.

The *Environment Act* (s. 41) outlines the main duties of the Council as:

41. (1) the purpose of the Council is to encourage sustainable development in the Yukon.
- (2) without restricting the generality of subsection (1), the Council may:
 - (a) undertake and encourage public discussion of the economy and the environment and their inter-relationship;
 - (b) review the policies of the Government of the Yukon and evaluate their implementation in relation to the objectives of this Act;
 - (c) conduct research on the economy and the environment; and
 - (d) promote public awareness of the importance of sustainable development.

The membership of the Council is, by legislation, drawn from a wide range of interests in the Yukon, including: First Nations, business or industry, labour, environment, municipal government, and women. Members are nominated by organizations in these sectors and appointed by Cabinet.

The Council has a number of specific responsibilities it is required to fulfill under the *Environment Act*. These include:

- an annual report to the Legislative Assembly detailing its activities and expenditures;

- an annual review of the performance of the Government of the Yukon in the implementation of the Yukon Conservation Strategy and reporting its findings to the Legislative Assembly;
- a report of its review of the triennial Yukon State of the Environment Report to the Legislative Assembly; and
- review, report on, and make recommendations regarding complaints submitted under s. 22 of the *Environment Act*.

The *Economic Development Act* (s. 10 (1)) outlines additional functions for the Council. These include:

- (a) review policy, strategic, legislative, and program initiatives and provide advice about them to Cabinet;
- (b) monitor progress on the implementation of the Yukon Economic Strategy;
- (c) encourage environmentally sound economic development by industry, government, labour, and aboriginal and non-governmental organizations;
- (d) at the call of the Minister, arrange public symposiums on major economic issues;
- (e) promote public awareness and understanding of the links between the environment and economy, and the importance of integrating economic and environmental policies and sustainable development;
- (f) recommend research on the economy or links between the economy and the environment;
- (g) carry out or supervise projects assigned by the Commissioner in Executive Council; and
- (h) review and comment on any reports that address the state of the Yukon economy;

Council's Prior Activities

During the 1989 to 1992 period, the Council was involved in a broad range of activities. These included organizing public speaker series on different issues;

holding annual conferences and workshops on a number of topics and reviewing the *Environment Act*, *Employment Standards Act*, *Economic Development Act* and *Beverage Container Regulations*.

The Council was also involved in a number of special projects which included: the development of an Environmental Report Card for households; initial work on the development of supplemental economic accounts; identification of the linkages between the land-based economy and the environment, and a review of a number of policy issues for the Yukon government.

During the 1993 to March 1995 period, the Council adopted a work plan which included public consultation on expanding the availability of gambling and video lottery terminals in the Yukon; review of the State of the Environment Report; review of the draft Yukon Industrial Support Policy; review of proposed amendments to the Environment Act; and the organization of a sectoral conference on forestry.

The Yukon Council on the Economy and the Environment was re-invigorated in 1997 after a period of low activity. In November 1997, the Government Leader requested that the Council give priority to the following tasks:

- Fulfill the YCEE's legislated mandate as outlined in the *Environment Act* and the *Economic Development Act*;
- Review the Yukon Conservation Strategy and the Yukon Economic Strategy and consider whether their underlying principles are still relevant and up-to-date;
- Work with the Department of Economic Development to develop an economic diversification strategy for Yukon; and
- Stimulate public interest in the ideas of sustainable development through public education.

At its February 1998 meeting, the Council adopted a workplan for 1998 (see Appendix A) reflecting these priorities. This plan was later tabled in the Yukon Legislature.

Priorities of the Council for 1998/1999

The 1998/1999 fiscal year turned out to be very busy for the Council. In addition to the priorities set out in its 1998 workplan, two other activities were added to the agenda. In October 1998, the Government Leader requested Council to carry out a series of community conferences on the issue of sustainable economic development. Additional funds were allotted to this project for 1998/1999.

With the release of the draft Yukon Development Assessment Act, the Council added a review of this important Act to its agenda for the year. Council carried out detailed research and review of the draft legislation and facilitated constructive dialogue among the stakeholder groups. Following this process, the Council released a report outlining a range of recommendations intended to assist government in meeting key objectives of this legislation.

ACTIVITIES OF THE YUKON COUNCIL ON THE ECONOMY AND THE ENVIRONMENT

1. Specific Legislated Tasks

Annual Review of the Government's Performance in its Implementation of the Yukon Conservation Strategy

In cooperation with staff from the Department of Renewable Resources, Council completed a review of the Yukon Conservation Strategy for the years 1996 and 1997 and tabled it in the Legislature.

In general, the YCEE concluded the government is operating in good faith using the principles set out in the Yukon Conservation Strategy and the revisions as defined in the "Staying on Track" document. The Yukon legislative system is keeping up with the demand for changing environmental legislation and policy with the conservation provisions in First Nation Final Agreements and the passing of its own *Environment Act* and related regulations.

While the efforts made by the government are commendable, the management of the implementation of the 'actions' could use some focus. Political will and tangible results are not always linked. The government needs to be aware and act on how strong a role it can, does and must play in ensuring the objectives of sustainability--as outlined in the Yukon Conservation Strategy, *Yukon Environment Act* and the Umbrella Final Agreement--are implemented and practiced.

In conducting the review it was found that the Yukon Conservation Strategy lacks clear linkages between its actions outlined, the underlying goals and principles, and the results desired--making it difficult to effectively review the government's performance in implementation. The Council wanted to ensure that the next revisions to the Yukon Conservation Strategy rectify this and make it a more appropriate, useful, and effective tool to assist in ensuring a sustainable future for Yukon.

To assist the Council and the Department of Renewable Resources, Dr. Tony Hodge was brought to Whitehorse. Dr. Hodge is an engineering consultant and co-chair of the British Columbia Council for Sustainability and is uniquely qualified in the area of assessing progress toward sustainability. Dr. Hodge has been advisor to the United Nations, Director of Research for the International Joint Commission on the Great Lake Waters and authored, among others, two books on the matter of assessing sustainable development.

Review of the Economic Strategy

Pursuant to the Council's mandate under the *Economic Development Act* (Section 10(1)(b)), Council initiated a review of the Yukon Economic Strategy. As with the Yukon Conservation Strategy, there are few, if any, clear linkages or performance assessment criteria defined for the principles and goals of the Yukon Economic Strategy. Yet it is still important to determine whether the Yukon is getting closer to the objectives set out in the Strategy, as well as how well government actions have assisted in such movement. The Council's Working Group on Diversification is considering options on how to develop an evaluation framework. Work on this review will continue through 1999/2000.

Review of the Yukon State of the Environment Interim Report 1998

The Council has been kept up-to-date on the progress of the development of the 1999 *Yukon State of the Environment Report* and made the following recommendations for the 1999 report:

- maintain its value as a main source of information on the Yukon environment and environmental indicators;
- maintain its integrity as a source to view the environment as a whole;

- be set out in such a way as to ensure a strong link between it and the Yukon Conservation Strategy;
- integrate traditional and local knowledge in a more comprehensive manner throughout the report;
- include the technical information that may now be available through the First Nations that are responsible for their land and resources; and
- identify emerging problems and long term cumulative effects on the environment.

The Council looks forward to commenting on the final product near the end of 1999.

Regulations to Govern the YCEE

The 1997 *Report on the Audit of the Yukon Government's Performance under the Environment Act* reported that regulations to govern the Yukon Council on the Economy and the Environment, which are required under the *Environment Act*, Section 41 (4), had not been enacted by Cabinet.

During this past fiscal year, Council members continued to work with staff from the Department of Renewable Resources to draft regulations covering the required areas as outlined in the *Yukon Environment Act*. As required under the *Yukon Environment Act*, there was a public review of the draft regulations. The regulations were approved by Cabinet and became law in March 1999 (Appendix B).

2. Research & Review Activities

Review of the draft Development Assessment Process (DAP)

The Council recognized that the Yukon Development Assessment Act will be landmark legislation in the Yukon. It will have a profound impact on the Yukon's economy, environment, and people for years to come. The interest shown in the public consultation of the draft legislation was evidence of this fact.

In understanding its mandate and the essence of the proposed Yukon Development Assessment Act, the YCEE held a number of meetings to review the legislation. In February 1999 the Council released the report *Building an Effective Yukon Development Assessment Process: Report on the Draft Yukon Development Assessment Act*.

The report identifies key issues and concerns surrounding the potential impacts of the draft Yukon Development Assessment Act. It provides 44 recommendations, which are suggestions, not prescriptions, for how some of the issues and concerns may be addressed.

Above all else, the Council strongly encouraged the Parties to take the required time to achieve a truly “made in Yukon” DAP legislation. This requires an improved consultation process – a collaborative one – to help ensure that the views and suggestions of Yukon people and Yukon organizations are recognized and incorporated into finalized DAP legislation.

The Council’s report reflects the consensus of its members in promoting good legislation and public policy beneficial to all Yukon people. This consensus was reached following a thorough review of the draft legislation. The basic premise for the YCEE’s review was simple. To be most effective and efficient, development assessment should:

- be a proactive process – it should encourage enlightened early planning;
- establish clarity in its application and certainty in its procedures for the proponents of development and the public; and
- should also encourage early discussion and public consultation.

The process for establishing a Yukon Development Assessment Act should also be a proactive and inclusive one.

Development assessment legislation for the Yukon represents a significant challenge at a time when the territory is experiencing profound changes to its economy and its institutions. The prospect of “made in Yukon” legislation continues to represent a tremendous opportunity for an improved, more efficient and more effective development assessment process.

The Council strongly encourages all governments to work together in a proactive manner with all Yukon people to enable further public discussion and publicly supported solutions which will contribute to legislation that more fully meets the needs of Yukon people, the Yukon economy and the Yukon environment today and into the future.

The Council also facilitated a meeting of the Yukon Chamber of Mines, the Yukon Conservation Society, and the Yukon Chamber of Commerce regarding the involvement of stakeholders in the development of DAP. This was the first face-to-face meeting of industry and environmental interests on the subject of DAP and was an important step toward making DAP a collaborative process.

Tax Regime Paper

In May 1998, the Council retained the Whitehorse accounting firm MacKay & Partners to explore the use of the tax regime as a way of supporting sustainable economic diversification of the Yukon economy.

The purpose of the project was to consider options for using the tax base and tax regime as a vehicle to: increase access to capital for business and business development; create or promote greater investment in the Yukon economy; and to lessen the outflow of capital and savings from the Yukon. This was to be done in the context of the objectives for the economy as agreed to at the Council's February 1998 meeting. The resulting report was called Tax Incentives to Increase Access to Financing for Yukon Businesses.

After discussing the paper, YCEE made several recommendations to the Yukon Government on how to develop a more dynamic and competitive tax regime with the goal of sustainable and diversified development. Council suggested that further exploration be done in the following areas: research and development; film and video productions; manufacturing and processing; access to capital for equity financing; and green initiatives.

- **Research & Development**

Key reasons for supporting research and development programs include the need for:

- continued intellectual growth and vitality in any sustainable community; and
- assisting business to establish new and better ways of providing goods and services.

To avoid some mistakes of the past with these types of programs, accountability is key. One method is establishing conditions for eligibility. For example, a business could not qualify for a tax credit in research and development unless the work is directly linked to the Yukon College, the

Northern Research Institute, or a recognized research institute operating in the Yukon.

In light of the Circumpolar Conference, and this Government's support for such forums and associated principles, the credit could also be conditional to research and development that would directly assist peoples living and/or industries operating in Circumpolar areas.

Further work in this area was recommended.

- Film & Video Productions

The YCEE was aware of the government's work exploring this option and expressed its support to continue developing and implementing a tax program for the film and video industry.

- Manufacturing & Processing

Council suggested a review of how other provinces (such as Alberta) and other countries (such as Ireland) have promoted manufacturing and processing through the use of tax credits.

- Access to Capital for Equity Financing

While the MacKay Paper focused on a Labour Sponsored Venture Capital Fund option (LSVCF), Council suggested issuing a Yukon Bond to meet the objectives of creating a pool of capital. This method would encourage Yukon people to invest in Yukon, and slow down the outflow of dollars from the territory. By marketing to all Yukon people, as opposed to only the RRSP market, as would be the case with a LSVCF, it would have a more popular appeal.

- Green Initiatives

This is an area that needs to be explored, to consider the pros, cons, and possibilities of punitive and/or progressive tax initiatives to support the development of a more sustainable economy and industries.

It must be noted that while the area of the tax system and equity/gender issues was not dealt with, this does not negate the need or importance for such explorations to occur to truly develop a tax regime that supports the principles of sustainable development. Council would look forward to further discussion in these and other areas.

Yukon Government Fund Limited (Immigrant Investment Fund)

The Council is supportive of the government in working out and accessing different ways for attracting new investment to the territory as is noted in the discussion regarding a Yukon bond issue. A diverse approach to access to capital is imperative to stimulate sustainable economic development.

The Council was given an overview of the government's Immigrant Investment Fund. Council expressed its support in-principle for the concept of the program, but there was concern regarding:

- the lack of clear and appropriate objectives and guidelines, including ethical guidelines, for both the source and the distribution of the funds;
- ensuring financial accountability in the management and administration of the funds; and
- ensuring that the new funds address gaps in the availability of financing that face those who are most in need of new sources of capital in the Yukon.

The Council expressed an interest in being more connected and involved in the issues around the Immigrant Investor Fund as the program developed. This has not materialized.

Community Conferences Planning

At the request of the Government Leader, the Council began the planning for a series of community conferences. The Council chose the title "Focus on the Future: Building Sustainable Communities" to reinforce its belief that to consider changing the boom-bust aspect of our economy, to truly diversify the economy, and support sustainable communities, we have to look at building long-term solutions, not short-term fixes.

The conferences will be held during April & May 1999 in 14 communities outside Whitehorse. The intent of the series is to:

- bring together diverse community interests to discuss the economy in the community context of work, paid and unpaid, families, recreation, volunteer and other activities which also contribute to community 'sustainability';

- to share information on what is going on elsewhere in the Yukon and in the Circumpolar North in the areas of sustainable economies and community development; and
- to stimulate discussion on alternatives to dependency on the traditional sectors of the Yukon economy – government, mining, and tourism.

The research that began in conjunction with the planning of the conferences included:

- developing community profiles looking at trends in the economy, education and population for use as a tool for communities in planning.
- a series of profiles of for profit and not for profit initiatives, that are not directly related to mining and government.
- a summary of the sustainable development conference held in Whitehorse in May 1998, highlighting what would be of interest for Yukon people and the communities specifically.
- a precis of at least 10 projects in the Circumpolar North that would be characterized as a sustainable development project.

At year-end, Council had people working with each of the communities to inform community members of the conferences and assist in developing an agenda that would be relevant.

The Council is looking forward to listening and talking with people in each community about the extent and basis for sustainability in the communities. A report will be prepared after completion of the conferences.

3. Public Education Activities

Speakers Series

In line with its mandate to “promote public awareness and an understanding of the connections between the environment and the economy”, the Council initiated a speakers series on the topics of “globalization and its impact on the Yukon.” With events such as the Asian ‘flu’ and the huge challenges being

faced in Eastern Europe and China regarding environmental health, it was thought timely to consider the external forces effecting the Yukon economy and environment and how we work with this knowledge to continue on a path toward sustainability.

The Hon. Audrey McLaughlin, Yukon's Circumpolar Envoy, was enlisted for two engagements, in Whitehorse and Haines Junction, to speak on the topic of "Vitality of the Circumpolar North." Ms. McLaughlin's talks focused on the role of the Circumpolar North in a globalized economy and the part the Yukon is and could be playing.

Elizabeth Dowdeswell, former Executive Director of the United Nations Environment Program and Under-Secretary General of the United Nations, spoke on the subject "Lessons Learned in Sustainable Development". Ms. Dowdeswell looked at the issues involved in sustainable development at the global level – what has been learned, what can and needs still to be done, and how we, as Yukon people, can make a difference.

As well, Dr. Tony Hodge delivered a seminar for federal, territorial, Council of Yukon First Nations, and non-government organization policy officials interested in performance measurement in the area of sustainable development. Dr. Tony Hodge made presentations to Council members and government staff to assist them in the work of developing the set performance measures and consideration for the upcoming Revisions to the Yukon Conservation Strategy.

It was very inspiring to have three such internationally recognized experts discussing their perspectives. In the upcoming year other topics that may be covered include trade and ethics, health and the economy, and greening of economies.

Student-Led Seminar

The Council sponsored a Student-Led Seminar at Yukon College to give students a forum to discuss and share what they were learning about sustainable development. The intent was to promote public discussion of sustainable development and an information exchange between students, who carry out research, which few people ever see, and the community at large.

Website and Pamphlet

The Council launched a web site, which provides information on the YCEE's mandate and membership, and gives access to Council publications and meetings. It also establishes links to Yukon, national, and international resources on sustainable development. The site is located at:

<http://www.yukonweb.com/community/ycee/>

As well, YCEE's promotional pamphlet was updated and given a new look.

Communications Strategy

A communications strategy to raise the profile of YCEE and enhance public education of sustainable development was commissioned. Implementation of this strategy is ongoing.

4. Administrative Activities

Operating Procedures

The Council's new operating procedures (which were revised in 1997/98) were shared with other Boards to let them know about the YCEE's new mode of operation and the Council's conflict of interest guidelines. The Council considered the issue of conflict of interest for Board members in particular detail, including consulting the Yukon government's Conflict Commissioner, Ted Hughes. The Council hopes that other Boards can benefit from its significant ground work in this area.

Meetings

In 1998/99, YCEE had the following meetings:

- April 3-4, 1998: Dawson City (regular meeting)
- June 5-6, 1998: Whitehorse (regular meeting)
- October 9, 1998: Whitehorse (special meeting, Government Leader re: mandate)
- October 30-31, 1998: Whitehorse (regular meeting)
- November 19, 1998: Whitehorse (special meeting, re: DAP)
- January 8, 1999: Whitehorse (special meeting, re: DAP)
- February 5-6, 1999: Whitehorse (regular meeting)
- Numerous Working Group meetings were held regarding:

- diversification and economy;
- Yukon Conservation Strategy;
- Development Assessment Process; and
- community conferences

Financial Information

For the 1998/99 fiscal year the Council's base budget was \$70,000. An additional \$70,000 was provided for planning the territory-wide community conference initiative "Focus on the Future: Building Sustainable Communities".

Funds Available	\$140,000
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Expenses:

Honoraria – Meetings	\$13,250
Honoraria – Chair	20,246
Phone/Supplies	1,176
Contracts/Registration	19,541
Meeting Expenses	3,530
Travel – Air/Mileage	7,580
Meals	2,075
Accommodation	2,300
Community Conference - (Research and Planning)	62,931

Total Expenses	\$132,639
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Balance remaining at March 31, 1999	\$ 7,361
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Membership for the 1998/1999 Year

Chair: Jennifer Mauro

Vice-Chair: Daryn Leas First Nations

Members:	Industry
Louise Bouvier	First Nations Women
John Carroll	Business
Natalie Edelson**	Women
George Johnson	First Nations
Ralph Nordling	Member at Large
Louise Ranger	Labour

Kathy Watson
Andy Williams

Municipal Government
Environment

** Lucy Van Oldenbarneveld represented the women's interest until January 1999.

YCEE Contact Information:

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Secretariat:

Toby Sanger/Jonathan Parker	Executive Council Office	(867) 667-5423
Karen Sparrow	Economic Development	(867) 667-5997

AVAILABLE DOCUMENTS:

- *Building an Effective Yukon Development Assessment Process: Report on the Draft Yukon Development Assessment Act*
- *Tax Incentives to Increase Access to Financing for Yukon Businesses*
- *Annual Review of the Yukon Conservation Strategy 1996 and 1997*
- *The Environment Act (s.41)*
- *Economic Development Act (s. 10(1))*

LIST OF APPENDICES:

- Appendix A: 1998 Workplan
- Appendix B: YCEE Regulations