



Aug 31, 2020

Yukon Mineral Development Strategy Panel
PO Box 372
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Re: Yukon Mineral Development Strategy

To whom it may concern:

Thank you for giving Air North, Yukon's Airline the opportunity to provide input to the Yukon Mineral Development Strategy. Our comments are made primarily from the perspective of our airline, and with reference to the Mineral Development Strategy Terms of Reference which are described, in part, as follows:

“The development of a collective strategy for the management of placer and quartz mineral prospecting, exploration, development, production, reclamation, closure and post-closure management that:

- i) Respects the special relationship between the YG and First Nations governments that sets Yukon apart from other jurisdictions;
- ii) Creates jobs, strengthens and diversifies our economy, respects environmental stewardship and supports the development of a thriving and prosperous economy that benefits all Yukoners and recognizes and respects the Yukon First Nations' special relationship with the land and resource of their respective traditional territories.”

Air transportation is important to almost anyone living or working in the north because distances are large, populations are small, and alternative modes are often not available. Air North, Yukon's Airline takes great pride in providing the Yukon with safe and affordable air transportation for both passengers and cargo. There are plenty of statistics that support our observation that there are few communities or regions of our size in Canada that enjoy the same level of air service and air travel pricing as Whitehorse and our regional Yukon communities.

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In many respects, an air transportation network is much like an electrical power grid, with relatively large fixed costs which relate to both the direct operating costs of each flight and the overhead costs associated with the operation of the airline. To illustrate, in the current pandemic impacted environment, on any given jet flight between Whitehorse and Vancouver with one hundred and twenty available seats, at current yields and after accounting for cargo revenue, approximately thirty-five passengers are required to pay the direct operating costs of the flight. With twice daily flights, approximately forty more passengers are required to meet the overhead costs associated with that flight and any incremental passengers above the seventy-five passengers required to pay the operating and overhead costs would provide a profit.

Our scheduled service traffic is comprised of about 85% passengers and 15% cargo. Of our passenger business, about 55% are local Yukoners and about 45% are from outside the territory. We estimate that about 15% of our total passenger and cargo traffic is associated with the mining sector and this business ranges from large scale workforce rotations for large operators like Victoria Gold to breakdown parts shipments for small placer mining operations in the Dawson City area.

It is completely accurate to say that without the mining sector contribution to our business, we would not be able to sustain our frequency of service, our pricing, or our contribution to all of the Yukon charities and community groups that we support. This is an important observation because it shows how the quality of life for any Yukoner could be impacted by the mining sector even if they have nothing at all to do with mining.

Yukon Bureau of Statistics data shows that in 2018, mining activity accounted for 5.7% of territorial Gross Domestic Product (GDP). This number is likely to grow in 2020 with the Victoria Gold operation in production. The direct contribution to GDP statistic significantly understates the true impact that mining has on our economy because, as illustrated in our own operation, mining activity also impacts other sectors, like Public Administration (23.9% of GDP), Construction (12.9% of GDP), Real Estate Rental and Leasing (14.4% of GDP), Retail Trade (5.5% of GDP), Transportation & Warehousing (3.9% of GDP), Accommodation & Food Services (3.6% of GDP), Professional, Scientific, and Technical Services (2.9% of GDP) and others. Given the number of other sectors impacted by mining there is no doubt that an increase or decrease in mining sector activity would result in a corresponding increase or decrease in activity in many other sectors and in our total GDP.

Yukon Government 2019/2020 Budget data (Supplementary Estimates #1) forecasts a \$20 million deficit based upon \$1.3 billion revenue and \$1.4 billion expenses, some of which will be capitalized. Of the \$1.3 billion revenue, less than \$200 million is forecast to be “own source,” from taxes and other



internally generated revenue, with the balance of almost \$1.1 billion coming from Federal transfer payments.

The Budget data shows that Territorial income taxes are the largest single source of “own source” territorial revenue and one would expect that the coronavirus pandemic will have a significant impact on this line item if we cannot keep Yukoners working. A healthy mining sector will not only preserve mining sector jobs but, as illustrated above, jobs in other sectors as well.

To illustrate, in our own operation, at this time last year, Holland America represented our largest private sector corporate client while this year, our largest private sector client is Victoria Gold. In the current environment, without mining sector traffic, we would be forced to reduce our schedule by almost 50% and this would trigger a significant reduction in our local workforce (more than 100 local jobs), significant airfare increases (at least 20%), and it would put the investment of more than 2,000 local Yukoners, including the Vuntut Gwitchin First Nation, at risk.

Mining has done and can continue to do much for our territorial economy. We support the creation of a Mineral Development Strategy that facilitates a strong mining sector while recognizing the interests of First Nations and the need for environmental responsibility. The strategy should be proactive in ensuring that a maximum proportion of mining related economic activity “sticks” in our economy through local employment and local procurement of goods and services. It is also important that the Yukon Mineral Development Strategy be “Yukon made” in order to ensure that it facilitates rather than impedes mining development in the Yukon.

Thank you for giving us the opportunity to provide input to this panel.

Yours truly

Joseph Sparling, President
Air North, Yukon’s Airline



