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# **Kluane National Park and Reserve Economic Impact Study**

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**Background Paper No. 1**

## **BASELINE ECONOMIC PROFILE**

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***1 Introduction***

This background paper is one of six prepared for the Kluane Economic Impact Study. In addition, a summary report was prepared outlining the findings of the six background papers. The six papers are:

1. Baseline Economic Profile (this one)
2. Economic Impact Analysis
3. Economic History of the Kluane Region
4. Community Economic Comparison Analysis
5. Economic Benefits Framework
6. Community Interviews

All papers are available in PDF format at <http://www.yukonomics.ca/reports/kluane/>

This paper outlines the sources of data and presents an economic profile of Haines Junction and the Kluane region. The first section describes the sources of data available for the region. The second provides an economic profile of the region, including population, employment, income, and types of businesses.

## **2 Data Sources and Limitations**

We have attempted to maximize the use of available data. Economic data on small rural communities is sparse. Of particular importance is the Census, which is conducted every five years and contains information on a number of important economic and social indicators. Economic data available includes information on population, labour force, employment and unemployment, income, occupational information, and employment by industry. The censuses also have a number of different social indicators including religion, age distribution, education, family composition and housing.

### **2.1 Census data**

We have obtained all available published data relating to Yukon communities for every Census since 1961, but there are still gaps. The only data available for 1961 and 1966 is total population. There are also gaps in the published information for subsequent censuses. Starting in 1971, Statistics Canada began publishing community profiles. At first profiles were only available for communities over 5,000 people, but beginning in 1981 profiles have been done on all communities. Unfortunately for this project, hardly any economic data is published for communities with fewer than 200 people to protect the confidentiality of Census respondents. This obviously poses problems in examining the economy of the three small North Highway communities (Destruction Bay, Burwash Landing, and Beaver Creek), not to speak of other First Nation communities such as Champagne, Aishihik, Kloo Lake and Kluskshu.

Also, there is no separate data published on the Kluane region, and, because of the gaps, it is not possible to add up the community data to obtain a picture of the region's economy from published Census data. To remedy those gaps, we ordered special tabulations from Statistics Canada. The special tabulations contain data on the Kluane region as a whole as well as for combinations of communities (e.g. Burwash and Destruction Bay).

There is another source of population information for Yukon communities. The Yukon Bureau of Statistics keeps track of the number of people with Health Care cards with addresses in each community. Available population data goes back to 1974 for some communities, including Haines Junction. The Health Care population data differs from the Census. The Census is often considered to be an underestimate, as was shown recently by a revision of population data that resulted in the Yukon government getting \$25 million more in transfers from the federal government because of an undercount in the 1996 Census. However, the Health Care population numbers are acknowledged to be an over count. It can take up to a year before someone moving out of the Yukon is removed from the Health Care roll, while people moving to the Yukon normally register after three months.

### **2.2 Income tax data**

Another useful source of information is the Canada Customs and Revenue Agency which publishes income tax statistics for every community in Canada. However, for the really small communities such as Burwash Landing, Destruction Bay and Beaver Creek, both the Census and the income tax data is not complete to protect people's confidentiality.

### **2.3 Data on business and tourism**

Data on businesses is even more limited. The only source of information on small Yukon communities is the Yukon Business Survey done periodically by the Yukon Bureau of Statistics. But even then, the available data is limited to protect the unintentional revealing of confidential business data. Historical data is non-existent and we have created our own business indicators using advertising in the Milepost

guide and telephone directories. The Census is again useful in giving the number of people employed in each industry and in different occupational groups.

The various Visitor Exit Surveys (1989, 1994, 1999) conducted by the Yukon Bureau of Statistics and commissioned and published by the Yukon Department of Tourism provide some information on tourism in the Kluane region. We have made extensive use of the data for the Kluane region for this project.

Some data was collected especially for this study. As mentioned above, we developed some indication of the region's industry structure using advertising and telephone directories dating back to 1951. Detailed information on Park spending in the region was needed to conduct the economic impact analysis, and was obtained through an analysis of Parks Canada invoices. We attempted to use interviews to obtain some business information, but many businesses were understandably reluctant to provide detailed business information. So the data obtained from the interviews, although it did provide many insights, is not complete enough to be used as valid statistical indicators.

### **3 Baseline economic profile of the Kluane region**

For the purpose of this study, the Kluane region is defined as including the communities of Beaver Creek, Burwash Landing, Destruction Bay, Haines Junction, and the settlements of Champagne, Aishihik, Klukshu, Kloo Lake, and all areas between. Because we are using Census data extensively in creating the baseline economic profile, the exact borders of the Kluane region are defined by the dissemination areas used by Statistics Canada in the censuses.

#### **3.1 Major indicators**

##### **3.1.1 Population**

The population of the Yukon is counted using two very different methodologies. The most accurate snapshot of population is taken by the Census. Unfortunately, the Census happens only once every five years, with the most recent completed in May of 2001. The Census population figures have the merit of being associated with a host of other economic and social indicators.

The Yukon government tracks population numbers using the number of people holding health care cards. While this allows the Yukon Bureau of Statistics to publish monthly population figures, those figures can be problematic. Health care cards are not issued immediately to people moving to the Yukon, and people leaving the territory are not dropped from the rolls immediately either. Further, people are counted as residents of the community where they have their mailing address, a factor that can skew the population numbers in the Yukon's rural communities. In general, the health care statistics are thought to over count the population. The Census — though considered more accurate — is likely to under count the population, as the recent adjustment to the Yukon's transfer payment shows.

**Table 1 Kluane region health care population, December 2003**

<i>Community</i>	<i>Population</i>
Beaver Creek	109
Burwash Landing	75
Destruction Bay	57
Haines Junction	790
Kluane region (4 communities only)	1,031
Yukon	30,255

Source: Yukon Bureau of Statistics

Table 2 below shows that the 2001 Census found fewer people in the Kluane region. Note that in the community populations the Census counts only people residing inside municipal boundaries. In this table the Kluane region includes all the smaller settlements. Both sets of population statistics show that Haines Junction has more than half of the region's population.

**Table 2 Kluane region population, Census 2001**

<i>Community</i>	<i>Population</i>
Beaver Creek	88
Burwash Landing	68
Destruction Bay	43
Haines Junction	531
Outside community boundaries	218
Kluane region	948
Yukon	28,674

Source: Statistics Canada, 2001 Census

Table 3 below shows the population of Haines Junction and the Kluane region broken out by age group along with the Yukon figures for comparison.

**Table 3 Kluane region population by age group, Census 2001**

<i>Age group</i>	<i>Haines Junction</i>		<i>Kluane region</i>		<i>Yukon</i>	
	Number	%	Number	%	Number	%
0-14	105	19.8%	160	16.8%	6,040	21.2%
15-39	175	33.0%	305	32.1%	10,400	36.5%
40-64	195	36.8%	385	40.5%	10,445	36.6%
65+	35	6.6%	90	9.5%	1,635	5.7%
Total	531		948		28,674	

Source: Statistics Canada 2001 Census

Note: Numbers do not add up to total due to random rounding by Census.

Note: Data by age group for smaller communities not meaningful due to small numbers and rounding.

The Kluane region appears to have substantially higher proportion older people (65 years and up) than in the Yukon population as a whole. And the region has a lower proportion of children and youth under the age of 15.

### 3.1.2 Social indicators

#### 3.1.2.1 Population by place of birth

Statistics on what proportion of an area's residents were born provides an indication of both how rooted local people are and how attractive the area is to immigrants — especially immigrants from outside Canada.

**Table 4 Kluane region population by place of birth, Census 2001**

<i>Place of birth</i>	<i>Haines Junction</i>		<i>Kluane region</i>		<i>Yukon</i>	
	Number	%	Number	%	Number	%
Born in the Yukon	240	44.8%	390	41.1%	10,290	36.1%
Born elsewhere in Canada	215	40.2%	415	43.7%	15,155	53.1%
Born outside Canada	80	15.0%	135	14.2%	3,025	10.6%
Total	535		950		28,520	

Source: Statistics Canada, 2001 Census

Table 4 above shows that Haines Junction and the Kluane region have more than 40% of residents born in the Yukon, higher than the overall Yukon proportion of 36%. However, the Kluane region's proportion of Yukon-born residents is considerably lower than for other rural communities such as Mayo, Carmacks, or Teslin where between 65% and 75% of residents are Yukon-born. It would appear that the region's population is more rooted in the Yukon than the territory's population as a whole, but less rooted than other smaller Yukon communities.

The Kluane region is clearly very attractive to immigrants born outside of Canada. Haines Junction's proportion of international immigrants is 50% greater than the Yukon as a whole, and approximately three times greater than that of other rural communities in the territory.

#### 3.1.2.2 Education levels

The levels of formal education in a community are a valuable social indicator. Higher levels of education are strongly correlated with higher incomes, greater job stability, and other economic benefits.

**Table 5 Kluane region population 20 years and older by highest level of education, Census 2001**

<i>Highest level of education</i>	<i>Haines Junction</i>		<i>Kluane region</i>		<i>Yukon</i>	
	Number	%	Number	%	Number	%
Less than high school diploma	80	21.3%	165	22.8%	3,940	19.5%
High school diploma	30	8.0%	70	9.6%	1,890	9.4%
Trades certificate or diploma	75	20.0%	150	20.7%	3,460	17.1%
Post-secondary with no certificate or diploma	80	21.3%	135	18.6%	3,415	16.9%
College with certificate or diploma	60	16.0%	125	17.2%	3,915	19.4%
University with bachelors degree or higher	50	13.3%	85	11.7%	3,565	17.6%
<b>Total</b>	<b>375</b>		<b>725</b>		<b>20,195</b>	

Source: Statistics Canada, 2001 Census

Table 5 shows that the Kluane region has a substantially lower proportion of university graduates than the Yukon as a whole but a higher proportion of both those with a trades certificate and those with some post-secondary with no diploma. The proportion of those with a high school diploma or less is comparable between Kluane and the Yukon as is the overall proportion of those with at least some post secondary education.

### 3.1.3 Employment and occupations

The 2001 Census counted a total of about 620 people in the Kluane region (including all communities and smaller settlements) who had some employment income in the previous year. Of these, 220 (or 34%) worked full-time and year-round while 420 worked part-time or seasonally or both.

The unemployment rate as of May 2001 was 10.4% for Haines Junction and 9.8% for the Kluane region. This is lower than the Yukon unemployment rate of 11.6%. Note that the unemployment rate only counts as unemployed people who are actively looking for work.

Table 6 below presents the major occupational groups that people worked in. The percentage of Yukoners in each occupational group is also presented for comparison purposes. The major differences in the occupational distribution between the Kluane region and the Yukon are that there are relatively fewer managers, administrative types, and people in occupations specific to government and education in Kluane. On the other hand the region has relatively more trades people and sales and service workers.

**Table 6 Kluane region occupational distribution**

<i>Occupation</i>	<i>Haines Junction</i>		<i>Kluane region</i>		<i>Yukon</i>
	<i>Number</i>	<i>% of labour force</i>	<i>Number</i>	<i>% of labour force</i>	<i>% of labour force</i>
Management occupations	30	9%	65	10%	13%
Business, finance and administration occupations	50	15%	90	15%	18%

Natural and applied sciences and related occupations	25	8%	35	6%	6%
Health occupations	10	3%	20	3%	4%
Social science, education, government service and religion	25	8%	55	9%	12%
Art, culture, recreation and sport	15	5%	40	6%	4%
Sales and service occupations	95	29%	150	24%	23%
Trades, transport and equipment operators and related occupations	55	17%	130	21%	16%
Occupations unique to primary industry	15	5%	25	4%	3%
Occupations unique to processing, manufacturing and utilities	10	3%	15	2%	1%
<b>Total - Experienced labour force</b>	<b>330</b>	<b>100%</b>	<b>620</b>	<b>100%</b>	<b>100%</b>

Source: Statistics Canada, 2001 Census

### 3.1.4 Incomes

The Canada Customs and Revenue Agency provides data on incomes by community for all Canadian communities. The data includes the number of tax returns filed, a break out of how many tax filers had different types of income (e.g. employment, self-employment, investment etc.) and the community totals for each type of income. Some numbers are suppressed in small communities to protect confidentiality.

The latest available income tax data is for the 2000 tax year and is presented in Table 7 and Table 8 below. As well, the 2001 Census information on income is presented in Table 7. Note that the 2001 Census data refers to 2000 income, since the Census was in June, before people knew what their 2001 income would be. The total income in the Kluane region from the Census and tax returns is fairly close at about \$20 million dollars. However, in Haines Junction, tax returns show considerably more income than the Census. This is probably due to everyone with a Haines Junction postal address being counted in the tax data, while the Census refers only to people living within the Village of Haines Junction municipal boundaries. Census income data for the smaller communities in the Kluane region is suppressed by Statistics Canada to protect confidentiality.

**Table 7 Average and total income by community, 2000**

<i>Community</i>	<b>2000 Income Tax Returns</b>			<b>2001 Census (2000 Income)</b>	
	<i># of tax returns</i>	<i>Total income</i>	<i>Average income/return</i>	<i>Total income</i>	<i>Average income/person with income</i>
Beaver Creek	70	\$2,420,000	\$34,571	n/a	n/a
Burwash Landing	60	\$1,260,000	\$21,000	n/a	n/a
Destruction Bay	30	\$982,000	\$32,733	n/a	n/a
Haines Junction	530	\$15,410,000	\$29,075	\$10,580,140	\$26,785
Total Kluane region	690	\$20,072,000	\$29,087	\$19,775,755	\$26,193
Yukon	20,220	\$665,864,000	\$32,931	\$691,967,200	\$31,917

Source: Canada Customs and Revenue Agency, and Statistics Canada Census 2001

Note: Income is from all sources, e.g. Employment, pensions, investments, etc. Numbers have been rounded by CCRA to protect confidentiality.

As Table 7 shows, the average total declared income by people in the Kluane region is almost \$4,000 less than the Yukon average. Beaver Creek tax filers have on average higher incomes than the average Yukoner, while average total income in Burwash Landing is almost \$12,000 less per tax filer than the Yukon average.

3.1.4.1 *Employment income*

**Table 8 Declared employment income, Kluane communities, 2000**

<i>Community</i>	<i>Returns with employment income</i>	<i>Total employment income</i>	<i>Average employment income/return</i>
Beaver Creek	70	\$2,110,000	\$30,143
Burwash Landing	50	\$1,010,000	\$20,200
Destruction Bay	30	\$761,000	\$25,367
Haines Junction	420	\$11,730,000	\$27,928
Total Kluane	570	\$15,610,000	\$27,386
Yukon	16,290	\$517,989,000	\$31,798

Source: Canada Customs and Revenue Agency

Note: Income is from employment only (does not include self-employment). Numbers have been rounded by CCRA to protect confidentiality.

Average employment income per Kluane region tax filer is over \$4,000 less than the average Yukon tax filer. And it is interesting to note that, although Beaver Creek showed a higher average total income than the Yukon average, average employment income in the community is lower than the average. Similarly, average employment income in Destruction Bay is substantially below the Yukon average, while total income is very close to the average.

Average employment income based on tax returns can be somewhat misleading as there is no way of distinguishing how many tax filers work full-time and how many work year-round. The Census, however, gives us data on the average earning by people who work full-time year-round jobs and the average earnings of those who work either part-time, or seasonally, or both.

**Table 9 Average employment income by type of employment, 2001**

<i>Community</i>	<i>Full-time, year-round employment</i>		<i>Part-time or seasonal employment</i>	
	<i>Number</i>	<i>Average income</i>	<i>Number</i>	<i>Average income</i>
Haines Junction	125	\$42,467	215	\$16,975
Kluane Region	225	\$40,477	410	\$17,935
Yukon	8,625	\$44,605	9,790	\$20,423

Source: Statistics Canada, 2001 Census

Table 9 shows the clear pattern of lower average employment incomes in both Haines Junction and Kluane for both those working full-time year-round and those working on a part-time or seasonal basis.

3.1.4.2 *Pension income*

While employment is obviously the most important source of income for most people, as the population ages pension income becomes increasingly important. One means of assessing whether a community such as Haines Junction has a greater proportion of retirees in its population than other communities is by

looking at how many people declare pension income on their tax returns. Table 10 below compares pension incomes in Burwash Landing and Haines Junction with the Yukon average.

**Table 10 Percentage of returns with pension income and average pension incomes, 2000**

<i>Community</i>	<i>Returns with pension income</i>	<i>Percentage of returns with pension income</i>	<i>Average pension income/return</i>
Burwash Landing	10	20.0%	\$8,700
Haines Junction	80	15.1%	\$13,462
Yukon	2,710	13.4%	\$13,529

Source: Canada Customs and Revenue Agency

Note: Pension incomes from Beaver Creek and Destruction Bay have been suppressed by CCRA to protect confidentiality.

Due to the random rounding of the numbers done by CCRA, the number of Haines Junction pensioners could vary between 13.4% and 16.8% of tax filers. Given that the Yukon percentage is at the bottom end of the range, it appears likely that Haines Junction has a slightly higher proportion of pensioners than the Yukon as a whole. It is not possible to draw any conclusions from the Burwash Landing data given the tiny overall numbers and how large an effect the rounding will have on them.

### 3.1.5 Gross Domestic Product (GDP)

Gross Domestic Product (GDP) measures the total market economic activity in a given area for a specific year. It is the most widely used measure of the size of an economy. GDP sums up the total dollar value of all "final" goods and services produced within an economy. Counting only "final" goods means that goods and services are not counted twice. For example, if bread is counted, then the value of the wheat that goes into bread production should not be added to it since the value of the wheat is already included in the "final" value of the bread.

Although it is used to measure the size of an economy, GDP does not include things that are valuable but are not bought or sold (e.g. the subsistence economy, volunteer work, or unpaid housework).

There are three different ways to measure GDP, which, in theory, should amount to the same:

- **Expenditure:** adding up consumer spending, gross capital expenditures by private businesses and government, government direct spending on goods and services (not transfer payments such as social assistance, employment insurance or pensions) and net exports;
- **Income:** adding up everyone's wages and salaries, income from unincorporated businesses, corporation profits, interest income, and adjustments for depreciation and indirect taxes such as GST;
- **Value added method:** adding up all the value directly produced by each industry. Valued added is defined as the total sales of an industry minus what it buys from other industries.

GDP data is produced by Statistics Canada at the national and provincial/territorial level, but is not available at the local/regional level. Nevertheless, local GDP can be estimated using the "Income" approach. Data is not available to estimate it using the other two methods.

At the Haines Junction public meeting in October 2004, it was suggested that the consultants should look at investment expenditures in the region. Unfortunately, that data is not available at the regional or local level. The only relevant data is on building permits, which are useful in providing an indicator of the ups and downs of the residential construction sector, but are known to be inaccurate in measuring the value of actual construction put in place. Other data on business and government investment at the local level are simply not available.

However, local level data on wages and salaries and income from unincorporated businesses is readily available from income tax data. The bulk of interest and investment income is also included in personal income available from income tax data. Corporate profits, depreciation and indirect taxes are not directly available at the local level.

To estimate local GDP, we can start with total personal income from income tax returns. This includes wages and salaries, income from unincorporated businesses, and interest income. However, these numbers exclude employer contributions to employment insurance, Canada Pension Plan and other fringe benefits, which are collectively known as supplementary labour income. CPP employer contributions amounted to 3.9% in 2000, while EI contributions were 2.4%, giving a total of 6.3%. To this must be added any other employer contributions to benefits such as health plans and pensions. We chose a figure of 10% of wages and salaries for total supplementary labour income.

Corporate profits are difficult to estimate at the local level. Corporations are required to provide information on what percentage of their sales are in each province and territory, but they do not provide the same information for local areas. So it is difficult to say how much corporate profit is generated in Haines Junction or the Kluane region. Depreciation is calculated from capital cost allowance deducted on tax returns, and the same difficulty as with corporate profits exists in allocating depreciation to a local or regional economy. Finally, for indirect taxes, data is not collected at the local level. For corporate profits, capital cost allowances and indirect taxes, we assume that they are generated in Haines Junction and the Kluane region in the same proportion as for the Yukon as a whole. In 2000 (the last year for which income tax data is available), Corporation profits amounted to 5% of GDP, Indirect taxes less subsidies were 8% of GDP and Capital Cost Allowances were 18% of GDP. Table 11 below presents the GDP calculations for the Kluane regions and its communities.<sup>1</sup>

#### **GDP vs GNP**

In the past, Gross National Product (GNP) was used to measure the size of an economy. For other jurisdictions, GNP might have been called Gross Provincial or Territorial or Regional Product.

The difference is that GDP measures all economic activity in a region, no matter to whom the money goes, while GNP measures the income earned by residents in a region, no matter where it is earned.

So for the Kluane region, the output of the Aishihik hydroelectric dam and the income earned by Whitehorse-based adventure tourism operators theoretically should be included in GDP, while the income of Haines Junction residents earned in Whitehorse or elsewhere should not be included.

On the other hand, for Gross Regional Product, only the portion of electric power used in the Kluane region should be counted, the income of Whitehorse-based businesses should be excluded, while the entire income of residents should be part of the Kluane region's GRP, no matter where it is earned.

The estimates of GDP presented here are a bit of a hybrid. All income of residents, as well as the region's "share" of Yukon-wide profits is included, but not income earned by Whitehorse residents or by corporations on the Aishihik dam or by Whitehorse-based wilderness adventure tourism enterprises.

We believe the GDP numbers for Haines Junction and the Kluane region are a fair, though somewhat high, representation of the size of the local and regional economies. Our purpose is to provide a prudently high estimate of the size of the regional economy to avoid exaggerating the impact of KNPR on that economy.

<sup>1</sup> Yukon Bureau of Statistics, *Yukon Economic Accounts 2000*, Information sheet 69.05

**Table 11 Kluane region and communities GDP calculations, thousands of dollars**

	<i>Reported Employ- ment &amp; self- employ- ment Income</i>	<i>Supple- mentary labour income</i>	<i>Reported Total Income</i>	<i>Personal income</i>	<i>Corporate profits</i>	<i>Capital Cost Allowan- ce</i>	<i>Indirect taxes less subsidies</i>	<i>GDP</i>
		10%		69%	5%	18%	8%	
Haines Junction	11,730	1,173	15,411	16,584	1,202	4,326	1,923	24,035
Burwash Landing	1,005	101	1,262	1,363	99	355	158	1,975
Beaver Creek	2,108	211	2,421	2,632	191	687	305	3,814
Destruction Bay	761	76	982	1,058	77	276	123	1,533
Kluane region	15,604	1,560	20,076	21,636	1,568	5,644	2,509	31,357
Yukon				775,560	56,200	202,320	89,920	1,124,000

### 3.1.6 Industrial structure

The Kluane region — like the Yukon as a whole — relies heavily on government as its primary industry. In 2001, about 39% of the labour force worked for different levels of government, including health care and education. This is slightly more than the Yukon average of 36%.

The next most important industry is food and accommodation services, reflecting the relative importance of the tourism industry in the economy of the region. Construction is also an important employer in the region as a whole, but less in Haines Junction. Primary industry (including mining, forestry, and agriculture) is a relatively small employer, both in the region and in the Yukon as a whole. Although there were a significant number of people employed in retail trade in the region, the industry is less important than in the Yukon as a whole.

Looking specifically at the private, for-profit sector, the 2003 Yukon Business Survey provides some data on local firms in Haines Junction. A total of 57 businesses were identified in Haines Junction. 53 of the 57 provided information on their gross income. Businesses reported gross revenues ranging from less than \$10,000 (12 of the 53 firms) to between \$100,000 and \$400,000 (7 of the 53). Most of the businesses are small, with 46 of the 53 reporting gross incomes less than \$100,000. The majority of firms were home based (38 of 57). No further details were published on Haines Junction businesses.

**Table 12 Employment by industry, 2001**

<i>Industry</i>	<i>Total Kluane region</i>		<i>Haines Junction</i>		<i>Yukon</i>
	<i>Number</i>	<i>% of labour force</i>	<i>Number</i>	<i>% of labour force</i>	<i>% of labour force</i>
Primary Industry	20	3%	10	3%	4%
Utilities	0	0%	0	0%	1%
Construction	85	14%	30	9%	8%
Manufacturing	20	3%	10	3%	2%
Wholesale trade	0	0%	0	0%	2%

<i>Industry</i>	<i>Total Kluane region</i>		<i>Haines Junction</i>		<i>Yukon</i>
	<i>Number</i>	<i>% of labour force</i>	<i>Number</i>	<i>% of labour force</i>	<i>% of labour force</i>
Retail trade	40	6%	35	10%	11%
Transportation and warehousing	20	3%	10	3%	4%
Information and cultural industries	0	0%	0	0%	4%
Finance and insurance	0	0%	0	0%	2%
Real estate and rental and leasing	0	0%	10	3%	1%
Professional, scientific and technical services	15	2%	10	3%	4%
Administrative and support, waste management services	25	4%	20	6%	3%
Educational services	40	6%	20	6%	7%
Healthcare and social assistance	30	5%	20	6%	9%
Arts, entertainment and recreation	30	5%	15	4%	3%
Accommodation and food services	90	15%	40	12%	9%
Other services (except public administration)	15	2%	0	0%	4%
Public administration	170	27%	95	28%	21%
<b>Total labour force</b>	<b>620</b>	<b>100%</b>	<b>335</b>	<b>100%</b>	<b>100%</b>

Source: Statistics Canada, 2001 Census

### **3.2 Role of governments**

Governments are the mainstay of the region's economy. All four levels of government are present in the region and are important employers. Close to 40% of people employed in the region work directly for governments. Governments also hire numerous contractors and purchase from local businesses, but no information on local purchases by government is available.

The federal government employs 11 Full-time equivalents (FTEs) in Parks Canada mostly in Haines Junction. The Canada Customs and Revenue Agency also has customs officers in Beaver Creek.

The territorial government provides numerous services in the region and did move the Aviation and Marine Branch to Haines Junction. The department of Community Services has a fire management station in Haines Junction, and community libraries in Haines Junction, Burwash Landing and Beaver Creek. The Department of Energy, mines and resources has a number of natural resource officers stationed in Haines Junction. The Department of Education operates schools in Haines Junction, Beaver Creek and Destruction Bay. Highways & Public Works has its Aviation and Maine Branch headquarters in Haines Junction, operates a maintenance shop in Haines Junction and highway maintenance camps in Haines Junction, Destruction Bay, Beaver Creek and near the Blanchard River on the Haines Highway.

Social workers are stationed in Haines Junction and there are community health centres in Haines Junction, Destruction Bay, and Beaver Creek. The Environment Department's Parks Branch has an office in Haines Junction and as well as Conservation Officers and biologists. Finally, there is a government operated liquor store in Haines Junction.

Three different First Nation governments have their headquarters in the region: the Champagne and Aishihik First Nations in Haines Junction, the Kluane First Nation in Burwash Landing and the White River First Nation in Beaver Creek. As well, the Southern Tutchone Tribal Council is based in Haines Junction. The First Nation governments, among their economic-related functions provide housing and social services to their citizens, negotiate land claims and attempt to stimulate economic development. They are also fairly important employers. The signing of land claims agreements has resulted in giving the First Nation governments legal ownership and control over settlement land, a broad array of powers as well as the right to take over other governments' programs through Fiscal Transfer Agreements, but the full effect of the land claims agreements remains to be seen. In particular, the Champagne and Aishihik First Nations has priority in economic development in the Park and Kluane First Nation has negotiated a compensation agreement for its loss of traditional territory in the Park and the Game Sanctuary.

Finally, the Village of Haines Junction provides the usual array of municipal services to its citizens. There is no municipal administration in the other communities, although the First Nation governments do have municipal-type powers.

Precise numbers of people employed by governments are not available because some government employees are classified in other industries. Nevertheless, some information may be gleaned from employment by industry information in the Census. Most health care, social assistance and educational workers are employed by governments, as are all people employed in public administration. Table 13 presents 2001 Census employment numbers in those industries. The percentage of the labour force employed by governments is about 39%, slightly higher than the Yukon proportion.

**Table 13 Government employment in Kluane region, 2001**

	<i>Haines Junction</i>	<i>Burwash Landing / Destruction Bay</i>	<i>Beaver Creek</i>	<i>Kluane region</i>	<i>Yukon Territory</i>
Educational services	20	10	0	40	1,180
Health care and social assistance	20	0	0	30	1,590
Public administration	95	30	20	170	3,735
<b>Total government employment</b>	135	40	20	240	6,505
Total labour force	335	90	55	620	17,950
<b>% of labour force in government</b>	40%	44%	36%	39%	36%

Source: Statistics Canada, 2001 Census

### **3.3 Role of tourism**

Tourism is an important part of the region's economy. The 1999 Visitor Exit Survey presents the most recent data on tourism visitation in the region. That survey showed that the Kluane region was the second most important region (after Whitehorse) in terms of the number of visitors. About 92,000 tourists visited the region in 1999. As is true in most parts of the Yukon, few visitors spent a long time in the region. About 37% went through without spending the night and 60% spent one or two nights in the region. People spending three nights or more accounted for only 4% of visitors. These data, along with the high

percentage of US visitors (74%) confirm that a large portion of visitors are just passing through on their way to or from Alaska.

Visitors spent \$6.4 million in the Kluane region, a little over 10% of the total spent in the Yukon, putting the region in third place after Whitehorse and the Klondike. Those tourism expenditures have resulted in a large number of local businesses selling services to visitors. Table 14 below presents the number of businesses in the Kluane region who advertised their services in *The Milepost*, which is the most important tourism guide for the North. Note that many businesses offer more than one type of service, and a total of 31 distinct businesses were counted.

**Table 14 Number of businesses offering services to tourists, Kluane region, 2001**

<i>Type of service</i>	<i>No. of businesses offering service</i>
Rooms	23
Meals	22
Lounge/tavern	10
RV park	14
Campground	10
Gas	17
Tire repair	4
Auto repair	2
Towing	2
Welding	2
Groceries	2
Souvenirs	10
General store	5
Fishing guides	3
Outfitting	0
Boat rental	3
Flight seeing	2
<b>Total businesses</b>	<b>31</b>

Source: Calculated from the Milepost 2001 Edition

### **3.4 Other industries**

#### **3.4.1 Placer mining**

Placer mining activity by its very nature is likely to be highly variable as miners and potential miners respond to changes in the gold price, changes in operating costs, and their assessment of whether a particular creek or particular claims are likely to be worth mining. The latest detailed data available on placer mining is from 2002, a year that was marked by low levels of placer activity and gold production in the Yukon. It should be noted, therefore, that using 2002 as the baseline year for placer mining activity in Kluane is likely to produce a conservative estimate of that activity.

After the largely disappointing initial rush to the Kluane region in 1903 through 1905, placer mining has played a minor role in the economy of the Kluane region. The industry continues to play that role today. Many of the region's creeks have seen little activity and no gold production over the past 5 to 10 years. In part this is likely a result of decreased placer activity throughout the Yukon in response to low gold prices and high fuel costs. In 2002 the Yukon had only 115 active placer operations and gold production hit a 23

year low at 66,347 crude ounces.<sup>2</sup> But Kluane's creeks have never been particularly rich producers (with the recent exception of Gladstone Creek) and it appears that many are now uneconomic due to low gold yields. Table 15 below summarizes placer gold production from the region's creeks since 1998.

**Table 15 Placer gold production, Kluane region, 1998-2002**

<i>Creek</i>	<i>2002 gold production (crude ounces)</i>	<i>1998-2002 gold production (crude ounces)</i>
Burwash	222	1,469
Fourth of July	736	4,489
Gladstone	1,518	13,299
Kimberley	11	65
Ruby	62	62
<b>Total</b>	<b>2,549</b>	<b>19,384</b>

Source: Yukon Placer Mining Industry, 1998-2002

The Kluane region's gold production over the 1998 to 2002 period accounted for just shy of 5% of the Yukon's total placer production. In 2002, the region accounted for approximately 3.8% of the territory's placer gold.

Table 16 below lists the Kluane region placer operations that were active in 2002 along with the number of people employed at each.

**Table 16 Employment at Kluane region placer operations, 2002**

<i>Creek</i>	<i>Operation</i>	<i>People employed</i>
Burwash	Johnson: Site 192	2 miners did some site cleanup but minimal mining.
	Eikland: Site 194	1 miner and 1 camp attendant on a 5 hour shift.
Quill	Pfsterner: Site 196	1 miner(?) conducted some stripping, testing, and limited sluicing.
Kimberley	Sawyer: Site 201	2 miners (claim holders) on an 8 hour shift.
Ruby	McKinnon: Site 197	1 miner (claim holder).
	Brewster & Strand: Site 198	1 miner and 1 camp attendant both on 4 to 8 hour shifts doing stripping and some restoration work.
Fourth of July	Sota Computing: Site 199	3 miners and 1 camp attendant covering a 24 hour/day operation.
Gladstone	Tic Exploration: Site 200	5 miners and 1 camp attendant.

Source: Yukon Placer Mining Industry, 1998-2002

<sup>2</sup>Yukon Placer Mining Industry, 1998-2002. p.8

Table 16 shows that a total of 20 people worked, at least to some extent, on placer operations in the region in 2002. Of those 20, however, a number were obviously working on a part-time or occasional basis while others were working their own claims. It seems reasonable to estimate that placer mining in Kluane directly accounted for fewer than 10 full-time equivalent jobs in the region in 2002.

### 3.4.2 Forestry

Forestry provides the basis for the small manufacturing industry in the Kluane region. A small sawmill exists at Canyon Creek and the Champagne and Aishihik owned Dakwakada sawmill and truss plant operated in Haines Junction until recently. Although there is considerable controversy in the region around harvesting beetle-killed roundwood near Kluane Park, forestry operators have not harvested the total amount permitted.

**Table 17 Beetle killed roundwood, in cubic metres from Kluane Forest District Y06**

<i>Year</i>	<i>Cubic metres permitted</i>	<i>Cubic metres harvested</i>
1999	12,125	1,137
2000	0	0
2001	17,135	5,320
2002	10,500	6,246

Source: YTG Forestry

No forestry specific employment data was found for the Kluane region, but there are some people employed in the industry, either to harvest wood for processing or to sell as firewood.