



# Municipal Infrastructure Investment

## Policy Position of Association of Yukon Communities (2025-26)

**Municipal Infrastructure Investment** *Association of Yukon Communities – For  
Discussion, April 2025*

## 1. Background

Infrastructure investment is central to economic resilience, public health, and community well-being. Across Canada, municipalities are grappling with aging infrastructure, inflationary cost pressures, and the increasing impacts of climate change. For northern and remote communities, including those in the Yukon, these challenges are magnified by geographic isolation, permafrost degradation, short construction seasons, and limited access to specialized trades.

The Federation of Canadian Municipalities (FCM) 2025 Federal Election Strategy calls for long-term, predictable funding to renew core infrastructure, particularly in rural and northern communities. It stresses that municipalities are foundational to economic growth and require targeted federal support to maintain the infrastructure that underpins housing, mobility, business, and safety.

## 2. Yukon and Northern Context

Yukon municipalities face a unique set of infrastructure challenges:

- High construction and transportation costs due to geographic remoteness and reliance on imported materials;
- Infrastructure degradation caused by permafrost thaw and extreme weather events;
- Limited fiscal and administrative capacity to deliver and manage capital-intensive projects;
- Underdeveloped broadband and telecommunications infrastructure;
- Supply chain disruptions and rising material costs exacerbated by trade tensions with the United States; and

These challenges underscore the need for investment tools that are adapted to northern conditions. Without strategic and sustained investment, Yukon municipalities risk falling further behind, limiting their ability to support population growth, deliver housing, and respond to climate emergencies.

## 3. Policy Position

The Association of Yukon Communities supports the establishment of a Northern Infrastructure Investment Framework as part of a broader National Prosperity Partnership. This framework should provide long-term, predictable funding tailored to the realities of northern and remote communities. Infrastructure investment must be climate-resilient, responsive to the priorities of Yukon communities, and, where possible, delivered in partnership with First Nations governments. It also must reflect

the Yukon Government's critical role in facilitating, co-funding, and advocating for municipal infrastructure priorities at the federal level.

#### 4. Recommendations

AYC calls on the federal and territorial governments to:

1. Increase direct, predictable transfers to Yukon municipalities through an enhanced Canada Community-Building Fund (CCBF), with indexing mechanisms to reflect northern cost realities.
2. Establish a dedicated Northern and Remote Infrastructure Fund with eligibility criteria adapted for small, capacity-constrained municipalities and Indigenous governments.
3. Support broadband and cellular infrastructure expansion in underserved Yukon communities, including access to high-speed internet as a core component of essential infrastructure.
4. Prioritize infrastructure adaptation to northern climate change impacts, with funding for permafrost-resilient design, energy efficiency, and green infrastructure.
5. Streamline access to infrastructure programs, reducing administrative and reporting burdens on small local governments.
6. Collaborate with municipalities to:
  - Co-fund municipal infrastructure where feasible, especially where projects align with territorial objectives such as housing, clean energy, tourism.
  - Jointly advocate to the federal government for increased flexibility and funding for Northern and Indigenous communities.
  - Strengthen municipal planning and engineering capacity through shared technical assistance programs.

#### 5. Strategic Considerations

- **Aging infrastructure:** Many Yukon municipalities are operating water, sewer, and road systems that are well beyond their intended lifespan.
- **Trade-related inflation:** U.S. tariffs and trade instability are driving up the cost of imported construction materials and delaying delivery timelines.

- **Labour and capacity shortages:** Municipalities are facing critical workforce shortages that limit their ability to deliver large-scale capital projects.
- **Local and Indigenous benefit:** Where possible, infrastructure investments should prioritize local procurement, employment, and partnerships with First Nations governments to advance reconciliation and shared prosperity.

## 6. Implementation

To ensure the effective delivery of enhanced infrastructure funding in Yukon municipalities, AYC recommends:

- Developing a regional implementation task force with representation from municipal governments, the Yukon Government, and First Nations to oversee project planning and funding coordination.
- Providing flexible funding models that account for seasonality, high capital costs, and municipal staff capacity, including multi-year funding agreements.
- Investing in capacity-building initiatives, including engineering and project management support, asset management support, and capital planning training.
- Consider establishing a Northern Infrastructure Secretariat within the territorial government to coordinate federal-territorial-municipal infrastructure initiatives and act as a central resource hub.