Budget Address 2026-2027

NORTHWEST TERRITORIES

The Honourable Caroline Wawzonek
Minister of Finance

First Session of the Twentieth Legislative Assembly

February 5, 2026

Government of
Northwest Territories

Gouvernement des
Territoires du Nord-Ouest

K'áhshó got'ı̨ne xədə k'é hederı ɂedı̨htl'é yerınıwę nı dé dúle.
Dene Kədə́

ʔerıhtł'ís Dëne Sųłıné yatı t'a huts'elkër xa beyáyatı theɂą ɂat'e, nuwe ts'ën yółtı.
Dëne Sųłıné

Edı gondı dehgáh got'ı̨e zhatıé k'ę́ę́ edatł'éh enahddhę nıde naxets'é edahłí.
Dene Zhatıé

Jii gwandak izhii ginjìk vat'atr'ijąhch'uu zhit yinohthan jì', diits'àt ginohkhìi.
Dinjii Zhu' Ginjik

Uvanittuaq ilitchurisukupku Inuvialuktun, ququaqluta.
Inuvialuktun

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Inuktitut

Hapkua titiqqat pijumagupkit Inuinnaqtun, uvaptinnut hivajarlutit.
Inuinnaqtun

kīspin ki nitawihtīn ē nīhīyawihk ōma ācimōwin, tipwāsinān.
nēhiyawēwin

Tłı̨chǫ yatı k'ę̀ę̀. Dı wegodı newǫ dè, gots'o gonede.
Tłı̨chǫ

Indigenous Languages
request_Indigenous_languages@gov.nt.ca

2026-27 Budget Address: Momentum and Partnerships

Mr. Speaker, a strong Canada needs a strong North.

There is a growing recognition across this country of the tremendous potential of the north from natural resources to water to distinctive arts and culture. This potential is not new. The people who live here see it every day. And yet successive governments, as well as residents and businesses, struggle to unlock this potential.

For too long, the north has been a fairytale for Canadian identity about snow and cold, dogsleds and aurora. Fairytales are not real. The true story of the North lies with its people. The people who live here and know the vastness of Canada's northern landscape.

Meanwhile, as northerners, we have been unable to overcome long known economic challenges including a historic lack of foundational infrastructure that contributes to high costs and holds back efficient construction of necessities like housing. Instead of networks of transportation and energy systems, we see these built in piecemeal increments. Sporadic development incentivizes protectionism as we each hold tight to the few big opportunities that come along. This is inefficient, stifles innovation and keeps our collective opportunities from growing. This need not be our future.

Today's shifting and uncertain international landscape has forced Canada to look at its northern border with urgency. Assumptions that shaped the modern Canadian state are being challenged. External threats to our economy, sovereignty, and values are growing. These global headwinds are blowing away the old narratives of how this country allocates resources and understands nation-building.

Canada's Arctic is vulnerable to foreign actors moving into the region with impunity. Canada has recognized that it must strengthen its arctic presence with dual-use infrastructure and supply chain resilience to counter the increasing influence of hostile powers in the region. This government, and all partners in the Northwest Territories, stand ready to work with the federal government to unlock our potential and strengthen Canada as a circumpolar country.

We must ensure that as the eyes of our nation look north, they do not see a fairytale, but a living, thriving homeland where people already tell their own story with strength, honesty and pride.

Sovereignty must be expressed through people.

Our government cannot tell the stories of the people of the north or unlock the opportunities of this territory alone. Partnerships will be key to our future. This territory will be at its strongest when all governments, all leaders within the Northwest Territories, can marshal our voices and resources to seize upon these winds of change.

Our collective willingness to share our stories, form partnerships and work together will spread a strong story about the north.

Fortunately, partnerships across the territory are already adding to the momentum of change. For two autumns in a row, the NWT Council of Leaders traveled together to Ottawa to speak with one voice to the federal government. In addition, there are Memorandums of Understanding for collaboration now signed, and collaboration underway to advance projects across the territory. These kinds of agreements reaffirm the core principles of our relationships and set out practical ways for us to work together.

Mr. Speaker, the message is clear: a strong Northwest Territories builds a stronger Canada. The momentum is in swing. The partnerships are forming. The opportunities are knocking.

This budget positions us not just to react to change, but to help shape it by supporting the people and communities who are the story of the north and who must be at the centre of every opportunity.

Mr. Speaker, Budget 2026 will continue to deliver on this government's priorities for affordable housing, a strong economic foundation, access to health care and safe residents and communities.

Economic Outlook

Like other governments in Canada, the GNWT is facing revenue volatility and economic uncertainty. The Northwest Territories has the added reality of a private sector economy dominated by a single mineral resource for the last twenty years but with one of those remaining diamond mines beginning its planned closure this year. Meanwhile, market forces are driving operating costs up and pushing demand for diamonds down, which affects the economics of the other two mines. Additionally, Imperial Oil's decision to cease operations in the Sahtu will have negative economic consequences.

The public sector plays a big role in the Northwest Territories economy. This helps keep jobs stable and provides steady employment. However, the public sector competes with private employers for workers, and it is challenging to find staff in a territory that already has a small working-age population. A shortage of housing adds to the problem, making the labour market very tight.

Mr. Speaker, our economic outlook does have some specific signals of the opportunities that we must seize.

The growth in the public sector over the last couple of years has been predominantly within Indigenous governments. That growth is developing a public service that is helping advance and implement land and self-government claims and participate in in resource development, making those processes more efficient and effective.

The resident labour force remains strong overall, including skilled and capable workers. The territory's population has shown its largest growth in several cycles, although a smaller share of the population is actively employed. Public and private sector employment has remained steady despite wider economic challenges. Workers in the Northwest Territories continue to earn more than the Canadian average, and wage growth remains positive, particularly in the public and services sectors.

The strategic, geopolitical role of the north cannot be overstated. To be a circumpolar nation, Canada must invest in the north: in foundational, enabling infrastructure, in defence capabilities and dual use capacities, and in the people. While the underlying impetus might be a bit grim, the opportunities this creates can bring positive contributions to our communities.

We are seeing growth in smaller economic sectors that make a disproportionate contribution to employment, particularly in small communities. Tourism is rebounding since the COVID pandemic, as is the fishing sector. The higher fur prices are also encouraging. Our film and video sector has almost doubled in value since 2020. Each of these areas has opportunity and room for growth.

Exploration spending appears to be shifting to deposit appraisals, meaning that projects are progressing from exploration towards production. This is happening not only for critical minerals, but also for base and precious metals.

Inflation has eased from previous highs, helping to stabilize household purchasing power, which in turn has boosted retail sales.

Business activity has shown a modest increase in the number of active enterprises, though levels remain below pre-pandemic norms.

The structural challenges that weigh on our economy weigh also on our ability to raise revenues as a government. This in turn limits the GNWT's fiscal capacity and flexibility to deliver programs and services or make infrastructure investments. Our budgets have delivered stability, but we continue to face a lack of any economies of scale.

Limited fiscal capacity does not eliminate the responsibility of the GNWT to take action to meet the moment we find ourselves in. We have a responsibility to articulate the challenges we face and identify changes within our control. Given the challenges faced by Canada and across the north, it will be critical that the leadership of this territory and Canada pull together. Together we build momentum and together we have more power to seize opportunities.

Fiscal Management

Mr. Speaker, the increasing expenditure pressures to maintain service levels across the territory make fiscal management challenging. With limited options for significant revenue growth, fiscal discipline must remain a priority. Even in a climate of continuing external cost escalations, particularly for health services and transportation, we have held expenditure increases to less than one per cent, just $22 million, from last year's budget.

We have shifted the focus of this budget away from trimming down towards improvements in service delivery and the reallocation of existing resources to areas of highest need.

Over the course of this Assembly, we have reduced the number of active positions by half of a percent across departments and agencies. Only in critical areas of need, as reflected in the priorities of this Assembly, are we seeing notable position growth, namely in housing and health care.

In this budget, we are proposing to realign resources through a review of long-standing vacancies, which are roles that have not been actively staffed for some time. This approach allows us to make thoughtful adjustments with minimal impact on current employees, while responsibly redirecting $3.8 million to higher priority areas. Where adjustments may affect positions, we remain committed to our public servants and, guided by our staff retention policy, we will work to keep employees within the public service.

Through all of these efforts, operating spending remains below total revenues. Capital projects in the 2026-27 capital budget will therefore advance using the available operating surplus. Operating surpluses only ever pay a portion of the capital expenses in any given year and there are short-term borrowing needs that arise as part of overall fiscal management. As such, our total debt will increase but remains within the debt management guidelines in the *Fiscal Responsibility Policy*.

We continue to monitor fiscal risks and opportunities. As outlined in the Borrowing Plan, we are recommending shifting a portion of short-term debt to long-term instruments. This will reduce exposure to market fluctuations and helps keep debt affordable and predictable.

Budget 2026 also proposes to increase the supplementary reserve to $210 million, providing a more transparent operating surplus projection. This higher value better reflects the trend of the last several years of emergencies, cost pressures and emerging needs. Allocating this sum up front gives a clearer picture of where we expect to end the fiscal year; however, our focus remains on careful management to avoid drawing on the reserve wherever possible. With that change, we are also increasing the required threshold for departments to request supplementary funding.

Our work towards government efficiency includes ongoing efforts to strengthen the long-term sustainability of the healthcare system, recognizing its critical importance to residents and its significant impact on GNWT expenditures. It should be no surprise that health care costs continue to take up the greatest share of the overall operating budget. The health care system is large and complex with cost pressures driven by contractual obligations, rising service costs, and the need to maintain high standards of care. Through the collaborative efforts of the Department of Health and Social Services, the Healthcare System Sustainability Unit and the Public Administrator of the Northwest Territories Health and Social Services Authority, we will act on the barriers to containing these pressures.

As part of this work, we are proposing $486,000 to launch a two-year pilot project for medical travel case management. This project will establish three Nurse Case Manager positions to provide dedicated case management with the goal to reduce avoidable medical travel costs. As well, because the program is expected to reduce patients being sent out of territory unnecessarily and improve the use of virtual patient care, we expect to not only reduce costs but significantly improve the patient experience.

Other areas of effort for continual improvements and better efficiency include a proposal to provide the Department of Infrastructure with $828,000 to consolidate and oversee management of our vehicle fleet. As well, we propose to establish two positions in the Department of Finance to conduct workplace investigations and deliver harassment training to staff, which is a savings over the existing cost of contracted services. We are currently working with other governments in Canada towards bulk purchase and economies of scale discounts, such as technology services product licencing. Further, we are proposing $338,000 to streamline our information technology procurement and implement the GNWT's vendor performance management policy, which also helps support the GNWT’s private sector contractors.

Investing in ourselves

The priorities of the 20th Assembly remain guideposts that ensure our public resources meet the expectations of those we represent. Achieving these priorities will help the Northwest Territories meet the moment that we are in.

We are proposing $2.4 billion in departmental spending in 2026-27, including $99 million for enhancements to existing programs and services. We are proposing $38 million in initiatives and other adjustments, the majority of which are supported by federal funding. Reductions and expiring programs reduce the proposed overall spending increase to $22 million.

Reconciliation at the forefront

The Assembly's priorities put reconciliation at the forefront and will be best achieved through collaboration with other governments and other public and private sector institutions.

Following the guidance of the We Always Remember Circle, we propose $675,000 to commission and install a public monument honouring Residential Schools Survivors and those who were lost to their families and communities. This project is a Survivor-led initiative - a unique collaboration between Survivors and the GNWT and fulfills number 82 of the Truth and Reconciliation Commission's Calls to Action.

We are also proposing $200,000 to advance negotiations for land and self-government agreements within the Northwest Territories.

Through the working group between the NWT Council of Leaders and the Department of Health and Social Services, the GNWT is ensuring community and Indigenous government involvement in health care decisions. Further, Community Wellness Plans offer financial flexibility for greater autonomy. Led by Indigenous governments, the Mental Wellness and Addictions Recovery Fund increases access to culturally-based healing close to home.

We are working with Indigenous governments on a new strategic approach to Indigenous language revitalization. We are proposing $519,000 to address recruitment and retention challenges for Junior Kindergarten to Grade 12 Indigenous Language Instructors and to enhance support for Indigenous language instruction across the territory. As well, we propose $68,000 to enable the Official Languages Board to fulfill its mandate under the *Official Languages Act*.

In addition, the Mentor-Apprentice Program is now open. The program pairs a fluent Indigenous language speaker with a learner so that the apprentice can have the opportunity to live life in the language.

We are proposing $350,000 to implement the *United Nations Declaration on the Rights of Indigenous Peoples Implementation Act* Action Plan. This will help track progress and support the growth and development of action items.

The suitability, accessibility, and affordability of housing

Much of Canada continues to see high demand across the spectrum of housing needs. A lack of safe housing impacts the availability of labour, can cause a reduction in people's wellness, and increase community insecurity. We are taking steps across the housing spectrum through partnerships with communities and the non-profit sector.

The GNWT is expanding its support for housing-related infrastructure following the $74-million Canada Housing Infrastructure Funding agreement by launching an open call for applications for priority projects planned for 2026 and 2027.

Housing NWT is at the forefront of housing innovation, working with the modular construction sector and incubating a hybrid method for construction that supports local development and training opportunities. The agency is currently completing a demonstration project in Délı̨nę.

We are proposing $4 million to be shared between Health and Social Services and Executive and Indigenous Affairs to support transitional and supportive housing and family violence prevention programs administered by non-profit organisations.

In addition, through Housing NWT, we are proposing to provide $8.3 million to more than triple the budgets for emergency shelters in Yellowknife, Hay River, Inuvik and Fort Simpson and have added more resources for a new division within the agency to address homelessness. We are also reprofiling resources and increasing the budget for the Yellowknife Day Shelter and Sobering Centre by a net $460,000 to ensure a more realistic budget going forward.

A strong economic foundation

When I delivered the budget address one year ago, an attack on Canada's economy by our closest trader partner had just begun. Since then, the foundations of international trade continue to be eroded with no semblance of rational predictability. While the Northwest Territories is not a major exporter, our economy is tied to that of Canada, and our principal export is tied to global economic stability. Even so, we can support growth in our economy by removing the barriers that have long been a drag on the opportunities that exist across the Northwest Territories. Success will take effort by not only the GNWT, but from partnership across the Northwest Territories.

Mineral Resources

The mineral resource sector continues to be a foundation for private sector activity, especially in transportation, wholesale trade and construction. The GNWT is providing support to our diamond industry by increasing diamond valuations to move more product to markets, extending property tax relief, and providing support for Burgundy's successful federal tariff relief loan.

We are proposing $150,000 to support Indigenous participation in the resource sector, by developing expertise through training, workshops, and networking. Empowering

Indigenous communities to engage effectively will make regulatory proceedings more effective and timelier.

Development of the *Mineral Resources Act* regulations are an example of GNWT collaboration with Indigenous governments through the Intergovernmental Council and through technical working groups with those outside the council. To advance responsible resource development with oversight developed within the territory, we are proposing $400,000 for the transition activities required to bring the Act into force.

Labour Market

The need for labour across the Northwest Territories is constant. Employment levels in both the public and private sectors have remained stable despite recruitment competition from other jurisdictions.

The GNWT partners with the NWT Literacy Council to deliver Employment Readiness Training. We are working with the Tłı̨chǫ Government and the Yellowknives Dene First Nation to support workers affected by recent changes in the diamond mining sector while laying the foundation for a more diverse economy. We advocated for restoring the immigrant nominee program allotment in 2025, which we filled. In addition, we are working with the Inuvialuit Development Corporation to provide on-the-job training programs that deliver certifications. Further, we are establishing a small community trades training pilot program in Behchokǫ̀ and Délı̨nę.

We also must take a long-term view for our residents and support their future opportunities and prosperity.

The GNWT invests over $10 million in the Junior Kindergarten to Grade 12 education system and consistently spends the most per student in Canada. We will continue to roll out the territorial adapted competency curriculum from British Columbia. Efforts in this space have already seen an increase of 6 per cent in small community graduation rates this Assembly.

Last fall, we launched the temporary Interim Support Assistants Initiative to maintain educational supports. We will continue collaboration with the federal government to expand the Healthy Food for Learning program and continue to advocate for the return of federal support for Jordan’s Principle and Inuit Child First.

Economic Diversification

Greater economic diversity is a shield against downturns in individual sectors or commodities. Diversity can also reflect the individual strengths of communities or regions around the Northwest Territories. Our efforts to stimulate the development of different sectors of the economy is led by the Department of Industry, Tourism and Investment.

Our freshwater fish industry has vast untapped potential. To continue growth in the commercial fishery sector, we are proposing $2.9 million to support the Hay River Fish Plant. The plant is generating revenue, but today's market prices for certain species of fish are low and inconnu sales to Russia were halted. However, the industry continues to establish itself; we have seen the number of fishers increasing and their catch volumes growing. By the end of 2026, we expect to be fully certified by the Canadian Food Inspection Agency and ready to take this industry directly to the international market.

Tourism also continues to see growth and holds the potential for so much more. We are proposing an additional $335,000 to support the GNWT's *Tourism 2030: Sustainable Journeys Ahead* strategic plan to make the territory a premier destination for visitors from around the world. We are also proposing $474,000 to address increased costs in park contracts and utilities, ensuring our parks remain accessible and well-maintained. Tourism is a prime example of where success will depend on the private sector stepping up with innovative products to showcase the territory's abundance of spectacular nature and rich culture.

This spectacular backdrop has also led to growth in the film industry. We are proposing $345,000 to support the industry with permanent funding for the Film Officer at the Northwest Territories Film Commission and to restore the Producers Incentive Program. These investments will help attract and leverage more dollars into the territory than what they cost.

One key requirement for economic activity, including housing construction and community development, is land. While still investing to support outstanding negotiations with Indigenous governments, we are also proposing $367,000 for the Department of Environment and Climate Change to accelerate our responsiveness to requests for the transfer of land tenure.

Relying on internal collaboration, the Department of Industry, Tourism and Investment will lead an initiative that will see reductions in existing GNWT regulatory processes, while Executive and Indigenous Affairs will lead an oversight policy to limit growth of new regulations. Municipal and Community Affairs will advance an initiative to explore an expanded set of regulated gaming options that better protects consumers from unregulated operators with a proposed $300,000.

Access to health care and addressing the effects of trauma

Healthy people and healthy communities are a positive expression of sovereignty within the Northwest Territories and a critical foundation for prosperity by ensuring labour availability, enabling entrepreneurship, and ensuring communities can maintain a sustainable business ecosystem.

As the work to improve the operational efficiency of the health care system progresses, we are introducing measures aimed at right-sizing budgets and improving prevention and timely care to reduce financial pressure caused by higher needs later on.

The Łıwegǫ̀atì Building is an important component of the health campus in Yellowknife, providing primary care, outpatient rehabilitation, and long-term and extended care beds. After monitoring the traffic seen in the first year of the building's operations, we are proposing $1.7 million to establish eight new full-time equivalent positions to support the long-term and extended care beds and increase the capacity of the central reception area.

We are transitioning to a 24-hour, seven-days-a-week model for laboratory and diagnostic services at Stanton Territorial Hospital through a proposed $3.1-million investment. An evaluation shows that the current model is not sustainable for patients or staff. Demand has resulted in increased workloads and lengthened wait times, which are being addressed through costly emergency call-backs. The proposed investment will allow a change to the new 24/7 model with 21 new full-time positions to process tests and imaging faster and reduce the burden on staff and reliance on out-of-territory lab facilities.

We want to ensure the 811 Health Advice Line remains available, as it provides a vital resource for residents everywhere in the territory seeking immediate, valuable, credible and accessible health information and guidance and reduces pressure on frontline providers. We are proposing $740,000 in part to help manage increasing call volumes but also to fill a void left by cancelled federal funding.

Outpatient intravenous therapy at Stanton Territorial Hospital plays an important role providing treatment in a controlled outpatient setting that reduces pressure on acute care services by helping to avoid hospitalizations and emergency visits. Additionally, it supports early discharge by allowing patients to continue receiving necessary intravenous medications or therapies without taking up an inpatient bed. Through Budget 2026, we propose $549,000 to enhance this program.

We are proposing $287,000 for a time-limited project management position to lead the recommended changes from the Small Community Model and Care Review that will further improve service delivery in small communities caused by nursing staff shortages.

We will tackle the $8-million shortfall in biomedical equipment essential for day-to-day healthcare operations in a systematic fashion. We are proposing an additional $562,000 for renewing these assets through a consistent and phased multi-year replacement schedule.

We are facing rising costs across several key contracts that require $1.9 million in proposed spending. This includes additional funding in Inuvik for adult residential care programs at the Charlotte Vehus Home and Billy Moore Group Home, and service providers at the Inuvik Regional Hospital and funding for AVENS – A Community for Seniors in Yellowknife. This funding will also address rising demand for, and increased costs of blood products, increased costs for Child and Family Services legal contracts and legislated travel, and proper funding for essential health services program contracts.

Higher numbers of cancer patients and new treatments are increasing chemotherapy drug costs even with efforts to limit costs through the Health and Social Services department's Product Listing Agreement with drug makers. As a result, we propose another $215,000 in this budget to ensure sustainable funding for cancer treatments.

We are formalizing one full-time position under the Medical Assistance in Dying, or MAID, program with a proposed $216,000 to ensure this service is available to patients.

We propose to meet all 32 recommendations from the security assessment at the Hay River Regional Health Centre through a $589,000 investment. The security assessment revealed vulnerabilities in physical security, surveillance, access control, and emergency preparedness, many of which are directly related to illicit drug activity. Addressing these vulnerabilities will protect patients, staff and visitors, and the integrity of care delivery.

We are expanding the School Funding Framework through a proposed $1.7 million to permanently support the school-based Mental Health and Wellness program so that every child in every school across the Northwest Territories has access to a dedicated service provider. This builds on the success of the 2024-25 pilot program that used schools as a conduit for mental health education, which produced increased student engagement and participation.

The NWT Active Living Framework supports active wellness at all ages. Developed with territorial sport and recreation partners, we are in a phased expansion of this program to strengthen sport and recreation support across the territory through enhanced monitoring, improved data collection, and more coordinated funding practices. We propose $2.8 million in this budget to establish stable funding for core territorial and regional sport and recreation partners.

Safe residents and communities

Enhancing the safety of our residents and communities supports the long-term stability of the Northwest Territories.

Let me assure everyone that the Government remains firmly committed to addressing lead in our water systems. While the 2026-27 budget does not include additional resources, when required we will seek the resources to expand testing and act wherever and whenever it is needed.

Through the Department of Justice, the GNWT is advancing community justice measures by formalizing training for coordinators for non-governmental organisations and Indigenous governments and implementing an online knowledge-sharing platform that will enable coordinators to share best practices and learn from each other across communities. Federal support is helping the Legal Aid Commission improve access to justice, increasing equitable service delivery for residents in every community. The Department is able to do this without increasing its base budget in 2026-27 by leveraging cost-shared arrangements.

We are proposing to invest $8 million in additional resources to improve emergency wildfire response and mitigate potential risks. This includes adding $1.7 million to the Department of Environment and Climate Change for adaptation and preparedness training, flood hazards and biomass mapping, and wildland fire research. These supports complement the Department's ongoing work to improve our response to wildfires, including planning for a longer wildfire season, more training for firefighters, and higher aviation costs.

We will expediate final recovery efforts for the disaster events over the past four years with a proposed $1.4 million to the Department of Municipal and Community Affairs to complete expense processing. This funding will improve supports for disaster-affected residents, support coordination with contractors to complete recovery work, and get through the paperwork needed to align with federal standards for assistance payments.

We are proposing $790,000 to make improvements to the Northwest Territories emergency management system. This will advance a multi-year plan to address recommendations in the 2023 Emergency Response After-Action Review to strengthen community support, advance legislative reform, and enhance training and communications.

We are proposing $519,000 to ensure the availability of paramedic services during community evacuations from wildfires to improve our ability to respond quickly and effectively in times of crisis and provide medical support to first responders. In addition to having trauma-informed personnel available for smaller communities in a crisis, paramedics are required to support responders during fire suppression efforts.

We are working to improve the relationship with community partners to support effective, territory-wide fire suppression. We propose an additional $270,000 next year for territory-wide training support for community-level emergency services and firefighter education and development. This would help smaller communities meet National Fire Protection Association standards with localized training materials and provide first aid and emergency medical responder training to their volunteers.

The GNWT's funding for community governments to support essential municipal services and infrastructure will increase by $1.4 million to reflect continued inflationary pressures. The Department of Municipal and Community Affairs also uses its core funding to help community governments maximize their access to federal programs and funding.

Closing

Mr. Speaker, with this Budget we will shift from restraint to readiness. We will focus on building partnerships and empowering our residents, communities, regions and partners to be ready to find, create, build and contribute to opportunities amidst uncertainty.

The arctic and subarctic regions of the world are in the geopolitical crosshairs. This brings many risks that the Northwest Territories cannot control and many opportunities that we do not have the financial or human resources to unlock on our own. Yet there is momentum around us that we must seize upon, not only as a government, but as a territory. The world will not wait for us, so we must break down historic barriers and meet this moment to build the future of the territory. Together we will build a more resilient, sustainable and prosperous Northwest Territories for generations to come.

All levels of government in the Northwest Territories working together will offer a stronger foundation of healthy, educated citizens living in safe, sustainable communities ready to capture opportunities.

Thank you, Mr. Speaker.

Budget Papers 2026-2027

NORTHWEST TERRITORIES

A ◆ Economic Outlook

B ◆ Fiscal Review

February 5, 2026

Overview

The economy of the Northwest Territories is in transition. The major diamond mines that have underpinned economic growth for almost three decades are reaching the end of their productive lives and beginning to close. This is causing the mining sector and its supporting industries to contract, leading to a broader decline in investment, exports, and private-sector activity. Further, the Norman Wells oil facility is closing in late 2026. Adding to the pressure of these anticipated diamond mine closures, ending oil production and the resulting economic slowdown, are new, trade-related challenges. Supply chain disruptions, low global diamond prices, and United States' import tariffs have introduced heightened uncertainty, particularly for mining and resource development. While government spending and public-sector employment continue to provide stability to the economy, the private sector faces ongoing and significant headwinds.

Housing remains a central concern to the economy. Federal and territorial governments have announced new investments to accelerate housing development and repair aging stock. In particular, the Indigenous governments' small community housing investments focus on using local labour and improving capacity in labour skills. These initiatives are expected to improve housing supply and contribute to community resilience, which in turn could boost economic growth and productivity.

Labour market conditions remain mixed. Public and private sector employment has remained steady, although a smaller share of the population is actively employed. Wage trends are also uneven. Although workers in the Northwest Territories continue to be more productive than the Canadian average, and wage growth has been strong in the public and services sector, wages in goods producing industries remain flat. Inflation has eased from previous highs, helping to stabilize household purchasing power. At the same time, business activity has shown signs of recovery, with a modest increase in the number of active enterprises, though levels remain below pre-pandemic averages.

Overall, the Northwest Territories economy continues to face structural challenges and a projected contraction in GDP. However, while total investment, including mineral exploration, are down, deposit appraisals are up compared to five and ten years ago, signaling that that some mining projects are progressing. While future opportunities are promising, there are currently no new or potential mining projects large enough to replace the economic footprint of the diamond mines. However, a resilient labour force, rising earnings, and strategic investments in housing and potential large infrastructure projects through federal programs provide cautious optimism for stability. The territory's economic outlook will depend on its ability to navigate external risks, support diversification, and foster inclusive growth.

Current State of the Economy

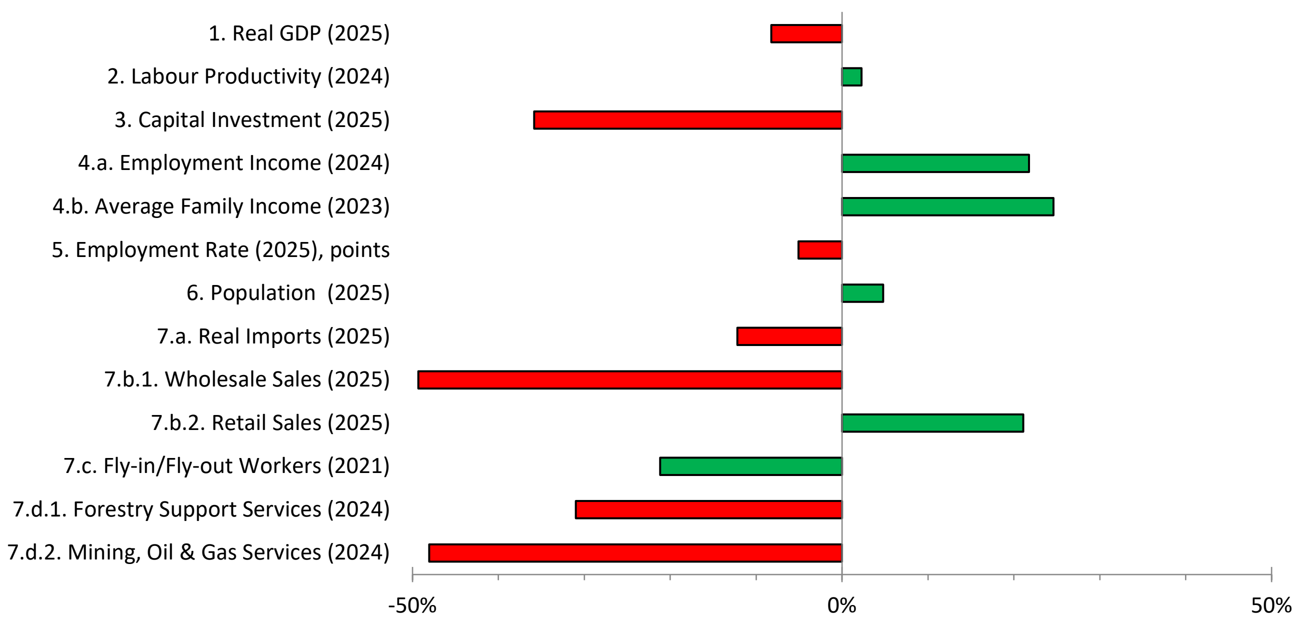
Indicators from the *Macroeconomic Policy Framework*[1] have been used to measure the current state and performance of the Northwest Territories economy. These performance indicators compare current indicator values to their 2014 baseline level, that was chosen because it was the year that significant responsibilities for land, water and non-renewable resource management were devolved from Canada to the Northwest Territories.

In the following graph, the performance indicators with red bars show a worsening change in their values and the indicators with green bars show an improvement in their values since the 2014 benchmark. All performance indicators reflect the most current data available.

Six of the 13 total indicators have improved since 2014. Productivity, population, employment income, family incomes, and retail sales are higher, while the number of non-resident, fly-in/fly-out workers is lower (fewer non-resident workers is an improvement).

The employment rate is relatively unchanged from 2014, despite falling economic output. While this suggests stability in the local economy, it also warns of a potential lack of dynamism and entrepreneurial activity and does not capture workers leaving the labour force. Seven indicators have worsened. The two most significant declines were in capital investment, and mining, oil and gas services. Capital investment and the resource extraction industry are linked, and their decline is largely due to the changes at the territory's operating diamond mines.

Macroeconomic Policy Framework Performance Indicators



Source: Statistics Canada, NWT Bureau of Statistics and NWT Finance

[1] https://www.fin.gov.nt.ca/en/resources/macroeconomic-policy-framework

Economic Outlook

Slowing growth and declining GDP has left the Northwest Territories economy smaller today than it was a decade ago. While a falling GDP is cause for concern, in the Northwest Territories case, it provides more of an indication that the economy is transitioning away from the dominance of the diamond mines than a measure of how well the territorial economy is performing.

Total investment is projected to have decreased 3.1 per cent in 2025 and to decrease a further 5.8 per cent in 2026. Exports are expected to continue to decline as diamond mines slow production and oil production ceases. However, consumer price inflation is expected to remain at target levels, resident employment is likely to decrease only marginally, average weekly earnings are forecast to increase, and government spending will continue to provide a stabilising effect on the economy.

Northwest Territories Economic Outlook
Chained (2017) millions of dollars unless otherwise stated.

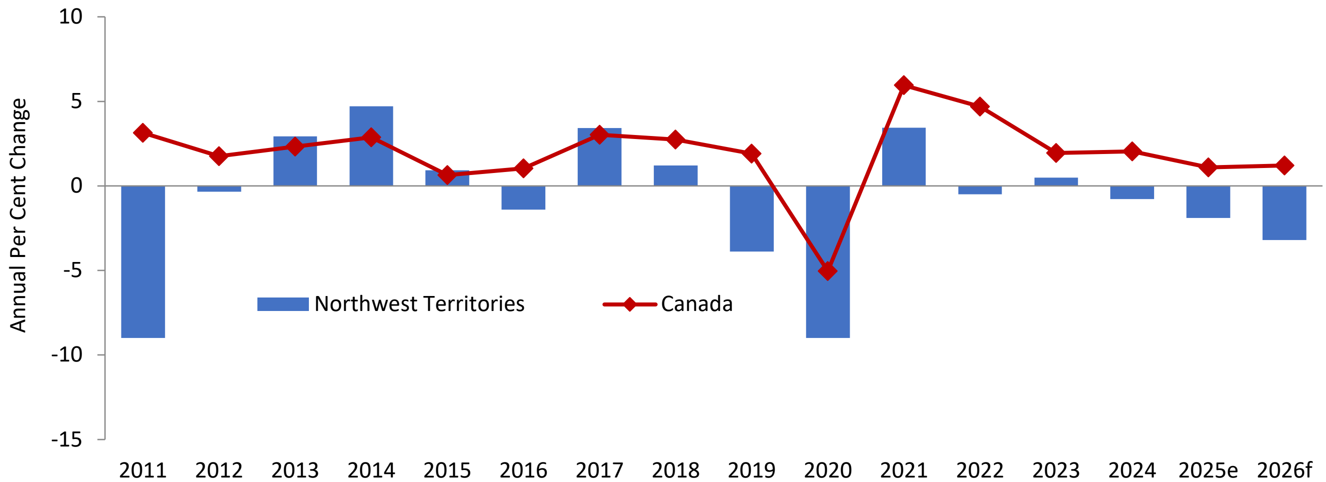
	2020	2021	2022	2023	2024	2025e	2026f
Gross Domestic Product	4,097	4,238	4,217	4,238	4,205	4,126	3,995
Percent Change	*(9.0)*	*3.4*	*(0.5)*	*0.5*	*(0.8)*	*(1.9)*	*(3.2)*
Total Investment	684	743	845	879	893	865	815
Percent Change	*(25.9)*	*8.6*	*13.7*	*4.0*	*1.6*	*(3.1)*	*(5.8)*
Household Expenditure	1,745	1,826	1,800	1,809	1,822	1,825	1,807
Percent Change	*(1.0)*	*4.6*	*(1.4)*	*0.5*	*(0.7)*	*0.2*	*(1.0)*
Government Expenditure	2,542	2,619	2,766	2,916	2,847	2,881	2,901
Percent Change	*3.7*	*3.0*	*5.6*	*5.4*	*(2.4)*	*1.2*	*0.7*
Exports	2,126	2,201	2,197	2,147	2,074	1,951	1,855
Percent Change	*(20.5)*	*3.5*	*(0.2)*	*(2.3)*	*(3.4)*	*(5.9)*	*(4.9)*
Imports	3,131	3,198	3,434	3,514	3,453	3,418	3,373
Percent Change	*(7.3)*	*2.1*	*7.4*	*2.3*	*(1.7)*	*(1.0)*	*(1.3)*
Employment (Number of Residents)	21,500	23,200	24,400	23,700	22,900	23,000	22,600
Percent Change	*(5.3)*	*7.9*	*5.2*	*(2.9)*	*(3.4)*	*0.4*	*(1.7)*
Average Weekly Earnings ($)	1,511	1,527	1,565	1,594	1,724	1,742	1,756
Percent Change	*3.7*	*1.1*	*2.5*	*1.9*	*8.1*	*1.1*	*0.8*
CPI (All-Items), Yellowknife	138.9	142.0	151.9	156.9	159.9	163.5	166.8
Percent Change	*0.1*	*2.2*	*7.0*	*3.3*	*1.9*	*2.3*	*2.0*

e: estimate; f: forecast
Source: Statistics Canada and NWT Bureau of Statistics

Economic Outlook – *Real GDP*

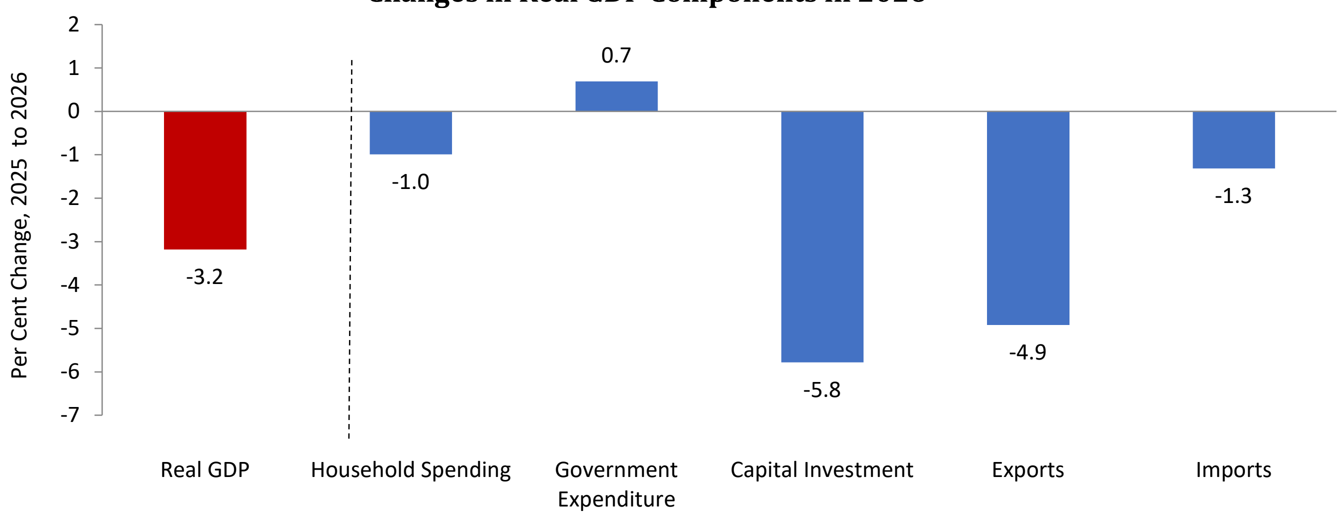
Real GDP, which is the value of all goods and services produced in the economy after adjusting for inflation, is expected to fall by 3.2 per cent to $4.0 billion in 2026. This follows earlier declines from $4.2 billion in 2024 to an estimated $4.1 billion in 2025, showing a continued slowdown in economic activity. The drop in 2026 is mainly due to a 5.8 per cent decrease in total investment and a 4.9 per cent decrease in exports, caused by lower diamond mine production and announced end of oil production at Norman Wells. Imports are also expected to fall because industries need fewer goods and services, which will partly reduce the effect of lower exports on real GDP. The decline in real GDP is expected to lower employment and slow the growth of weekly earnings. As a result, household spending is also expected to decrease.

Northwest Territories Economic Growth is in a Down Cycle



e: estimate; f: forecast
Source: Statistics Canada and NWT Bureau of Statistics

Changes in Real GDP Components in 2026

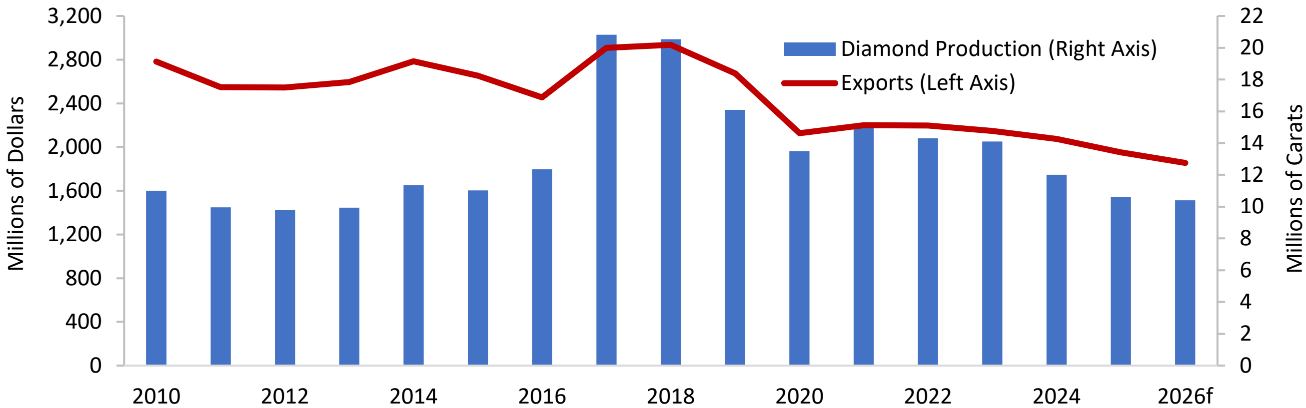


Source: NWT Bureau of Statistics

Economic Outlook – *Exports*

Exports, after adjusting for inflation, are projected to decrease 4.9 per cent in 2026, continuing the trend of decline from 2022 mainly due to slowing diamond and oil production, particularly as Diavik mine and the Imperial Oil facility close in 2026. Since 2017, diamonds are about two-thirds of Northwest Territories exports.

Northwest Territories Exports Reflect Diamond Production

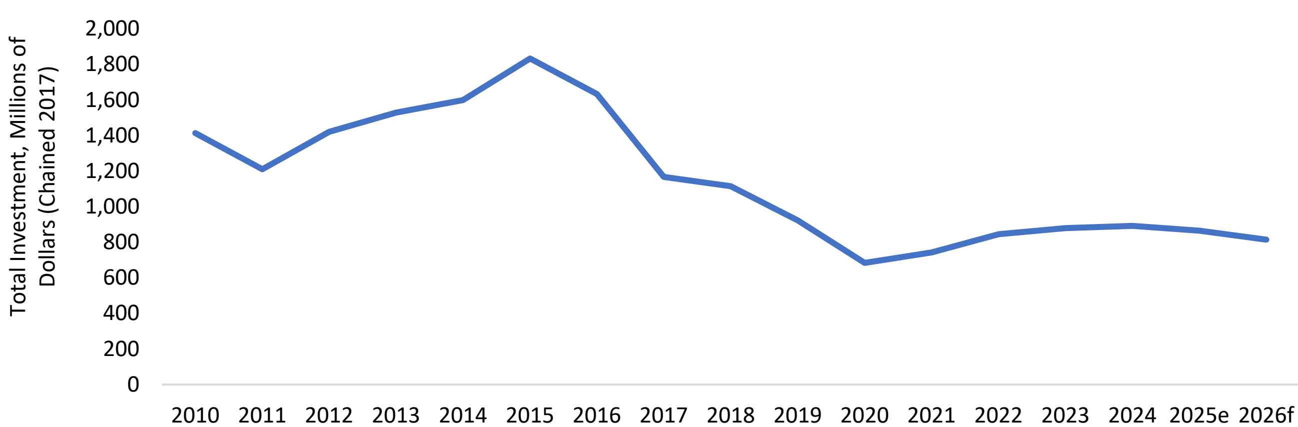


2025 estimate; f: forecast
Source: Statistics Canada and NWT Bureau of Statistics

Economic Outlook – *Investments*

Total investment is expected to fall 5.8 per cent in 2026 as the diamond mines reduce operations and exploration on mine sites. Most territorial capital investment is for industrial engineering construction projects like bridges, mines, and roads. With the mines growing older, their industrial engineering construction has declined, which dampens overall investment levels in the territory.

Northwest Territories Investment in a Down Cycle



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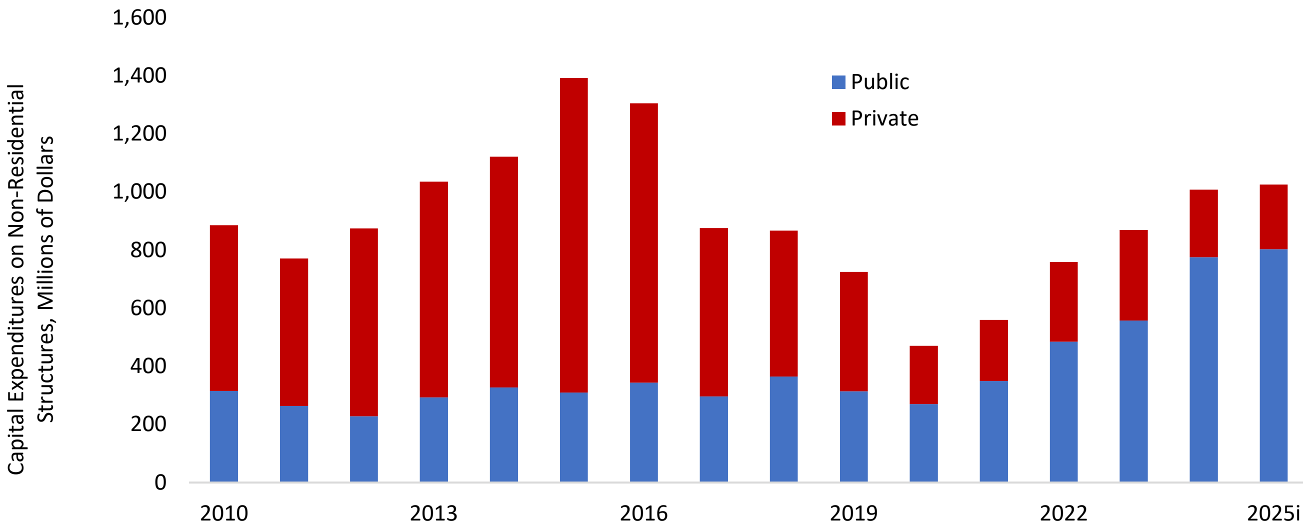
Source: Statistics Canada and NWT Bureau of Statistics

With fewer industrial developments in the territory, private-sector investment appears to have fallen to a new lower steady state. Public investment has increased in value and now accounts for a larger share of total investment, increasing from 30 per cent in 2014 to 78 per cent in 2025. This trend is expected to continue because there are no new large-scale mining or construction projects identified. Public investment is providing stability for investment-dependent sectors. The national government emphasis on domestic procurement and major nation-building projects, may prove favourable for more private investment.

Northwest Territories Public Investment Dominates Capital Investment



2024 estimate; i: intention
Source: Statistics Canada and NWT Bureau of Statistics

Economic Outlook – *Employment*

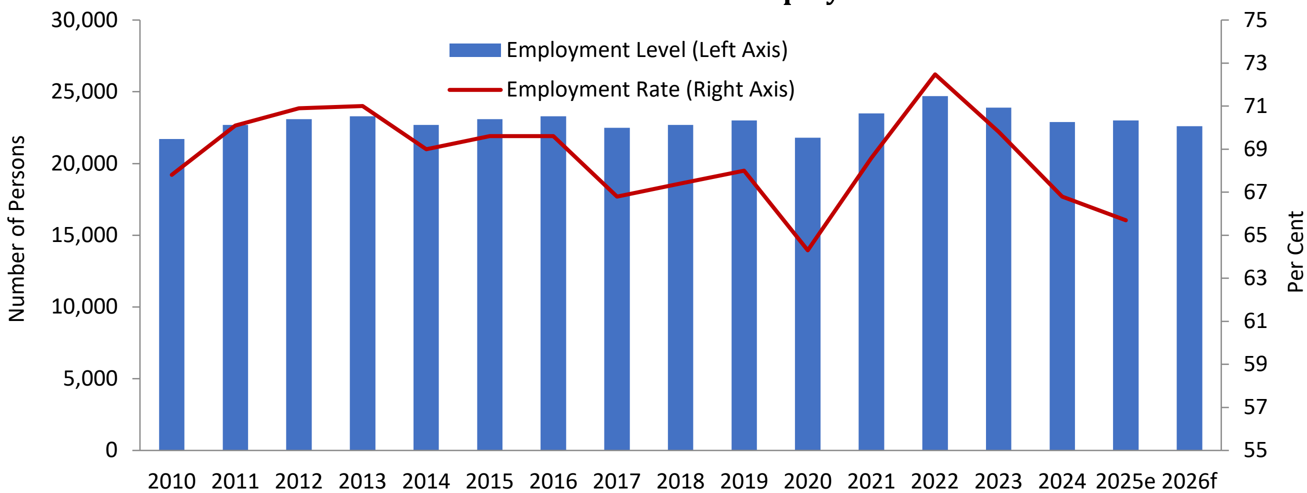
Resident employment has held steady from 2024 to 2025 and is projected to decrease by 1.7 per cent in 2026, or 400 people, as the economy adjusts to the closing of the Diavik diamond mine in early 2026.

The employment rate in 2025, at 65.7 per cent, remains below the pre-pandemic average of 68.4 per cent because of changes in the labour force participation rate. From 2024 to 2025 the services sector shed 300 jobs, but the goods-producing sector added an equivalent number. Several industries posted notable gains, including trade, forestry, fishing, mining, oil and gas, and public administration.

Although the number of jobs was unchanged in 2025, Northwest Territories residents who are not participating in the labour force (neither employed nor seeking work), has increased 39 per cent between 2022 and 2025 and now totals 10,800 people. The main reason for the higher number of residents not in the labour force is because the participation rate of adults aged 45 and over has decreased from 74 per cent in 2022 to 63 per cent in 2025.

Public sector employment showed no net growth in 2025, while private sector employment increased by 4.4 per cent despite layoffs and workforce reductions at the diamond mines. Unemployment continued to fall, with the unemployment rate averaging 4.8 per cent, the second lowest in Canada and well below the pre-pandemic five-year average of 7.8 per cent.

Northwest Territories Resident Employment Stable



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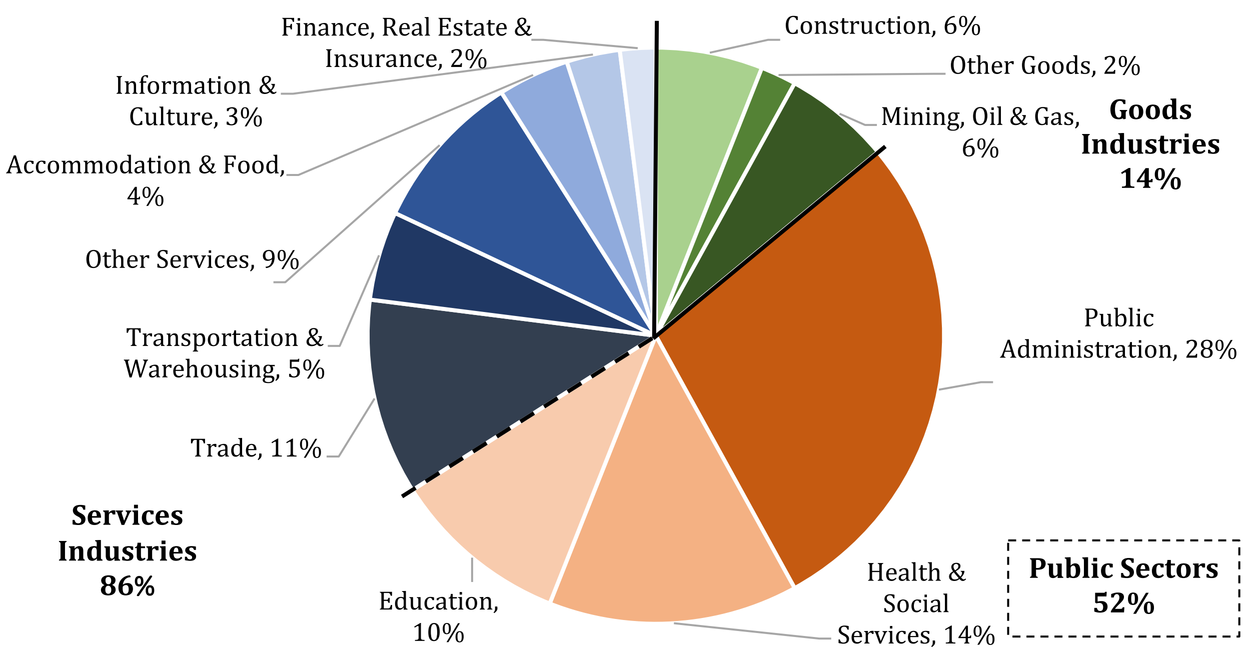
Source: Statistics Canada and NWT Bureau of Statistics

Employment rates are higher in Yellowknife than in other communities (74 per cent compared to 55 per cent), and for non-Indigenous residents than Indigenous residents (78 per cent compared to 51 per cent).

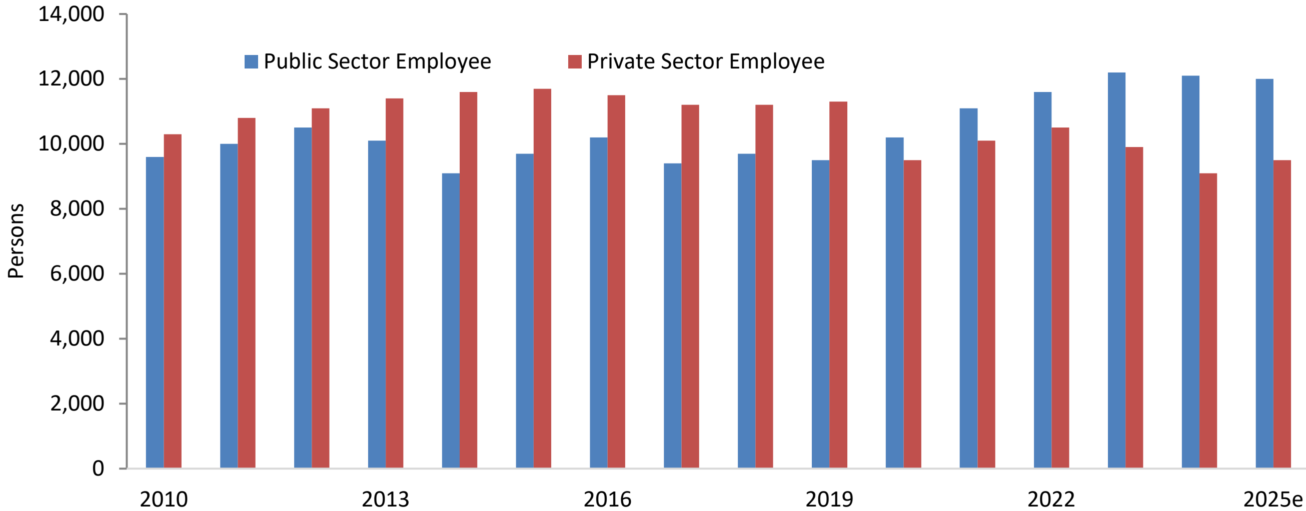
The public sector employs more Northwest Territories residents than the private sector – about 12,100 compared to 9,500, which is a reversal of the pre-pandemic pattern where private sector employment was higher. The territorial labour force is significantly more weighted toward public sector employment than the Canadian average, where private sector employment accounts for the larger share.

Resident Employment Dominated by Government, 2025



Source: Statistics Canada and NWT Bureau of Statistics

More Residents Are Employed in the Public Sector Than in the Private Sector



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Source: Statistics Canada and NWT Bureau of Statistics

Usually, an economy that increasingly relies on government employment risks weakening the private sector, yet the Northwest Territories' large public sector also provides an important source of stability. This stabilizing role is important in the territory's resource-based economy to help insulate from the boom-and-bust cycles that characterize the resource industry. Further, recent growth in government employment is from Indigenous governments that are building more capacity for program delivery that will support local economies.

In the Northwest Territories, nearly one-quarter of workers are non-resident employees, the highest share of any province or territory. Non-resident workers help address labour shortages in key sectors, which occur because of the territory's small population and workforce.

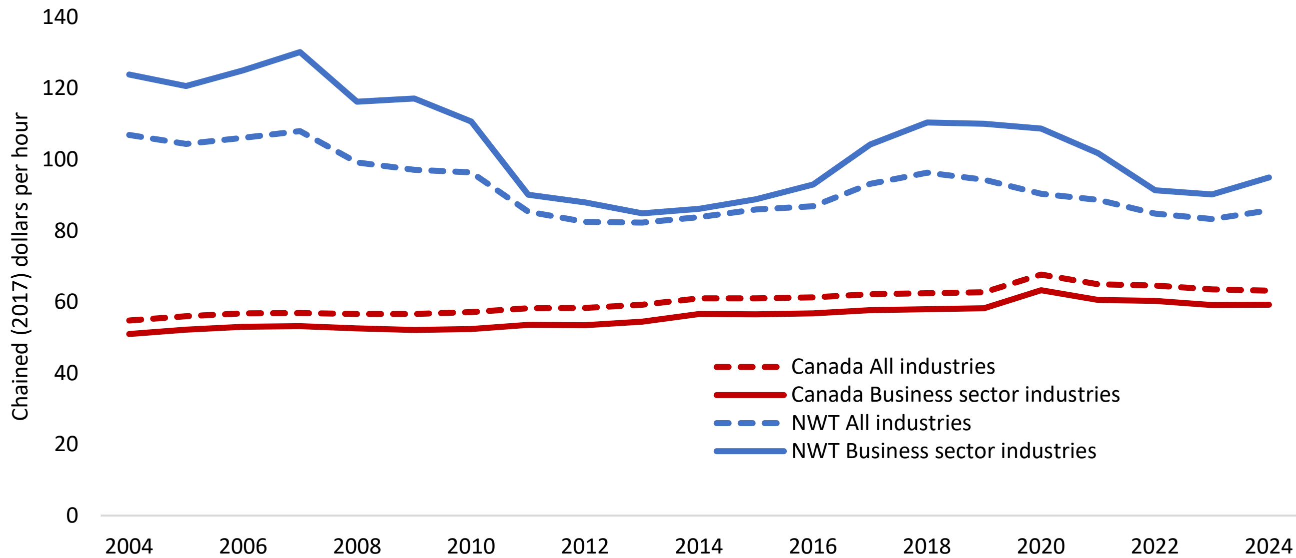
Changes in global trade policies have created a national emphasis on government support to increase Canadian labour productivity levels. In general, Northwest Territories labour productivity is higher than the rest of Canada because of the dominance of the resource and public sectors.

The Northwest Territories high labour productivity is a main reason for the territory's high household income levels and savings rates that exceed the national average. The highly capital-intensive industries in the territory not only have high labour productivity, but also create the most private sector jobs, which is not typically the case in other Canadian jurisdictions.

Non-renewable resource industries have produced high business labour productivity over the past two decades and their falling output is lowering overall labour productivity. In 2003, mining, oil and gas generated nearly one half of real GDP in the Northwest Territories, but by 2024, its share had fallen to 18 per cent. As a result, high productivity in this capital-intensive industry is providing an ever-smaller productivity boost to the economy overall.

The territorial public sector is also high, reflecting high program and service delivery costs. Public sector productivity is measured using operating costs as a proxy for output value and high costs contribute to a high productivity measurement. The territory's public sector productivity is primarily that of territorial government, which is mainly financed by federal transfers. The combination of high program and service delivery costs and federal fiscal support that makes comparable program delivery to the rest of Canada possible and produces the high non-business sector productivity measure.

Labour Productivity Comparison Between Canada and the Northwest Territories

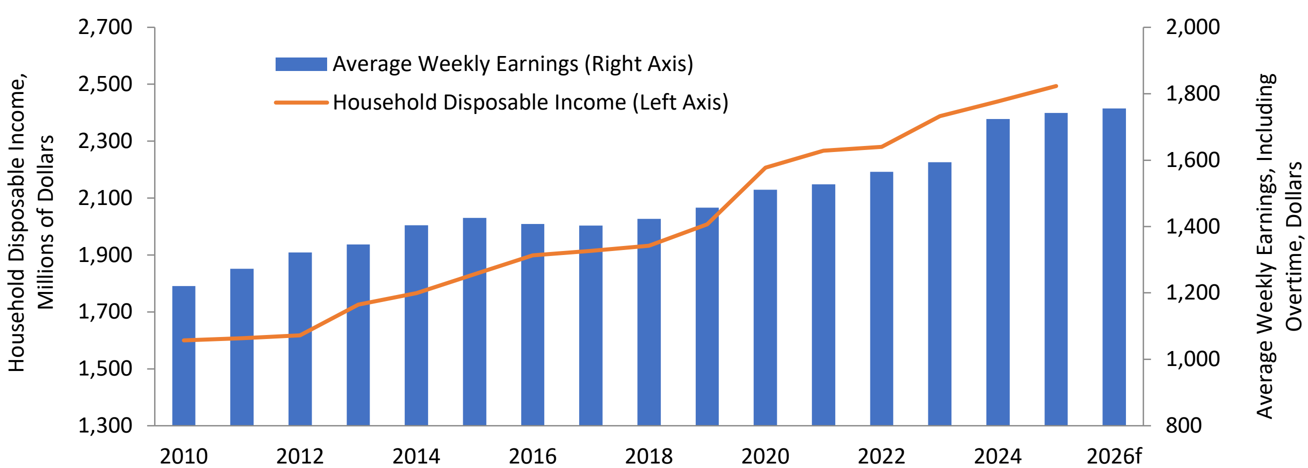


Source: Statistics Canada

Economic Outlook – *Average Weekly Earnings*

Wages are expected to continue to increase over the near term. Northwest Territories average weekly earnings, currently the second highest in Canada after Nunavut, rose 8.1 per cent in 2024 and are leveling off with an estimated 1.1 per cent increase from 2024 to 2025 and projected to increase 0.8 per cent in 2026.

Northwest Territories Household Income Continues to Grow



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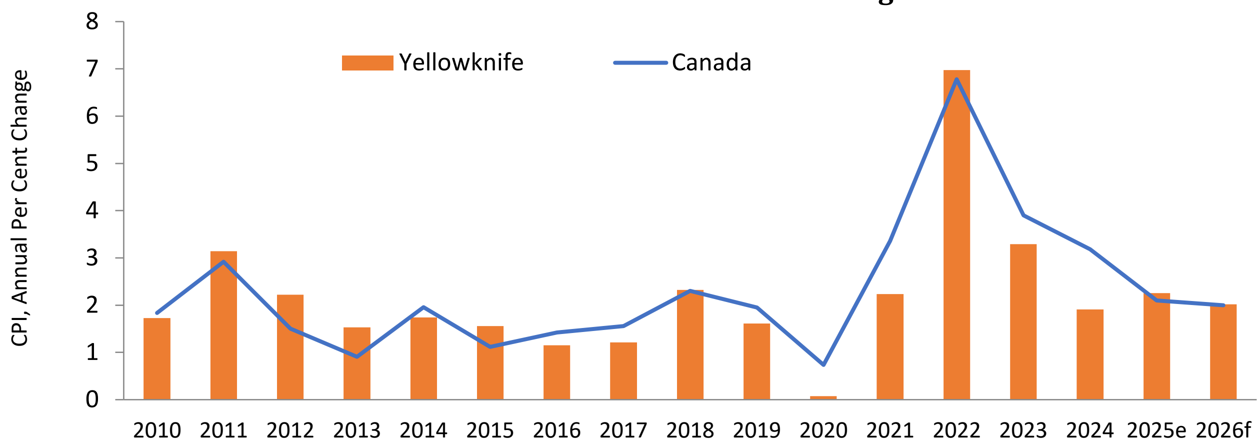
Source: Statistics Canada and NWT Bureau of Statistics

Economic Outlook – *Consumer Prices*

Large price increases in the two years before 2024 has influenced consumer perceptions about inflation but consumer price inflation has stabilized and is projected to remain at the Bank of Canada target rate of 2 per cent in 2026.

Consumer Price Inflation Has Stabilized at Target Rate



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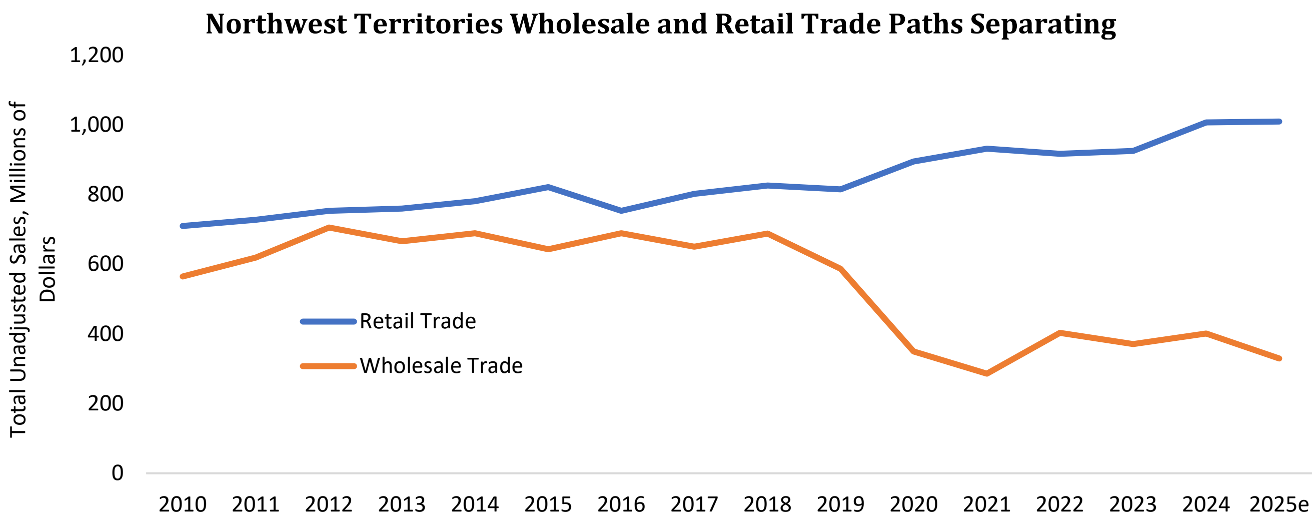
Source: Statistics Canada, the Bank of Canada and NWT Bureau of Statistics

Economic Outlook – *Wholesale and Retail Trade*

Wholesale and retail trade show day-to-day economic activity and are therefore useful indicators of the overall health of the territorial economy. Since 2018, the wholesale and retail trade have started to move in opposite directions as the economy changes.

Wholesale trade is closely linked to the diamond industry. As global demand weakened and mine production slowed, wholesale activity began to decline. These challenges worsened during the pandemic, when supply chains were disrupted and industrial operations were interrupted. As a result, wholesale sales dropped sharply. Wholesale trade, which used to follow a similar pattern as retail trade, fell by about 40 per cent in 2020 and remains about 44 per cent below 2019 levels today. With diamond mines nearing the end of their productive life, wholesale trade is expected to stay much lower than retail trade going forward.

Retail trade tells a very different story. During the pandemic, consumer spending was supported by government income supports and changes in how people shopped. Many Northwest Territories businesses quickly adapted by offering online shopping, takeout, delivery, and curbside pickup. Because of this, retail sales grew by an estimated 10 per cent in 2020 and continued to rise. By 2025, retail sales were about 24 per cent higher than in 2019 and remain strong.



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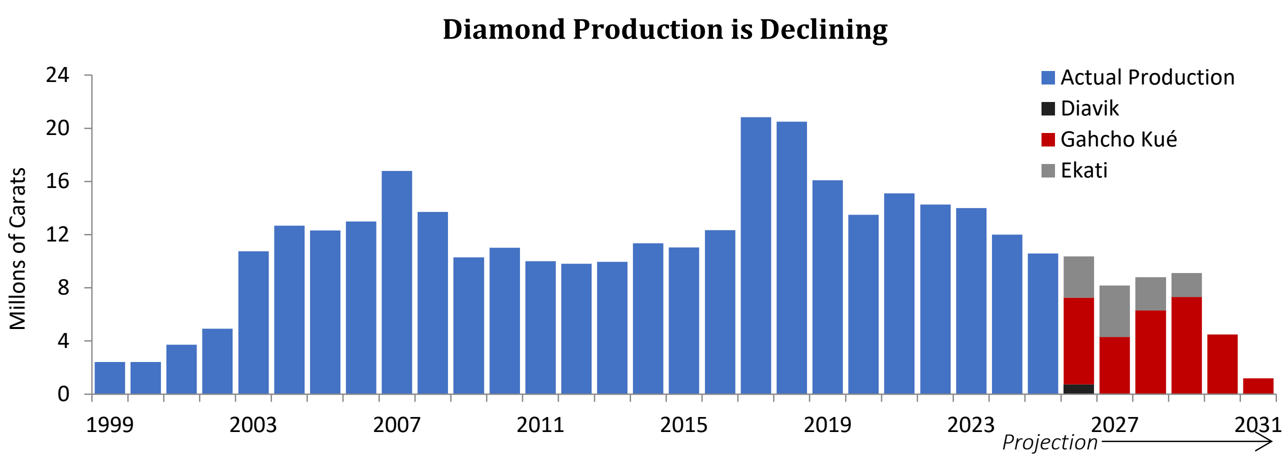
Source: NWT Bureau of Statistics

Risks to the Outlook

The continued short- and long-term risks to the Northwest Territories economy remain closely tied to the impending diamond mine closures. The slow pace of new private-sector investment in advancing resource development projects makes the territory's economic transition beyond the diamond industry more difficult.

There are also emerging opportunities that could strengthen the territory's outlook. Increased interest in mineral exploration, including projects focused on critical minerals, has the potential to generate new development and employment. Expanding activity in smaller sectors like trapping, fishing, and tourism supports a more localized economy and can represent meaningful job growth, particularly in smaller communities.

Risks to the Outlook – *Diamond Mine Closures*



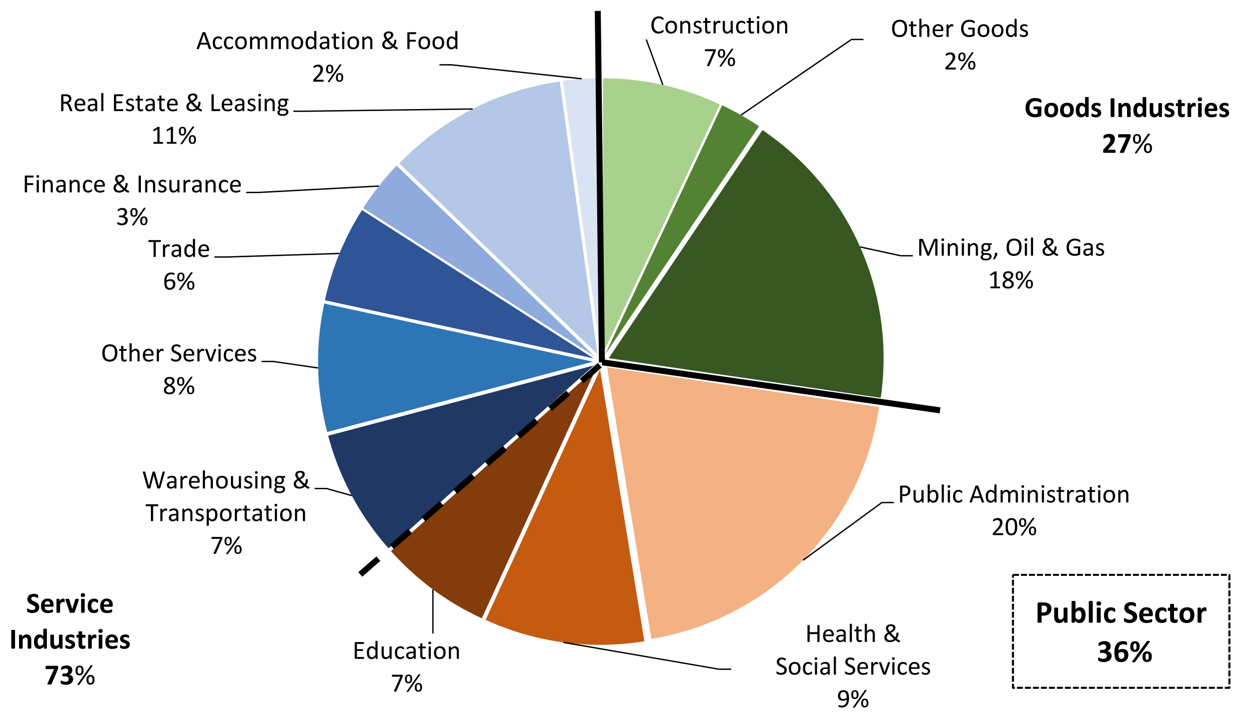
Note: Projections are subject to change based on mine plan revisions.
Source: Mining plans and technical reports, Natural Resources Canada, and NWT Finance

Maturing diamond mines are a significant risk to the territory's economic outlook as they have been a primary driver of the Northwest Territories economy for decades. The Diavik mine is scheduled to close in 2026, followed by Ekati mine in 2029 and Gahcho Kué mine in 2031. Any decisions to extend the life of existing diamond mines by developing new kimberlite pipes depend on many economic and financial factors including access to financing, consumer demand, and rough diamond prices.

Risks to the Outlook – *Undiversified Economy*

The Northwest Territories economy is characterized by a few large industries in government and mining. Together, they account for nearly half of the territory's GDP and most high-paying employment. The public sector itself is almost half of all the GDP derived from the service industries, and public administration is now larger the mining sector. Shifts in the resource industry causes serious disruption for the rest of the economy.

Real GDP Dominated by Government and Mining, 2024

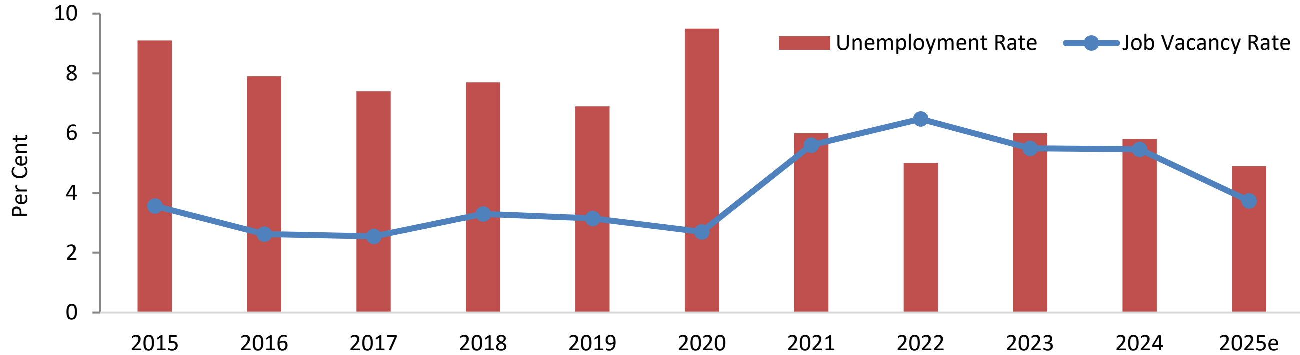


Source: Statistics Canada and NWT Finance

Risks to the Outlook – *Labour Shortages*

Labour shortages are a continuous challenge due to the small size of the Northwest Territories population and resident workforce. However, in 2025 the job vacancy rate (the share of job openings that go unfilled) decreased to 3.5 per cent, an improvement from the previous year and closer to the average between 2015 and 2020. The unemployment rate (the share of workers who are out of work but are actively looking for a job) was 4.9 per cent in 2025, a further improvement continuing from 2023, and much better than the 7.9 per cent average between 2015-2020.

Job Market Conditions Improving



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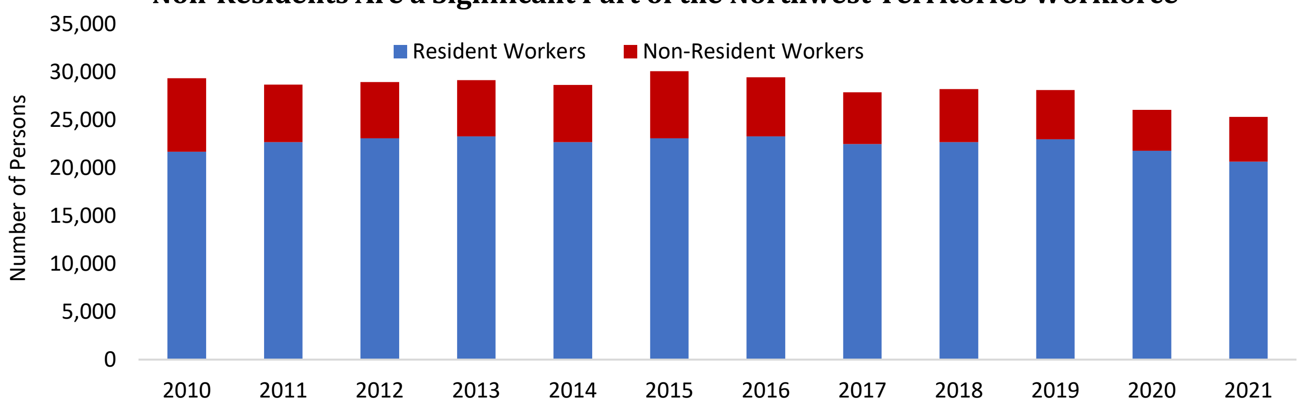
Source: NWT Bureau of Statistics and NWT Finance

Labour shortages for specialized needs are a major reason for the territory's high rate of non-resident workers. The number of non-resident workers employed in the Northwest Territories averaged 6,000 between 2008 and 2021 about one-fifth of all workers. These jobs include seasonal, rotational, temporary, and special projects that fill employment gaps that are not met by the resident workforce.

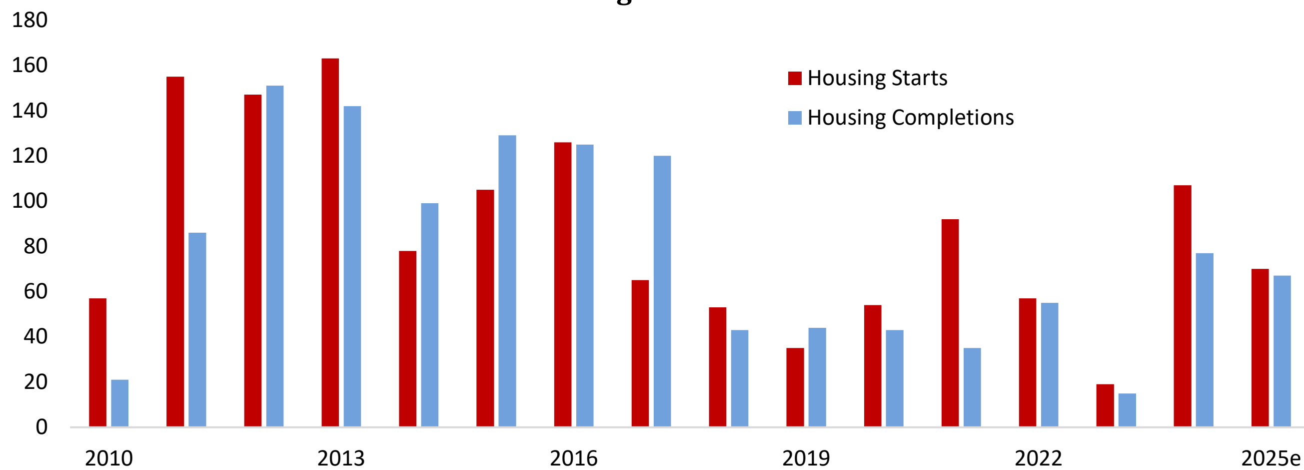
Non-Residents Are a Significant Part of the Northwest Territories Workforce



Source: Statistics Canada and NWT Finance

The Northwest Territories slow development of new housing may contribute to labour shortages, while also increasing the difficulty for non-resident workers to find adequate or affordable housing. This deters skilled workers from moving or staying in the territory. Between 2018 and 2023, construction of new residential units declined significantly, exacerbating housing challenges. However, an increase in residential construction in Yellowknife is beginning to address the housing shortages in the city. Federal and territorial government support is helping to address housing issues in other communities. Recently there has been an uptick in development, with an estimated 70 housing starts and 67 housing completions in 2025 in the Yellowknife housing market.

Yellowknife Housing Construction Increases



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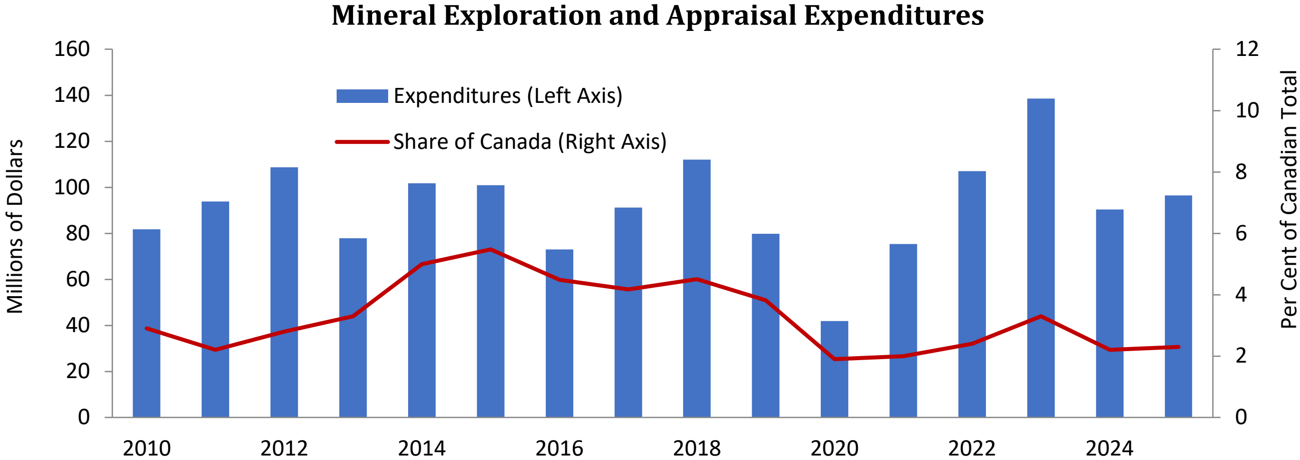
Source: Statistics Canada

Risks to the Outlook – *Future Resource Development*

Diamond mines are expected to remain the dominant mining activity industry and a large direct influence on the broader private sector for a few more years. There are several mining projects in various stages of development and continuing exploration investments that signal more resource development may happen soon.

Mineral exploration and appraisal spending, which is a requirement for discovering and developing new mines, has moderated. However, this reflects the decline in diamond exploration and appraisal spending within existing diamond mine sites, rather than a reduction in other mineral exploration. Since 2021, diamond exploration expenses have declined from roughly one half of all exploration and appraisal expenditures to less than one fifth of spending intentions.

Mineral Exploration and Appraisal Expenditures



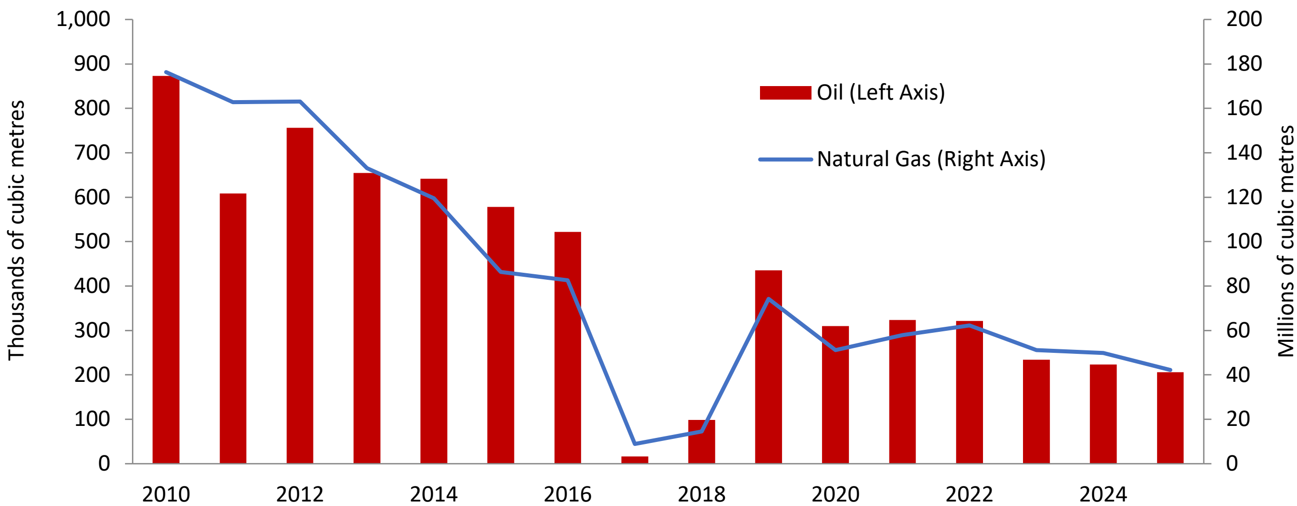
2025 estimate
Source: Natural Resources Canada

While diamond exploration investments have decreased since 2023, there is a noticeable increase in deposit appraisal investments for critical minerals, base metals and precious metals, suggesting that potential projects are progressing through the exploration to viable mine stage.

The future of mining in the Northwest Territories is likely to be smaller-scale mines rather than the large-scale operations like the gold mines of the past and the diamond mines operating today. Even though new mining projects will not replace the diamond mines, they help stabilize the economy with high paying jobs and business opportunities. Smaller mines may also be able to operate mostly, or completely, on local labour and local contractors rather than relying on non-resident workers as the diamond mines currently do.

Large-scale oil and gas production once dominated the territory's resource sector and was a major contributor to employment, GDP and exports. However, production has been declining and will cease at Norman Wells in late 2026. Nevertheless, planned development of the M-18 gas field in the Beaufort Delta is expected to boost total natural gas production and provide an operational lifespan exceeding fifty years.

Production of Oil and Gas Continues at Reduced Levels



2025 estimate
Source: NWT Bureau of Statistics and NWT Finance

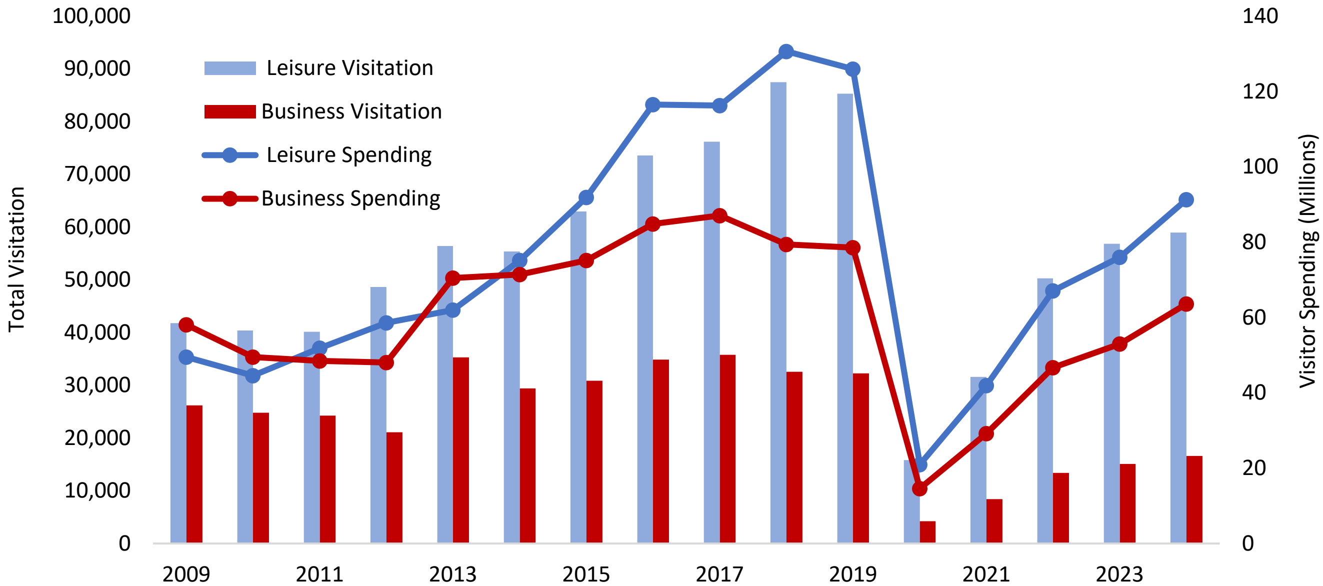
Risks to the Outlook – *Growth in Other Sectors*

Attempts to diversify the Northwest Territories economy away from mining and public administration have contributed to growth in some smaller sectors of the economy.

Tourism

Tourism helps provide private sector employment opportunities, especially for smaller communities. Efforts to promote the tourism sector saw a steady growth of the industry through the 2010s. Leisure visitation rose consistently from 2009 to a peak in 2018–2019, mirrored by strong increases in leisure spending, which more than doubled over the decade. Business travel followed a similar, though more modest, upward trend.

Northwest Territories Tourism is Below 2019 Peak but is Increasing



Source: Department of Industry, Tourism and Investment

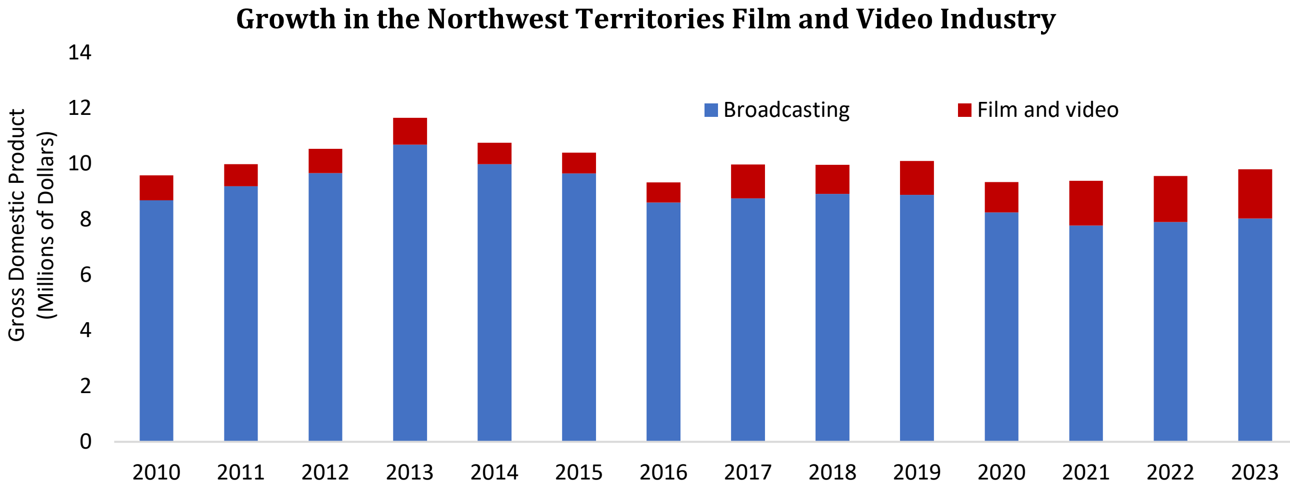
The economic impact of the COVID pandemic caused leisure and business visitation to fall to a fraction of previous levels, with a corresponding plummet in spending. Since then, the tourism industry is recovering with leisure visitation and spending in 2024 rising close to 2015 levels.

The reasons for tourists to visit have changed since the pandemic. Aurora viewing, fishing, hunting, and outdoor adventure have recovered to pre-pandemic levels. General touring, which was once a large component of leisurely visits, remains far below pre-pandemic levels. Visiting friends and relatives recovered more predictably, climbing back to near-historic norms as mobility restrictions eased.

Business travel is included in Northwest Territories tourism data and before the pandemic consistently brought more than 30,000 visitors a year to the territory, second only to hunting tourism for per-visitor spending. The pandemic seriously affected business travel and by 2024 had only recovered about half of its pre-pandemic volume. This slow rebound may be caused by a variety of factors such as an increased preference for virtual meetings, shifting corporate travel policies, or reduced private investment in the territory.

Film and Broadcasting

The arts and culture sector contributes to the economy by enhancing the quality of life, promoting the territory abroad, and providing employment opportunities in all regions of the territory. The overall arts and culture sector has been declining over the past decade, but the film and video recording activities have experienced consistent growth. Between 2010 and 2023, the economic output of the film and video recording activities, encouraged by targeted GNWT support such as the NWT Film Rebate Program, has more than doubled to $2.0 million in real GDP.

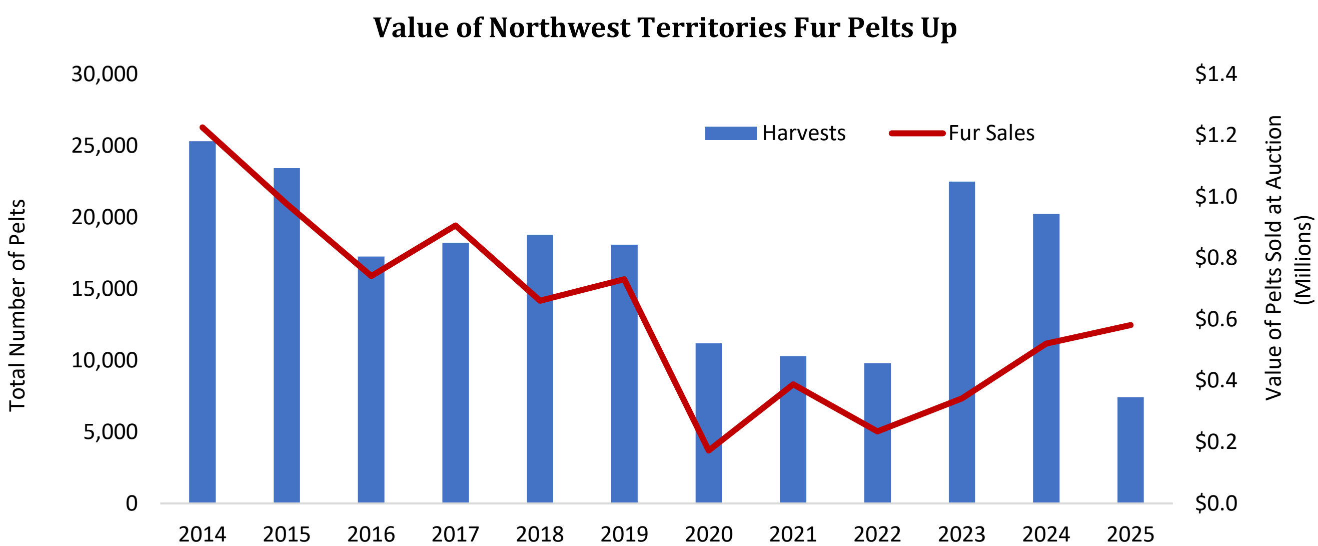


Source: Statistics Canada

Broadcasting activities are declining from a peak of $10.7 million to GDP in 2013 to $8.0 million in 2023. Broadcasting continues to play an important role in the territory as a local source of news and media but changes in technology will likely result in traditional broadcasting continuing to remain below previous levels.

Trapping

Trapping is a small contributor to the territorial economy but is a culturally important activity for many residents, especially in smaller communities. While the number of pelts sold at auction decreased 61 per cent to 7,400 in 2025, the fur sales at auction increased 11 per cent in value.

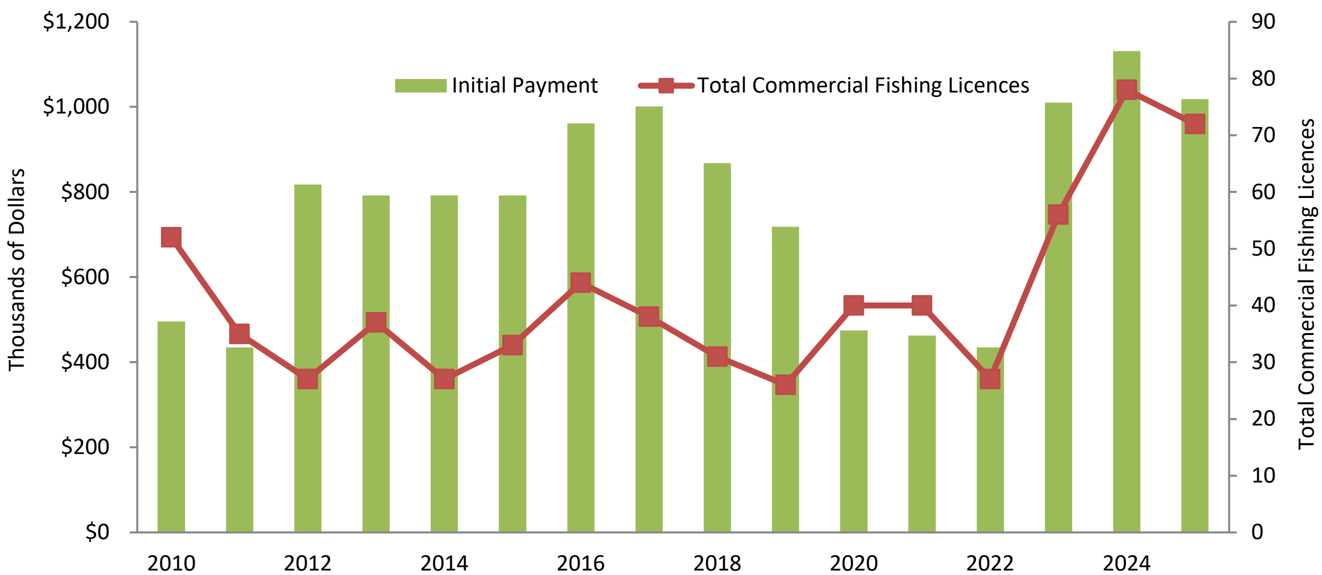


Source: Department of Environment and Climate Change

Fishing

The Northwest Territories commercial fishery industry is small in economic output but remains an important opportunity for increased regional employment. The GNWT has made several commercial fishing investments identified in the *Strategy for Revitalizing the Great Slave Lake Commercial Fishery*. Key among these is the opening of the new Hay River fish processing plant in 2023. These investments appear to be working, as after many years of decline, initial payments (an on-delivery point, net-of-freight basis) to Northwest Territories fishers exporting through the Freshwater Fish Marketing Corporation (FFMC) has increased. The number of active commercial fishers exporting fish through the Hay River fish plant has increased and despite low market for certain fish species, the industry continues to grow. Once fully certified by the Canadian Food Inspection Agency by the end of 2026, the industry will be able to export directly to the international market.

Commercial Fishery Rebound



Sources: Freshwater Fish Marketing Corporation and Department of Industry, Tourism and Investment

Fiscal Review 2026-27

The 2026-27 budget reflects the Government of the Northwest Territories (GNWT) approach to providing economic stability, continuing its capital investment program to improve and expand essential public services, and working towards fiscal sustainability through evidence-based decision making and sound fiscal management. Responsible fiscal governance remains a focus of the GNWT's approach, limiting expenditures to below revenues, while investing to support communities and residents with suitable and affordable housing, maximize the public dollar for the benefit of the Northwest Territories economy, ensure accessible health care, and enhance public safety.

Fiscal Situation and Medium-Term Outlook

Operating surpluses are projected to be thin for the remainder of the 20th Legislative Assembly, budgeted at $20 million in 2026-27 and forecast at $30 million in 2027-28. This is roughly one per cent of total revenue leaving little room to address fiscal shocks. The operating surplus is used for capital investment, and a low operating balance requires increased debt to pay for capital.

Low operating surpluses are caused by a combination of slow revenue growth and increasing expenditure pressures. Revenues are projected to increase 2.5 per cent on average annually from 2025-26 to 2029-30. Lower growth in later years is largely due to slowing growth in Territorial Formula Financing, the GNWT's largest revenue source.

Over the same period, expenditures are expected to increase at an average annual rate of 2.0 per cent, driven mainly by cost pressures in priority areas, including health spending and housing investment. While expenditure growth is still projected to remain below revenue growth, the level of expenditures leaves little room to respond to additional cost pressures without relying on borrowing that in turn increases debt, or reducing capital investment, or a combination of both.

The forecast projects an 8.5 per cent annual average increase in total debt over the outlook.

The medium-term outlook continues to adhere to the debt management guidelines in the *Fiscal Responsibility Policy*. The GNWT will need more revenues, savings or efficiencies to maintain fiscal sustainability or risk losing fiscal flexibility in delivering stable, quality programs and services in uncertain economic times.

Medium-Term Outlook (January 2026 Forecast)

(Millions of dollars)

	2025-26 Projected	2026-27 Main Est.	2027-28 Forecast	2028-29 Forecast	2029-30 Forecast
Total Revenue	2,659	2,743	2,808	2,912	2,950
Operating Expenditures	2,650	2,723	2,778	2,774	2,856
Operating Surplus/(Deficit)	9	20	30	138	95
Capital Investment	235	207	212	243	249
Total Debt at March 31					
Short-Term Debt	830	830	922	996	1,117
Long-Term and Guaranteed Debt	1,058	1,381	1,379	1,371	1,391
Total Debt	1,888	2,211	2,301	2,367	2,508
Borrowing Limit	3,100	3,100	3,100	3,100	3,100
FRP Borrowing Limit Trigger	120	120	120	120	120
Available Borrowing Capacity	1,092	769	679	613	472

Note: FRP is *Fiscal Responsibility Policy*. Totals may not add due to rounding.

Fiscal Review

2024-25 Final Results

The GNWT ended 2024-25 with a $44-million operating surplus, which was $280 million lower than what was projected in the 2024-25 operating budget. Net debt on a consolidated basis, which includes all agencies and authorities under the GNWT's responsibility, was $1.8 billion, 5.4 per cent higher than 2023-24.

Total GNWT non-consolidated revenues were $2.737 billion in 2024-25, an increase of $101 million or 3.8 per cent from 2023-24. The main revenue increases were $89 million from Territorial Formula Financing, $84 million for estimated revenues from the tobacco settlement, and $15 million in personal income tax revenue. These increases were partially offset by decreases in non-renewable resource revenues of $5 million and corporate income tax of $32 million, and an accounting adjustment for carbon tax revenues.

Total department expenditures for 2024-25 were $2.693 billion, up 1.9 per cent compared to 2023-24 and $359 million over the budget. Health and Social Services made up the largest portion of departmental spending at $810 million, or 30 per cent, followed by Education, Culture and Employment at 15 per cent.

2025-26 Revised Estimates

The revised 2025-26 operating surplus of $9 million is a decrease of $163 million from the budget operating surplus of $172 million. Revenues for 2025-26 are projected to be $2.659 billion and expenditures, including adjustments for infrastructure contributions and deferred maintenance, are estimated to be $2.650 billion. Debt is expected to be $1.9 billion by March 31, 2026.

Revenue is estimated to decrease by $491,000 from the 2025-26 budget. The Territorial Formula Financing grant is unchanged from the budget but the $92 million increase in other transfer payments offset other revenue declines. Taxation revenues are projected to decrease $91 million, largely because the GNWT removed the consumer carbon tax after the 2025-26 budget was introduced. Projected increases of $17 million in personal income tax and $1.5 million in payroll tax almost offset slight projected decreases in fuel and tobacco taxes and the estimated $11.9 million decrease in property tax revenue mainly due to property tax relief for mining operations. Resource revenues are expected to decrease by $1.7 million from budget.

Total 2025-26 revised operating spending, including adjustments, has increased $162 million, or 6.5 per cent from the budget. The following chart shows the major changes to the operating surplus from the budget projection to the revised estimate. Increased spending in department budgets account for $134 million of the increase, including $60 million for forest management and fire suppression, $24 million for increased health spending, $14 million to mitigate the loss of Jordan's Principle and Inuit Child First funding for education bodies for the year, and $12 million to NTPC to subsidize electricity rates for residents and businesses. Other emergent needs include additional spending for the School Funding Framework, harbour restoration and fish plant operations in Hay River, Arctic Winter Games support, transitional housing and shelter services in Yellowknife, practical nurse training, and Yellowknife Courthouse security enhancements.

The 20th Assembly committed to an additional $42 million in annual contributions for housing through Housing NWT for three years. Although this expenditure is capital in nature, and provided to Housing NWT, it is recorded as an infrastructure contribution. As an infrastructure contribution, this funding is recorded as an operating expense, which directly reduces the operating surplus.

2025-26 Operating Surplus Revisions (millions of dollars)

2026-27 Main Estimates

Total 2026-27 revenues are estimated to be $2.744 billion and operating expenditures, including adjustments, are $2.724 billion, for a projected operating surplus of $20 million. The narrow surplus includes a substantially increased supplementary reserve from $35 million to $210 million. The increase to the supplementary reserve is to account for expected expenditures that are yet unbudgeted and to provide a cushion against fiscal shocks. The offset for appropriation lapses is raised to $25 million. The higher reserve improves transparency in the budget operating surplus, given that the average reduction in the operating balance in the 20th Assembly to date (2024-25 and 2025-26 revised) is $205 million. The average changes in the surplus in the last two Assemblies were $87 million in the 19th Assembly and $40 million in the 18th Assembly.

Total revenues are projected to increase $84 million from the 2025-26 Revised Estimates largely due to an increase of $104 million from the Territorial Formula Financing grant. The increase is offset by a projected $22-million decline in other federal transfers. In total, transfers are forecast to increase $82 million. The GNWT's own-source revenues are projected to be largely unchanged, increasing $3 million in aggregate, or 0.7 per cent. Total taxation revenues are estimated to be down $21 million, or 7.3 per cent, led by a decline in personal income tax revenue of $9 million and a decrease of $5 million in corporate income tax receipts.

Departmental spending is projected to increase $22 million or 0.9 per cent from the 2025-26 budget. However, the 2025-26 budget included $85.6 million for carbon tax offsets that were eliminated after the budget was released and are not included in the 2026-27 departmental budgets to be approved. Excluding the carbon tax offsets adjustment, total department spending increased $108 million from the 2025-26 to the 2026-27 budgets, driven largely by increases in health care spending. The budgeted departmental spending results in an operating surplus before adjustments of $346 million.

Infrastructure contributions also increased to $140 million, including $40 million for the second year of a three-year commitment in increased contributions for Housing NWT. Infrastructure contributions, the supplementary reserve, and the appropriation lapse produce the $20-million operating balance.

The 2026-27 year-end debt projection is $2.2 billion, $324 million higher than the year-end 2025-26 projection. Borrowing is $769 million below the $3.1-billion federally imposed borrowing limit after the $120-million cushion is considered. Total debt servicing payments are expected to remain below 2 per cent of total revenues. The *Fiscal Responsibility Policy* requires total borrowing to be at least $120 million below the borrowing limit and debt servicing payments to be less than 5 per cent of total revenues.

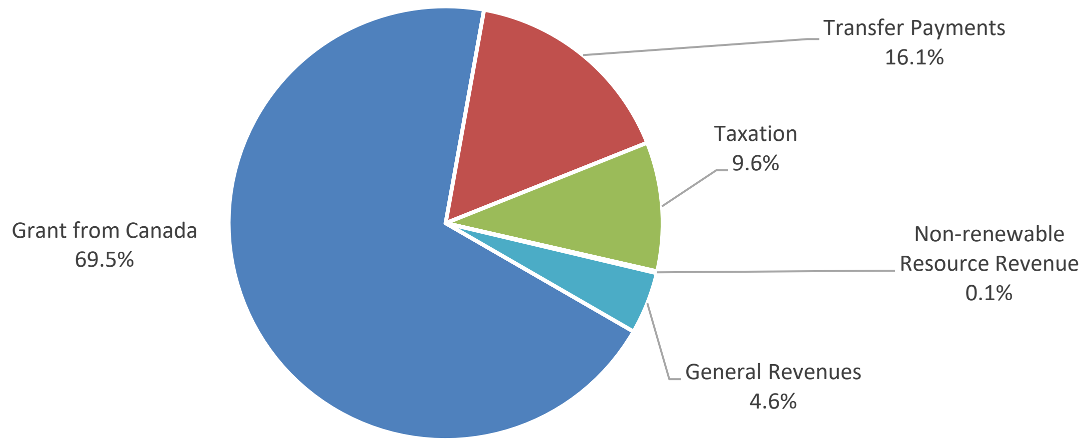
2026-27 Budget Highlights

Revenue Initiatives

Budget 2026-27 introduces no new taxes. However, several fees and some property and education mill rates will be increased by inflation in keeping with established financial management practices. The Class 4 property tax mill rate will remain at the 2025-26 level to support the diamond mines.

The Northwest Territories carbon tax rate will increase $15 to $110 a carbon-equivalent tonne of greenhouse gas emissions as of April 1, 2026. The consumer carbon tax was removed April 1, 2025 by offering at-source rebates but in keeping with obligations under federal legislation, the industrial carbon tax remains in place, with a federally-approved rebate system.

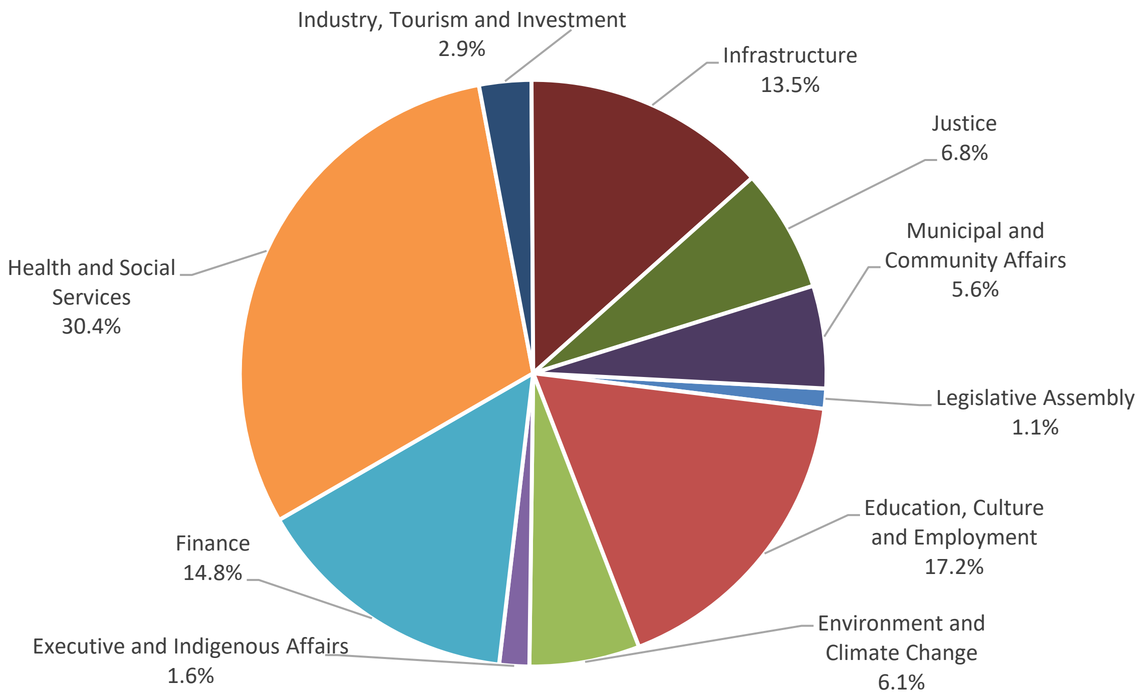
Projected 2026-27 Revenues by Source ($2.744 billion)



Operating Expenditure

Budget 2026 projects $2.4 billion in departmental operating expenditures, an increase of 0.9 per cent compared to Budget 2025, or $22.2 million.

2026-27 Operating Expenditures by Department ($2.397 billion)



The operating expenditure budget is created by using the previous year's approved department budgets as the budget base. Expenditures for programs that are ending and other reductions are removed from the base and new funding for increased costs due to inflation or increased demand for programs or services are then added to each department's budget. Finally, new spending on initiatives is considered on a government-wide basis within the limits of the government's fiscal resources.

The 2026-27 budget increased $22.2 million from the 2025-26 budget. Total new spending of $178 million is partially offset by ending programs and other reductions and includes:

- $99.2 million to address higher demand or higher costs for current programming that departments cannot manage in their existing budgets;
- $37.6 million in new spending for initiatives and enhancements to existing programs; and
- $41.2 million in other approved adjustments.

Legislative Assembly

The Legislative Assembly proposes a $1.2-million spending increase from the 2025-26 to 2026-27 budget, caused largely by $1.0 million for inflationary pressures and $939,000 for program development initiatives, partially offset by $727,000 from expiring programs.

Education, Culture and Employment

The 2026-27 budget for the Department of Education, Culture and Employment is $414 million, an $11.5-million increase from the previous budget. The increased spending includes $3.1 million for the student financial assistance program due to more students accessing the program along with policy and legislation changes and $1.1 million for increases to the School Funding Framework to address inflation pressures for supplies and specialized learning material. Other adjustments of $22.7 million include funding for grade school education services, education bodies to deliver food programs, and the increase in the NWT Teachers' Association Collective Agreement. Spending was slightly offset by $20.2 million in expiring programs and $293,000 in spending reductions.

The Department budget also includes the following new spending:

- $1.7 million to support regional School-based Mental Health and Wellness programs by ensuring that every school can employ a dedicated provider and has support from a designated regional lead.
- $519,000 to address recruitment and retention challenges for Junior Kindergarten to Grade 12 Indigenous Language Instructors and enhance support for Indigenous language instruction across the territory.
- $370,000 to support changes to the Senior Home Heating Subsidy income threshold levels which will allow more seniors to access this subsidy and address increases in the cost of living.
- $68,000 for the Official Languages Board to meet four times per year to support board members in carrying out its mandate under the *Official Languages Act*.

Environment and Climate Change

The 2026-27 budget for the Department of Environment and Climate Change is $146 million, an increase of $11.7 million from the 2025-26 budget. The Department added $8.5 million to address cost pressures, including $8.1 million for wildfire personnel and aviation costs, and $7.0 million to administer cost-shared agreement activities. The cost-shared activities receive Natural Resources Canada funding and include support for the 2 Billion Trees program, climate change preparedness training, wildfire research, and flood hazard and biomass mapping. The Department reduced spending by $981,000 and had $3.8 million in sunsetting programs.

The Department budget also includes the following new spending:

- $367,000 for two Yellowknife positions to increase the land available for housing and to work with partners to support requests to transfer land tenure.

Executive and Indigenous Affairs

The 2026-27 budget for the Department of Executive and Indigenous Affairs is $40 million, a $4.5 million increase from the 2025-26 budget. The increase in spending includes $913,000 in program adjustments which includes $705,000 to support families of Missing and Murdered Indigenous Women and Girls through the Family Information Liaison Unit. Spending increases are partially offset by a reduction in spending by $115,000 along with $3.8 million in sunsetting programs.

The Department budget also includes the following new spending:

- $2.3 million for a contribution to the Yellowknife Women's Society Spruce Bough Supportive Housing Program.
- $675,000 to commission and install a public monument honouring Residential School Survivors and all the children who were lost to their families and communities.
- $350,000 to support Indigenous Government participation in the implementation of the *United Nations Declaration on the Rights of Indigenous Peoples Implementation Act*.
- $316,000 to support collaborative engagement by Indigenous governments and organisations in GNWT-led intergovernmental meetings and processes.
- $200,000 to support the accelerated work at negotiation tables with the Dehcho First Nations.

Finance

The 2026-27 budget for the Department of Finance is $355 million, a $55.1-million decrease from the 2025-26 budget, primarily because of the removal of the consumer portion of the carbon tax and corresponding rebates. In addition, there are proposed budget reductions for the resource revenue sharing with Indigenous government signatories to the 2014 Northwest Territories Land and Resources Devolution Agreement and the Northwest Territories Heritage Fund contribution because of lower non-renewable resource revenue projections. The reductions are partially offset by $31.2 million in cost increases, including $19.4 million for short and long-term debt servicing, $5.5 million for employee medical travel assistance benefits, and $1.6 million for remediation and monitoring of contaminated sites and costs associated with environmental liabilities.

The Department budget also includes the following new spending:

- $342,000 to establish two full-time positions to enhance the GNWT's ability to conduct workplace investigations and deliver harassment training to staff.
- $338,000 to establish two full-time positions to help implement the GNWT's *Vendor Performance Management Policy* and streamline information technology procurement.
- $164,000 to establish one full-time position to provide a customized career pathway guidance tailored to Indigenous employees.

Health and Social Services

The 2026-27 budget for the Department of Health and Social Services is $728 million, a $26.0 million increase from the 2025-26 budget. The Department identified $18.6 million in time-bound funding scheduled to end at March 31, 2026.

The Department's budget is proposed to increase $31.5 million, including $13.3 million for a new air ambulance contract, $3.7 million for the Youth Out-of-Territory Supportive Living Program, $10.1 million to continue funding for Łıwegǫ̀atì Building operations (includes a $1.7-million increase from previous funding) and $1.9 million for additional costs for long-term care services, a vaccine purchasing program, physician services, Beaufort Delta region health and social service facilities contracts.

The Department's budget includes $13.7 million for other adjustments to improve the smoke cessation program, add hematology and oncology services support, fund activities under the *Northern Wellness Agreement* with Indigenous Services Canada and the *National Strategy for Drugs for Rare Diseases Initiative Canada – Northwest Territories Funding Agreement* with Health Canada, improve management and use of child welfare administrative data, and advance epidemiological support for substance abuse and mental wellness surveillance.

The Department's budget also includes the following new spending:

- $3.1 million for the Laboratory and Diagnostic Imaging Services at Stanton Territorial Hospital to transition to 24 hours/seven days a week model that adds 21 full-time positions.
- $1.7 million to support the Yellowknife Women's Society Managed Alcohol Program and for contributions to the Salvation Army.
- $740,000 to support the 811 Health Advice Line.
- $589,000 to support the implementation of security improvements at the Hay River Regional Health Centre.
- $562,000 to address cost increases for evergreening biomedical equipment.
- $549,000 to establish 3.5 full-time positions to support the outpatient IV Therapy Program at the Stanton Territorial Hospital.
- $519,000 to ensure the availability of emergency paramedic services to support the wildfire season.
- $486,000 for a two-year pilot project to establish three Nurse Case Manager positions to reduce avoidable medical travel costs through dedicated cost management.

- $287,000 to establish a position to lead and execute critical components of the Small Community Model and Care Review and Recommendations.
- $186,000 to establish a position to develop the Adoptions and Child Protection Standards under the *Child and Family Services Act*.
- $172,000 to create a position responsible for developing a governance framework for chronic disease prevention and management to modernize the health system quality assurance practices.
- $111,000 to support the Transitional Housing Addiction Recovery Program in Yellowknife and Inuvik.

Industry, Tourism and Investment

The Department of Industry, Tourism and Investment budget increased $3.1 million from the 2025-26 budget to $69.0 million in the 2026-27 budget. The Department reduced spending with $233,000 in reductions and $2.8 million in time-bound funding scheduled to end at March 31, 2026.

The Department budget includes an additional $3.5 million, including $2.9 million to continue Hay River fish plant operations and $474,000 for increased park contracts and utility costs.

The Department also has the following proposed initiatives to support the Assembly priorities:

- $400,000 to support transition activities required to implement the new *Mineral Resources Act* regulations.
- $345,000 for the Producers Incentive Program and to establish a full-time Film Officer position at the Northwest Territories Film Commission.
- $335,000 to support the GNWT's *2025-2030 Tourism Strategic Plan* to bring the total funding to $1.9 million.
- $150,000 to continue and expand the Indigenous Capacity Building in the Resource Sector program.

Infrastructure

The 2026-27 Department of Infrastructure budget is $322 million, a $13.9-million increase from the 2025-26 budget. Spending reductions of $613,000 and $508,000 from expired agreements partially offset increased department spending of $9.3 million for rising contracts, leases, asset inventory maintenance, utilities costs and ferries operations in the Beaufort Delta and Dehcho regions and $5.1 million in other adjustments, which include $4.8 million for the construction and maintenance costs of the Tłı̨chǫ Winter Road.

The Department also has the following initiatives to support the Assembly priorities:

- $828,000 for a team to manage the GNWT-wide vehicle fleet.
- $145,000 to add another driver examiner position in Yellowknife to meet demand for services and support regional service delivery.
- $117,000 for lease costs related to the Department of Justice Specialized Courts program that supports reconciliation by improving access to culturally sensitive justice programs and aligns with the Truth and Reconciliation Commission's Calls to Action.

Justice

The 2026-27 budget for the Department of Justice is $161 million, a $1.2-million decrease from the 2025-26 budget, which includes $306,000 in spending reductions and $1.8 million in expiring agreement funding and pilot phase program funding. The spending reductions were offset by $803,000 to address rising costs including $372,000 for the full-time Emergency Response Teams obligation for the RCMP Critical Incident Program.

The proposed Department budget includes $1.6 million in other spending including $286,000 to support the Community Justice Committees through the Community Consultative Groups Advisory Contribution Agreement, $963,000 to support the GNWT's commitment to improving access to justice and advancing reconciliation with *Indigenous Peoples through the Respecting Access to Justice Services for the Legal Aid Commission* agreement and $140,000 to address security concerns at the Yellowknife Courthouse building.

Municipal and Community Affairs

The Department of Municipal and Community Affairs 2026-27 budget is $135 million, a $6.9-million increase from the 2025-26 budget. The Department proposes budget reductions of $278,000.

The Department budget includes a proposed $144,000 of other adjustments, including funding for the department's allocation of the *Canada-Northwest Territories Agreement on French Language Services 2023-24 to 2027-28* and funding for climate resilient coastal communities. It also includes $2.8 million to address community government cost pressures in operations and maintenance and water and waste services, and funding to conclude ongoing disaster recovery efforts related to previous emergency events.

The Department also has the following proposed initiatives to support the Assembly priorities:

- $2.8-million contribution to the Physical Activity, Sport and Recreation Fund to fund territorial and regional sport and recreation partners.
- $790,000 to implement key recommendations from the *2023 Emergency Response After-Action Review*, including legislative review and amendments.
- $300,000 to develop a legislative initiative to broaden regulated gaming activities in the Northwest Territories.
- $270,000 to support and enhance community level emergency services, firefighter education and development.

Housing NWT

Housing NWT is a governmental agency primarily funded by the GNWT but that also receives revenues from the Canada Mortgage and Housing Corporation. The proposed 2026-27 GNWT contribution is $96 million. Housing NWT is proposing $115,000 in reductions and $12.6 million in additional spending adjustments, with $12.1 million to increase funding to emergency shelters throughout the territory, the Yellowknife Day Shelter and Sobering Centre and to establish a new Homelessness division.

As part of the Assembly's housing priority, a proposed $1.0 million is provided to Housing NWT to assist in meeting the annual cost share requirements for the Canada-Northwest Territories Housing Benefit program.

Capital Investment

The 2026-27 Capital Estimates were tabled in the October 2025 Session so that once approved, departments can start the planning process to ensure projects can begin in spring 2026. The capital budget calls for a total planned infrastructure investment of $436 million, of which $161 million is for projects that are partially or completely funded by the federal government.

The 2026-27 Capital Estimates include $286 million for tangible capital assets, $98 million in infrastructure contributions, $50 million for Housing NWT and almost $2 million for deferred maintenance. These strategic investments connect communities, reduce the cost of living and increase the number of homes to meet core housing needs.

The 2026-27 capital plan is expected to increase the territory's economy by $175 million, support about 808 full-time job equivalents and generate $102 million in wages, in addition to the long-term economic benefits.

Highlights of the 2026-27 Capital Estimates include:

- $129 million for highways and roads,
- $69 million for renewable energy,
- $68 million for community government infrastructure,
- $50 million for housing,
- $37 million for health care facilities, services, and equipment,
- $21 million for new education facilities and renovations for existing facilities,
- $20 million for airports and runways, and
- $10 million for technology.

Fiscal Responsibility Policy and Borrowing Plan

The *Fiscal Responsibility Policy* commits the GNWT to sustainable borrowing. The main provisions of the *Fiscal Responsibility Policy* dictate that:

- Borrowing is undertaken only for infrastructure investments, short-term operational requirements, and self-sustaining loan programs, and not to finance program spending,
- Infrastructure investment is financed with a 50 per cent minimum of cash generated from operating surpluses and a maximum of 50 per cent debt financing,
- Debt servicing payments do not exceed five per cent of total revenues (non-consolidated reporting basis), and
- A cushion of $120 million under the federally imposed borrowing limit is required.

Compliance with the *Fiscal Responsibility Policy* prevents the GNWT from borrowing to fund day-to-day operations and exceeding the federally imposed borrowing limit. The GNWT currently complies with the three main guidelines (see *Fiscal Responsibility Policy* Requirements table).

Fiscal Responsibility Policy Requirements ($ millions)

	2025-26	2026-27
Provision 6(3)(a) - Infrastructure Financing		
Capital Acquisitions	235	207
Less: P3 Items - Out of Scope	-	-
Projected Cash Required for Infrastructure Investment Expenditures	235	207
Projected Cash Operating Surplus Required		
Minimum cash required from operating surplus	118	103
Projected Cash Operating Surplus Available		
Projected Operating Surplus	9	20
Add: Non-Cash Item - Amortization	134	139
Total Projected Cash Operating Surplus Available	143	159
Cumulative Non-Compliance Shortfall	-	-
Coverage (Shortfall) in Cash Generated by Operations	**26**	**56**
Provision 6(5)(a) - Debt Servicing Payments		
Revenues	2,659	2,743
Maximum Debt Servicing Payments - 5% of revenues	133	137
Projected Debt Servicing Payments		
Short-term Interest Expense	20	20
Government bonds	8	8
Deh Cho Bridge	9	9
P3 Debt Servicing	16	16
Total Debt Servicing Payments	53	53
Projected Debt Servicing Payments as a % of Revenues	**2.0%**	**1.9%**
Provision 6(5)(c) – Borrowing Cushion		
Total Debt	1,888	2,211
Borrowing Limit	3,100	3,100
Debt Cushion	120	120
Available Borrowing Capacity	**1,092**	**769**
Summary Compliance Table		
6(3)(a) Infrastructure Financing (minimum 50% funded by surplus)	**Yes**	**Yes**
6(5)(a) Affordable Debt (not to exceed 5% of revenue)	**Yes**	**Yes**
6(5)(c) Debt Cushion ($120 million under limit)	**Yes**	**Yes**

The 2026-27 borrowing plan projects total GNWT borrowing of $1.823 billion at March 31, 2027 and the requested borrowing appropriation is $1.888 billion, which includes a $50-million contingency amount to cover the possibility that spending requirements may require additional borrowing during the year and a $5-million contingency for a real return bond. Including entities, the total debt is projected to be $2.211 billion, a 17.2 per cent increase from the March 31, 2026 projection.

GNWT short-term debt is forecast to remain the same from March 31, 2026 to March 31, 2027 at $830 million. The forecast $993 million in long-term debt is up $380 million. The GNWT's long-term debt consists of bonds and P3 debt for the Stanton Territorial Hospital, the Tłı̨chǫ Highway and the Mackenzie Valley Fibre Optic Link.

Risks to the Fiscal Outlook

GNWT fiscal risks include:

- ***Debt Position and Financing*** – The GNWT issues debt to partially finance its capital program and to meet short-term borrowing requirements. The amount of debt has increased continuously since 2009-10 and as debt increases, the following risks are heightened:

  - ***Changing interest rates*** – Increasing interest rates raises the cost of carrying short-term debt. Debt risk is considered low because debt servicing costs are expected to absorb less than five per cent of total revenues over the outlook. A relatively low overall debt burden provides protection against the risk of rising interest rates. However, higher debt service payments reduce the funds available for programs, services, and infrastructure investment.

  - ***Changing Credit Rating*** – Keeping a high credit rating leads to lower borrowing costs and less interest rate risk and is negatively influenced by high debt levels. A high rating reflects fiscal stability within the GNWT for lenders looking at the GNWT as a place to invest. Institutional investors often restrict where they invest their money based on a minimum credit rating.

- ***Ongoing operating expenditure pressures*** – Constant expenditure pressures have caused operating spending to grow over time through a combination of initiatives, adjustments to enhance or improve programs, and forced increases based on higher costs and demand for services.

- ***Unexpected expenditures and capital project cost overruns*** – Typical operating expenditure shocks are extraordinary fire suppression needs, flooding, or other natural disasters. Undertaking large capital projects risks capital cost overruns.

- ***Economic dependence on resources*** – Market conditions in the resource sector can fluctuate significantly and global price volatility can directly create the same uncertainty for GNWT resource revenues. When a mine stops operations, the reduced economic activity reduces the GNWT's tax revenue and, more significantly, may cause the Northwest Territories population to decrease which affects the federal transfers that the GNWT receives.

- ***Reliance on federal transfers*** – Federal transfers for programs and services are 80 per cent of total revenues. Territorial Formula Financing alone accounts for about 70 per cent of total revenues and dominates total revenue growth. The Territorial Formula Financing growth relies on provincial/local government spending and population growth relative to Canada. An underdeveloped private sector limits the ability to raise own-source revenue through tax changes.

Summary of Operations

(thousands of dollars)

	2025-2026 Main Estimates	2025-2026 Revised Estimates	2026-2027 Main Estimates
REVENUES	2,659,791	2,659,300	**2,743,781**
OPERATIONS EXPENSES			
Compensation and Benefits	471,383	483,587	**485,360**
Grants, Contributions and Transfers	1,209,779	1,267,606	**1,152,468**
Amortization	141,802	141,802	**139,336**
Chargebacks	34,448	34,865	**39,036**
Computer Hardware and Software	8,623	8,820	**9,286**
Contract Services	244,272	275,786	**269,901**
Controllable Assets	2,827	3,935	**4,583**
Fees and Payments	128,082	137,963	**132,154**
Interest	27,262	27,262	**46,662**
Materials and Supplies	22,136	29,642	**24,920**
Purchased Services	17,823	19,524	**19,765**
Travel	14,520	19,958	**16,714**
Utilities	49,644	55,867	**53,759**
Valuation Allowances	2,598	2,598	**3,500**
TOTAL OPERATIONS EXPENSES TO BE VOTED	2,375,199	2,509,215	**2,397,444**
OPERATING SURPLUS (DEFICIT) PRIOR TO ADJUSTMENTS	284,592	150,085	**346,337**
Infrastructure Contributions	(80,827)	(138,593)	**(139,532)**
Deferred Maintenance	(1,800)	(2,050)	**(1,700)**
Supplementary Reserve	(35,000)	-	**(210,000)**
Estimated Appropriation Lapses	5,000	-	**25,000**
WORK PERFORMED ON BEHALF OF OTHERS			
Recoveries	25,680	27,963	**26,442**
Expenditures	(25,680)	(27,963)	**(26,442)**
OPERATING SURPLUS FOR THE YEAR	171,965	9,442	**20,105**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,920,927	1,898,235	**1,907,677**
ACCUMULATED SURPLUS, END OF YEAR	2,092,892	1,907,677	**1,927,782**

Summary of Revenues

(thousands of dollars)

	2025-2026 Main Estimates	2025-2026 Revised Estimates	2026-2027 Main Estimates
GRANT FROM CANADA	1,803,314	1,803,314	**1,906,943**
TRANSFER PAYMENTS	371,605	464,026	**442,256**
TAXATION REVENUE			
Personal Income Tax	126,449	143,058	**134,291**
Corporate Income Tax	31,695	32,662	**28,137**
Cannabis Excise Tax	2,008	2,008	**2,012**
Carbon Tax	97,510	4,141	**4,795**
Tobacco Tax	10,728	9,105	**8,597**
Vaping Products Tax	450	12	**15**
Fuel Tax	20,303	17,043	**15,286**
Payroll Tax	53,428	54,963	**53,220**
Property Taxes and School Levies	27,742	15,856	**11,573**
Insurance Premium Taxes	6,000	6,000	**6,000**
	376,313	284,848	**263,926**
NON-RENEWABLE RESOURCE REVENUE			
Licences, Rental and Other Fees	4,304	4,304	**3,381**
Minerals, Oil and Gas Royalties	1,772	65	**196**
Quarry Fees	150	150	**150**
	6,226	4,519	**3,727**
GENERAL REVENUES			
Revolving Funds Net Revenue	24,479	21,999	**27,349**
Regulatory Revenues	31,468	31,943	**31,219**
Interest	320	320	**320**
Investment Income	400	400	**400**
Lease	4,786	4,786	**5,366**
Program	27,190	27,937	**28,201**
Service and Miscellaneous	10,690	12,208	**12,074**
Recovery of Prior Years' Expenditures	3,000	3,000	**22,000**
	102,333	102,593	**126,929**
TOTAL REVENUES	2,659,791	2,659,300	**2,743,781**

Summary of Operations Expenditures

(thousands of dollars)

	2025-2026 Main Estimates	2025-2026 Revised Estimates	2026-2027 Main Estimates
Department			
Legislative Assembly	25,446	25,446	**26,633**
Education, Culture and Employment	403,219	427,147	**414,396**
Environment and Climate Change	134,012	189,745	**145,745**
Executive and Indigenous Affairs	35,026	37,986	**39,529**
Finance	410,108	422,028	**354,984**
Health and Social Services	701,995	726,122	**728,039**
Industry, Tourism and Investment	65,806	68,824	**68,954**
Infrastructure	308,461	310,337	**322,314**
Justice	162,606	165,264	**161,453**
Municipal and Community Affairs	128,520	136,316	**135,397**
	2,375,199	2,509,215	**2,397,444**
Expenditure Category			
Compensation and Benefits	471,383	483,587	**485,360**
Grants, Contributions and Transfers	1,209,779	1,267,606	**1,152,468**
Amortization	141,802	141,802	**139,336**
Chargebacks	34,448	34,865	**39,036**
Computer Hardware and Software	8,623	8,820	**9,286**
Contract Services	244,272	275,786	**269,901**
Controllable Assets	2,827	3,935	**4,583**
Fees and Payments	128,082	137,963	**132,154**
Interest	27,262	27,262	**46,662**
Materials and Supplies	22,136	29,642	**24,920**
Purchased Services	17,823	19,524	**19,765**
Travel	14,520	19,958	**16,714**
Utilities	49,644	55,867	**53,759**
Valuation Allowances	2,598	2,598	**3,500**
	2,375,199	2,509,215	**2,397,444**

Summary of Infrastructure Investment

(thousands of dollars)

	2025-2026 Capital Estimates	2025-2026 Revised Estimates	2026-2027 Capital Estimates
Tangible Capital Assets			
Legislative Assembly	500	500	**1,828**
Education, Culture and Employment	1,705	36,920	**25,665**
Environment and Climate Change	25,096	25,533	**21,548**
Finance	5,068	8,449	**8,709**
Health and Social Services	61,932	93,723	**37,654**
Industry, Tourism and Investment	6,649	10,790	**3,795**
Infrastructure	142,625	185,618	**179,402**
Justice	1,480	5,709	**7,377**
Municipal and Community Affairs	171	171	**235**
	245,226	367,413	**286,213**
Infrastructure Contributions			
Education, Culture and Employment	625	2,581	**83**
Finance	-	41,600	**41,600**
Infrastructure	40,450	42,450	**47,892**
Municipal and Community Affairs	39,752	52,587	**49,957**
	80,827	139,218	**139,532**
Deferred Maintenance (non-capital)			
Infrastructure	1,800	2,050	**1,700**
Total Infrastructure Investment	327,853	508,681	**427,445**

Summary of Cash Flow

(thousands of dollars)

	2025-2026 Main Estimates	2025-2026 Revised Estimates	2026-2027 Main Estimates
OPERATING TRANSACTIONS			
Cash Received From:			
Canada	2,175,000	2,267,000	**2,349,000**
Other Revenues	485,000	392,000	**395,000**
	2,660,000	2,659,000	**2,744,000**
Cash Paid For:			
Operations Expenses	(2,495,000)	(2,629,384)	**(3,076,000)**
Cash Provided By Operating Transactions	165,000	29,616	**(332,000)**
CAPITAL TRANSACTIONS	(192,000)	(157,000)	**(69,000)**
INVESTING TRANSACTIONS	(10,000)	(10,000)	**(10,000)**
FINANCING TRANSACTIONS	(13,000)	(13,000)	**361,000**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,000)	(50,384)	**(50,000)**
Cash and Cash Equivalents, Beginning of Year	(700,000)	(679,616)	**(830,000)**
CASH AND CASH EQUIVALENTS, END OF YEAR	(750,000)	(830,000)	**(880,000)**

Summary of Debt and Estimated Borrowing Capacity

(thousands of dollars)

	2025-2026 Main Estimates	2025-2026 Revised Estimates	2026-2027 Main Estimates
SHORT TERM DEBT			
Government of the Northwest Territories	650,000	830,000	**880,000**
Hay River Health and Social Services Authority	1,000	1,000	**1,000**
NWT Hydro Corporation	75,000	150,000	**150,000**
	726,000	981,000	**1,031,000**
LONG TERM DEBT			
Government of the Northwest Territories:			
Bonds repayable, GNWT	180,000	180,022	**180,022**
Deh Cho Bridge, Real Return Bonds	183,478	182,734	**187,734**
Mackenzie Valley Fibre Optic Link, P3 debt	60,725	57,242	**57,242**
Stanton Territorial Hospital, P3 debt	116,985	113,944	**113,944**
Tłı̨chǫ All-Season Road, P3 debt	69,388	67,843	**67,843**
Bonds repayable, GNWT (new debt)	-	-	**375,000**
Public Agencies:			
Housing NWT	2,616	1,911	**1,911**
NWT Hydro Corporation	258,639	274,524	**274,524**
TOTAL DEBT	1,597,831	1,859,220	**2,289,220**
OBLIGATIONS UNDER CAPITAL LEASES			
Government of the Northwest Territories	-	10,911	**26,266**
NWT Hydro Corporation	14,362	14,362	**14,362**
LOAN GUARANTEES			
Housing NWT	876	925	**925**
Prosper NWT	2,000	2,000	**2,000**
TOTAL GROSS BORROWING PER BORROWING REGULATIONS	1,772,112	1,887,418	**2,332,773**
TERRITORIAL BORROWING	1,772,112	1,887,418	**2,332,773***
TERRITORIAL BORROWING LIMIT	1,800,000	3,100,000	**3,100,000**
AVAILABLE BORROWING AUTHORITY FOR FISCAL PLANNING PURPOSES	27,878	1,212,582	**767,227**

*Note: Includes contingency of $121 million for working capital requirements that vary during the year.

Provincial/Territorial Tax Rates at January 28, 2026

	Combined Top Marginal Personal Income Tax [a] (%)	Retail Sales Tax (%)	Fuel Tax [b] Gasoline (¢/litre)	Fuel Tax [b] Diesel (¢/litre)	Tobacco Tax [c] ($/carton)	Payroll Tax [d] (%)	Corporate Income Tax Small (%)	Corporate Income Tax Large (%)	Capital Tax on Financial Institutions[e] (%)
Northwest Territories	47.05	-	10.7	9.1	68.80	2.00	2.0	11.5	-
Nunavut	44.50	-	6.4	9.1	80.00	2.00	3.0	12.0	-
Yukon	48.00	-	6.2	7.2	74.00	-	-	12.0	-
British Columbia	53.50	7.0	14.5	15.0	65.00	1.95	2.0	12.0	-
Alberta	48.00	-	13.0	13.0	60.00	-	2.0	8.0	-
Saskatchewan	47.50	6.0	15.0	15.0	58.00	-	1.0	12.0	4.0
Manitoba	50.40	7.0	12.5	12.5	60.00	2.15	-	12.0	6.0
Ontario	53.53	8.0	9.0	9.0	36.95	1.95	3.2	11.5	1.25
Quebec	53.31	9.975	19.2	20.2	41.80	4.26	3.2	11.5	1.25
New Brunswick	52.50	10.0	10.87	15.45	51.04	-	2.5	14.0	5.0
Nova Scotia	54.00	9.0	15.5	15.4	59.04	-	1.5	14.0	4.0
Prince Edward Island	52.00	10.0	8.47	14.15	60.00	-	1.0	15.0	5.0
Newfoundland and Labrador	54.80	10.0	7.5	9.5	65.00	2.00	2.5	15.0	6.0
Weighted average[f]	52.49	7.3	12.9	13.4	47.57	2.06	2.6	11.4	1.41

Notes:

(a) Combined federal-provincial/territorial highest 2026 personal income tax rate and surtax.

(b) The Northwest Territories' off-highway gasoline tax rate is 6.4 cents/litre. British Columbia fuel tax rates do not include surtaxes that apply only in Victoria and the Lower Mainland. Quebec fuel tax rates also vary regionally.

(c) British Columbia, Manitoba and Saskatchewan apply provincial sales tax to tobacco products. Harmonized Sales Tax is applied to tobacco products in Ontario, New Brunswick, Prince Edward Island, Newfoundland and Labrador, and Nova Scotia. Quebec does not apply sales tax to tobacco products.

(d) Nunavut and the Northwest Territories levy payroll taxes on employees. Other provinces that levy payroll taxes provide exemptions for small business and/or rates that vary depending on payroll size.

(e) Ontario and Quebec levy capital taxes on life insurance corporations. Saskatchewan and Manitoba also levy capital tax on provincial crown corporations.

(f) Average weighted by provincial/territorial populations at July 1, 2025.