

Budget Papers

2026-2027

NORTHWEST TERRITORIES

Fiscal Review

February 5, 2026



K'áhshó got'íne xadā k'é hederí ʔedjhtl'é yeriníwē ní dé dúle.
Dene Kádá

ʔerihth'ís Dēne Sų́líné yatı t'a huts'elkēr xa beyáyatı theʔą ʔat'e, nuwe ts'ēn yóftı.
Dēne Sų́líné

Edı gondı dehgháh got'je zhaté k'éé edatf'éh enahddhę nıde naxets'é edahfı.
Dene Zhaté

Jii gwandak izhii ginjik vat'atr'ijahch'uu zhit yinothtan jı', diits'at ginokhii.
Dinjii Zhu' Ginjik

Uvanittuaq ilitchurisukupku Inuvialuktun, ququaqluta.
Inuvialuktun

Ć'đđ ǀǀŋ'đđ ĄŁŁĴĴĴ ĄđđĴĴĴĴĴĴĴ, đđđĴĴĴ đđđĴĴĴĴĴĴ.
Inuktitut

Hapkua titiqqat pijumagupkit Inuinnaqtun, uvaptinnut hivajarlutit.
Inuinnaqtun

kīspin ki nitawihthīn ē nīhīyawihk ōma ācimōwin, tipwāsinān.
nēhiyawēwin

Tłıchq yatı k'èè. Dı wegodı newq dè, gots'o gonede.
Tłıchq

Indigenous Languages
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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

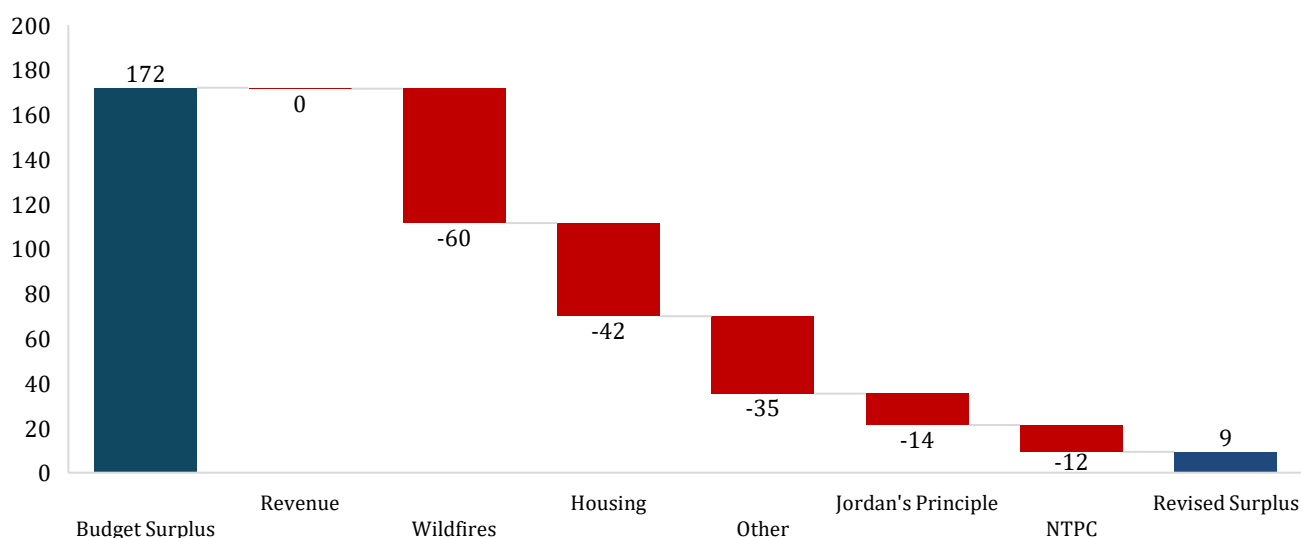
The revised 2025-26 operating surplus of \$9 million is a decrease of \$163 million from the budget operating surplus of \$172 million. Revenues for 2025-26 are projected to be \$2.659 billion and expenditures, including adjustments for infrastructure contributions and deferred maintenance, are estimated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

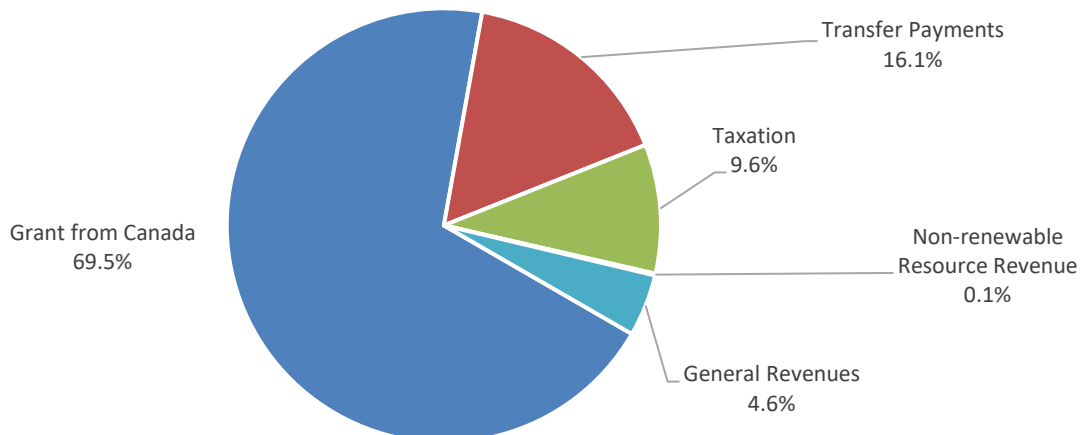
Revenue Initiatives

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.

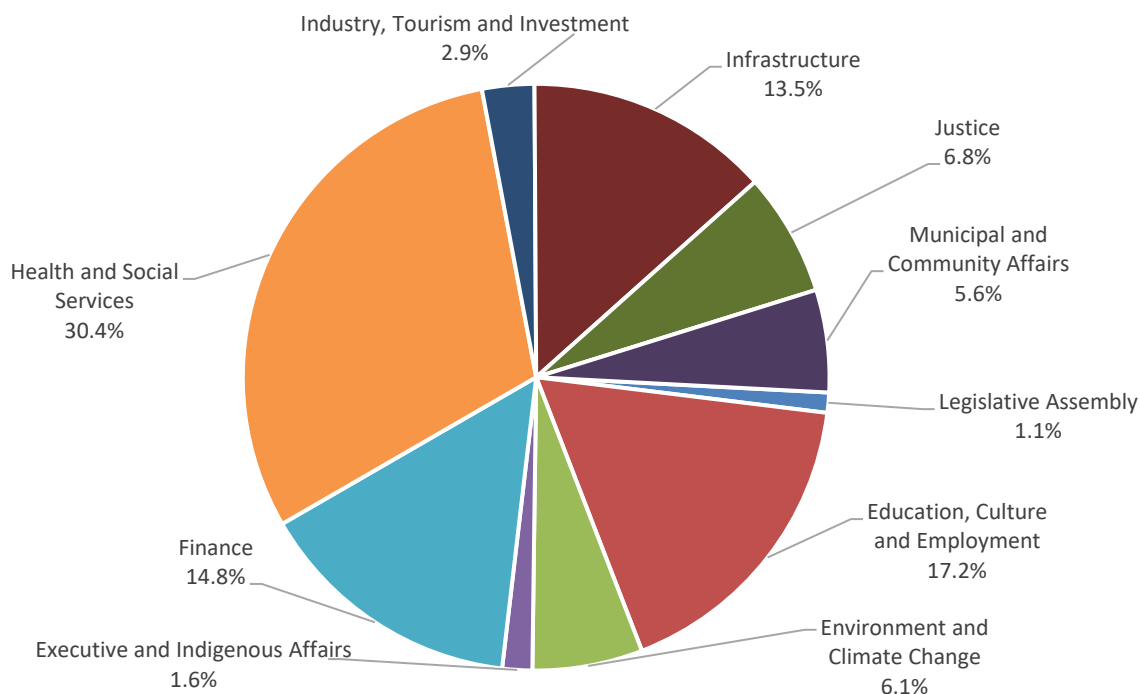
Projected 2026-27 Revenues by Source (\$2.744 billion)



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 sunseting 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 sunseting 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 Łıwegòatì 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 Tłı̨chų 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 Tłıchq 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
	<u>2,660,000</u>	<u>2,659,000</u>	<u>2,744,000</u>
Cash Paid For:			
Operations Expenses	<u>(2,495,000)</u>	<u>(2,629,384)</u>	<u>(3,076,000)</u>
Cash Provided By Operating Transactions	<u>165,000</u>	<u>29,616</u>	<u>(332,000)</u>
CAPITAL TRANSACTIONS	<u>(192,000)</u>	<u>(157,000)</u>	<u>(69,000)</u>
INVESTING TRANSACTIONS	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>
FINANCING TRANSACTIONS	<u>(13,000)</u>	<u>(13,000)</u>	<u>361,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(50,000)</u>	<u>(50,384)</u>	<u>(50,000)</u>
Cash and Cash Equivalents, Beginning of Year	<u>(700,000)</u>	<u>(679,616)</u>	<u>(830,000)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>(750,000)</u>	<u>(830,000)</u>	<u>(880,000)</u>

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
Tłıchǫ 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)		Tobacco Tax ^(c) (\$/carton)	Payroll Tax ^(d) (%)	Corporate Income Tax		Capital Tax on Financial Institutions ^(e) (%)
			Gasoline (¢/litre)	Diesel (¢/litre)			Small (%)	Large (%)	
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.