



## Backgrounder

### BUDGET 2025 HIGHLIGHTS

- The Government of the Northwest Territories' (GNWT) Budget 2025 projects an operating surplus after adjustments of \$170 million in 2025-26 from revenues of \$2.7 billion and total expenditures of \$2.5 billion.
- Total 2025-26 spending is projected to include \$2.4 billion in departmental spending and \$113 million in other adjustments (infrastructure contributions, deferred maintenance and a \$35-million supplementary reserve).
- Total debt at March 31, 2026, is forecast to be \$1.77 billion, \$28 million below the federally-imposed borrowing limit.

### Fiscal Strategy

- Progress continues toward achieving [\*Restoring Balance: A Fiscal Sustainability Strategy for the 20<sup>th</sup> Legislative Assembly\*](#) fiscal targets; however, additional costs since the 2024-25 budget to address low water levels, capital cost overruns and demand for health services have made the fiscal strategy targets more difficult to attain.
- The GNWT is working systematically to right-size department spending based on evaluations and evidence so that core programs and services remain sustainable.

### Economic Highlights

- Real GDP is projected to decline 4.7 per cent in 2025, the third consecutive year of decline. The main reasons for the expected contraction are a 5.5-per-cent drop in total investment and a 7.9-per-cent fall in exports due to lower diamond and oil and gas production.
- On the positive economic side, solid employment is expected to continue, supported by a 1.9-per-cent increase in average weekly earnings at the same time as consumer price inflation is expected to fall to 1.7 per cent. These factors will support household spending.

### Revenue Initiatives

- Property mill rates and some fees will be indexed to inflation and the carbon tax rate will increase \$15 to \$95 a carbon-equivalent tonne of greenhouse gas emissions on April 1, 2025.
- The carbon tax on diesel heating fuel deliveries for all but large emitters will continue to be rebated at source until March 31, 2027.

## Expenditure Highlights

- Proposed departmental spending would increase \$145 million compared to Budget 2024, partially offset by \$27 million in federal funding. Increased spending includes \$108 million in collective bargaining.
- Net new discretionary spending is \$10 million, or 0.5 per cent, higher in Budget 2025 than in Budget 2024.
- The GNWT is focussing its resources to address the top priorities of the 20<sup>th</sup> Legislative Assembly to work together to contribute to a territory where people are supported in how they want to live, work and grow:
  - Supporting a strong economic foundation with an additional \$66 million including:
    - \$12 million to mitigate potential impacts of a general electrical rate increase,
    - \$10.5 million for early learning and child care, and
    - \$4.2 million for resource development and economic diversification.
  - Improving access to health care with \$64 million more to address cost pressures including:
    - \$28.2 million for front-line health support,
    - \$19.3 million to increase health care administration capacity, and
    - \$11.6 million for health care delivery improvements.
  - Improving the suitability, accessibility and affordability of housing with an additional \$7.4 million:
    - \$3.7 million for a strategic approach to homelessness in Yellowknife,
    - \$2.9 million for the Public Housing Program, and
    - \$809,000 for the Transitional Housing Addictions Recovery Program.
  - Helping to keep communities and residents safe with an additional \$18 million:
    - \$6.3 million to support communities with increased operations funding,
    - \$4.2 million to enhance basic funding for utilities and winter road costs,
    - \$2.9 million for risk mitigation, and
    - \$2.9 million to support youth, vulnerable populations and Indigenous justice and policing programs.