Contents

Fiscal summary

The Government of Yukon is facing significant fiscal constraints as rising health, education and critical infrastructure costs have resulted in expenditure growth outpacing revenue growth, increasing government's net debt and overall debt load, and limiting its flexibility within the Government of Canada approved borrowing limit.

In Budget 2026, the government is making prudent spending decisions to limit expenditure growth and focus on core services that ensure the health, safety and wellbeing of Yukoners.

Table 1. Fiscal summary[1]

($ millions)	2025–26 Main Estimates	2025–26 Supplementary Estimates	2026–27 Main Estimates	2027–28 Plan	2028–29 Plan
Revenue	**1,813.7**	**1,819.6**	**1,952.3**	**2,083.4**	**2,202.2**
Transfers From Canada[2]	1,538.1	1,538.1	1,669.0	1,801.6	1,912.2
Taxes and General Revenues[2]	275.6	281.5	283.3	281.8	289.9
Expense	**(1,999.6)**	**(2,141.1)**	**(2,167.6)**	**(2,175.2)**	**(2,194.6)**
O&M Expenditures[3]	1,878.0	2,028.4	1,970.6	2,010.0	2,050.2
Contingency[4]	0.0	0.0	100.0	100.0	100.0
Recoveries of O&M Expenditures[5]	(194.4)	(202.7)	(186.0)	(189.7)	(193.5)
Capital Expenditures[6]	477.3	478.3	385.4	355.2	335.0
Recoveries of Capital Expenditures[7]	(161.3)	(162.9)	(102.3)	(100.3)	(97.1)
Contingency for Anticipated Expenses[8]	**(75.0)**	**0.0**	**0.0**	**0.0**	**0.0**
Accounting Adjustments[9]	**342.9**	**334.0**	**133.6**	**85.6**	**57.9**
Surplus/(Deficit)[10]	**82.0**	**12.5**	**(81.8)**	**(6.1)**	**65.4**
Net Financial Assets/(Debt), end of year	**(695.7)**	**(677.7)**	**(804.2)**	**(860.9)**	**(827.2)**

Source: Department of Finance. Numbers may not add due to rounding.

Table 1 shows that total net expenditures are forecast to be $2.17 billion in Budget 2026, an increase of $168.0 million or 8.4 per cent from the 2025–26 Main Estimates, and $26.6 million, or 1.2 per cent from the Supplementary Estimates. Expenditures are offset by $1.95 billion in revenue, a $138.5 million increase from the 2025–26 Main Estimates, or 7.6 per cent.

1. To align with the presentation in the Yukon Public Accounts, revenues and recoveries do not include those collected by Yukon Housing Corporation, which are included in the accounting adjustments in this table.

2. Found on page S–8 of the 2026–27 Main Estimates.

3. Found on page S–18 of the 2026–27 Main Estimates.

4. Beginning in 2026-27, a contingency amount will be included in the appropriation act and voted on in the Legislative Assembly under a standalone vote. Found on page S-18 of the 2026–27 Main Estimates.

5. Found on page S–8 of the 2026–27 Main Estimates.

6. Found on page S–22 of the 2026–27 Main Estimates.

7. Found on page S–8 of the 2026–27 Main Estimates.

8. Prior to 2026–27, this amount was not included in the appropriation act. Found on Page S-9 of the 2026–27 Main Estimates.

9. Accounting Adjustments are the sum of "Tangible Capital Assets (net)," "Investment in Land Development," "Expenditures on Loan Programs," and "Other Adjustments (net)," on Page S-9 of the 2026–27 Main Estimates.

10. Surplus/(Deficit) is the sum of Revenue, Expense, and Accounting Adjustments. In 2025–26 it includes Contingency for Anticipated Expenses.

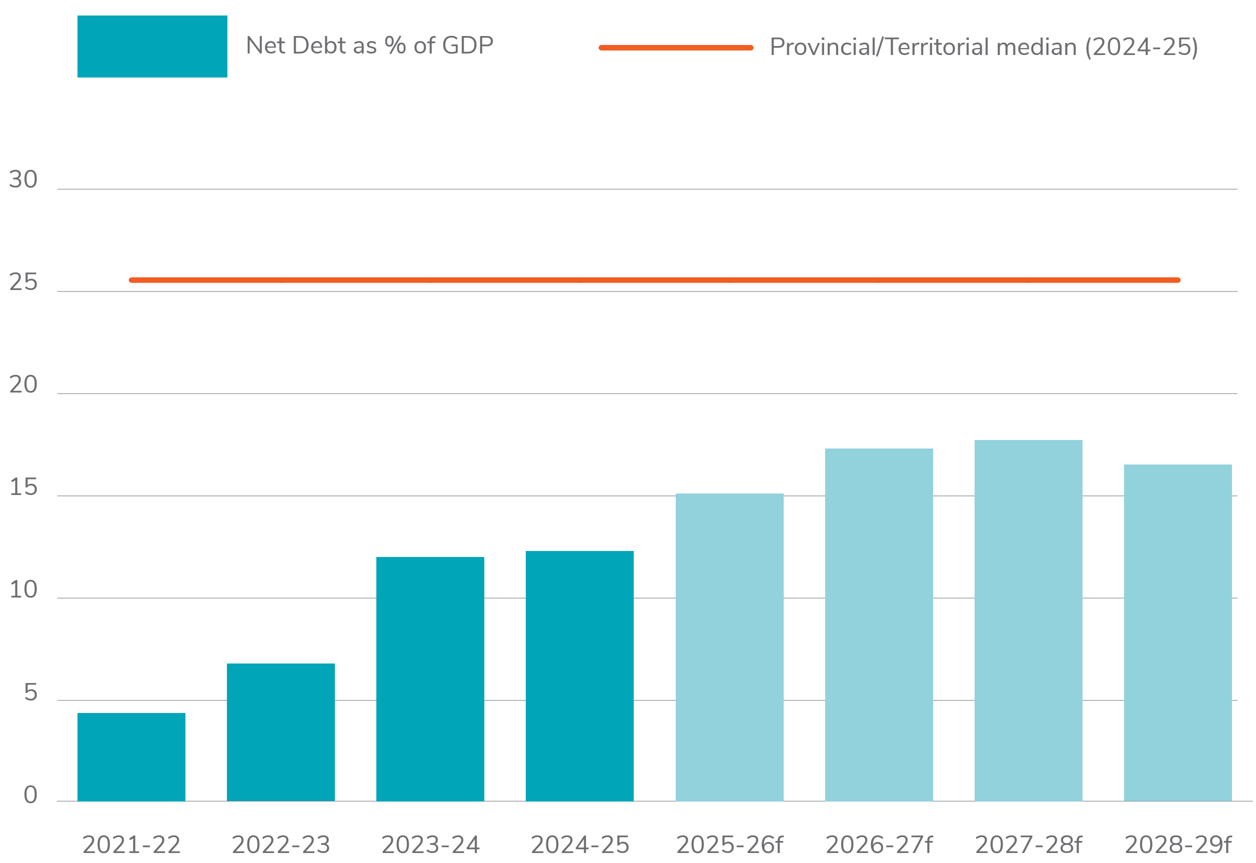
Expenditure increases include a $200.9 million increase in net operation and maintenance expenditures, or 11.9 per cent, and a $32.9 million decrease to net capital expenditures, or -10.4 per cent. Operation and maintenance increases include a voted contingency of $100 million to provide government with flexibility to manage costs for emergencies and disasters, and for expenditures in the public interest that could not reasonably be anticipated or budgeted with certainty.

Transfers from the Government of Canada remain the Yukon government's largest source of revenue and account for 94.4 per cent of revenue growth. Taxation revenue is forecast to increase, offset by a decrease in other revenue due to the timing of land sales in 2026–27.

After accounting for loans, investments in tangible capital assets and other adjustments, the government is forecasting a deficit of $81.8 million. Net financial debt is forecast to increase to $804.2 million, up $649.2 million from $155 million in 2021–22.

The territory's net financial debt to GDP ratio, a metric of financial health, is forecast to continue to increase through 2027–28, before beginning to decline in 2028–29.

Chart 1. Net-debt as a percentage of GDP[11]



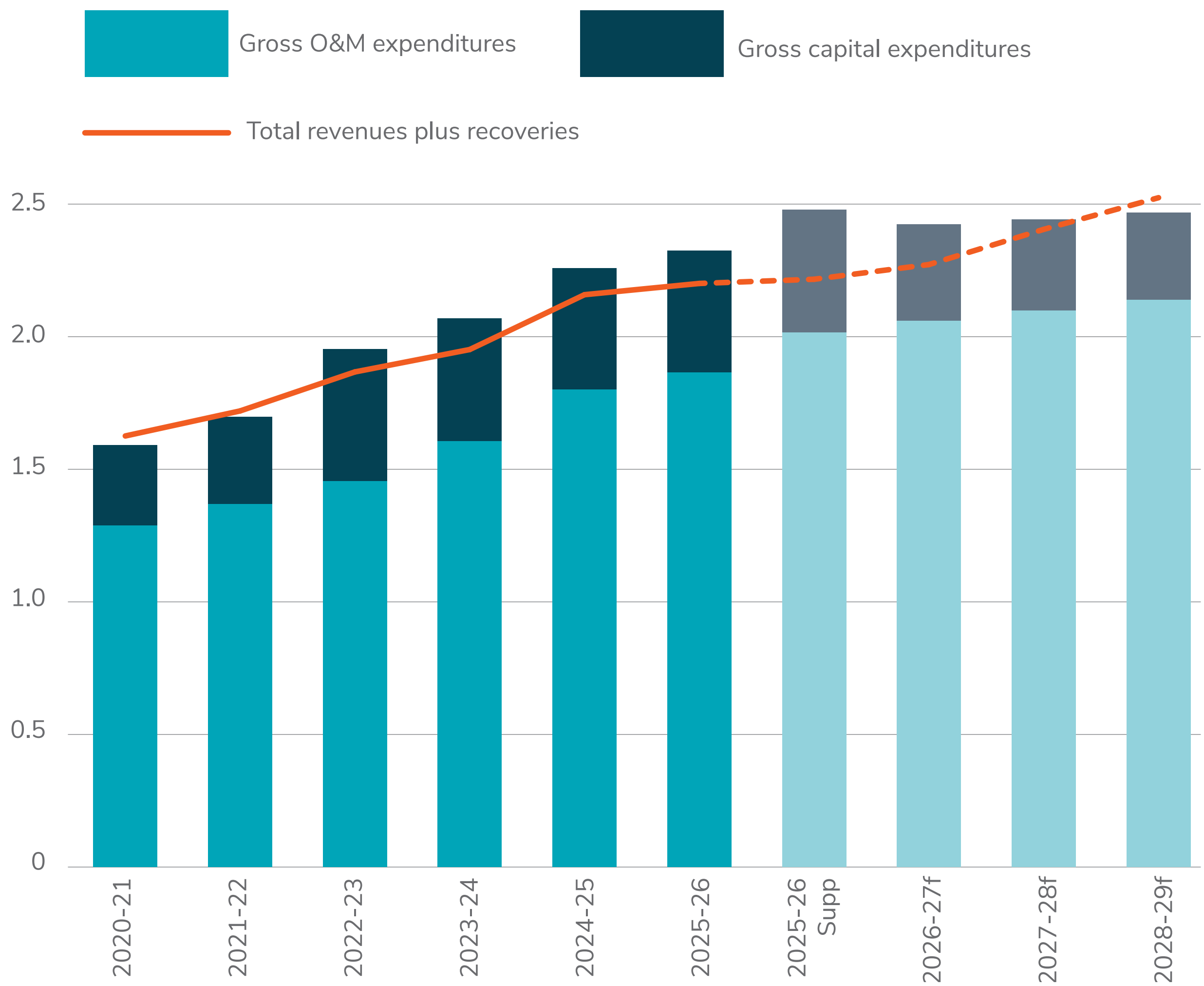
Source: Department of Finance. f=forecast

11. Yukon net debt numbers for 2021–22 to 2024–25 are from the public accounts and GDP numbers are from Statistics Canada. Forecast numbers are from the Department of Finance. Provincial median is from Statistics Canada's 2025 *Fiscal Reference Tables*.

Net-debt to GDP measures the burden that debt repayment could place on the economy. A higher percentage indicates that a larger portion of future financial assets will be required to finance past expenditures. Although increasing, Yukon's ratio remains manageable and well below the median of other provinces and territories, as seen in Chart 1.

Chart 2. Fiscal indicators[12]

Expenditures and revenues ($ billions)



Source: Department of Finance. f = forecast Supp = 2025–26 Supplementary Estimates

Chart 2 shows that expenditures continue to exceed revenues. As a result, the government anticipates requiring consolidated short-term borrowings of up to $553.7 million in 2026–27 to cover expenditures and for the Yukon Development Corporation to finance critical energy infrastructure projects. The $553.7 million assumes full usage of the contingency vote and is inclusive of a $100 million buffer to manage in-year cash flows and timing of receipt of revenues

12. To align with the presentation in the Yukon Public Accounts, revenues and recoveries do not include those collected by the Yukon Housing Corporation, which are netted out of the chart.

and recoveries. As seen in Table 2, planning for the upper limit of the anticipated short-term borrowing need is pushing the Yukon government toward the limit of its federally approved territorial borrowing cap of $1.2 billion.[13]

Table 2. Borrowing summary[14]

($ millions)	2024–25 Public Accounts	2025–26 Main Estimates	2025–26 Supplementary Estimates	2026–27 Main Estimates
Short-term borrowing[15]	371.3	158.6	258.6	553.7
Long-term borrowing	216.5	613.3	612.4	608.0
Accrued interest payable	1.8	2.0	5.1	6.6
Total borrowing	589.7	773.9	876.1	1,168.3
Territorial borrowing limit	1,200.0	1,200.0	1,200.0	1,200.0
Available borrowing authority	610.3	426.1	323.9	31.8

Source: Department of Finance. Numbers may not add due to rounding.

To manage this pressure, the government is concentrating operation and maintenance expenditure increases in core government services like health, social services and education and is adhering to previously forecast decreases in capital expenditures to realign its spending with its revenues. Closing this gap will take more than one year. The government is setting O&M expenditure growth targets at 2 per cent annually in 2027–28 and 2028–29, while revenue growth is forecast to average 6.2 per cent annually. This is expected to result in a return to surplus by year three of the forecast, improved fiscal metrics, and a reduction in the reliance on short-term borrowing for operational requirements.

13. The Government of Canada establishes the borrowing limit through regulations pursuant to subsection 23(4) of the *Yukon Act* (Canada). The limit applies on a consolidated basis and includes the Yukon government and its entities.

14. Found on page S-4 of the 2026–27 Main Estimates.

15. Short-term borrowing is borrowing for a period not exceeding 365 days.

Revenue

Budget 2026 projects total government revenues, excluding recoveries, to be approximately $1.95 billion in 2026–27, as shown in Table 3. This reflects an increase of $138.5 million or 7.6 per cent over Budget 2025–26.

Table 3. Revenue by type[16, 17]

($ millions)	2025–26 Main Estimates	2025–26 Supplementary Estimates	2026–27 Main Estimates	2027–28 Plan	2028–29 Plan
Transfers from Canada	1,538.1	1,538.1	1,669.0	1,801.6	1,912.2
Tax revenue	197.3	197.2	206.6	213.3	219.6
Other revenue	78.2	84.3	76.6	68.4	70.4
Total revenue	**1,813.7**	**1,819.6**	**1,952.3**	**2,083.4**	**2,202.2**

Source: Department of Finance. Numbers may not add due to rounding.

Revenue growth over the three years of the forecast is expected to average 6.7 per cent annually. Growth over the forecast period is due to a strong outlook for federal transfers and taxation revenue. Expectations for revenue growth compares to average growth of 5.7 per cent between 2016–17 and 2024–25.

Transfers from Canada

Federal transfers in 2026–27 are projected to increase by $130.8 million, or 8.5 per cent, from Budget 2025–26. The largest source of this growth is the Grant from Canada, or Territorial Formula Financing (TFF), which is projected to increase by $124.7 million, or 8.6 per cent. The growth rate of the TFF will decline slightly in each year of the outlook, reaching 6.1 per cent in 2028–29.

16. All revenue figures found on Pages S-14 and S-15 of the 2026–27 Main Estimates and equivalent pages of budget documents for other periods.

17. To align with the presentation in the Yukon Public Accounts, revenues do not include those collected by Yukon Housing Corporation.

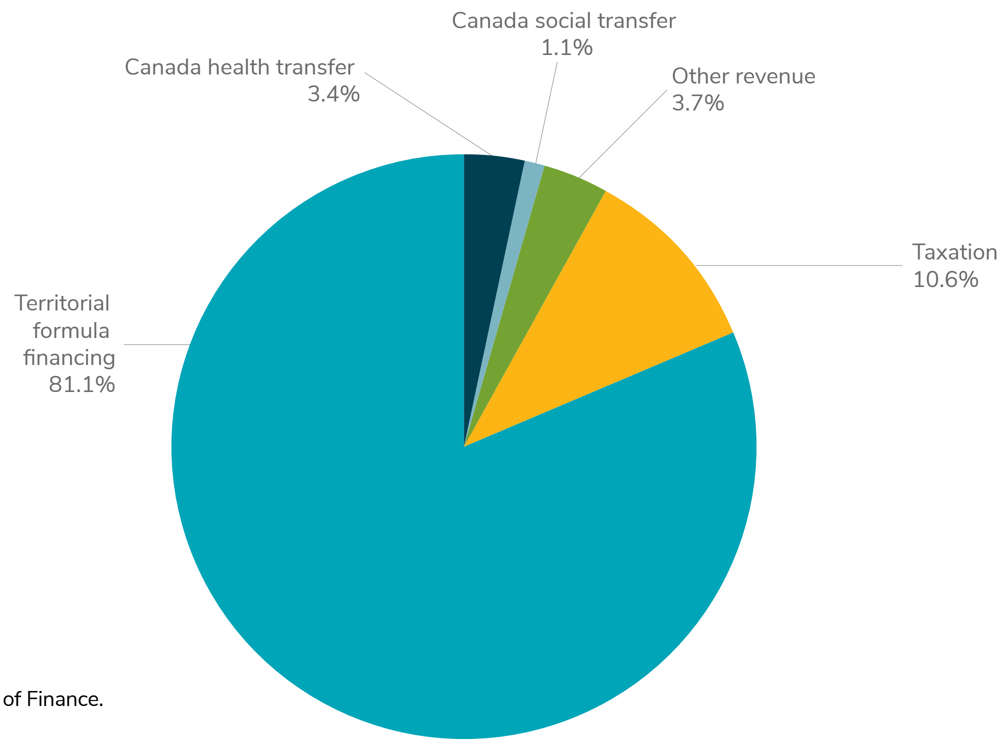
Table 4. 2026–27 revenue from transfers from Canada[18, 19]

($ millions)	2025–26 Main Estimates	2025–26 Supplementary Estimates	2026–27 Main Estimates	2027–28 Plan	2028–29 Plan
Transfers from Canada	**1,538.1**	**1,538.1**	**1,669.0**	**1,801.6**	**1,912.2**
Grant from Canada	1,454.2	1,454.2	**1,578.9**	1,706.1	1,812.2
Canada Health Transfer	61.7	61.7	**66.9**	71.3	74.8
Canada Social Transfer	19.7	19.7	**20.9**	21.8	22.7
Cannabis Transfer	1.9	1.9	**2.1**	2.2	2.3
Vaping Transfer	0.8	0.8	**0.2**	0.2	0.2

Source: Department of Finance. Numbers may not add due to rounding.

Growth in the TFF continues to be driven by population growth in the territory relative to the Canadian average along with higher government spending expectations in other jurisdictions across the country. As shown in Chart 3, the TFF remains the largest source of the Yukon's total revenue, at just over 80 per cent in 2026–27.

Chart 3. Total revenues in 2026–27 by type



Source: Department of Finance.

18. All revenue figures found on Pages S-14 and S-15 of the 2026–27 Main Estimates and equivalent pages of budget documents for other periods.
19. To align with the presentation in the Yukon Public Accounts, revenues do not include those collected by Yukon Housing Corporation.

The Canada Health Transfer and Canada Social Transfer are also projected to increase in 2026–27 based on relative population growth in the territory. Across the forecast period, the trend of higher population growth relative to the rest of Canada is expected to continue, though growth trends across the country are being revised down, while a change in the projection for national Gross Domestic Product (GDP) is also expected to grow overall available Canada Health Transfer program funding. Projections for the Cannabis Transfer are up on higher-than-expected prior year revenues, with a continued expectation for a declining growth rate over the forecast period as the market for legal cannabis matures. Finally, the Vaping Transfer has been revised down as prior year payments are coming in lower-than-expected as Canada continues to work to implement its vaping taxation regime.

Tax revenue

The Yukon's own-source taxation revenue in Budget 2026 is expected to be $206.6 million, as shown in Table 5. This reflects an increase of $9.4 million, or 4.8 per cent from 2025–26.

Table 5. 2026–27 Revenue from taxation[20, 21]

($ millions)	2025–26 Main Estimates	2025–26 Supplementary Estimates	2026–27 Main Estimates	2027–28 Plan	2028–29 Plan
Tax revenue	**197.3**	**197.2**	**206.6**	**213.3**	**219.6**
Personal income tax	119.1	119.1	**126.1**	131.6	137.0
Corporate income tax	33.8	33.8	**38.4**	39.5	40.3
Property tax	7.8	7.8	**8.3**	8.4	8.4
Fuel oil tax	11.8	11.8	**10.2**	10.4	10.6
Tobacco and alcohol taxes	15.5	15.4	**13.8**	13.2	12.7
Insurance premium tax	9.4	9.4	**9.8**	10.2	10.6

Source: Department of Finance. Numbers may not add due to rounding.

The largest growth in taxation revenue is from income tax. Personal income tax is expected to increase by $7 million, or 5.9 per cent, as continued strong expectations for employment and earnings growth drive annual increases in taxable income. Corporate income tax has also been revised up on positive corporate performance expectations along with a downward trend in the proportion of taxable income eligible for the small business deduction, which drives growth in corporate income tax.

There have also been revisions to other taxation revenue sources. Fuel oil tax has been revised down for 2026–27 based on prior year tax receipts. Tobacco and alcohol taxes are also down primarily based on prior year tax receipts coming in under expectations, despite annual inflation-adjusted

20. All revenue figures found on Pages S-14 and S-15 of the 2026–27 Main Estimates and equivalent pages of budget documents for other periods.

21. To align with the presentation in the Yukon Public Accounts, revenues do not include those collected by Yukon Housing Corporation.

tobacco tax rates rising in the territory. Tobacco revenue is expected to decline over the forecast period based on a higher rate of decline in legal tobacco sales, aligning with national trends. As per the *Tobacco Tax Act*, the tobacco tax rate increased in line with the Whitehorse Consumer Price Index (CPI) from 36 to 37 cents per cigarette on January 1, 2026. Insurance premium tax is revised up based on higher tax receipts in the prior year. Lastly, property tax is expected to increase in line with prior year projections.

Aside from the legislated inflationary increase to the tobacco tax, there are no proposed changes to tax rates in Budget 2026.

Other revenue

The forecast for revenue from other sources is expected to decline $1.6 million, or 2.1 per cent, from 2025–26.

Table 6. 2026–27 Other revenue sources[22, 23]

($ millions)	2025–26 Main Estimates	2025–26 Supplementary Estimates	2026–27 Main Estimates	2027–28 Plan	2028–29 Plan
Other revenue	**78.2**	**84.3**	**76.6**	**68.4**	**70.4**
Liquor profit	6.3	5.9	**5.7**	5.7	5.7
Licenses, fees, registrations and permits	21.6	20.9	**21.0**	21.1	21.1
Sale of land	31.8	31.7	**15.0**	30.4	32.1
Other revenue	18.6	25.8	**34.9**	11.3	11.5

Source: Department of Finance. Numbers may not add due to rounding.

This decline is primarily due to reduction in sale of land based on the timing of land being available for sale in 2026–27. Land sale revenue is expected to improve in 2027–28 and onwards as new lots become available in Whistle Bend and other development projects. Liquor profit expectations have also been revised down due to a projected decline in liquor sales volumes and rising cost of sales. The decrease is partially offset by an increase in interest revenue on the Loan to the Receiver for Victoria Gold Corp.[24] based on the current court-approved loan amount, as well as estimated revenue from the sale of 408 Wood Street. Additional changes include higher revenue for interest on agreements for land sales based on the increasing number of land lotteries and the market price for lots, higher-than-forecast cannabis profits, the addition of revenue from electric vehicle chargers following the introduction of user fees in September 2025, and an increase to investment revenue due in part to higher interest rates.

22. All revenue figures found on Pages S-14 and S-15 of the 2026–27 Main Estimates and equivalent pages of budget documents for other periods.

23. To align with the presentation in the Yukon Public Accounts, revenues do not include those collected by Yukon Housing Corporation.

24. Interest revenue is calculated based on the Receivership Credit Agreement.

Operation and Maintenance expenditures and recoveries

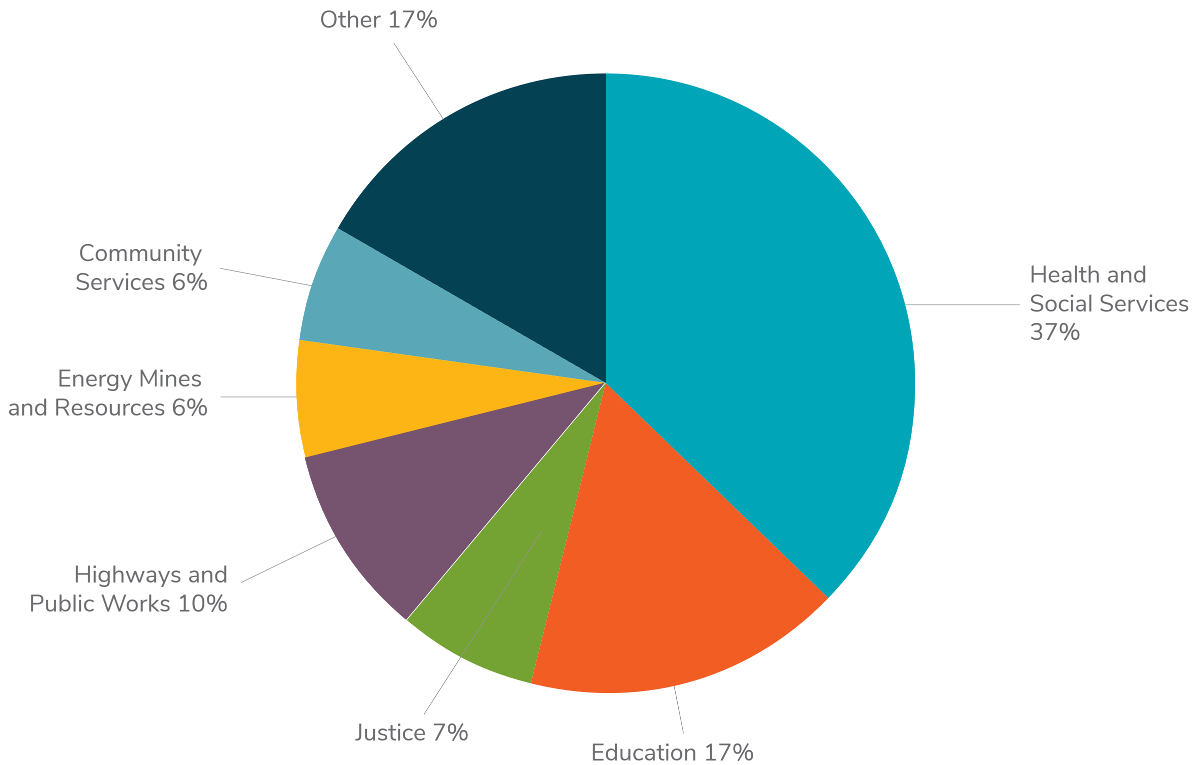
Table 7. Operation and Maintenance expenditures

($ millions)	2025–26 Main Estimates	2025–26 Supplementary Estimates	2026–27 Main Estimates	2027–28 Plan	2028–29 Plan
Net O&M Expenditures	**1,683.6**	**1,825.7**	**1,884.6**	**1,920.3**	**1,956.7**
Department Gross O&M Expenditures	1,878.0	2,028.4	1,970.6	2,010.0	2,050.2
Voted contingency	0.0	0.0	100.0	100.0	100.0
Total Gross O&M Expenditures	1,878.0	2,028.4	2,070.6	2,110.0	2,150.2
Recoveries of O&M Expenditures	(194.4)	(202.7)	(186.0)	(189.7)	(193.5)

Source: Department of Finance. Numbers may not add due to rounding.

Gross operation and maintenance expenditures are forecast to increase by $192.6 million, or 10.3 per cent, to $2.07 billion in Budget 2026. This is inclusive of a yet to be allocated $100 million contingency fund, meaning voted increases to departments is $92.6 million, or 4.9 per cent. Total recoveries are forecast to be $186 million, a decrease of $8.4 million, or 4.3 per cent. Although an overall decrease, recoveries are up across most departments but are offset by a $21.1 million reduction due to the pause of remediation work at the Minto Mine site to facilitate further exploration. The result is net operation and maintenance expenditure growth of $201 million, or 11.9 per cent, from the 2025–26 Main Estimates, and $59 million or 3.2 per cent over the 2025–26 Supplementary Estimates. The mains over mains increase is $101 million when excluding the contingency fund. Health and Social Services and Education account for 61.8 per cent of the $101 million increase and make up 53.9 per cent of total net operation and maintenance spending in Budget 2026, not including the contingency.

Chart 4. 2026–27 Portion of net O&M spending, by department, not including contingency



Source: Department of Finance.

Notable operation and maintenance expenditure increases in Budget 2026 include:

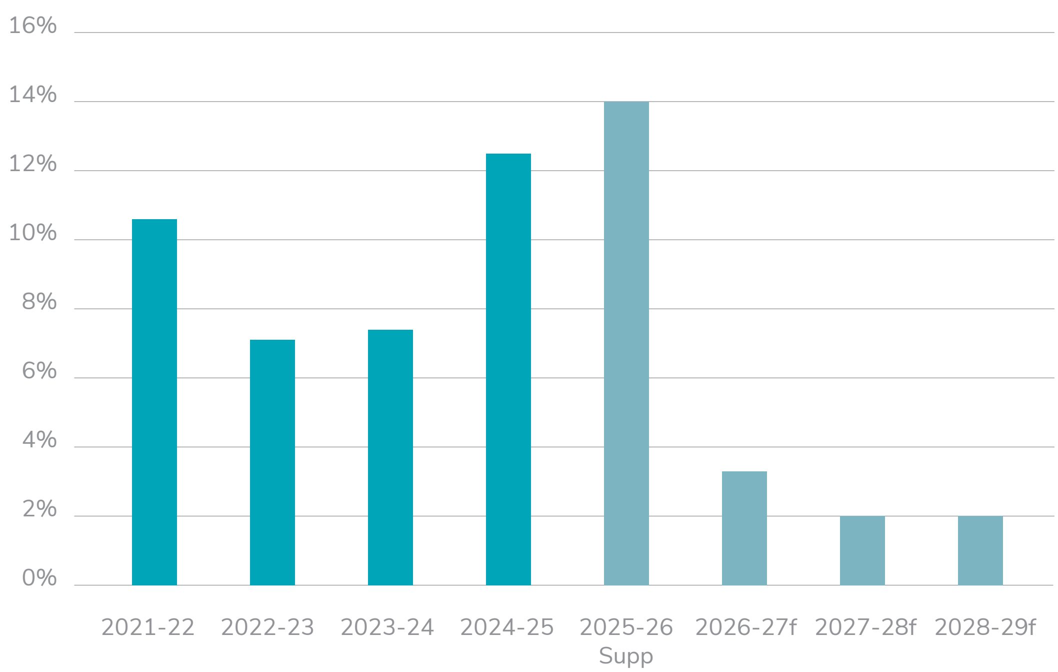
- $58.3 million in gross O&M increases for Health and Social Services, including $15.8 million for the Yukon Hospital Corporation, $17.2 million for Insured Health Services costs, and $13 million for front-line staffing in continuing care facilities, emergency medical services, nursing, group homes and addiction treatment. These costs are offset by an $8.2 million increase in recoveries, including for pharmacare, drugs for rare diseases, and the Territorial Health Investment Fund.
- $39.4 million in gross O&M increases for Justice, including $22.3 million for the settlement of claims arising from the Jack Hulland Elementary class action lawsuit. Increases for Justice also include $5.9 million for the Royal Canadian Mounted Police, $2 million for specialized outside counsel to support the Yukon government in complex claims, and $2.4 million for staff and security upgrades at the Whitehorse Correctional Centre. These are offset by a $1.8 million increase in recoveries, including for the Arrest Processing Unit, Family Information Liaison Unit, and the Yukon Utilities Board.

- $35 million in gross O&M increases for Education, including $4 million for new teachers and $3.1 million for teacher salary increases and benefits, $6.6 million for education assistants, learning assistant teachers and inclusive education supports, $5.6 million for early learning and childcare, $4.4 million for Yukon University, and $3.5 million for the First Nation School Board. These are offset by a $3 million increase in recoveries, mostly for a school food program and early learning and childcare infrastructure projects.
- $15.7 million in gross O&M increases for Environment, including $7.8 million for the remediation of the Kotaneelee Natural Gas Well, $3 million for a sustainable and efficient recycling system that considers private sector impacts of Extended Producer Responsibility, and $1.5 million to fund cost-sharing agreements with Canada and third parties. These are offset by a $1.3 million increase in recoveries, including $625,000 in security for Kotaneelee.
- $9.2 million in gross O&M increases for the Yukon Development Corporation to amalgamate existing electrical rate relief programs and an increase to the amount of rate relief available to Yukoners.

These increases are offset by a $100.7 million reduction in net O&M spending for the Department of Energy Mines and Resources due in large part to an $83 million reduction in appropriations for loans to the Receiver for Victoria Gold Corp., to $35 million in 2026–27, and an $18.4 million reduction for work at the Minto Mine site.

As shown in Chart 5, forecast year-over-year net O&M expenditure growth remains elevated in the 2025–26 Supplementary Estimates but is trending downwards in 2026–27. Average growth between 2015–16 and 2024–25 was 6.0 per cent annually. The government is planning for 2 per cent growth in 2027–28 and 2028–29.

Chart 5. Annual net O&M growth, by percentage



Source: Department of Finance. f = forecast Supp = 2025–26 Supplementary Estimates

Capital expenditures and recoveries

Table 8. Capital expenditures and recoveries

($ millions)	2025–26 Main Estimates	2025–26 Supplementary Estimates	2026–27 Main Estimates	2027–28 Plan	2028–29 Plan
Net Capital Expenditures	**316.0**	**315.4**	**283.1**	**254.8**	**237.9**
Gross Capital Expenditures	477.3	478.3	385.4	355.2	335.0
Recoveries of Capital Expenditures	(161.3)	(162.9)	(102.3)	(100.3)	(97.1)

Source: Department of Finance. Numbers may not add due to rounding

Gross capital expenditures are forecast to decrease by $91.9 million, or 19.3 per cent, to $385.4 million in Budget 2026. Recoveries are forecast to decrease by $59 million, or 36.6 per cent, to $102.3 million, resulting in net capital expenditures of $283.1 million.

Gross expenditures of $385.4 million are in line with spending targets forecast in year two of Yukon's 2025–26 Five-Year Capital Plan. Reductions in expenditures from 2025–26 are concentrated mostly within Highways and Public Works and are largely attributable to runway improvement work at the Erik Nielsen Whitehorse International Airport nearing completion. Capital spending in Budget 2026 includes continued investment in rural and urban residential land development and the construction of affordable housing. It also includes continued funding for projects currently under construction like the Polaris Project at Yukon University and the new school in Burwash Landing, Kêts'ádań Kù. There is new capital funding for the Yukon Hospital Corporation, as well as funding to initiate planning for new long-term care spaces, an expansion of the Whitehorse General Hospital, and new schools.

Years two and three of the outlook see continued reduction in gross capital expenditures as those projects under construction mentioned above come to completion. More detail on capital planning is included in the Capital Plan section.

Contingency

The government is including a $100 million voted contingency in Budget 2026. This is the first time the contingency amount will be included alongside other appropriations in the budget. The voted contingency is a provisional funding authority that is transferrable to any department to address expenditure requirements for disasters, emergencies, and emerging priorities. The contingency may also be used to cover cost increases where demands on service outpace forecasts, and to cover costs related to salary or employee benefit adjustments.

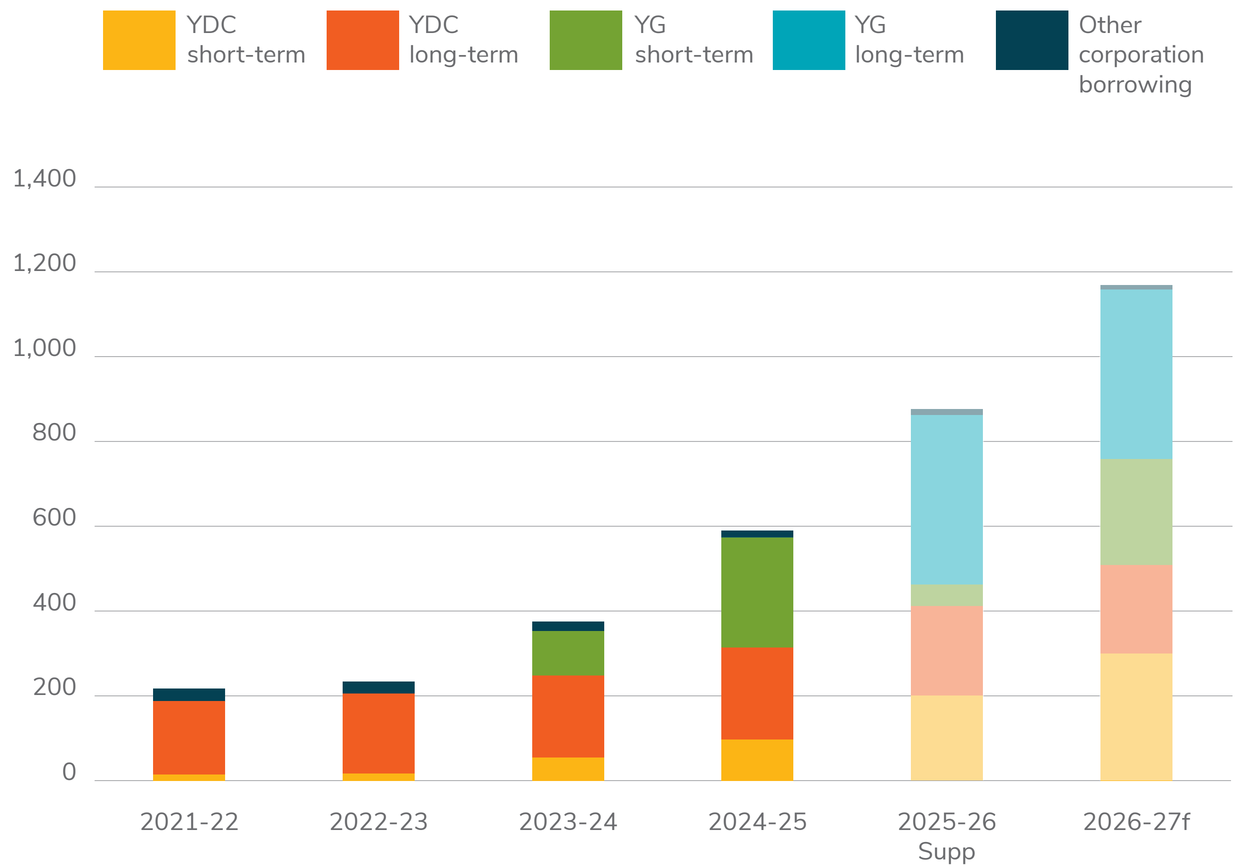
Including a voted contingency in the main estimates and the appropriation act gives a more accurate picture of anticipated expenditures for the year and a more transparent comparison against forecast revenues.

From 2022–23 to 2025–26, the government incorporated a non-voted contingency into its fiscal planning for the purposes of forecasting surplus(deficit) position, but this amount was not included in forecast expenditure calculations and could only be accessed outside of a legislative sitting through a special warrant.

Borrowing

As noted in the fiscal summary section above, should the government utilize the full $100 million contingency in 2026–27, it will be at the upper limit of its federally approved borrowing limit of $1.2 billion.

Chart 6. Consolidated borrowing breakdown ($ millions)[25]



Source: Department of Finance. f = forecast. Supp = 2025–26 Supplementary Estimates

The government's total consolidated debt is nearing the limit due to significant increases in short-term borrowing requirements for the repair and construction of necessary electrical generation infrastructure, including work on the Wareham Dam spillway at the Mayo Generating Station. Financing this work and other energy infrastructure work requires up to $300 million in short-term borrowing for the Yukon Development Corporation in 2026–27, a $283 million increase from the $17 million reported on March 31, 2023.[26]

25. YG Borrowing is borrowing other than that for Yukon Development Corporation, Yukon Hospital Corporation, Yukon Housing Corporation or Yukon University, and doesn't include accrued interest payable.

26. This number is reported as "credit facilities used" on page 69 of *Yukon Public Accounts 2022–23*.

Added to this is a large increase in short-term borrowing required to manage Yukon government departmental expenditures that have exceeded revenues for the past several years. To address this cash deficit the government executed $400 million in long-term borrowing in 2025–26. The trend in revenue shortfall continues through 2027–28, and the government is forecasting the need for up to $250 million in short-term borrowing in 2026–27 to manage expenditures. This forecast assumes full usage of the $100 million contingency vote and is inclusive of a $100 million buffer to manage in-year cash flow and the timing of receipt of revenues and recoveries.

Taken together, these three items account for $950 million of borrowing under the cap. The balance is comprised of $207.9 million in long-term borrowing for the Yukon Development Corporation and other, smaller long-term borrowing for other consolidated entities.

The Yukon government has made a request to the federal government for an increase to the borrowing limit. Until the Government of Canada approves an increase, the Yukon government is limited in its ability to make long-term commitments for investments in areas like health, energy and education infrastructure. These remain critical priority areas but may take some time to advance as the government works to balance its expenditures with revenue and secure additional borrowing space to finance these projects.

Path to balance

While increasing the debt cap provides options for the Yukon in the short run, financing much needed infrastructure for a growing territory requires balance to be restored over the medium- to long-term. Fiscal reform is needed to align revenue and expenditures, and closer attention needs to be paid to cash deficits.

Fiscal anchors

This plan is anchored in a commitment to long-term sustainability and a responsible path back to balance. It will focus on keeping the net debt-to-GDP below the average for provinces and territories, while remaining within the territorial borrowing limit. It will incorporate regular program reviews into Yukon government processes. This will support continued service improvements within existing fiscal resources with the goal of returning to a cash surplus. The plan also emphasizes maintaining financial performance in line with the provincial and territorial median, ensuring capital plans reflect both affordability and delivery capacity, and limiting growth in public service where possible to support overall fiscal discipline.

Principles

Protect the front line – Focus on minimizing impacts to direct service delivery and maintaining capacity where services are delivered to the public.

Respect for taxpayers, and fairness among Yukoners and across communities – Make decisions that consider consistent access to services and avoid disproportionate impacts on any region or population.

First look inside before asking more of Yukoners – Identify internal efficiencies and process improvements to ensure value for money in government spending. Prioritize effectiveness and performance in service delivery before increasing costs or reducing services for residents.

Levers

A government's fiscal trajectory is determined by two fundamental factors: the expenditures it makes and the revenues it collects. Expenditures reflect the cost of delivering programs, services, and infrastructure across the territory while revenue includes tools such as fees, royalties, taxes, and recoveries from Canada.

A credible path to balance means managing both levers, controlling and prioritizing spending to ensure the best value for Yukoners, while taking a measured, transparent approach to revenues.

By focusing on these two levers together, government can stabilize finances, protect core services, and create the fiscal room needed for future investments.

Expenditures

Supporting a stronger private sector role – Strengthen the role of the private sector by reducing government activity in areas that are more appropriately delivered by private enterprises. As the Yukon's private sector continues to grow, it is well-positioned to take on a greater role in key commercial activities, such as land development. In some cases, government may need to provide transitional support, including co-investment, to enable a shift toward a more robust private-sector-led economy.

Red tape and regulatory simplification – Review regulatory red tape to reduce costs for business and government. Identify internal government efficiencies, reducing administrative burden and improving consistency across departments. Review all agencies, boards and commitees to identify opportunities to combine, streamline and standardize functions, including exploring a shared-secretariat model where appropriate.

Opportunities for scale and structural changes – Where possible, combine similar activities or groups that serve the same clients to achieve scale and improve service delivery. This approach creates opportunities to streamline management and executive oversight while protecting front-line services. In Budget 2026, the government is taking first steps by joining the departments of Economic Development and Tourism and Culture into one department.

Set service standards – When the same service is delivered across multiple communities, ensure it is equitable, consistent, aligned to common timelines, and delivered by the same group.

Value-for-money and program effectiveness – Initiate a thorough review of programs and Transfer Payment Agreements (TPAs). This includes assessing whether activities and agreements remain aligned with priorities and are achieving intended outcomes, and identifying opportunities to phase out low-value or under-utilized programs. Following this initial review, to instill a culture of continuous improvement, 20 per cent of government programs, services and TPAs will be reviewed annually to ensure they are efficient, effective, and delivering value to Yukoners.

Revenue

Recoveries from Canada – Maximize federal recoveries and partnerships: proactively align programs and reporting to fully leverage federal transfers and project cost-sharing, within existing agreements.

Royalties – Review the appropriateness of the royalties framework and resource revenues: continue technical work to ensure clarity and competitiveness.

Fees/Taxes – Modernize cost-recovery where appropriate through transparent reviews of fees, charges, and related revenue tools to ensure they reflect the cost of delivering services, while maintaining fairness and supporting overall sustainability.

Moving Forward

The government is setting O&M expenditure growth targets at 2 per cent annually in 2027–28 and 2028–29, while revenue growth is forecast to average 6.2 per cent annually. This trajectory supports a credible path to surplus over the outlook and is expected to reduce net financial debt by year three of the forecast. Debt-servicing costs will be contained to create room for priority services and affordability initiatives, while a disciplined capital plan aligns investment with affordability and delivery capacity. As conditions improve, surpluses will first stabilize cash balances and then be applied to reduce outstanding debt, lowering future interest costs and freeing up fiscal room.

Operating within the territorial borrowing limit and avoiding deterioration in key financial metrics relative to the provincial and territorial median remain core safeguards. Maintaining a below average net debt-to-GDP trajectory will help preserve the Government of Yukon's strong credit standing and overall fiscal resilience, facilitating future investment in much-needed infrastructure. On the service side, shorter permit and licensing timelines, simpler forms, and clearer service standards will reduce red tape for residents and businesses, supporting a stronger private sector and improving the client experience.

Together, these measures reflect a practical approach to fiscal management that respects taxpayers: disciplined spending, reliable revenue planning, and steady improvement in program efficiency and service design.

Capital Plan update

The Government of Yukon's Capital Plan outlines priority infrastructure investments over the planning horizon. It provides Yukoners with a clear view of how capital spending supports essential public services, strengthens communities and contributes to long-term economic stability.

Through targeted investments in infrastructure, housing, transportation, health, education and community assets, the government is working to address infrastructure deficits while positioning the territory for future growth. The plan reflects a balanced approach that considers fiscal sustainability, evolving pressures and opportunities to maximize partnerships, including with Yukon First Nations governments, municipalities, the federal government and the private sector.

As priorities and economic conditions change, capital planning remains flexible and responsive to ensure investments continue to deliver value for Yukoners and support resilient communities across the territory. The Yukon government is also exploring options for how a fall capital budget could complement existing capital planning processes and better align budgeting with procurement cycles and construction timelines.

Updated alignment with the Fiscal Outlook

The 2026–27 Capital Plan reflects changes in how the Government of Yukon presents and manages its infrastructure planning. The planning horizon has been updated from five years to three years to better align with the territory's Fiscal Outlook and to present information with greater clarity and a higher degree of certainty.

Embedding the Capital Plan within the Fiscal Outlook provides a more integrated view of how infrastructure investments relate to the government's overall fiscal position. This approach improves transparency by bringing together capital intentions, operating forecasts and financial indicators in a single, coordinated framework, while enhancing clarity.

Planned infrastructure investments are an important component of the Fiscal Outlook. The timing and sequencing of major projects influence borrowing requirements, net debt projections and cash flow management. These investments are carefully managed within available fiscal resources, with capital spending across key sectors being phased to align with fiscal capacity and project readiness.

Financing the Capital Plan

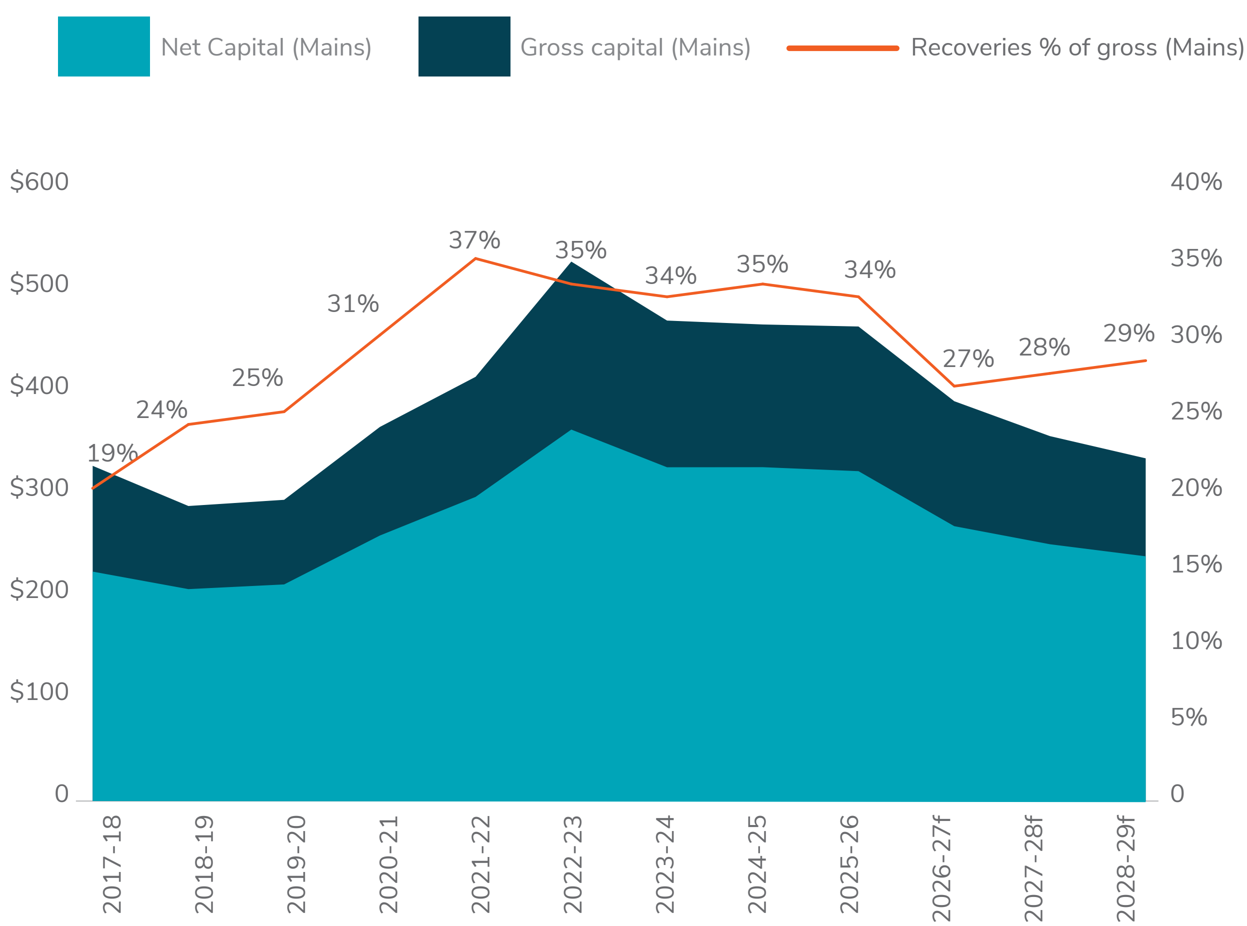
A significant portion of planned capital investments over the three-year period is supported through major federal infrastructure programs and cost-shared agreements. The largest sources of funding include the Investing in Canada Infrastructure Program, the National Trade Corridors Fund, targeted housing investments through Canada Mortgage and Housing Corporation, support from the U.S. Federal Highway Administration, and funding from the Canadian Northern Economic Development Agency for the Yukon Gathering Place Convention Centre.

The Government of Yukon will continue to work closely with funding partners to identify and secure capital recoveries and align projects with program requirements and funding timelines. As major projects advance, careful coordination of federal contributions, implementation schedules and territorial financing considerations will support the delivery of priority infrastructure while maintaining flexibility to respond to the dynamic needs of the territory.

The projected dip in recoveries in 2026–27 primarily reflects the completion or near completion of several major recoverable infrastructure initiatives, including the Erik Nielsen Whitehorse International Airport Runway project and the Dempster Fibre Line. As these large, federally supported projects wind down, associated recoveries decline, resulting in a temporary reduction in total recoveries. Additional recoverable projects are anticipated in the coming years; however, many remain in early planning and design stages and will be incorporated into future budgets once scope, timing and funding arrangements are confirmed.

Chart 7. Capital recoveries as a share of gross capital spending

Capital spending ($ millions) and recoveries (per cent of gross capital)



f = forecast

2026–27 Capital Plan overview

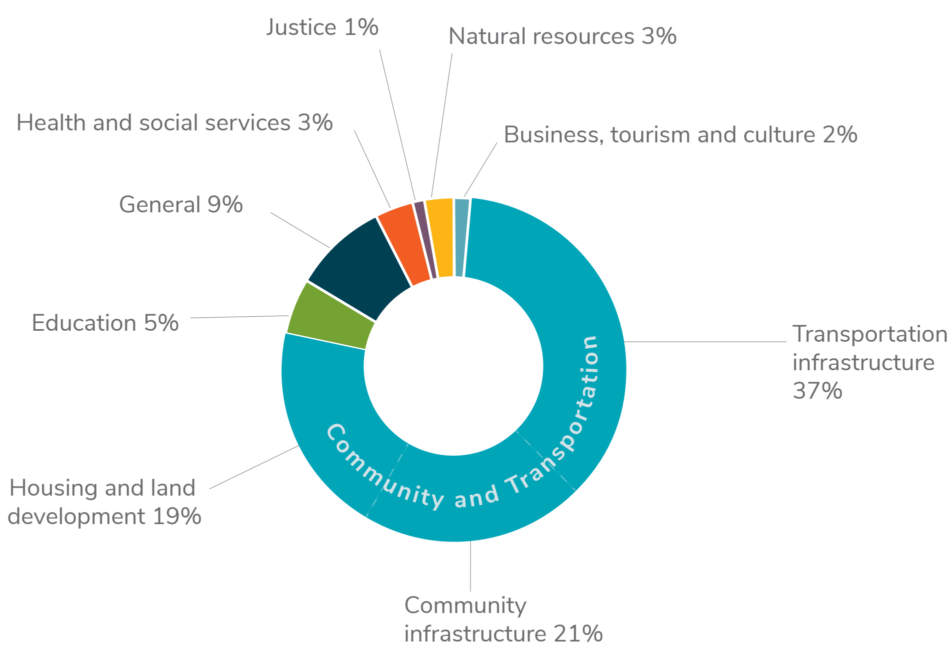
The Government of Yukon's 2026–27 Capital Plan reflects a disciplined and integrated approach to infrastructure investment as part of the territory's fiscal and economic outlook. Planned spending totals $385.4 million in 2026–27 and approximately $1.1 billion over the three-year horizon. This will support priority investments that maintain critical infrastructure, strengthen public services and respond to the needs of communities across the territory.

Beginning in 2026–27, capital investments are presented under an updated categorization framework aligned with the Main Estimates and Public Accounts schedules, improving consistency, transparency and comparability across budget documents.

Table 9. Capital plan by function of government

Category ($ millions)	2026–27	2027–28	2028–29	Three-Year Total
Community and transportation	274.3	281.6	275.2	831.1
Education	32.6	17.4	6.4	56.4
General government	30.7	32.6	31.2	94.5
Health and social services	21.9	8.5	7.2	37.6
Natural resources	11.0	8.2	8.2	27.4
Business, tourism and culture	10.4	2.9	3.0	16.3
Justice	4.5	4.0	3.8	12.3
Annual Total	**385.4**	**355.2**	**335.1**	**1,075.6**

Chart 8. Total planned capital spending by investment category



Community and transportation

Capital investments in community and transportation infrastructure support safe, reliable transportation networks, municipal systems and community assets across the Yukon. As the largest component of the Capital Plan, this category reflects the ongoing need to maintain and rehabilitate transportation and community infrastructure in a northern climate. Much of this funding is focused on renewing existing assets to ensure long-term reliability and safety, strengthening connections between communities and supporting economic activity year-round.

Category ($ millions)	2026–27	2027–28	2028–29
Transportation infrastructure	**132.5**	**137.4**	**127.8**
Major Highway Improvements			
Teslin River Bridge Rehabilitation			
Community infrastructure	**75.8**	**73.8**	**73.9**
Dawson Recreation Centre			
Teslin Tlingit Council Community Services Building			
Whitehorse City Hall Energy Upgrade			
Housing and land development	66.0	70.4	73.5
45-unit Residential Building – Whitehorse			
34-unit Residential Building – Dawson			
36 Additional Housing Units Planned – Yukon Communities			
Renovation and Rehabilitation of Affordable Rental Units			
Whitehorse and Rural Land Development			
Community and transportation	**274.3**	**281.6**	**275.2**

Projects shown are highlights and will not sum to the total annual capital spending for the category.

Transportation infrastructure

The Government of Yukon continues targeted investments in highways, bridges and airport infrastructure to maintain safe and efficient transportation networks across the territory. These investments support the movement of people and goods and improve access to services and economic opportunities. Notable capital projects include:

- Core transportation infrastructure funding supports ongoing maintenance and renewal of Yukon's highways, bridges and airports, including the final year of a major runway reconstruction at Erik Nielsen Whitehorse International Airport.

- Major highway improvements continue on the North Klondike Highway, North Alaska Highway, and through the Yukon Resource Gateway Project, improving safety and resilience along key transportation routes.

Community infrastructure

Community infrastructure investments are delivered in partnership with Yukon First Nations, municipalities and communities to reflect local priorities and regional needs. These investments support safe, resilient community assets and help address growth pressures, climate impacts and evolving service demands across the territory. Notable investments include:

- Construction of the Dawson Recreation Centre is underway, with site work started in Fall 2025. The facility features an ice rink, two curling surfaces, a multipurpose space and a community kitchen, enhancing recreation opportunities for residents and visitors.
- The Teslin Tlingit Council Community Services Building expands space for growing programs and services. The project advances the development of a modern facility that strengthens local governance and enhances community service delivery.
- Energy efficiency and accessibility upgrades to Whitehorse City Hall are underway, with renovations scheduled through September. These improvements will enhance building performance, reduce operating costs and modernize municipal service spaces to better serve residents.

Housing and land development

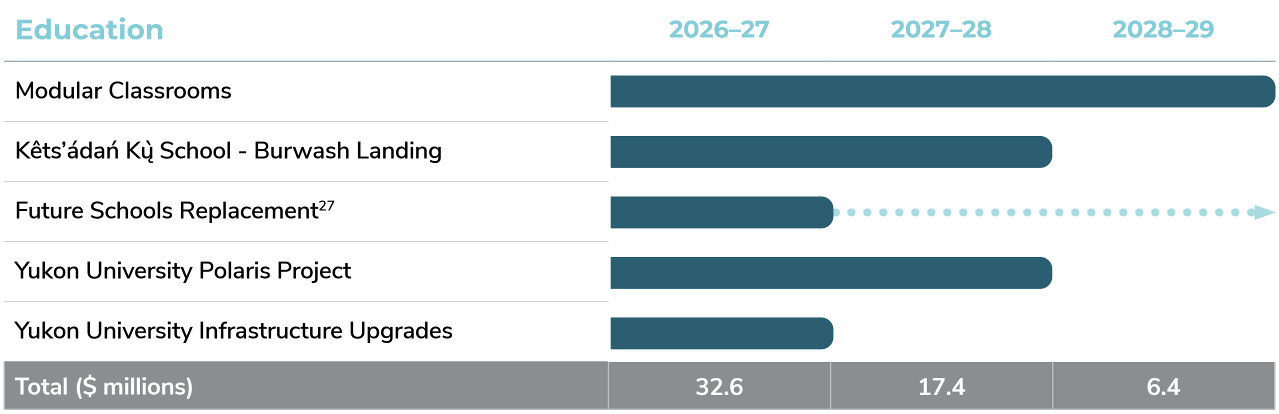
The Yukon Housing Corporation is advancing construction and renewal projects to increase housing supply, improve affordability and respond to demand pressures across the territory. These investments support stable housing options and strengthen community capacity. Highlights include:

- Construction of a 45-unit residential building in Whitehorse (Ryder) and a 34-unit building in Dawson (Korbo) is underway, with both expected to be completed in 2026-27. A further 36 units are planned in Mayo, Teslin, Carcross, Ross River, Pelly Crossing, Burwash Landing and Haines Junction, with availability anticipated 2029–30.
- Continued support through the Housing Initiatives Fund for shovel-ready, partner-led projects, accelerating affordable housing delivery in collaboration with municipalities, First Nations and private-sector partners.
- Increased investment in the renovation and rehabilitation of existing Yukon Housing Corporation housing stock to extend asset life and ensure units remain safe and functional.
- Land development projects will advance in both Whitehorse and Dawson, including the continuation and completion of Whistle Bend Phases 12 and 13, the Chasàn Tatäy (Range Point) subdivision in partnership with Kwanlin Dün First Nation and continued planning and design for the start of Dredge Pond II subdivision construction through 2026-27.

Education

Education capital investments focus on maintaining and modernizing school facilities and supporting infrastructure to meet the needs of students, educators and communities. Funding supports safe, functional learning environments and ensures infrastructure keeps pace with enrolment growth and evolving program requirements. These investments contribute to strong student outcomes and long-term workforce development. Highlighted projects include:

- Modular classrooms provide a flexible, cost-effective way to address enrolment pressures and changing space needs, enabling capacity to be added efficiently where required.
- Construction of the Kêts'ádań Kų̀ School in Burwash Landing is underway. In partnership with Kluane First Nation, the new K–12 school will replace the aging Kluane Lake School in Destruction Bay, creating a modern, culturally grounded learning environment for students and the community.
- Planning for future school infrastructure will address enrolment growth and evolving community needs, including early planning for the next Whitehorse school and replacement planning for Teslin School. Community engagement and design work will progress in 2026–27, with implementation funding to be considered in future budgets.
- The Government of Yukon continues to support the Polaris Project, a new science building at Yukon University's Ayamdigut campus in Whitehorse. The facility will include laboratories, classrooms and research spaces supporting teaching and applied research grounded in both Indigenous and Western knowledge systems, aligned with territorial priorities such as climate change adaptation and community wellbeing. Completion is expected in fall 2027.



Projects shown are highlights and will not sum to the total annual capital spending for the category.

27. The Capital Plan currently includes planning and design funding only, as reflected by the dotted lines. Future implementation funding will be considered once scopes are finalized and would require either an increase to gross capital expenditures or a reprioritization within the plan.

General government

The general government category includes investments that support core government infrastructure, information systems and assets that enable the delivery of programs and services across departments. Maintaining these foundational assets supports efficient government operations, enhances service delivery and ensures public infrastructure remains reliable and responsive to evolving needs.

Highlighted projects include:

- IT System Investments support strategic information technology initiatives that modernize government systems, enhance digital service delivery and strengthen cybersecurity. Key projects include core business system upgrades, expansion of online services, and lifecycle replacement of critical IT infrastructure. Together, these investments improve accessibility and efficiency for Yukoners while ensuring secure, reliable technology platforms that underpin government operations.
- The Capital Finance System Modernization Project will replace the Government of Yukon's core financial system, which has reached the end of its useful life. The Department of Finance will migrate to a modern, cloud-based platform to ensure continued reliability, security and functionality. Replacing the system is essential to maintain core financial operations, including payments to vendors and employees, procurement of goods and services, receipt of government revenues and production of the Public Accounts. Phase one is expected to commence in 2026–27 with phase two anticipated in 2027–28.
- Capital Building Maintenance supports proactive investment in government facilities to ensure safe, functional and reliable infrastructure across the territory. Ongoing condition assessments guide funding to priority repairs and system upgrades, helping extend the useful life of assets, prevent costly failures and ensure uninterrupted delivery of programs and services for Yukoners.

General government	2026–27	2027–28	2028–29
IT System Investments			
Central Finance System Migration Project			
Building Maintenance			
Total ($ millions)	**30.7**	**32.6**	**31.2**

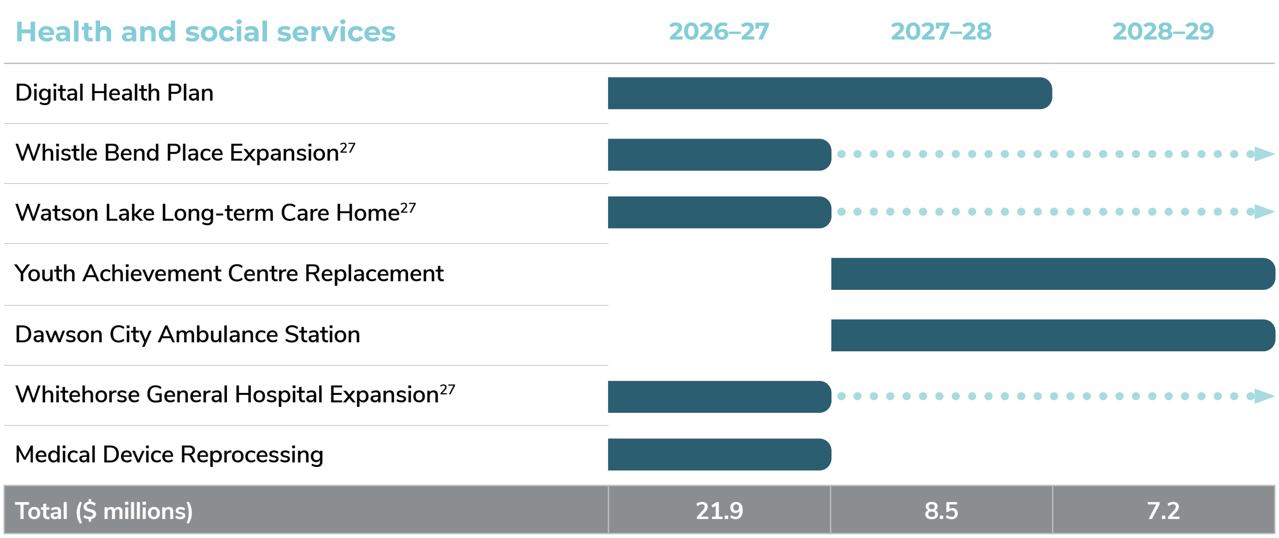
Projects shown are highlights and will not sum to the total annual capital spending for the category.

Health and social services

Capital investments in health and social services support health care infrastructure, social supports and facilities that improve access to care and respond to the needs of a growing and aging population. Funding will maintain and upgrade facilities, support service delivery and ensure infrastructure is positioned to meet future demand, contributing to improved health outcomes and community wellbeing.

Highlighted projects include:

- Investments at Whitehorse General Hospital will support planning for future expansion to address growing demand and improve access to care. Capital funding also provides for the replacement of critical medical device reprocessing equipment to ensure surgical instruments and clinical devices are properly cleaned and sterilized. In addition, 2026–27 includes a temporary increase to capital maintenance and repair funding to address priority infrastructure needs and sustain the facility's long-term reliability. Together, these investments strengthen essential infrastructure and support the delivery of safe, high-quality care.
- The Digital Health Plan advances modernization initiatives, such as the implementation of an Electronic Medical Record system. These advancements will strengthen information sharing, streamline workflows and improve the efficiency and responsiveness of health service delivery.
- Planning for expanded long-term care facilities will move forward, including an expansion to Whistle Bend Place, alongside community engagement and early project planning for a Watson Lake Long Term Care Home. These efforts will help meet the evolving needs of the territory's aging population. Implementation funding will be considered for inclusion in future iterations of the capital plan.



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Natural resources

Investments in natural resources infrastructure support environmental stewardship, resource management and sustainable development across the Yukon. Capital funding helps maintain assets that support monitoring, conservation and responsible resource use, ensuring the territory's natural environment is protected while supporting economic opportunities.

Highlighted projects include:

- The Sādę Initiative, a solar power project in Watson Lake funded under the Arctic Energy Fund, is scheduled for completion in 2026. The project will produce a photovoltaic power plant with a battery energy storage system connected to the Watson Lake grid. Ownership and operation of the project will rest with First Kaska Utilities Limited Partnership.
- Construction of solar power systems at Blanchard and Tuchitua highway maintenance camps will be funded under the Building Efficiency Program in 2026. Once operational, these systems are projected to offset approximately 98,000 litres of diesel consumption annually, resulting in an estimated reduction of 260 tonnes of greenhouse gas emissions per year.

Natural resources	2026–27	2027–28	2028–29
Parks Design and Development			
Building Efficiency Program			
Watson Lake Solar Power Project			
Total ($ millions)	**11.0**	**8.2**	**8.2**

Projects shown are highlights and will not sum to the total annual capital spending for the category.

Business, tourism and culture

Investments in business, tourism and culture support economic diversification, strengthen local industries and create opportunities for private-sector growth across the territory. Capital funding will focus on maintaining and enhancing assets that support tourism, cultural programing and economic development, while helping communities and businesses adapt to changing economic conditions. These investments contribute to a resilient economy and support long-term prosperity for Yukoners.

Highlighted projects include:

- Planning and design will advance the Yukon Gathering Place Convention Centre, a new convention facility envisioned as a major economic and community hub in Whitehorse. Developed in partnership with the Government of Canada and Chu Níįkwän Limited Partnership, the economic development arm of Kwanlin Dün First Nation, the centre is expected to attract conferences, trade shows and events that increase visitor spending and support local businesses. Implementation funding will be considered in future budget exercises.
- Remediation of the Ch'ëdähdëk (Forty Mile) Historic Site will address significant flood damage caused by an ice jam event in May 2023 at the confluence of the Forty Mile and Yukon rivers. Co-managed with Tr'ondëk Hwëch'in and recognized as part of the Tr'ondëk-Klondike UNESCO World Heritage Site, the site is an important cultural and tourism asset.

Business, tourism, and culture	2026–27	2027–28	2028–29
Yukon Gathering Place Convention Centre[27]			
Ch'ëdähdëk Forty Mile Historic Site – Flood Restoration			
Total ($ millions)	10.4	2.9	3.0

Projects shown are highlights and will not sum to the total annual capital spending for the category.

27. The Capital Plan currently includes planning and design funding only, as reflected by the dotted lines. Future implementation funding will be considered once scopes are finalized and would require either an increase to gross capital expenditures or a reprioritization within the plan.

Justice

Justice capital investments support facilities, equipment and infrastructure that help maintain public safety and ensure the effective administration of justice across the territory. Funding supports safe and functional environments for enforcement, courts and corrections, helping communities remain safe while supporting responsive justice services.

Highlighted projects include:

- Annual capital contributions support RCMP detachment upgrades, ensuring detachments across the territory remain operational and equipped to deliver critical policing services.
- The Whitehorse Correctional Centre Security Upgrade will enhance safety and operational effectiveness within the facility. Planned improvements focus on modernizing security systems and infrastructure to strengthen staff and inmate safety, support secure operations and ensure the facility continues to meet current standards and evolving correctional requirements
- Planning and design will continue for the replacement of the existing Whitehorse Morgue and Coroner's Office. An updated facility would provide a modern, culturally appropriate space to support coroner services in the territory. The Capital Plan includes planning and design funding in 2027–28, with implementation funding to be considered in future budget exercises.

Justice	2026–27	2027–28	2028–29
RCMP Detachments			
Whitehorse Corrections Building Security Upgrades			
Morgue and Coroner's Office Replacement[27]			
Total ($ millions)	**4.5**	**4.0**	**3.8**

Projects shown are highlights and will not sum to the total annual capital spending for the category.

27. The Capital Plan currently includes planning and design funding only, as reflected by the dotted lines. Future implementation funding will be considered once scopes are finalized and would require either an increase to gross capital expenditures or a reprioritization within the plan.