



2026–27
Interim Fiscal Update

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Fiscal summary

The Interim Fiscal Update outlines how the government's fiscal position has evolved since the introduction and assent of Budget 2026. The update also provides context for the Supplementary Estimates and Fall Capital Estimates being introduced during the Fall Sitting of the Legislative Assembly.

The revised 2026–27 forecast shows an improved financial position, supported by higher revenues and lower net expenditures.

The Interim Fiscal Update also details the use of the Government Contingencies vote to address emerging requirements, including emergency response costs, while preserving flexibility for the remainder of the fiscal year.

Together, these results demonstrate early progress toward the objectives outlined in the Path to Balance and the broader goal of long-term fiscal sustainability.

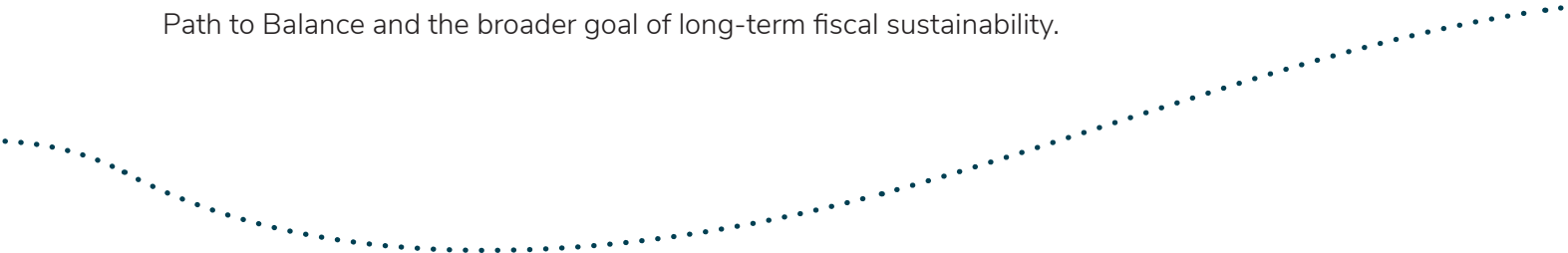


Table 1. Fiscal summary¹

(\$ millions)	2025–26 Supplementary Estimates No. 2	2026–27 Main Estimates	2026–27 Supplementary Estimates No. 1
Revenue	1,819.6	1,952.3	1,976.1
Transfers from Canada	1,538.1	1,669.0	1,679.0
Taxes and general revenues	281.5	283.3	297.1
Expense	(2,141.1)	(2,167.6)	(2,163.5)
O&M expenditures	2,028.4	1,970.6	1,992.0
Contingency balance	0.0	100.0	86.7
Recoveries of O&M expenditures	(202.7)	(186.0)	(197.0)
Capital expenditures	478.3	385.4	387.1
Recoveries of capital expenditures	(162.9)	(102.3)	(105.3)
Accounting adjustments	334.0	133.6	133.7
Surplus/(Deficit)	12.5	(81.8)	(53.7)
Net debt (end of year)	(677.7)	(804.2)	(776.2)

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

This update forecasts a deficit of \$53.7 million, \$28.1 million lower than the projection in the 2026–27 Fiscal Outlook. This is due to a \$4.2 million decrease in forecast net expenditures and a \$23.8 million increase in forecast revenues.

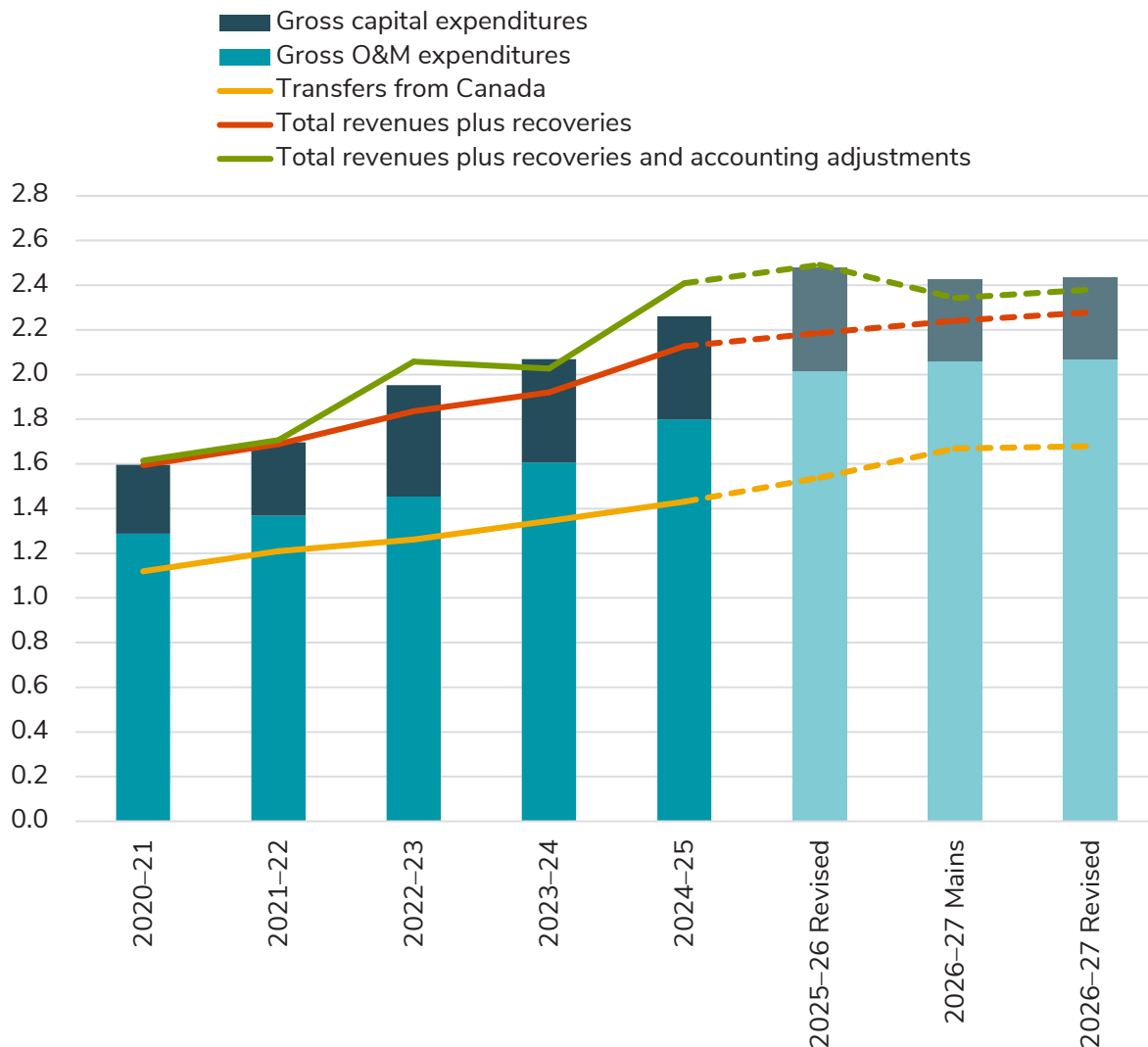
As part of 2026–27 Supplementary Estimates No. 1, Operation and Maintenance (O&M) expenditures will increase slightly on a gross basis, but are exceeded by increased recoveries, resulting in a net decrease of \$2.9 million. A small increase to gross capital expenditures is similarly exceeded by new recoveries, resulting in a net decrease of \$1.3 million. The 2026–27 Supplementary Estimates No. 1 includes only very minor updates to the forecasts for investment in tangible capital assets.

The 2026–27 Supplementary Estimates No. 1 project an improvement to net debt by \$28 million to \$776.2 million. However, preliminary year-end results from 2025–26 are showing lower-than-forecast expenditures in both O&M and capital, and higher revenues. This will improve the government's projected opening net debt position in 2026–27 and results in an expected greater improvement in net debt, following confirmed results when the 2025–26 Public Accounts are tabled.

1. 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 included in the accounting adjustments in this table.

Chart 1. Government of Yukon fiscal indicators^{2,3}

Expenditures and revenues (\$ billions)



Source: Department of Finance (Yukon).

Gross expenditures, as part of the 2026-27 Supplementary Estimates No. 1, are forecast to be \$9.8 million above Budget 2026. A gross increase in both O&M and capital in 2026-27 is largely the result of new, fully recoverable agreements with the Government of Canada for initiatives in the departments of Education and Health and Social Services, and the French Language Services Directorate. Total revenues and recoveries are forecast to increase by \$37.8 million from the 2026-27 Main Estimates.

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

3. Fiscal years 2020-21 to 2024-25, represent actuals, as reported in the Yukon Public Accounts. 2025-26 Revised and the forecast for 2026-27 use the same methodology, which differs from the presentation in Table 1.

Revenue

Table 2. Revenue by type⁴

(\$ millions)	2025–26 Supplementary Estimates No. 2	2026–27 Main Estimates	2026–27 Supplementary Estimates No. 1
Personal income tax	119.1	126.1	126.1
Corporate income tax	33.8	38.4	38.4
Property tax	7.8	8.3	8.3
Fuel oil tax	11.8	10.2	10.2
Tobacco and alcohol taxes	15.4	13.8	13.7
Other taxes	9.4	9.8	9.8
Other revenue	84.2	76.6	90.6
Total own-source revenue	281.5	283.2	297.1
Federal transfers	1,538.1	1,669.0	1,679.0
Total revenue	1,819.6	1,952.3	1,976.1

Source: Department of Finance (Yukon).

As part of the Supplementary Estimates No. 1, 2026–27 revenue is forecast to increase by \$23.8 million to \$1.976 billion from the 2026–27 Main Estimates. Revenue growth is driven by a forecasted receipt of \$10.3 million from the Yukon’s share of Beaufort Sea royalties, \$10 million in new federal transfers to support housing affordability in the North, and \$4.3 million in additional investment revenue resulting from higher-than-anticipated cash balances. These increases are slightly offset by a decrease to alcohol tax revenue and liquor profit under “Other revenue” due to lower sales projections and higher-than-forecast operating costs for the Yukon Liquor Corporation, resulting in an \$825,000 reduction to revenue.

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

O&M expenditures, recoveries and contingency

Table 3. Operation and Maintenance expenditures

(\$ millions)	2025-26 Supplementary Estimates No. 2	2026-27 Main Estimates	2026-27 Supplementary Estimates No. 1
Expense	(2,141.1)	(2,167.6)	(2,163.5)
O&M expenditures	2,028.4	1,970.6	1,992.0
Contingency balance	0.0	100.0	86.7
Recoveries of O&M expenditures	(202.7)	(186.0)	(197.0)

Source: Department of Finance (Yukon).

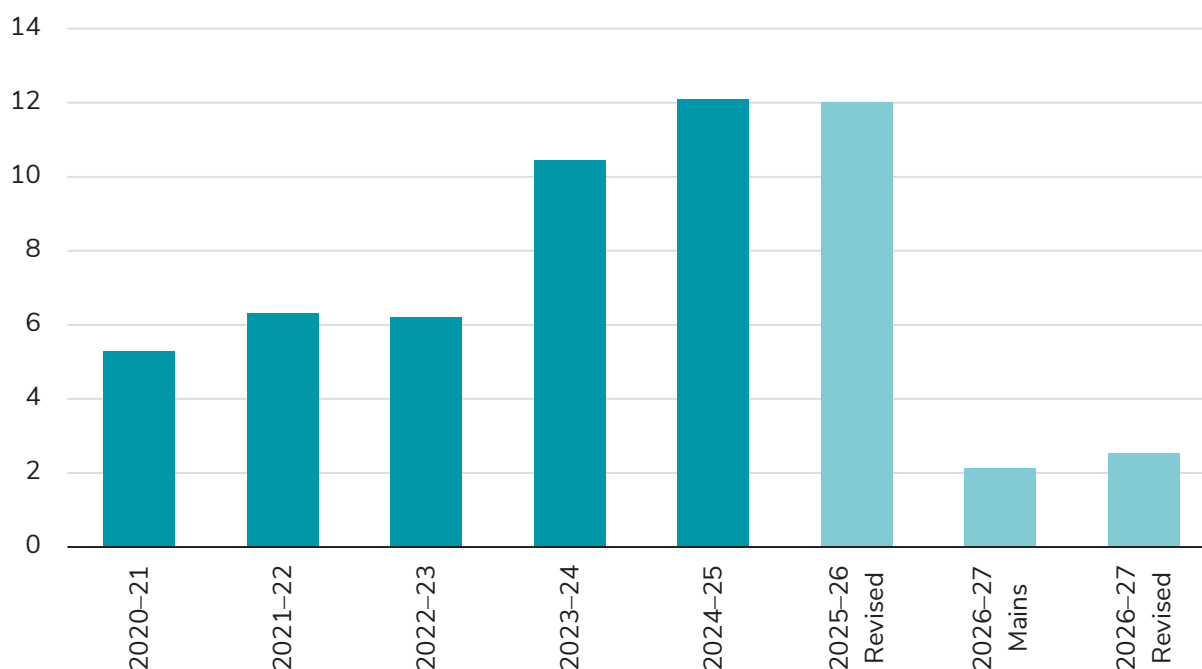
Compared to the 2026–27 Main Estimates, the 2026–27 Supplementary Estimates No. 1 shows departmental O&M expenditures are forecast to increase by \$21.4 million, from \$1.971 billion to \$1.992 billion. This reflects \$8.1 million in new recoverable appropriations and \$13.3 million in transfers from the Government Contingencies vote for emergency response costs and other emerging pressures.

The new appropriation in 2026–27 includes funding across the Department of Education, the Executive Council Office and French Language Services Directorate for initiatives related to early learning and childcare, protected area planning and supporting bilingual communications in emergency preparedness.

The majority of the \$13.3 million in contingency transfers is \$10.8 million to the Department of Community Services for costs associated with 2026 wildfire and flood responses, and \$2 million to the Department of Highways and Public Works for costs that include emergency washout road repairs and for building operating expenses. The Department of Education has received \$260,000 to support new collective agreement increases at the Child Development Centre, while \$223,000 is supporting the Executive Council Office in completing the Yukon Residential Schools Missing Children Project. Following these transfers, \$86.7 million remains available within the Government Contingencies vote to respond to emerging pressures and unforeseen events for the remainder of the fiscal year. The transfer of contingencies has a net-zero impact on the expenditure forecast. While the transfers increase departmental appropriations, they are fully offset by a corresponding reduction in the Government Contingencies vote and therefore have no impact on the government's overall expenditure forecast or projected fiscal position.

Additional recoveries associated with the deployment of Yukon wildland firefighters to support other jurisdictions are expected to more than offset the new appropriations included in the 2026–27 Supplementary Estimates No. 1.

Chart 2. Annual growth in O&M spending (per cent)



Source: Department of Finance (Yukon).

The forecast for gross O&M expenditures, including the Government Contingencies vote, has increased by \$8.1 million from the 2026-27 Fiscal Outlook to \$2.079 billion. This results in a small change in anticipated annual gross O&M expenditure growth to 2.5 per cent.

Capital expenditures

The revised forecast for gross capital expenditures in the 2026-27 Supplementary Estimates No. 1 includes an increase of \$1.7 million to \$387.1 million. Adjustments include:

- A \$2.5 million increase for the Department of Health and Social Services, primarily for electrical system and surgical sprinkler upgrades at Whitehorse General Hospital, partially offset by a reduction in capital spending for the Medical Device Reprocessing project resulting from a deferral and adjustment to the project implementation schedule.
- A \$748,000 decrease for the Yukon Development Corporation, reflecting payments and claims for recoverable capital projects that occurred in 2025-26 rather than 2026-27.

Capital recoveries are forecast to increase by \$3 million to \$105.3 million, resulting in revised net capital expenditures of \$281.8 million, a \$1.3 million decrease from the 2026-27 Main Estimates.

This is the first year of the new Fall Capital Estimates process, delivering on a government commitment to improve capital planning and provide earlier certainty to departments, corporations,

contractors and partner organizations. By providing spending authority earlier in the fiscal cycle, the process is intended to support better project planning, reduce procurement bottlenecks and help maximize the Yukon's short construction season.

The 2027–28 Fall Capital Estimates include \$138.8 million in early capital appropriations, providing earlier spending authority to support timely procurement and delivery of capital projects.

Major investments include:

- \$70.3 million primarily for highway rehabilitation, building maintenance and upgrades and other transportation infrastructure.
- \$26.2 million to support housing construction, renovation and funding programs.
- \$18.2 million for community infrastructure planning and development, as well as fire truck replacement.
- \$14.4 million for preparatory work related to expanding Whitehorse General Hospital.
- \$9.7 million for school infrastructure, including expanded modular classrooms, a roof replacement at the Khàtinas.àxh Community School in Teslin and public announcement system upgrades.

Providing early spending authority for these investments supports advance procurement and contracting. Additionally, it helps position projects for timely delivery in 2027–28.

The Fall Capital Estimates are a targeted early appropriation and do not replace the annual budget process. The early appropriation does not increase overall capital spending; rather, it advances a portion of planned 2027–28 spending to provide earlier spending authority. Remaining capital requirements will continue to be considered through Budget 2027 and reflected in a comprehensive update to the Capital Plan in the spring.

Progress on the Path to Balance

Budget 2026 established the Path to Balance as the government's approach to restoring fiscal sustainability.

The plan recognizes that achieving sustainability requires attention to both expenditures and revenues, supported by disciplined capital planning, regular program review, improved service delivery and responsible management of debt.

The 2026–27 Supplementary Estimates No. 1 forecast represents positive initial results. The projected deficit is now \$53.7 million, an improvement of \$28.1 million from the 2026–27 Main Estimates. This improvement reflects higher forecast revenues and a small reduction in net expenditures. Preliminary results from 2025–26 are also expected to improve the government's opening financial position, contributing to a lower anticipated net debt at the end of 2026–27.

While early results are encouraging, continued discipline will be required. The interim update reflects only early progress. The government will continue to focus on managing expenditure growth, improving program effectiveness and service delivery, maximizing available recoveries and revenues and ensuring capital investments remain aligned with affordability.

Borrowing update

Borrowing remains important for financing major, necessary long-term infrastructure investments, including priorities such as energy, health care and other critical public assets. As the government's borrowing program matures, strong debt management practices will ensure borrowing decisions support long-term fiscal sustainability.

Borrowing does not replace the need to restore fiscal balance. Through the Path to Balance, the government remains focused on managing expenditure growth, improving fiscal sustainability and maintaining debt at an affordable level.

On September 16, 2026, the government published the new Debt Management Policy in support of the territory's growing borrowing, liquidity and debt management needs. The policy ensures future borrowing is planned, authorized, executed and reported in a prudent, transparent and coordinated manner. The policy includes thresholds around borrowing affordability, borrowing capacity utilization and available liquidity that will facilitate the monitoring of key debt management risks. The policy also includes key performance indicators to monitor the sustainability of the territory's debt load.

The government will report publicly on these thresholds and indicators as part of its regular budget processes beginning in 2027–28.