

2026 ONTARIO BUDGET: A PLAN TO PROTECT ONTARIO

Analysis & Overview

Prepared by Sussex Strategy Group

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Ontario 2026 Budget Update

Today, Ontario's Finance Minister Peter Bethlenfalvy tabled the province's 2026 Budget: A Plan to Protect Ontario.

What You Need to Know

- In the face of tougher economic times, the government is taking a balanced approach with targeted new spending.
- Competitiveness and jobs are key themes in this year's budget.
- Budget 2026 maintains a path to a balanced budget by 2028–29.
- Health care is the largest spending item, with a focus on primary care, home care and a 4% increase in hospital funding.

Fiscal Outlook

- Real gross domestic product (GDP) is estimated to have increased by 1.2 percent, up from 0.8 percent at the time of the *2025 Budget*. Ontario's GDP rebounded strongly in the third quarter of 2025 after a decline in the second quarter of 2025.
- Deficit projection of \$13.8 billion in 2026–27 and \$6.1 billion in 2027–28, followed by a surplus of \$0.6 billion in 2028–29.
- Program expense outlook is projected to be \$222.4 billion, which is \$6.1 billion higher than the *2025 Budget*.
- Revenues in 2025–26 are projected to be \$226.6 billion, \$6.7 billion higher than projected in the *2025 Budget*.
- Interest and Other Debt Servicing Charges are forecast to be \$16.0 billion in 2025–26, which is down from the 2025 Budget.

Analysis

The 2026 Ontario Budget is grounded in a prudent fiscal approach focused on maintaining stability amid continued global economic uncertainty. Released mid-mandate, the Ontario government faces less pressure to deliver immediate political wins, allowing for a measured and flexible response to potentially tougher economic conditions ahead.

Against a backdrop of persistent economic uncertainty, heightened geopolitical risk, and ongoing trade disruptions with the United States, the path to a balanced budget has lengthened. This budget uses targeted measures, such as HST rebates for new homebuyers and increased funding for primary care, to address voter priorities without broad spending commitments that could jeopardize fiscal targets.

Health care remains the province's largest area of spending, though most new funding is focused on home care and primary care, with limited investment in broader systemic reforms.

Overall, the budget balances fiscal prudence with strategic incentives, maintaining flexibility while addressing key public and sectoral priorities.

The following outlines the action Premier Ford's government is taking to manage volatility and support long-term economic stability.

Budget Highlights

Critical Minerals

- An additional \$30 million over the next three years into the Ontario Junior Exploration Program (OJEP), starting in 2026–27, to support early-stage mineral exploration.
- Reiterating Ontario’s commitment to modernize Ontario’s Critical Minerals Strategy, a strategy that will be shaped by input from industry, Indigenous partners, communities and the public.
- Reaffirming funding of \$500 million for the Critical Minerals Processing Fund and \$7 million for the Critical Minerals Innovation Fund

Tariff Support and Economic Development

- Supporting the expansion of Billy Bishop Airport by taking over the City of Toronto’s place in the tripartite agreement that governs the airport and making the Airport a Special Economic Zone. It will also take ownership of the city-owned lands in the airport in exchange for fair compensation.
- Launching the new Protect Ontario Account Investment Fund that will allow the province to invest up to \$4 billion to attract investment from pension funds and other private capital to help companies scale up and advance Ontario’s long-term economic and strategic priorities.
- Proposing changes that would allow retail businesses across the province to open on Family Day and Victoria Day starting as early as 2026.
- Lowering the cost of capital investments by allowing businesses to accelerate the income tax deduction for the cost of depreciable assets, in parallel with changes announced by the federal government.

Health

- Investing an additional \$325 million to further expand primary care and connect everyone in Ontario to a family doctor or primary care team by 2029, bringing the four-year investment to \$3.4 billion.
- Investing over \$1.1 billion in additional hospital funding for 2026–27. This investment includes an up to 4 percent increase in base and targeted hospital funding.
- Investing an additional \$1.1 billion over three years to support patients with more home and community care services.
- Providing \$139.4 million in additional annual funding to support resident-centered and sustainable long-term care.
- Providing \$965 million in 2026-27, including \$186 million in new funding, to the Ontario Autism Program.
- Investing an additional \$24 million over three years, starting in 2026–27, to renew the Life Sciences Scale-Up Fund (LSSUF).
- Investing an additional \$124.2 million over the next three years for clinical training and education funding to continue supporting the expansion of 2,000 registered nurse and 1,000 registered practical nurse seats at publicly assisted colleges and universities.

Housing and Infrastructure

- Proposing to temporarily remove the full 13 percent HST for buyers of new homes valued up to \$1 million, with the support of the federal government, providing up to \$130,000 in relief per eligible buyer. The maximum rebate would be maintained for new homes valued between \$1 million and \$1.5 million, to support housing affordability and housing development.
- \$300 million fund to repair, upgrade, or construct new sport and recreation facilities across the province.

Energy

- Reiterating the \$1 billion investment through the Building Ontario Fund to support the development of Small Modular Reactors (SMRs) at Darlington.
- Expanding industrial energy efficiency through the Save on Energy Program, increasing the per-project incentive cap from \$5 million to \$15 million to support large-scale capital projects that deliver measurable energy savings across industrial, municipal, institutional, and healthcare sectors.
- Advancing Ontario's first-ever underwater high-voltage transmission line from the Darlington Nuclear Generating Station to downtown Toronto (up to 900 MW), supported by a competitive procurement process to ensure cost efficiency.
- Continuing to advance the new large-scale nuclear generation planning at Wesleyville (Port Hope) and Bruce C, expanding Ontario's long-term baseload capacity.
- Continuing implementation of the \$10.9 billion Energy Efficiency Framework.
- Maintaining electricity affordability through the Ontario Electricity Rebate (OER), providing a 23.5% reduction on bills for households, small businesses, and farms, alongside targeted programs such as OESP and LEAP that deliver income-based support and emergency bill relief for vulnerable consumers.

Artificial Intelligence

- Launching a coordinated plan in summer 2026 that will support the scale-up of Ontario-based AI firms, expand access to sovereign compute and data resources and ensure the province has the digital and grid-ready energy infrastructure required for next-generation innovation.
- Investing an additional \$107 million over three years, starting in 2026–27, the government is renewing the Critical Technology Initiatives (CTI) program, and there will be an upcoming call for proposals to seek CTI delivery partners.

Affordability

- Amending the *Ticket Sales Act, 2017*, to make it illegal for tickets to concerts, cultural, sports, and other live events in Ontario to be re-sold for more than their original cost
- Extending the Ontario One Fare Program for an additional two years
- Launching the Classroom Supplies Fund to provide elementary school homeroom teachers with direct access to \$750 in funding each school year for classroom supplies.

Environment

- Recapping the February 2026 launch of the application intake for commercial-scale geologic carbon storage projects.

Next Steps

With the 2026 Ontario budget released, the accompanying legislation will be debated in the House, enabling Members of Provincial Parliament (MPP) to propose amendments which will later be voted on. The Budget will then move to the Standing Committee to meet and hold hearings with a final third reading vote to follow and can then receive royal ascent.

Happy to Help

We are pleased to provide this analysis to Sussex clients and contacts. As always, please feel free to contact your Sussex consultant with any questions.

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