



OMA Provincial Budget Analysis

March 26, 2026

Overview

The Ontario government is focusing, like the Canadian government, on managing the economic uncertainty created by American tariff policy and attacks on Iran. The key new spending announcement is the creation of the \$4 billion Protect Ontario Account Investment Fund. The fund will be managed by a private partner to operate as a commercial market fund. It is looking for investment partners such as pension funds to invest in innovation, advanced industries and emerging technologies.

The deficit is forecast at \$12.3 billion in 2025-26 and budgeted at \$13.8 billion in 2026-27, and \$4.1 billion in 2027-28, with a planned return to balance (a small surplus of \$0.6 billion) in 2028-29.

- Like the federal government, Ontario is forecasting low economic growth over the next three years, though 2025 real GDP growth was slightly higher than expected at 1.2%. The Budget forecasts real GDP growth of 1% in 2026, 1.7% in 2027 and 1.8% in 2028.
- Net debt as a share of GDP is growing more slowly over time than forecast in the 2025 Budget, and is now forecast to be 36.8% in 2025-26.

Impacts and Potential Impacts on the Museum Sector

The 2026 Budget has a section on culture and tourism as drivers of economic growth, focusing on an integrated approach to building tourism in the Niagara region, but with a number of other initiatives of interest to the sector.

The Destination Niagara Strategy focuses on enhancing tourism attractions, along with gaming, wine and culinary experiences, arts and culture and transportation improvements, including:

- procurements for a new observation wheel,
- revitalization of the Niagara Parks Marina,

- redevelopment of the Ontario Power Generating Station,
- “exploring” a signature theme park and a fully accessible, all-season Niagara River Line tram,
- expanding the Queen Elizabeth Way (QEW),
- twinning the Garden City Skyway Bridge,
- increasing GO service and
- “exploring” enhanced air access at Niagara District Airport.

The budget reannounced \$35 million for the Shaw Festival’s rebuild of the Royal George Theatre, and more than \$1 million for regional festivals and events.

There was no new announcement on plans for Ontario Place, but the Budget reiterated that the new Ontario Science Centre will be part of the redevelopment.

The province is also committing

- \$29 million over three years to support the Lakeview Village Cultural Pier Development project, in collaboration with the City of Mississauga, Peel Region and the Lakeview Village development group.
- \$2 million in tourism planning support and up to \$25 million to redevelop the Nancy Island Historic Site at Wasaga Beach.
- \$35 million over two years to support the Dani Reiss Modern and Contemporary Gallery capital expansion project at the Art Gallery of Ontario (AGO).
- \$21 million in additional annual operating funding support for the AGO and the Royal Ontario Museum.

Other Operational Spending

Other spending of interest includes:

- Creating and expanding more than 300 additional primary care teams;
- Creating and expanding of 18 primary care teaching clinics;
- Over \$5 million to develop school resources that reflect the French language and Francophone culture; and
- \$21.6 million to re-launch French-language courses at the Université de Sudbury.

Capital Spending

Infrastructure spending will focus on energy infrastructure, highways, hospitals and transit, but two Toronto initiatives may be of interest to the sector:

- Up to \$300 million to fund the conversion of about 2,200 newly built condominium units into long-term rental housing, including about 550 affordable units; and
- An \$83 million investment in the first phase of an affordable student housing development at Toronto Metropolitan University (TMU).

Tax Policy

There are no tax items focused on the cultural or heritage sector, with the flagship announcement focusing on lowering the cost of a new home by eliminating the HST for eligible buyers of new homes valued up to \$1 million for a maximum rebate of \$130,000, with that relief maintained for new homes valued up to \$1.5 million.

There are two key tax initiatives for business:

- The small business corporate income tax (CIT) rate will be reduced from 3.2 per cent to 2.2 per cent effective July 1, 2026.
- The province will also parallel the federal government's asset depreciation changes.

Other Program Spending

Post-Secondary Sector

The college sector has been hit hard by the federal changes to student visas. The removal of the tuition cap and changes to OSAP that were announced on February 12 will continue to have a mixed impact on the sector – overall revenues to the sector will increase, but accessibility for lower-income students will likely decline. The government will fund 70,000 more “in-demand” seats across the college and university sector over four years.

Note: Because this note is being drafted on March 26, it may be updated with new information, such as detailed Estimates.

As an organization of provincial scope, the Ontario Museum Association recognizes that its members and community live and work on the lands and territories of Indigenous peoples. Toronto, where the OMA offices are located, is the territory of the Mississaugas of the Credit, Haudenosaunee and the Huron Wendat. We wish to express our gratitude for the resources we are using and pay respect to the rich and ongoing Indigenous history of what is now Ontario and Canada.