



# Committee of the Whole

---

**Meeting Date:** April 14, 2026

**Submitted by:** Nikki Nourse, Director of Financial Services

**Subject:** 2026 Ontario Provincial Budget

---

## **BACKGROUND:**

The Province of Ontario released its [2026 Economic and Fiscal Update](#) outlining its fiscal plan, economic outlook, and key policy priorities. The Budget is framed around protecting Ontario's economy, supporting workers and businesses, building infrastructure, and maintaining affordability, while continuing targeted investments in health care and public services .

Middlesex County participated in the Province's 2026 Budget consultation process and provided a detailed submission outlining priority areas requiring provincial action. A copy of the Middlesex County submission is attached hereto as appendix 'A'. The submission reflected the County's role as a rural, upper-tier municipality delivering a broad range of provincially mandated and provincially aligned services, and advanced targeted, implementation-ready policy and funding solutions across transportation, infrastructure, housing and homelessness, children's services, libraries, economic development, and planning system modernization.

This report provides Council with a high-level overview of the 2026 Provincial Budget and assesses its implications for Middlesex County, including the extent to which the Province has responded to the County's identified priorities.

## **ANALYSIS:**

The 2026 Provincial Budget does not introduce structural changes to the provincial-municipal fiscal relationship. Municipalities continue to rely predominantly on property taxation, with no new revenue tools or reforms to address the long-standing imbalance between municipal responsibilities and available funding sources. While select transfer programs have been incrementally enhanced, these changes do not materially alter municipal fiscal capacity, particularly for Middlesex County that delivers complex, cost-intensive services across large geographic areas .

The Province's approach to infrastructure funding remains focused on targeted, application-based programs. While additional investments have been made through initiatives such as the Municipal Housing Infrastructure Program, these programs primarily benefit lower-tier municipalities responsible for water and wastewater servicing. No changes were made to modernize or index core formula-based funding programs such as the Ontario Community Infrastructure Fund. As a result, Middlesex County's long-term infrastructure pressures, including bridge and culvert replacement, climate resilience, and asset lifecycle management, remain largely unaddressed.

In the area of transportation, the Province has increased funding to the Ontario Transit Investment Fund, which supports rural transit initiatives such as Middlesex County Connect. This represents partial alignment with the County's submission, which emphasized the importance of inter-community transportation to workforce mobility and economic development. However, the funding remains time-limited and does not establish a permanent, predictable operating funding model. The absence of long-term operational support continues to constrain the sustainability and expansion of rural transit systems.

Housing-related measures in the Budget, including the expansion of the provincial HST rebate on new homes and continued investment in housing-enabling infrastructure, are intended to stimulate housing supply. While these measures may have a positive impact on development activity, they do not address the core constraints identified by the County, including servicing capacity, infrastructure funding, and regional allocation inequities. Similarly, while the Province has made additional investments in supportive housing and health-related services, these investments are not directly tied to municipal service delivery responsibilities or funding pressures. At the same time, the pace of change to housing and planning policy has created significant administrative burden, with frequent updates requiring continuous municipal adjustment. Despite this, there is limited evidence these changes are outpacing market conditions, and they have contributed to increased complexity and reliance on processes such as the Ontario Land Tribunal.

Significant provincial investments in health care, home and community care, and supportive housing may result in indirect benefits for Middlesex County over time, particularly in reducing system pressures on paramedic services and addressing aspects of housing instability. However, these investments do not provide direct financial relief to municipalities, despite the integral role municipalities play in delivering or supporting these services.

From an economic development perspective, the Budget demonstrates strong alignment with the economic profile and priorities of Southwestern Ontario. Provincial measures, including the Protect Ontario Fund, small business tax reductions, and accelerated capital cost allowances, are intended to support investment, productivity,

and competitiveness in key sectors such as manufacturing, agri-food, and logistics. These measures may contribute to increased investment and assessment growth within Middlesex County; however, the benefits are indirect and contingent on broader economic conditions. Notably, the Budget does not include targeted supports for employment lands readiness or rural site development, as requested by the County.

Administrative changes included in the Budget, such as the planned streamlining of Education Property Tax remittances, are expected to improve administrative efficiency but do not generate new revenue or reduce municipal cost pressures. The continued absence of a province-wide property reassessment timeline remains a concern, as it perpetuates inequities in the property taxation system and limits the ability of municipalities to align revenue with current market conditions and growth.

In reviewing alignment with the County's submission, the Province has partially responded to several priority areas, including rural transit, housing-enabling infrastructure, and economic competitiveness. However, these responses are incremental and program-based in nature. The Budget does not implement the specific policy or funding solutions advanced by Middlesex County, nor does it address the structural and rural-specific challenges identified in the submission. Key priorities including passenger rail for Southwestern Ontario, permanent rural transit operating funding, EarlyON funding formula reform, library funding modernization, rural infrastructure funding enhancements, Ontario Land Tribunal service standards, rural homelessness funding reform, and economic development tools such as a Small Business Enterprise Centre remain unaddressed .

Overall, the 2026 Provincial Budget reflects broad thematic alignment with the priorities identified by Middlesex County but does not translate that alignment into direct implementation. The resulting gap between provincial policy direction and municipal service delivery realities persists.

To respond to the pressures and gaps identified above, Middlesex County will continue to monitor provincial policy and funding developments and assess potential impacts on municipal service delivery and long-term financial planning. The County will maintain ongoing advocacy efforts through direct engagement with the Province and municipal sector partners to advance the priority areas identified in its 2026 Budget submission.

At the same time, the County will incorporate the implications of the 2026 Provincial Budget into its long-term financial and capital planning processes, including continued prioritization of critical infrastructure investments and careful management of operating and growth-related pressures. Staff will also continue to evaluate and pursue applicable provincial funding opportunities as they arise, while working collaboratively with lower-tier municipalities and regional partners to advance shared priorities.

**FINANCIAL IMPLICATIONS:**


The 2026 Provincial Budget has a moderate, primarily indirect financial impact on Middlesex County.




Targeted investments in areas such as rural transit, health care, and supportive housing provide some cost mitigation and service support, including for Middlesex County Connect and potential downstream pressures on paramedic and homelessness services. Provincial economic measures may also contribute to longer-term assessment growth and regional investment.

However, these supports are program-based and time-limited, and do not provide long-term operating certainty. The absence of structural changes to municipal funding, including no new revenue tools and no modernization of core infrastructure programs, means that existing financial pressures related to infrastructure, growth, and service delivery remain.

**ALIGNMENT WITH STRATEGIC FOCUS:**

This report aligns with the following Strategic Focus, Goals, or Objectives:

Strategic Priority	Goal	Objectives
<p>Economic Development</p> 	<p>Enhance overall economic well-being and community prosperity by fostering a sustainable and thriving local economy</p>	<ul style="list-style-type: none"><li>• Develop and implement an Economic Development approach for the County, focusing on key priorities, actions, and areas of growth while providing strong support for small businesses and entrepreneurs, including agriculture-related businesses.</li><li>• Work towards providing access to ready-to-build land with the infrastructure and services needed to create jobs and grow the local economy.</li><li>• Advance the County’s planning framework that balances diverse land uses while protecting farmland and natural environment.</li></ul>

Strategic Priority	Goal	Objectives
<p data-bbox="203 262 427 331">Collaboration &amp; Partnerships</p> 	<p data-bbox="453 262 738 772">Strengthen collaboration with local municipalities and regional partners to improve economic efficiency, enhance service delivery, and support regional development in alignment with community priorities</p>	<ul data-bbox="764 262 1442 772" style="list-style-type: none"> <li>• Optimize service delivery through inter-municipal collaboration and shared services to improve efficiency and seamless operations.</li> <li>• Build and enhance relationships with municipal, regional, First Nations, community, and private sector partners to align priorities, share resources, and implement joint initiatives that improve community well-being and economic growth.</li> <li>• Improve communication and transparency through open engagement, accessible information, and informed decision-making.</li> </ul>
<p data-bbox="203 802 397 907">Sustainable Infrastructure Development</p> 	<p data-bbox="453 802 732 1159">Expand and upgrade critical infrastructure to enhance resilience, efficiency, and accessibility while prioritizing sustainability and long-term cost-effectiveness</p>	<ul data-bbox="764 802 1442 1276" style="list-style-type: none"> <li>• Enhance and maintain road infrastructure to improve connectivity, traffic efficiency, and encourage active transportation, while preserving the unique character of municipal main streets.</li> <li>• Pursue funding and grants for infrastructure projects to deliver lasting benefits while providing predictable costs for taxpayers.</li> <li>• Invest in sustainable infrastructure opportunities that incorporate climate resilience measures to mitigate extreme weather impacts and reduce overall environmental impact.</li> </ul>
<p data-bbox="203 1304 373 1373">Adaptability and Agility</p> 	<p data-bbox="453 1304 698 1696">Modernize the County's administrative capabilities to strengthen decision-making, improve service delivery, and achieve better community outcomes</p>	<ul data-bbox="764 1304 1421 1852" style="list-style-type: none"> <li>• Transform, modernize and continuously improve administrative systems and processes to increase efficiency and enhance the experience of residents and partners.</li> <li>• Strengthen internal administrative capabilities to ensure key support services have the necessary resources to meet community needs and support organizational growth.</li> <li>• Enhance the County employee value proposition to attract, retain, and support a talented workforce through competitive benefits, professional growth opportunities, and a positive workplace culture.</li> </ul>

**RECOMMENDATION:**

**THAT** the 2026 Ontario Provincial Budget Report be received for information.