TORONTO STAR

Canada will slash millions in spending meant to help immigrants. Here's how hard Ontario is being hit

Nicholas Keung

February 24, 2026

The federal government is going to slash its immigrant settlement funding by $98.1 million this year, including a 17.3% reduction for organizations that support newcomers in Ontario, the Star has learned.

The across-the-board funding reductions outside Quebec are expected to affect all services, including employment counselling, information and orientation, translation help for appointments and other supports to assist newcomer integration. Newcomer women and caregivers, survivors of trauma, people with disabilities and others who are likely to delay language and other programs are feared to be disproportionately affected, though refugee services won't be affected by the cuts.

The 9.5% overall cut for the 2026-2027 fiscal year is in addition to the previously announced spending cuts to end all English classes beyond level 4 of the Canadian Language Benchmark (the government's language assessment system with levels from 1 to 12) by September 2026. New eligibility will also take effect on April 1 to restrict access to services for economic immigrants.

Immigrant service agencies in Ontario will see funding reduced to $424.6 million from $513.6 million in 2025-2026. The hardest hit province is British Columbia, which will see a 25% reduction in settlement funding, followed by Nova Scotia (23.3%) and Prince Edward Island (22%).

"The department recognizes the challenging impact these funding decisions will have on service provider organizations, and we will strive to provide transparent and timely information, as well as to respond to any concerns," assistant deputy immigration minister Catherine Scott said in a Feb. 13 email to service agencies. "We can jointly ensure service continuity for clients."

All funded agencies are expected to be contacted by the department before the end of the week on how their individual programs will be affected, as resources will also be reallocated to support organizations that serve French-speaking clients as a result of Ottawa's priority to boost francophone immigration outside Quebec.

The news has sent another shock wave to service providers, who had already had federal funding for the sector reduced from about $1.17B in 2024-25 to $1.12B in the current fiscal year.

"It's a one-two punch," said the executive director of one multiple service agency, who asked not to be identified for fear of repercussions to his organization by the department.

"A lot of agencies are now going into deficit budgeting, using, if they are fortunate enough to have cash reserves, to help stabilize the agencies over the next two years where we are going to see the main hit to the sector and it begins to pose questions around long-term sustainability."

According to Scott's letter, the settlement funding cuts are in part due to the 2025 federal budget, which required departments to find up to 15% in savings over three fiscal years starting in 2026-27. It also reflects the reduced permanent resident admission targets from 395,000 last year to 380,000 in 2026, 2027 and 2028, "with changes to the mix of immigration categories."

The federal budget also included new eligibility for access to settlement services. Beginning April 1, 2026, economic class clients — including spouses and children — will be eligible for supports for six years from the date they receive the confirmation of permanent residence. It will be further reduced to five years next April. (Currently there is no limit for permanent residents.)

As is currently the case, any permanent resident client who becomes a citizen can no longer use settlement services.

"The program will continue to support most recent arrivals and those with multiple barriers to integrate into Canadian society," the Immigration Department told the Star in an email.

"Funding decisions do not affect all Service Provider Organizations (SPOs) in the same way, as impacts depend on each organization's unique situation. Questions about operational impacts should be directed to the SPOs themselves."

The source who spoke with the Star said some newcomers, especially women, may delay access to English classes or other services because they want to secure employment immediately or have other family responsibilities such as caring for young children before they free up time to seek out settlement supports.

"We're in this situation now where there are already newcomers in the country from previous years that are continuing to access supports and services that will be impacted over and above those that are part of the 380,000 coming to Canada in this calendar year," he said.

"There is a lack of vision on the future of immigration in this country. We know from public opinion polls there's a trust issue. There's the need to rebuild the trust and the system. As we've seen, post-secondary education (institutions) are in crisis. Homeowners using international students for their mortgage are in crisis. The condo market is gutted in Toronto. There's a domino effect as a result of declining immigration targets."

Scott said in her email that the current settlement program reporting system will be updated for the verification of the end of eligibility for economic immigrant clients, and citizenship for all clients. Training will be offered in March.

The department remains committed to working closely with the settlement sector to ensure that clients continue to receive the services they need to support their successful economic and social integration," she wrote.

Other provinces face settlement funding cuts at different levels: Newfoundland and Labrador (8.6%), New Brunswick (17.6%), Manitoba (19.6**%), Saskatchewan (19.8%),** Alberta (18%), Northwest Territories (5.9%) and Yukon (15.7%). Nunavut will get a 0.3 per cent raise.