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Council of Ontario Construction Associations

GOVERNMENT RELATIONS REPORT

September 2026

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FAO Forecasts Slow Growth, Ongoing Deficits and Fiscal Pressures for Ontario

The Financial Accountability Office of Ontario's Economic and Budget Outlook, Summer 2026, published September 15, projects a challenging fiscal path for the province from 2025-26 to 2030-31, with slower growth, continued annual deficits and weakening fiscal sustainability indicators.

Real GDP growth is expected to slow from 1.3 per cent in 2025 to 0.6 per cent in 2026, reflecting a weak start to the year, lower population growth, U.S. tariffs and elevated oil prices. Growth is projected to improve to 1.5 per cent in 2027 and average 1.9 per cent from 2028 to 2031, close to the province's long-term trend.

The budget deficit is forecast to grow from $1.1 billion in 2024-25 to $10.6 billion in 2025-26, then to $16.9 billion in 2026-27 as spending growth outpaces revenue growth. Revenue growth is expected to average 2.8 per cent per year and spending growth 3.2 per cent, both slower than over the previous six years. The FAO does not project a return to balance by 2030-31, whereas the 2026 Ontario Budget projected a balanced budget in 2028-29.

Net debt is expected to climb from $427.1 billion in 2024-25 to $596.1 billion in 2030-31, while the accumulated deficit is projected to rise by $62.5 billion, reaching $309.6 billion. By the end of the outlook, the net debt-to-revenue and interest-to-revenue ratios are projected to exceed the government's fiscal targets. Compared with the 2026 Budget, the FAO projects lower revenues in every year and higher cumulative spending, with funding shortfalls in health, education, children, community and social services, debt interest and justice.

Risks remain significant, including geopolitical conflicts and changing Canada-U.S. trade relations. Under the FAO's high-growth scenario, the deficit could fall to $2.1 billion by 2030-31. Under its low-growth scenario, it could reach $13.7 billion.

Read the full report: https://fao-on.org/en/report/ebo-su2026/

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CALL TO ACTION – Oppose the WSIB's Cancellation Important Cost Relief Program

The WSIB's Second Injury and Enhancement Fund (SIEF) provides employers that have employees who had previous injuries or have pre-existing conditions and suffer a second injury that was caused by, aggravated by or recovery extended because of the prior injury, with a sliding scale of cost relief. The cost relief removes to some degree the costs of the second injury attributable to the first or the pre-existing condition (over which the employer had no control and should bear no financial accountability). SIEF cost relief is in place to deliver a measure of equity and fairness to the province's employers who fund the system.

On June 16th the WSIB quietly without any advance notice, announced the cancellation of SIEF in an email to stakeholders and on the organization's website. The cancellation of SIEF was made retroactive to June 16, 2026. The WSIB's decision to cancel SIEF was made arbitrarily and retroactively and without consultation with its stakeholders which is contrary to the WSIB's own internal operating policy for such significant program changes

We continue to encourage contractors in the strongest way possible take action and to email letters opposing the WSIB's arbitrary and retroactive cancellation of SIEF without the required consultation and asking that the WSIB be directed to:

- Develop a comprehensive even, fair and balanced white paper on SIEF (similar cost relief programs exist in at least five other provinces)
- Convene an engaging and robust 6-month consultation process with stakeholders with the objective of developing and implementing a new and improved cost relief program for second injuries

Your letters should be addressed and sent to:

- Premier of Ontario, The Honourable Doug Ford doug.fordco@pc.ola.org
- Cc Premier Ford's chief of staff travis.kann2@ontario.ca
- Minister of Labour Immigration Training & Skills Development, The Honourable Trevor Jones minister.mlitsd@ontario.ca
- Cc Minister Jones' chief of staff matthew.stubbings@ontario.ca
- WSIB president & CEO Jeff Lang jeff_lang@wsib.on.ca
- Cc WSIB VP Policy & Compliance Mike Johnston mike_johnston@wsib.on.ca

The WSIB is firmly entrenched, immovable and intractable. Without consulting with its customers, acting like Big Brother, the WSIB believes it knows what's best for you. They have already demonstrated their unwillingness to move, to reconsider. Only with your active engagement on this issue do we have any hope of bringing fairness and equity back to Ontario's workers compensation system.

Thank you for your help.

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Ontario Records $13 Billion Deficit in 2025-26 - $1.6 Billion Below Budget

On September 24th the Treasury Board President Kinga Surma and Finance Minister Peter Bethlenfalvy released Ontario's final audited financial results for the 2025-2026 fiscal year (the 12 month period that ended on March 31, 2026). The government of Ontario's fiscal year runs from April 1 to March 31 each year. Here are some of the highlights from their announcement:

- In 2025-26, the government invested $220.9 billion across all programs, which represents a 4.7 per cent or $10.0 billion increase in program spending over the previous fiscal year
- The government recorded total revenues of $223.3 billion, which is $1.6 billion or 0.7 per cent lower than the previous fiscal year largely attributable to one-time revenue recognized in 2024–25 from the tobacco legal settlement and lower revenues reported by the broader public sector. Taxation revenues were also moderated by the enactment of Bill C-15 by the federal government on March 26, 2026, which included several accelerated capital cost allowance measures. The interest and other debt servicing charges are $747 million lower than the 2025 Budget forecast due to higher-than-forecasted revenue from Ontario's holdings of its own bond and lower borrowing costs.
- Health care sector investments increased by $6.6 billion, or 7.2 per cent, compared to 2024-25, to continue to connect people to the care they need, and provide support for hospitals, home care and long-term care.
- Education sector investments increased by $2.3 billion, or 6.1 per cent, including investments in child care and more funding to renew and improve schools and to support new schools and expansions.
- Infrastructure investments increased by $1.9 billion, supporting investments in hospitals, public transit, highways, broadband connectivity and housing-enabling infrastructure.
- The government recorded a $13.0 billion deficit for the fiscal year ending March 31, 2026, an improvement compared to the projection of $14.6 billion in the 2025 Budget.
- The province's net debt to GDP ratio stands at 36.8%

The government's 2026 Ontario Economic Outlook and Fiscal Review, also referred to as the Fall Economic Statement, will be released on or before November 15, 2026.

For the government's news release, click on the following link:

https://news.ontario.ca/en/release/1008044/ontario-releases-2025-26-public-accounts

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Program Provides Organizations up to $15 M Per Year to Connect Youth With Apprenticeships

The federal government recently announced that Expressions of Interest are now being accepted for the TThe program aims to provide youth aged 15-30 with paid, entry level construction and trades related work placements supporting pathways into apprenticeships. It will fund projects that help participants, including those facing barriers to employment, develop skills and gain exposure to construction and trades-related occupations, build professional networks, and advance toward long-term careers in the skilled trades.

Application period: September 17, 2026, to October 23, 2026, at 7:00 pm Eastern Daylight Time (EDT)

Funding amount: Eligible organizations may request up to $15 million per year. Projects may be funded for up to two years (24 months), for a maximum of $30 million, with the possibility of extension based on performance and available funding.

Who can apply: Not-for-profit organizations, municipal governments, Indigenous organizations, for profit organizations (if the nature and intent of the activity is non-commercial and not intended to generate profit), public health, educational and cultural institutions.

For more information click here

Construction Association Leader Moves On

After more than 13 years with the Ontario Sewer and Watermain Contractors Association (OSWCA) including more than 6 years as the organization's executive director, Patrick McManus has moved on to take the president & ceo role at the Electro Federation of Canada.

The likeable McManus earned BA and MA degrees at the University of Ottawa before a three-year stint with the federal Department of Foreign Affairs and Trade. This was followed by almost two years working in public policy and GR with the Ontario Road Builders Association before he joined OSWCA in June 2013.

"Electro-Federation Canada (EFC) is a national not-for-profit association representing more than 230 member companies across Canada's electrical and automation industries, including manufacturers, distributors, and manufacturers' representatives. EFC members provide the products, technologies and expertise that enable electrification, automation and energy efficiency, supporting the infrastructure and economic growth needed for a stronger Canada. Together, EFC members contribute more than $15.1 billion to the Canadian economy annually and support more than 109,000 jobs across the country." (from the EFC website.)

We wish Patrick only the best with his new responsibilities and challenges.

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Pickering Nuclear Generating Station refurbishment

According to a recent Ontario government news release:

- construction on the Pickering Nuclear Generating Station refurbishment has commenced
- the refurbishment of the Pickering Nuclear Station is Canada's largest clean energy infrastructure project
- the project will extend the life of Pickering's four CANDU reactors by up to 38 years
- the Pickering B units (Units 5 to 8) will be removed from service by the end of September 2026
- Once complete, the refurbished station will supply up to 2,200 megawatts (MW) of reliable, affordable power – enough to power 2.2 million homes.
- The Pickering "B" refurbishment is also expected to secure a long-term supply of Cobalt-60, a life-saving medical isotope used worldwide in cancer treatments and in the sterilization of medical equipment and food products,
- The refurbished Pickering Nuclear Station is being built with Canadian technology and a made-in-Ontario supply chain; the refurbishment is expected to contribute $41.6 billion to Canada's GDP, with more than 90 per cent of project spending staying in Ontario and Canada.
- Major contracts awarded to Ontario-based suppliers as part of this work include Aecon Group, Candu Energy (an Atkins-Realis company), and Siemans Energy Canada.

Click here for The full text of the government's news release .

According to an article published in The Narwhal on September 17th:

- The refurbishment is expected to last until the mid-2030s,
- The Pickering Nuclear Station refurbishment is running concurrently with work on Bruce Power, another nuclear facility in Kincardine, Ont.
- In the interim, the province will maintain its electricity supply largely by relying on natural gas
- the province's electricity operator has been putting callouts for more natural gas generation to maintain a reliable power grid.
- The operator has projected the Pickering retirement and refurbishment outages will make Ontario a net importer of power for the first time since 2005 — with imports largely coming from the United States, a complicated prospect amid a tariff war.
- The system operator expects that balance of trade to return to exports once the nuclear refurbishments wrap up in the 2030s.
- The government has approved a $26.8-billion budget for the Pickering refurbishment
- Canada's nuclear regulator will be holding the second half of a public hearing starting Oct. 6 to decide whether to renew Pickering's operating licences — for both the power plant and its waste storage facility — for another 10 years, and whether to approve the planned refurbishment.

Once the hearing wraps up and the regulator has all the input it needs, it'll issue a decision, typically within four months.

Click here for the complete article from The Narwhal

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St Thomas Battery Plant Opening Delayed Two Years

PowerCo, a subsidiary of Volkswagen, began the construction of a $7 billion gigafactory in St Thomas Ontario to manufacture batteries for electric cars, in October 2025

In addition to the significant number of construction jobs needed during the construction phase, it is estimated the plant will create approximately 3,000 well paying direct jobs once it is operating plus tens of thousands of indirect jobs

To support the project, the federal and provincial governments have committed more that $1 billion in up-front capital and infrastructure investments and up to $13.2 billion into production incentives that are tied to output

Infrastructure expansions and enhancements are already underway in the region to support the facility and the expected population growth

On September 24, 2026, PowerCo announced that the opening of the plant, originally scheduled for 2027, is being delayed to 2029

PowerCo cited slower demand for electric vehicles than originally forecast and advancements in battery technology as the reasons for the delay

At the same time, PowerCo announced that it had selected Ellis-Don as the general contractor for the project.

Ontario Students Continue to Struggle With Math

The Education Quality and Accountability Office (EQAO) recently released the results if its 2025-2026 large scale assessments of the province's public education system. Here are some highlights:

- 86% of the grade 6 students that fully participated in the reading component of the junior division assessment met the provincial standard versus 86% in 2024-2025 and 82% in 2023-2024
- 85% of the grade 6 students that fully participated in the writing component of the junior division assessment met the provincial standard versus 85% in 2024-2025 and 80% in 2023-2024
- 52% of the grade 6 students that fully participated in the mathematics component of the junior division assessment met the provincial standard versus 51% in 2024-2025 and 50% in 2023-2024
- 59% of the students that fully participated in the grade 9 assessment of mathematics met the provincial standard versus 58% in 2024-2025 and 54% in 2023-2024

For the complete EQAO results, click on https://www.eqao.com/results/

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Longtime Tory Staffer Leaves Government

Kyle Fritz joined the political staff of the then Minister of Environment Conservation and Parks, David Piccini', in September 2021. A year later he moved over to serve on Minister Monte McNaughton's political staff who at the time was Minister of Labour Immigration Training and Skills Development. He remained on political staff of the Minister of Labour Immigration Training and Skills Development when his former boss, David Piccini assumed the role. Kyle became an important member of "Team Piccini" and worked his way up the ranks from policy advisor to director of policy and finally the top job as the Minister's chief of staff. Kyle recently announced that he will be leaving the government to take a break from the 24/7 pressure cooker.

- Announcing his retirement, Kyle listed the following among his proudest accomplishments working in government:
- Introducing Ontario's first pre-employment section to the Employment Standards Act (e.g., salary ranges, responses after interviews, etc.).
- Starting up Ontario's training infrastructure capital fund - expanding training capacity with more than $200M in capital funding.
- Launching Ontario's first Occupational Exposure Registry
- Introducing requirements for AEDs on construction sites
- Expanding the requirement for properly fitting personal protective equipment.
- Breaking down interprovincial barriers by expanding Ontario's As of Right labour mobility framework to regulators outside of healthcare.
- Negotiating the Canada-Ontario Immigration Agreement
- Launching the Regional Economic Development through Immigration (REDI) program, and reforming the Ontario Immigrant Nominee Program (OINP) with new job and language requirements.
- Implementing the strongest cancer protections for firefighters in Ontario's history
- Investing in hundreds of unions, non-profits, colleges and other training providers to strengthen our labour market across Ontario.
- Unveiling the Construction Worker Memorial design and beginning the construction process

We wish Kyle the very best in his future endeavors.