



FAO

Financial Accountability
Office of Ontario

Expenditure Monitor 2025-26: Q2



Highlights

- This report provides information on unaudited spending by the Government of Ontario (the Province) through the first two quarters of the 2025-26 fiscal year (from April 1, 2025 to September 30, 2025).

Changes to the 2025-26 Spending Plan

- In the 2025 Ontario Budget, the Province started the 2025-26 fiscal year with a spending plan of \$232.5 billion.
- The Province may change its spending plan throughout the year, either by requesting additional spending authority from the Legislature or by reallocating spending among different programs through Treasury Board Orders.
- As of the end of the second quarter, the Province's spending plan was down \$254 million to \$232.2 billion.
- By sector, there were spending plan increases in **'other programs'** (\$241 million) and **justice** (\$10 million). These increases were more than offset by a \$505 million transfer from the **Contingency Fund**.

Unaudited Spending versus Planned Spending

- This report compares unaudited spending against the Province's spending plan by quarter to provide information on sectors and programs that may be experiencing spending pressures or budget savings, and to track the status of the Province's full-year spending plan.
- Over the first half of 2025-26, the FAO estimates that the Province spent \$107.9 billion compared to planned spending of \$106.3 billion. Overall, unaudited spending was \$1.7 billion (1.6 per cent) more than planned.
- By sector, higher-than-planned spending was led by **health** (\$1,632 million, 3.7 per cent), **children, community and social services** (\$284 million, 2.8 per cent) and **postsecondary education** (\$160 million, 2.5 per cent). This was partially offset by lower-than-planned spending in **'other programs'** (-\$349 million, -2.4 per cent), **justice** (-\$43 million, -1.4 per cent), **education** (-\$14 million, -0.1 per cent) and **interest and other debt servicing charges** (-\$14 million, -0.2 per cent).
- For information on all of the Province's programs and ministries, visit the FAO's website at: <https://fao-on.org/en/em-2025-26-q2-spending>.

2025-26 Spending versus 2024-25 Spending

- This report also compares 2025-26 unaudited spending against 2024-25 spending to provide context for provincial spending trends and to identify significant year-over-year spending changes.
- The FAO estimates that spending in the first half of 2025-26 was \$5.9 billion (5.8 per cent) higher than in the first half of 2024-25.
- The largest year-over-year spending increase was in **health** (\$2,286 million, 5.3 per cent), followed by **education** (\$1,801 million, 9.6 per cent), **'other programs'** (\$1,075 million, 8.1 per cent), **children, community and social services** (\$325 million, 3.2 per cent), **justice** (\$236 million, 8.4 per cent), **interest and other debt servicing charges** (\$193 million, 2.5 per cent) and **postsecondary education** (\$13 million, 0.2 per cent).



Status of the Contingency Fund

- The Contingency Fund is used to address spending pressures or fund program changes during the fiscal year. The funds within the Contingency Fund cannot be spent directly by the Province but must be transferred to government programs through Treasury Board Orders.
- The Province started the 2025-26 fiscal year with a total of \$3.0 billion in the Contingency Fund. In the first and second quarters, the Province transferred \$11 million and \$495 million, respectively, from the Contingency Fund to various programs. This results in a remaining balance in the Contingency Fund, as of September 30, 2025, of \$2.5 billion.¹

¹ In the 2025 Ontario Economic Outlook and Fiscal Review, the Province added \$2.0 billion to the Contingency Fund. The FAO expects that this top-up will be reflected in the government's financial accounts in the third quarter of 2025-26.

Introduction

This report provides information on the Government of Ontario's (the Province's) spending through the first two quarters of the 2025-26 fiscal year, from April 1, 2025 to September 30, 2025. The report:

- identifies changes made to the Province's 2025-26 spending plan;
- reviews unaudited year-to-date spending in 2025-26 against both the Province's spending plan and spending during the same period in 2024-25; and
- tracks transfers from the Province's Contingency Fund.

This report reviews spending on a fully consolidated basis, consistent with the 2025 Ontario Budget and the Public Accounts of Ontario. The information in this report is based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of September 30, 2025, and the FAO's estimate of additional spending by the broader public sector organizations controlled by the Province (hospitals, school boards, colleges and Children's Aid Societies), the Province's agencies and legislative offices. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario up to six months after the end of the fiscal year.

2025-26 Spending Plan

As presented in the 2025 Ontario Budget, the Province began the fiscal year with a spending plan of \$232.5 billion. This spending plan represents the legal spending authority for ministries as granted by the Legislature through the process of supply,² and an estimate of additional spending by the broader public sector organizations controlled by the Province (hospitals, school boards, colleges and Children's Aid Societies), the Province's agencies and legislative offices.

Changes to the 2025-26 Spending Plan

The Province may change its spending plan throughout the year, either by requesting additional spending authority from the Legislature through Supplementary Estimates or by reallocating spending authority among different programs through Treasury Board Orders. As of the end of the second quarter, September 30, 2025, the Province's spending plan was down \$254 million.

By sector, there were spending plan increases in 'other programs' (\$241 million) and justice (\$10 million). These increases were more than offset by a \$505 million transfer from the Contingency Fund.

In contrast, in the government's 2025 Ontario Economic Outlook and Fiscal Review (released on November 6, 2025), the Province reported a net spending plan increase of \$2.1 billion. The FAO expects that the \$2.1 billion spending plan increase will be reflected in the government's financial accounts in the third quarter of 2025-26.

² Temporary spending authority is first granted by the Legislature through the *Interim Appropriation Act*, with final spending authority then granted through the *Supply Act*. Permanent spending authority is also granted through other legislation for a limited number of programs.

Table 1
2025-26 spending plan changes by sector, as of September 30, 2025, \$ millions

Sector	2025-26 Spending Plan	Q1 Changes	Q2 Changes	Total Changes	Revised 2025-26 Spending Plan
Health	91,131	-	-	-	91,131
Education	42,720	-	-	-	42,720
Postsecondary Education	12,986	-	-	-	12,986
Children, Community and Social Services	20,359	-	-	-	20,359
Justice	6,743	-	10	10	6,753
Other Programs	39,360	11	230	241	39,600
Unallocated Funds:					
Contingency Fund	3,000	-11	-495	-505	2,495
Interest and Other Debt Servicing Charges	16,198	-	-	-	16,198
Total	232,497	-	-254	-254	232,242

Source: FAO analysis of information provided by Treasury Board Secretariat.

First and Second Quarter Analysis

This section highlights key spending plan changes in the first half of 2025-26 by sector. For information on all of the Province's programs and ministries, visit the FAO's website at: <https://fao-on.org/en/em-2025-26-q2-spending>.

Other Programs: \$241 million increase. Notable changes include:

- \$99 million increase for Ministry of Emergency Preparedness and Response, Emergency Management Ontario (Vote-Item 5401-2).
- \$90 million increase for Ministry of Natural Resources, Public Protection (Vote-Item 2104-1).

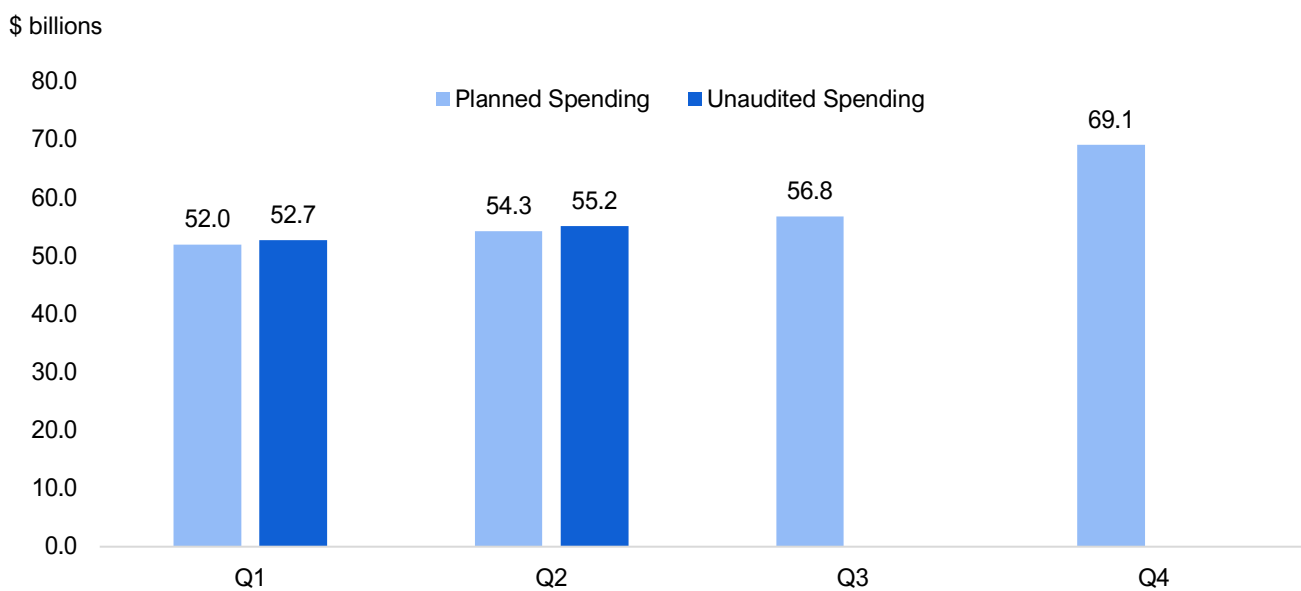
Unaudited Spending

Unaudited Spending versus Planned Spending

This report compares unaudited spending against the Province’s spending plan by quarter³ to provide information on sectors and programs that may be experiencing spending pressures or budget savings, and to track the status of the Province’s full-year spending plan.

Over the first half of 2025-26, the FAO estimates that the Province spent \$107.9 billion compared to planned spending of \$106.3 billion. Overall, unaudited spending was \$1.7 billion (1.6 per cent) more than planned.

Figure 1
2025-26 unaudited spending versus planned spending, by quarter, \$ billions



Source: FAO analysis of information provided by Treasury Board Secretariat.

By sector, higher-than-planned spending was led by health (\$1,632 million, 3.7 per cent), children, community and social services (\$284 million, 2.8 per cent) and postsecondary education (\$160 million, 2.5 per cent). This was partially offset by lower-than-planned spending in ‘other programs’ (-\$349 million, -2.4 per cent), justice (-\$43 million, -1.4 per cent), education (-\$14 million, -0.1 per cent) and interest and other debt servicing charges (-\$14 million, -0.2 per cent).

³ To manage and monitor its program spending during the fiscal year, the Province divides its spending plan into planned spending by quarter, which reflects historical spending patterns, seasonality and other factors. For 2025-26, the FAO estimates that the Province plans to spend \$52.0 billion in the first quarter, \$54.3 billion in the second quarter, \$56.8 billion in the third quarter and \$69.1 billion in the fourth quarter.

Table 2

2025-26 unaudited spending versus planned spending by sector, as of September 30, 2025, \$ millions

Sector	Revised 2025-26 Spending Plan	Planned Spending at end of Q2	Unaudited Spending at end of Q2	Unaudited vs. Planned at end of Q2	Unaudited vs. Planned (%)
Health	91,131	43,646	45,278	1,632	3.7
Education	42,720	20,579	20,565	-14	-0.1
Postsecondary Education	12,986	6,363	6,523	160	2.5
Children, Community and Social Services	20,359	10,109	10,393	284	2.8
Justice	6,753	3,075	3,032	-43	-1.4
Other Programs	39,600	14,616	14,267	-349	-2.4
Unallocated Funds:					
Contingency Fund	2,495	-	-	-	-
Interest and Other Debt Servicing Charges	16,198	7,884	7,870	-14	-0.2
Total	232,242	106,272	107,927	1,656	1.6

Source: FAO analysis of information provided by Treasury Board Secretariat.

The rest of this section highlights key program spending that was above and below plan in the first half of 2025-26. For information on spending by all of the Province's programs and ministries, visit the FAO's website at: <https://fao-on.org/en/em-2025-26-q2-spending>.

Health sector spending: \$1,632 million (3.7 per cent) more than planned. Highlights include:

- \$1,051 million more than planned in Ontario Health Insurance (Vote-Item 1405-1), which administers payments to physicians and practitioners.
- \$938 million more than planned in Health Services (Vote-Item 1416-1), which funds the operation of hospitals, home care, community services and other services.
- \$197 million more than planned in Health Capital Program (Vote-Item 1407-1), which provides capital funding to hospitals and other health care facilities.
- \$145 million more than planned in Provincial Programs (Vote-Item 1412-1), which funds Canadian Blood Services, Community and Priority Services, and other specialized services.
- \$155 million less than planned in Long-Term Care Homes Program (Operating) (Vote-Item 4502-1), which funds the operation and development of long-term care homes.
- \$205 million less than planned in Drug Programs (Vote-Item 1405-2), which funds a number of provincial drug programs, the largest of which is the Ontario Drug Benefit Program.
- A net \$340 million less than planned in the remaining vote-items, and consolidation and other adjustments in the health sector.

Postsecondary education sector spending: \$160 million (2.5 per cent) more than planned. Highlights include:

- \$159 million more than planned in Colleges, Universities and Student Support (Vote-Item 3002-1), which provides operating grants for colleges and universities, and student financial assistance programs.

Children, community and social services sector spending: \$284 million (2.8 per cent) more than planned. Highlights include:

- \$163 million more than planned in Financial and Employment Supports (Vote-Item 702-3), which includes the Ontario Disability Support Program, Ontario Works and the Ontario Drug Benefit Plan.

Other programs sector spending: \$349 million (-2.4 per cent) less than planned. Highlights include:

- \$174 million more than planned in Ministry of Municipal Affairs and Housing, Municipal and Housing Operations (Operating) (Vote-Item 1909-1), which primarily funds housing and homelessness programs.
- \$158 million more than planned in Ministry of Transportation, Transit (Operating) (Vote-Item 2702-2), which provides operating funding for the Province's transit agencies, such as Metrolinx, and public transit funding to municipalities.
- \$102 million less than planned in Ministry of the Solicitor General, External Relations Branch (Vote-Item 2603-5), which supports community safety programs.
- \$136 million less than planned in Ministry of Infrastructure, Infrastructure Policy, Planning and Projects (Vote-Item 4003-2), which funds infrastructure programs, such as the Housing-Enabling Water Systems Fund and various Federal-Provincial programs.
- \$149 million less than planned in Ministry of Tourism, Culture and Gaming, Ontario Cultural Media Tax Credits (Vote-Item 3808-1), which provides subsidies to Ontario-based companies in film, television, interactive digital media or publishing industries.
- \$163 million less than planned in Ministry of Energy and Mines, Broadband Capital Expense (Vote-Item 2907-2), which funds Broadband and Cellular Infrastructure programs.
- \$432 million less than planned in Ministry of Transportation, Transit (Capital) (Vote-Item 2702-3), which mainly provides capital funding for the Province's transit agencies, such as Metrolinx, and municipal transit infrastructure projects.
- A net \$302 million more than planned in the remaining vote-items, and consolidation and other adjustments in the 'other programs' sector.

2025-26 Spending versus 2024-25 Spending

This report also compares 2025-26 unaudited year-to-date spending against 2024-25 spending to provide context for provincial spending trends and to identify significant year-over-year spending changes.

In the first half of 2025-26, the FAO estimates that the Province spent \$107.9 billion. This was \$5.9 billion (5.8 per cent) more than was spent in the first half of 2024-25. The largest year-over-year spending increase was in health (\$2,286 million, 5.3 per cent), followed by education (\$1,801 million, 9.6 per cent), 'other programs' (\$1,075 million, 8.1 per cent), children, community and social services (\$325 million, 3.2 per cent), justice (\$236 million, 8.4 per cent), interest and other debt servicing charges (\$193 million, 2.5 per cent) and postsecondary education (\$13 million, 0.2 per cent).

Table 3

Unaudited spending through the end of the second quarter by sector, 2025-26 vs. 2024-25, \$ millions

Sector	2024-25 Spending at end of Q2	2025-26 Spending at end of Q2	2025-26 vs. 2024-25	2025-26 vs. 2024-25 (%)
Health	42,992	45,278	2,286	5.3
Education	18,764	20,565	1,801	9.6
Postsecondary Education	6,510	6,523	13	0.2
Children, Community and Social Services	10,068	10,393	325	3.2
Justice	2,796	3,032	236	8.4
Other Programs	13,192	14,267	1,075	8.1
Interest and Other Debt Servicing Charges	7,677	7,870	193	2.5
Total	101,998	107,927	5,929	5.8

Source: FAO analysis of information provided by Treasury Board Secretariat.

- The **health sector** spent \$2,286 million (5.3 per cent) more in the first half of 2025-26 compared to the same period in 2024-25, largely due to higher spending for:
 - payments to physicians and practitioners (\$1,486 million);
 - Operation of Hospitals (\$1,018 million);
 - the Health Capital program (\$402 million);
 - the operation of long-term care homes (\$163 million);
 - Clinical Education (\$115 million);
 - Home Care (\$106 million); and
 - Cancer Treatment Services (\$99 million);
 offset by lower spending on:
 - Drug Programs (Vote-Item 1405-2) (-\$459 million).

- The **education sector** spent \$1,801 million (9.6 per cent) more in the first half of 2025-26 compared to the same period in 2024-25, largely due to higher spending for:
 - operating grants to school boards (\$656 million);⁴ and
 - the Child Care and Early Years program (\$922 million).
- The **postsecondary education sector** spent \$13 million (0.2 per cent) more in the first half of 2025-26 compared to the same period in 2024-25, largely due to higher spending for:
 - student financial assistance (\$377 million);
 - grants for university operating costs (\$186 million); and
 - grants for college operating costs (\$118 million);

largely offset by lower estimated self-financed operating spending by colleges due to lower international student fee revenue (-\$664 million).

- The **children, community and social services sector** spent \$325 million (3.2 per cent) more in the first half of 2025-26 compared to the same period in 2024-25, due to higher spending on a variety of programs.
- The **justice sector** spent \$236 million (8.4 per cent) more in the first half of 2025-26 compared to the same period in 2024-25, due to higher spending on a variety of programs.
- The **'other programs sector'** spent \$1,075 million (8.1 per cent) more in the first half of 2025-26 compared to the same period in 2024-25, largely due to higher spending for:
 - Ministry of Transportation, Metrolinx infrastructure projects (\$760 million);
 - Ministry of Public and Business Service Delivery and Procurement, Application and Information Technology Services (\$358 million);⁵
 - Treasury Board Secretariat, Employee and Pensioner Benefits (Employer Share) Program (Vote 3403) (\$347 million);
 - Ministry of Infrastructure, Municipal Infrastructure (\$200 million);
 - Ministry of Municipal Affairs and Housing, National Housing Strategy (\$196 million); and
 - Ministry of Emergency Preparedness and Response, Emergency Management Ontario (Operating) (\$99 million);

offset by lower spending on:

- Ministry of Municipal Affairs and Housing, Building Faster Fund (Capital) (-\$134 million); and
- Ministry of Energy and Mines, the Ontario Electricity Rebate (-\$358 million).
- **Interest and other debt servicing charges** spending was \$193 million (2.5 per cent) more in the first half of 2025-26 compared to the same period in 2024-25.

⁴ Operating grants to school boards includes the School Board Operating Grants, School Board Debt Service Costs, Education Property Tax Non-Cash Expense and Responsive Education Programs.

⁵ Higher spending on Ministry of Public and Business Service Delivery and Procurement, Application and Information Technology Services in 2025-26 is due to a transfer of IT spending from various ministries.



Status of the Contingency Fund

The Contingency Fund is used to address spending pressures or fund program changes during the fiscal year. The funds within the Contingency Fund cannot be spent directly by the Province but must be transferred to government programs through Treasury Board Orders.

The Province started the 2025-26 fiscal year with a total of \$3.0 billion in the Contingency Fund. In the first quarter, the Province transferred \$11 million from the Contingency Fund to various programs. In the second quarter, the Province transferred \$495 million from the Contingency Fund to various programs. This results in a remaining balance in the Contingency Fund, as of September 30, 2025, of \$2.5 billion.

In the 2025 Ontario Economic Outlook and Fiscal Review, the Province added \$2.0 billion to the Contingency Fund. The FAO expects that this top-up will be reflected in the government's financial accounts in the third quarter of 2025-26.

Table 4
2025-26 transfers from the Contingency Fund, as of September 30, 2025, \$ millions

Ministry/Program	\$ millions
Opening Contingency Fund Balance as of April 1, 2025	3,000
First Quarter Transfers to Ministries	
Ministry of Natural Resources	
Forestry Initiatives	11
Less: Total First Quarter Transfer to Ministries	-11
Second Quarter Transfers to Ministries	
Ministry of Agriculture, Food and Agribusiness	
Research Infrastructure Maintenance and Repairs	11
Research Infrastructure Renewal	7
Ministry of Colleges, Universities, Research Excellence and Security	
Capital Grants – Universities	46
Grants for University Operating Costs	24
Ministry of Emergency Preparedness and Response	
Services – Emergency Management Ontario	99
Ministry of Environment, Conservation and Parks	
Services – Environmental Compliance and Enforcement	2
Ministry of Francophone Affairs	
Services – Francophone Affairs Co-ordination	1
Ministry of Natural Resources	
Public Safety and Emergency Response (Operating Asset)	160
Public Protection	90
Public Safety and Emergency Response (Capital Asset)	25
Forestry Initiatives	6
Ministry of the Solicitor General	
Grants for Fire Safety	10
Ministry of Tourism, Culture and Gaming	
Agencies and Attractions Sector Support	15
Less: Total Second Quarter Transfers to Ministries	-495
Contingency Fund Balance as of September 30, 2025	2,495

Source: FAO analysis of information provided by Treasury Board Secretariat.

About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office of Ontario (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

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This report has been prepared with the benefit of publicly available information and information provided by Treasury Board Secretariat.

In keeping with the FAO's mandate to provide the Legislative Assembly of Ontario with independent economic and financial analysis, this report makes no policy recommendations.



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