Ontario

2026 – TCP COMMENTS AND RESPONSES

OPSS.PROV 127 - SCHEDULE OF RENTAL RATES FOR CONSTRUCTION EQUIP

Date: July 2026

Comments received by TCP			
Comment ID	**Organization**	**Comment**	**Response**
578		127.02.10.04 Hydraulic Post Driver Track Mounted needs to be included in 127.03 MANUFACTURERS' MODEL, SPECIFICATION AND CAPACITY REFERENCE GUIDE We are seeing in the field contractors with with these units claiming that because of an attachment they should be paid under 127.02.11.07 Hydraulic Rock Drill, Including Power Pack, Excluding Drill Steel and Bits	The Manufacturers' Model, Specification and Capacity Reference Guide is not intended to be an exhaustive listing of all equipment that may be available in the marketplace. The guide contains representative equipment used in the development of the 127 Rates and, where applicable, to differentiate between equipment classes and capacities. Since Hydraulic Post Driver Track Mounted is a single-rate equipment classification with no capacity or power subclasses, inclusion of specific make/model information is not required. Classification of equipment for payment purposes is governed by the descriptions and requirements of the rental rate schedule item itself, not by the presence or absence of a make/model in

			the reference guide. Therefore, no changes are proposed.
579		Pg 70 of 81 Hydraulic Rock Drill, Including Power Pack, Excluding Drill Steel and Bits (127.02.11.07) FLEXIROC D65 is manufactured by Epiroc SMARTROC T45 is manufactured by Epiroc ROC L8 (25) will now be produced under Epiroc Epiroc is a spin off of Atlas Copco see below Epiroc AB was a fully-owned subsidiary of Atlas Copco AB. At Atlas Copco's Annual General Meeting on April 24, 2018, the decision was taken to distribute Epiroc AB to the shareholders of Atlas Copco AB and list Epiroc AB on the Nasdaq Stockholm stock exchange. All shares in the wholly-owned subsidiary	Agreed, will revise.

		Epiroc AB was distributed to Atlas Copco AB's shareholders in proportion 1:1. One share in Atlas Copco AB entitle to one share in Epiroc AB. Holders of a series A share in Atlas Copco AB receives one series A share in Epiroc AB and holders of a series B share in Atlas Copco AB receives one series B share in Epiroc AB. The first day of trading in Epiroc AB was June 18, 2018. Epiroc's shares of series A are traded under the ticker EPI A with the ISIN code SE0011166933 and shares of series B are traded under the ticker EPI B with the ISIN code SE0011166941. Atlas Copco AB has requested general guidelines from the Swedish Tax Agency regarding the allocation of tax basis between Atlas Copco AB and Epiroc AB shares. It is expected that the general guidelines will be published towards the end of August. For more information regarding certain tax	

		considerations, see pages 115 – 119 of Epiroc's listing prospectus.	
580		127.02.02.07 - Linestripper should be linestriper	Agreed, will revise.
583	OSWCA, GTSWCA, TARBA, and HCAT	Attached is a joint submission from the Ontario Sewer and Watermain Construction Association (OSWCA), Greater Toronto Sewer and Watermain Contractors Association (GTSWCA), Toronto and Area Road Builders Association (TARBA) and Heavy Contractors Association of Toronto (HCAT), who represent over 1000 member companies across the province. Our members construct, rehabilitate, and supply materials for core municipal infrastructure projects including water, wastewater, stormwater, roads, and bridges throughout Ontario's 444 municipalities.	Please see response to comment 585 below.
584		The Ontario Sewer and Watermain Construction Association (OSWCA), Greater	Please see response to comment 585 below

		Toronto Sewer and Watermain Contractors Association (GTSWCA), and Toronto and Area Road Builders Association (TARBA) represent more than 1,000 member companies across the province. Our members construct, rehabilitate, and supply materials for core municipal infrastructure projects including water, wastewater, stormwater, roads, and bridges throughout Ontario's 444 municipalities and for the Ontario Ministry of Transportation. We appreciate the opportunity to provide comments on the draft 2026 OPSS 127 Schedule of Rental Rates for Construction Equipment. Our members rely on the OPSS 127 rental rates as an important benchmark for time-and-material work and extra work compensation for municipalities and public works across the province. For this reason, it is	

		critical that the published rates reasonably reflect the actual costs incurred by contractors to own, finance, maintain, and operate construction equipment in Ontario. We are concerned that for many key heavy civil equipment categories (i.e. excavators, loaders, bulldozers, graders, haulage, crushing and screening) the proposed 2026 rates show year-over-year decreases at a time when contractors continue to face elevated equipment ownership and operating costs. While we understand that the OPSS 127 methodology is formula-driven and incorporates factors such as fuel prices, financing assumptions, and indexed equipment values, the resulting decreases do not align with the operating realities currently being experienced across Ontario's heavy civil construction industry.	

		Over the past several years, contractors have faced significant increases in equipment acquisition costs, including both new and used equipment; dealer scarcity premiums and supply chain constraints; financing and borrowing costs; insurance premiums; parts and component replacement costs; repair and maintenance expenses; and equipment downtime and associated operating risks. Our understanding is that the OPSS 127 methodology incorporates historical equipment pricing datasets that are adjusted using inflation indices and then averaged over multiple years. While this approach helps reduce volatility, it also has the effect of dampening the impact of current market conditions. In today's environment, actual equipment replacement costs have	

		increased at a pace that frequently exceeds general inflation measures. As a result, historical averaging no longer accurately reflects the true cost of equipment ownership and operation. Additionally, we understand that the recent spike in fuels costs is, effectively, absent from these rate calculations because the average price is calculated from April 1, 2025 to March 31, 2026. This calculation period therefore only captures one month of the current fuel escalation costs and includes the elimination of the carbon tax on fuel, which is the likely cause for the downward pressure on the 2026 rates. These factors have, unfortunately, resulted in a significant gap between the draft prices and the operating reality in the field. We respectfully request that MTO reconsider the proposed	

		2026 reductions. At a minimum, we recommend maintaining the 2025 OPSS 127 rental rates for the 2026 calendar year rather than implementing broad decreases that are inconsistent with contractor experience in the marketplace. This would match what has occurred in the province of Alberta for their 2026 equipment rental rates. We also recommend that MTO: • Review whether the current methodology adequately captures actual replacement costs for equipment, particularly in periods where market pricing materially exceeds inflation-indexed historical values; • Consider the use of market-condition adjustments or temporary stabilization measures during periods of significant volatility, similar to approaches adopted in other jurisdictions (i.e. allow for fuel	

		cost averaging to extend to June – the month prior to rate publication); and • Establish a contractor-industry working group with affected stakeholder groups to review the methodology and provide feedback on how ownership and operating costs are evolving in the field. The objective of OPSS 127 should be to provide rates that are transparent, predictable, and reflective of actual market conditions. Freezing the 2025 rates for 2026 would represent a reasonable compromise approach, while MTO reviews whether the current methodology continues to produce outcomes that accurately reflect contractor costs. Thank you for considering these comments. We would welcome the opportunity to discuss these	

		concerns further with MTO to ensure that future OPSS 127 rates remain fair, transparent, and representative of the Ontario construction marketplace.	
585		The Ontario Road Builders' Association (ORBA) respectfully submits the following comments regarding the Ministry of Transportation's proposed July 2026 OPSS.PROV 127 – Schedule of Rental Rates for Construction Equipment. These comments focus on equipment commonly used by specialty foundation contractors, including hydraulic drill rigs, universal piling machines, vibratory hammers, cranes, leads, rock drills, hydro excavation equipment, loaders, excavators, skid steers and related specialty attachments. OPSS 127 plays a critical role in establishing Time and Material compensation for construction	**Hydraulic Drill Rigs and Drilling/Pile Driving Equipment** The ministry appreciates ORBA's comments regarding the proposed Hydraulic Drill Rig classifications and rental rates. With respect to Hydraulic Drill Rigs, the ministry will retain the proposed torque-based classification structure, as torque is considered a more appropriate indicator of drilling capability than engine power. Following a review of the category, the ministry has determined that the rental rates for Hydraulic Drill Rigs will be revised by retaining the calculation approach that was applied in the 2025 schedule for purposes of the 2026 update. These revisions will be reflected in the finalized 2026 OPSS 127 schedule.

		equipment. As such, the adequacy of the prescribed rental rates affects far more than individual contractor cost recovery. It directly influences market capacity, competitive bidding, emergency and owner-directed response work, and the willingness of contractors to continue investing in the modern specialist foundation fleets required to deliver Ontario’s bridge, highway, transit, Sewer, Watermain, retaining wall and noise wall infrastructure programs. ORBA supports a transparent and evidence-based equipment rate methodology and supports the Ministry’s proposed change to classify Hydraulic Drill Rigs by torque rather than engine power, recognizing that torque is a more appropriate measure of rotary foundation drilling capability. However, ORBA believes the proposed 2026 schedule requires targeted adjustments	The ministry notes ORBA's broader comments regarding drilling and piling equipment, including equipment categorization, utilization assumptions, ownership and operating costs, specialized tooling and attachments, and the treatment of equipment that falls between listed classifications. The Drilling/Pile Driving equipment categories are scheduled for review in 2027 as part of the ministry's ongoing OPSS 127 review cycle. As part of that review, the ministry intends to undertake a broader assessment of the drilling and piling equipment categories, including the classifications, equipment inventories, and key assumptions used in rate development. Feedback received through this consultation, including the comments provided by ORBA and other industry stakeholders, will be considered as part of that review. **Potential Future Methodology Review** The ministry remains open to periodically reviewing elements of the OPSS 127 methodology to ensure that its assumptions

		before finalization, as several foundation-related categories have been reduced below 2025 levels, certain classifications remain structurally compressed, and the current practice of assigning the lower rate to equipment falling between listed categories does not appropriately reflect the ownership and operating costs associated with high-capital specialist foundation equipment. ORBA recommends that the Ministry adopt a more accurate methodology for equipment that better reflects actual ownership and operating costs. The current approach does not sufficiently account for lower annual billable utilization, higher mobilization and set-up requirements, significant capital cost differences between equipment models, increased tooling wear, and the	remain reasonable, current, and supported by available objective data. Areas that may warrant future validation include equipment categorization practices, utilization assumptions, repair cost factors, equipment pricing update cycles, attachment treatment, discount assumptions, fuel averaging practices, and other key model inputs. Any review of the methodology would be undertaken separately from the annual rate update process. Until any changes are formally reviewed, approved, and implemented, annual OPSS 127 updates will continue to be calculated using the current methodology. This approach preserves consistency and predictability while allowing potential improvements to be considered through a structured and evidence-based process. Any proposed changes should be supported by objective and verifiable evidence demonstrating that the current methodology could be improved. General concerns regarding a particular year's results, on their own, would not provide sufficient justification to alter the methodology.

		use of project-specific specialty components. Consultation Context The proposed OPSS 127 schedule states that the calculated rate is intended to represent the cost of owning and operating equipment, including direct and indirect costs and profit, and that rates are hourly and exclude the operator. It also states that, except for hoisting equipment, equipment falling between categories receives the lower rental rate. That lower-rate convention may be manageable for many broad civil categories, but it is not suitable for specialist foundation equipment. Foundation rigs, vibratory hammers, tieback rigs, rock drills, hydro-vac units and lead systems often have large capital-value differences within a single class, and they	Revisions would be evidence-based, applied consistently in both increasing and decreasing rate environments, and implemented prospectively. The ministry appreciates the feedback provided by ORBA and welcomes continued engagement with industry stakeholders. Thank you again for your comments. The ministry will consider the feedback received as part of the established OPSS 127 rate-setting process. **Annual Rate Updates and Rate Reductions** ORBA's submission recommends that no equipment category receive a rental rate lower than its corresponding 2025 value unless there is objective evidence demonstrating a reduction in ownership and operating costs. The ministry appreciates the concern regarding year-over-year rate reductions. In response to recent market conditions, the ministry has recalculated the 2026 OPSS 127 rates using fuel pricing data from January to June 2026. The updated calculations resulted in an average rental

		are routinely configured for project-specific ground, access, casing, tooling and obstruction conditions MTO-Aligned Modelling Approach ORBA recommends that the Ministry review and refine its OPSS 127 methodology to ensure that equipment rental rates more accurately reflect the true costs of ownership and operation across the construction industry. While the existing methodology provides a transparent and consistent framework, it should be periodically calibrated to account for changing market conditions, evolving equipment technologies and the operational realities experienced by contractors. The Ministry's 2026 methodology calculates OPSS 127 rates using ownership and operating cost components,	rate increase of 2.4% compared to the 2025 rates. While equipment ownership and operating costs continue to face upward pressure in certain areas, the OPSS 127 methodology incorporates a range of input variables that may increase or decrease from year to year. Maintaining rates at prior-year levels irrespective of the calculated result would be inconsistent with the methodology used to establish the schedule. The ministry's objective remains to apply the methodology consistently in both increasing and decreasing cost environments.

		including interest, depreciation, overhead, repairs, fuel, diesel exhaust fluid (DEF), filters, oil and grease, together with a 20% schedule mark-up. The published 2026 global variables include off-road diesel at $1.3221 per litre, DEF at $1.4641 per litre, an interest rate of 5.16%, USD/CAD at 1.3820, EUR/CAD at 1.6016 and a Machinery and Equipment Price Index (MEPI) of 135.78. ORBA does not take issue with the Ministry’s published global variables. Rather, ORBA recommends that the underlying methodology be enhanced to better reflect actual industry conditions. In particular, assumptions relating to annual billable utilization, equipment categorization, ownership costs, operating costs and the treatment of attachments and specialized components should be reviewed to ensure that the	

		resulting rental rates provide fair and accurate compensation for the broad range of equipment used to deliver Ontario's transportation infrastructure projects. General Comments on the Proposed 2026 OPSS 127 Schedule ORBA notes that numerous equipment categories within the proposed 2026 OPSS 127 schedule reflect decreases from the corresponding 2025 rental rates. This trend is inconsistent with prevailing market conditions and does not accurately reflect the economic realities faced by Ontario's heavy civil construction industry. Over the past several years, contractors have experienced sustained increases in the costs associated with acquiring, financing, maintaining and operating construction	

		equipment. While broader measures of inflation such as the Consumer Price Index (CPI) have moderated, construction specific inflation including equipment acquisition costs, financing costs, insurance, parts, labour and maintenance expenses has continued to outpace general inflation and remains elevated. In this environment, reductions to equipment rental rates are difficult to justify and risk understating the true cost of ownership and operation. Accordingly, ORBA recommends that the Ministry adopt a principle that no equipment category should receive a rental rate lower than its corresponding 2025 value unless there is clear, objective and industry-supported evidence demonstrating that ownership and operating costs have materially declined. At a minimum, ORBA recommends	

		maintaining 2025 rates for all equipment categories where the proposed 2026 schedule would otherwise result in a reduction. ORBA further encourages the Ministry to carefully review any proposed rate decreases before finalizing the 2026 schedule. Given the continued cost pressures facing the construction industry and the significant reliance placed on OPSS 127 rates for Time and Material compensation, publishing reduced rental rates that do not reflect market realities could have unintended consequences for contractor cost recovery, fleet investment and overall project delivery. Taking additional time to validate categories showing decreases against current market data and industry input would help ensure that the final schedule is fair, evidence-based and reflective of actual ownership and operating costs.	

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Comments received by email			
Number	Organization	Comment	Response