

## Report to Infrastructure and Corporate Services Committee

**To:** Chair and Members  
Infrastructure and Corporate Services Committee

**From:** Anna Lisa Barbon, Deputy City Manager, Finance Supports

**Subject:** Municipal Buy Ontario Procurement Directive under the Buy Ontario Act (Bill 72)

**Date:** April 20<sup>th</sup>, 2026

## Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports:

- a) The Municipal Buy Ontario Procurement Directive effective April 13, 2026, **BE RECEIVED** for information, attached as Appendix “A”;
- b) The Association of Municipalities of Ontario (AMO) submission titled “*Building Ontario’s Economy with Flexible Municipal Procurement*”, **BE RECEIVED** for information, attached as Appendix “B”; and,
- c) Civic Administration **BE DIRECTED** to report back on required updates to the Procurement of Goods and Services Policy, contract governance controls and associated resource requirements arising from the Municipal Buy Ontario Procurement Directive.

## Executive Summary

The Province has issued the Municipal Buy Ontario Procurement Directive, establishing requirements and implementation timelines for municipalities. Civic Administration had completed a comprehensive review of the Province’s proposed Buy Ontario policies under the Buy Ontario Act (Public Sector Procurement), 2025 (Bill 72) and had submitted formal feedback through AMO and the Province’s consultation survey process back in February.

The framework represents a significant shift in municipal procurement by introducing requirements to prioritize Ontario-made and Canadian-made goods and services in capital infrastructure and construction procurements, supported by mandatory Domestic Supply Chain Plans and preferential evaluation methodologies.

While the City supports the Province’s objective to strengthen domestic supply chains and support local industry, the directive introduces important considerations related to trade compliance, procurement defensibility, financial impact, and operational feasibility. These considerations arise from the interaction of domestic preference requirements with binding obligations under Canadian Free Trade Agreement (CFTA) and the Comprehensive Economic and Trade Agreement (CETA), the absence of standardized definitions and evaluation frameworks, and the lack of clarity regarding implementation, exemptions, and municipal liability.

## Linkage to the Corporate Strategic Plan

Council’s 2023–2027 Strategic Plan for the City of London identifies “Well Run City” as a key strategic area of focus, including the strategy of “Accountable and Transparent Governance.” This report supports that strategy by ensuring procurement practices remain open, compliant, and aligned with trade obligations and established governance frameworks. It also supports “Financial Management and Stewardship” by promoting responsible use of public funds and managing financial risks associated with procurement decisions.

# Analysis

## 1.0 Background Information

### 1.1 Overview of Bill 72 and Proposed Policies

The Buy Ontario Act (Public Sector Procurement), 2025 (Bill 72) enables the Province to establish procurement directives requiring public sector entities to prioritize Ontario-made and Canadian-made goods and services. Through associated regulations under the Act, municipalities and municipal entities are prescribed as public sector entities and are subject to these requirements.

The Province has issued the Municipal Buy Ontario Procurement Directive, pursuant to the Act and its regulations, which applies to municipalities and establishes requirements and implementation timelines for procurement activities.

The directive includes two primary policy areas:

- Made-in-Ontario Vehicle Fleet Policy (Light Duty Fleet Vehicles); and
- Policy for Goods and Services in Capital Infrastructure and Construction Projects

The capital infrastructure and construction policy has the most significant impact on municipal procurement delivery. It requires municipalities to prioritize domestic content for “major goods” and services and is operationalized through vendor-submitted Domestic Supply Chain Plans and associated evaluation methodologies.

The directive applies broadly to capital infrastructure procurements across all procurement methodologies and delivery models, with implementation for municipalities effective May 15, 2026.

### 1.2 Provincial Consultation and City Participation

The Ministry of Public and Business Service Delivery and Procurement, in collaboration with the Association of Municipalities of Ontario (AMO), initiated a formal consultation process to inform policy design, with a submission deadline of March 2, 2026.

Civic Administration participated in AMO-led technical sessions and completed the Province’s detailed consultation survey. The City’s feedback addressed key policy areas including scope and application, definitions, evaluation methodology, reporting requirements, and implementation considerations.

The feedback provided reflects cross-functional input and builds on prior Council-directed work related to prioritizing Canadian businesses, ensuring alignment with the City’s Procurement of Goods and Services Policy and trade agreement obligations.

### 1.3 Previous Reports Related to this Matter

Infrastructure and Corporate Services Committee, May 13<sup>th</sup>, 2025, Consent Item 2.8, Procurement Strategy: Prioritizing Canadian Businesses

Infrastructure and Corporate Services Committee, June 16<sup>th</sup>, 2025, Consent Item 2.6, Procurement Strategy: Procurement of Goods and Services Policy update

## 2.0 Discussion and Considerations

### 2.1 Policy Direction and Alignment with Municipal Procurement Objectives

The Buy Ontario framework, now formalized through the Municipal Buy Ontario Procurement Directive, represents a strategic shift in how public procurement is leveraged to support domestic economic development. The City of London supports the Province’s objective to strengthen Ontario’s economy, enhance supply chain resilience, and increase opportunities for Ontario and Canadian businesses through public sector procurement.

This direction is consistent with prior Council-approved strategies that prioritize Canadian suppliers where feasible and compliant with trade agreements. It also aligns with the City's broader objective of leveraging procurement to support economic outcomes while maintaining fairness, transparency, and value-for-money.

The directive introduces requirements that extend beyond the City's current Procurement of Goods and Services Policy, including mandatory Domestic Supply Chain Plans, domestic content evaluation methodologies, and expanded compliance and reporting obligations. These requirements represent a shift from a primarily price- and value-based evaluation model to one that incorporates policy-driven economic considerations.

Implementation will require updates to procurement processes, templates, and evaluation frameworks, as well as alignment with existing governance controls. Ensuring that these new requirements are integrated in a manner consistent with the City's procurement principles will be critical to maintaining transparency, fairness, and defensibility.

## **2.2 Trade Compliance and Non- Discrimination Considerations**

The City's Procurement of Goods and Services Policy is designed to ensure compliance with trade agreements, including the Canadian Free Trade Agreement (CFTA) and the Comprehensive Economic and Trade Agreement (CETA). These agreements require that procurements above prescribed thresholds be conducted in a manner that is open, transparent, and non-discriminatory.

These obligations are reflected in the City's policy framework, including Section 11 Non-Discrimination provisions, which prohibit the use of criteria that provide preferential treatment based on geographic origin.

The Municipal Buy Ontario Procurement Directive introduces mechanisms that prioritize Ontario-made and Canadian-made goods and services. While this aligns with provincial economic objectives, the application of these preferences must be carefully managed to ensure consistency with trade obligations.

Civic Administration's review, supported by sector engagement and legal input, indicates that additional clarity is required regarding how domestic preference requirements will operate within trade agreement frameworks, including how thresholds, exemptions, and exceptions are to be applied.

Without this clarity, there is a risk that procurement processes could be subject to challenge where domestic preference is perceived to conflict with trade obligations. Ensuring alignment between the directive and the City's Procurement of Goods and Services Policy will be essential to maintaining procurement defensibility and minimizing legal and audit risk.

## **2.3 Procurement Operational and Contract Governance Implications**

The directive introduces new requirements across the full procurement lifecycle, affecting both sourcing and contract administration practices.

At the procurement stage, Service Areas and Procurement will be required to identify major goods within each procurement, incorporate domestic content requirements into solicitation documents, and evaluate Domestic Supply Chain Plans submitted by proponents. This introduces additional complexity into procurement design and evaluation processes, particularly for large or technically complex capital projects.

At the contract administration stage, there will be increased expectations to monitor compliance with supply chain commitments throughout the lifecycle of the contract. This includes managing substitutions, change orders, and potential deviations from the original Domestic Supply Chain Plan.

These requirements represent an evolution in contract governance, shifting from a focus primarily on scope, cost, and schedule to include supply chain compliance as an ongoing contractual obligation.

Sector discussions and legal commentary have highlighted the importance of establishing clear verification and monitoring frameworks, including defining the extent to which municipalities can rely on vendor attestations and the level of due diligence required.

Implementation will require enhancements to governance controls, documentation standards, and internal coordination across Procurement, Legal, Finance, and Capital Project Management functions to ensure consistent and defensible application.

## **2.4 Financial and Market Considerations**

The directive introduces evaluation methodologies that incorporate domestic content alongside price and other technical factors. While this approach supports broader economic policy objectives, it introduces implications for procurement outcomes and capital cost management.

In markets where domestic supply is limited or where specialized goods and equipment are required, applying domestic preference criteria may reduce competition and result in higher procurement costs. This is particularly relevant for infrastructure projects that rely on globally integrated supply chains or specialized technologies not readily available within Ontario or Canada.

Reduced competition may also affect vendor participation and procurement timelines, particularly in complex capital projects.

These impacts can be managed through careful application of the directive, including the use of flexibility where domestic supply is not available, and alignment with value-for-money principles. Clear provincial guidance will be important to support consistent and balanced application across municipalities.

## **2.5 Implementation Timing and Readiness**

The Municipal Buy Ontario Procurement Directive establishes implementation timelines beginning in April 2026, including requirements applicable to capital infrastructure procurements effective May 15, 2026.

Based on the Municipal Buy Ontario Directive, Supply Ontario is developing guidance materials and training for municipalities, however this remains a work in progress. As of early April 2026, the Capital Infrastructure Guideline remains under development and is expected to be released. In the interim, one hour training sessions have been scheduled commencing April 22<sup>nd</sup> running through to May 13<sup>th</sup>, 2026, to support initial awareness and implementation.

These timelines present challenges within the context of municipal procurement and capital planning cycles. Municipal budgets and procurement plans are developed in advance, and many procurements are already planned or underway. Introducing new mid-cycle requirements may require adjustments to procurement documents, evaluation methodologies, and approval processes, and may impact project timelines.

In addition to timing considerations, the directive introduces ongoing operational requirements that extend beyond current procurement practices. These include the evaluation of Domestic Supply Chain Plans, enhanced documentation, and audit requirements, reporting obligations to provincial ministries, and ongoing monitoring of contract compliance related to supply chain commitments.

The requirement for bidders, including subcontractors, to prepare and submit Domestic Supply Chain Plans introduces additional effort and complexity on the vendor community. For complex capital projects, supply chains are often not fully defined at bid stage, particularly under design-build and construction management models. This may require bidders to make assumptions or provide preliminary information, increasing the risk of incomplete submissions, reduced bid participation, or challenges in validating supply chain commitments. Smaller and mid-sized contractors may face additional capacity constraints in meeting these requirements, which could impact competitiveness and overall market response.

These requirements are aligned with the Directive's documentation and reporting obligations, which require municipalities to retain procurement records and provide information and data to provincial ministries upon request.

These requirements represent a material expansion of workload across Procurement, Legal, Finance, and Capital Project Management functions.

Implementation will require additional organizational capacity to support procurement design, evaluation, compliance oversight, vendor engagement, reporting, and audit readiness. It will also require updates to the Procurement of Goods and Services Policy and supporting procedures to ensure alignment with the directive.

Civic Administration will assess these impacts and report back with recommended policy, governance, and resourcing adjustments required to support effective and compliant implementation.

## **2.6 Summary of City of London's Position**

The City of London supports the Province's objective to strengthen domestic supply chains and recognizes the opportunity to leverage municipal procurement to support Ontario's economy.

The City's feedback, informed by internal analysis and sector engagement, emphasizes that successful implementation will require alignment with trade obligations, clear and standardized policy tools, operational flexibility, and clear implementation guidance and operational readiness.

With these elements in place, the directive can be implemented in a manner that advances economic objectives while maintaining the integrity, fairness, and effectiveness of the City's procurement framework.

## **Conclusion**

The City of London supports the Province's objective under the Buy Ontario Act to strengthen domestic supply chains and leverage public procurement to support Ontario's economy.

The Municipal Buy Ontario Procurement Directive introduces new requirements that will impact procurement practices, contract governance, and capital delivery. Successful implementation will require alignment with trade agreement obligations, clear and standardized guidance, and appropriate operational capacity.

Civic Administration will continue to monitor provincial direction and will report back with required policy, governance, and resourcing updates to support effective and compliant implementation.

**Submitted by:** **Vakul Arora, MCIPS, CPSCM, SCMP**  
**Senior Manager, Procurement and Supply**

**Reviewed by:** **Ian Collins, CPA, CMA**  
**Director, Financial Services**

**Recommended by:** **Anna Lisa Barbon, CPA, CGA**  
**Deputy City Manager, Finance Supports**

Attachments:

Appendix "A" – Municipal Buy Ontario Procurement Directive (Issued March 30, 2026)  
Appendix "B" – Association of Municipalities of Ontario (AMO) Submission: *Building Ontario's Economy with Flexible Municipal Procurement*

# Appendix A

## Ministry of Municipal Affairs and Housing

Office of the Deputy Minister

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## Ministère des Affaires Municipales et du Logement

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April 10, 2026

**Memorandum to:** Municipal Chief Administrative Officers, City Managers

**Subject:** Municipal Buy Ontario Procurement Directive – Phased Implementation Dates

In the fall of 2025, the Ontario government introduced and enacted the *Buy Ontario Act (Public Sector Procurement), 2025*. This Act allows the government to issue procurement directives that require prioritizing Ontario/Canadian goods and services in public sector procurements.

To leverage public sector procurement spending to support Ontario's economy, workers and key sectors, municipalities and municipal entities—including local boards and wholly-owned municipal services corporations—are now prescribed as public sector entities under the Act. As a result, all these organizations will have to comply with the newly released Municipal Buy Ontario Procurement Directive.

We recognize the significant work municipalities do to deliver services and build infrastructure in your communities, and we appreciate your partnership as these new requirements are introduced.

### **Timelines for effective dates**

The new Municipal Buy Ontario Procurement Directive will include requirements related to fleet vehicles and capital infrastructure. This applies to municipalities, local boards, and municipal services corporations on the following phased timeline:

#### **Municipalities**

- Fleet vehicles requirements: April 13, 2026
- Capital infrastructure requirements: May 15, 2026

#### **Local boards and municipal services corporations (MSCs)**

- Capital infrastructure and fleet vehicles requirements: June 1, 2026

To assist with implementation, guidance materials and other support resources are available on [Ontario.ca](https://www.ontario.ca) and [Supply Ontario's website](#) to help your organization understand the requirements and apply them consistently.

### **Actions required of municipalities**

1. Municipalities should begin preparing procurement teams and internal stakeholders in advance of these effective dates. Additional guidance and supports, such as training sessions, will be provided to facilitate implementation.

2. Municipalities should inform applicable local boards and municipal services corporations of the Municipal Buy Ontario Procurement Directive and the phased effective dates above.

Questions related to implementation and support can be directed to [doingbusiness@supplyontario.ca](mailto:doingbusiness@supplyontario.ca).

Yours truly,

***Original Signed by***

Martha Greenberg  
Deputy Minister of Ministry of Municipal Affairs and Housing

c: Samantha Poisson, Deputy Minister, Ministry of Public and Business Service  
Delivery and Procurement  
Lindsay Jones, Executive Director, Association of Municipalities of Ontario – AMO

# Municipal Buy Ontario Procurement Directive

As of April 13, 2026, this directive requires the municipal sector to prioritize Ontario and Canadian goods and services in procurements.

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## 1 Introduction

The *Buy Ontario Act (Public Sector Procurement), 2025* establishes a framework to prioritize Ontario and Canadian goods and services in procurement across the public sector. This supports Ontario workers and businesses by ensuring that public spending strengthens local supply chains and reduces exposure to global economic and trade uncertainty.

The Municipal Buy Ontario Procurement Directive supports this by requiring the municipal sector to prioritize Ontario and Canadian goods and services in procurements.

This directive is issued by Management Board of Cabinet under the authority of the *Buy Ontario Act (Public Sector Procurement), 2025*.

The Chair of Treasury Board and Management Board of Cabinet has the delegated authority to make periodic updates to procurement value thresholds in this directive, in alignment with Ontario's trade commitments.

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## 2 Purpose

The purpose of this directive is to enable Ontario to set out procurement requirements in support of the government's Buy Ontario mandate.

### 3 Application and Scope

This directive applies to municipal sector entities, which means all municipalities, local boards, and municipal services corporations that are prescribed as public sector entities under the *Buy Ontario Act (Public Sector Procurement), 2025*.

Municipal sector entities should refer to the regulation under the *Buy Ontario Act (Public Sector Procurement), 2025* for details about the specific entities that are prescribed.

The table below specifies the dates that each of the requirements of this directive take effect for specific municipal sector entities.

<b>Organization</b>	<b>Municipalities</b>	<b>Local Boards</b>	<b>Municipal Services Corporations</b>
4.1 General	April 13, 2026	June 1, 2026	June 1, 2026
4.2.1 Strategic Category - Fleet Vehicles	April 13, 2026	June 1, 2026	June 1, 2026
4.2.2 Strategic Category - Capital Infrastructure	May 15, 2026	June 1, 2026	June 1, 2026

The Municipal Buy Ontario Procurement Directive does not apply to:

- Procurements needed to address a situation that is both urgent and unforeseen (for example, emergencies). In these cases, organizations should follow their internal procedures to effectively manage these emergency procurements.

This directive does not prevail over legislation.

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## 4 Requirements

### 4.1 General

#### Documentation

Municipal sector entities are required to retain documentation for any procurements covered by this directive, including details to support any decisions or approvals related to the application of this directive.

#### Reporting

Municipal sector entities must prepare and provide information and data as requested by Supply Ontario, Ministry of Public and Business Service Delivery and Procurement (MPBSDP), the Ministry of Municipal Affairs and Housing (MMAH) and Treasury Board Secretariat (TBS).

### 4.2 Strategic Categories

These requirements set out Ontario's approach to procurements in key strategic categories that support the goals of the *Buy Ontario Act (Public Sector Procurement), 2025*. The requirements reflect Ontario's priorities for public sector procurement and may change over time to respond to emerging issues or challenges.

#### 4.2.1 Fleet Vehicles

##### Objective

The objective of section 4.2.1 is to support the domestic automotive industry and jobs in the province by leveraging the significant purchasing power of the public sector.

Municipal sector entities are required to purchase or lease vehicles that are manufactured in Ontario or from original equipment manufacturers operating in Ontario as specified below.

##### Scope

### Section 4.2.1 applies:

- to all new procurements of new light-duty passenger fleet vehicles with a Gross Vehicle Weight Rating at or less than 4,500 kg
- regardless of the value or method of the procurement (invitational, open competitive or non-competitive) or procurement type (purchase or lease)

### Section 4.2.1 does not apply to:

- Existing contracts that were executed prior to the effective date of this policy.
- Contract extensions included in the original agreement.
- Short term leases up to 12 months.
- Vehicles that are physically modified or upfitted (excluding changes that only affect the visual appearance of the vehicle) for an intended operational use or function. This includes, but is not limited to specialty vehicles, such as ambulances, school buses, police cruisers, enforcement vehicles and emergency response vehicles.
- Vehicles purchased for covert or surveillance purposes.
- Vehicles with a Gross Vehicle Weight Rating (GVWR) greater than 4,500 kg.
- Used vehicles.

## Requirement

Municipal sector entities must purchase or lease Made-in-Ontario Fleet Vehicles when they acquire new light-duty passenger vehicles using an applicable procurement process.

If a Made-in-Ontario Fleet Vehicle is unavailable or if a municipal sector entity determines that it is not operationally feasible to purchase or lease such a vehicle, the entity is required to purchase or lease a new vehicle from an Ontario Vehicle Producer.

If a Made-in-Ontario Fleet Vehicle or a vehicle from an Ontario Vehicle Producer is unavailable or if the municipal sector entity determines that purchasing or leasing such a vehicle is not operationally feasible, the entity may consider alternative acquisition strategies.

Municipal sector entities should refer to the Operational Guide for information about how to apply these requirements.

## Documentation

If a Made-in-Ontario Fleet Vehicle or a vehicle from an Ontario Vehicle Producer is unavailable or the vehicle is not operationally feasible, document the rationale and seek appropriate approval.

### 4.2.2 Capital Infrastructure

#### Objective

The objective of section 4.2.2 is to maximize the use of Ontario-Made and Canadian-Made Goods and Ontario and Canadian Services in procurements covered by the directive, while maintaining value for money for Ontario and the timely delivery of infrastructure projects.

#### Scope

Section 4.2.2 applies to all new capital infrastructure procurements. For the purposes of this section, “capital infrastructure procurements” means:

- construction (see Definitions)
- fixtures, furniture and equipment that are included in and incidental to the Construction of the facility and required to support the facility’s operational readiness immediately following completion of Construction, whether those items are delivered through the construction contract or procured separately
- transit fleet vehicles, including rolling stock (e.g., subways and rail cars) and buses, but excluding light duty passenger vehicle

Municipal sector entities must apply this directive to the use of Vendor of Record arrangements (VORs) managed by Supply Ontario or other purchasing arrangements, whenever possible. Municipal sector entities must not use purchasing arrangements to avoid the requirements of this directive.

Section 4.2.2 does not apply to the procurement of:

- medical equipment
- information technology
- fixtures, furniture or equipment acquired solely for ongoing or operational purposes after the facility is operational

- routine maintenance, repair and operations (MRO) unless the MRO activities involve repairing or renovating the physical structure

Municipal sector entities may apply the requirements of the directive to procurements not covered by the directive, where feasible.

## Requirement

Municipal sector entities must do all of the following in respect of each capital infrastructure procurement:

- Include in the procurement documents:
  - A list of each major good and each service required for the deliverables being procured.
  - A requirement for vendors to submit a Domestic Supply Chain Plan that identifies, at a minimum, the source of each of the listed major goods and each service.
- Use one of the applicable methods for Domestic Supply Chain Plans described in Table 1 below that best supports the objective of this section (4.2.2).

### **Table 1 – Domestic Supply Chain Plan Methods**

<b>Dome stic Supply Chain Plan Appro ach</b>	<b>Method to be Applied</b>
<b>Domes tic Supply Chain Plan - Evalua ted</b>	<p>Include in the procurement documents one of the approaches below to evaluate the Domestic Supply Chain Plan. The approach should be selected based on the estimated procurement value.</p> <p><b>Below \$347,400 for construction procurements, and below \$139,000 for goods or services procurements</b></p> <ul style="list-style-type: none"> <li>• Apply a 10% evaluation advantage to the bidder with the highest proportion of Ontario-Made Goods and Ontario Services in their Domestic Supply Chain Plan.</li> </ul> <p><b>At or above \$347,400 for construction procurements, and at or above \$139,000 for goods or services procurements</b></p> <p>Choose <b>one</b> of the following:</p> <ul style="list-style-type: none"> <li>• Apply a 10% evaluation advantage to the bidder with the highest proportion of Ontario-Made Goods and Ontario Services, followed by Canadian-Made Goods and Canadian Services in their Domestic Supply Chain Plan</li> <li>• The Domestic Supply Chain Plan accounts for 10% of the total evaluation score for the procurement. Select the vendor whose Domestic Supply Chain Plan score is at least 50% higher than the top-ranked vendor and <ul style="list-style-type: none"> <li>◦ their bid price is within 10% and</li> <li>◦ their construction schedule is no more than 10% longer, the municipal sector entity should award the contract to</li> </ul> </li> </ul>

<b>Domestic Supply Chain Plan Approach</b>	<b>Method to be Applied</b>
	that vendor, subject to all other award conditions
<b>Domestic Supply Chain Plan - Commitment</b>	Include in the procurement documents a mandatory eligibility requirement for vendors to commit in a Domestic Supply Chain Plan to meet or exceed a specified proportion of Ontario or Canadian-Made Goods and Services as a part of the procurement. The specified proportion may be any percentage of the total estimated procurement value that the municipal sector entity has determined would maximize the use of Ontario and Canadian-made Goods and Services.

If it would not be feasible to require vendors to submit a Domestic Supply Chain Plan on account of the procurement model, municipal sector entities may use an alternative method that is consistent with and advances the objective of this section (4.2.2).

Municipal sector entities may refer to operational guidance issued by the ministry for direction about how to apply of any of these requirements, including but not limited to Domestic Supply Chain Plans or methods, and more.

### **Value for money exclusion**

On a case-by-case basis where strictly necessary, a municipal sector entity may exclude a procurement from the requirements of section 4.2.2 when the following criteria are met:

- A detailed market assessment indicates that applying the requirements in this section (4.2.2) could increase the procurement's estimated cost by 25% or more compared to not applying the requirements and

- Appropriate approval has been obtained to exclude the procurement based on the value of the procurement

A municipal sector entity may be required to provide information about any approved exclusion as a part of the reporting requirement under section 4.1 of this directive.

### **Conflicts with funding agreements**

If a capital infrastructure procurement is or will be funded in part by the Crown in right of Canada, municipal sector entities should:

- where possible, negotiate terms for the funding that would allow requirements of section 4.2.2 to apply to the capital infrastructure procurement
- apply the requirements to the capital infrastructure procurement unless they conflict with the funding arrangement with the Crown in right of Canada

### **Reliance on attestations**

Municipal sector entities may rely on a vendor's Domestic Supply Chain Plan as evidence of what goods are Ontario or Canadian-Made or what services are Ontario or Canadian services for the purposes of this directive.

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## **5 Implementation and Support**

Municipal sector entities should use the information and operational direction designed to support this directive, available publicly on the following sites:

- Doing Business with the Government of Ontario (<https://www.ontario.ca/page/doing-business-government-ontario>)
- Supply Ontario's website (<https://www.supplyontario.ca/>)
- For questions, contact [doingbusiness@supplyontario.ca](mailto:doingbusiness@supplyontario.ca) (<mailto:doingbusiness@supplyontario.ca>)

## 6 Definitions

For the purposes of this directive the following definitions apply:

**Canadian-Made Good** means a good that meets any **one** of the following criteria:

- wholly manufactured or originating in Canada
- at least 51% of the total direct costs of producing or manufacturing the good have been incurred in Canada
- labelled as “Made in Canada” or “Product of Canada”

**Canadian Service** means a service wholly provided by individuals (natural persons) located in Canada.

**Construction** means construction, reconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and the installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction contract unless they are included in the procurement.

**Made-in Ontario Vehicle** means a vehicle that is manufactured in Ontario and contains the number "2" as the first digit of the Vehicle Identification Number (VIN).

**Major goods** means durable materials, systems or components that are essential to ensuring the operational readiness or performance of the deliverable, and include:

- structural materials: concrete, steel and other metals, lumber, stone, aggregates
- building envelope components: windows, glass, roofing systems, bricks
- mechanical and electrical systems: HVAC units, generators, elevators
- specialty items: prefabricated panels, major fixtures
- fixtures, furniture and equipment
- transit fleet vehicles

**New procurement** means a procurement that has not yet been issued or posted by the date the applicable section of this directive takes effect.

**Ontario Service** means a service wholly provided by individuals (natural persons) located in Ontario.

**Ontario Vehicle Producer** means an Original Equipment Manufacturer (OEM) that sells vehicles and would meet the threshold of 1,500 annualized jobs across their Ontario footprint of active and/or planned fully and partially owned vehicle assembly and plants.

**Ontario-Made Good** means a good that meets any **one** of the following criteria:

- wholly manufactured or originating in Ontario
- at least 51% of the total direct costs of producing or manufacturing the good have been incurred in Ontario.

## Related

Buy Ontario (<https://www.ontario.ca/page/buy-ontario>)

Buy Ontario Procurement Directive (<https://www.ontario.ca/page/buy-ontario-procurement-directive>)

Broader public sector accountability (<https://www.ontario.ca/page/broader-public-sector-accountability>)

Doing business with the Government of Ontario (<https://www.ontario.ca/page/doing-business-government-ontario>)

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Association of  
Municipalities  
of Ontario

## Appendix B

# Building Ontario's Economy with Flexible Municipal Procurement

AMO'S SUBMISSION TO THE MINISTRY OF PUBLIC AND BUSINESS SERVICE  
DELIVERY AND PROCUREMENT

**Regulatory Registry 26-MPBSD001**

**March 2, 2026**

## **About AMO**

The Association of Municipalities of Ontario (AMO) is a non-profit, non-partisan association that represents the interests of all 444 municipal governments across Ontario. AMO addresses common challenges facing our members and provides meaningful advice to the provincial and federal governments on practical solutions on a wide range of issues that directly impact local governments and the citizens they serve.

Procurement is an important issue for municipalities as they are major players in light duty fleet vehicle, infrastructure, and construction procurement. The sector owns 52%<sup>1</sup> of Ontario's infrastructure, and these assets were valued at \$1 trillion, in 2025.<sup>2</sup> Municipalities are planning for more than \$250 billion in capital expenditures over the next decade.<sup>3</sup> Changes to municipal procurement processes proposed in this regulatory posting could have significant cost implications for residents and taxpayers.

We continue to support the province's strong, ongoing leadership in managing the impacts of tariffs and related measures. These remain a significant challenge, requiring ongoing action to protect Ontario's economy, residents, and communities. Municipalities are willing and eager to use their significant buying power to support the federal and provincial governments in protecting our shared economic well-being.

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<sup>1</sup> Ontario Financial Accountability Office. [Provincial Infrastructure](#) Report, 2020.

<sup>2</sup> AMO analysis based on combined 2025 current replacement values from municipal asset management plans, available at [MAP of AMPS in Ontario](#)

<sup>3</sup> AMO. [Social and Economic Prosperity Review](#), 2024.

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## Executive Summary

AMO and its members are committed to helping protect and grow Ontario's economy through procurement spending, including supporting efforts to source more Ontario and Canadian manufactured goods and services. We are pleased to share our feedback on proposed *Buy Ontario Act (Public Sector Procurement)*, 2025 regulations that would:

1. extend existing light duty fleet vehicles requirements to municipalities and local boards, and
2. introduce Ontario Made and Canada Made requirements to capital infrastructure and construction projects.

AMO provided [recommendations on light duty fleet vehicle](#) procurement last year. We applaud the province's decision to incorporate feedback from AMO and municipalities about how to effectively implement fleet procurement requirements in these new proposed procurement directives. Building on this collaborative approach, this submission presents seven recommendations organized across four key themes, each focused on refining the proposed requirements for capital infrastructure and construction projects.

1. **Keep Local Flexibility:** Let municipalities and local boards set local policies to ensure they can deliver value-for-money procurement and meet the unique needs and priorities of their communities.
2. **Clarify New Procurement Rules:** Provide clear guidance on how the proposed procurement requirements will be put into practice.
3. **Coordinate with Existing Funding Programs:** Align proposed procurement rules to ensure they support the objectives of existing provincial and federal funding initiatives.
4. **Match Supply and Demand:** Work with industry to ensure domestic capacity can be ramped up to meet the anticipated increase in policy driven demand.

These themes reflect input, research, and analysis we received from our members, industry associations, and commissioned studies. We also co-hosted a webinar for the municipal sector on the proposed changes and polled participants on range of issues. The poll results encompass the views of 140 municipalities that represent more than 60% of Ontario's population, including a representative sample of regional, single- and lower-tier governments.

## Analysis and Recommendations

### 1. Keep Local Flexibility

#### **Recommendation 1: Prioritize Ontario and Canadian suppliers but allow foreign suppliers when local options are not viable.**

The proposed procurement rules are likely to increase the demand on a limited number of domestic vendors. This could lead to increased costs on already strained municipal budgets, and delays in delivering infrastructure projects. Municipalities want to prioritize buying from Ontario and Canadian businesses, but these options are not always viable due to significant cost, timing impacts, and/or lack of vendors. Municipalities need the flexibility to buy from international suppliers to maintain value-for-money and the prudent management of taxpayer dollars.

According to a [2025 Oxford Economic](#) report examining the impacts of tariffs on municipal capital expenditure, about 30% of construction materials for Ontario projects come from outside Canada.<sup>4</sup> The same report found that 31% of construction firms and 47% of manufacturers say they are facing higher prices because of limited competition.<sup>5</sup> Proposed procurement directives could worsen this by limiting the local flexibility required to balance project budgets with vendors' materials supply and qualifications.

Ontario municipalities are planning for over \$250 billion in capital expenditures over the next decade.<sup>6</sup> A provincial policy favouring domestic content – even where costs are up to 10% higher than the top-ranked bid – could inflate annual municipal infrastructure spending by \$2.5 billion. This occurs when the top-ranked competitive bid is bypassed for a more expensive option with more domestic sources. This is a significant sum of money for municipalities. The municipal sector shoulders 80% of infrastructure costs.<sup>7</sup> Yet, municipalities are limited in how much revenue they can raise through debt financing or their own sources of revenue, such as property taxes, to absorb any policy driven cost increase.<sup>8</sup>

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<sup>4</sup> Oxford Economics. "[Tariff Impacts on Ontario Municipality Capital Expenditure](#)", 2025.

<sup>5</sup> Ibid.

<sup>6</sup> AMO. [Social and Economic Prosperity Review](#), 2024."

<sup>7</sup> AMO analysis of municipal Financial Information Returns, 2018 to 2023.

<sup>8</sup> AMO. [Social and Economic Prosperity Review](#), 2024."

In addition to cost considerations, infrastructure projects rely heavily on technical professionals to execute. During municipal consultation 88% of municipal participants polled said they need flexibility to prioritize technical and qualifications-based selection.<sup>9</sup> Without flexibility to secure vendors with a high level of technical experience there is a risk of project delays, and lower quality infrastructure that could result in increased asset lifecycle maintenance costs or increased public safety risk.

Municipal consultation participants identified options to provide flexibility that would provide the right balance between prioritizing domestic content, value for money, and technical considerations. These options include:

- Exemptions or scaling of domestic-content requirements for:
  - Projects below a cost threshold where there is limited economic impact.
  - Goods and services where there is high reliance on international supply chains and domestic supply may not be available without significant cost increase or procurement delays.
  - Regional differences where the market size and availability of qualified vendors is low (e.g., remote, rural, and northern communities), and procurement restrictions may reduce the number of competitive bids.
- Allowing attestations rather than detailed Domestic Supply Chain Plans for small, local vendor that may not have capacity to meet strict regulatory requirements.
- Exemptions for emergency procurement where timely purchasing outweighs other considerations.

AMO is aware that municipal infrastructure experts, and construction industry representatives plan to make their own comments on this proposal.<sup>10</sup> We strongly encourage the Ministry to consider their views and recommendations as they are best positioned to provide an informed of the challenges and risks of new procurement requirements, and how to best mitigate them, while also supporting the province's objectives.

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<sup>9</sup> See chart in Appendix A titled *Theme: Evaluation Methodology "Will flexibility be needed in more complex models?"*

<sup>10</sup> For example: Good Roads, Toronto Area Road Builders Association, Ontario Association of Road Supervisors, Ontario Sewer and Watermain Construction Association.

**Recommendation 2: Maintain de-centralized municipal procurement to allow flexibility to support local vendors and maintain high service quality.**

In addition to assessing the quality of goods and services, municipalities may prioritize local suppliers if their specific procurement by-laws have local content provisions. This evaluation approach helps ensure value for money procurement while supporting local economic development.

AMO understands that provincial organizations designated under the *Buy Ontario Act* are required to use Supply Ontario's centralized Vendor of Record (VOR). While municipalities can choose to use the province's VOR, many choose not to do so. Smaller and rural municipalities have a preference to buy from small and medium-sized local vendors because it keeps local money recycling through the local economy. These vendors have the technical qualifications but not necessarily the scale required to participate in Supply Ontario's VOR program. Although the proposed procurement directives would not require municipal use of Supply Ontario's VOR, municipal representatives have expressed concern that were this flexibility to be removed in the future, it would limit opportunities for municipalities to support businesses in their own communities.

Rural and northern municipal representatives are particularly concerned that narrowing the supply of vendors could lower service quality if vendors are located far from a municipality. For example, in the event of an IT service outage that requires on-site service, a local vendor may be able to provide same-day service while a vendor located at a greater distance may require one or more days to arrive on site.

AMO is also aware of concerns from Indigenous industry groups like the Anishnawbe Business Professional Association that many of their members rely on municipal contracts but would be ineligible under *Buy Ontario Act* definitions. Losing the ability to purchase from these Indigenous vendors undermines the principles of economic reconciliation.

For these reasons, AMO supports the Ministry's decision to exclude a requirement that municipalities use Supply Ontario's VOR as part of the proposed procurement directives. We recommend continued flexibility to procure outside of the central VOR program. This could include maintaining the status quo, or building in threshold exemptions based on population size, geography, or contract value.

**Recommendation 3: Protect municipalities from liability under international trade agreements.**

Municipalities are concerned that rising costs could push contracts above exemption limits in trade agreements like the *Canada-European Union Comprehensive Economic and Trade Agreement* (CETA). If a purchase exceeds those limits and there is no liability protection, a municipality prioritizing Ontario and Canadian businesses could be sued by a foreign vendor for violating CETA’s non-discrimination rules.

Consultation documents are silent on how infrastructure and construction procurement is to be shield from CETA requirements. Given the high dollar value of infrastructure and construction projects, there is a high likelihood that these undertakings will exceed CETA’s exemption limits. We encourage the province to extending the provisions for light duty fleet vehicles to infrastructure and construction projects as well.

**2. Clarify New Procurement Rules**

The success of directing municipal procurement dollars to Ontario and Canadian businesses relies on clear and consistent implementation across the province. We have two recommendations to support a smooth rollout of the proposed regulations.

**Recommendation 4: Move the implementation date to 2027.**

Municipal consultation participants noted the proposed March 2026 implementation date is insufficient for municipalities and business to implement new policies and practices without impacting 2026 budgets and the 2026 construction season.<sup>11</sup>

- Most municipal budgets for the 2026 calendar year – including those for capital projects – will be approved by councils before the proposed March 2026 implementation date. A March implementation date will materially affect procurements that are already in the planning and execution stages, in particular construction procurement. Changes to the procurement rules for in-flight projects may require budgets, business cases, and/or bid documents to be amended or reapproved to account for the new requirements and anticipated cost increases. This will delay the preparation of requests for proposals and bid submissions,

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<sup>11</sup> See chart in Appendix A titled *Theme: Implementation “What will be the impact of the proposed implementation date – early spring 2026- be on your organization?”*

increasing the risk of projects not proceeding in time for the 2026 construction season.

- Ninety percent (90%) of consultation participants polled indicated it is not feasible for vendors to submit a Domestic Supply Chain Plan that covers all major goods and services due to time constraints, project complexity, market knowledge gaps, and a lack of guidance to identify major goods. This increases a risk that bids received will be incomplete, or not competitive, risking delayed project starts, or projects being deferred to 2027.<sup>12</sup>
- Delayed bidding or contract selection may lead to limits on the ability of municipal councils to approve bids or enter contracts if “Restricted Acts” rules come into effect during the 2026 municipal election. Under these rules, councils cannot make expenditures or incur liabilities exceeding \$50,000 once it becomes statistically impossible for three quarters of the existing council to return after the election. This could occur after Nomination Day (August 21) if fewer than three quarters of council submit nominations to run for re-election, or after Voting Day (October 26) if three quarters of council are not re-elected.

For these reasons, we propose a 2027 effective date. A longer implementation timeline would provide an adequate window for municipalities and industry to implement the new policies and minimize disruption and delays to the 2026 construction season.

**Recommendation 5: Provide guidance materials to help municipalities and businesses comply with new procurement rules.**

During municipal consultation, 91% of participants polled said that having clear guidance materials and a dedicated Ministry contact would help municipalities and industry quickly comply with the proposed regulations.<sup>13</sup> Based on feedback from participants, we recommend the following areas for guidance:

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<sup>12</sup> See chart in Appendix A titled *Theme: Policy Requirement “Is it feasible for a vendor to submit a Domestic Supply Chain Plan covering all major goods and services (including those of sub-contractors)? If not, why is this not feasible?”*

<sup>13</sup> See chart in Appendix A titled *Theme: Implementation “What types of support of resources would help your organization comply with the policy?”*

- **Clarifying Definitions:** Buyers and vendors need clear definitions of “Canada Made” and “Ontario Made” to set RFP criteria and prepare Domestic Supply Chain Plans. These definitions need to account for the full breadth of domestic supply chains, end-to-end, while minimizing impacts to local businesses. For example, vehicles or water pipes manufactured in the United States rely on Ontario parts or natural resources as intermediate inputs. However, definitions that consider the final point of assembly, but not intermediate inputs may not consider these products as having domestic content. We recommend the province work with industry and procurement professionals to ensure the proposed definitions can be operationalized in the real economy and do not harm Ontario suppliers that sell to foreign manufacturers.
  
- **Assessing Compliance:** Clear direction on how to verify compliance with domestic content/location requirements including confirming supply chain inputs. Direction needs to include whether a point-in-time attestation at bid submission is sufficient, or if ongoing verification is needed over the project lifetime.
  
- **Scoring Bids:** Sixty-four percent (64%) of consultation participants polled prefer flexibility for municipalities to set their own scoring methodology as opposed to a provincially established standardized approach.<sup>14</sup> Proponents of both approaches agree that guidance on how to evaluate and score bids would be valuable. Participants are also seeking guidance on how to balance prioritizing domestic content, with value for money, and project timelines.

### **3. Coordinate with Existing Funding Programs**

#### **Recommendation 6: Provide exemptions for projects receiving provincial and federal grants.**

Municipalities fund 80% of infrastructure costs, with federal and provincial grants funding the remaining balance.<sup>15</sup> Some grants have program specific requirements that may not be consistent with the proposed regulations. If provincial procurement and funding program rules are misaligned, municipalities may take on an even higher share

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<sup>14</sup> See chart in Appendix A titled *Theme: Evaluation Methodology “Should the policy prescribe a standardized scoring methodology or should procuring entities retain flexibility to select their own approaches?”*

<sup>15</sup> AMO. [Social and Economic Prosperity Review](#), 2024.”

of project costs, due to funding ineligibility or reductions arising from program design exclusions such as grant stacking. For example:

- **Municipal Housing Infrastructure Program (MHIP):** Municipalities are responsible for funding unanticipated cost escalations for MHIP projects. If the proposed procurement requirements result in increased input costs or schedule delays, municipalities may need to review in-flight projects to scale back project scope, delay completion or cancel projects entirely, to stay within budget.

Provincial *Buy Ontario* consultation documents indicate procurement requirements “may not apply” when an infrastructure project is subject to a program-based requirement tied to federal funding. To mitigate risks arising from funding eligibility criteria or unfunded cost increases, municipalities need certainty that such requirements will not apply in these cases. We recommend the province engage with the relevant federal departments to identify and address across its suite of programs, program design requirements that may unintentionally disqualify municipalities or reduce their funding entitlements.

#### **4. Match Supply with Demand**

##### **Recommendation 7: Work with municipalities and industry to target exemptions and investments needed to match supply with demand.**

Ontario’s construction and vehicle manufacturing industry have high exposure to and reliance on international supply chains. Oxford Economics’ report on tariff impacts on municipal construction identified diesel, construction machinery, electrical components, and structural steel as the largest import categories coming from the United States, representing around three-quarters of Ontario’s imports of construction related inputs.<sup>16</sup> With high reliance on imports for construction , new procurement requirements and the policy driven demand that is anticipated may exceed domestic manufacturing and supplier capacity.

The 2025 consultation documents on the proposed light duty fleet vehicle procurement policy included market assessment of municipal demand, and industry capacity to allow the province to provide targeted procurement directive exemptions<sup>17</sup> and investments in

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<sup>16</sup> Oxford Economics. “[Tariff Impacts on Ontario Municipality Capital Expenditure](#)”, 2025.

<sup>17</sup> For example: for specialized fleet vehicles like emergency services and undercover police vehicles

the auto manufacturing sector. A similar assessment needs to be conducted for the construction industry to determine if domestic vendors have the capacity to supply specialized construction materials and deliver an increased number of complex infrastructure projects. Insight from this type of assessment could also be used to create a list of construction materials with heavy reliance on US sources that could be exempt from domestic-content requirements while the province works with industry and federal partners to realign supply chains and establish domestic sources. Other ongoing initiatives like removing inter-provincial trade and labour mobility barriers could also be leveraged to help position industry to meet growing demand.

## **Conclusion**

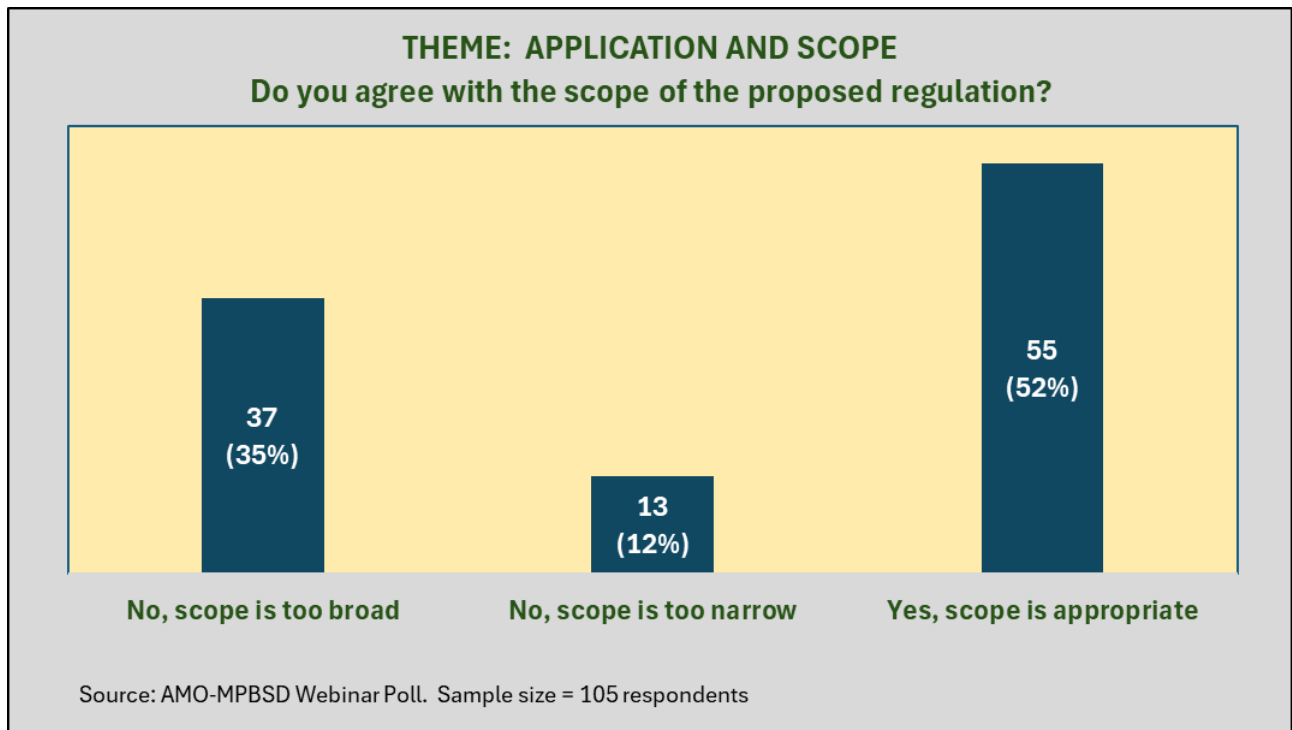
AMO and its members value the province's acknowledgement of the important role that municipalities can and do play in the province's response to changing global trade relationships. Protecting flexible local procurement and providing clear guidance on implementation will be key to meeting this goal. At the same time, municipalities need the right framework to prevent cost escalation and procurement delays that could significantly hurt municipal budgets, service delivery, or capital project delivery timelines. We look forward to working with the province to support its broader economic development and strategic industrial policy push to strengthen industries and support domestic jobs and businesses.

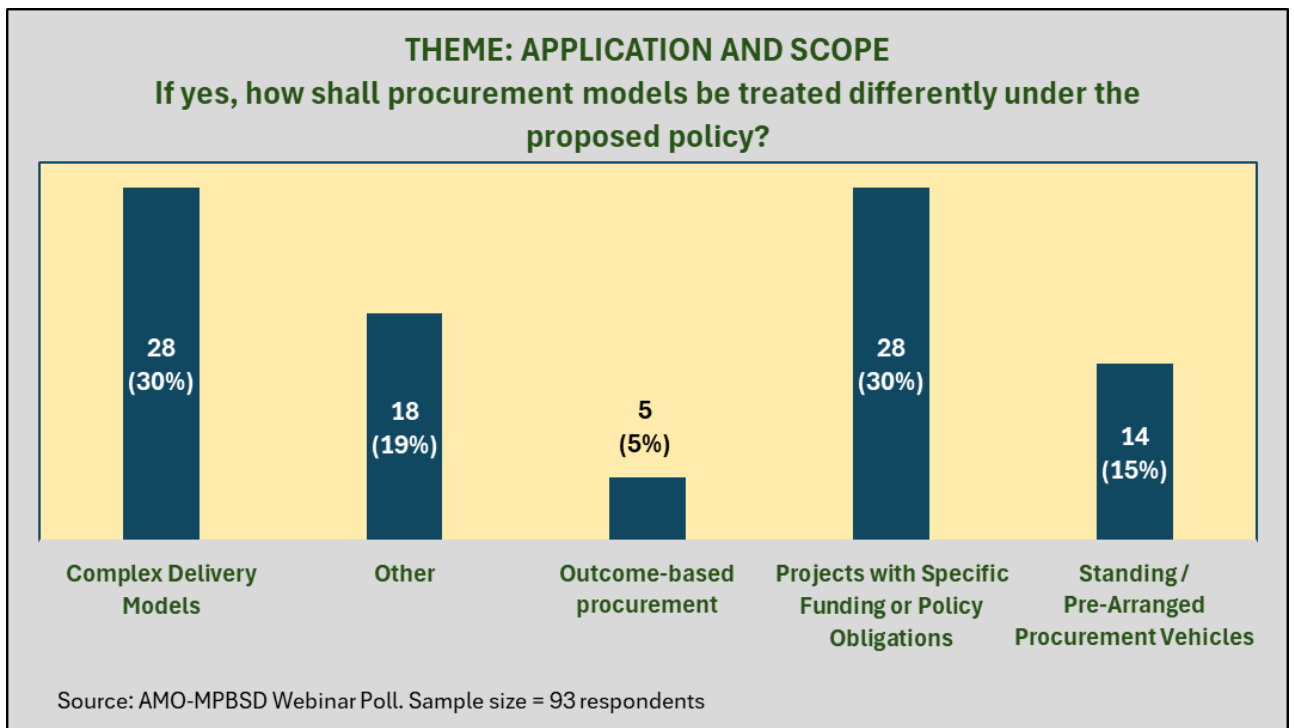
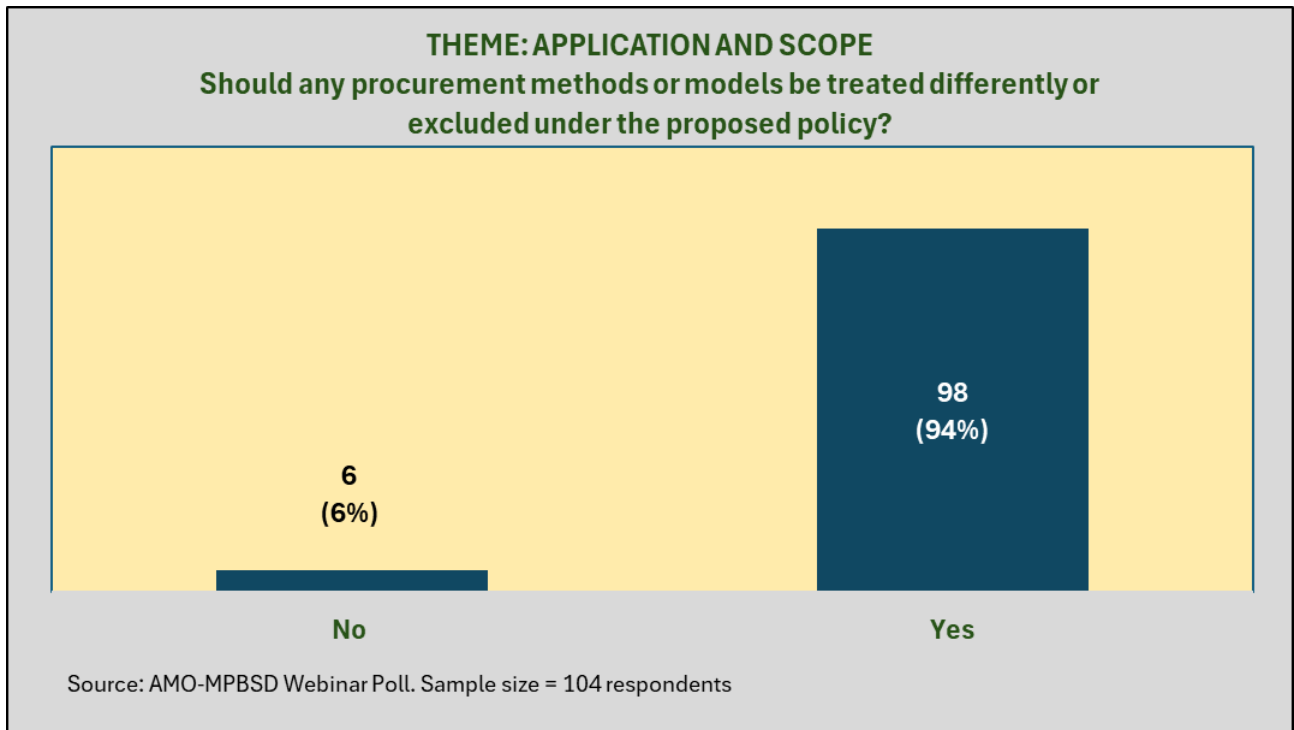
## Appendix A: Summary of Consultation Feedback

AMO co-hosted a consultation webinar in partnership with staff from the Ministry of Public and Business Service Delivery and Procurement on February 24, 2026, to gather feedback on the proposed regulations. One hundred eighty-nine (189) participants from 140 municipalities and representing over 60% of Ontario’s population attended. Participants included a range of senior municipal professionals including those working in procurement, finance, public works, and legal departments.

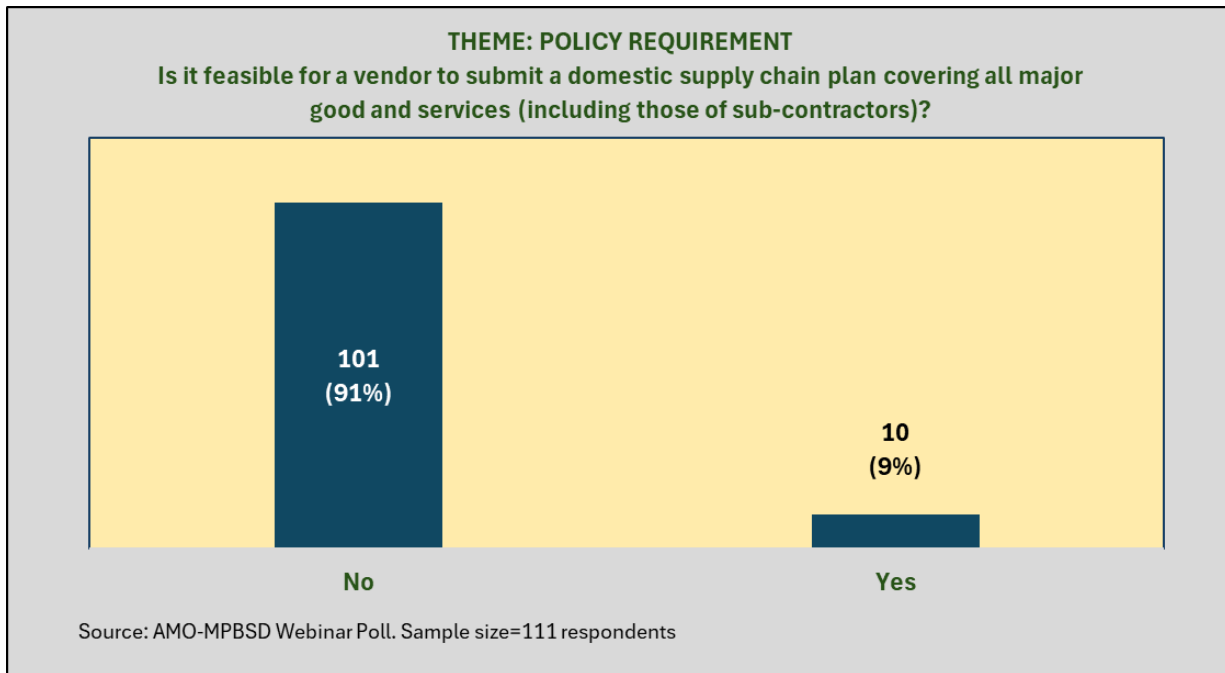
The webinar included several poll questions on the following topics: application and scope of the proposed regulations, policy requirements, evaluation methodology, implementation dates, and reporting. The poll results are shown below, by topics.

### THEME: APPLICATION AND SCOPE





**THEME: POLICY REQUIREMENT**

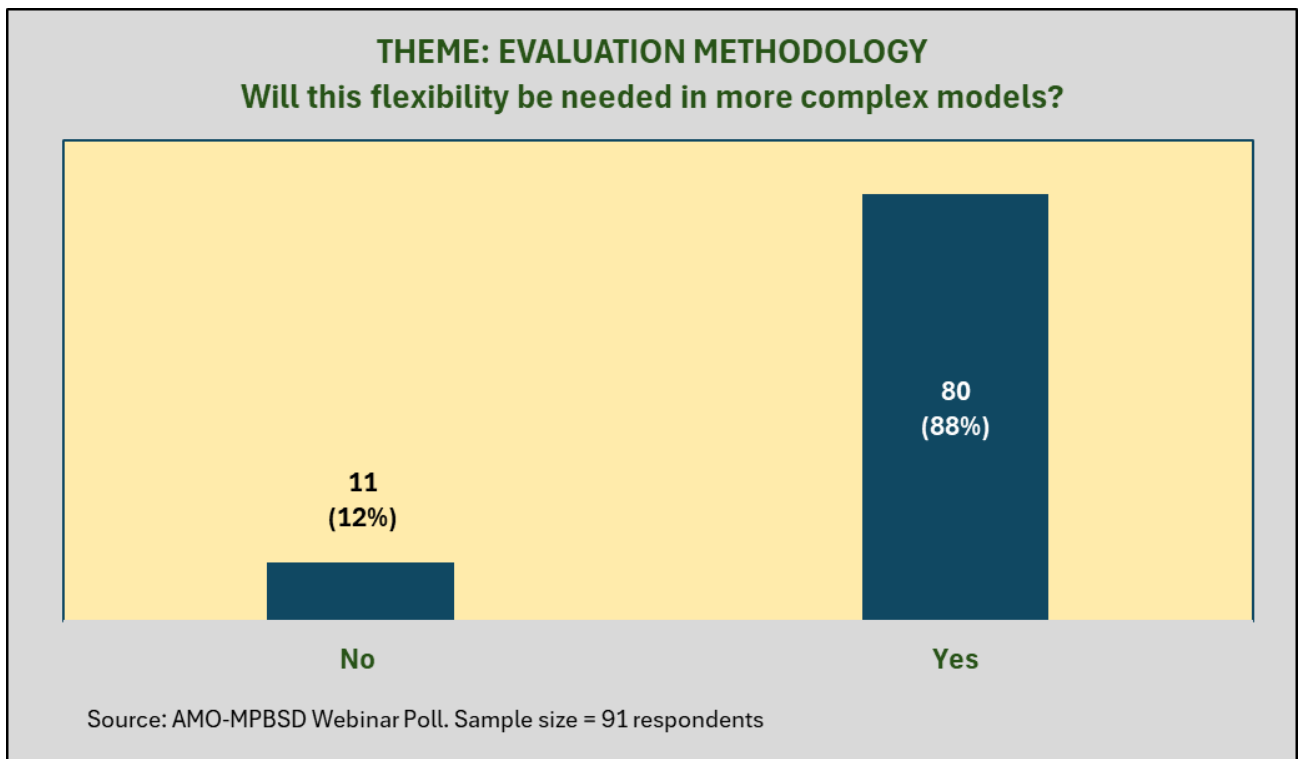
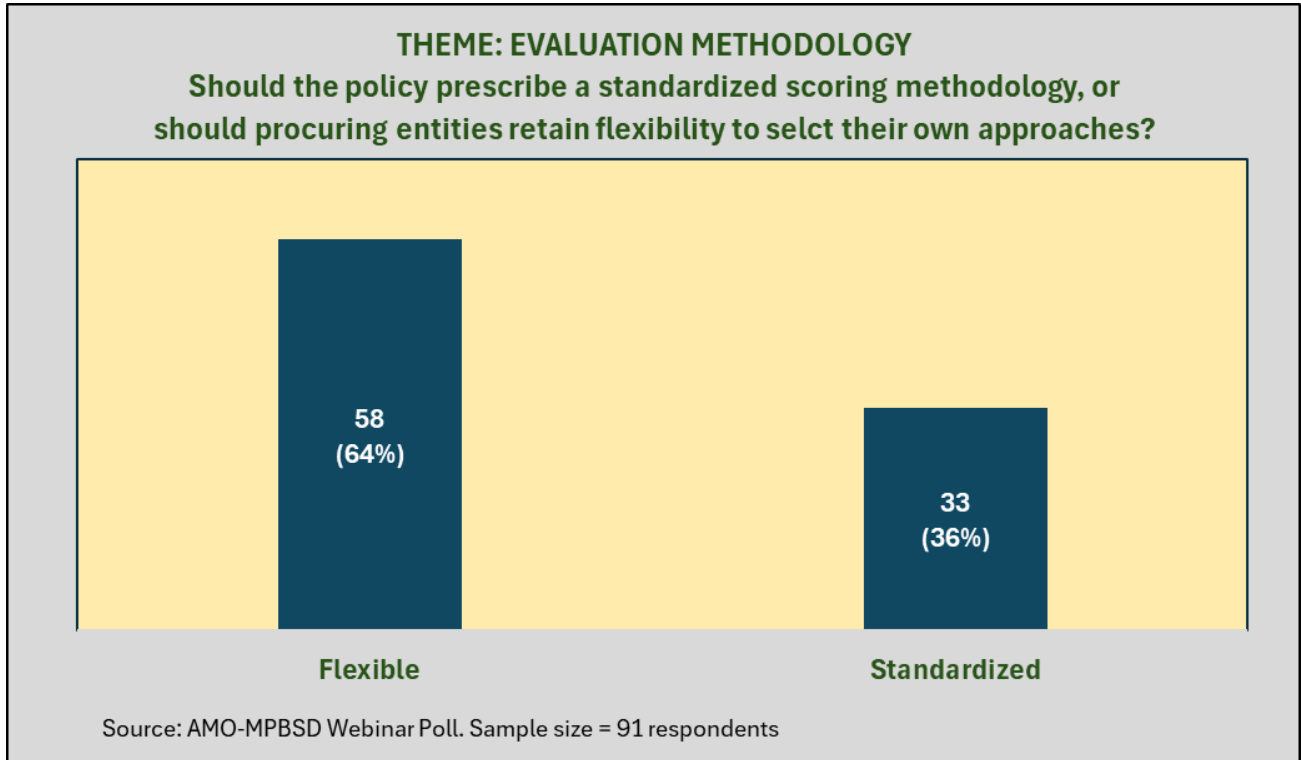


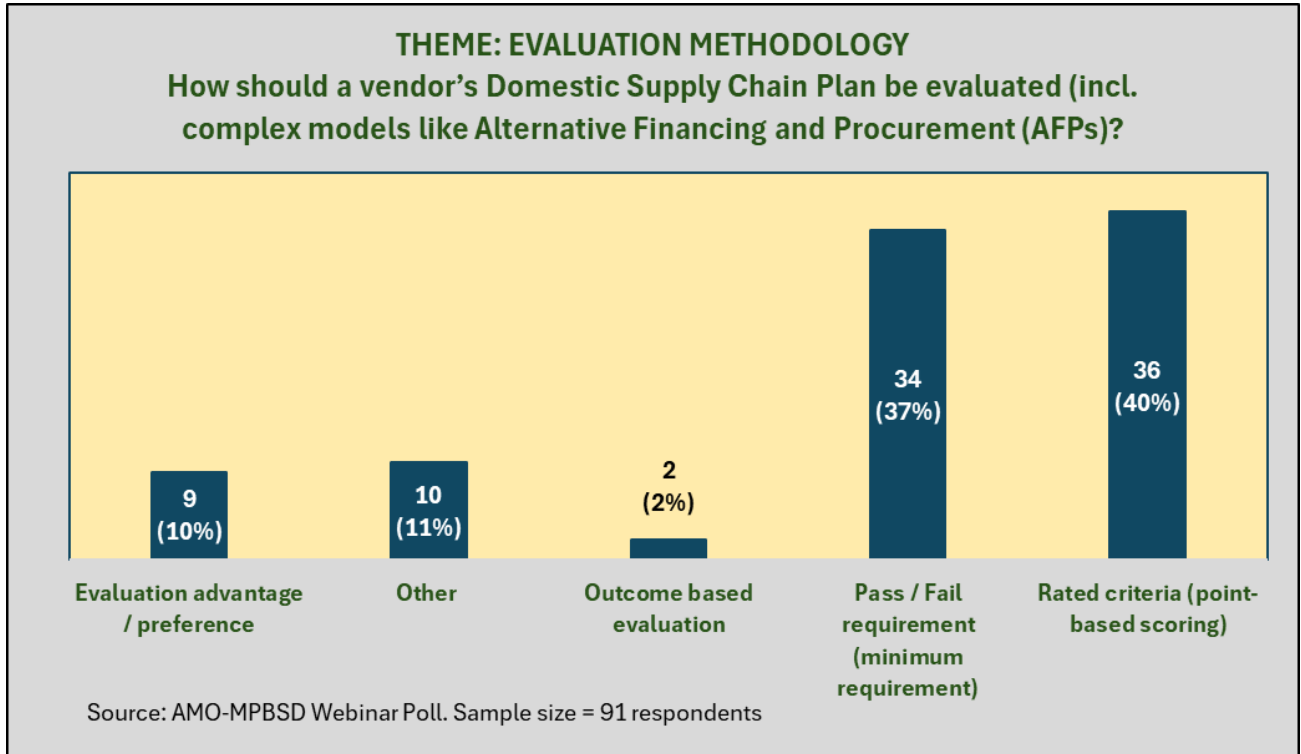
**THEME: POLICY REQUIREMENT**

**Is it feasible for a vendor to submit a Domestic Supply Chain Plan covering all major goods and services (including those of sub-contractors)? If not, why is this not feasible?**  
**[Top 4 responses]**

Answer choices (select all that apply)	Number of Response	Share of Responses
Time constraints		
Need guidance to identify major goods		
Limited procurement expertise		
Project complexity	5	9%
Time constraints		
Need guidance to identify major goods		
Limited procurement expertise		
Project complexity		
Market knowledge gaps		
Other	5	9%
Time constraints		
Need guidance to identify major goods		
Project complexity		
Market knowledge gaps	8	15%
Time constraints		
Need guidance to identify major goods		
Limited procurement expertise		
Project complexity		
Market knowledge gaps	35	66%
<b>Total</b>	<b>53</b>	

**THEME: EVALUATION METHODOLOGY**





**THEME: IMPLEMENTATION**

**THEME: IMPLEMENTATION**  
 What will be the impact of the proposed implementation date – Early Spring 2026 - be on your organization?

Theme	Number of Response	Share of Responses
Policy / by-law / procurement updates required	31	24%
Staffing and resource constraints	29	23%
Budget and cost impacts	16	13%
Training and guidance needed	14	11%
IT systems and process changes	9	7%
Timeline too short / rushed implementation	8	6%
Governance and approvals (Council/Board)	8	6%
Coordination with partners / vendors	6	5%
Risk, compliance, and uncertainty	4	3%
Organizational readiness / not prepared	2	2%
<b>Total</b>	<b>127</b>	

