

Proposed Policy for Goods and Services in Capital Infrastructure and Construction Projects: Key Elements

MPBSDP is proposing a policy that would apply to major goods and services in capital infrastructure and construction projects to encourage vendors to use Ontario-Made and Canadian-Made goods and services wherever possible when delivering capital infrastructure and construction projects to support key industries and Ontario's economy. Feedback from the public and stakeholders will inform the design of the policy.

Application and Scope

Policy Development Considerations:

To maximize the benefits of the policy, the scope of the proposed policy should include all procurement methodologies at any dollar value and be applied to any capital infrastructure and construction procurement models (e.g., Alternative Financing and Procurement (AFP), Construction Management). However, exclusions may be included where it is necessary because it is not feasible operationally. If a procurement methodology or model is not explicitly excluded, the proposed policy may include a process to seek an exemption from an appropriate approver.

Policy Proposal:

The expanded policy would apply to: (1) Government entities - ministries and provincial agencies (except for Ontario Power Generation and the Independent Electricity System Operator (IESO)), (2) Designated broader public sector organizations as included under Buy Ontario Act (Public Sector Procurement), 2025 (BOA), and (3) Municipalities and local board (see the proposed regulation for additional details)

The scope of the proposed expanded policy includes all new competitive and non-competitive capital infrastructure and construction procurements of any dollar value and any capital infrastructure and construction procurement model.

The proposed policy requirements may not apply when a public sector entity is required to comply with specific procurement obligations (e.g., Buy Canadian) tied to federal funding for capital infrastructure and construction projects.

Proposed Effective Date:

Designated BPS organizations and Municipalities (and municipal entities) - March 2026.

Definitions:

Policy Development Considerations:

The definitions used in the policy should be clear to minimize interpretation issues and support the identification of domestically made products and services.

The policy will include the following definitions for scope:

- (1) "Capital Infrastructure" includes all social and transit/transportation infrastructure projects (e.g. provincial highways, subways, correctional facilities);
- (2) "Public sector entity" – means a government entity or a designated broader public sector organization, a "municipality" or a "municipal entity"

The policy will also include definitions for "Construction", "Ontario Made", "Canadian Made", "Ontario Service", "Canadian Service", and "Public sector entity".

"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.

Note: Routine maintenance, repair, and operations (MR O) would not be included in the definition of Construction unless the MR O activities involve repairing or renovating the physical structure (e.g., fixing a roof, replacing flooring, repairing HV AC systems); in these situations, the MR O activities would be considered Construction.

"Ontario Made" - means the product originates within the province of Ontario— either grown, produced, or manufactured in Ontario.

"Canadian Made" – means the product originates from any one province or territory within Canada – either grown, produced, or manufactured in Canada

“Ontario Service” – means any service provided by an individual or a supplier, manufacturer or distributor of any business structure based in Ontario.

“Canadian Service” – means any service provided by an individual or a supplier, manufacturer or distributor of any business structure based in Canada.

Policy Requirements:

1. The proposed policy would require vendors participating in public sector procurements to commit to sourcing Ontario-made goods and Ontario Services and Canadian-made goods and Canadian Services as much as possible for major goods and services identified by the public sector entity.
2. Public sector entities would evaluate this commitment through pre-established evaluation criteria to rate how strong each vendor’s Ontario-based and Canada-based supply chain is. Vendors that use more Ontario-made goods and Ontario-based services and Canada-based goods or services would receive higher scores and have an advantage in the evaluation.

Domestic Supply Chain Plan

1. Public-sector entities must give priority to Ontario-Made and Canadian-Made goods and services when procuring major goods for capital infrastructure and construction projects.
2. To support this requirement, vendors must submit a Domestic Supply Chain Plan that identifies the source of every major good and service they intend to use in the project, including those provided by subcontractors.
3. Public sector entities would be required to outline the specific major goods and services the vendor would need to include in its Domestic Supply Chain Plan.
4. Public sector entity can rely on a vendor’s attestation that a good or service meets a definition in the proposed policy.
5. Public-sector entities must then use defined evaluation and scoring methods to give preference to bidders that use Ontario-Made and Canadian-Made products and Ontario or Canadian services for the project’s major goods, where feasible.

Note: In the proposed policy, “Major Goods” refers to substantial construction-related items, which may vary depending on the procurement, as determined by the buyer. It generally includes but not limited to:

- 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

Evaluation Methodology (Example)

The following presents an example of evaluation methodologies that are tied to procurement value threshold that can be used:

For low-dollar value procurements:

1. Require vendors to submit a Domestic Supply Chain Plan
2. Evaluate bids as follows:
 - a. The vendor offering the highest proportion of Ontario Made goods and Ontario Services in their Domestic Supply Chain Plan will receive:
 - (i) For Price-Only Procurements: A 10% reduction in price (for evaluation purposes only);
 - (ii) For Procurements with Rated Criteria: A 10% increase to the evaluation score.
 - b. All other vendors will be evaluated without adjustment.

For medium dollar value procurement:

1. Require vendors to submit a Domestic Supply Chain Plan
2. Evaluate bid as follows:
 - a. Only the vendor offering the highest proportion of Ontario-made goods and Ontario Services, followed by Canadian-made goods, and Canadian Services in their Domestic Supply Chain Plan will receive:
 - (i) For Price-Only Procurements: A 10% reduction in price (for evaluation purposes only);
 - (ii) For Procurements with Rated Criteria: A 10% increase to the evaluation score.
 - b. All other vendors will be evaluated without adjustment

For high-dollar value procurements:

1. Require vendors to submit a Domestic Supply Chain Plan

2. Evaluate bid as follows:

- a. Assign a maximum of 10% to the total evaluation score to the Domestic Supply Chain Plan
- b. Select the vendor whose Domestic Supply Chain Plan score is at least 50% higher than the top-ranked vendor, and
 - (i) their bid price is within 10% and
 - (ii) their construction schedule is no more than 10% longer, the ministry or provincial agency the public sector entity should award the contract to that vendor, subject to all other award conditions.

Reporting

Public Sector entities would be required to comply with a request for information or data related to this policy, including but not limited to procurement data, awarded vendors' domestic supply chain submissions, future covered procurements.

A request may come from the Ministry of Public and Business Service Delivery and Procurement, Treasury Board Secretariat, the Ministry of Municipal Affairs and Housing, the entities' oversight ministry or Supply Ontario.

Information or data used may be published within the procurement outlook to help businesses plan and allocate their resources more effectively.

Reporting requirements:

Public sector entities must prepare and provide information and data as requested by Ministry of Public and Business Service Delivery and Procurement (MPBSDP) or Supply Ontario.