



# Good Roads **ORBA**

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October 2, 2026

The Honourable Rob Flack  
Minister of Municipal Affairs and Housing  
17<sup>th</sup> Floor, 777 Bay Street  
Toronto, Ontario M7A 1J3

The Honourable Stephen Crawford  
Minister of Public and Business Service Delivery and Procurement  
5<sup>th</sup> Floor, 777 Bay Street  
Toronto, Ontario M7A 1J3

Dear Minister Flack and Minister Crawford,

Ontario's municipal governments are the foundation of our province's economy and an essential partner in Canada's prosperity. Municipalities invest \$68 billion annually in the infrastructure and services that residents and businesses rely on and are planning for more than \$250 billion in capital investments over the next ten years. Our communities are where the impacts of economic disruption are first felt and addressed.

Ontario's municipalities understand the pressures facing Ontario because of American tariffs and anti-trade actions against Canada. On behalf of Ontario's municipal governments, AMO and its members are meeting the moment, and are fully committed to supporting provincial and federal efforts to respond to the threat of tariffs.

Municipalities know that procurement is an important lever to support Ontario and Canadian businesses and strengthen domestic supply chains. Municipalities are doing their part just as they have through past moments of economic uncertainty.

The September 17, 2026 letter to municipalities reminding them of their compliance obligations has prompted concern from municipalities. We are not aware of any widespread non-compliance with *Buy Ontario Act* requirements by municipalities. In fact, before the *Buy Ontario Act* came into effect, more than 98 per cent of municipal procurement for non-

construction goods and services came from businesses with Canadian addresses. A report on tariff impacts conducted by Oxford Economics identified only 30% of construction related procurement in Ontario coming from non-Canadian sources<sup>1</sup>. In both cases, when municipalities procure from sources outside of Canada, it is often because Canadian-made options are not readily available or would significantly inflate projects costs.

In other words, municipalities have been maximizing the use of Ontario and Canadian goods and services in municipal procurement for many years. In many cases, this includes prioritizing small and medium local businesses so local tax dollars are reinvested in the community. Since then, municipalities have expanded their efforts to be active partners in strengthening our economy. Over the past 18 months of economic uncertainty, they have:

- supported tens of thousands of construction jobs by accelerating planned capital projects and investing in local infrastructure at historic levels;
- leveraged local economic development infrastructure, working closely with local businesses to understand and address pain points and support diversification efforts;
- proudly adopted Buy Canadian and Buy Ontario measures to ensure that municipal spending on goods and services is working to protect Canada and Ontario's economic well-being.

This strong commitment is also why AMO and the municipal sector have worked so closely as partners with the Province to develop and rollout the *Buy Ontario Act* requirements for municipalities. It is why we have repeatedly called for ongoing collaboration to address supply chain gaps where Canadian-made products are not currently available. It is why we hosted webinars on behalf of MPBSDP earlier this year to inform the development of the Buy Ontario Directive and inform [AMO's recommendations](#) to the Province about how to effectively implement the *Buy Ontario Act*. Working together to make the system clear, practical and workable is crucial to achieving our shared goal of strengthening Ontario's economy.

Municipalities have now had several months of experience with the new Buy Ontario requirements, including the capital construction rules introduced this spring. We are hearing that the requirements can add time and cost to procurements and result in incomplete bids, as businesses themselves work to understand and meet the new rules. We are hearing similar concerns from industry about added red tape and uncertainty around how to comply. This is why we are writing in partnership with the Toronto and Area Road Builders Association (TARBA), Ontario Sewer & Watermain Construction Association (OSWCA), Good Roads, Ontario Road Builders' Association (ORBA), and Ontario Public Buyers Association (OPBA) to share four recommendations to help continue making meaningful progress towards supporting Ontarian and Canadian businesses.

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<sup>1</sup> Oxford Economics. "[Tariff Impacts on Ontario Municipality Capital Expenditure](#)"

**Recommendation 1: Provide clear provincial guidance on how to verify domestic content, evaluate and score bids, and balance domestic content requirements with value for tax dollars.**

During municipal consultation on the *Buy Ontario Act*, 91% of participants said that having clear guidance materials would help municipalities and industry quickly adjust procurement practices. After the implementation of the Buy Ontario Directive, calls for clearer, more detailed guidance have increased. This could include example templates or best practices that municipalities can rely on when preparing RFPs, or that businesses could use when preparing bids. These are areas where we can provide support tapping into the experience of procurement professionals who are implementing the policies to identify gaps in guidance, and refine approaches to ensure the intent of the Buy Ontario Act is met, while delivering value for Ontarians. We recommend clear guidance on:

- **Assessing Domestic Content:** The risk of losing provincial funding for non-compliance with *Buy Ontario Act* requirements means that some municipalities have adopted a high standard of proof of domestic content in RFP criteria. This places a very high burden on business to identify and verify the origin of goods. AMO has heard that this burden has already become a barrier to the small and medium sized, local businesses that the *Buy Ontario Act* is intended to protect. We recommend the Province work with industry and municipal procurement experts to ensure domestic content requirements can be more easily operationalized. For example, AMO is aware of recommendations from the construction industry to limit the goods included in a domestic supply chain plan to the top ten inputs of highest value, or only substantive items.
- **Scoring Bids:** Municipalities are seeking clearer guidance from the Province on how to balance domestic content requirements with prudent stewardship of tax dollars and value-for-money considerations. The “10% evaluation advantage” guidance is an example of current guidance that is having the opposite effect as intended. AMO has heard examples of municipalities facing costs from \$100,000 to \$500,000 more for only one or two percentage points of additional domestic content. This increases the cost to taxpayers to deliver the same project with little material benefit and reduces funds available for other projects. The result is the opposite of the intent of the *Buy Ontario Act* – the ability for municipalities to invest in local businesses is reduced. Replacing the “10% evaluation advantage” approach with another method or providing clearer guidance would help avoid these outcomes.
- **Reaffirm and Clarify Use of Alternative Methods:** We appreciate that in response to municipal calls for flexibility, the Municipal Buy Ontario Directive authorizes use of “an alternative method that is consistent with, and advances the objective of [maximizing the use of domestic goods during construction]”. However, the ability to use this flexibility has been called into question by the recent letter indicating that the Province intends to cut funding to municipalities that – in the Province’s opinion – are not following Buy Ontario procurement policies. Municipalities need certainty on how the Province will determine whether alternative methods are consistent with the Directive, and certainty that using this approach will not result in the loss of funding needed to deliver local services and infrastructure.

**Recommendation 2: Establish a provincial “Buy Ontario Qualified” pre-qualification framework so Ontario businesses have the option to prove compliance only once, and municipalities can rely on a provincial attestation.**

We appreciate the Directive’s allowance for municipalities to rely on a vendor’s Domestic Supply Chain Plan (DSCP) as evidence of what goods are Ontario or Canadian-Made. However, for the reasons noted above, municipalities are hearing concerns from local businesses about the capacity to complete these plans for each RFP. This red tape means that it is more cumbersome for the Ontario businesses that the *Buy Ontario Act* is intended to support, while putting municipalities at risk of receiving fewer, less competitive bids.

To solve this, we recommend that the Province establish a province-wide, pre-qualified list of Ontario contractors, suppliers, products and material sources for infrastructure procurement. This approach should be optional alongside the existing framework, allowing vendors to choose whether to submit evidence of provincial pre-qualification, or another method like a DSCP to demonstrate that their bids align with Buy Ontario directives. This framework should:

- use clear, standardized definitions and criteria
- establish a simple annual or periodic certification process for suppliers and manufacturers
- allow contractors and municipalities to rely on pre-qualified information across procurements
- be maintained by a provincial body.

Adding another option for businesses and municipalities to comply with Buy Ontario rules would help reduce repeated paperwork, give another practical verification tool, and create more consistency in how Buy Ontario is applied. It would provide more flexibility for municipalities, contractors and suppliers to plan for public work, while remaining competitive and providing the best value for public money.

**Recommendation 3: Reduce administrative burden by providing exemptions for low-value projects with low economic impacts.**

The Buy Ontario Procurement Directive is intended to support Ontario businesses. In its current form, however, it is creating additional burden for the very businesses the policy is meant to help. Contractors and suppliers now must complete detailed supply chain and domestic content reporting for each tender, and municipalities must determine if this documentation is sufficient. This red tape increases compliance costs for businesses which on low-value projects can be a barrier to providing a competitive bid. The result is less competition, higher costs, and delays or cancellations of projects that could be completed by small and medium local companies.

We recommend the Province consider providing exemptions to the requirement to provide detailed supply chain plans for Ontario and Canada based companies bidding on projects below a cost threshold where there would be limited economic impact to Ontario. For example, this could take the form of a blanket exemption or allowing simple attestations from vendors that their supply chains and businesses align with the objectives of the

directive. This would improve flexibility on local projects and ensure Ontario contracts and suppliers remain competitive and do not lose out on projects because of red tape.

**Recommendation 4: Conduct a market assessment of municipal demand and industry capacity to identify opportunities to invest in expanding domestic supply chains.**

Ontario's construction and vehicle manufacturing industry have high exposure to and reliance on international supply chains that are vulnerable to tariff impacts. 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 construction related imports. Transitioning this high reliance on imports for construction to domestic supply is anticipated to exceed domestic manufacturing and supplier capacity.

When implementing the light duty fleet vehicle procurement policy, MPBSPB conducted a market assessment of municipal demand and industry capacity. This allowed the Province to target procurement directive exemptions (e.g. speciality vehicles like ambulances) and invest in Ontario's 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 for a growing number of municipal infrastructure projects. Insight from this type of assessment could also be used to target investments in Ontario's manufacturing sector to realign supply chains and create new jobs.

**Conclusion**

Municipalities and industry share the goal of strengthening Ontario's economy. We support the intentions of the Buy Ontario Act. We understand the complexities of designing and implementing an approach that supports local economies, while providing value to Ontario's taxpayers and delivering quality public services and assets. Our associations are available to help convene and leverage the collective expertise of our members to help implement our recommendations and promote best practices based on experiences to date. Working together to make the system clear, practical and workable will be critical to achieving that goal while continuing to deliver value for taxpayers and the services communities rely on.

Sincerely,



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cc: The Honourable Victor Fedeli, Minister of Economic Development, Job Creation  
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