

Communication Update

To: Mayor and Members of City Council
Committee Date: May 1, 2026
Subject/Report No.: Municipal Buy Ontario Procurement Directive
Ward(s) Affected: City Wide
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Signature:



The purpose of this Communication Update is to advise Council of the *Municipal Buy Ontario Procurement Directive* (the “**Directive**”), requiring municipalities to prioritize the procurement of Ontario and Canadian goods and services by imposing mandatory procurement requirements. This Communication Update provides an outline of the changes, the impacts to City procurement processes, and how the Procurement Division will be supporting the implementation of the Directive to ensure compliance and staff readiness.

The full Directive can be accessed here: [Municipal Buy Ontario Procurement Directive | ontario.ca](#).

Summary

This Communication Update provides Council with an update on the Municipal Buy Ontario Procurement Directive.

Background

OVERVIEW OF DIRECTIVE

On March 30, 2026, the Government of Ontario issued a regulation under the Buy Ontario Act (Public Sector Procurement), 2025 (the “**Act**”) mandating municipalities be subject to the Act, including any applicable directives issued under the Act.

On Tuesday, April 7, the Government of Ontario issued the Municipal Buy Ontario Procurement Directive (the “**Directive**”) posted the *Municipal Buy Ontario Procurement Directive*, a directive requiring municipalities to prioritize the procurement of Ontario and Canadian goods and services by imposing mandatory procurement requirements to strengthen local supply chains and support Ontario businesses.

The Directive has significant implications as to how municipalities currently conduct procurement for both vehicles and construction related projects. Procurement and Legal Services have created a strategic plan for updating procurement processes and bid documents to comply with the directive and deadlines. Furthermore, Procurement staff regularly meet with City employees who handle vehicle and construction projects to share updates and gather feedback.

The implementation of the Directive is phased and applies as follows.

Fleet Vehicles (effective for procurements issued/posted on or after April 13, 2026)

- Applies to all new procurements of light-duty passenger fleet vehicles with a Gross Vehicle Weight Rating (GVWR) of 4,500 kg or less, regardless of value or procurement method.
- Requires a tiered approach to procurement giving first prioritization to Made-in-Ontario vehicles, then secondly vehicles from Ontario Vehicle Producers. Exceptions are available but are limited and require a business case to support the exception and City Manager approval.

- The Procurement Division found that the Directive will have minimal impact on the City in 2026 or 2027, since most major fleet procurements began before the Directive and many contracts allow annual extensions. However, any vehicle requirements that are unforeseen or required on an ad-hoc basis would be required to follow the Directive.

Capital Infrastructure (effective for procurements issued / posted on or after May 15, 2026)

- Applies to construction as well as any fixtures, furniture and equipment included in and incidental to and required for the facility's operational readiness immediately following construction, as well as transit fleet vehicles (buses).
- Requires inclusion for bidders to submit "Domestic Supply Chain Plans" in procurements for bidders to identify the origin of major goods and services.
- Requires municipalities to impose a procurement evaluation criterion to prioritize Ontario and Canadian content.
- The Directive provides an exception to these requirements on a case-by-case basis, only where strictly necessary and when all of the following criteria have been met:
 - Upon completion of a thorough and current market assessment, using objective and verifiable information to assess supply, competition, and pricing, and where the assessment shows that applying the requirements in the Directive would increase the estimated cost of the procurement by 25% or more, compared to not applying the requirements.
 - Appropriate approval has been obtained to exclude the procurement based on the value of the procurement; and
 - Where no reasonable alternative procurement approaches are available that would meaningfully reduce the cost impact while meeting business objectives.

The Directive includes ongoing reporting obligations to Supply Ontario, Ministry of Public and Business Service Delivery and Procurement, the Ministry of Municipal Affairs and Housing and Treasury Board Secretariat. The reporting obligations are effective as of April 13, 2026 and impose the obligation for enhanced documentation to support all applicable procurements and the methodology used to award a contract. Additional documentation and reasoning will also be required for all exceptions granted.

The impact of this additional reporting upon current staffing resources is unknown at this time.

The Directive incorporates consequences for non-compliance with any requirement of the Act or Directive, including:

- Withholding of funds by a minister of the Crown and loss of entitlement to any withheld funds if non-compliance continues until March 31 after the Management Board of Cabinet directed the withholding.
- A compliance review being conducted with a report being prepared and submitted to the Minister following completion. The Minister may do either or both of the following:
 1. Publish, on a publicly accessible website, any findings stemming from the report regarding compliance.
 2. Direct corrective action to be undertaken to remedy non-compliance.

Conclusion / Next Steps

- The Procurement Division is working with Legal Services and Communications to implement the Directive's requirements.
- Staff are reviewing the City's Procurement Policy for required updates to comply with the Directive.

- Procurement staff are proactively collaborating with stakeholders affected by the Directive, organizing meetings with internal City personnel to review requirements, evaluate divisional impacts, and gather feedback.
- Procurement and Legal Services staff continue to attend Supply Ontario and AMO information sessions to better understand the requirements.
- Procurement staff participate in ad-hoc roundtables with GTHA peers (Mississauga, Vaughan, Brampton, Peel) to share knowledge and align processes with the Directive.
- Procurement and Legal Services Division staff will update procedures and create tools to help City departments comply with the Directive.

If you have any questions regarding this communication, please contact Tina Iacoe, Director of Procurement at (905) 546-2424 Ext. 2796 or by email at Tina.Iacoe@hamilton.ca

Appendices and Schedules Attached

None.