

# Capital Infrastructure Policy – A Guide for Buyers

**Developed by:**

Ministry of Public and Business Service Delivery and Procurement

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**Table of Contents**

1. Purpose ..... 4

2. Capital Infrastructure Policy Requirements..... 4

    2.1 Public Sector Entities..... 5

    2.2 Effective Date ..... 5

3. Application and Scope ..... 6

    3.1 Application..... 6

    3.2 Scope..... 6

    3.3 Key Definitions .....7

    3.4 Value for money exclusion..... 9

4. Requirements ..... 11

5. Domestic Supply Chain Plan..... 11

6. Domestic Supply Chain Plan Approach and Methodology ..... 12

    6.1 Evaluated Approach..... 12

    6.2 Commitment Approach ..... 22

7. Conflicts with Federal Funding Agreements..... 23

8. Alternative Method Approach ..... 24

9. Weighted Domestic Criteria..... 25

10. APPENDICES..... 27

    Appendix A.1. Example of a Domestic Supply Chain Plan ..... 27

    Appendix A.2. Weighted domestic criteria..... 28

    Appendix A.3. Examples of Weighted domestic criteria..... 28

**DISCLAIMER:**

This Guide contains guidance that may inform procurement documents issued by public sector entities. This Guide is not intended to create any legal rights or obligations between Ontario and any bidders or contractors. The terms and conditions applicable to a procurement will be set out in the procurement documents for that specific procurement.

This Guide is provided to assist public sector entity buyers when complying with the requirements of section 4.4.2 Strategic Category - Capital Infrastructure of the Buy Ontario Procurement Directive for government and Broader public sector (BPS) entities and section 4.2.2 of the Municipal Buy Ontario Procurement Directive for municipalities, local boards and municipal services corporations.

Public sector entity buyers should always consult with their procurement, business, and legal advisors on proper use of this Guide and its content.

All questions regarding the application of the Capital Infrastructure policy requirements to a particular procurement can be directed to [doingbusiness@supplyontario.ca](mailto:doingbusiness@supplyontario.ca).

## 1. Purpose

This Guide is intended to provide guidance to OPS and broader public sector (BPS) entities, municipalities, local boards and municipal services corporations (each a "Public Sector Entity") on how to be compliant with the Capital Infrastructure policy requirements when conducting procurements.

Note that the steps in the procurement process remain unchanged. Public Sector Entity buyers should incorporate the requirements of the Capital Infrastructure policy while continuing to use existing tools, guidance materials, and the applicable procurement directive to navigate the overall process.

## 2. Capital Infrastructure Policy Requirements

Under section 4.4.2 Strategic Category - Capital Infrastructure of the Buy Ontario Procurement Directive for government and Broader public sector (BPS) entities and section 4.2.2 of the Municipal Buy Ontario Procurement Directive, Public Sector Entities are to prioritize Ontario Made and Canadian Made Goods and Ontario Services and Canadian Services in capital infrastructure procurements. It is part of Ontario's strategy to strengthen local industries, protect jobs, and build economic resilience in response to global trade volatility and U.S. trade actions.

The policy requirements ensure that vendors use Ontario-Made and Canadian-Made goods and services when delivering capital infrastructure including all social and transit/transportation infrastructure projects (e.g. provincial highways, subways, correctional facilities, etc.) and construction projects (as defined in the direction and this guide) as much as possible.

These policy requirements are included in the Buy Ontario Procurement Directive and the Municipal Buy Ontario Procurement Directive.

Note: For government and BPS entities, section 4.4.2 of the Buy Ontario Procurement Directive replaces section 4.2 of the Buy Ontario Procurement Directive on applicable Building Ontario Businesses Initiative (BOBI) requirements.

## 2.1 PUBLIC SECTOR ENTITIES

### Government and BPS entities

Government and BPS entities must follow all applicable procurement directives, including all applicable procurement directives and the Buy Ontario Procurement Directive.

Note: The capital infrastructure requirement does not apply to Ontario Power Generation Inc. and each of its subsidiaries (OPS) and the Independent Electricity System Operator (IESO).

In the event of any conflict or inconsistency between any applicable procurement directives and the Buy Ontario Procurement Directive, the Buy Ontario Procurement Directive and its requirements (including the capital infrastructure policy requirements) prevail to the extent of the conflict or inconsistency. The requirements of the Procurement Restriction Policy (section 4.3) prevail over any other requirements within the Buy Ontario Procurement Directive to the extent of any conflict or inconsistency.

### Municipal sector entities

Municipal sector entities must follow the Municipal Buy Ontario Directive. Municipal sector entities should refer to [O. Reg. 54/26 Prescribed Public Sector](#), the regulation under the Buy Ontario Act (Public Sector Procurement), 2025 for details about the specific entities that are prescribed.

For all Public Sector Entities (government entities, BPS entities and municipalities..), the policy does not prevail over legislation.

For clarification or questions regarding the applicability of this direction, ministries and provincial agencies should contact [doingbusiness@supplyontario.ca](mailto:doingbusiness@supplyontario.ca).

## 2.2 EFFECTIVE DATE

The Direction is effective on

- April 13, 2026: Government Entities and Broader Public Sector Entities
- May 15, 2026: Municipalities
- June 1, 2026: Local Boards and Municipal Services Corporations

### 3. Application and Scope

#### 3.1 APPLICATION

The Capital Infrastructure requirements apply to the following Public Sector Entities:

##### 1. Government Entities

- Ministries
- Provincial agencies

##### 2. BPS Entities

- Hospitals
- School boards
- Colleges and universities
- Children's Aid Societies
- Shared services and group purchasing organizations.
- Publicly funded organizations that received public funds of \$10 million or more in the previous fiscal year of the Government of Ontario.

##### 3. Municipal Entities:

- Municipalities, local boards and municipal services corporations that are [prescribed as "public sector entities"](#) under the Buy Ontario Act (Public Sector Procurement), 2025.

#### 3.2 SCOPE

The Direction applies to:

- All new<sup>1</sup> capital infrastructure procurements at any value, posted from the day the Direction comes into effect.

The Direction does not apply to:

- Medical equipment.

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<sup>1</sup> For the purpose of the Direction, a new procurement means a procurement opportunity that has not yet been posted (e.g., on an electronic tendering system) or has not yet been issued to vendors to submit a response.

- 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.

### 3.3 KEY DEFINITIONS

**“Capital Infrastructure Procurement”** 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 vehicles.

**“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 (MRO) would not be included in the definition of Construction unless the MRO activities involve repairing or renovating the physical structure (e.g., fixing a roof, replacing flooring, repairing HVAC systems); in these situations, the MRO activities would be considered Construction.

**“Canadian business”** means a supplier, manufacturer or distributor of any business structure that conducts its activities on a permanent basis in Canada. The business either:

- i. has its headquarters or main office in any province or territory within Canada, or
- ii. has at least 250 full-time employees in any one province or territory within Canada at the time of the applicable procurement process.

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

- Is 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, or
- Is labelled as “Made in Canada” or “Product of Canada”.

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

**“Domestic Supply Chain Plan”** – refers to the plan that would be included as part of a bid for a capital infrastructure procurement. It outlines the major goods and/or services, where they are sourced, and the value of the major goods and/or services.

**“Ontario Business”** means a supplier, manufacturer or distributor of any business structure that conducts its activities on a permanent basis in Ontario. The business either,

- i. has its headquarters or main office in Ontario, or
- ii. has at least 250 full-time employees in Ontario at the time of the applicable procurement process.

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

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

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

**“Major Goods”** – means durable materials, systems or components that are essential to ensuring the operational readiness or performance of the deliverable, including 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
- Fixtures, furniture and equipment
- Transit fleet vehicles

**Note:** These are examples of Major Goods that are not intended to be exhaustive and may vary depending on the procurement, as determined by the buyer.

### 3.4 VALUE FOR MONEY EXCLUSION

In limited circumstances, a Public Sector Entity may exclude a procurement from the requirements in section 4.4.2 of the Buy Ontario Procurement Directive (for government and BPS entities) and 4.2.2 of the Municipal Buy Ontario Procurement Directive where applying those requirements would significantly increase costs.

An exclusion may be applied only when all of the following conditions are met:

- A detailed market assessment shows that applying the requirements in section 4.4.2 of the Buy Ontario Procurement Directive or 4.2.2 of the Municipal Buy Ontario Procurement Directive would increase the estimated cost of the procurement by 25% or more, compared to not applying the requirements.
- The required level of approval is obtained before proceeding with the exclusion:
  - For government entities, approval must be obtained from the deputy minister, unless the OPS Procurement Directive requires a higher level of approval.
  - For BPS entities, approval must be obtained at a comparable senior executive level, such as the CEO.
  - For Municipal Entities, appropriate approval has been obtained to exclude the procurement based on the value of the procurement.

- Public Sector Entities may be required to provide information about any approved exclusion as part of the reporting requirements under section 4.1 of the Buy Ontario Procurement Directive and the Municipal Buy Ontario Procurement Directive.

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### **When a Buyer Should Consider Using This Exclusion**

A Public Sector Entity buyer may consider applying a value-for-money exclusion after careful analysis, where evidence indicates that full compliance would result in a significant and disproportionate cost impact. Specifically, consideration may be appropriate when:

- A thorough and current market assessment (such as, but not limited to a Request for Information) has been completed, using objective and verifiable information to assess supply, competition, and pricing
- The assessment clearly demonstrates that meeting the requirements in section 4.4.2 of the Buy Ontario Procurement Directive or 4.2.2 of the Municipal Buy Ontario Procurement Directive would increase costs by approximately 25% or more; and
- No reasonable [alternative procurement approaches](#) are available that would meaningfully reduce the cost impact while meeting business objectives.

This exclusion is intended to support exceptional, well-substantiated circumstances, and should be applied judiciously and with appropriate documentation.

Illustrative scenarios may include:

- Limited domestic availability for a highly specialized good or service
- Market conditions that significantly restrict competition when the requirements are applied; or
- Projects where timing, operational, or technical constraints make compliance impractical and result in a material cost increase.

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Buyers are encouraged to develop parallel cost estimates comparing domestic supply options and best-priced market options, using historical spend, market sounding, and, where appropriate, a Request for Information to validate unit pricing and availability. Buyers should document the assumptions, engage relevant subject-matter experts, and present the total cost differential—including lifecycle

costs and any applicable contingencies—to support transparency and decision-making.

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## 4. Requirements

Public 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 the Direction
- Apply Weighted Domestic Criteria (see Table 2), wherever feasible.
- Or determine if an Alternative Approach would be suitable for the procurement (See Section 3 – Alternative Approaches for details on how to use this approach).

## 5. Domestic Supply Chain Plan

A Domestic Supply Chain Plan is a document developed by the Public Sector Entity buyer for the specific procurement to collect information about domestic content. The structure and level of detail of the plan may vary depending on what is being procured, market sector, and the tools or systems used to conduct the procurement (for example, an electronic tendering system).

The Public Sector Entity buyer is responsible for identifying each Major Good and services required for the deliverables being procured and designing the Domestic Supply Chain Plan accordingly so that it is appropriate to the procurement.

At a minimum, the plan must be designed to allow bidders to provide the following information:

- The value of each Major Good and service required for the project, including goods and/or services supplied by subcontractors.
- Whether each Major Good is Ontario-made or Canadian-made, and whether each service is an Ontario Service or a Canadian Service.
- The total dollar value of Ontario-made goods and Ontario services, Canadian-Made Goods and Canadian Services, and other goods/services included in the Domestic Supply Chain Plan.
- The total dollar value of the Domestic Supply Chain Plan.

## 6. Domestic Supply Chain Plan Approach and Methodology

Under the Capital Infrastructure policy, Public Sector entities must require all vendors bidding on Capital Infrastructure procurements to submit a Domestic Supply Chain Plan.

Public Sector Entity buyers must use one of the following two approaches when applying this requirement:

### 1. Evaluated approach

The Domestic Supply Chain Plan is scored as part of the bid evaluation.

### 2. Commitment-based approach

Vendors must agree to meet or exceed a set percentage of Ontario or Canadian-made goods and services in order to be eligible to bid.

This section explains each approach and how to apply it, including how to set requirements, determine appropriate percentages, and reflect these requirements in procurement documents.

## 6.1 EVALUATED APPROACH

### 6.1.1 Method 1: Apply a 10% Evaluation Advantage

*When to use:*

When conducting an invitational procurement process when the value is below the following values:

Procurement Type	Government Entities	BPS Entities	Municipalities/Local Boards and Municipal Services Corporations
Goods	\$34,700	\$139,000	\$139,000
Services	\$139,000	\$139,000	\$139,000
Construction	\$139,000	\$347,400	\$347,400

Under this method, a 10% evaluation advantage is applied to the bidder with the highest proportion of Ontario-Made Goods and Ontario Services identified in their Domestic Supply Chain Plan.

#### 6.1.1.1 How it works

- If the market capacity is not known, conduct market research to determine Ontario-made goods and Ontario Services are available to meet the major goods or services required for the procurement. Where applicable, also assess the availability of Canadian-made goods and Canadian services.
- Draft your procurement document to clearly state that:
  - Bidders that meet the definition of a U.S business are ineligible to participate in the procurement process<sup>2</sup> (refer to 4.3 Procurement Restriction Policy (U.S. Businesses) of the Buy Ontario Procurement Directive)

**Note:** The Procurement Restriction Policy requirement is not applicable to entities that are required to comply with the Municipal Buy Ontario Procurement Directive.

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<sup>2</sup> U.S Businesses are excluded unless allowable by the Procurement Restriction Policy. See the policy and the supporting guidance for additional details.

- Each bidder is required to submit a Domestic Supply Chain Plan. The Supply Chain Plan must be structured so that bidders can, for each major good and/or service identified by the public sector entity buyer:
  - Provide the dollar value of the good or service, including goods or services supplied by subcontractors; and
  - Indicate whether the good is Ontario-made or Canadian-made, and whether the service is an Ontario service or a Canadian service.
- A 10% evaluation advantage will be given to the bidder with highest proportion of Ontario Made goods and Ontario Services in their Domestic Supply Chain Plan.
- Review each bid in accordance with the evaluation process outlined in the procurement document. As part of this step, Public Sector Entity buyers must:
  - Confirm that each bid meets all mandatory requirements, including eligibility requirements.
  - Review the Domestic Supply Chain Plan to ensure it is complete and provides dollar values and domestic origin information for each major good and service identified by the public sector entity.
  - Exclude from further evaluation any bid that does not meet mandatory requirements or provides incomplete or non-responsive information.

#### 6.1.1.2 Applying the evaluation advantage

##### Price-Only Procurement

- Apply a 10% evaluation advantage to the bid price with the highest proportion of Ontario Made Goods and Ontario Services by reducing the overall bid price by 10%. Please note that the price adjustment described in this section is **for evaluation purposes only and the contract entered into between the procuring entity and the successful bidder will reflect the pricing set out in the bid submitted.**

### Domestic Supply Chain Plan Assessment (Price Only Example)

The Domestic Supply Chain Plan is evaluated after the pricing envelope is opened. The evaluation is based on:

- The total bid price submitted by the bidder.
- The total dollar value of Ontario-Made goods and Ontario Services included in the Domestic Supply Chain Plan.

The bidder's evaluation score is adjusted based on how much of the bid consists of Ontario Made-Goods or Ontario Services compared to the total bid amount (see example of formula below). The bidder with the highest proportion score receives a **10% reduction in price for evaluation purposes only** (this does not change the actual contract price).

$$\frac{\text{Value of Ontario Made Goods and Ontario Services}}{\text{Total Bid Price}} \times 100$$

Formula 1

For example, if a bidder's:

Total bid price = \$1,000,000

Ontario-Made Goods/Ontario Services = \$250,000

Then, the Ontario Made Goods and Ontario Services proportion is:

$$\frac{\$250,000}{\$1,000,000} \times 100 = 25\%$$

	<b>Total Bid Price Submitted</b>	<b>Total value of the Ontario Made Goods</b>	<b>Ontario-Made Good and Ontario</b>	<b>Adjusted Price (10% reduction for highest proportion of</b>

		<b>and Ontario Services</b>	<b>Services proportion</b>	<b>Ontario-Made Good and Ontario Services in the Domestic Supply Chain Plan)</b>
<b>Bidder 1</b>	\$100,000	\$25,000	25%	No adjustment to price
<b>Bidder 2</b>	\$95,000	\$95,000	10%	No adjustment to price
<b>Bidder 3</b>	\$105,000	\$42,000	40%	\$94,500

In this example, Bidder 3 has the highest proportion of Ontario Made goods and Ontario Service content (40%). As a result, the 10% evaluation advantage is applied to their bid. For evaluation purposes only, their bid is assessed at a price of \$94,500

#### Procurements with Rated Criteria

- For each Domestic Supply Chain Plan Determine Ontario content for each bid by calculating the proportion of the total procurement value represented by Ontario-made goods and Ontario services.
- Apply a 10% increase to the evaluation score of the bidder with the highest proportion of Ontario Made Goods and Ontario Service by increasing the bidder's overall evaluation score by 10%

#### 6.1.2 Method 2: Award to the vendor with the best domestic supply chain plan

##### When to use

When conducting an invitational procurement process when the value is at or above the following values:

Procurement Type	Government Entities	BPS Entities	Municipalities/Local Boards and Municipal Services Corporations
Goods	\$34,700	\$139,000	\$139,000
Services	\$139,000	\$139,000	\$139,000
Construction	\$139,000	\$347,400	\$347,400

Under this evaluated method, Public Sector Entity buyers may include domestic supply chain considerations within the evaluation using one of the following two options:

**OPTION 1: 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.**

#### How it works:

- Draft your procurement document to clearly state that:
  - Bidders that meet the definition of a U.S. business are ineligible to participate in the procurement process<sup>3</sup> (refer to section 4.3 Procurement Restriction Policy (U.S. Businesses) of the Buy Ontario Procurement Directive).
  - Each bidder is required to submit a Domestic Supply Chain Plan. The Supply Chain Plan must be structured so that bidders can, for each major good and/or service identified by the public sector entity buyer:
    - provide the dollar value of the good or service; and

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<sup>3</sup> U.S. Businesses are excluded unless allowable by the Procurement Restriction Policy. See the policy and the supporting guidance for additional details.

- Indicate whether the good is Ontario-made or Canadian-made, and whether the service is an Ontario service or a Canadian Service.
- A 10% evaluation advantage will be given to the bidder with highest proportion of Ontario-Made goods and Ontario Services and Canadian-Made goods and Canadian Services in their Domestic Supply Chain Plan.
- Explain in the procurement document how the proportion of Ontario and Canadian-Made Goods and Ontario and Canadian Services in the Domestic Supply Chain Plan will be evaluated.

Under this method, the evaluation of the Domestic Supply Chain Plan prioritizes Ontario-Made goods and Ontario Services, followed by Canadian-Made goods and Canadian Services.

A weighted formula (see Formula 2 below) gives Ontario-Made goods and Ontario Services greater emphasis than Canadian-Made goods and Canadian Services and ensures that the bid with higher domestic participation (Ontario-Made Goods and Ontario Services), receives an evaluation advantage.

To determine which bid will receive an evaluation advantage, buyers should apply the following formula:

$$Formula = \frac{A + A + B}{Total Bid Price} \times 100$$

Where:

- A = Value of Ontario-Made Goods and Ontario Services
- B = Value of Canadian-Made Goods and Canadian Services

### Price-Only Procurement

- Apply 10% evaluation advantage to the **bid price** with the highest proportion of Ontario-Made goods and Ontario Services followed by Canadian-Made goods and Canadian Service. Please note that the price adjustment described in this section is **for evaluation only and the contract entered into between the procuring entity and the successful bidder will reflect the pricing set out in the bid submitted**,

### Procurements with Rated Criteria

- Apply a 10% increase to the evaluation score of the bidder with the highest proportion of Ontario-Made Goods and Ontario Services followed by Canadian-Made goods and Canadian Service by increasing the bidder's overall evaluation score by 10%.

### Domestic Supply Chain Plan Assessment (Rated Criteria Example)

Bidder	Total Evaluation Score	Total Bid Price	Ontario Made (\$)	Canadian Made (\$)	Weighted Value (A+A+B)	Proportion (%)	Adjusted Score
<b>Bidder 1</b>	75	\$1,000,000	\$250,000	\$150,000	\$650,000	65%	No adjustment
<b>Bidder 2</b>	90	\$950,000	\$95,000	\$200,000	\$390,000	41%	No adjustment
<b>Bidder 3</b>	85	\$1,040,000	\$420,000	\$100,000	\$940,000	90%	93.5 (increased by 10 percent)

Calculation for Bidder #3

$$\frac{A + A + B}{\text{Total Bid Price}} = \frac{\$420,000 + \$420,000 + \$100,000}{\$1,040,000} = \frac{\$940,000}{\$1,040,000} \times 100 = \mathbf{90\%}$$

Outcome:

- Bidder 3 has a total evaluation score of 85 (second in the ranking) but has the highest proportion of Ontario-Made goods and Services followed by Canadian-Made goods and services (90%) and receives the 10% evaluation advantage, increasing Bidder 3 overall evaluation. Therefore, Bidder 3 is the successful bidder.

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### **Option 2: 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

- their bid price is within 10% and
- their construction schedule is no more than 10% longer, the government or BPS entity should award the contract to that vendor, subject to all other award conditions.

### **Evaluating the Domestic Supply Chain Plan**

- The available points for the Domestic Supply Chain Plan equals 10% of the total possible score. For example, if the total score is 100 points, this criterion is worth up to 10 points. If the total score is 120 points, this criterion is worth up to 12 points.
- To determine Domestic Supply Chain Plan score, the calculation needs the following information:
  - A = Proportion of the total procurement value represented by Ontario-Made Goods and Ontario Services
  - B = Proportion of the total procurement value represented by Canadian-Made goods and Canadian Services

$$\text{Domestic Supply Chain Plan Score} = (\text{Total Available Points} \times 0.10) \times (A + B)$$

Formula 3

## Domestic Supply Chain Plan Advantage

A bidder who does not have the highest cumulative evaluation score should be awarded the contract if **all** the following are true:

- Their bid is compliant.
- Their Domestic Supply Chain Plan score is at least 50% higher than the top-ranked bidder's Ontario content.
- Their bid price is within 10% of the top-ranked bidder's price.
- Their construction schedule is no more than 10% longer than the top-ranked bidder's schedule.

### Applying Domestic Supply Chain Plan Advantage – Example

	Total Bid price	Ontario	A Proportion Ontario	Canadian	B Proportion Canadian	A+B	Supply Chain Plan Score (10 pts)
Bidder 1	\$9,000,000	\$1,800,000	20%	\$900,000	10%	30%	3.00
Bidder 2	\$9,700,000	\$1,940,000	20%	\$2,425,000	25%	45%	4.50
Bidder 3	\$9,500,000	\$2,850,000	30%	\$2,850,000	30%	60%	<b>6.00</b>

	Bidder 1	Bidder 2	Bidder 3
<b>Evaluation of the Rated Criteria</b> (60 pts)	58	47	50
<b>Evaluation of Pricing</b> (30 pts)	30	27.84	28.42
<b>Domestic Supply Chain Plan</b> (10 pts)	3	4.5	6
<b>Total</b> (100 pts)	91	79.34	84.42
<b>Construction Schedule</b>	Duration: 1,399 days	Duration: 1,369 days	Duration: 1,530 days
<b>Results</b>	Bidder 1 is highest ranked bidder		Bidder 3 has the highest Domestic Supply Chain Plan Score

In this example, Bidder 3 does not have the highest total score (84.42 vs. 91), but can be awarded the contract after applying the Domestic Supply Chain Scoring adjustments because:

- their Domestic Supply Chain Plan score (6/10) is at least 50% higher than the top-ranked bidder's Supply Chain Score (3/10)
- their bid price is within 10% of the top-ranked bidder's price
- their bid is compliant; and
- their Construction Schedule is not more than 10% longer than Bidder 1's.

## 6.2 COMMITMENT APPROACH

The commitment-based approach requires bidders to commit to using Ontario-Made Goods and Ontario Services and, where applicable, Canadian-Made Goods and Canadian Services. This commitment is a mandatory eligibility requirement and is not scored as part of the bid evaluation.

Instead, the approach is used to:

- clearly communicate domestic supply chain expectations upfront,
- encourage the use of Ontario- and Canadian-made Goods and Ontario or Canadian Services
- establish contractual obligations

How it works:

- Conduct market research to confirm the availability of Ontario-made Goods and Ontario Services and, where appropriate, Canadian-made Goods and Canadian Services. Use this to determine what can reasonably be required and at what level.
- Identify the major goods and services needed for the project and set the required proportion of Ontario-made and or Canadian-made Goods and Services, based on market capability.
- Include the mandatory requirement in the procurement documents, clearly stating:
  - the major goods and services

- the required domestic content proportion
    - how bidders must confirm their commitment
  - The documents must state that this is a mandatory eligibility requirement and is not scored.
  - Require bidders to submit a Domestic Supply Chain Commitment Plan confirming compliance with the requirement.
  - Review submissions for compliance. Bidders that do not meet the mandatory requirements are not eligible to proceed.
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### Setting Realistic Domestic Content Commitments

When setting the required proportion of domestic content under the commitment-based approach, buyers should ensure the requirement is ambitious but achievable, based on market research, past experience, and supplier outreach whenever possible.

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## 7. Conflicts with Federal Funding Agreements

- Public Sector Entity buyers are expected to apply the Capital Infrastructure policy requirements to all capital infrastructure procurements.
- When a procurement is federally funded and the funding terms introduce constraints, buyers should first try to negotiate funding terms that allow the policy requirements to apply. Public Sector Entity buyers should apply the policy unless doing so would conflict with the federal funding agreement.
- If a conflict exists and the funding agreement prevents the use of the standard Domestic Supply Chain approaches, such as prohibiting mandatory domestic content requirements, the standard methods cannot be applied as written. In these situations, buyers may need to consider an alternative method that continues to advance the objective of the Capital Infrastructure policy while complying with the federal funding terms.

**Note:** A conflict with federal funding does not, on its own, constitute an alternative approach. However, it may justify the use of an alternative approach,

provided the alternative continues to advance the objective of the Capital Infrastructure policy and all required approvals are obtained and documented.

## 8. Alternative Method Approach

Public Sector Entities may use an alternative method to those set out in the Domestic Supply Chain Methods Table only if all of the following conditions are met:

- It is not feasible to require vendors to submit a Domestic Supply Chain Plan because of the procurement model being used.
- The alternative method supports and advances the objective of the Capital Infrastructure policy

Approval is required before using an alternative method:

- Government entities must obtain deputy minister or CEO approval, unless the OPS Procurement Directive requires a higher level of approval.
- BPS entities must obtain a comparable level of approval as above..
- Municipal Entities must seek an appropriate level of procurement approval before proceeding to use an alternative approach.
- The rationale for using an alternative method and out it aligns with the objectives of the Capital Infrastructure policy requirements.

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### Examples of Alternative Approaches

The examples below are merely provided for illustrative purposes and are not an endorsement of an approach. Rather if a Public Sector Entity uses an alternative approach, it must advance the objectives of the Capital Infrastructure policy requirements.

- The use of financial or other contractual incentives to support the use Ontario-Made Goods or Ontario Services or Canadian-Made Goods and Canadian Services
- The use of Ontario-Made Goods or Ontario Services or Canadian-Made Goods and Canadian Services may result in more favourable vendor performance scoring

- The vendor and Public Sector Entity share savings if the use of Ontario-Made Goods or Ontario Services or Canadian-Made Goods and Canadian Services reduces costs, delays or achieves other stated measures

## 9. Weighted Domestic Criteria

Weighted domestic criteria is a procurement evaluation approach where extra points (or a higher score weight) are given to bids that incorporate social and economic development benefits, alongside price and technical merit, with the intent of leveling the playing field for Ontario businesses

### When to use:

Procurement Type	OPS and BPS Entities	Municipalities/Local Boards and Municipal Services Corporations
All procurements	\$368,000 or greater	Not Applicable

**Note:** Section 9 of this guide on Weighted Domestic Criteria applies only to government and BPS entities

When including weighted domestic criteria, its maximum weight should be capped at 35% of the total score. In a four-stage example, the possible 100 points are distributed as follows:

Stages	Available Points
Evaluation of the Mandatory Requirements	pass/fail.
Rated Criteria including Weighted Domestic Criteria.	65
Pricing	25
Supply Chain Plan.	10

In this example the total score for Weighted Domestic Criteria is 23 points out of a possible 65 (calculated as 0.35 X 65).

### 9.1.1 Including weighted domestic criteria in procurement evaluations.

#### 9.1.2 Description of Strategy

- This approach requires Government and BPS entity buyers to factor in social and economic development benefits while considering relevant trade obligations and associated trade risks when procuring goods and services.
- The use of weighted domestic criteria in the evaluation process is to level the playing field for Ontario Businesses. As such weighted domestic criteria should only be included if there are Ontario Businesses that can provide the required deliverables in the relevant market. Consideration should be given to factors such as social and ethical responsibilities (e.g., environmental, labour, safety and equity standards), which might not be in place in other jurisdictions (examples are presented in the table below).

#### 9.1.3 When to use

- Government and BPS entity buyers should conduct market research to determine whether an Ontario Business exists. Market research can include but is not limited to conducting a request for information (RFI) to determine which vendors are within the relevant market. Buyers are encouraged to refer to procurement planning tools available under the tools and templates [InsideOPS](#).
- The evaluation of weighted domestic criteria fit within a typical evaluation process and can be included as part of the evaluation of rated criteria.

## 10. APPENDICES

### Appendix A.1. EXAMPLE OF A DOMESTIC SUPPLY CHAIN PLAN

#### Domestic Supply Chain Plan Template

##### Instructions for Bidders

Complete the table below to identify the source and value of major goods and services required for the project, including those supplied by subcontractors. Indicate whether each item is Ontario Made, Canadian Made (outside Ontario), or from another jurisdiction (elsewhere) and whether each service is an Ontario Service or a Canadian Service.

##### Domestic Supply Chain Plan Table

Item Description (major good or service)	Origin (Ontario, Canada, elsewhere)	Dollar Value (CAD)
Example: Concrete	Ontario-Made Good	\$50,000
Example: Steel	Canadian-Made Good	\$30,000
Example: Fixtures	Other	\$10,000

##### Summary of Total Values

Category	Total Value (\$)
Ontario-Made Goods & Ontario Services	\$ _____
Canadian-Made Goods & Canadian Services	\$ _____
Elsewhere	\$ _____

## Appendix A.2. WEIGHTED DOMESTIC CRITERIA

The inclusion of any weighted domestic criteria is procurement specific and should reflect knowledge of the marketplace, key bidders, risk mitigation strategies, and availability of bidders to support the procurement requirements:

1. When to use domestic criteria (e.g., did the market research identify that there are Ontario Businesses that can provide the service/good that is being acquired?).
2. Which domestic criteria would be appropriate (e.g., is the market environment similar across jurisdictions or do Ontario suppliers have regulations that need to be met that other jurisdiction do not have?); and
3. Weighting of the selected domestic criteria (e.g., understanding of the competitive nature of the market). Is the buyer able to get the supplier that is needed to provide the requirements? Is it a price driven market; is it the complexity of the procurement?
4. Are buyers managing risks with the selected domestic criteria?
5. Public Sector Entity buyers must consult with appropriate advisors such as, business, policy, and legal advisors (including trade lawyers) for risks related to evaluation criteria. As per the standard process, public sector buyers must obtain appropriate approvals. It is also important to ensure that sufficient research has been conducted to identify the appropriate weighted domestic criteria, and relevant subject matter experts (e.g., environmental standards or labour laws) have been consulted. See the examples below which are not exhaustive lists.

## Appendix A.3. EXAMPLES OF WEIGHTED DOMESTIC CRITERIA

### Supply Chain Security

#### When to Use

Include in procurements where a delay in the provision of goods or services might adversely impact the government or Ontarians.

The following are examples of sample questions that can be included in a procurement document and how the responses can be assessed.

Sample Questions	What to Assess?
<p>Are you able to deliver the required goods/services per the critical delivery schedule and location specified in the RFB? Yes/No</p>	<p>Bidders can provide the required goods/services in a timely manner.</p>
<p>Provide details on how you plan to deliver the required goods/services per the critical delivery schedule and location specified in the RFB?</p>	<p>Bidder's delivery plan, logistics and method to ensure timely delivery of the required good/services.</p>
<p>In an emergency, can you ensure an uninterrupted supply of the required goods?</p>	<p>Bidder's logistic/warehousing capability plan to provide uninterrupted supply of the required goods in an emergency.</p>
<p>Does your organization have business continuity and disaster recovery plans in place to maintain or quickly resume any delivery of goods or services you provide to us?</p>	<p>Bidder has a business continuity plan in place which would ensure uninterrupted supply of goods or services.</p>
<p>Are there processes in place to ensure business continuity management arrangements are tested and reviewed?</p>	<p>Bidder's business continuity plans have been tested and proven to work.</p>

## Business Responsiveness

### When to Use

Include in procurements where the suppliers of goods and services are required to respond within a specific response time, turn-around and/or in-person resolution at the site.

The following are examples of sample questions that can be included in a procurement document and how the responses can be assessed.

Sample Questions	What to Assess?
Describe how your organization can ensure on-time delivery.	Bidder's logistics capability to deliver as per the requirement of the RFB.
Describe how your organization will be responsive and on-site as per the schedule outlined in the RFB.	Bidder's capability to deploy resources to provide on-site issues resolution.
Describe how your organization will provide on-site services to resolve technical breakdown issues within XX hours of receiving communication from the ministry.	Does the bidder have an existing conflict resolution or escalation process in place?

## Intellectual Property

### When to Use

Include in procurements where there is an opportunity to build capacity for Ontario businesses through the development of new and innovative solutions, unique, or specialized products with strong innovation potential that could be harnessed through greater investment in research and development.

The following are examples of sample questions that can be included in a procurement document and how the responses can be assessed.

Sample Questions	What to Assess?
<p>Explain how you understand the requirement/challenge and provide your proposed innovative solution.</p> <p>Explain how your organization will involve an Ontario learning institution with the research and development related to your proposed solution.</p> <p>Has your company marketed and sold solutions developed in partnership with Ontario learning institutions? If so, how many proprietary products have you developed?</p>	<p>The number of proprietary products that had been developed by the bidder in partnership with an Ontario learning institution.</p> <p>The bidders R&amp;D activities benefit a local learning institution.</p> <p>Proof of solutions developed by the bidder in partnership with an Ontario learning institution.</p>

## Environmental and Sustainability

### When to Use

Include if goods and services are impacted by existing Ontario or Canadian environmental considerations. Bidders would need to demonstrate how they meet or exceed Ontario's environmental laws where the good or service is produced.

The following are examples of sample questions that can be included in a procurement document and how the responses can be assessed.

Sample Questions	What to Assess?
Provide your organization's written environmental policy?	Bidders have an environmental policy in place.
Provide evidence of compliance to Ontario's environmental requirements. (e.g., recycling, waste management, etc.)	Bidder complies with Ontario's environmental requirements. Bidder is compliant with existing Ontario environmental requirements (e.g., Disposal of hazardous materials).
Provide a third-party report on your environmental performance.	Bidder has a certified environmental management system like ISO 140001 or another recognized certification.
Does the company have ISO 140001 certification (the international standard that specifies requirements for an effective environmental management system) or equivalent?	Bidder's products are produced using sustainable/renewable resources.
Is your product made from renewable resources?	Bidder's waste management policy meets Ontario/Canada's waste policy requirements.
Describe your organization's waste management policy?	

## Landed Cost and Emissions

### When to Use

Include in procurements of goods and services which may directly/indirectly impact landed cost and emissions, fossil fuels and other sources of greenhouse gases through a bidder's choice of transportation/provision of goods or services, e.g., CO2 emissions.

The following are examples of sample questions that can be included in a procurement document and how the responses can be assessed.

Sample Questions	What to Assess?
Can you provide a copy of your organization's environmental policies?	Bidder's commitment to the environment, as evidenced by its existing environmental policies.
What distance will be travelled to transport the required goods and services to the location(s) where they are needed?	The distance that the bidder would need to travel to fulfill delivery of the required goods and/or services.
What transportation method will be used (i.e., rail, road, sea, air). What is the offset of any CO2 emissions (if required)? Are there other ways in which to self-identify a capacity for minimizing CO2 emissions in delivery of goods and services?	CO2 emissions resulting from delivery, based on examples of orders (e.g., volume, location).

## Labour

### When to Use

Include in procurements where elements such as wages, benefits and working conditions will significantly impact the cost of doing business. This criterion requires that bidders demonstrate that they meet or exceed Ontario labour laws where the good or service is produced.

The following are examples of sample questions that can be included in a procurement document and how the responses can be assessed.

Sample Questions	What to Assess?
<p>Does the bidder meet or exceed the following criteria established under Ontario's Employment Standards Act with regard to?</p> <p>Hours of work, eating periods and rest periods</p> <p>Payment of wages</p> <p>Overtime pay</p> <p>Minimum wage, etc.</p>	<p>Bidder meets or exceeds the requirements established under <i>Ontario's Employment Standards Act</i>.</p>