

White paper

Buy Ontario Act, 2025

How Ontario is Transforming Public Procurement Through Domestic Preference Policies

edilex
by SOVRA

Executive summary

Ontario's procurement landscape is undergoing one of the most significant transformations in decades. Through the *Buy Ontario Act, 2025*, the provincial government has established a legislative framework that leverages public-sector procurement as a driver for broader economic objectives, including supporting Ontario businesses, enhancing supply chain resilience, and promoting domestic economic growth.

For procurement professionals, the implications are significant. Organizations must now balance traditional procurement objectives such as value for money, fairness, transparency, and competition with emerging policy objectives favoring Ontario and Canadian suppliers.

This white paper examines :

- The legislative framework established by the *Buy Ontario Act*
- The directive-based governance model
- Compliance requirements and enforcement mechanisms
- Strategic implications for procurement professionals
- Potential impacts on supplier markets and trade obligations
- Recommended actions for public-sector organizations

Introduction

Public procurement is one of the most powerful economic tools available to governments.

Historically, Ontario's procurement framework emphasized:

- Open and transparent competition;
- Fair treatment of suppliers;
- Best value for taxpayer dollars; and
- Compliance with domestic and international trade agreements.

The *Buy Ontario Act* introduces an additional policy objective: leveraging public procurement to strengthen Ontario's economy and supply chains.

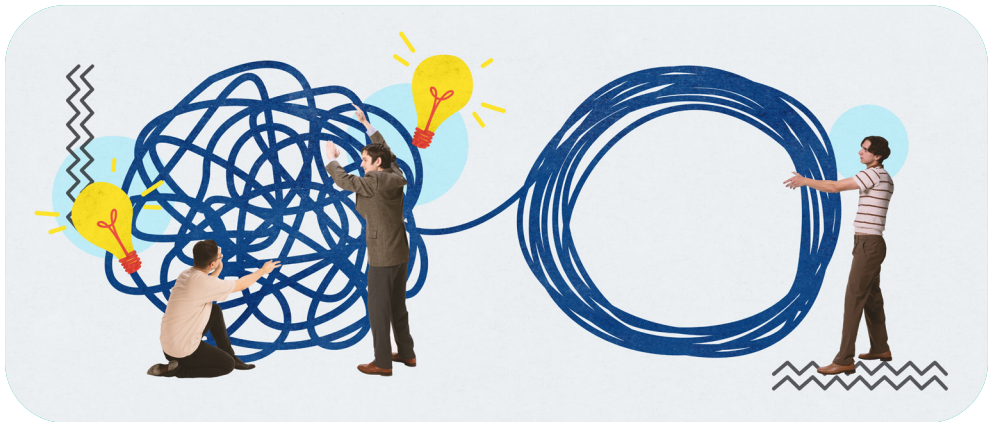
The Act does not eliminate competition, but creates a framework through which procurement decisions increasingly incorporate economic development considerations with traditional procurement principles.



Legislative Background

The legislation, which received Royal Assent in December 2025, establishes a statutory framework that enables the provincial government to issue procurement directives applicable to designated public-sector entities.

The Act builds on previous provincial initiatives designed to increase participation by Ontario businesses in government contract opportunities and reflects broader trends across North America toward domestic sourcing and supply-chain resilience.



How the Buy Ontario Act Works

A Directive-Based Framework

Unlike other provincial procurement statutes that prescribe detailed rules directly in legislation, the *Buy Ontario Act* relies on directives issued by the Management Board of Cabinet, which provides the government with flexibility to adapt procurement policies as economic conditions evolve.

These directives can establish requirements relating to:

- Supplier eligibility
- Evaluation methodologies
- Domestic preference measures
- Reporting obligations
- Procurement governance
- Contract management requirements

Further, the Act allows directives based on:

- Procurement category
- Industry sector
- Contract value
- Type of public-sector organization
- Strategic government priorities

As a result, procurement requirements may differ significantly across sectors and purchasing categories.

Who is Covered

The Act applies to a broad range of public-sector organizations, including ministries, provincial agencies, hospitals (and other healthcare organizations, school boards) and universities and colleges. The legislation also represents the first time that the provincial government can impose procurement directives on municipalities and municipal organizations, which are also covered by the Act.

Domestic Preference Measures

The government recently issued two new directives under the Act. Coming into effect on April 13, 2026, these directives provide more information on how public organizations should prioritize Ontario and Canadian businesses.

- *The Buy Ontario Procurement Directive* applies to government ministries, agencies and certain Crown corporation.
- *The Municipal Buy Ontario Procurement Directive* applies to municipalities, local boards and municipal services organizations.

Both directives apply to the procurement of fleet vehicles and capital infrastructure. Subject to certain exemptions and qualifications, all covered Ontario public organizations must:

- Purchase or lease Ontario-made new light-duty passenger vehicles or where an Ontario-made vehicle is unavailable, purchase or lease from an Ontario vehicle producer.

- Comply with the procurement evaluation methodologies designed to maximize Ontario and Canadian made goods and services as part of capital infrastructure projects, including submission of a Domestic Supply Chain Plan by bidders.

For organizations covered by the Buy Ontario Procurement Directive, in addition to the fleet and capital construction policies, they must also:

- Based on procurement value, give preference to Ontario or Canadian businesses or apply weighted domestic evaluation criteria for all goods and services (i.e. not just light-duty vehicles or for capital infrastructure).
- Subject to certain exceptions, restrict U.S. businesses from participating in procurement opportunities.

Where applicable, both directives align the selection process to the province's trade treaty thresholds, thus ensuring that the policies align with commitments made to its trade partners, both domestic and international.

The Directives provides further detail on exemptions to the domestic procurement policies and criteria for what constitutes Ontario and Canadian businesses and products.

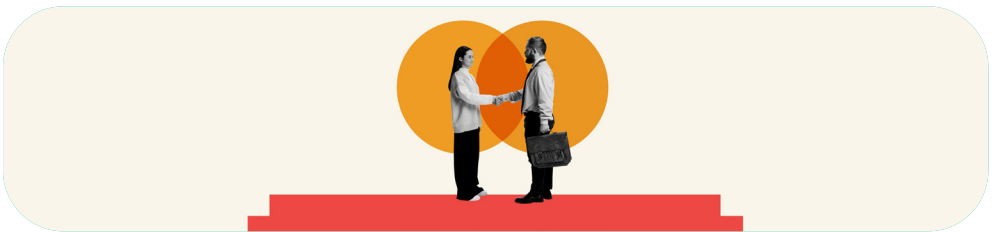
Compliance and Enforcement

The Act also establishes a compliance framework intended to ensure adherence.

Compliance mechanisms include :

- Procurement audits
- Mandatory reporting requirements
- Internal compliance reviews
- Corrective action plans
- Funding consequences for non-compliance
- Ministerial oversight and intervention

Accordingly, public organizations should be prepared to demonstrate compliance to the Act throughout the procurement lifecycle, from planning through contract administration.



Impact on Procurement Operations

Public organizations that are subject to the new legislation and the recently promulgated directives will need to carefully review their procurement operations to ensure that they effectively address the new requirements.

Specifically, organizations should:

- Review and update procurement policies
- Revise procurement templates to include necessary language
- Revise evaluation methodologies to align with the new directives
- Ensure alignment across the organization on the impacts of the new procurement policies

As part of the vendor selection process, procurement teams will also need to build mechanism to determine:

- Supplier location
- Ownership structures
- Manufacturing origin
- Supply chain composition
- Domestic content levels

Finally, organizations will need to ensure that the compliance with vendor commitments on local sourcing are managed all the way through the contract. Accordingly, contract administration processes need to include:

- Verification of supplier commitments
- Domestic content reporting
- Compliance monitoring
- Documentation requirements



Strategic Recommendations

Procurement leaders should consider the following actions:

Monitor Provincial Directives

Establish a process to track new procurement directives and guidance documents issued under the Act.

Review Internal Procurement Policies

Ensure policies, templates, and procedures remain aligned with current requirements.

Enhance Supplier Due Diligence

Develop processes to collect and verify supplier origin and supply-chain information.

Train Procurement and Business Teams

Provide ongoing training regarding domestic preference requirements and compliance obligations.

Assess Contractual Impacts

Review standard procurement and contract templates to ensure alignment with evolving requirements.

Monitor Trade Law Developments

Stay informed regarding potential legal challenges and interpretations relating to domestic preference measures.

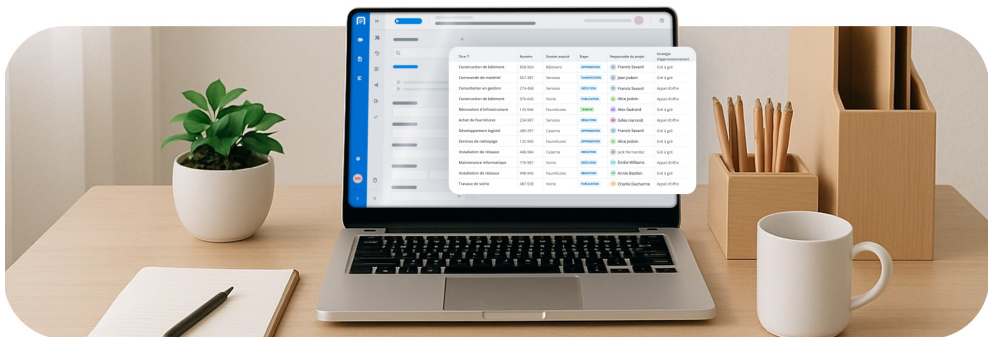
How Edilex by Sovra Supports Procurement Teams in a Changing Regulatory Environment

As procurement requirements continue to evolve under the *Buy Ontario Act*, public-sector organizations face increasing pressure to ensure that their procurement documents remain compliant, consistent, and aligned with current regulatory obligations.

Edilex by Sovra helps procurement professionals streamline the drafting and management of tender documents through a centralized and collaborative drafting platform. By leveraging approved templates, standardized clauses, and automated document generation, organizations can reduce drafting time, improve consistency across procurement documents, and minimize the risk of errors or outdated content.

The platform also facilitates collaboration between procurement, legal, and operational teams, ensuring that updates to policies, evaluation criteria, and procurement requirements can be reflected quickly across all future solicitations. As domestic sourcing requirements and procurement directives continue to evolve, organizations can maintain greater control over their procurement documentation while improving governance, compliance, and operational efficiency.

By centralizing knowledge and standardizing procurement practices, Edilex enables public-sector organizations to respond more effectively to changing regulatory requirements while accelerating the preparation and publication of compliant calls for tender.



Conclusion

The *Buy Ontario Act, 2025* represents a significant shift in Ontario's public procurement framework.

Rather than focusing exclusively on open competition and value for money, the Act enables procurement to support broader economic objectives for the greater good of the province.

For procurement professionals, success will depend on the ability to adapt procurement practices to a rapidly evolving, directive-based environment while maintaining compliance, transparency, and operational efficiency.

As additional directives are issued, organizations should expect procurement requirements to continue evolving, making proactive governance and continuous monitoring essential.



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