

Subject: Procurement By-law update – Trade Policy

File Number: ACS2025-FCS-PRO-0002

Report to Finance and Corporate Services Committee on 2 September 2025

and Council 10 September 2025

**Submitted on 21 August 2025 by Joanne Graham, Chief Procurement Officer (A),
Supply Services, Finance and Corporate Services Department**

**Contact Person: Jennifer McCabe, Strategic Procurement Advisor, Supply
Services, Finance and Corporate Services Department**

613-580-2400 x25833, jennifer.mccabe@ottawa.ca

Ward: Citywide

Objet : Règlement sur les approvisionnements – politique commerciale

Numéro de dossier : : ACS2025-FCS-PRO-0002

Rapport présenté au Comité des finances et des services organisationnels

Rapport soumis le 2 septembre 2025

et au Conseil le 10 septembre 2025

**Soumis le 21 août. 25 par Joanne Graham, cheffe de l'approvisionnement (T),
Services de l'approvisionnement, Direction générale des finances et des services
organisationnels**

**Personne ressource : Jennifer McCabe, conseillère en approvisionnement
stratégique, Services de l'approvisionnement, Direction générale des finances et
des services organisationnels**

613-580-2400 poste 25833, jennifer.mccabe@ottawa.ca

Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee recommend Council approve

the amendments to the Procurement By-Law as detailed in this report and in Document 1.

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil d'approuver les modifications apportées au Règlement sur les approvisionnements, comme il est décrit dans le présent rapport et dans le document 1.

EXECUTIVE SUMMARY

The City's procurement activities operate within a legislative and legal framework that includes provincial, national, and international trade agreements and common law relating to the conduct of public procurement and the administration of contracts. Supply Services has been continuously monitoring changes in international trade, specifically, the procurement impacts of tariffs imposed by the US.

The Procurement By-law currently provides for open access to City procurement, including open access to firms from jurisdictions where Canadian suppliers face barriers. While the Procurement By-law is subject to established trade agreements, which have historically represented the federal government's approach to international trade, the introduction of interim policies respecting trade is a new mechanism that staff have identified as a requirement for the By-law. The proposed amendment allows the City to adapt to this new approach, allowing the City to implement and rescind procurement trade policies implemented by the provincial or federal governments where it is in the best interests of the City to do so. As further detailed below, staff have reviewed and assessed the recently introduced federal government Interim Policy on Reciprocal Procurement, and propose the City adopt this Policy on an interim basis, through the recommended By-law amendment.

RÉSUMÉ

Les activités d'approvisionnement de la Ville se déroulent dans un cadre législatif et juridique qui comprend des accords commerciaux provinciaux, nationaux et internationaux et de common law en lien à la conduite et à l'administration de contrats de marchés publics. Les Services de l'approvisionnement ont continuellement surveillé les changements en matière de commerce international, et plus précisément les répercussions sur les approvisionnements des tarifs imposés par les É.-U.

Le *Règlement sur les approvisionnements* procure actuellement un accès ouvert à

l'approvisionnement municipal, comprenant notamment un accès ouvert aux entreprises d'administrations où les fournisseurs canadiens font face à des obstacles. Bien que le *Règlement sur les approvisionnements* soit assujéti à des accords commerciaux établis, qui ont historiquement représenté l'approche du gouvernement fédéral envers le commerce international, l'introduction de politiques intérimaires concernant le commerce est un nouveau mécanisme que les membres du personnel ont défini à titre d'exigence pour le règlement. La modification proposée permet à la Ville de s'adapter à cette nouvelle approche, permettant à la Ville d'instaurer et d'abroger des politiques commerciales d'approvisionnement mises en place par les gouvernements provincial et fédéral lorsqu'il est dans son intérêt véritable de le faire. Comme indiqué plus en détail ci-après, les membres du personnel ont examiné et évalué les politiques intérimaires récemment introduites par le gouvernement fédéral sur l'approvisionnement réciproque et proposent que la Ville adopte la présente politique à titre provisoire, par l'entremise de la modification recommandée du règlement.

BACKGROUND

The City's procurement activities operate within a legislative and legal framework that includes provincial, national, and international trade agreements and common law relating to the conduct of public procurement and the administration of contracts. Supply Services has been continuously monitoring changes in international trade, specifically, the impacts of tariffs imposed by the US.

A tariff is a tax on imported goods, paid by the organization that imports them. They result in higher prices for consumers in the receiving market on both imported goods and domestic products with American components and disrupt the complex, integrated supply chains between Canada and the US, posing supply chain and cost risks to the City.

In a February 24, 2025 [Memo to Council](#), staff described the mitigation strategies being implemented, which included enhancing buy-local strategies and continuous engagement with other levels of government to maximize the impact and minimize the risks of any reactionary strategies. A further update was provided to the Finance and Corporate Services Committee on May 6, 2025, where staff noted sufficient flexibility in the Procurement By-law to enable and encourage buying local, and described its continued engagement with other levels of government to review potential changes to City procurement in alignment with the Enterprise Risk Management Framework in the best interest of the City.

DISCUSSION

As reported in the 2024 Procurement Year in Review, the City continues to be a strong consumer and supporter of local products, spending 91 per cent of annual purchasing dollars on goods and services from the local community, with 99 per cent of competitive contracts awarded to suppliers with a Canadian address.

Since the imposition of US-Canada trade tariffs, Supply Services has continued to monitor, reassess and address the situation in an agile manner to protect the City. In addition to continuous engagement with the industry and other levels of government, the City has also updated its procurement protocols to derisk our supply chains, introduced a new clause in its solicitations to encourage Canadian supply chains, aligned its practices with the *Building Ontario Businesses Initiative Act* and utilized recent, Council-approved updates in the Procurement By-law to provide further opportunities in supporting local suppliers through the three-quote option for purchases up to \$125 thousand.

On July 9, 2025, the Honourable Francois-Philippe Champagne, Minister of Finance and National Revenue, sent a letter to the Federation of Canadian Municipalities, describing the federal government's "comprehensive package of measures to defend and support the Canadian steel and aluminum producers and workers in the face of the harmful impacts of unjustified US tariffs and the risk of trade diversion."

One measure includes the implementation of an unprecedented federal "Interim Policy on Reciprocal Procurement" that limits access to federal procurements to suppliers from Canada and those countries that offer Canadian firms equivalent access under trade agreements. The Minister's letter encouraged Canadian Municipalities to implement similar policies and approaches to the Federal Interim Policy.

Recommended Procurement By-law amendment

The proposed amendment to the Procurement By-law will allow staff to review, implement, and rescind procurement trade policies implemented by the provincial or federal governments.

The Procurement By-law currently provides for open access to City procurement, including open access to firms from jurisdictions where Canadian suppliers face barriers. While the Procurement By-law is subject to established trade agreements, which have historically represented the federal government's approach to international trade, the introduction of interim policies respecting trade is a new mechanism that staff

have identified as a requirement for the By-law. The proposed amendment allows the City to adapt to this new approach.

Staff recommend the Procurement By-law be amended as proposed to allow the Chief Procurement Officer to evaluate the administrative, operational and financial impact of such policies, and implement these policies where it is in the best interests of the City to do so. The proposed amendment would apply to policies already implemented by either the provincial or federal government, giving the Chief Procurement Officer authority to adopt these policies in a timely manner where there is clear benefit for the City. It also allows staff to react quickly when interim policies are rescinded by those levels of government.

The proposed amendment to the Procurement By-law will allow the City to implement the federal Interim Policy on Reciprocal Procurement. Staff have reviewed the federal Policy and determined it is in the City's best interest to follow the federal government's lead for the following reasons:

1. The letter from the Minister of Finance has asked the Federation of Canadian Municipalities to consider changing our procurement trade policies.
2. On June 13th, the federal government clarified the Canadian International Trade Tribunal (CITT) Procurement Inquiry Regulations. The CITT has clarified that only Canadian business and businesses from countries with which Canada has procurement obligations under a trade agreement, have standing to bring a procurement related complaint to the CITT. This reduces the City's procurement risks associated to the proposed Procurement By-law change.
3. The language used in the Federal Governments July 10th interim policy ([Interim Policy on Reciprocal Procurement | CanadaBuys](#)) can be leveraged with minimal administrative impact. The policy is sufficiently detailed to ensure Supply Services can implement without large impacts to timelines and City operations are protected and can continue even when the only source of supply comes from a region that does not have a reciprocal trade agreement.

The federal interim policy aims to create a more level playing field for Canadian businesses, potentially boosting domestic manufacturing and industries by prioritizing Canadian suppliers and those from other countries that offer similar access to their government procurement practices.

4. This opportunity allows for alignment with current procurement trends and best

practices being observed across both federal and provincial procurement policies. A change to the City of Ottawa's Procurement By-law would ensure the City of Ottawa is maintaining public procurement best practices, and remains positioned to be agile in this manner.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report. The change in the Procurement By-law allows the Chief Procurement Officer to implement Federal or Provincial procurement policies.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report.

ACCESSIBILITY IMPACTS

The corporation continues to ensure that City purchases include accessible design, criteria and features as prescribed by section 5 of the Integrated Accessibility Standards Regulations of the Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11, and federal legislation, where applicable. By including accessible design, features and criteria in all City purchases, the City ensures items, information and public facilities are accessible to clients with disabilities. The Accessibility Office continues to provide training and resources to staff to support them in making accessible purchases.

CLIMATE IMPLICATIONS

Supply Services continues to develop practices that encourage and support City departments to incorporate sustainability into their procurement decisions, which include consideration of environmental and climate impacts.

DELEGATION OF AUTHORITY IMPLICATIONS

Upon Council approval of the report recommendation, the amended Procurement By-law will grant the Chief Procurement Officer the authority to implement any federal or provincial trade policy that guides the City's interpretation of and approach to trade

obligations or conflicts with applicable trade agreements (Procurement By-law s.10). Any potential implementation will be done with consideration for what is in the best interest of the City, and in line with the City's Enterprise Risk Management practices.

RISK MANAGEMENT IMPLICATIONS

Staff have assessed and the report recommendations and these are in line with the City's Enterprise Risk Management Framework. Upon approval of the report recommendations, any potential and future implementation of federal or provincial trade policies to guide the City's interpretation and approach in its procurement practices will be done in line with the City's ERM Policy and Framework.

TERM OF COUNCIL PRIORITIES

This report supports the current 2023-2026 Term of Council Priorities as well as the City's commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1 – Draft Amended Procurement By-law

Attachments to this report are in English. The City of Ottawa may translate these attachments or parts thereof on request. Requests should be forwarded to joanneh.graham@ottawa.ca

Les pièces jointes du rapport sont en anglais. La Ville d'Ottawa pourra, sur demande, les traduire au complet ou en partie. Les demandes doivent être soumises à : joanneh.graham@ottawa.ca

DISPOSITION

Once approved by Council, staff will proceed to implement the report recommendations.