

Increasing Value and Spurring Innovation Through Public Sector Procurement in Transportation Thunder Bay Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

Fostering a culture of innovation and smart risk-taking in order to become a productivity leader

Issue:

The Province of Ontario should increase value to taxpayers and spur innovation by leveraging public sector procurement to support Canadian manufacturers and drive the development of innovative products for highway projects, and urban rail and transportation equipment.

Background:

The Greater Toronto and Hamilton Area is facing a serious challenge with traffic congestion and an over-crowded transit system. Metrolinx has outlined a 25-year, \$34 billion plan it calls The Big Move that will address these problems through the expansion and development of roads, rail and transit systems.

The GTHA is not the only area with transportation challenges – every area of the province is struggling to deal with insufficient or crumbling transportation infrastructure. As an example, Northern Ontario Chambers have long called for the four-laning of the TransCanada Highway where there is no alternate Canadian route, to reduce the frequency of highway closures and ensure the continued flow of goods.

Efficient ground transportation of people and goods is vital to a successful and vibrant economy across the province. Progress has been made in some areas but billions more will be needed to improve roads, bridges, rail and transit systems. These investments will be funded, at least in part, from provincial coffers. This provides an opportunity for implementation of a procurement policy that places a priority on increasing value to Ontario taxpayers by spurring innovation and supporting job creation in Canada.

Legal opinion has been obtained from international trade experts outlining that “the Province of Ontario may accord a ten percent preference to Canadian value-added economic activity to procurements that are not subject to the Canada-United States Procurement Agreement or will not be subject to Revised World Trade Organization Agreement on Government Procurement of the Canada-European Union Comprehensive Economic Trade Agreement, once those agreements come into force. This preference may include research and development activities conducted in Canada in relation to the goods and services being procured.” This preference can be applied as a price preference (those bids that propose to supply Canadian value added would be nominally reduced by ten percent for evaluation purposes) or through provision of extra points in the evaluation of bids for including Canadian value added.

The Province of Ontario should utilize every opportunity to leverage public sector procurement in transportation and transit development to spur innovation and support job creation in Canada.

Recommendations:

The Ontario Chamber of Commerce urges the Government of Ontario to:

Implement public sector procurement policies that increase value to the Ontario economy and spur innovation by according a ten percent preference to Canadian value-added economic activity including research and development and/or engineering activities on transportation and transit related procurements that are not subject to international trade agreements.

Estimated Financial Impact to the Province (For discussion-purposes only – will not appear in final compendium)

Please choose which option best fits your policy resolution. Given the current economic climate, solutions to create a smarter, more fiscally sustainable government are a priority.

- Create a cost-savings for the government
- Be cost-neutral to the government
- Entail a small cost to government (less than \$10M)
- Entail a medium cost to government (between \$10M and \$200M)
- Entail a large cost to government (higher than \$200M)