



Optimize Building Canada Spending Through Open Tendering
Competitive bidding the only way to ensure taxpayer dollars are spent efficiently

(OTTAWA) February 13, 2014: To ensure Canada's infrastructure dollars go further, Merit Canada is calling on the Federal Government to take a leadership role in ensuring that all projects that receive money through the Building Canada Fund are tendered openly. At a minimum, Merit Canada wants open tendering for any initiative funded by the \$4 billion National Infrastructure Component of the Fund, which will be determined by project merit and guided by federal priorities.

"While we welcome the investment in infrastructure represented by the Building Canada Fund, the Government has an obligation to ensure taxpayer money is spent in the most efficient manner possible, and that can only be guaranteed through open tendering and genuine competition," stated Terrance Oakey, President of Merit Canada.

Many jurisdictions in Canada continue to practice closed tendering, in which specific unionized contractors affiliated with the building trades unions are given privileged access to public sector contracts. As a result, 7 out of 10 construction workers in Canada are excluded from employment on these projects because they do not belong to a union. Specific unions also have privileged access to these contracts over other unions, thereby further limiting competition.

"It does not take a degree in economics to know what happens when 70% of any industry is barred from competing: quality goes down and costs go up. A study conducted by the City of Montreal found closed tendering inflated project costs anywhere from 30-85%. With \$14 billion in the Building Canada Fund, that potentially represents billions of dollars worth of inflated costs," stated Oakey.

The House of Commons Transport Committee looked at open tendering as part of a study it conducted last spring into *How Competition Can Make Infrastructure Dollars Go Further*. At the time, Merit Canada recommended that Ottawa take a leadership role, ensure that projects that use any federal funds be tendered openly, and apply such a policy to all infrastructure agreements, Crown corporations and any other federal mechanisms used to fund infrastructure.

"It is time to abolish closed tendering policies and the Building Canada Fund – particularly the National Infrastructure Component – presents an opportunity for the Federal Government to lead the way in doing so. Open tendering allows for real competition, and that is the only way to ensure respect for taxpayers and the optimal utilization of infrastructure dollars," added Oakey.

About Merit Canada

Merit Canada is the national voice of Canada's eight provincial Open Shop construction associations. Open Shop companies and workers build more than 70% of the industrial, commercial/institutional, and residential construction projects coast to coast to coast. As of June 2011, the Canadian construction sector employed 1.26 million Canadians with 900,000 working in the “open shop” sector.

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