August 14, 2008

Mayor and City Councilors
City of Hamilton
77 James Street North
Hamilton ON L8R 2K3

Greetings!

Delegates to the Hamilton & District Labour Council are anxious to promote a “Buy Hamilton - Buy Ontario – Buy Canada” procurement policy for the City of Hamilton.

It is our belief that the criteria for awarding contracts and purchasing services needs to be revisited and revised so that the best interests of our city and its workers are clearly considered.

The lowest price should not be the only major consideration; criteria for awarding contracts should include both direct and indirect benefits to our community.

We request that city council instruct appropriate staff and the legal department to begin drafting a “Buy Hamilton – Buy Ontario – Buy Canada” policy for implementation in the near future.

The benefits of supporting local business are immense. Norm Schleshahn, the city’s manager of Business Development, says, “We know that 80 per cent of business growth comes from within the city’s existing business.” (Hamilton Spectator, August 14.) It makes good sense for the city to support businesses that pay property taxes here and that employ workers who live, pay taxes, and frequent local stores and businesses in our community.

If we need to look outside of our city for goods and services, the benefits of supporting Ontario-based and other Canadian businesses are also substantial. Please consult the attached Hamilton Spectator article by Julian Beltrame, “Business groups calls on Canadian Government to enact domestic buying rules” about the benefits of domestic purchasing policies.

Members of the Labour Council’s Political Action Committee will be providing you with additional information throughout the fall. In the meantime, we value your perspective as we look to work with you to design a workable policy that serves us all. We encourage you to respond by letter or e-mail at hdlc@cogeco.net.

Best regards,

Tom Atterton
Secretary

cc: City Clerk
    Don Fraser
    PAC

Jobs • Peace • Security
Business group calls on Canadian governments to enact domestic buying rules

February 06, 2008

JULIAN BELTRAME, THE CANADIAN PRESS
THE CANADIAN PRESS, 2008

OTTAWA - Canadian governments' buy-scout approach in failing to enact Canada-first policies on major infrastructure and mass transit projects is costing the country dearly in lost jobs and business opportunities, says a new industry study.

In a position paper being released Thursday, the Canadian Manufacturers and Exporters Association is calling on all governments to act quickly on the issue to help out the beleaguered manufacturing sector.

The report, which says Canada is among very few countries without buy domestic rules on tax-funded projects, says there is urgency to address the matter because of the massive amounts - $33 billion in seven years from Ottawa alone - governments have committed to infrastructure projects such as roads and bridges, and mass transit expansion.

"This is not protectionism," said CME president Jayson Myers. "This is levelling the playing field.

"In the best of all possible worlds it would be an open market and everyone would be competing, but that's not the world we live in. If we continue to be boyscouts to the world, we'll continue to lose investment and lose product mandates elsewhere."

The report points out that most countries have varying forms of domestic content requirements.

The U.S., for instance, has in place the Buy American Act, among others, that sets minimum local content targets on many government procurement contracts that involve federal grants. On a public transit project involving federal transfer of funds to a state or city, Washington demands that 60 per cent of components be produced in the U.S.

What this has meant in practice, said report author Jean Michel Laurin, an economist with the group, is that Canadian companies such as industrial giant Bombardier Inc. (TSX:BBDB.B) have had to locate plants in the U.S. if they want to successfully bid on U.S. contracts.

For example, Bombardier has a major plant at Plattsburgh, N.Y. south of Montreal, where it assembles trains for commuter rail contracts, as well as a facility in Barre, Vt., where the Canadian company does work on various contracts, for the U.S. passenger rail operator Amtrak, and regional transit systems.

In Mexico, Bombardier also operates a plant to assemble trains for local rail contracts.

Laurin said Canadians are not only missing out on the jobs that could have been created in Canada from such projects, but Canada is also missing out on the jobs that would be generated if foreign firms needed to build plants in Canada to bid on government contracts.

Laurin said "buy Canadian" requirements on federal grants and transfers for infrastructure and transit are not subject to NAFTA restrictions, or WTO rules, because they are left out by sub-national
jurisdictions, such as provinces and municipalities.

"We cannot be certain that the Canadian economy will fully benefit from the above-mentioned investments unless Canada also views these infrastructure investments as economic development tools and enacts a clear policy to make sure that Canadian manufacturers benefit economically," the report states.

Myers said he is sending the report to all MPs, including Prime Minister Stephen Harper, as well as provincial governments.

A spokesperson for Transport minister Lawrence Cannon said the government had no plans at the moment to introduce buy Canadian requirements, saying municipalities and provinces are ultimately responsible for setting tendering rules on most infrastructure projects.

"To ensure value for taxpayer money, we need to make sure that we allow for the most open and innovative approaches possible towards funding," added Catherine Loubier.

But Liberal MP Ken Boshoff said the government's position makes no sense given the practices of other governments.

"Canada is the only government in the free world that has no domestic content rules," he said, an oversight he attributes to the fact that until a couple of years ago most Canadian manufacturers had a competitive edge because of the then weak dollar.

The Thunder Bay MP, whose riding is home to a Bombardier mass transit plant, has tabled a private members bill calling for "domestic content requirements" on government mass transit investments. The bill is slated for debate next week.

NDP leader Jack Layton also called the government’s position baffling, "especially on things we can do under NAFTA. I think they have their ideological blinders on and its hurting Canadian workers," he said.

The report does not say how much business and job creation opportunities are being lost because of the lack of domestic content requirements, but offered several anecdotal examples.

Montreal and Toronto transit systems have recently said they will seek some Canadian content for their mass transit expansion, but a line built for the Olympic Games in British Columbia will be made in Korea, and Edmonton and Calgary transit authorities recently awarded contracts without Canadian content provisions to Siemens in California.

"The (Canadian) approach is on a case by case basis, according to the preferences of the provincial or municipal government awarding the contract," the report notes.

While Canadian businesses are no doubt losing out on some contracts, Walid Hejazi, a professor of international business at the Rotman School of Business in Toronto, noted that with certain projects, foreign companies may be able to deliver a better product at a lower cost.

"The worst thing you can do is spend a lot of money and get a product that is not the best available," he said. But all things being equal, Hejazi agreed it makes sense for taxpayer dollars to go to supporting Canadian businesses and workers.

Myers said his group is not recommending a specific percentage figure for Canadian content, but doubted there would be many examples where a Canadian company, or a foreign firm with a Canadian base, could not fulfill the requirements in most infrastructure and mass transit projects.

"The fact of the matter is this is the way business is done around the world," he said. "Without this we stand to lose simply because of local preferment policies in other countries."

Buy Canada rules exist in federal military supply contracts, where winning bidders must provide industrial benefits for Canada if they win a bid.

Canada has committed to purchase 17 C-130J Super Hercules transport planes, worth $1.4 billion, from U.S. aerospace giant Lockheed Martin (NYSE:LMT). It's also planning to buy four Boeing Globemaster C-17s from the world's biggest airplane maker.

The companies say they will spend hundreds of millions of dollars to provide work for aero space companies in Quebec, Atlantic Canada, the West and other parts of the country for work related to the Defence Department purchases.