
MEDIA RELEASE

Surety Association of Canada Voices Concerns Over New Procurement Strategies in Newfoundland and Labrador

March 7, 2024 – Mississauga, ON – The Surety Association of Canada (SAC) has expressed significant concerns regarding the Department of Transportation and Infrastructure (DTI) of the Government of Newfoundland and Labrador's recent announcement on new procurement strategies designed to support local suppliers and promote sustainability. SAC believes that this policy is misguided and was founded on the basis of information that is inaccurate and in some cases false.

On February 5, 2024, the DTI announced the introduction of two innovative procurement strategies with objectives that include maximizing provincial suppliers' success in obtaining government contracts, fostering supplier development within the province, and enhancing sustainable purchasing practices.

A key element of these strategies involves changes to the use of bid bonds. Bid bonds serve as a financial guarantee from vendors when bidding on projects, ensuring that the bidder remains committed to their bid and provides the required project security if selected. The new strategy proposes a reduction and potential elimination of bid bonds, a move that SAC believes is indicative of a total misunderstanding of bonds and their role in protecting taxpayers and small businesses.

"The assertions regarding bid bonds in the government's statement are not only misleading and inaccurate, but in some cases, patently false," said SAC President & Chief Operating Officer Steven D. Ness. "It's alarming that such inaccuracies and misguided assumptions would lay the groundwork for public policy decisions."

In response, SAC has initiated contact with the DTI and the Honourable John G. Abbott, Minister Responsible for the Public Procurement Agency, to challenge the misinformation surrounding bid bonds and the suretyship process. SAC is urging the government to reconsider this policy direction.

"Our goal is to work with the government to ensure that policies enacted are based on factual information and truly benefit taxpayers and local enterprises," Mr. Ness added. "We are requesting an opportunity to explain the surety products and processes through educational presentations, highlighting their processes and advantages."



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About the Surety Association of Canada:

The Surety Association of Canada (SAC) is the national trade advocacy association that represents the interests of the surety industry across Canada. Its members consist of primary surety firms, surety reinsurers, surety/insurance brokers, and other organizations that provide related and complementary services to the surety industry.

While the majority of the surety industry's premium revenue is derived from construction contract bonds, SAC also represents the interests of those organizations that focus on non-contract or commercial surety. SAC does not represent or advocate on behalf of the fidelity bond industry.

Since its formation in 1992, SAC has become a trusted resource for construction purchasers, design professionals, contractors, suppliers and other stakeholders in construction and business communities. SAC has developed its own bond forms in response to industry need and in consultation with the construction industry.

SAC and its members regularly meet with owners, contractors, other associations and related organizations to educate them about surety bonds and the suretyship process. SAC also monitors legislation across the country that will impact its members and works diligently to advance the surety cause with lawmakers and government officials.