



Government  
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# BID- *rigging*

<http://competition.ic.gc.ca>

Canada 



COMPETITION  
BUREAU

## ***What Is the Competition Act?***

The *Competition Act* (the Act) is a federal law governing business conduct in Canada and is enforced by the Competition Bureau (the Bureau). It aims to promote competition in the marketplace by stopping anti-competitive practices. Most businesses in Canada, both small and large, are governed by this Act.

The Commissioner of Competition (the Commissioner) is head of the Bureau, which is part of Industry Canada. The Commissioner is responsible for the administration and enforcement of the *Competition Act*, as well as three statutes concerning the accuracy and adequacy of information provided to consumers:

- the *Consumer Packaging and Labelling Act*
- the *Textile Labelling Act*
- the *Precious Metals Marking Act*.

## ***What Is Bid-rigging?***

Have you ever wondered why two or more suppliers have submitted identical bids on one or more of your tenders?

Are you curious as to why a particular supplier always submits the highest bid on your project and the lowest one on someone else's project?

Have you ever wondered why some of your tenders are bid at amounts much higher than the cost you estimated?

Have you ever questioned why some likely suppliers bid on some projects and not on others?

Are you aware of discussions among your suppliers about pricing or who should win a particular contract?

If you answered "yes" to any of these questions, you may be the victim of **bid-rigging**, which is a criminal offence under the *Competition Act*.

Bid-rigging is an agreement where, in response to a call or request for bids or tenders, one or more bidders agree not to submit a bid or two or more bidders agree to submit bids that have been prearranged among themselves.

Bid-rigging is a serious crime that eliminates competition among your suppliers, increasing your costs and harming your ability to compete. Whether this occurs on government projects or in the private sector, these increased costs are ultimately passed on to the public.

### ***What Are the Possible Penalties?***

Bid-rigging is a criminal offence under Canada's *Competition Act*. Firms and individuals convicted of bid-rigging face fines or imprisonment for up to five years, or both, at the discretion of the court.

The offence of bid-rigging is committed only if the parties to the agreement do not make the agreement known to the person requesting the bids or tenders before such bids or tenders are made.

## ***How Does It Work?***

While bid-rigging schemes are limited only by the imagination of those involved, there are four common types of agreements that result in a pre-selected supplier winning the contract.

- **Cover bidding** gives the impression of competitive bidding but, in reality, suppliers agree to submit token bids that are usually too high.
- **Bid suppression** is an agreement among suppliers either to abstain from bidding or to withdraw bids.
- **Bid rotation** is a process whereby the pre-selected supplier submits the lowest bid on a systematic or rotating basis.
- **Market division** is an agreement among suppliers not to compete in designated geographic regions or for specific customers.

## ***What Should I Do If I Suspect Bid-rigging?***

If you suspect you're a victim of bid-rigging or have information about a bid-rigging scheme, contact the Competition Bureau.

The Bureau conducts its investigations in private and keeps confidential the identity of the source and the information provided. However, if someone has important evidence about an offence under the Act, that person may be asked to testify in court.

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## ***How Can I Discourage Bid-rigging?***

The Bureau has developed a document called *Certificate of Independent Bid Determination* for use by persons calling for bids, tenders or quotations. The certificate can deter bid-rigging by requiring bidders to disclose to the person calling for the bids all material facts about any communications and arrangements they have entered into with competitors regarding the tender call. For further information about the certificate, contact the Competition Bureau.

*The Bureau produces videos and publications on various aspects of the Competition Act, the Consumer Packaging and Labelling Act, the Textile Labelling Act and the Precious Metals Marking Act. To find out more about our videos and publications, contact the Information Centre at:*

Information Centre  
Competition Bureau  
Industry Canada  
50 Victoria Street  
Hull QC K1A 0C9

**Toll free:** 1-800-348-5358

**National Capital Region:** (819) 997-4282

**TDD (for hearing impaired):** 1-800-642-3844

**Fax:** (819) 997-0324

**E-mail:** [compbureau@ic.gc.ca](mailto:compbureau@ic.gc.ca)

**Web site:** <http://competition.ic.gc.ca>

*This publication is only a guide. It provides basic information about the Competition Bureau and the Competition Act. For further information, you should refer to the full text of the Competition Act or contact the Competition Bureau at one of the numbers listed above.*