

## *Chapter 5*

### **GOVERNMENT-WIDE REVIEW OF PROCUREMENT: REDESIGNING CANADIAN PROCUREMENT**

---

Parliamentary Secretary's Task Force,<sup>1</sup>  
Government-Wide Review of Procurement  
Government of Canada

#### **INTRODUCTION AND MANDATE**

On December 12, 2003, the Right Honourable Paul Martin, Prime Minister of Canada, named the Honourable Walt Lastewka, P.C., M.P. as Parliamentary Secretary to the Minister of Public Works and Government Services, with special emphasis on Procurement Review. Being carried out by a small Task Force, this review is to result in recommendations to the government by December 2004 on how best to carry out procurement government-wide, including:

- Reducing the cost of what the government buys and the government procurement function, and increasing the speed of transactions;
- Increasing effectiveness in supporting government priorities; and
- Ensuring strong ethical foundations, effective checks and balances, and strong financial management, to ensure value government-wide.

The Task Force is 14 senior public servants with broad and in-depth experience in government procurement, policy, operations and change management, in the private sector and in the voluntary sector. The Review has four elements: data gathering; analysis and options; consultations; and recommendations. This paper presents the status of the Task Force as of July 2004, at which point it had:

- Gathered extensive statistical information about federal procurement; reviewed internal and external audit reports; identified and analyzed the laws and policies applicable to procurement;
- Interviewed major companies on their procurement practices; obtained supplier views on government procurement; and solicited input from public servants;

- Obtained information about procurement approaches from other jurisdictions; and obtained information from program departments about the use of procurement to achieve socio-economic benefits; and
- Consulted with and obtained information from academic sources.

### CANADIAN FEDERAL PROCUREMENT

For this Review, federal procurement is the acquisition of goods, services and construction (commodities) for 98 federal departments and agencies (excluding commercially-oriented Crown Corporations, and also real property purchase and leasing.) Procurement is carried out directly by those organizations, or on their behalf by the government's common service procurement organization, the Acquisitions Service of Public Works and Government Services Canada (PWGSC).

In calendar year 2002<sup>2</sup>, published figures show that federal procurement included 497,251 new contracts and amendments, valued at \$12.73 billion (Table 1). There were also 1.6 million acquisition card transactions, valued at \$560 million, for an overall total usually referenced as \$13 billion. This is a significant amount. In fiscal year 2002-2003, the federal government spent \$170.6 billion. Of this total budget, \$90.9 billion was for subsidies and other transfer payments to governments and individuals; \$37.3 billion was public debt charges; and \$4.7 billion was for Crown Corporations. The remaining \$37.7 billion was for the departments and agencies that are the subject of this Review. The annual value of procurement spending can be seen. as being more than 33% of annual

**TABLE 1**  
**Overview of Federal Procurement**

| Types of Contracts and Amendments | Total Contracts | %           | <i>of which</i><br>PWGSC | Gov't \$      | %           | <i>of which</i><br>PWGSC |
|-----------------------------------|-----------------|-------------|--------------------------|---------------|-------------|--------------------------|
| Contracts:<\$25,000               | 412,500         | 83          | 5%                       | \$1.14B       | 9           | 20%                      |
| >\$25,000                         | 21,720          | 4           | 60%                      | \$8.59B       | 67          | 86%                      |
| Amendments                        | 63,031          | 13          | 18%                      | \$3.00B       | 24          | 92%                      |
| <b>Total</b>                      | <b>497,251</b>  | <b>100%</b> |                          | <b>12.73B</b> | <b>100%</b> |                          |
| <b>For:</b>                       |                 |             |                          |               |             |                          |
| Goods                             | 311,339         | 63          | 8%                       | \$4.47B       | 35          | 88%                      |
| Services                          | 176,005         | 35          | 9%                       | \$7.54B       | 60          | 77%                      |
| Construction                      | 9,907           | 2           | 43%                      | \$0.72B       | 5           | 84%                      |
| <i>Total</i>                      | 497,251         | 100%        |                          | \$12.73B      |             | 81%                      |

discretionary government program spending As shown in Table 2, most (almost 90%) of procurement actions estimated at more than \$25,000 are carried out through various forms of competition and calling for bids.

**TABLE 2**  
**Federal Procurement, by Supplier Selection Methods**  
**(Contracts over \$25,000)**

|                         | Government % | Departments % | PWGSC % |
|-------------------------|--------------|---------------|---------|
| Electronic Tendering    | 63.1%        | 45.5%         | 66%     |
| Traditional Competitive | 11.1%        | 29%           | 8.1%    |
| ACAN <sup>3</sup>       | 13.3%        | 7.9%          | 14.3%   |
| Non-Competitive         | 12.5%        | 17.6%         | 11.6%   |
| Total                   | 100%         | 100%          | 100%    |

### LEGAL FRAMEWORK

All Ministers, and by extension the organizations they head, have the implicit authority to buy goods and services to carry out their mandates. Federal procurement is governed or affected by more than 15 Acts of Parliament, and ensuing Regulations. Three are key to this Review.

The Financial Administration Act (FAA) establishes the Treasury Board (council of Ministers) as the general manager of the government, and is the key statute that underpins all contracting activities and associated financial arrangements and obligations. The Government Contracts Regulations (GCRs), issued pursuant to the FAA, require calling for bids before entering into contracts, unless specific conditions (e.g., emergency, public interest, only one person capable) exist. The Department of Public Works and Government Services Act establishes PWGSC as the government's common service agency for the acquisition and provision of goods (mandatory; authority can be delegated), and services and construction (optional). The Defence Production Act gives exclusive authority to buy or otherwise acquire defence supplies to the Minister of PWGSC.<sup>4</sup>

Federal procurement must also observe<sup>5</sup> Canada's procurement commitments under three major trade agreements: the North American Free Trade Agreement (NAFTA), the World Trade Organization - Agreement on Government Procurement (WTO-AGP), the Agreement on Internal Trade (AIT). The most comprehensive is the AIT, which applies to virtually all

goods (threshold \$25,000), services and construction (threshold \$100,000). The Canadian International Trade Tribunal Act establishes that tribunal as Canada's official bid protest mechanism for the trade agreements.

### POLICY FRAMEWORK

More than 35 different policies govern or may influence procurement. Of primary importance, the *Treasury Board Contracting Policy* provides comprehensive direction to government procurement authorities as to how procurement is to be carried out, and sets out the objective of government procurement: "...to acquire goods and services and to carry out construction in a manner that enhances access, competition and fairness and results in best value or, if appropriate, the optimal balance of overall benefits to the Crown and the Canadian people."

The *Treasury Board Contracts Directive* sets out the basic contracting limits for Ministers (Table 3). The *Common Services Policy* provides that Common Service Organizations such as PWGSC will offer services to client departments in a manner that is most supportive of timely, effective, and economical delivery of programs to the public. Other policies deal with such diverse areas and issues as: limitation of contractor liability; ownership of intellectual property; acquisition of motor vehicles; and use of acquisition cards.

**TABLE 3**  
**Basic Contracting Limits\***

| Types of Purchases                             | Electronic Tendering | Traditional Competitive | Non-Competitive |
|--|----------------------|-------------------------|-----------------|
| <b>Goods:</b> PWGSC                            | \$40M                | \$10 M                  | \$2M            |
| Other ministers**                              | \$400K               | \$400K                  | \$40K           |
| <b>Services:</b> PWGSC                         | \$20M                | \$10M                   | \$3M            |
| Other ministers                                | \$2M                 | \$400K                  | \$100K          |
| <b>Construction:</b> PWGSC                     | \$20M                | \$10M                   | \$500K          |
| Other ministers                                | \$400K               | \$400K                  | \$40K           |
| <b>Architectural and Engineering Services:</b> |                      |                         |                 |
| PWGSC  | \$2M                 | \$1M                    | \$100K          |
| Other ministers                                | \$40K                | \$40K                   | \$40K           |

Notes: \* There are also more than 40 exceptional higher limits for specified Ministers, for specified purposes.

\*\* With a delegation from the Minister of PWGSC.

### **Socio-Economic Policies**

Eighteen more policies seek to use procurement to achieve the government's national and socio-economic objectives, including:

- ***Federal Contractors Program for Employment Equity***: eligibility to bid on contracts valued at more than \$200,000;
- ***Aboriginal Business Procurement***: mandatory and selective set-asides of procurements for Aboriginal firms; departmental performance objectives for contracting with Aboriginal businesses;
- ***Canadian Content*** (PWGSC only): when international trade agreements do not apply, may limit competition for contracts to suppliers of Canadian goods and services; and
- ***Procurement Review for Socio-Economic Benefits***: to enhance the use of procurement in support of industrial and regional development and other national objectives.

### **THE NEED FOR CHANGE**

A major element of the Review is dealing with the many perceptions about federal procurement. It is seen as too slow; rules bound; process rather than results oriented; complex, costly, risk averse and wasteful. For some, the bid protest/redress mechanism has chilled the procurement process. Many believe that tax money is wasted, and that the government gets what it contracts for, not what it needs. Federal processes are viewed as unfair to suppliers, and excessively adversarial and litigious. For years there have been debates as to whether decentralized procurement is most effective, and whether procurement money should be used to achieve other government objectives.

At \$13 billion per year, the actual and potential impacts of good or bad procurement performance will have a significant effect on the "bottom line" of the government, whether it is in seeking additional funds to pay down the federal deficit; finding monies to be reallocated to government priorities; or responding to Canadians' concerns that taxes are too high. Procurement managers must be conscious that procurement is one of four major economic activities of government (Thai, 2001). Permitting that major economic lever to be driven from the bottom up by individual transactions – as opposed to from the top down, with a clear sense of priorities and strategic objectives – limits severely its effectiveness.

Procurement decisions are a key and visible measure of government accountability. In recent years, the details of specific cases of alleged government mismanagement and inadequate stewardship of public funds have attracted extensive public attention. It is clear that the government will be increasingly held to account for its actions. While expenditures of this magnitude offer obvious potential for savings and reallocation, this cannot be realized without corporate direction and accountability. That is the reality, and the challenge, for the Task Force.

## **OBSERVATIONS**

### **Data**

The Task Force sought appropriate data on all aspects of government procurement. It became immediately apparent that at best, a partial foundation for analysis would be available. As of August 20, 2004, the most recent government-wide data were for calendar 2002. Further, the data are only compiled once per year.

The data are incomplete. Government-wide reporting understates the number of transactions; is incomplete in terms of the value of activity; and therefore provides an inadequate base for analysis and management<sup>6</sup>. For example, the total number and estimated value of standing offers<sup>7</sup> issued (primarily by PWGSC) is reported, but not the actual number of call-ups, and their individual or total value.

Finally, the data are not accurate. Unfortunately, examples abound. As recently as August 2004, the PWGSC Internal Audit group distributed the first draft of an audit of low dollar value (less than \$25,000) procurement, which noted widespread inaccuracies in several areas of data capture.

## **PRIVATE SECTOR AS PURCHASERS**

The Task Force interviewed 17 major private sector firms to understand their approach to procurement for their own purposes. The companies talked about common themes: the challenge of succeeding in an increasingly globalized marketplace; the need to be closely attuned to customer needs, demands and expectations; and the constant pressure to provide the best possible return for shareholders.

Most noted a significant change, away from local decision-making. They see procurement as a corporate function for the company, not for individual divisions or profit centres. It was widely accepted as a profit

centre in itself – with close management attention, and a corporate commitment to continuous improvement.

Procurement is the domain of corporate level specialists, working within and towards commonly understood corporate objectives. The Task Force heard repeatedly of the benefits of standardization at a corporate level, driven by long-term master contracts within which the corporation works closely with its suppliers to achieve constant improvement. Companies emphasized that doing business with the company is a privilege, not a right. Suppliers have to work hard to earn and maintain that privilege – and in the corporate environment they do not get there through open competition. Significant benefits accrue when the corporation enters into long term strategic alliances with a few suppliers, sharing business information, with continuous improvement of performance and results.

#### **SUPPLIERS' PERSPECTIVES**

With more than 67,000 potential suppliers registered with PWGSC alone, and more than two million individual businesses in Canada, it has not to this point been possible for the Task Force to engage in broad information gathering with individual suppliers. As a proxy, it sought the views of 13 industry associations whose members are suppliers to the federal government. In addition, the Task Force benefited from discussions with the supplier community by the Acquisitions Branch of PWGSC, which is engaged in a broad-based program of renewal of its procurement approaches and processes. It is evident that the supplier community would support and welcome change.

At the transaction level (individual procurements) suppliers are concerned about the slowness of procurement; the complexity of the procurement system; the lack of process standardization; inconsistencies in government approaches; the lack of standardization in what the government buys; reluctance of the government to pre-qualify potential bidders; and delays in government approval processes.

Many have commented on the lack of strategic government/supplier relationships, and an overall lack of fairness and transparency. They see a government procurement focus on input/tasks/specifications rather than outcomes. They suggest that the government find ways to set reasonable limitations on competition, coupling this with requests to (1) recognize quality suppliers, and (2) make competing worth the cost to companies by having only qualified companies compete against each other. Many note the

lack of useful vendor performance evaluation, and of a satisfactory dispute resolution mechanism.

Finally, some suppliers are seeing the lack of in-house (government) expertise in industries and commodities.

### **PUBLIC SERVICE PERSPECTIVES**

The Task Force continues to seek input from across the federal public service. To this point, emphasis has been on the procurement community, where 170 staff from numerous departments have taken the time to provide comments and suggestions.

Suggestions that the government standardize procurement policies and procedures across the board are clear. Less obvious to non-Canadian, non-federal procurement readers is the proposal that the government reform the Canadian International Trade Tribunal, or create a new dispute resolution mechanism: for the public service: this appears to be a call for less rigid application of procurement rules that are seen to overemphasize competition and process, at the expense of meeting government operational requirements.

It appears that public servants would like to see a move to results-based procurement, using competencies and capacities as key supplier selection criteria, and relying much less on complex product or service specifications. This change would reflect, be supported by, and equally require government recognition of procurement as more than a clerical position function. To that end, public servants would like to see recognition of procurement specialists as professionals, with a professional designation; and an external training process (university/college) for procurement specialists.

### **SOCIO-ECONOMIC OBJECTIVES**

Government procurement is widely seen as an appropriate vehicle to achieve socio-economic objectives of government. The public sector is not unique in this regard. Many private sector procurement organizations recognize the value of working with 'diversity suppliers,' even at a short-term price premium, to foster their development, reflecting a trend towards corporate social responsibility (and not incidentally providing market differentiation for competitive advantage).

Canada's federal government, as noted, has some 18 policies that use procurement to achieve socio-economic objectives. There is an ongoing

debate as to which has and should have priority: a specific operational requirement of a department or agency, or a socio-economic objective. This debate is highlighted by the government's Contracting Policy, which provides that:

Government contracting shall be conducted in a manner that will:

- (a) Stand the test of public scrutiny in matters of prudence and probity, facilitate access, encourage competition, and reflect fairness in the spending of public funds;
- (b) Ensure the pre-eminence of operational requirements;
- (c) Support long-term industrial and regional development and other appropriate national objectives, including aboriginal economic development;
- (d) Comply with the government's obligations under the [trade agreements].

The possible need to trade off between these objectives is apparent. There is the additional dimension of how much the government should pay to achieve socio-economic objectives using procurement; and who should pay. Some maintain that using procurement to achieve socio-economic objectives does not cost: there is no evidence to substantiate this. Rather, the government does not have data or mechanisms to measure the relationships between socio-economic policies and procurement, and the relative costs and benefits<sup>8</sup>. The Task Force has unsuccessfully sought information from several program departments that are responsible for specific socio-economic policy agendas. With a lack of substantive information on results and costs resulting, the Task Force is focusing its efforts on identifying broad economic measurements in this field, rather than specifics of individual policies.

#### **AUDIT**

The Task Force has not found a government-wide strategy for internal auditing of procurement. Internal audits/reviews since 1996/97 were for internal management use, and mainly considered compliance with established rules and processes. Identified problems and consequent recommendations for improvement covered a broad range: delegation of contract authorities; bid evaluation and contractor selection criteria in calls for bids; justification of decisions to not call for bids; clearer actions related to contract administration/contract management; the need to capture better contract-related information; compliance with regulations and policies;

linking expenditure information to related contracts; insufficient or non-documented demonstration of value for money; insufficient financial controls to check for over-payments and over-amendments; and the need for more training of procurement personnel.

The Task Force has also analyzed audits of acquisition cards (since 1997/98.) Common observations related to the need for: increased use of acquisition cards (decreased cost of transactions); clarification of roles and responsibilities; increased training and awareness; monitoring programs and performance measurement; and better identification of new assets.

The Task Force also reviewed the more strategic perspectives in 23 audit reports since 1982 by the Auditor General (AG), an officer of Parliament whose mandate is to audit government operations and provide information that helps Parliament hold the government to account for its stewardship of public funds. The AG frequently notes a lack of clarity of roles and responsibilities in the various departments and agencies with procurement roles across the government, and has suggested that a key role for the common procurement service is increased screening/overview of requirements, inter alia to separate 'wants' from 'needs.' Noting a need to ensure compliance with government policies and rules, and to ensure that activities pass the test of public scrutiny, the AG frequently comments on insufficient use of competition to meet government or public expectations.<sup>9</sup>

Another frequent concern of the AG is the need to improve performance reporting, to support conclusions about whether procurement performance is getting better or worse, or if desired objectives are being met; and to ensure that there is credible and relevant information needed to manage. Such improved reporting would allow the government to better deal with value for money issues (such as ensuring that pressures on the government to reduce its size and cost, and to demonstrate better results for money spent, are responded to with an appropriate balance between good results, due process and legal obligations). The AG has also noted the need to provide enhanced recourse mechanisms for the supplier community; and improve cycle times (the time it takes to get suppliers in place and to meet specific government operating needs).

## **OTHER ISSUES**

### **Competition**

It is a basic premise of public procurement that open competition is the way to achieve best value in public procurement. On the other hand, no private sector company interviewed uses open competition. If open

competition equals best value, then these corporations would seem to not be getting best value from their procurement – or, there is another approach through which government will get best value.

The Canadian definition of best value (in the Treasury Board Contracting Policy) is “...the combination of price, technical merit, and quality, as determined by the contracting authority prior to the bid solicitation and set out in the bid solicitation evaluation criteria, and which forms the basis of evaluation and negotiation between buyers and sellers to arrive at an acceptable basis for a purchase and sale.” It makes no obvious provision for including in ‘best value’ the achievement of other than procurement objectives. Indeed, the government procurement objective noted earlier provides a clear choice between “...best value or...the optimal balance of overall benefits...”

Companies say that they succeed through the careful cultivation, development and evolution of close working relationships with their suppliers. In the ‘normal’ public procurement environment of open competition, bid protest and risk aversion, this flexibility is difficult to achieve. Canada’s traditional approach to calling for bids, strongly influenced since 1994 (implementation of NAFTA) by the Canadian International Trade Tribunal view that open competition is the essence of government procurement, seems inconsistent and needs to be reconsidered. It appears that open competition may not be the best, or even the only way to achieve best value.

### **Fairness**

Another ‘mantra’ of public procurement is the need and obligation to be ‘fair.’ The Canadian Contracting Policy provides that “...Government contracting shall be conducted in a manner that will...reflect fairness in the spending of public funds...” What is not stated is fairness to whom, and how to measure it.

This is an issue that requires considerable analysis and thought. There are too many obvious conflicts between ‘fairness’ to the various participants in procurement, to leave the operating definition up for individual judgment. Participants and stakeholders need to know what ‘fair’ means in the government procurement context, so that they can govern their activities accordingly.

## **Transparency**

Canadian federal procurement is rules-based. It is essential for integrity and transparency in the process that all stakeholders have ready access to all of the rules that may apply to a particular situation. The Task Force has found that this is not the case. This conclusion has been supported by discussions with public service procurement staff, who cannot find needed information; find overlapping and sometimes different information and advice, or are expected and able to make decisions which can result in quite different procurement approaches in any given set of circumstances.

## **Acquisition Renewal**

In 2003, PWGSC carried out an in-depth review of its common service procurement functions. The study confirmed that there are a number of areas in which there is significant room for improvement, and in particular the need to replace the large number of custom procurements with standard approaches. The response to that study is Acquisition Renewal, which incorporates and builds on initiatives such as:

- Creation of the Government of Canada Marketplace (GoCM), an electronic service that will allow employees to purchase common commodities through readily available approved catalogues<sup>10</sup>;
- Commodity reviews to determine the most appropriate and effective way to procure specific commodities (initial reviews are being carried out for desktop computers, software, furniture); and
- Standardization of procurement instruments for low dollar value procurements.

## **Human Resources**

Public service work is increasingly complex and fast-paced; a vibrant public service is vital to the social, political and economic well-being of the country, and essential to ensure the quality of life of Canadians. However, within five years, 21% of the procurement, materiel management and real property community will retire. Further, the Auditor General and internal audit reports have consistently criticized the procurement function in government – criticism often directed at managers seen to not know or care about procurement.

To some extent, these issues can be dealt with through effective training – to provide career opportunities and increase the attractiveness of the public service as an employer. There is a new Professional Development and

Certification Program for the Procurement, Materiel Management and Real Property Community. Many departments have in-house training programs supported by their own personnel or private firms.

However, this training and certification is often optional for staff, and at this time completion of the Professional Development program is not a specific requirement to be a procurement specialist. This is comparable to practices in the private sector: companies interviewed acknowledged that training and professional qualifications were important, but there was no significant use of mandatory professional designations. In contrast, other countries place heavy emphasis on training and certification (e.g., approaches in the U.S., Australia, and U.K.)

Training, however, cannot deal with the growing demands of the government, and of the procurement community itself, for a more professional approach and recognition – demands that echo those from around the world.

### **Policies**

It has been “known” for some years (and confirmed by the Task Force in its dealings with procurement staff) that the policy framework for federal procurement is complex and not well understood. When procurement specialists have the needed knowledge, too often they work with operational staff who do not understand why procurement is carried out as it is and who have unrealistic/impossible expectations.

The policy framework has evolved over many years, with many drivers including findings of the Canadian International Trade Tribunal, Auditor General Reports, internal audit reports, and certain problematic files that may have been symptomatic of weaknesses in the system.

The Treasury Board’s Contracting Policy and its many appendices on various procurement-related topics is the primary procurement policy document. Departments can also develop their own policies and procedures provided there is no conflict with TB policies. The Supply Manual, developed for use by PWGSC as a common service organization, is one such example that tends to be used by other departments for their own procurement.

The Secretariat is in a Policy Suite Review in the context of other measures to strengthen public sector management. Areas that the Task Force has identified as lacking or in need of strengthening include:

- A government-wide vendor performance policy;

- A procurement risk management policy; and
- A policy on collection and reporting of relevant procurement data.

### **Other Jurisdictions**

The Task Force is examining the procurement approaches of other jurisdictions. While considerable information has been gathered, the analysis of individual jurisdictions, and comparative analysis (both between jurisdictions and against the Canadian context) is not sufficiently advanced to permit significant observations.

### **THE ACADEMIC PERSPECTIVE**

The Task Force has examined a cross-section of current information from 38 authoritative academic sources, seeking common themes, topics and issues found in current discussion and analysis and considered important by the international academic community; relationships to other data gathered, such as the private sector 'as purchasers' interviews; validation of themes and issues identified by the Task Force's collective experience; and procurement topics to be used in future data gathering, consultation and reporting. While not exhaustive or complete, this review appears to represent current academic thought.

A more thorough assessment of the academic perspective, with the appropriate citations and credits, is planned for the Task Force's final report. In the interim, academic analysis of government and business procurement appears clearly to confirm the benefits of general 'best practices' used by successful firms. There seems equally clear agreement that to transform the government procurement structure into a strategic corporate activity that is effective and efficient, the procurement process must be well led and facilitated by clear roles and rules. Further, procurement should be a horizontal planning activity incorporated into the budgetary process for corporate operations. A commodity-based approach effectively and efficiently manages supply and demand, tailoring customer and supplier management practices according to commodity. Finally, it was no surprise to the Task Force to see academics insisting that sophisticated information management, performance measurement, and human resources are fundamental to professional procurement and continuous improvement.

### **CONCLUSIONS**

Canadian federal procurement is good - but there is significant potential for improvement. Specifically, the Task Force believes that the government should:

- Manage procurement on a government-wide basis;
- Make it clear what procurement is to achieve, and at what price;
- Establish clear roles and accountabilities for all stakeholders;
- Base procurement approaches on commodity management;
- Adopt a new approach to supplier relationships and development;
- Support efficiency and effectiveness with an improved bid protest and dispute resolution approach;
- Move to standardization and simplification;
- Create streamlined processes and tools, and make their use mandatory;
- Allocate and manage sufficient resources (skills, functions, and dollars) to ensure effective service delivery for the government as a whole; and
- Ensure better government-wide procurement information.

In the next phase of its work, the Task Force will develop detailed findings, and assess the implications of those findings on government procurement. That in turn will lead to a set of specific proposals for action, which when published will be used for discussions with and feedback from the various stakeholders of Canadian procurement: taxpayers, politicians, suppliers, special interest groups, operational departments and agencies, central agencies, and the procurement community.

#### NOTES

1. The Parliamentary Secretary's Task Force, Government-Wide Review of Procurement, expects to present its conclusions and preliminary recommendations for international consideration at the International Public Procurement Conference, October 21-23, 2004 in Fort Lauderdale, Florida.
2. Unless otherwise specified, all data in this paper are from calendar 2002, the most recent published by the government as of August 20, 2004.
3. An Advance Contract Award Notice (ACAN) allows departments and agencies to post a notice, for no less than fifteen calendar days, indicating to the supplier community that it intends to award a good, service or construction contract to a pre-identified contractor. If no other supplier submits, during the posting period, a statement of capabilities that meet the requirements set out in the ACAN, the competitive

requirements of the government's contracting policy have been met. If other potential suppliers submit statements of capabilities during the fifteen calendar day posting period, and meet the requirements set out in the ACAN, the department or agency must proceed to a full tendering process on either the government's electronic tendering service or through traditional means, in order to award the contract.

4. Canada is one of the few countries where one procurement organization handles civilian and military procurement.
5. Canada has enabled its trade agreement obligations through legislation. Traditionally, however, in the procurement context the trade agreements are referenced separate from the other Acts of Parliament.
6. There are two significant qualifiers to these observations:
  - (a) PWGSC publishes all of its contract awards, of every value, on an Internet site ([www.contractsCanada.gc.ca](http://www.contractsCanada.gc.ca)), on an ongoing basis: normally, any given contract award will appear on the site within 30 days of contract issue;
  - (b) Pursuant to a commitment made in its Budget of February 2004, the government is preparing to publish information on all contracts of over \$10,000, on one or more websites. When implemented, this will increase the amount of information in the public domain. At time of writing, the Task Force awaited information as to whether this information will be available for general and ongoing analysis.
7. Pre-established terms and conditions, including price, for a supplier to sell to the government, but with no guarantee of any business; a contract is created when an order (the call-up) is actually placed.
8. This analysis has to be in both directions – that is, the extent to which procurement decisions and actions support or work against other national objectives.
9. The Task Force notes in this regard a long-standing difference of opinion between the Auditor General and the government as to what constitutes 'competition'.
10. It is easy to envisage the GoCM evolving into a single portal through which all departments could initiate any type of procurement action (from ordering against government-wide contracts, to selecting articles from approved catalogues, to initiating immediate competitions between pre-established suppliers, to starting complex custom procurements).

### ACKNOWLEDGEMENTS

The Parliamentary Secretary's Task Force, Government-Wide Review of Procurement, is led by the Honourable Walt Lastewka, P.C., M.P., Parliamentary Secretary; and Janet Thorsteinson, Executive Director; and includes: David Blaney; Barbara Brackett; Johanne Brodeur; Bernadette Brunet; Isabel Casimiro; Claire Crush; Tara Hartley; James McDonald; Colin Nelson; John Penhale; Elizabeth Perrier; John Read; Mary Robinson; also communications advisors Denise Collins and Derek Kelly; legal advisor Alan Macdonald; and consultant R.J. Kelly. We also acknowledge the contribution of members who have left the Task Force: Bob Fitzpatrick, Jean Lacelle, and Rita van Jurek. John Read took the lead in drafting this chapter.

### REFERENCES

Thai, K. V. (2001). "Public Procurement Re-Examined." *Journal of Public Procurement*, 1 (1): 9-50.