



Should procurement be a tool to promote government's social and economic objectives?

AS WE LOOK AT RELATIVELY new governments, or at least new mandates, in Ottawa, Newfoundland, Ontario, Saskatchewan, Northwest Territories and Prince Edward Island, as well as all of Ontario's municipalities, we at *Summit* thought it appropriate to stay on a theme that relates largely if not uniquely to politics, policy and elected officials. For the last several "Chatrooms" we looked at the role of politicians in procurement. If there was any consensus, one area was that elected officials do have a valid role in setting overall policy on behalf of their constituents.

Policy takes on many faces and often wears credit or blame for many sins and successes. The power to select and purchase goods and services from the private sector is a highly influential lever on policy, both economic and social. The temptation to use procurement as a tool for achieving policy objectives that extend well beyond acquiring a commodity is a siren song few politicians could resist. The effectiveness of policies that address regional development and economic disparity, growth of small business, training and qualifications, ethnic and Aboriginal entrepreneurship, environmental enhancement and adherence, research and technological development, or almost anything else you can think of, could actually depend on the pressure exerted on the huge scope of economic levers related to government buying. And the evidence is clear: virtually all governments in Canada at every level have some sort of set-asides, incentives, restrictions or even penalties that are not even remotely justifiable by strictly procurement principles. What else is a trade agreement, anyway?

Sit down, take a deep breath, sip a beverage, open your mind and stay awhile while we chat with:



Garth Whyte
Executive Vice President,
Canadian Federation of
Independent Business (CFIB)



Jim Maloway
New Democratic Party
Member of the Manitoba
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Robert Parkins
Journalist, management
consultant and past editor
of *Summit* Magazine

But is that how it should be? We're privileged to chat this month with some original and influential thinkers on government policy. Bob Parkins is known to *Summit* readers as the founding editor. After passing the torch to the indomitable Anne Phillips (do I know where my bread is buttered or what?), Parky has become a much sought after pundit on procurement and government policy matters while continuing his interests in journalism. Jim Maloway is an NDP MLA with a lot to contribute. He's a well-established and successful Manitoba entrepreneur with a special interest in e-government and citizen engagement. Garth Whyte is long-time, articulate and oft-consulted advocate for small business in Canada and a former member of *Summit's* Editorial Advisory Board. He has his finger on the country's economic pulse like few others. Ready? Let's chat.

Getting the goods

Whyte: Our view on this issue at the CFIB is categorical and complete. Government procurement should be a fair and transparent competitive process that leads to the best value at the best price for the citizen. Introducing other factors into a government purchase distorts the reason for buying the commodity or service in the first place and unfairly influences the selection of the supplier.

Maloway: The government should not be limiting supply sources geographically to a city or province provided the specifications are being met and you follow through with the lowest price. If the government wants to give an advantage to a disadvantaged group or area, it should be done through other government programs such as training, skills upgrading or other indirect means rather than letting them get the business with a higher bid. There has to be a level playing field involved in business. I'm all for helping people, giving them a hand-up through education, adult learning centres or training. We should be concentrating on that, rather than through the rules of procurement.

Parkins: Good public policy ought to be a given. Theoretically whatever public servants do should reflect good public policy. In that sense, procurement doesn't drive public policy. It merely reflects it. Put another way, the point about procurement in this context is not that it should be an instrument of good public policy but that it should not be an instrument of bad public policy. Stand the proposition on its head.

Applied government policy 101

Parkins: Surely there's enough of a burden already on procurement policy in general and procurement officers in particular. They have to make sure that thousands of details are in order in a given purchase. The last thing they need is yet another checklist built on the imperatives of "good" public policy. If they've been doing their jobs – as most of them routinely do anyway – those imperatives will have been met.

Whyte: Government procurement experts specialize in purchasing goods and managing assets transparently, efficiently and effectively according to their professional skills and training. The fewer impediments policy makers put in the way of them doing their job, the better. Government purchasers already have to understand and interpret legal, legislative, regulatory and competition elements in designing and negotiating contracts. Social and other objects do not need to be part of the same mix.

Maloway: Government should draw up the specifications and standards so that all the business, small and large, have an equal chance to get the business. As an example, in Manitoba before 1999 when the government went with the central desk-top program, they designed the requirement for the tender in such a way that precluded all of the small businesses from having a chance at it. The bonding

requirements were roughly \$40 million and that left them out. Today we have a new approach that lets the smaller businesses get into the process. We want to have non-biased specs drawn up and let businesses compete so the best price prevails provided the quality is the same.

What's good for the goose is good for the gander

Maloway: To encourage Aboriginal or special sector business, government can easily address development through outreach, awareness, grants and other economic programs rather than through the contracting process. Contract favouritism does not help in making developing businesses successful or competitive in the long run. I would be better able to live with procurement that was actually designed to favour small business, say smaller contracting proposals rather than omnibus central contracts. Our Manitoba government looks much more favourably on environmental requirements in designing contract specifications or ensuring suppliers comply with environmental standards and practices. Environmental considerations reflect overall government policies that should not substantially affect business and contracting competitiveness or leveling the playing field. Similarly, we are also concerned with pursuing ethical investing policies.

Whyte: It may seem ironic to some that the CFIB does not even support procure-

ment set asides that would favour small business, but that is how much we believe in the principle of procurement for procurement's sake. Broad public policy making belongs in programs, not in purchasing. Government procurement must always be as competitive, fair, equitable and cost-effective as possible and anything that detracts from those principles belong elsewhere in government if they belong at all. Nothing should threaten the level playing field, even if it seems like motherhood.

Parkins: Ultimately procurement is a government activity and a pretty powerful one at that. While it should clearly reflect that government's values, principles, ethics and objectives, more mundane policy concoctions should not be allowed to creep in merely because it is convenient for policy makers. The health and interest of the supplier community and the marketplace as a whole are more important. Any policy or non-contracting considerations inserted in a procurement had better be of over-riding collective importance such as national security or of unquestionable individual importance such as human rights.

Next chatroom

Fairness monitors: Why use them and what does their future hold?