

Procurement's role in an emergency or disaster



What the world needs now

Cochran: In an emergency, we have to act now to mitigate the risks, get problems solved and look after our citizens. The Government of Canada has well-established policies as part of government contracting policy and trade agreements to ensure that procurement meets this need. Procurement specialists may deal with familiar suppliers, but not always. For example, some of the technologies we had to get right away in the post-9/11 environment may well have been new to us, and we had to move very quickly to global suppliers to get them. Also, there are items not used everyday that may be immediately necessary in an emergency situation.

Martin: Procurement during catastrophic emergencies or disasters is fraught with challenges not normally faced during routine day-to-day operations of a municipality. Typically municipalities are highly regulated with multiple checks and balances to ensure fiscal responsibility in the expenditure of tax dollars, and the fair and equitable distribution of contracts related to goods and services. Emergencies create a whole new procurement environment.

Kreker: The main goal of government procurement is to make sure government agencies have the goods and services needed to provide a vast range of services to the Canadian citizen. We also try to achieve other benefits for Canadians: to improve economic conditions by supporting local and regional economic development; to help the dynamic, innovative small and medium business community grow by providing access to bid for government contracts; and to make sure that Canadians have full confidence in the fairness, openness and transparency of their government's procurement system. In an emergency situation, normal rou-

ting changes. Attention focuses on ensuring that emergency authorities have whatever they need, right away.

The call to duty

Kreker: To deal with emergencies, governments worldwide equip themselves with special authorities that let procurement professionals respond immediately. In our federal government, every minister has an exceptional authority to issue contracts up to \$1 million on the spot to buy goods and services for emergency workers. Contracts may be entered into without soliciting bids when the need is one of pressing emergency where delay would be injurious to the public interest. An emergency may be an actual or imminent life-threatening situation; a disaster endangering the quality of life or resulting in significant loss or damage to Crown property. The approval levels required are outlined in our *Supply Policy Manual, Chapter 6*.

Cochran: All [federal] departments have the authority to enter into a contract up to \$1 million without competition in emergency circumstances within the normal ministerial authority to contract under the *Treasury Board Contracting Policy Appendix C Part III*. This does not require any pre-determined designation of emergency or disaster, [whether] international or national in scope or very local and immediate. Any supplier can be used based on the risk assessment of the issue we are facing. We may deal with a certain supplier from a national security perspective, but that is based on that set of circumstances as opposed to policy. Each department must be able to respond according to its duty and expertise [departments must] report to Treasury Board Secretariat on the use of these authorities within 60 days. In the context of public security and anti-terrorism, Treasury Board and the Secretariat have a much greater role in setting

For most of us when we think of a disaster what springs immediately to mind is 9/11 and the resulting reality of terror. But for the procurement community, the more likely and threatening reality stems from a very different source – natural disasters and other emergencies, which have become much more frequent. Fires, flooding, flu ... and more!

So how does this affect you and your suppliers? Clearly the present environment is so changeable and precarious that it has a very real effect on emergency planning and readiness. A whole new industry is now predicated on our fears and insecurities, especially the public administrative and public relations repercussions of not being prepared. But what about how an actual emergency or disaster affects the rules in place for buying stuff, in particular urgent stuff? We asked a prominent municipal authority and experts from the Government of Canada just how the procurement community is expected to respond. Let's chat!

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

Jane Cochran

Executive Director, Procurement and Project Management Directorate, Treasury Board Secretariat

Henry Kreker

Manager, Scientific, Medical and Photographic Division, Public Works and Government Services Canada

Ron Martin

Emergency Planning Coordinator, City of Vancouver

priorities and working with the key departments and agencies to establish the planning and budgets for the implementation of operational priorities.

Martin: British Columbia's *Emergency Program Act* gives the minister the authority to confer special powers on local authorities during a disaster. The powers related to procurement are to acquire or use any land or personal property considered necessary to prevent, respond to or alleviate the effects of an emergency or disaster; to authorize or require any person to render assistance that the person is qualified to provide or that otherwise may be required; to provide for the restoration of essential facilities and the distribution of essential supplies and provide, maintain and coordinate emergency medical, welfare and other essential services; to construct works considered necessary by the minister; to procure, fix prices for or ration food, clothing, fuel, equipment, medical or other essential supplies and the use of any property, services, resources or equipment within any part of British Columbia for the duration of the state of emergency. Clearly the scope of these powers is substantial.

Performing procurement yoga

Martin: Given the typical urgency of emergency situations, particularly where life safety issues are primary, standard tendering procedures often go by the board. The provider with the ability to deliver the goods or services in the most expeditious manner will often obtain the contract. In emergency situations we can also see escalating prices based on the increased demand for limited supplies. The provincial *Emergency Program Act* helps ensure municipalities have the ability to prevent profiteering in such situations.

Kreker: No one can forecast all the details of an emergency but procurement professionals work with emergency planning specialists to forecast what is likely to happen and to prepare accordingly. We have to plan for and stockpile essential

emergency supplies. If the unforeseen happens, if the planning was not quite right or if emergency workers simply do not have what they need, procurement plays a key role, using existing suppliers and knowledge of the marketplace to place orders for immediate delivery. Also, emergency procurement does not stop when the immediate situation is dealt with. When the emergency seems over, the procurement community starts working again to quickly replenish emergency stockpiles.

Cochran: Departments have authority to contract with the suppliers they need. During the Swiss Air disaster, we contracted with many local fishermen with whom we would not normally have contracts, yet they were instrumental to the recovery operation. The duty and capacity is there to act. The administrative arrangements can be brought into a good structure afterward. Once there is a better idea of what the total value of contracts are, the department or agency can seek the needed authority from Treasury Board. As well, the Minister of Public Works and Government Services, in the role of common service provider, has authority for emergency contracting of up to \$15 million. A department could call on them for added support. The Minister of National Defence also has special authorities for \$5 million for procurement in support of 'in-theatre' requirements.

Tomorrow never knows

Kreker: Recent events in the UK (July 7th bombing in London) show just how essential constant readiness is. British emergency authorities responded quickly and effectively, but they also need to replenish the emergency stores that were used and prepare for the next time of need. Who could have forecast that only two weeks later, more bombs would explode on the subways and buses? That is the essence of emergency procurement. Procurement specialists plan and prepare. When the emergency happens, they respond right away then start all over again,

to make ready for the next possibility. Our citizens count on us to do just that. We owe it to them – and we are ready.

Cochran: Federal departments are authorized to work within local circumstances with other emergency organizations. That may mean coordinating with provincial or municipal authorities to achieve the greatest impact and most effective response, to work together on the ground to identify capabilities needed, availability and compatibility of procurements. We exercised emergency procurement needs – to mention a few cases: during 9/11, increasing security to airports and for dust masks for Citizenship and Immigration personnel during the SARS epidemic, for the Canada Food Inspection Agency in support of BSE. We will do our utmost to meet any future challenges...to do the right thing the right way, to protect citizens and their interests.

Martin: Another challenge is how to pay for the goods or services provided. This can be particularly problematic if the systems typically employed for this purpose were impacted by the disaster. Having a manual backup system in place to track costs and expenses and facilitate payments is critical to continued operations. Especially given that, where costs have been properly documented and necessary approvals in the form of registered task numbers have been obtained, local governments may have access to recovery funding from higher levels of government. Acquiring goods and services is a highly specialized skill. Having purchasing specialists included in your disaster response team and involving them in routine training exercises could significantly improve your ability to cope with the often overwhelming purchasing demands experienced during a disaster.

Next chatroom
Standing offers: the private-sector view