

OPO Perspectives

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150 Years of Procurement: Procurement in Peacetime

Post-World War II procurement in Canada underwent significant changes as the federal government shifted its focus from wartime military procurement to a post-war economy.

Many companies that had previously provided military equipment rebranded and began to manufacture household items. For example, the John Inglis Company, which had previously manufactured the Bren Machine Gun in the 1930s, became a manufacturer of home appliances for the everyday Canadian. And under the direction of C.D. Howe, the Minister of Reconstruction and Supply, many Canadian businesses that produced materials for the Korean War in the 1950's simultaneously expanded their companies to build other types of products, including pipelines toward the United States.

Two additional factors influenced the evolution of federal procurement during the post-World War II peacetime period: decisions arising from court cases, and the implementation of trade agreements.

The development of competitive bidding is a 20th century development. In a 1981 decision, the Supreme Court of Canada effectively established the law of competitive bidding - the "duty of fairness" became owed to all bidders in a tendering process. In short, competitive bidding became based on the right of all suppliers to have equal opportunity to be successful with their bid for public contracts.

In addition, trade agreements added obligations that governments must respect when conducting procurement. The North American Free Trade Agreement (NAFTA) signed in 1994 established common trade rules between Canada, the United States and Mexico, and Canada was one of the first members of the World Trade Organization (WTO) when it was established in 1995. That same year, Canada signed the Agreement on Internal Trade (AIT) with the provinces and territories, which was replaced by the Canadian Free Trade Agreement (CFTA) in July 2017. These national and international trade agreements establish rules that impact Canadian and foreign commercial activities worth billions of dollars.

Commensurate with post-war changes in the manufacturing sector and the development of rules governing federal procurement was the evolution of dispute resolution practices. The Canadian International Trade Tribunal (CITT) was established in 1988 as a merger of the Tariff Board, the Canadian Import Tribunal and the Textile & Clothing Board. The Procurement Review Board was added to this mix in 1994, broadening the Tribunal's mandate to include the review supplier complaints regarding Canada's compliance with the trade agreements. Finally, the Office of the Procurement Ombudsman (OPO) opened its doors in 2008 with a mandate to review complaints regarding federal contracts, provide dispute resolution services, and review federal organizations' procurement practices. At OPO, the goal is to strengthen the fairness, openness and transparency of federal procurement.



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CANADA 150