

Government Procurement — Background

In Canada, the federal government accounted for about CDN \$24.7 billion or 34 per cent of the \$71 billion purchased by all levels of government in 1983. Provincial governments and agencies represent a further 47 per cent of the public sector market, with local governments, hospitals and universities accounting for the remainder. Of the total Canadian federal procurement, departmental contracts were valued at approximately CDN \$8.9 billion, of which about 50 per cent was goods and 50 per cent services, while federal Crown corporations bought an estimated \$16.9 billion⁽¹⁾.

The United States' public sector market was estimated to be US \$555 billion in 1985. The federal government accounted for about \$240 billion or 43 per cent of this market, state governments 32 per cent and local governments the remainder. Of the total U.S. federal government purchases, US \$122 billion was spent on goods and US \$118 billion on services. Defence purchases comprised about 75 per cent of all U.S. federal purchases.

Canada has a well-established body of regulations on government procurement. These regulations are designed to ensure best value purchasing and fairness in spending public funds while supporting domestic policy objectives within the parameters of Canada's international obligations. The United States has a comprehensive legislative framework supported by regulations and administrative policies and procedures. The U.S. federal procurement system is designed to obtain a fair and reasonable price through full and open competition. The United States also uses procurement to support its domestic policies, within its international commitments. The focus of this chapter is departmental expenditures by both federal governments, the jurisdiction covered by the Agreement.

¹ A recent study on *The Canadian Public Sector Market* was published by Supply and Services Canada in 1988 detailing the government procurement market, including provincial and municipal purchasing.