



Is Alberta's Public Procurement Broken?

May/June 2018

Billions of dollars are spent annually by various levels of government in the purchase of supplies and services in Alberta. The public expenditure represents both a significant economic opportunity and the risk of waste, fraud and corruption. Procurement policy is shaped by trade agreements and regulations governing fair trade. The practice itself is the by-product of a make-or-buy decision, and an assessment of whether competition in the private sector is adequate to govern costs and standards. Independent audit reports are employed to provide independent oversight.

The Alberta Council of Technologies Society exists to advance the commercialization of emerging technologies as a contributor to diversification of the province's economy. Public procurement continues to be of interest to our 20,000 followers comprised of a diverse array of industry and public sector interests, innovators and regulators, taxpayers and policy influencers, contractors and administrators. Our interest in public procurement has recently increased.

Public procurement is being exposed to increased public scrutiny as associated issues converge:

- Interprovincial trade and the renegotiation of trade agreements
- Debate on the role of governments in diversifying the Alberta economy
- Introduction of policies and practices to stir innovation and social justice objectives
- Audit reports of extraordinary waste in the procurement for example of data management systems

The Council elected to conduct one of the first external, independent assessments of public procurement in Alberta. We were particularly interested in obtaining the perspective of contractors, given the interest expressed by governments in heightening innovation. In May we canvassed our followers soliciting the interest of contractors and procurement administrators. The On-line survey posed a series of questions about the practice and objectives of public procurement by the federal, provincial and municipal governments in Alberta. The survey's objectives were several, to learn about:

1. The expectations of contractors, how they vary, and whether they are being met
2. The policy objectives of public procurement and whether they are being met
3. Differences between contractors and administrators, industries/professions, and geographic areas of the province
4. Recommendations for improving public procurement both in terms of its practice and in terms of achieving its objective(s)

We assumed that the interests of administrators and contractors would be reasonable aligned as they are the prime partners in the system. We incorporated two questions, the answers to which served as primary reference points for the study: 1. Value for money and 2. Free from waste, fraud and corruption.

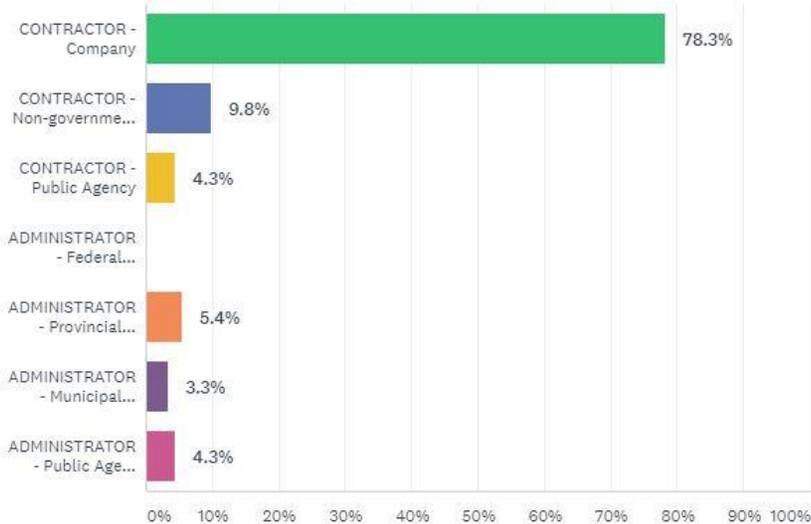
The summary and discussion of results are organized into sections: A. Identifying the respondents, B. An assessment of procurement practices and C. Procurement objectives. The concluding sections identify D. Recommendations and the final conclusion. Note, the identity of respondents is confidential. However, the data is open for scrutiny should others be interested in conducting and sharing their analysis. Section A. Now follows

A. Contractors – Their Profile and Interests

Of the 92 respondents, most (88%) were corporate contractors with a few (12%) administrators. Most of the contractors and administrators were from the Edmonton (72% and 64%) and Calgary (21% and 27%) Regions with few from outside urban Alberta (7% and 9%).

We are interested in distinguishing public ADMINISTRATORs of procurement from private CONTRACTORs who bid on public contracts. You are responding as - check the one most applicable:

Answered: 92 Skipped: 0



Your location

Answered: 93 Skipped: 3

Contractors N = 81

Northern Alberta	2%
Edmonton Region	72%
Central Alberta	5%
Calgary Region	21%
Southern Alberta	0%

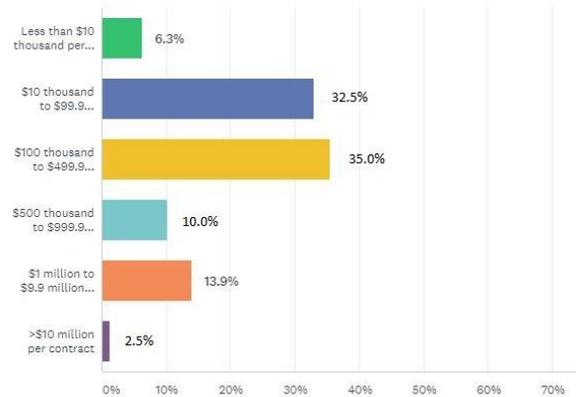
Administrators N = 11

Northern Alberta	0%
Edmonton Region	64%
Central Alberta	9%
Calgary Region	27%
Southern Alberta	0%

The contractor's typical contract bid (75%) was \$100,000 or less – a small business with 74% having no dedicated resources for responding to competitive public purchasing requests.

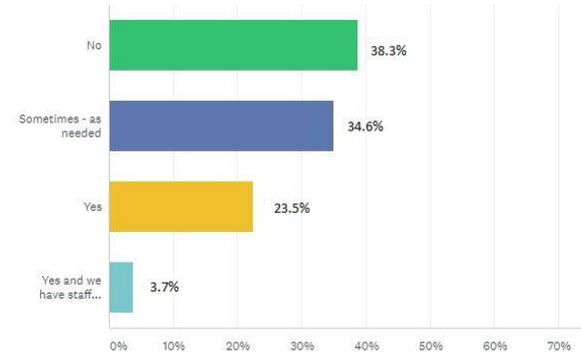
What is the average estimated value of contract(s) that your organization has bid on:

Answered: 79 Skipped: 13



Does your organization have resources dedicated full time to responding to competitive public purchasing requests? (check the one that applies).

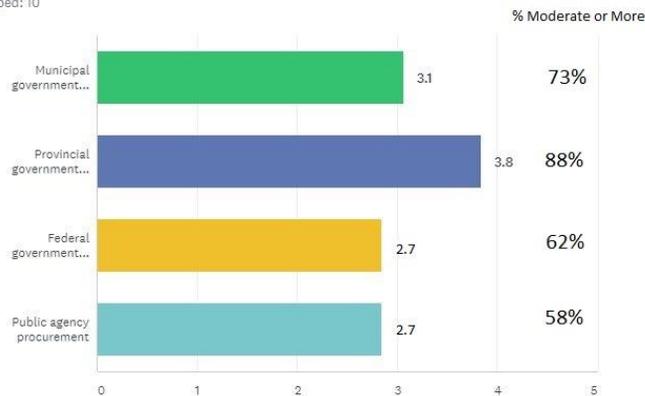
Answered: 80 Skipped: 12



Eighty-eight percent of contractors are moderately or more familiar with provincial procurement practices; they are most familiar with provincial (3.8: 5.0) and municipal (3.1: 5.0) procurement processes in Alberta. More than 2/3^{rds} of the contractors rely moderately or more on government contracts.

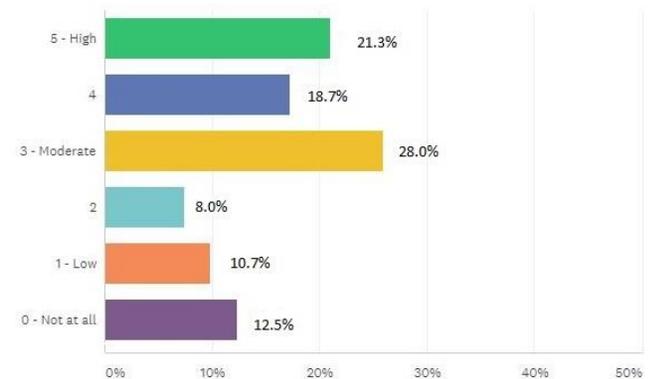
How familiar are you with public procurement practices in Alberta?

Answered: 82 Skipped: 10



How reliant is your organization on winning government contracts?

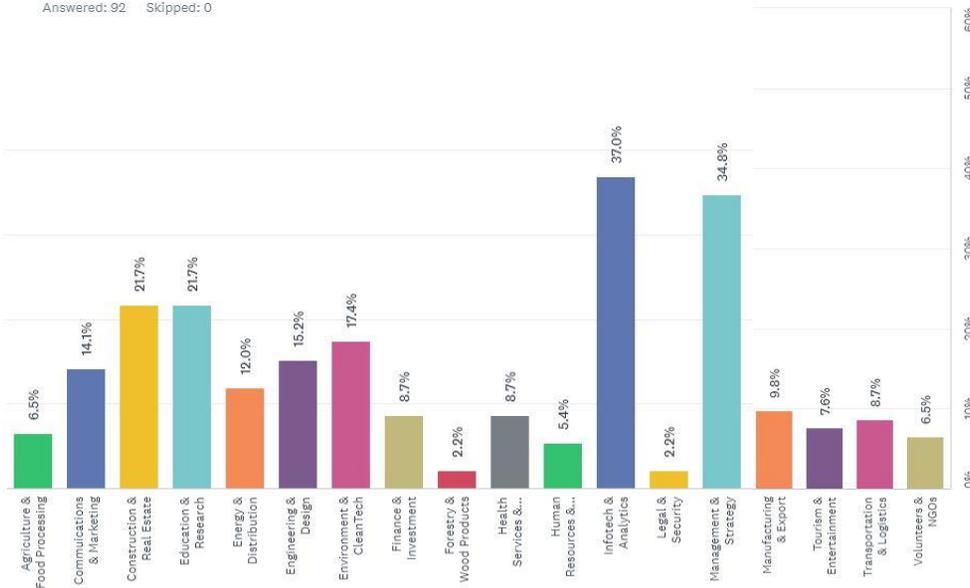
Answered: 81 Skipped: 11



The industries most familiar to contractors engaged in public procurement are: Infotech & Analytics (37%) and Management & Strategy (35%) followed by Construction & Real Estate and Education & Research (both 22%). Familiarity is highest with the North American Free Trade Agreement (77%). Several (10%) also commented on their familiarity with the New West Partnership Trade Agreement.

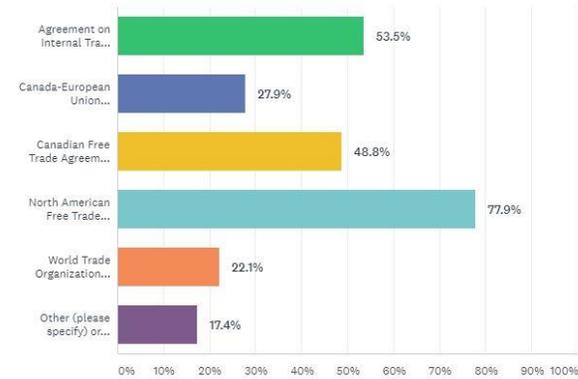
What industry(s) engaged in public procurement are you most familiar. Check up to three of the following:

Answered: 92 Skipped: 0



Which of the following Trade Agreements are you familiar (check those that apply):

Answered: 86 Skipped: 6



Almost
on gov
How lik
on gove

Answered: 81

SUMMARY

The sample includes few administrators and is comprised mainly of public procurement contractors: urban, small-business contractors, that while moderately reliant on provincial bidding up to \$100,000, they do not have full-time resources dedicated to public bidding. Most are familiar with information and management services and somewhat less with construction, education and research. Most are familiar with provincial and municipal procurement processes and trade agreements. A majority expect to increase their involvement in bidding on government contracts.

In the next section we review the expectations of the contractors on various features of public procurement practices.

0% 10% 20% 30% 40% 50% 60%

