

24. Promotion of Innovation-Friendly Rules and Policies in Healthcare Public Procurement

Issue

The federal and provincial governments recognize the need to promote innovation in the economy. Most other G8 countries also recognize this need and there is a growing awareness of the role that public procurement can play to stimulate it, particularly among SME. For example, the Directive 2014/24/eu of the European parliament clearly states that member states must adopt public procurement policies and rules to achieve the objectives of the *Europe 2020 strategy for smart, sustainable and inclusive growth*, which notably supports innovation. Following the potential adoption of the Comprehensive Economic and Trade Agreement (CETA) with the EU it is appropriate that the federal government should make an effort to harmonize its own public procurement rules and policies with those of the EU and encourage the provinces to do the same, particularly in the field of health.

Background

Governments are important buyers of goods and services and, in some sectors like health, they are the main buyers.

In several provinces, including Quebec, public procurement policies are essentially based on the notion of 'lower prices' without allowing for the quality or innovation proposed in the offers. Several authors and organizations, including the Conference Board of Canada, the CIRANO and the Canadian government's Advisory Panel on Healthcare Innovation (Naylor Report) have shown the importance of aligning the needs of Canada's healthcare systems with the supply of innovation, particularly through public procurement policies and rules based on value.

Since the Directive of the European parliament was implemented in 2014, procurement strategies and processes have been introduced to make European procurement contracts efficient players, not only in promoting innovation within the life science and health technology industry, but also in using it to maximize health system efficiencies.

Without such policies and in the context of extensive free trade with such a dynamic healthcare economic block, it is likely that the Canadian industry will be at a disadvantage going forward and that the performance gap between our healthcare systems will widen.

Recommendations

That the federal government:

1. Lay down provisions that need to be modified or introduced to ensure alignment and consistency with the Directive 2014/24/eu of the European parliament, particularly regarding the awarding of contracts based on the 'most economically advantageous tender' (Article 67).
2. Encourage provinces to make any changes necessary to transform Canadian government procurement markets into innovation-based instruments of economic policy like their European counterparts and thus better support Canadian innovation while promoting innovation-driven efficiency in the healthcare sector.