

CANADIAN
INTERNATIONAL
TRADE TRIBUNAL

Procurement

DETERMINATION AND REASONS

File PR-2021-082

S.i. Systems

٧.

Department of Public Works and Government Services

TABLE OF CONTENTS

DETERMINATION	i
STATEMENT OF REASONS	1
OVERVIEW	
PROCUREMENT PROCESS AND CIRCUMSTANCES OF THE CANCELLATION	
PROCEDURAL HISTORY	
TRADE AGREEMENTS	
RELEVANT PROVISIONS OF THE REQUEST FOR PROPOSAL	
POSITIONS OF THE PARTIES	
PWGSC	
S.i	
ANALYSIS	
COSTS	
DETERMINATION	10

IN THE MATTER OF a complaint filed by S.i. Systems pursuant to subsection 30.11(1) of the *Canadian International Trade Tribunal Act*;

AND FURTHER TO a decision to conduct an inquiry into the complaint pursuant to subsection 30.13(1) of the *Canadian International Trade Tribunal Act*.

BETWEEN

S.I. SYSTEMS Complainant

AND

THE DEPARTMENT OF PUBLIC WORKS AND GOVERNMENT SERVICES

Government Institution

DETERMINATION

Pursuant to subsection 30.14(2) of the *Canadian International Trade Tribunal Act* (CITT Act), the Canadian International Trade Tribunal determines that the complaint is not valid.

Pursuant to section 30.16 of the CITT Act, the Tribunal awards the Department of Public Works and Government Services its reasonable costs, which are to be paid by S.i. Systems.

In accordance with the *Procurement costs guidelines* (Guidelines), the Tribunal's preliminary indication of the level of complexity for this complaint is Level 1. Therefore, the Tribunal's preliminary indication of the amount of the cost award is \$1,150.

Pursuant to article 4.2 of the Guidelines, parties that believe that the preliminary indication is not appropriate may make submissions on the complexity of the case, the amount of the flat rate or the reason why the Guidelines should not be followed. The Tribunal reserves jurisdiction to establish the final amount of the cost award.

Cheryl Beckett

Cheryl Beckett

Presiding Member

Tribunal Panel: Cheryl Beckett, Presiding Member

Tribunal Secretariat Staff: Yannick Trudel, Counsel

Genevieve Bruneau, Registrar Officer Sarah Sharp-Smith, Registrar Officer

Complainant: S.i. Systems

Counsel for the Complainant: Vincent DeRose

Stephanie Desjardins

Government Institution: Department of Public Works and Government

Services

Counsel for the Government Institution: Peter J. Osborne

Veronica Tsou Jennah Khaled

Intervener: Cache Computer Consulting Corp.

Counsel for the Intervener: Scott Pollock

David Sherriff Scott

Please address all communications to:

The Deputy Registrar Telephone: 613-993-3595 Email: citt-tcce@tribunal.gc.ca

STATEMENT OF REASONS

OVERVIEW

- [1] On March 14, 2022, S.i. Systems (S.i.) submitted a complaint with respect to a request for proposal (RFP) (solicitation G9292-248331/A) issued by the Department of Public Works and Government Services (PWGSC), on behalf of the Department of Employment and Social Development (ESDC), for the provision of solution software support services for the continuous improvement, stabilization and enhancement of ESDC's Task-Based Informatics Professional Services myEMS (SAP) Solution system in the National Capital Region. This procurement is for up to two contractors to provide support on an "as and when requested" basis in support of ESDC's project initiatives and ongoing operational requirements. The solicitation was cancelled by PWGSC on February 4, 2022.
- [2] In its complaint, S.i. alleges that PWGSC improperly cancelled the RFP and failed to treat all bidders fairly, equally and in a non-discriminatory manner. PWGSC denies this, alleging that the solicitation was cancelled on the ground of compelling public policy reasons and in accordance with the provisions of the solicitation and the applicable obligations. PWGSC alleges that it was authorized and required to cancel the process in such circumstances.
- [3] As a remedy, S.i. requests the following as relief:³
 - a) That PWGSC be directed to evaluate all compliant proposals received by bid closing pursuant to the basis of selection described in the RFP;
 - b) That the contract be awarded in accordance with the basis of selection described in the RFP;
 - c) That S.i. Systems be awarded its reasonable costs associated with the preparation and carriage of this complaint.
- [4] For the reasons that follow, the Tribunal finds that the complaint is not valid.

PROCUREMENT PROCESS AND CIRCUMSTANCES OF THE CANCELLATION

[5] The RFP in question was issued on September 27, 2021, published on September 28, 2021, and initially set to close on October 18, 2021. PWGSC issued nine amendments between September 28, 2021, and November 6, 2021. Pursuant to the third amendment, the closing date was extended to November 10, 2021, at 2:00 p.m.⁵

Exhibit PR-2021-082-01 at 59–187.

² *Ibid.* at 28–29.

³ *Ibid.* at 51; Exhibit PR-2021-082-31 at 23.

Exhibit PR-2021-082-23 at 9.

⁵ *Ibid.* at 108.

- [6] On November 10, 2021, at bid closing, PWGSC took note that it had received a bid from S.i. and portions of a bid from Cache Computer Consulting Corp. (Cache). No other bids were received. To date, no bid has been fully evaluated.
- [7] On November 17, 2021, PWGSC informed Cache that its bid would not be considered, as part of it was received after bid closing time. On the same day, Cache objected to PWGSC's decision, alleging that it was prevented from submitting its bid within the prescribed time limitation due to an alleged malfunction of Canada Post Corporation's epost Connect service (epost Connect) used by PWGSC.
- [8] On November 22, 2021, PWGSC informed Cache that it had reviewed the matter and found no issues with the epost Connect service.
- [9] On December 2, 2021, Cache filed an initial complaint with the Tribunal. 10
- [10] On December 7, 2021, the Tribunal informed Cache that its complaint was premature. 11
- [11] On December 16, 2021, Cache filed a second complaint, which was accepted for inquiry by the Tribunal on the same day.¹²
- [12] Subsequently, Cache and PWGSC entered into settlement discussion in order to find a mutually agreeable resolution to the matter.¹³
- [13] On February 4, 2022, Cache withdrew its complaint. As a result, the Tribunal ceased its inquiry. 14
- [14] On the same day, PWGSC contacted S.i. to advise that the solicitation had been cancelled pursuant to paragraph 11(d) of the Standard Acquisition Clauses and Conditions (SACC) Competitive Requirements. Also on the same day, at 5:36 p.m., S.i. sent an email to PWGSC to inquire about the reasons for the cancellation.
- [15] On February 14, 2022, PWGSC explained that it had made the decision to cancel and retender the solicitation to ensure that at least two methods of delivery were made available to potential bidders in accordance with its policy on bid submissions. ¹⁶

⁹ Exhibit PR-2021-082-01 at 598.

⁶ Exhibit PR-2021-082-22.A at 4.

⁷ Exhibit PR-2021-082-23 at 2.

⁸ *Ibid.* at 49.

¹⁰ Cache Computer Consulting Corp. (14 December 2021), PR-2021-055 (CITT) [Cache Computer 1] at para. 8.

¹¹ Cache Computer 1.

¹² Exhibit PR-2021-082-01 at 208–224.

¹³ *Ibid.* at 230.

¹⁴ *Ibid.* at 232.

¹⁵ Exhibit PR-2021-082-23 at 234.

Exhibit PR-2021-082-01 at 237, referring to PN-128R1, Additional delivery method for suppliers to Bid Receiving Units: Canada Post Corporation's epost Connect service, online: https://buyandsell.gc.ca/policy-and-guidelines/policy-notifications/PN-128R1.

- [16] On February 16, 2022, S.i. emailed PWGSC to file a formal notice of objection. 17
- [17] On February 28, 2022, PWGSC responded to S.i.'s objection. With regard to its decision to cancel the initial solicitation, PWGSC stated the following: 18

In light of the CITT complaint founded on the sufficiency of the bid delivery mechanism, and in view of the fact that PSPC did not follow its own mandatory policy in that regard, coupled with the interest to maximize competition, PSPC felt that it was not in the public interest to continue with the solicitation and it was cancelled on that basis. PSPC will proceed with the retender providing for two methods of delivery of bids shortly. Of course, your company is encouraged to submit a bid in the forthcoming retender.

PROCEDURAL HISTORY

- [18] On March 14, 2022, S.i. filed its complaint with the Tribunal. 19
- [19] On March 15, 2022, the Tribunal accepted the complaint for inquiry²⁰ in accordance with subsection 30.13(1) of the *Canadian International Trade Tribunal Act* (CITT Act)²¹ and subsection 7(1) of the *Canadian International Trade Tribunal Procurement Inquiry Regulations* (Regulations).²²
- [20] On April 11, 2022, the Tribunal received a request from Cache to intervene in this proceeding.²³
- [21] On April 13, 2022, S.i. objected to Cache's request to be granted intervener status.²⁴
- [22] On April 22, 2022, the Tribunal granted intervener status to Cache. ²⁵
- [23] On May 26, 2022, Cache submitted additional unsolicited reply comments to S.i.'s comments on the Government Institution Report (GIR).²⁶
- [24] On May 29, 2022, S.i. requested the opportunity to reply to Cache's unsolicited submission. 27
- [25] On June 9, 2022, the Tribunal granted S.i. leave to reply to Cache's submission dated May 26, 2022.²⁸

Exhibit PR-2021-082-23 at 691–693.

¹⁸ *Ibid.* at 245–246, 695.

¹⁹ Exhibit PR-2021-082-01.

²⁰ Exhibit PR-2021-082-03.

²¹ R.S.C., 1985, c. 47 (4th Supp.).

²² SOR/93-602.

²³ Exhibit PR-2021-082-11.

²⁴ Exhibit PR-2021-082-13.

²⁵ Exhibit PR-2021-082-21.

²⁶ Exhibit PR-2021-082-32.

²⁷ Exhibit PR-2021-082-33.

²⁸ Exhibit PR-2021-082-34.

[26] On June 15, 2022, S.i. submitted additional comments on Cache's submission.²⁹

TRADE AGREEMENTS

- [27] The RFP provides that the solicitation is subject to the provisions of the World Trade Organization Agreement on Government Procurement, the Canada-Chile Free Trade Agreement, the Canada-Peru Free Trade Agreement, the Canada-Colombia Free Trade Agreement, the Canada-Panama Free Trade Agreement, the Canada-European Union Comprehensive Economic and Trade Agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, the Canadian Free Trade Agreement (CFTA), the Canada-Ukraine Free Trade Agreement, the Canada-Korea Free Trade Agreement, and the Canada-United Kingdom Trade Continuity Agreement. 30
- [28] S.i. suggests that by improperly cancelling the solicitation, PWGSC breached articles 502(1), 503(2), and 515(1) and (5) of the CFTA,³¹ which provide the following:

Article 502: General Principles

1. Each Party shall provide open, transparent, and non-discriminatory access to covered procurement by its procuring entities.

. . .

Article 503: General Procurement Rules

. . .

2. A procuring entity shall not use options, cancel a procurement, or modify an awarded contract in a manner that circumvents the obligations of this Chapter.

. . .

Article 515: Treatment of Tenders and Award of Contracts

Treatments of Tenders

1. A procuring entity shall receive, open, and treat all tenders under procedures that guarantee the fairness and impartiality of the procurement process, and the confidentiality of tenders.

. . .

5. Unless a procuring entity determines that it is not in the public interest to award a contract, the procuring entity shall award the contract to the supplier that the procuring entity has determined to be capable of fulfilling the terms of the contract and that, based solely on the evaluation criteria specified in the tender notices and tender documentation, has submitted:

²⁹ Exhibit PR-2021-082-35.

³⁰ Exhibit PR-2021-082-23 at 14.

³¹ *Ibid.* at 29, 40.

- (a) the most advantageous tender; or
- (b) if price is the sole criterion, the lowest price.

RELEVANT PROVISIONS OF THE REQUEST FOR PROPOSAL

[29] Paragraph 1.2(g) of the RFP provided that bidders should have used the epost Connect service to submit their bids:

Bidders must use the epost Connect service provided by Canada Post Corporation to transmit their bid electronically.

[30] The RFP also incorporated by reference the 2003 (2020-05-28) Standard Instructions – Goods or Services – Competitive Requirements (Standard Instructions) of the SACC Manual. Subsection 08.1 of the Standard Instructions, providing for the submission of bids by facsimile, was expressly deleted and replaced with the following:³²

1. Facsimile

Due to the nature of the bid solicitation, bids transmitted by facsimile or electronic mail to PWGSC will not be accepted.

[Footnote omitted]

[31] Further guidance on the submission of bids requirements through epost Connect was provided under section 2.2 of the RFP as follows:

2.2 Submission of Bids

(a) Bids must be submitted only to the Public Works and Government Services Canada (PWGSC) Bid Receiving Unit **via epost Connect** by the date and time indicated on page one of the bid solicitation.

Note: For Bidders needing to register with epost Connect the email address is:

tpsgc.dgareceptiondessoumissions-abbidreceiving.pwgsc@tpsgc-pwgsc.gc.ca

Interested Bidders must register a few days prior to bid solicitation closing date.

Note: Bids will not be accepted if emailed directly to this email address. This email address is to be used to open an epost Connect conversation, as detailed in Standard Instructions 2003, or to send bids through an epost Connect message if the bidder is using its own licensing agreement for epost Connect.

(b) Due to the nature of the bid solicitation, bids transmitted by facsimile or electronic mail to PWGSC will not be accepted.

[Emphasis in original]

-

Exhibit PR-2021-082-01 at 30–31, 47–48.

[32] Section 11 of the Standard Instructions provides for the right to cancel a bid solicitation:

Canada reserves the right to . . . cancel the bid solicitation at any time.

POSITIONS OF THE PARTIES

PWGSC

- [33] PWGSC submits that the cancellation of the RFP was done on the ground of legitimate public interest concerns.³³ PWGSC argues that its decision was based on the type of public interest considerations envisaged in article 515(5) of the CFTA, namely fairness to the bidders in this procurement, maximizing competition, efficiency and integrity in this procurement, and the need for ESDC to provide service free of disruption to Canadians.³⁴
- [34] PWGSC first submits that, as its policy prescribes that at least two methods to submit bids be made available in the RFP, it was unfair to bidders that only epost Connect was available in this case.³⁵
- [35] PWGSC also submits that the resulting low number of bids received due to the overly restrictive technical requirements was an indication that competition was not maximized to the detriment of ESDC and the interest of the general Canadian public.³⁶
- PWGSC adds that ESDC considered from the onset that at least two contracts would be necessary to handle its demands and avoid ESDC services being put at risk of a supply shortage, something that could jeopardize the availability of important social services for Canadians. ESDC deployed the software system in 2014 which is currently deployed to all 25,000 ESDC employees and has had two contractors providing software support solutions since August 2016.³⁷ The two incumbent contractors for the 2016 contract award are S.i. and Cache. PWGSC submits that, in the event that it was to conduct the evaluation of the bid received by S.i. and grant it the contract, it most likely would have had to publish another RFP in the future to find a second contractor to assist with ESDC's needs.³⁸
- [37] PWGSC also provides comments to the effect that little to no prejudice was made to the bidders by its decision to cancel the solicitation, as it was made at the earliest opportunity before the evaluation of the bids was completed and before a contract was awarded.³⁹

³³ Exhibit PR-2021-082-22 at 2.

³⁴ *Ibid.* at 13.

³⁵ *Ibid.* at 6.

³⁶ *Ibid.* at 5, 8, 14.

³⁷ Exhibit PR-2021-082-23 at 2; Exhibit PR-2021-082-31 at 117–118.

³⁸ Exhibit PR-2021-082-22 at 9.

³⁹ *Ibid.* at 17–18.

S.i.

- [38] S.i. submits that the Tribunal and the federal courts have held that, in situations where there is a compliant bidder, the government institution is obligated to award a contract unless there is a public policy reason not to.⁴⁰
- [39] S.i. argues that there are only two situations that would give the right to PWGSC to cancel a bid: when unforeseen circumstances arise that justify the cancellation of the bid (for preserving the equality of bidders and the integrity of the process); or for public interest reasons.⁴¹ It argues that neither of these situations were met.
- [40] In response to the GIR, S.i. argues that PWGSC's choice to provide for a single unique mode of bid submission, as it systematically did over the pandemic, does not constitute grounds to cancel the bid for public interest concerns. It submits that, while PWGSC could have modified the RFP before the bid closing time to include alternative means of bid delivery to the solicitation, it elected not to do so, and that no bidder raised any concerns to the effect that bids could only be submitted via epost Connect.⁴²
- [41] Moreover, S.i. argues that, because both the RFP and the incorporated text of section 14 of the SACC Manual contemplated the possibility that only one single contract be awarded, the receipt of only one bid proposal cannot form the ground for a public policy reason to cancel the solicitation.⁴³
- [42] S.i. also disputes the fact that it would not be able to fulfill all the contract requirements if it were the sole chosen contractor.⁴⁴

ANALYSIS

[43] In considering S.i.'s complaint, the Tribunal is required by subsection 30.14(2) of the CITT Act to decide whether PWGSC acted in accordance with the prescribed procedures and other requirements found in the solicitation. The Tribunal must also determine, pursuant to section 11 of the Regulations, whether the procurement was conducted and cancelled in accordance with the requirements of the applicable trade agreements, which in the present case includes the CFTA. 45

Exhibit PR-2021-082-01 at 44–45, citing Wang Canada Ltd. v. Canada (Minister of Public Works and Government Services), [1999] 1 FC 3; Valcom Consulting Group Inc. v. Department of National Defence (14 June 2017), PR-2016-056 (CITT) at para. 36; Lincoln Landscaping Inc. v. Department of Public Works and Government Services (16 September 2016), PR-2016-018 (CITT) [Lincoln Landscaping Inc.] at para. 20; Medi+Sure Canada Inc. v. Department of Public Works and Government Services (19 January 2017), PR-2016-031 (CITT) at para. 14. See also article 515(5) of the CFTA.

⁴¹ Exhibit PR-2021-082-01 at 40.

⁴² *Ibid.* at 49; Exhibit PR-2021-082-31 at 11.

⁴³ Exhibit PR-2021-082-31 at 14; Exhibit PR-2021-082-35 at 5.

⁴⁴ Exhibit PR-2021-082-31 at 18.

See the CFTA, online: Internal Trade Secretariat < https://www.cfta-alec.ca/wp-content/uploads/2017/06/CFTA-Consolidated-Text-Final-Print-Text-English.pdf (entered into force 1 July 2017).

- [44] At issue in this matter is whether PWGSC's decision to cancel the solicitation in the circumstances falls within the scope provided for in and authorized by section 11 of the Standard Instructions.
- [45] Section 11 of the Standard Instructions allowed PWGSC the right to cancel the RFP at any time. Furthermore, in submitting an offer, bidders agreed to the terms, as provided in paragraph 2.1(b) of the RFP.⁴⁶ That acceptance included the inherent risk that PWGSC could choose to cancel the RFP and not award any standing offer.
- [46] The Tribunal has recognized that a cancellation clause cannot be invoked in a totally arbitrary manner.⁴⁷
- [47] The purpose of the CFTA includes the conduct of open and fair competitive procurement processes that allow for proper use of public resources in the public interest.⁴⁸ The Tribunal must therefore determine whether PWGSC's decision was reasonable in light of the circumstances of this case.
- [48] The evidence in this matter shows that, at bid closing time, PWGSC ascertained that a second bidder attempted to submit a bid through epost Connect but was unsuccessful.⁴⁹
- [49] The Tribunal is satisfied that PWGSC acted appropriately by cancelling the solicitation because, first, it had provided for only one means of bid submission, whereas its policy was to provide for at least one alternate means of bid transmission and reception; and, second, it was in the public interest to maximize competition.⁵⁰
- [50] The Tribunal is further satisfied that this was the proper course of action to take, given that PWGSC had received complaints from Cache about the functioning of the epost Connect system and that reliance on this sole means of bid transmission and reception was insufficient.⁵¹ Situations where bidders have had difficulty with epost Connect have previously been brought to the Tribunal's attention.⁵²
- [51] PWGSC's decision to cancel the solicitation when it did cannot be seized upon by S.i. to demand that its bid be considered as the only validly received submission. S.i., Cache, and other potential suppliers all had the right under the CFTA to have access to sufficient means to allow their

⁴⁶ Exhibit PR-2021-082-23 at 16.

Agence Gravel Inc. v. Department of Public Works and Government Services (26 January 2017), PR-2016-035 (CITT) [Agence Gravel Inc.] at para. 89; Lincoln Landscaping Inc. at para. 20.

Agence Gravel Inc. at para. 92, citing Canada (Attorney General) v. Almon Equipment Limited, 2010 FCA 193 (CanLII) at paras. 22–23.

The bidder in issue brought complaints to the Tribunal in *Cache Computer 1* and in *Cache Computer Consulting Corp. v. Department of Public Works and Government Services* (16 February 2022), PR-2021-059 (CITT) [*Cache Computer 2*]. In an email to S.i. dated February 28, 2022, PWGSC implied that its decision to cancel and retender the solicitation had been predicated on its understanding that the complaints by Cache could have merit. See Exhibit PR-2021-082-23 at 695.

⁵⁰ Exhibit PR-2021-082-23 at 695.

⁵¹ Exhibit PR-2021-082-22 at 6.

See, for example, Cache Computer 1; Cache Computer 2; University of Guelph, Laboratory Services Division v. Department of Public Works and Government Services (24 February 2022), PR-2021-047 (CITT); Thales Canada Inc. v. Department of Public Works and Government Services (4 March 2022), PR-2021-067 (CITT).

bids to be received. In the Tribunal's view, PWGSC correctly identified that it had not provided sufficient means to the bidding community by restricting bid transmission to epost Connect alone. In the Tribunal's view, PWGSC has corrected a restrictive trade practice that was put in place due to the pandemic by restoring compliance with its policy to allow for transmission of bids by facsimile as well. PWGSC has advised that the retender will follow its standard bid submission policy. The prime and legitimate public interest at stake in this matter was to ensure at least two means of bid transmission so that, at the very least, one means could serve as a failsafe in case of difficulty or failure when using the other.

- [52] In addition to the bid submission issue, PWGSC and ESDC also determined that the technical requirements set out in the RFP were overly restrictive and may have had the effect of limiting competition. By removing these unnecessary requirements in the retendered solicitation, PWGSC intends to maximize competition for the software support services required by ESDC.
- [53] By ultimately deciding to cancel and retender the solicitation to provide for more than one means of bid transmission, as well as revising the overly restrictive technical requirements which were unnecessary and may have limited competition, PWGSC is upholding the integrity of the competitive procurement system and allowing for the possibility of increased competition and the prospect of increased value for money when expending taxpayer dollars. These actions were consonant with the regulatory regime as recognized by the courts.⁵³
- [54] S.i. has no right to benefit from a solicitation that was flawed because of the way in which it improperly restricted trade and access to a competitive bidding process. S.i. is not prejudiced from having to compete against a competitor who intended to bid on the requirement and who seemingly would have had the opportunity to submit a bid through another channel, had that channel been provided, nor from having to compete against potential multiple competitors who may intend to bid on the less restrictive technical requirements on the retendered solicitation.
- [55] Ultimately, the solicitation was cancelled early in the procurement process when no bid had been assessed. PWGSC confirmed that the retendered solicitation would be similar, removing only certain restrictive technical criteria and allowing two forms of bid submission.⁵⁴ As such, the Tribunal is unable to identify any legitimate prejudice having been suffered by S.i. It will have the opportunity to bid again, at little or no cost or inconvenience.⁵⁵ Or, at least, the Tribunal is satisfied that the public interest was properly served by PWGSC's reasonable decision to have acted as it did.
- [56] For the foregoing reasons, the Tribunal finds that the evidence does not disclose that there was a breach of the applicable trade agreements and, therefore, that the complaint is not valid.

COSTS

[57] In accordance with the *Procurement costs guidelines*, the Tribunal's preliminary indication of the level of complexity for this complaint is Level 1. Therefore, the Tribunal's preliminary indication of the amount of the cost award is \$1,150.

⁵³ Canada (Attorney General) v. Almon Equipment Limited, 2010 FCA 193 at paras. 22–23.

⁵⁴ Exhibit PR-2021-082-22 at 16–17.

⁵⁵ *Ibid*.

DETERMINATION

[58] Pursuant to subsection 30.14(2) of the CITT Act, the Tribunal determines that the complaint is not valid. Pursuant to section 30.16, the Tribunal awards PWGSC its reasonable costs. The Tribunal's preliminary indication of the level of complexity for this complaint is Level 1. The Tribunal reserves jurisdiction to establish the final amount of the cost award.

Cheryl Beckett

Cheryl Beckett Presiding Member