PREPARATIONS FOR FURTHER NEGOTIATIONS
FORESEEN IN ARTICLE IX:6(b)

Communication from Canada

The following communication, dated 21 February 1983, has been received from the delegation of Canada.

The attached are being supplied by my authorities pursuant to item "d" on the agenda for the meeting of the Committee on Government Procurement on 24 February. The three attachments concern:

(1) Entities which are not presently covered under the Agreement
(2) Services acquired internationally by the Government of Canada
(3) Current Canadian Government Leasing Practices
ENTITIES

Entities which are not Presently Covered under the Agreement

Agricultural Stabilization Board
Canada Council
Canada Deposit Insurance Corporation
Canadian Patents and Development Limited
Canadian Radio-Television and Telecommunications Commission
Canadian Transport Commission
Crown Assets Disposal Corporation
Department of Communications
Department of Fisheries and Oceans
Department of Transport
Export Development Corporation
Federal Court of Canada
Freshwater Fish Marketing Corporation
The International Development Research Centre
Law Reform Commission
National Arts Centre Corporation
National Harbours Board
Northern Transportation Company Limited
Northern Pipeline Agency

Pilotage Authorities:

Atlantic Pilotage Authority
Laurentian Pilotage Authority, Ltd.
Great Lakes Pilotage Authority, Ltd.
Pacific Pilotage Authority

Standards Council of Canada
SERVICES

Services Acquired Internationally by
the Government of Canada

Addressing, distribution and mailing lists
Advertising
Aerial inspection and reconnaissance
Business systems (analysis, design and development)
Communications
Construction
Consulting (administrative: organization structures and development; engineering; environmental planning and control; marketing)
EDP professional services
EDP training
Financial accounting and audit
Food catering
General commercial photography
Ground transportation
Laboratory testing and inspection (except medical)
Landscaping and horticultural services
Laundry and dry cleaning
Library services
Management of conferences, meetings, etc.
Miscellaneous computer services
Office help
Technical writing services
Transportation (passenger and freight, air and sea)
LEASING

Current Canadian Government Leasing Practices

Canadian Government acquisition practices with regard to leasing of equipment fall into four possible categories:

(i) Leasing "per se" where there is no intention to purchase although it is normal practice that the tenders include a possible price for an outright purchase.

(ii) Leasing with an option to purchase where the lessee can exercise the right to purchase during or at the end of the lease term at a price determined by the age/wear/current market value of the item but where it is the use of the equipment which is the prime objective.

(iii) Leasing with an obligation to purchase where it has been decided to acquire the goods and only the method of payment is under negotiation. This is an exercise very similar to "hire purchase" or "timed payment" where the lessee is obligated to paying off the value of the goods (plus interest charges) over a set period, or contracts to pay for the use of the item over a period of time with a final lump-sum payment. The intention in these cases is clearly to purchase the goods.

(iv) Leasing or immediate purchase where the tender invitation calls for a purchase price on delivery as well as the price to lease. A decision to lease or to purchase is made after the evaluation of the tenders.