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Public Works and  
Government Services  
Canada

Travaux publics et  
Services gouvernementaux  
Canada



# Government of Canada: Important Initiatives in Federal Procurement

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Canada



## Canadian Government Context

- Canadians watch closely procurement decisions made by the federal government
- A key and visible measure of government accountability
- Recent cases have attracted extensive public attention
- Increasingly, the government is being held to account for its actions
- Citizens expect value for their tax dollars as well as adherence to high ethical standards



## Public Works and Government Services Canada (PWGSC)

As a common service provider, PWGSC:

- Manages procurement for over 100 Canadian federal departments and agencies
- Promotes open and competitive bidding, access & fairness to suppliers through Government of Canada Tendering Service (GETS)
- Handles about 60,000 contractual documents annually (~\$10B)
- Contracts for Major Crown Projects valued at \$100M
- Employs more than 1,700 people in procurement across Canada



## Canadian Government Procurement: Objective

Our main objective is to acquire goods and services and carry out construction to:

- Enhance access, competition and fairness
- Achieve best value or, if appropriate, the optimal balance of overall benefits to the Crown and the Canadian people



## The Way Forward

A wide-ranging PWGSC strategy to:

- Find innovative ways to deliver services
- Improve how government does business

Core objectives include:

- Smarter, faster, reduced cost
- Openness and transparency to preserve the confidence of Canadians in government
- Re-balancing of roles and responsibilities
- Reduced processing time by 50%
- Reduced cost of goods and services by 10%
- Reduced cost of purchasing by 10%



## The Way Forward (cont.)

### **Current:**

- Diffuse Approach
- Individual Purchases
- Transactional Based Approach
- Paper Driven



### **Proposed:**

- Consolidation
- Strategic Buying
- Commodity Management
- E-procurement



## Key Change Initiatives

- The Way Forward is expected to produce \$2.5 billion in procurement savings over 5 years
- It is a complex undertaking with a mix of key initiatives including:
  - Mandatory Standing Offers
  - Commodity Management
  - Office of Small and Medium Enterprises
  - Government of Canada Marketplace



## Mandatory Standing Offers

- All departments and agencies must use standing offers
- Initial step to capture savings and to develop a better base of information
- Ten commodity groups including:
  - Telecommunications Equipment & Accessories
  - General Purpose Automatic Data Processing Equipment
  - Office Machines, text processing systems & visible recording equipment



## Commodity Management

- Approach based on strategic decision-making for groups of goods or services
- Commodity councils will facilitate work with client departments to develop and implement strategic sourcing and best procurement strategies
- Suppliers and industry associations do not sit on councils but will be consulted regularly
- We have already successfully achieved this in defence, e.g. Optimized Weapons Support System



## Office Of Small And Medium Enterprises (OSME)

The Office was established in June 2005 to:

- Help SMEs comply and understanding the government procurement processes
- Acting as an ombudsman
- Analyze SME access to and performance in government business
- Review SME participation on all major crown procurements (over \$10m)
- Participate in the commodity councils
- Propose improvements to procurement processes



## Government Of Canada Marketplace

- GoCM will become the main vehicle for purchasing common goods and services
- It will simplify the purchasing process and reduce transaction costs and time
- A prototype is under development to test various functionality options, gather early user feedback and reduce project risk
- We are planning to implement GoCM this winter in 5 departments starting with 9 commodities
- Additional departments and commodities are expected to follow with increased take-up resulting in lower costs and more commodities over time

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## Ethical Considerations

- All Canadian federal government departments are required to disclose contracts exceeding \$10K
- Values and Ethics Code sets forth the values that federal public servants are expected to follow
- PWGSC has also adopted a Ten-Point Integrity Plan to guide all our operations
- We are also developing a Code of Fair Contract Practices
- This Code will be a comprehensive and transparent statement of expectations of employees and suppliers alike



## Conclusion

- PWGSC is committed to producing procurement savings of \$2.5 billion over the next 5 years
- Full transformation of government procurement will take 5 to 8 years
- To succeed, there must be continuing co-operation between PWGSC and other departments
- Sustained commitment to implementing the Way Forward will also be required