

Executive Summary

The review began on December 12th, 2003, when the Prime Minister named the Honourable Walt Lastewka as Parliamentary Secretary to the Minister of Public Works and Government Services (PWGSC) with special emphasis on procurement review. The Deputy Minister of PWGSC and the Assistant Deputy Minister of PWGSC's Acquisitions Branch established a Task Force to support Mr. Lastewka in his mandate. The Task Force was further supported by an interdepartmental committee of Directors General.

The Task Force was made up of members from PWGSC, the Department of Justice, the Department of National Defence and the Treasury Board Secretariat (TBS), as well as a private-sector consultant. Task Force members had a broad background in procurement and significant experience in the public sector.

The Government of Canada is committed to fundamental reforms in the way it procures goods and services. It is seeking a government-wide procurement system that is faster and easier, reduces product and process costs, and is based on a foundation of integrity, accountability and transparency.

By eliminating overlap and duplication across government, and investing in a system that creates a competitive environment that is fair for all involved, significant savings will be achieved. These savings can then be re-allocated to support the priorities that matter most to Canadians.

The Parliamentary Secretary's Task Force, Government-Wide Review of Procurement, conducted an extensive review of the current procurement system as well as an in-depth examination of best practices elsewhere. This involved: extensive documentary research; interviews with purchasers and suppliers; consultations with supplier associations, including those representing small and

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medium enterprises; meetings with the government procurement community; encouraging submissions and comments through the Task Force Web site; speaking engagements; and international exchanges with other governments, including the United States, Australia, the United Kingdom and the European Union, and numerous international academic institutions.

Findings

While the Task Force heard a wide range of viewpoints and proposed solutions, there was consensus that the system needs to change. Key themes – the need for speed, ease, fairness and transparency – were common across the country.

The Task Force found that procurement is critical to an organization's overall performance, and so should be managed strategically at the corporate level. Some of the elements critical to effective governance are clear objectives, baseline indicators and detailed, regular reporting at all levels. Clear roles and accountabilities, as well as clearly articulated and communicated objectives for government-wide procurement, are critical to achieving savings and avoiding costs. PWGSC, as the common service organization for procurement, would seem to be a logical focal point for governance functions, assuming accountability, responsibility and reporting for procurement government-wide.

The Government of Canada has traditionally managed its procurement on a transactional basis, leaving little time and few resources to focus on a strategic understanding of supply and demand, or to develop a consistent, dynamic proactive procurement plan to maximize value to the government and to Canadians. A move to a commodity management model, which takes into consideration the total cost of ownership and risks associated with a specific group of goods or services, would allow for more strategic planning. Procurement professionals would be in a position to analyze risk, complexity, performance and cost, and achieve more effective results. Commodity

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management will play an important role in creating a more level playing field for all suppliers, particularly for small and medium enterprises.

Supplier management is vital to any procurement system. The challenge is two-fold: making the procurement system faster and easier, while ensuring that the government is working with high-quality suppliers. Measures to improve supplier management include pre-qualifying suppliers based on performance history, professional standards, and business or other core requirements, and introducing common supplier performance measures and standards.

The government recognizes that small and medium enterprises are of vital importance both in government procurement and the economy as a whole. It is important to promote opportunities for small and medium enterprises to participate fully in the procurement process and to grow as businesses, while ensuring that procurement is conducted in the best interest of all Canadians.

The changes contemplated to procurement would reflect, be supported by, and require greater recognition of a specialized expertise involved in procurement. In addition, implementation of a new approach to procurement will mean a significant culture change for suppliers, clients and procurement staff. All participants in the federal procurement system will be affected and will need to work together on refining the details of implementation. Proactive communications, clear governance, strong leadership, goal setting and clear definitions will be critical.

Recommendations

The Task Force recognizes the importance of continuous improvement if it is to satisfy user needs and meet government-wide goals of quality, best value and timeliness. It is in this context that the Task Force puts forward a number of recommendations.

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The Task Force recommends the Government of Canada adopt a corporate approach to procurement and establish a focal point for accountabilities related to procurement.

Legislative, regulatory and policy changes will be required. To ensure its success, the use of government-wide tools, where they exist, should be mandatory. Departments would continue to exercise delegated authority in situations where such tools do not exist and in emergencies.

Procurement performance standards would be established, and only designated procurement staff would be able to fulfil procurement functions. Approvals would be simplified so that, once procurement strategies receive approval in principle, PWGSC would have the authority to proceed with procurement and contract award.

The Task Force recommends government-wide, commodity management planning applied to procurement of all goods, services and construction. Commodity Councils should be established to provide market advice. They should include representatives from the procurement organization, clients, suppliers, and departments with responsibility for socio-economic programs.

Government-wide strategic procurement plans should be developed by the government. These plans would be public documents, approved by the relevant Ministers and subject to annual reviews.

Each commodity plan would identify the sourcing mechanism that would achieve best value. PWGSC would establish appropriate corporate procurement tools, such as standing offers, that reflect value for money and meet the needs of departments. These tools would be readily accessible and easy to use, relying on standardized terminology and formats.

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In an effort to speed up procurement, a pre-qualification process should be created. Where appropriate, strategic relationships, in which performance bears on future business, could be established with key suppliers.

Consistent, effective contract management ensures that government receives good value and that suppliers are well positioned to achieve the outcomes they propose. To improve contract management effectiveness, the Task Force proposes that common contract performance measures, management processes and regular monitoring be applied across government. While such standardization will reduce any disputes relating to procurement, a robust, government-wide dispute resolution mechanism remains essential. The government should consider reviewing the existing dispute resolution mechanism.

Finally, the Task Force makes a number of recommendations relating to human resources to enhance the recognition of procurement professionals. This includes a review of the existing procurement classification, recognition of the need for appropriate qualifications and abilities, and the establishment of training programs and a centre of knowledge management to ensure ongoing human resource development.

Together, the changes proposed have the potential to produce significant savings without reducing the quantity, quality or timeliness of the goods and services the government uses to provide its programs and services.