



# *Public Services and Procurement Canada's Procurement Modernization Agenda for the New Mandate*

*Presentation to the  
Supplier Advisory Committee*

*June 20<sup>th</sup>, 2016*



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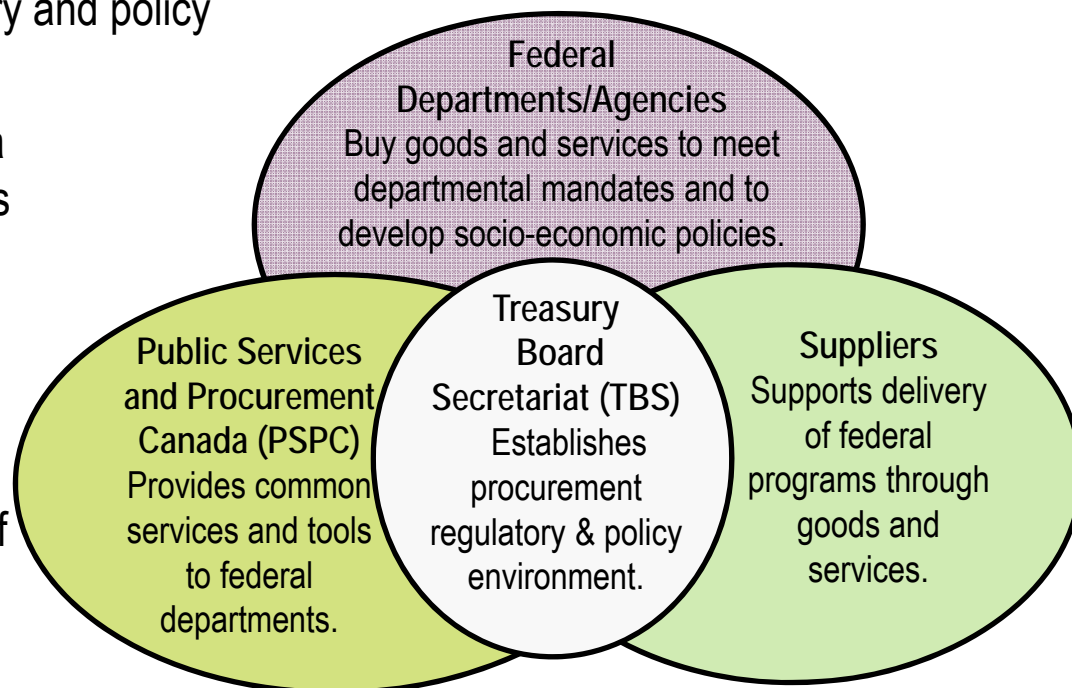
## *Purpose*

- To present an overview of Public Services and Procurement Canada's (PSPC) Procurement Modernization agenda to deliver on the Minister's mandate letter commitment to modernize procurement practices.
- To discuss how to engage stakeholders, especially suppliers, in this agenda.



## *The Government of Canada's procurement environment involves a number of federal players.*

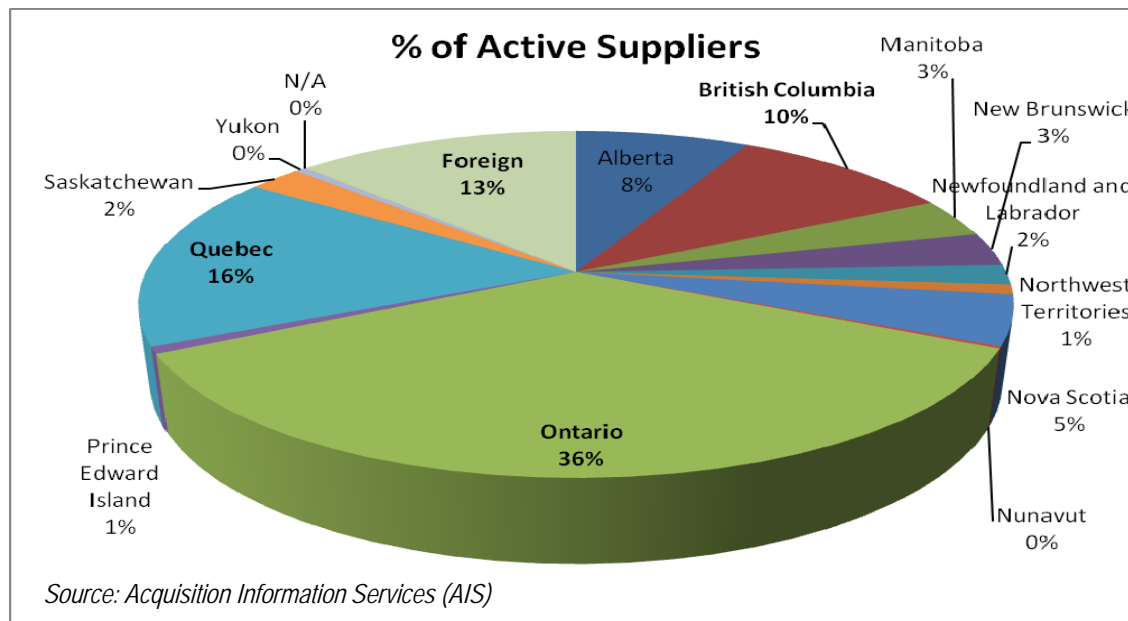
- Treasury Board Secretariat (TBS) is largely responsible for establishing the regulatory and policy environment for federal procurement.
- Public Service and Procurement Canada (PSPC) provides some common services to federal departments.
- Over the past decade, PSPC managed 12% of total federal contracts, but approximately 80% of the total dollar value of federal procurement, almost half coming from military procurement.
- The other 88% of federal contracts were managed by all other federal government departments.



*Other key players are industry and suppliers.*

- As of July 2015, there were approximately 9,600 unique suppliers with PSPC.

- Half (52%) are located in Ontario and Quebec.
- 78% are small- and medium-sized enterprises.\*
- 9% are large Canadian enterprises.\*\*
- 13% are foreign enterprises.\*\*\*



- In terms of dollar value, SMEs received 40% and large Canadian enterprises received 44%. The remaining 16% was awarded to foreign enterprises.

\*SMEs: Canadian enterprises with less than 500 employees.

\*\* Large Canadian enterprises: Canadian enterprises with more than 500 employees. This category includes international enterprises that have Canadian subsidiaries.

\*\*\* Foreign enterprises: enterprises that reside outside of Canada.



*PSPC's Procurement Modernization Agenda is anchored on the Government of Canada's Overarching Priorities.*

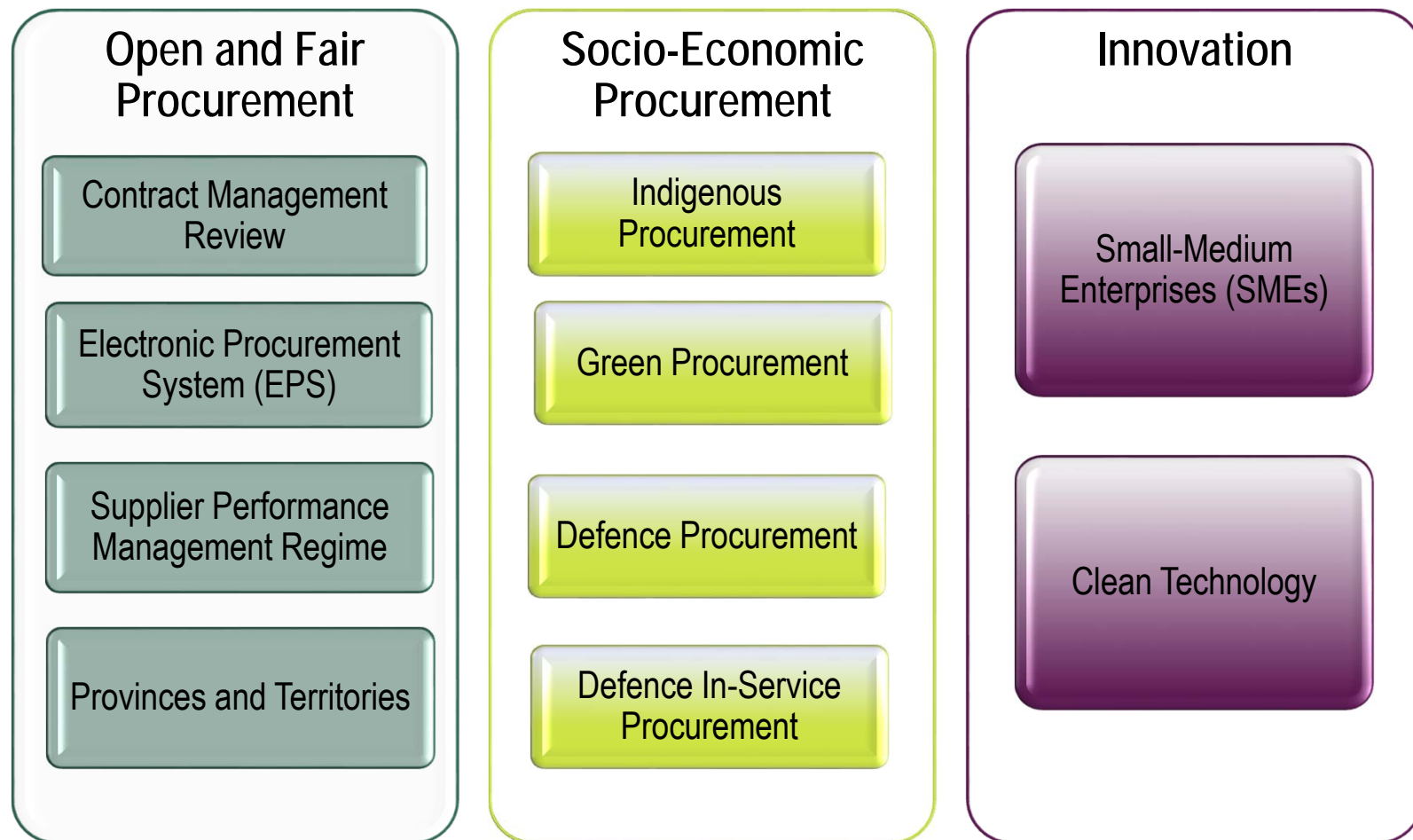
- The objective of PSPC's Procurement Modernization Agenda is that the Government of Canada use its buying power to foster market demand for goods and services that support the GC's socio-economic and environmental objectives, while maintaining public trust and sound public service delivery through standardized and efficient procurement practices.
- This objective directly supports the Government of Canada's overarching priorities, including:
  - Inclusive and Sustainable Economic Growth;
  - Social Inclusion and Diversity; and
  - Open and Transparent Government.

## *Ministerial Mandate Letter Priorities*

- A key commitment outlined in each Ministerial Mandate Letter is the need to modernize how the Government of Canada conducts its operations, including federal procurement policies and practices.
- Procurement direction to Minister of Public Services and Procurement:
  - *“Modernize procurement practices so that they are simpler, less administratively burdensome, deploy modern comptrollership, and include practices that support our economic policy goals, including green and social procurement.”*
- Treasury Board President’s Mandate Letter direction:
  - *“Take a leadership role to review policies to improve the use of evidence and data, in program innovation and evaluation, more open data, and a more modern approach to comptrollership.”*



## *Procurement Modernization Architecture*



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## *Short Description of a few Procurement Modernization Initiatives : Contract Management Review*

- This initiative is about modernizing PSPC contract practices, including solicitation documents (e.g., Request for Proposal), contracts and associated practices, through simplification, streamlining, and standardization.
- The Contract Management Review includes:
  - A first phase is currently underway to address the changes that can be easily implemented in the short-term. Particular emphasis is being placed on reviewing and updating contract clauses to apply plain language, remove duplications and outdated information, etc. Target date: March 2017.
  - PSPC contract practices will also be benchmarked against leading jurisdictions (e.g., Australia, European Union, United Kingdom) to provide recommendations on how these practices could be modernized. Target date: March 2017.
  - In the second phase, the review will focus on modernizing the way we communicate contracting practices to all procurement stakeholders (e.g., online training, and simplified policy manuals and guidelines).
- It is being developed in conjunction with Electronic Procurement Solution (EPS), therefore, recommendations and findings from the review will need to be transferable to the electronic environment.





## *Short Description of a few Procurement Modernization Initiatives : Electronic Procurement Solution*

- PSPC will be delivering a web-based, commercial e-Procurement Solution (EPS) for the GC to simplify and improve the procurement process for departments and for suppliers that do business with the federal government.
- The project will begin implementation following contract award and is expected to be completed by 2020.
  - The solution will be fully implemented within PSPC in FY2018/19. Following implementation within PSPC, the project will seek approval to deploy government wide with a target for completion by FY2019/20.
- The objectives of this initiative are the following:
  - Achieve better value for Canadians through improved procurement outcomes.
  - Provide easy, web-based access to procurement information and services to Departments and Agencies.
  - Provide easy, web-based access to information and services that reduce Suppliers' burden when participating in the procurement process.
  - Achieve an integrated approach to the management of government spend.
  - Enable procurement professionals with new tools, technology and processes to deliver effective client services.



## *Short Description of a few Procurement Modernization Initiatives: Supplier Performance Management Regime*

- This PSPC-led initiative to develop a government-wide supplier performance management regime is about modernizing procurement through supplier relationship and performance improvement to create sustainable value in fulfilling the needs of government and taxpayers.
  - Supplier performance management, and managing changes to improve that performance, is at the core of effective supplier relationship management and helps to ensure best value for Canadians.
- It is being developed in partnership with other government departments and the Treasury Board Secretariat and in conjunction with the e-Procurement System to ensure transferability to the electronic procurement environment.
- Some of the essential features include:
  - A central federal repository of supplier performance information;
  - The use of past performance information to inform future source selection; and
  - Standardized supplier evaluation factors, rating scales, feedback for improvement and redress mechanisms.



## *Short Description of a few Procurement Modernization Initiatives: Provinces and Territories*

- In February 2015, an Order-In-Council (OIC) was approved to permit Provinces and Territories (PTs) to use PSPC's procurement instruments and services at no additional cost to the Crown.
  - PTs will have access to PSPC pricing on goods and services. This may increase PTs' savings opportunities.
- Office Supplies was the first commodity chosen to be offered to the PTs. The office supplies Standing Offer is scheduled to come into effect in June 2016. Two provinces (Alberta and Prince Edward Island) have indicated interest in using the new PSPC office supply Standing Offer and they have or are about to obtain provincial Cabinet approval to use this instrument.
- A Master User Agreement was recently finalized to assist PTs in obtaining Cabinet approval to use PSPC procurement instruments and to mitigate the risk to the Crown. PTs must first sign the Master User Agreement to use PSPC procurement Instruments.
  - It is completely voluntary whether the PTs use the PSPC procurement instruments, and there is no obligation for them to issue a call-up on a Standing Offer even after signing the Master User Agreement.



## *Short Description of a few Procurement Modernization Initiatives: Indigenous Procurement*

- Renewing the relationship between GC and Indigenous Peoples, based on recognition, rights, respect, co-operation, and partnership is a key government commitment.
- PSPC is working collaboratively with TBS and Indigenous and Northern Affairs Canada (INAC) to improve procurement policy instruments related to Comprehensive Land Claims Agreements (CLCAs).
- Current focus is on working with the Nunavut Tunngavik Inc. (NTI), a leading-edge organization representing Inuit of the Nunavut Land Claims Agreement (NLCA).
- Work is also underway to increase compliance with the GC procurement obligations as per the CLCAs to enhance indigenous economic opportunities.
  - PSPC is developing a GC-wide guideline on CLCAs in response to the need for more detailed and consolidated instructions on CLCA procurement obligations.
- It is recognized that more work will be required to further support Indigenous businesses and people across Canada, which will need to be determined in collaboration with TBS and INAC.

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## *Short Description of a few Procurement Modernization Initiatives: Defence In-Service Procurement*

- This initiative will institute tailored contract approaches for complex, high-risk in-service procurements, balancing four principles: maximize equipment performance; obtain value for money; incorporate socio-economic benefits; and allow flexibility to address changes in requirements over time. Ultimately, it is about moving towards an increasingly coordinated and strategic contracting approach that allows GC to consider a range of procurement options on a case-by-case basis and to deliver procurement based on results.
- This initiative includes the following components:
  - Working within the DPS governance structure, introduce methods and tools to select the most appropriate approach to contracting for in-service support for Canada's military equipment (Sustainment Initiative);
  - Renew Canada's pricing framework to introduce and provide parameters in the use of alternative approaches, such as performance-based techniques, incentives for innovation and price reduction and guidance on relational contracting; and
  - Integrate price support into contract administration to ensure contract pricing and awards for performance are sound and based on relevant and reliable information, as required by modern comptrollership and to maintain public trust in high-risk procurement.
- Together, it is expected to contribute to better value for Canada and greater clarity for industry, and promote innovation through the use of incentives. It will also provide an opportunity to build stronger business partnerships with industry, strengthen PSPC's administration of complex contracts and ensure clients' needs are met.

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## *Short Description of a few Procurement Modernization Initiatives: Small and Medium Enterprises -Fostering Innovation*

- The Build in Canada Innovation Program (BCIP) helps Canadian businesses get their late stage research and development innovations into the marketplace by buying and testing their pre-commercial innovative products and services within the federal government.
- The BCIP is administered by PSPC's Office of Small and Medium Enterprises and Strategic Engagement.
- PSPC, Innovation Science and Economic Development, and the National Research Council – Industrial Research Assistance Program, have undertaken a focused program assessment regarding how to improve the BCIP's effectiveness in supporting Canadian companies as drivers of economic growth in Canada.
  - In particular, discussions have focused on how to maximize the program's benefits by better matching innovations with the needs of Government departments, by reviewing the scope of the program and by optimizing its scale, in particular given the government's focus on innovation as part of its current mandate and priorities.



## *How we have engaged suppliers on the Procurement Modernization Agenda so far*

- As demonstrated by the previous slides, the Procurement Modernization agenda includes multiples initiatives, which are at different stage of development.
- For certain of these initiatives, suppliers and the industry have been already engaged and consulted. For instance:
  - EPS: there have been several consultation sessions with the industry on this project (e.g., prior to the Request for Proposal phase).
  - Defence In-Service Procurement: an interdepartmental working group including industry representatives to consult throughout the research and implementation process was put in place in spring 2016.
- However, certain initiatives are just being initiated: (e.g., Contract Management Review).
- Therefore, PSPC will continue to engage the Supplier Advisory Committee on Procurement Modernization, and also explore other possible forums to engage the industry in the next few years as changes are being drafted, approved and implemented.



## *Questions for Discussion*

1. How the Supplier Advisory Committee should be engaged on Procurement Modernization in terms of timing, manners and methods?
2. Could PSPC use other forums to engage suppliers and the industry on Procurement Modernization? Which ones?
3. Which specific Procurement Modernization initiatives would have a particular interest for suppliers?







*Thank you.*

