

2022-23  
**Annual Report**

**Public Procurement  
Agency**







## MESSAGE FROM THE MINISTER

It is my pleasure to present the 2022-23 annual performance report for the Public Procurement Agency (the Agency). This report was prepared in accordance with the requirements as a Category Two entity under the **Transparency and Accountability Act**. I am accountable for the results presented within this report.

This performance based report provides details on the indicators and objectives achieved for the April 1, 2022, to March 31, 2023 fiscal year as well as the goal outlined in the 2020-23 Business Plan.

The Agency demonstrated its commitment to modernizing the procurement framework and supporting alternate approaches to procurement where they are consistent with ensuring best value, transparency and accountability.

I want to take this opportunity to acknowledge and thank the dedicated staff of the Agency for their outstanding commitment to the successes achieved thus far. I look forward to working together in the 2023-2024 fiscal year to achieve even greater results.

Sincerely,

A handwritten signature in black ink that reads "John G. Abbott". The signature is written in a cursive, flowing style.

Hon. John G. Abbott

Minister Responsible for the Public Procurement Agency



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## Agency Overview

### Organizational Structure

The Public Procurement Agency (the Agency) is an independent branch of the public service and the central procurement unit for the Government of Newfoundland and Labrador. The authority for the Agency's operations is provided by the **Public Procurement Act** (Act) which outlines its mandate and role. The Chief Procurement Officer is responsible for the direct management of the Agency and ensures that all procurement activities are carried out in accordance with the Act. The Act is the primary legislation that governs procurement within the public sector. The Agency provides the following lines of business:

#### 1. Procurement and Strategic Sourcing

The Agency acquires commodities for the Government of Newfoundland and Labrador and other public bodies. It manages the procurement cycle from planning to post-award in accordance with the **Public Procurement Act** and Regulations, trade agreements, and established policies and procedures. The Agency ensures that procurement opportunities undertaken are conducted in an open and competitive environment while maintaining fair and equitable opportunities for suppliers.

The Agency is also responsible for achieving value-added opportunities for Government and the broader public sector by applying strategic sourcing strategies to priority sourcing initiatives. It continuously identifies opportunities for increasing value in procurement spending through analysis of supplier market and internal spending profiles, and leading cross-departmental teams in the execution of these sourcing strategies.

#### 2. Auditing

The Agency administers an auditing program to facilitate and assess compliance with the procurement legislation, regulations and policy (procurement framework). The Agency undertakes compliance audits and reports and leads special investigations and reviews as required on procurement-related matters.

#### 3. Information and Training

The Agency administers training programs to facilitate compliance with Government's procurement framework. Specifically, the Agency facilitates interpretation of the procurement framework; leads the development and delivery of a training program for public bodies; provides advice and expertise to internal and external stakeholders relating to the procurement framework; and manages the procurement reporting system.

## Staff and Budget

Division	# of Employees	Salary Budget
Procurement	9	\$1,764,100
Strategic Sourcing	3	
Audit and Compliance	4	
Policy, Planning and Administration	8	
Executive	1	

The Public Procurement Agency is comprised of four divisions, each carrying out the work and mandate of the Agency: Procurement; Strategic Sourcing; Audit and Compliance; and Policy, Planning and Administration.

The Agency's head office is located in the Petten Building, 30 Strawberry Marsh Road, St. John's.

As of March 31, 2023, the Agency employed 25 people. Of the 25, there were 19 females and 6 males.

The Agency's gross expenditures for fiscal year 2022-23 were \$1,812,300.

More information about the Public Procurement Agency can be found by visiting [www.ppa.gov.nl.ca](http://www.ppa.gov.nl.ca).

## Highlights and Partnerships

### Highlights

In addition to the results outlined in the Report on Performance section of this report, the following provides further information on key accomplishments of the Public Procurement Agency for the 2022-23 fiscal year:

- Throughout 2022-23, the Procurement Advisory Council held five meetings. The Council consists of representatives of public bodies who have responsibility for procurement. The purpose of the Council is to provide advice and make recommendations to the Minister respecting matters related to procurement, particularly, how the purpose of the Act may be achieved. The Chief Procurement Officer is the chairperson of the Council. During the year the Advisory Council received two presentations from NL Hydro officials; one relating to their supplier feedback program and the other relating to electric vehicles.
- Throughout 2022-23, the Agency engaged with government departments, community groups and business organizations to explore potential paths towards more sustainable procurement practices. The information from these consultations will be used to inform procurement policy directions moving forward in 2023-24.

### Partnerships

- In June 2022, the Agency partnered with the Government of Canada to access selected commodities through the Canadian Collaborative Procurement Initiative with the goal of enhancing efficiency through economies of scale and achieving best value.
- Beginning March 2023, the Agency partnered with the Department of Industry, Energy and Technology and the St. John's Board of Trade to initiate the planning process to design and hold a Reverse Trade Show in the subsequent fiscal year. The goal of this event is to enhance connections between local suppliers and public sector buyers.



## Report on Performance

### Issue: Modernizing Public Sector Procurement

Over the period of the 2020-2023 Business Plan, the Agency worked towards the development of procurement tools and practices to support both public bodies and local suppliers to take advantage of new approaches to achieve best value in public sector procurement and help create value in the local economy.

### Goal

By March 31, 2023 the Public Procurement Agency will have reviewed, developed, implemented, and supported procurement policies and practices to modernize procurement approaches and support the local economy.

### Indicators

- Supported local suppliers' navigation of and response to modern procurement tools.
- Introduced new procurement provisions to support the local economy.
- Investigated and pursued opportunities to implement new strategic procurement approaches.

In Fall 2020, the Agency launched a new e-procurement system to allow users to submit, view and manage bid submissions online. Suppliers who do business with the government are no longer required to drop off paper copies to the procurement office. Instead, they are able to manage their own accounts, identify types of open calls relevant to their type of business and receive electronic notification when open calls are published. Training webinars were offered to suppliers as part of the system launch.

In addition, supplier development sessions were provided to local suppliers and social enterprises, including:

- Presentation to Canadian Manufacturers and Exporters members September 2021;
- Presentation to local suppliers as a pilot group over two sessions in November 2021;
- Presentation to Newfoundland and Labrador Social Enterprise and Social Innovation Coalition in March 2022; and
- Presentation to Newfoundland and Labrador Employers' Council in January 2023.

In 2020-21, PPA introduced the new Provincial Supplier Allowance which mandates an allowance of ten per cent for local suppliers for all procurements, to the maximum permitted under the Canadian Free Trade Agreement.

In 2021-22, PPA continued to support the use of alternative procurement approaches where they are consistent with ensuring best value, including:

- Led a consortium of public bodies from the four Atlantic provinces for procurement of purchase card services;
- Supported a government department in the use of exemptions under the Canadian Free Trade Agreement to maintain business in the province.
- Supported Regional Health Authorities in the use of procurement opportunities available through another province; and
- Supported municipalities in the use of a buying group.

## 2022-23 Objective

By March 31, 2023, the Public Procurement Agency will have further supported strategic procurement capacity across stakeholder groups.

### Indicators:

- Enhanced access to supplier development training.
- Developed and published a Procurement Guide for public bodies.
- Developed and published an updated Green Procurement guide for public bodies.
- Provided procurement Framework training to municipalities.

To increase responsiveness to the needs of suppliers and public bodies' procurement officials, the Agency added a 'request training' feature to its website. This new feature allows stakeholders, including suppliers, to directly request specific types of procurement training from the Agency. In addition, a 'How to do Business with the Province of Newfoundland and Labrador' video guide was developed and published on the Agency's website to provide enhanced clarity on the process and requirements for suppliers to compete for procurement opportunities in the province.

The Agency published a Procurement Guide for public bodies to provide additional guidance and assistance to procurement officials. Specific guidance related to procuring environmentally-friendly commodities was also published via an updated Green Procurement Guide on the Agency's website.

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In response to developments in the public procurement landscape, the Agency continued to provide an array of training opportunities to municipalities and other public body officials. During the 2022-23 fiscal year, the Agency provided training to 38 municipal representatives from 25 different municipalities and continued to conduct training sessions with employees from various Provincial Government departments.

## Opportunities and Challenges

The Agency has continued to lead the adoption of modern procurement practices across departments and other public bodies. Modern procurement approaches enable compliance with legislative requirements and maximize competition to help ensure best value in procurement.

Over the next three years, the Agency will continue to identify opportunities to improve and enhance procurement processes, leverage local procurement, and will continue to explore sustainable procurement approaches to better achieve overarching governmental policy goals.

The challenge to such an approach is ensuring key procurement principles of fairness, transparency, and competitive process are maintained while incorporating sustainability criteria and considerations. The Agency has conducted extensive consultations with stakeholders, and has received strong support for incorporating sustainable considerations in the purchase of commodities where feasible.

## Financial Information

Expenditure and revenue figures included in this document are based on public information provided in the "Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund" for Fiscal Year Ended 31 March, 2023. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process; however, the Public Procurement Agency is not required to provide a separate audited financial statement.

### Estimates 2023-24

## PUBLIC PROCUREMENT AGENCY

### PUBLIC PROCUREMENT AGENCY

	2023-24 Estimates \$	2022-23 Revised \$	2022-23 Budget \$
<b>PUBLIC PROCUREMENT AGENCY</b>			
<i>CURRENT</i>			
<b>1.1.01. PUBLIC PROCUREMENT AGENCY</b>			
Appropriations provide for the operation of the Public Procurement Agency which conducts purchasing and provides oversight, support and audit of procurement activities for public bodies in the province.			
01. Salaries	2,102,000	1,764,100	2,020,400
Operating Accounts:			
<i>Employee Benefits</i>	2,000	-	2,000
<i>Transportation and Communications</i>	45,500	16,300	43,900
<i>Supplies</i>	7,900	4,000	7,900
<i>Professional Services</i>	23,500	2,900	23,500
<i>Purchased Services</i>	53,500	22,200	57,800
<i>Property, Furnishings and Equipment</i>	4,800	2,800	2,100
02. Operating Accounts	<u>137,200</u>	<u>48,200</u>	<u>137,200</u>
<b>Amount to be Voted</b>	<u>2,239,200</u>	<u>1,812,300</u>	<u>2,157,600</u>
02. Revenue - Provincial	<u>(361,900)</u>	<u>(261,100)</u>	<u>(361,900)</u>
Total: Public Procurement Agency	<u>1,877,300</u>	<u>1,551,200</u>	<u>1,795,700</u>
TOTAL: PUBLIC PROCUREMENT AGENCY	<u>1,877,300</u>	<u>1,551,200</u>	<u>1,795,700</u>
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