

Public Procurement Agency

Annual Report

2017-18





MESSAGE FROM THE MINISTER

As Minister responsible for the Public Procurement Agency, I am accountable for the results presented within this report. I wish to acknowledge the contributions of the Honourable Perry Trimper, who was the Minister Responsible for the Government Purchasing Agency during the reporting period until July 31, 2017. This is a performance-based report that reflects the success of the Agency meeting the objectives outlined for 2017-18 as well as the goals stated in the 2017-20 Business Plan.

In keeping with **The Way Forward**, this was an exciting year for the Agency as the new **Public Procurement Act** received proclamation on March 24, 2018. The new Act and regulations, which are online, are designed so that Government can be creative and flexible in its procurement approach. The new Act and regulations promote consistency and coordination across the public sector and will help reduce regulatory burden.

I would like to take this opportunity to acknowledge the outstanding commitment of the staff of the Public Procurement Agency. Replacing the former Public Tender Act and Regulations, which have not been substantially amended in over 30 years, is a significant accomplishment for the Agency and the Province of Newfoundland and Labrador. I look forward to their continued dedication.

Sincerely,

A handwritten signature in black ink that reads "Sherry Gambin-Walsh". The signature is written in a cursive, flowing style.

Hon. Sherry Gambin-Walsh
Minister Responsible for the Public Procurement Agency

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Agency Overview

The Public Procurement 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** (the 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 Public Procurement Agency provides two lines of business to its primary clients; public bodies and members of the local supplier community throughout the province. The Agency acquires commodities on behalf of Government departments and agencies in accordance with the **Public Procurement Act** and Regulations, trade agreements and established policies and procedures. The Agency provides information and training regarding the **Public Procurement Act, Atlantic Procurement Agreement, Canadian Free Trade Agreement** and procurement regulations, policies and procedures. This service is readily available to all of the Agency's clients including Government departments, other public bodies and the supplier community.

The Agency maintains a website, <http://www.ppa.gov.nl.ca/> where the public may access current bidding opportunities within the province and other jurisdictions, as well as information on contract awards, relevant legislation, trade agreements and standard terms and conditions.

Organizational Structure

The Agency is comprised of four divisions, each carrying out the work and mandate of the Agency: Procurement, Strategic Sourcing, Audit, Information and Training and Policy, Planning and Administration. The Public Procurement Agency is located at the Petten Building on Strawberry Marsh Road in St. John's and the warehouse facility, where surplus Government assets are held for disposal, is located in Pleasantville.

Further information about the Agency can be found at:

<http://www.ppa.gov.nl.ca/division/index.html>.

As of March 31, 2018, there are 31 staff positions at the Agency with an overall budget of \$2 million.

Highlights and Partnerships

In addition to the results included in the Report on Performance section of this document, the following provides further information on key accomplishments of the Public Procurement Agency;

Highlights

- The majority of the **Public Procurement Act** and **Public Procurement Regulations**, and the Public Procurement Policy came into effect on March 24, 2018.
- Prior to the new **Public Procurement Act** and Regulations coming into effect, the Agency collaborated with various associations such as the Newfoundland and Labrador Organization of Women Entrepreneurs, St. John's Board of Trade, Newfoundland and Labrador Construction Association, Newfoundland and Labrador Environmental Industry Association, as well as the Department of Tourism, Culture, Industry and Innovation, to deliver information sessions on the high-level themes of the new **Public Procurement Act**.
- The Agency completed training sessions for public bodies on the requirements of the new public procurement framework, including the roles and responsibilities of public bodies operating within this framework. Approximately 400 public body representatives received training during the period of March 12 – March 31, 2018.
- The new **Public Procurement Act** allows for the incorporation of social, economic, and environmental priorities into procurement policy. A committee has been established and is being led by the Agency to develop options for the use of procurement as a policy tool to further these priorities.

- The Agency provided a representative for various steering and working committees to offer insight into the requirements of the new procurement framework and to develop and take the lead, or co-lead, on relevant action items in subsequent action plans, such as the Technology Sector Work Plan, the Business Innovation Agenda and the Social Enterprise Action Plan.
- The Agency provided interpretations of the new procurement legislation and guidance on best practices in public sector procurement.
- The Agency provided information and training sessions on the Purchasing Card (P-Card) Program and continues to provide support for the GNL Corporate Program. As of March 31, 2018, there were approximately 1175 active cards (955 travel cards, 220 purchasing cards) throughout Government.

Partnerships

- The Agency, in partnership with the Atlantic Supplier Development Team, participated in the Atlantic Provinces Reverse Trade Show, October 25, 2017 in New Brunswick. This show alternates between the four Atlantic Canada Provinces and provides an opportunity for potential and existing suppliers, manufacturers, consultants and contractors to interact with public sector buyers to facilitate access to bidding opportunities and strengthen the supply base in each province.
- The Public Procurement Agency partnered with the other tenants of the Petten Building (Department of Fisheries and Land Resources and the Department of Advanced Education, Skills and Labour) and the Multi-Materials Stewardship Board (MMSB) to implement a waste diversion program. The program covered

beverage containers, containers (non-beverage), paper (non-confidential), and organics (fruit and vegetable peels, coffee grounds and tea bags, bread, baked goods, pasta and plant clippings). Through this partnership, the MMSB provided recycling stations/bins and an outside composter and the tenants of the Petten Building secured a service provider to collect recycled containers and made arrangements for onsite organics management. The program has been well received by employees and over 250 pounds of organic waste have been diverted and turned into compost.

- The Agency partnered with the Department of Municipal Affairs and Environment to deliver a presentation on green procurement and climate change and continued to work with this department on the shared commitments of the Greening Government Action Plan.

Report on Performance

Issue: Modernized Public Sector Procurement

Achieving efficiencies in procurement is a priority for Government. The Public Procurement Agency made significant progress towards modernizing and transforming public sector procurement through the introduction of new legislation, regulations and policy. This framework promotes consistency and better enables public bodies to achieve best value, transparency and accountability in procurement while providing opportunity for our local supplier community to compete in the local market. An increase in the thresholds at which an open call for bids is required allows for the acquisition of services and public works valued below the thresholds to be sourced locally within the Province. An added benefit for the local supplier community is the increase in bidding opportunities for services that were once excluded from former legislation.

Goal 1: By March 31, 2020 the Public Procurement Agency will have modernized public sector procurement to ensure it is responsive to client needs.

Objective: By March 31, 2018, the Public Procurement Agency will have commenced regulatory and systems modernization.

Indicators:

- Regulations, policies and training materials developed to support proclamation of the **Public Procurement Act** (with the exception of sections relating to supplier debriefing, complaint process and supplier performance and the electronic notification system).
- Requirements identified for the electronic notification system.

The Agency developed regulations, policy and training materials to support the proclamation of the **Public Procurement Act** (with the exception of sections relating to

supplier debriefing, complaint process and supplier performance). The additional provisions of the **Public Procurement Act** relating to supplier components for open call for bids will come into effect September 24, 2018. The **Public Procurement Regulations** which support the **Public Procurement Act** were published in the Newfoundland and Labrador Gazette on February 23, 2018. The majority of the Act and Regulations, and the Public Procurement Policy came into effect on March 24, 2018. In 2017-18, the Public Procurement Agency commenced training on the new framework focusing on core Government and public bodies providing requirements of the new legislation.

In 2017-18, the Agency, in collaboration with the Office of the Chief Information Officer and the Department of Transportation and Works, convened a steering committee of departmental officials representing procurement. This committee reviewed the requirements of the system provided by the departmental working group and developed a detailed business requirement document for the project. This system will enhance communication of new bidding opportunities available to local business and other subscribers and will also have a reporting system for capturing data in relation to open calls for bids, awards and exceptions issued by public bodies. The electronic notification system will be a single point of access through which information about procurement by all public bodies is broadly and openly communicated.

Objective: By March 31, 2019, the Public Procurement Agency will have further advanced regulatory and systems modernization.

Indicator:

- Policy and training materials developed for sections of the **Public Procurement Act** and Regulations relating to supplier debriefing, supplier complaint process and supplier performance.
- Request for Proposals for the new electronic notification system developed and released.

Opportunities and Challenges

The Way Forward indicates “Using the new **Public Procurement Act**, our Government will adopt a strategic approach to procurement that maximizes opportunities for public bodies to purchase commodities through joint and group purchasing initiatives and enables the province to leverage the purchasing potential of intergovernmental arrangements, such as those announced under the Atlantic Growth Strategy. Our approach will also consider opportunities to strengthen our economic base by purchasing from local businesses where appropriate”. In 2018-2019, the Agency will continue to source goods and services more strategically to increase efficiencies in procurement for the Government of Newfoundland and Labrador.

The Agency will continue its commitment of creating a strong foundation of information, tools and resources that will help with the learning process for our public sector and clients adapting to the new procurement practices. Comprehensive training and the continued guidance provided by the Agency will mitigate any challenges.

Looking forward, the Agency will continue collaborating with internal and external stakeholders to ensure the Government is well positioned to support public bodies in obtaining best value in their purchases while taking into consideration innovation and contribution to local economic growth. The Procurement Advisory Council, which will be comprised of procurement officials from Government departments and other public bodies and chaired by the Chief Procurement Officer of the Agency, is being established to provide advice and make recommendations to the Minister respecting matters relating to procurement and, in particular, how the purpose of the Act may best be achieved. The Procurement Advisory Council will also have a mandate to engage with the supplier community to identify any opportunities or challenges with respect to public procurement. The Procurement Advisory Council Regulations are to be gazetted in the next reporting period.

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 2018. 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.

GOVERNMENT PURCHASING
Statement of Expenditure and Related Revenue
FOR THE YEAR ENDED 31 MARCH 2018

| | Actual | Estimates | |
|---|------------------|-----------|-----------|
| | | Amended | Original |
| | \$ | \$ | \$ |
| GOVERNMENT PURCHASING | | | |
| GOVERNMENT PURCHASING AGENCY | | | |
| <i>CURRENT</i> | | | |
| 1.1.01. GOVERNMENT PURCHASING AGENCY | | | |
| 01. Salaries | 1,599,053 | 2,017,200 | 2,017,200 |
| Operating Accounts: | | | |
| <i>Employee Benefits</i> | 1,142 | 1,500 | 1,500 |
| <i>Transportation and Communications</i> | 18,314 | 50,000 | 50,000 |
| <i>Supplies</i> | 9,145 | 15,100 | 15,100 |
| <i>Professional Services</i> | 4,152 | 23,700 | 23,700 |
| <i>Purchased Services</i> | 20,883 | 82,200 | 82,200 |
| <i>Property, Furnishings and Equipment</i> | 3,343 | 1,900 | 1,900 |
| 02. Operating Accounts | 56,979 | 174,400 | 174,400 |
| | 1,656,032 | 2,191,600 | 2,191,600 |
| 02. Revenue - Provincial | (109,045) | (308,000) | (308,000) |
| Total: Government Purchasing Agency | 1,546,987 | 1,883,600 | 1,883,600 |
| TOTAL: GOVERNMENT PURCHASING AGENCY | 1,546,987 | 1,883,600 | 1,883,600 |

