

Construction needs its own centralized procurement system, say stakeholders

Angela Gismondi March 29, 2019



Despite design and construction being left out of a recent Ontario government announcement claiming that a billion dollars a year will be saved through centralized procurement in the public sector, stakeholders are still generally pleased with the move.

“We are in talks with the current government, the Ministry of Infrastructure in particular, about this very issue, so we’re very happy to see it. It left design and construction out, which is a very good thing because you cannot procure design and construction under the same guidelines, rules and policies that exist for normal procurement,” said Clive Thurston, president of the Ontario General Contractors Association (OGCA).

Ian Cunningham, president of the Council of Ontario Construction Associations, pointed out there is a level of complexity associated with construction procurement that sets it apart from other types.

“Construction procurement is very complex and requires very specialized expertise. It would be a concern if it was lumped in with other types of government procurement,” said Cunningham.

“That’s not to diminish the complexity of going out to tender for consulting services or going out to tender for printing or office equipment.”

In an announcement issued March 18, the provincial government committed to building a centralized procurement system that is expected to generate cost savings through the streamlining of purchasing processes including health care products and IT hardware.

It also aims to reduce unnecessary duplication and remove waste across the government, indicates a release from the Treasury Board Secretariat, adding the new system will apply to Ontario ministries, provincial agencies and public sector organizations such as hospitals and schools.

The OGCA is also a member of the Construction and Design Alliance of Ontario and was in talks with the previous government for years to centralize design and construction procurement, which has a legal aspect that requires specialized knowledge, Thurston noted.

“We have our own set of laws and case law that governs how we operate. Other industries don’t have that case law foundation for how procurement should be done and that requires a specialized system,” Thurston explained.

The OGCA is putting together a paper to send to the government outlining the benefits and the potential cost savings that can be achieved if a system of centralized procurement is used for design and construction.

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— **Clive Thurston**

Ontario General Contractors Association

“We are still proceeding to bring this issue forward as the government has requested and we will be submitting a paper on the benefits of a centralized procurement system,” said Thurston. “We firmly believe, just as they’ve seen with what they have done on Monday (March 18), that there are huge savings to be made. There are equally huge savings to be made if we can bring controls into place on the design and construction side.”

The current model of public infrastructure procurement is fragmented with each ministry having its own procurement department. There is a lack of best practices and transparency which leads to a less efficient project delivery system and higher costs, said Thurston.

As for the benefits of a centralized system, Thurston says “it will allow for a better aggregation of the money that is spent with various vendors and it will have a big impact on the economies of scale through better contracting.

“One of the things we are pushing for as part of the restructuring of Infrastructure Ontario should be to become the centralizing vehicle for the province,” Thurston added. “It’s one option.”

Nadia Todorova, director of government relations for the **Residential and Civil Construction Alliance of Ontario (RCCAO)**, said the announcement to centralize public procurement is positive overall.

“We are hopeful that construction and infrastructure delivery services will be announced in the future as part of the procurement overhaul,” said Todorova in an email to the Daily Commercial News.

“As work on this procurement process gets underway, RCCAO would like to see more industries and sectors, such as construction and infrastructure, brought into the fold.”

In response to an EY line-by-line review of government spending released last year, which revealed opportunities for efficiencies and cost savings through the modernization of public sector procurement, the government also created a new Lean and Continuous Improvement Office which aims to modernize how services are delivered, increasing productivity and basing individual and business supports on what citizens want, indicated the release.

“We were pleased by the recommendations in the EY line-by-line review last year which called for better use of data and analytics to inform decisions, to confirm performance and to evaluate return-on-investment,” said Todorova. “RCCAO has long advocated for modernizing government’s delivery of services, especially as it pertains to infrastructure investments.”