

Speaking Points for  
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Check against delivery

I greatly appreciate the opportunity to address 600 executives of the federal public service. I can't think of a better audience to talk about the reforms that are being undertaken in common services in government and the role of Public Works and Government Services Canada as well as Treasury Board Secretariat in these reforms.

You are the leadership of the public service and the fundamental reforms we have initiated require massive change in culture, philosophy, and yes – even values. As we all know, the critical success factor in introducing change is leadership.

The changes we are discussing demand system-wide leadership because we are talking about “common services” – what we buy, the space we occupy, the IT infrastructure that we use.

You have a role as the consumer, PWGSC has a role as the supplier and TBS has a role as the Management Board.

So as I sketch the reforms we are undertaking, I would ask you to think about your role as leaders as we transition to the new models of governance and service delivery – and I would ask you to think about the leadership that is necessary to overcome the cultural, structural, institutional barriers that have evolved over the years and which now need to be changed.

The second frame of reference that I ask you to adopt is your taxpayer hat. Obviously, everyone in the room is both a taxpayer and a senior public servant. I am asking you to put on your taxpayer hat and to think about all of the areas for greater efficiencies and savings that we all know exist – but have not been systematically addressed because the leadership and commitment to sustain the transformation were not sufficiently there.

As experienced public servants, we have all gone to supply cabinets or passed by self-serve stores. What do we see – an incredible array of different pens, office supplies – great variety and sometimes great abundance.

The problem is that the supply cabinet is very symbolic of all government “common services” – whether procurement, real property or IT. We can extend that symbolism to all the equipment the public service needs to do the job. How many different operating systems and office automation suites does the government have? How many do your departments have? Why does government buy so many different types of office furniture – would taxpayers not expect us to standardize and economize to the greatest extent possible? Does the government have one procurement system that gives us strategic business intelligence on what we are buying? After all, we are collectively spending \$13B of taxpayers’ money annually? If you were a shareholder in the company with these business volumes, would you not demand it?

Government has had a crowded agenda – so I am not pointing the finger – but I am saying that we now have a credible body of information that demonstrates that there is enormous potential. We have received a strong mandate to pursue this transformation, but it demands leadership of us all and it demands action – some longer term action, but also immediate action.

Let me put things in perspective. If there are 600 of us here and assuming a certain nominal tax rate, it would not be far-fetched to calculate the total annual tax bill of the people in this room at \$25M.

Imagine a room 8 times this size: The reforms that PWGSC has proposed as part of the Expenditure Review exercise would save the entire tax bill of all the people in that room – \$200 M – and that is only Year 1 of our 5 year Program. At the end of the 5-year ERC window, government would have saved the equivalent in taxes of 150 times the size of this room - some \$3.5 B. Think of the positive impact these savings could have if we reinvested the money in health care, child care, education, and the environment.

And these savings are only one aspect of the benefits we envisage as part of the reforms that we have proposed. We see great benefits in demonstrating better management and comptrollership.

I will quickly trace the specific changes we have proposed and will return to how this affects you as leaders and why the mind set that is at the heart of our reforms will also enable changes such as Service Canada and shared Corporate and Administrative Services.

Let me put the changes in context, the administrative reforms we are undertaking have not been seen in government for at least 25 years, so a certain amount of “culture shock” is inevitable. However, these changes are being phased in. Implementing the full reform agenda will take 5-8 years, with the first 18 months being the most critical.

If we look across government, we’ll find activities that can be consolidated, standardized and rationalized. For example, instead of 98 separate departments and agencies buying separately, we will buy as a unified entity. **PWGSC will be the key procurement arm for government** and with your help, we plan to save \$2.5 billion over 5 years for the Government of Canada.

Here’s how:

We’ll get you and the taxpayers better prices for goods and services by negotiating with suppliers, but we need you to use standing offers for certain commodities.

We’ll make procurement times faster – our target is 50% faster – and reduce administrative costs by 10%, but we need you to be our partners to deliver.

We’ll enhance the Standing Offer Index and implement the Government of Canada Marketplace, but we need you to work with us and to use these procurement tools any time you need to buy.

You may say to yourself that you use Standing Offers already, how can you do more? How we can do more is by putting our collective buys together, negotiating better deals with suppliers and thus save taxpayers money.

- We’ve already seen some successful examples:
  - \$1 million saved on the purchase of 2,300 desktop computers.
  - \$80 million saved when we negotiated new software contracts.
  - We’ve saved money ahead of schedule because of Travel Modernization in fiscal year 2004/2005 with an absolute reduction in airfare spending of \$53.8M compared to 2003-2004.
  - On some items, volume discounts have allowed us to achieve savings of 25% to 30% – so it is possible.

If we look across government and examine our physical infrastructure, we can save money just by **applying our current accommodation standards**.

Our studies show that the federal government spends 20% more on a per square foot basis to operate our real estate than the private sector average.

We have an RFP process in progress that will advise us on the most cost effective, efficient and environmentally sound way to strategically manage our real property portfolio for the long term.

We'll analyze how all of us use space and look for those opportunities to meet the standards. This is about making the very best use of space and proving to taxpayers that we are managing our property and our space as well as possible.

In IT, we are focusing our efforts on infrastructure services and external service channels used by departments to offer services to Canadians. PWGSC will be instrumental in increasing the proportion of shared IT services in these areas and look forward to your collaboration.

We're also looking at saving millions by managing data centres and servers and other common IT services for the government.

With all this in mind, we still need to remain active and protective of the environment. We've created an Office of Greening Government Operations that will ensure we don't lose sight of this key value held by all of us.

I think you can probably see the trend here in all the changes I've talked about:

- Business transformation across departments.
- Whole-of-government approach.
- Leveraging how we buying by buying together.
- Negotiating with the private sector.
- Collaborating on reform and reporting on progress.
- Providing the best value for taxpayers' dollars.

And as leaders, we are all affected.

We may not have the equipment and office furniture choices we've always had; but we will have what's needed to do the job.

We may not have complete and individual control of purchasing processes, but we will have savvy procurement tools that will be faster and more accessible.

And I can tell you that at the heart of these reforms is:

- a strong desire to achieve;
- a strong commitment to do the right thing; and
- a strong political appetite to allow this to happen.

If all of us work together, we can achieve these fundamental reforms and lay the groundwork for the next generation of leaders in the public service.

Thank you.