



Statement

By

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Junior Minister for Health and the Cabinet

Public Procurement Policy Update

July 29, 2020

Madame President, the Office of Project Management and Procurement (OPMP) was established in 2011 to regulate all procurement of goods, services, and works in the public sector. However, the Code of Practice for Project Management and Procurement was not introduced until July 2, 2018.

Madame President, the Government recognizes that Public Procurement Policy must be both robust and flexible, in order to systematically and practically address the changing economic needs of Bermuda.

Madame President, the changes to the Code have elevated our procurement processes in line with international best practices and standards. Public bodies now have more flexibility in choosing procurement methods that will help achieve greater business value while also mitigating potential contractual risks.

Madame President, the latest version of the Code, which Cabinet recently approved and came into effect on July 1, 2020, allows Public Officers to be creative and flexible in their approach to procurement. Understanding and adaptation of the Code is key to promoting consistency and a standard approach across the public sector, thereby reducing inefficiencies often associated with regulatory matters.

Madame President, in summary, the changes to the Code are as follows:

1. The Code was amended to include two additional categories to which the Code does not apply, however; they do require approvals from the appropriate Accounting Officer or the Financial Secretary. They are:
 - a. Media, communication, and public relations companies with the approval of the Accounting officer; and
 - b. Accounting and auditing firms for specific services with the approval of the Financial Secretary;

2. A new **Procurement Review Committee** has been established to review all Unsolicited Proposals (USP's). This Committee is created to assist with the assessment and evaluation of USP's that are submitted to various Government Ministries. The Committee will consist of the Financial Secretary, Permanent Secretary responsible for OPMP, and the Director of OPMP.
3. **The Procurement Thresholds and Approval of Contracts** values have been amended. Procurement thresholds have three levels, and new procurement methods apply:
- Under \$10,000.
 - \$10,000 to \$49,999 and;
 - \$50,000 to \$99,999.

These changes are covered under section 11 of the Code.

The Intermediate Value Procurement threshold has increased to values of \$100,000 to \$249,999.

The High-Value Procurement threshold has increased to above \$250,000 and is **covered under section 13 of the Code.**

4. The Single Source Procurement (section 24 of this Code) has been amended as follows:

Public Officers no longer have to obtain prior approval from the Director of OPMP; however, Public Officers must inform the Director of OPMP of their single-source procurement. The Director of OPMP may conduct an inquiry to determine justification and process steps. The Director shall report quarterly to Cabinet in matters of compliance.

Madame President, the steps that were taken improved efficiencies within the system, but do not go far enough to ensure economic growth and prosperity within small business, gender, race, and disability ownership.

Madame President, to ensure that the Government's aim is being met, there has to be a way of measuring success, based on Governments aim.

Madame President, Senators may not be aware but in Bermuda, a ‘small business’ is defined under the Bermuda Economic Development Corporation Act which states:

“Small business” means a Bermudian-owned and owner-operated business enterprise with gross annual sales of less than one million dollars; or an annual payroll of less than five hundred thousand dollars.”

As a result of that definition and due to technical work at the Accountant General’s Office to identify and label vendors, I can report the Government’s success in awarding contracts to Small Businesses.

Madame President, since 2017, the Government has awarded more than \$38 million dollars in contracts to small businesses.

Financial Year 2017 – 2018	\$13M
Financial Year 2018 – 2019	\$13M
Financial Year 2019 –2020	\$12M

Three years prior \$33M was paid out to small businesses

Financial Year 2014 – 2015	\$12M
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Financial Year 2015 – 2016	\$11M
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Financial Year 2016 –2017	\$10M
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Madame President, for the first time our Government is able to identify and measure the value of what it pays to small business. But, this does not go far enough. Government's vision to use its purchasing power to promote equality of opportunity with regard to disability, gender and race, is being fully met.

Madame President, for decades, business owners who joined the right golf club, went to the right private school or knew the right people, would always win Government contracts. Having been awarded a contract once, they would subsequently get more contracts; partly by doing good work, and partly by 'playing the game' to get another contract. Some businesses being more successful than others is normal as we choose to live in a capitalist society, but not if that success is earned by unfair practices.

Madame President, this Government is not going to rest on its laurels and pat itself on the back; we are pushing for further diversity. Our aim is to replicate the success of awarding contracts to small business, and we intend to use Government's purchasing power to promote equality of opportunity with regard to Disability, Gender, and Race.

Madame Speaker, we will still seek to utilise the Public Purse to create opportunities for business owners who were marginalised in the past, particularly Black-owned small businesses; as well as others deemed 'unsuitable' by past Governments. If we genuinely want to diversify our economy and economically empower those Bermudians who up until now have not had a piece of the economic pie, we must take steps to make this happen.

Madame President, to make this happen we are working on identifying, as we did for small businesses, all those companies that are doing business with Government as far as Disability, Gender or race, in regards to at least 51% ownership. Once this is determined, then based on Government's

approved matrix system, these companies will score a higher grade, hence having the opportunity to receive more contracts from Government.

Madame President, we have learned that the impact of the Government purse is so strong that maintaining 'the status quo' is not good enough. Talking is not good enough; action must be taken, and action we will take.

Madame President, it vital that business owners know that Government is 'Open for Your Business'...because it is and we are.

Thank you, **Madame President**.