

*Government Organization*

in the province of Saskatchewan. I would like to recount for a minute the history of the purchasing agency in Saskatchewan. It was established in 1944 when the C.C.F. assumed the reins of office in that province. One of the first steps taken by the present leader of the New Democratic Party when he became premier of the province of Saskatchewan was to establish an agency to purchase all supplies for the government. It did away with the situation which now exists federally and which the government of Canada is attempting to abolish. The existence of the purchasing agency in Saskatchewan over the past 25 years has saved the people of that province many millions of dollars.

If this plan is introduced at the federal level we must consider the circumstances that apply. The desirable and worth-while objectives of centralization are not achieved automatically. This depends on the effectiveness of the implementation and execution of the program. The theory that a government as a whole may be able to purchase 50 million pencils at a lower unit cost than one department can purchase 2 million pencils does not necessarily apply to the size of operation of the government of Canada. Other factors must be examined as well. One must not only take into account the saving of pennies on a particular improvement but also the costs in terms of the effect on implementation of programs. By centralizing the purchase of supplies \$10,000 or \$20,000 may be saved, but delays and red tape may cost much more in terms of the reduced effectiveness of programs.

I subscribe to many recommendations of the Glassco commission report but not to all. The Glassco commission report started off on the wrong premise by stating in effect that government is a necessary evil. I do not view government in that context, although I do not feel that government is automatically the best vehicle for all phases of life in our society. By starting off with a rather poor premise, the Glassco commission report reduced the effectiveness of some recommendations and approaches in the various aspects of its report.

The report correctly noted that in the year 1960 the government of Canada spent more than \$1 billion for materials, supplies, equipment and service. It noted large inventories across Canada, the cost of keeping these inventories and the duplication of various services. In dealing with one aspect the commission concluded that warehousing and

materials handling operations were unduly dispersed and fragmented. In 1960-61 the government operated 248 principal warehouses and 348 sub-stores located in 79 centres in Canada and abroad. Most of these were operated by civilian agencies, but in terms of dollar value an overwhelming proportion of the total inventory was held in 37 warehouses of the Canadian army, navy and air force.

The Glassco commission report recommended a central purchasing agency to serve civilian and military departments and agencies but not Crown corporations. The report recommended that the Department of Defence Production be absorbed in this process. It also recommended that the new department be given responsibility to develop in conjunction with user departments and agencies standard specifications for all appropriate items and to assume the function of the specifications board, including representation on the directorate of interservice departments for the Department of National Defence. There were other recommendations in the area of purchasing which I am sure the department will consider carefully.

The second major area of activity of the new department about which I am concerned is the rationalization of some services provided to some departments. This involves elements of managerial leadership and technical services required by government departments in order to carry on their operations in the most efficient manner. Leadership in this field is essential if Canada is to have the best possible government and if the people of Canada are to have respect for government. A commitment by the government is required with regard to the principle of political, economic and managerial planning. If this is not done the results of management operations will be indifferent and varied. The desired objectives will not be achieved by tinkering with the nuts and bolts of government structure. What is required is a basic commitment to the principles I have enunciated. Efficiency in the field of operations and management can be achieved. It is difficult to measure the results of such efficiency. A cost-benefit analysis or even more refined approaches must be used in gauging public programs. Private operations measure their performance on the principle of profit and loss. This is an important principle to bear in mind when considering public programs, and it is one of the items the Glassco commission did not consider sufficiently.