



Niagara's **GREEN** Procurement Policy

Prepared by Kithio Mwanzia
Policy Coordinator
St. Catharines - Thorold
Chamber of Commerce
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Niagara's **GREEN** Procurement Plan



"There's a fine balance between supporting local business and allowing free market forces to shape economies."

INTRODUCTION

In business, borders don't exist. Through international organizations, such as the World Trade Organization, and trade agreements like North American Free Trade Agreement, goods and services are exchanged across borders, between continents and around the world. Globalization has expanded markets, increased access to consumers and reshaped industries and economies. Combined with the development of large-scale retail, mass produced goods and just-in-time delivery, the dynamics of business have dramatically changed in a short period of time.

This unfettered growth of globalization since the 1970s has been accompanied by a counter balance of 'buy local' movements in industrialized countries. In Canada, organizations like the Canadian Auto Workers have launched 'Buy Canadian' campaigns in an effort to encourage people to buy union made Canadian goods. In Niagara, based on the region's proximity to the American border, there have been many 'buy local' campaigns over the years to encourage people to support local retail.

There's a fine balance between supporting local business and allowing free market forces to shape economies. As a member supported organization, the **St. Catharines – Thorold Chamber of Commerce** supports the concept of buying local as a component of strengthening the regional economy. In fact, the Chamber's recently released *2008 – 2011 Strategic Plan* includes an objective focused on enhancing Chamber business-to-business relationships as a means to strengthen the organization and to build sustainability within the membership.

The Chamber's **Member2Member** valued added service is a good example of encouraging local businesses to support one another. The online program features member companies offering discounts on services and goods to other members as a means to encourage member-to-member interaction. As an organization, the Chamber is committed to only purchasing from members of the St. Catharines – Thorold Chamber of Commerce. However, within this structure of buying from members, purchasing decisions are still largely driven by the basic economic principle of buying at the lowest cost.

In the fall of 2007, former American president Bill Clinton addressed business leaders in Niagara-on-the-Lake. In his speech, he challenged business and government to look at climate change, not as a threat to business wealth and economic growth, but as an advantage that

Niagara's GREEN Procurement Plan



"As an organization the Chamber is committed to reducing its impact on the environment"

INTRODUCTION (continued)

can generate increased economic opportunities. He spoke of a new opportunity to create jobs, renew communities and reduce the harmful emissions that affect the health of people and the environment. Clinton urged business to take the lead in implementing projects that will reduce carbon footprints and positively impact the economy at the same time.

The Chamber has explored ways in which business and government can work together to reduce carbon footprints, and simultaneously strengthen the economy. As an organization, the Chamber is committed to reducing its impact on the environment. For example, at the annual Business Achievement Awards, the Chamber will present a locally sourced dinner complete with Niagara VQA wines. As well, in the procurement of goods and services, the Chamber will include environmental impacts as a measurement in the overall evaluation of cost.

In addition to the Chamber's internal efforts to reduce its carbon footprint, the Chamber will be working with the membership to develop programs and strategies that create awareness about the opportunities that exist in the new green economy. Although the Chamber has been an advocate of the buy local approach as a means to support its members, buy local and buy "green" are not necessarily the same, at the same time purchasing based on proximity to product as a consideration to reduce environmental impact cannot be overlooked. Therefore, the Chamber is working to establish a means in which environmentally sensitive measurements can become part of the new bottom line approach to business and local government.

As a result, the Chamber has undertaken the task to examine areas in which government and business can work together to take the lead to reduce carbon footprints and strengthen the economy of Niagara at the same time. This report studies the procurement practices of government and public institutions in Canada, and provides recommendations on the adoption of green procurement strategies that will position St. Catharines, Thorold and Niagara as a leader in the green economy.

Niagara's GREEN Procurement Plan



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DEVELOPING A GREEN PROCUREMENT POLICY FOR NIAGARA

Procurement is simply the acquisition of goods and services required to carry on an enterprise. In business, when a company requests a quote for a good or service, it is fulfilling the function of procurement. All orders of government – including public institutions – have well defined procurement policies as a means to ensure public funds are being properly – and fairly - allocated.

The Government of Canada buys approximately \$14 billion in goods and services every year from thousands of suppliers. There are over 85 departments, agencies, Crown Corporations and Special Operating Agencies. Public Works and Government Services Canada (PWGSC) is the federal government's largest purchasing organization, averaging 60,000 contracts totaling \$10 billion annually. The federal government buys just about every kind of product and service, from aircrafts to paper clips, from training services to scientific research. The Ontario government procures equally as much, with transportation, infrastructure and government services being the largest purchasing ministries.

The procurement of Niagara's various governments and institutions is almost as exhaustive as the federal and provincial government. From the construction of roads and bridges to the building of water treatment facilities to the purchasing of copiers, paper, computers and food products, there are considerable tax dollars being spent on goods and services – many of which are bid on, and provided by, Niagara companies based on the competitive price model. In addition to government, the four largest public institutions in Niagara are the hospital system (Niagara Health System), Fallsview Casino, Brock University and Niagara College. As well there are a host of other public institutions that have procurement policies including Niagara District School Board, Niagara District Catholic School Board, and the Niagara Parks Commission. Niagara's combined procurement capacity exceeds over a half a billion dollars annually.

Recently, the federal government introduced a green procurement initiative with the objective of reducing the consumption of resources in order to minimize waste and environmental, health and financial risks, and to hopefully lower costs. As part of the process, the government defined Green Purchasing as:

"The procurement of products and services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. A green product is one that is less harmful than the next best."

Niagara's GREEN Procurement Plan



"This change in procurement policy at the federal level has set a standard for provinces, regions and cities across the country."

DEVELOPING A GREEN PROCUREMENT POLICY FOR NIAGARA (continued)

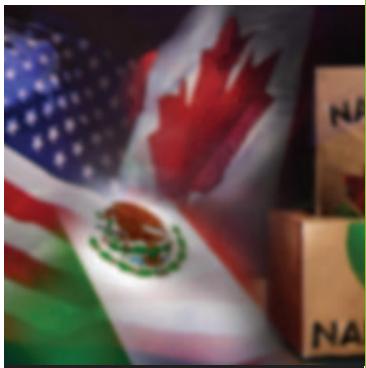
alternative... The purchasing of environmentally responsible goods and services, reduces waste, resource consumption and greenhouse gas emissions. This, in turn, decreases the risk to the environment and to human health. Measures such as purchasing environmentally responsible office products and supplies as well as adopting pollution prevention criteria when purchasing goods and services are examples of initiatives to advance sound environmental management for government operations.”¹

This change in procurement policy at the federal level has set a standard for provinces, regions and cities across the country.

In Halifax, city council adopted an environmentally sensitive procurement regulation by adding the following language to its procurement policy: “*to procure necessary goods and services with due regard to the preservation of the natural environment and to encourage suppliers to supply goods incorporating recycled materials where practical.*” The City of Hamilton has added a measurement to its procurement policy with its “*commitment to procure goods and/or services with due regard to the preservation of the natural environment and to encourage the use of ‘environmentally friendly’ products and services.*” In the Region of Halton, the procurement process includes the following regulatory direction: “*Encourage the procurement of goods and services with due regard to the preservation of the natural environment. To this end, suppliers may be selected to supply goods made by methods resulting in the least damage to the environment and supply goods incorporating recycled materials where practicable.*”

In each case, the cities or regions stipulated that fairness, pricing, quality and environmental considerations be given to the selection of contracts. In Niagara, based upon a review of the Region’s procurement by-law, Niagara has added the following: “*to encourage the Purchasing of Goods and Services with due regard to the preservation of the natural environment.*” A review of St. Catharines and Thorold municipal procurement by-laws reveals that they currently do not include an environmental consideration element.

Niagara's GREEN Procurement Plan



"When it comes to environmentally preferable procurement practices, international trade agreements do not preclude localized green regulations."

DEVELOPING A GREEN PROCUREMENT POLICY FOR NIAGARA (continued)

There is a movement across the country by cities, regions and public institutions to further develop green procurement policies. Traditional procurement policies that stipulate open competition and fairness in bidding are based on multi-national trade agreements like the North American Free Trade Agreement (NAFTA). When it comes to environmentally preferable procurement practices, international trade agreements do not preclude localized green regulations. In a report to the Commission for Environmental Cooperation, international law expert Jane Earley examined NAFTA, Free Trade Area of the Americas (FTAA), the provisions of the World Trade Organization (WTO) Government Procurement Agreement (GPA) and wrote:

"Overall, none of the agreements have much effect on "green" procurement. Food is not covered, and threshold limits are high. Moreover, state and local entities are not covered in the NAFTA, will not likely be covered in FTAA, and only some kinds of state and local procurement are covered in the GPA. "Green" procurement can be encouraged at federal, state, and local levels and will not likely be seen to contravene any international procurement rules..."²

As a result, more communities and institutions are implementing leading environmentally preferable procurement standards. For example, the City of Richmond in British Columbia has moved much further beyond a one line green procurement standard and designed an *Environmental Purchasing Guide*. The innovative guide is based on the following policy: *"to ensure that wherever possible and economically feasible, specifications are amended to provide for consideration of environmental characteristics.... The City of Richmond will endeavour to increase its use of products and services that are more responsible to the environment in the way that they are made, used, transported, stored, packaged and disposed of."*³ The Environmental Purchasing Guide contains specifications for all areas of municipal procurement.

London Health Sciences Centre has taken a leadership role in developing a comprehensive green procurement standard. The Centre has established quantifiable eco-metrics for vendors and processes, introduced green procurement into sourcing processes, and measure, monitor and revise results – as a result the Centre has been recognized for its leading edge environmental stewardship policies.⁴ In this case green procurement extends to everything that is procured at the Health

Niagara's GREEN Procurement Plan



"We can do more as a community to provide environmentally sensitive standards related to public procurement."

DEVELOPING A GREEN PROCUREMENT POLICY FOR NIAGARA (continued)

Centre. This includes food procurement, where there is an emphasis placed on 'Food miles.' Food miles refer to the distance a food item travels from the farm to the centre.

University of Waterloo has also updated its procurement practices adding a green component that guides the purchasing department. Within its general criteria for all purchases, its standard states:⁵

- *Purchase reusable, recycled and recyclable products*
- *Made from the highest available recycled content and /or post consumer content*
- *Durable products, with a long life expectancy, as opposed to single use goods*
- *Products that are energy efficient, can be recharged, run on renewable fuels or reduce water use*
- *Non toxic, minimally toxic and /or biodegradable products or product alternatives*
- *Products that are produced or located locally or regionally to reduce shipping and packaging requirements (storage, chemical treatment for freshness)*

Waterloo is one of the first public institutions to include a locally produced standard as part of its green policy. The origins of product as a means to reduce shipping and packaging do not contravene trade agreements as the policy is connected to reducing impacts on the environment.

In Niagara, a review of government and public institution procurement policies illustrates that we can do more as a community to provide environmentally sensitive standards related to public procurement. Niagara has the capacity to become a leader in environmental stewardship. Other institutions and governments are taking a lead, and it is time that Niagara takes the proactive steps to demonstrate the Region's commitment to environmentally sustainable best practices.

Niagara's **GREEN** Procurement Plan



"Green procurement standards should include a buy local food component where applicable."

RECOMMENDATIONS

The St. Catharines – Thorold Chamber of Commerce recommends the following actions:

1. That all municipalities – including the Region of Niagara – adopt a best practices uniform green procurement standard following the example of Richmond, British Columbia and publish an Environmental Purchasing Guide for Niagara.
2. That all public institutions – including - but not limited to - hospitals, post secondary institutions, school boards, and agencies produce green procurement standards that are modelled after leading green standards in Canada.
3. That all green procurement standards include proximity to product clauses to reduce transportation impacts.
4. That all green procurement standards include a buy local food component when applicable.
5. That a public awareness campaign be included in the marketing of a new green procurement approach for Niagara to demonstrate Niagara's commitment to environmental sustainability.
6. That a region-wide procurement portal be developed to centralize public procurement opportunities in Niagara to provide greater access for business.
7. That all procurement standards include a measurement system that balances quality, price and environmental impacts with input from the Niagara business community.
8. That the Niagara business community include environmental measurements in their respective procurement processes.
9. That the St. Catharines – Thorold Chamber of Commerce advocate this issue to all orders of government as well as the Ontario and Canadian Chambers of Commerce



One St. Paul Street, PO Box 940, St. Catharines, ON L2R 6Z4
905-684-2361 F. 905-684-2100 E. sct@sctchamber.com

www.sctchamber.com