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FAST FACTS

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Making waves out of ripples

Mayorality candidate Judy Wasylycia-Leis recently sparked discussion about government procurement practices when she suggested that locality be a consideration in the City of Winnipeg tendering process.

The fact is that every time any one of us spends money, there is a ripple effect.

Most of us don't really think about all this each time we buy something, but the growing concern over the years about shoes and clothing produced in sweat shops, blood diamonds, fair trade coffee and chocolate, and consumer preference for companies that demonstrate sound environmental practice and corporate social responsibility does show that we are becoming increasingly aware of the ripples of our spending choices.

Commentaries have pitted this as an either/or debate regarding protectionism vs. free trade, the higher costs associated with preferring local business over cheaper ones, and about the ramifications of us doing something that the rest of the world supposedly is not.

To begin with, this debate is not an all or nothing conversation. Trade has its benefits, but it also has its flaws. To pretend that "free trade" and "fair tendering" are really free and fair is naïve. Free trade has allowed some local companies to expand and hire more Manitobans, while others have been

forced to move, close, or sell out, resulting in lost jobs.

Extreme measures either way do not make responsible public policy. Our public institutions are mandated to act in society's best interest, and our best interest is not served by blind adherence to the cheapest bid. This is why tendering policies already consider a host of other criteria. Adding locality to this mix is not in and of itself protectionist, it ensures maximum value for publicly spent dollars.

Some fear that local preference will escalate costs and result in fewer or lower quality service and products. Again, it is not simply one or the other. When weighing competing bids of similar quality and cost, it is very possible to add other considerations, such a locality, as tie-breakers.

In looking out for the public good, governments increasingly consider safety, quality, as well as life-cycle and ongoing operating and maintenance costs of various tenders in addition to up-front prices. We should also favour businesses that reduce taxpayer costs related to poverty, crime and incarceration, unemployment, and healthcare while increasing government revenues through payroll and income tax revenues and consumption taxes. This is not about charity, this is about efficient use of government funds.



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To present this approach as something no one else is doing is also misleading. Integrating economic, social, and environmental objectives, also known as a ‘Triple Bottom Line’ approach to business is becoming increasingly common and governments and other institutions are getting on board through their procurement policies. For example, the Vancouver Olympics gave consideration to social enterprises in their procurement process. As a result, social enterprises employing women returning to work, inner city residents, and Aboriginal youth working in social enterprises produced the flowers presented to medalists and the podiums that they stood on. The City of Calgary has implemented a Sustainable Environmental and Ethical Procurement Policy. Ontario’s recently released Poverty Reduction Strategy includes commitments to developing procurement policies that support social enterprise. New Westminster recently adopted a living-wage policy, ensuring that work it contracts out is awarded to companies that adhere to wage and benefit standards greater than what is legally required.

The Scottish government is implementing a policy that gives 10% preference for social enterprises in certain procurement fields, including 3% for subcontracting to social enterprises. In the UK, a Conservative MP has brought forward a bill in support of social enterprise procurement preference. Italy has long given extra weighting to purchasing from co-operative businesses, recognizing that their business model of collective ownership creates economic democracy and a more equitable distribution of wealth.

Even our neighbours to the south understand the value of balancing free trade with strategic purchasing. Over 140 municipal governments have passed “living wage” ordinances regarding their procurement contracts including big cities such as San Francisco, Santa Fe (New Mexico), Washington D.C., Baltimore, Boston, Los Angeles,

and St. Louis. The US Government has targets of procuring 5% of contracts from small women-owned businesses, 3% from Service-Disabled Veteran-Owned businesses, and gives small businesses located in “HUBZones” (Historically Underutilized Business Zones – located in economically distressed communities) a 10% price evaluation preference on tenders and aim for 3% of all federal contract dollars to be awarded eligible businesses. In Minnesota, Targeted Small Businesses that are located in economically disadvantaged communities or are owned by racial minority, women, or people with disabilities are given up to 6% pricing preference. Even the US Army has a Green Procurement Strategy.

This procurement approach is not about an old-fashioned paradigm, nor is it a simple either/or debate; in fact, it is a cutting edge and informed perspective that is catching around the world as people and governments of all persuasions increasingly understand the full costs and benefits of their purchasing decisions. This is not about locking others out; if they can demonstrate the same FULL value on all considerations that impact the project, the product, our economy, and our society, and our planet – then they win the bid.

Leaders around the world are beginning to understand the ripples of procurement. They are seeing how even incremental cost increases in procurement are dwarfed by the direct financial payback that certain enterprises provide, never mind the longer term financial savings relating to the costs of poverty and poor health. It is time for our municipal government to catch this wave.

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