

THE PATH

T O S U S T A I N A B L E P R O C U R E M E N T

A New Approach to Procurement in the Government of Nova Scotia

“Today’s problems cannot be solved if we still think the way we thought when we created them.” *Albert Einstein*

Introduction

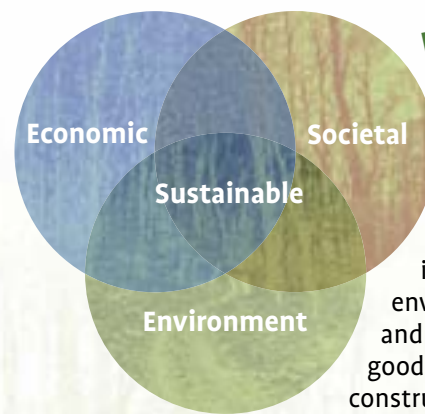
In April 2007, the Nova Scotia government passed the *Environmental Goals and Sustainable Prosperity Act*. The Act aims to make Nova Scotia one of the cleanest environments and most sustainable economies in the world by 2020. The Act sets out 21 far-reaching goals for the province ranging from reduced air emissions and waste, to new energy standards for buildings. The Act also commits the government to developing and implementing a sustainable procurement policy by the end of 2009, recognizing the important role public procurement plays in creating sustainable prosperity.

With this legislation, Nova Scotia is poised to become a North American leader in sustainable procurement. In recent years, a number of jurisdictions world wide have developed and implemented environmentally preferable procurement policies. Examples of sustainable procurement policy implementation are less common but do exist.

In Canada, Manitoba has a well developed environmentally preferable procurement process while Whistler, Calgary, and Vancouver have all recently embarked on sustainable procurement initiatives. Nova Scotia can learn from all of their experiences.

For the government of Nova Scotia, sustainable procurement means taking full responsibility for the long-term impacts of its purchasing and consumption decisions. The initiative to implement a sustainable procurement policy for the Province of Nova Scotia is being lead by Nova Scotia Economic Development (NSED) and Nova Scotia Environment and Labour (NSEL).

This brief discussion paper is intended to provide a high-level overview of public procurement in Nova Scotia and the process involved in developing a sustainable procurement policy.



What is Sustainable Procurement?

Sustainable procurement is an approach to public purchasing that takes into consideration the environmental, economic, and societal impacts of goods, services, and construction being purchased.

This approach allows buyers to calculate the full cost of a purchase.

Sustainable procurement requires a greater commitment than simply deciding to buy goods and services that are sustainable. Purchasers must also question if a purchase is necessary in the first place. Once the decision to purchase is made, the buyer must then consider if the product or service is made and delivered in a sustainable manner. Consideration is given to the purchase of goods and services that achieve good value for money on a life-cycle basis, are environmentally preferable, and provide benefit to society and the local economy. In the case of goods - how they will be managed throughout their useful life, as well as how they will be disposed when they are no longer needed, must also be considered.

The result is the purchase of goods, services and construction that is better for the environment, local economy, and communities. Sustainable procurement also strives to ensure that resources are not diminished for future generations.

How is Sustainable Procurement Different From Green Procurement ?

Green procurement considers the environmental impact of products or services over its full life cycle in addition to the economic or total life cycle costs. Buyers may also consider the use of raw materials, energy, water, and how much waste is created and whether the products release harmful substances into the environment during their production or use. Characteristics such as reduced packaging, reduced maintenance requirements, and ease of re-manufacture or recycling at end of life may also be considered.

Sustainable procurement goes beyond this to also consider the health and social impacts of the goods and services being purchased and may include considerations related to:

- ethical procurement (e.g. no sweat shop, fair trade);
- socially responsible procurement (e.g. human rights, workplace health and safety);
- procurement fostering economic development (e.g. buy local initiatives where permitted under trade agreements) .

Provincial Procurement in Nova Scotia

Procurement Services of NSED manages the procurement process for purchases made by provincial departments, agencies, boards and commissions. The Province of Nova Scotia Procurement Policy, administered by Procurement Services, outlines the policy, procedures, and procurement options for provincial purchasing. The Province of Nova Scotia Procurement Policy maintains an open and fair process that provides the highest degree of competition and value to the province, while ensuring fair treatment of suppliers in Nova Scotia and other jurisdictions. The policy can be viewed at www.gov.ns.ca/tenders/

Each year, the provincial government spends over \$800 million on goods, services, and construction. Procurement Services handles all public purchasing for goods valued over \$5,000 and for services or construction valued over \$10,000. Other purchases, below these thresholds, are handled by individual departments, agencies, boards, and commissions.

Municipalities, Academic institutions, School boards and Health authorities (collectively known as the **MASH** sector) and Crown Corporations are another large publicly funded group of purchasers. These entities have their own procurement groups and/or policies that must be consistent with the principles of the Province of Nova Scotia policy on government procurement. However, certain commodities such as large or joint procurement opportunities (i.e. school buses, ambulances, medical equipment, etc) may be administered by Procurement Services staff within Nova Scotia Economic Development.

The MASH sector and Crown Corporations account for a large portion of public sector procurement. The support and participation of the MASH sector in sustainable procurement is essential to achieving the greatest benefit to the Province. MASH sector entities and Crown Corporations will be encouraged to adopt the provincial sustainable procurement policy or abide by the principles of it within their own policies.

Currently, MASH sector entities and Crown Corporations have to the option to use government-wide standing offers and other government services such as the Stationery Stockroom, Queens Printer, and Postal Services. Guidance from Procurement Services staff as well as access to all support tools for sustainable procurement will be made available to MASH sector entities and Crown Corporations to assist them with their efforts.

For additional information about provincial purchasing and to view the current Province of Nova Scotia Procurement Policy, visit www.gov.ns.ca/tenders/ .

Legislation and Trade Agreements

There are several trade agreements and pieces of legislation that govern public procurement in Nova Scotia. The most prominent are the Agreement on Internal Trade (AIT), the Atlantic Procurement Agreement (APA), the Province of Nova Scotia Procurement Policy, the Atlantic Standard Terms and Conditions, and the Government Purchases Act.

Within Canada, the AIT and the APA serve to improve trade and reduce trade barriers between provinces and territories. While the AIT includes all of Canada, the APA includes only the four Atlantic Provinces. An informal agreement also exists between Nova Scotia and New Brunswick that permits businesses registered with either province to do business in the other province without re-registering.

The Evolution of Sustainable Public Procurement in Nova Scotia

Environmentally Preferable Procurement

In 2003, the Nova Scotia government published *Towards a Sustainable Environment*, also called the Green Plan. It committed the government of Nova Scotia to adopt environmentally responsible or green procurement standards.

In response to this commitment, NSEL implemented a new Environmentally Responsible Procurement Policy in 2005. This Policy was designed to improve the sustainability of their departmental purchasing and to provide a model to assist other government departments to develop their own green procurement initiatives. The Policy can be found at www.gov.ns.ca/enla/sp.

A number of other government departments have also implemented specific environmentally responsible procurement practices. Examples include:

Printing and publication - As of 2006, Communications Nova Scotia, the department responsible for government publishing, began including requirements in tenders for Forestry Stewardship Council (FSC) certified paper products that contain recycled content and, where appropriate, request the use of vegetable, soy or agri-based inks. Work is ongoing to develop Green Design Guidelines for graphic artists.

Local food - In 2006/07, the government made changes through the NSED Supplier Development Program to support the purchase of local agricultural products in provincial health care and justice institutions.

Fleet Vehicles - The Vehicles Policy, approved in August 2007, applies to the acquisition, lease, rental, operation, and maintenance of on-road government vehicles. This Policy ensures the procurement of fuel efficient and environmentally responsible vehicles while maintaining long-term fiscal responsibility.

The purchasing guidelines developed for these initiatives will form part of the implementation guidelines required to support the new sustainable procurement policy.

From Environmentally Preferable Procurement to Sustainable Procurement

Prior to the adoption of the *Environmental Goals and Sustainable Prosperity Act*, the focus of procurement initiatives was on integrating environmental considerations into purchasing decisions. Sustainable procurement, which goes beyond this and also considers the health and societal impacts of the purchasing decision, is the next logical step in public purchasing for the Nova Scotia government. The experience gained while pursuing environmentally preferable purchasing can be applied to the more complex task of implementing sustainable procurement.

Purchasing decisions under the new policy will consider the economic or total life cycle costs of the goods and services, and whenever possible, include the examination of environmental, and societal impacts of the purchase. The policy may also support innovative business practices for pollution prevention, waste reduction, energy efficiency, and social responsibility, along with other benefits. Further, this policy will help encourage businesses and communities as they move towards sustainability.

The development of a sustainable procurement policy is the first step in a multi-year initiative to make sustainable procurement common practice for Nova Scotia's government. The approach to the development and implementation of a sustainable procurement policy will be based on the following principles:

- category by category implementation;
- building supplier capacity to offer innovative and sustainable alternatives;
- building internal government capacity for sustainable procurement;
- leveraging the knowledge and success of others;
- collaborating with stakeholders in the MASH sector and other jurisdictions to share tools and best practices.

A draft sustainable procurement policy is currently being developed. It will be released in the summer of 2008, at which time the government will be seeking input from all stakeholders. Stakeholders such as current and potential government suppliers, the MASH sector, and community based environmental groups, will be encouraged to provide comments on the draft policy and its implementation.

For additional information on the development of the sustainable procurement policy visit www.gov.ns.ca/tenders/