

# Using Purchasing Power to Drive Growth, Prosperity and Community Benefit

## Opening Statement

Every year governments at all levels spend billions of dollars on goods and services from large construction projects to one-off catering contracts. There is increased momentum to harness that procurement power to help raise individuals out of poverty, increase supplier diversity and create community benefits to grow healthy economies and address social need.

Internationally, the inclusion of social value and community benefits in the procurement of public infrastructure is a recognized best practice. Leading public sector practitioners globally balance the consideration of social value, with environmental impact and price. This is referred to as social procurement or community benefit.

By failing to consider wider societal goals, our public procurement system has been increasingly out of step. However, recent political changes suggest this is changing. Currently the federal government, along with six provinces or territories (NS, QC, ON, MB, BC, Yukon) have, or are amidst the changing of policies, practices, and legislation to incorporate community benefit through greater social and economic goals into their procurement practice.

In October 2017, BC Premier Horgan clearly signalled the government's intention to move from low bid to best bid in the awarding of infrastructure contracts; to increase apprenticeship ratios and to promote diverse hiring practices for women, Indigenous Populations and others who are currently under-represented in the construction sector. It is a move consistent with the federal objective of securing wider public benefits from infrastructure projects, which is evidenced in the community Employment Benefits Reporting framework in the Invest in Canada plan.

## Background

Public procurement is one of the primary tools with which government can have a material impact on growth and innovation in the broader economy. However, government's current approach to procurement often undermines its capacity to do so. Public procurement has typically been viewed through a narrow lens resulting in a transactional approach that favours low, short term cost instead of long-term value creation.

Public procurement is being transformed into a more value added function; creating new opportunities to drive innovation and stimulate inclusive economic development. The arrival of social procurement language in ministerial mandate letters at both provincial and federal levels, provides further evidence of governments seeking to leverage taxpayer funded contracts to achieve broad public policy goals.

In addition, there exists an opportunity to leverage procurement to balance the future needs of industry with the future needs of BC communities. As baby boomers retire, the workforce is shrinking and the construction industry is facing a critical shortage of skilled workers. In BC alone 15,000 new skilled construction workers are needed by 2025. Despite this, it is estimated that almost 20% of young people, aged 16-30, are not working or attending school.

BC's construction unions have proposed that industry and government work together to achieve clearly defined Community Benefit Agreements. These agreements would maximize local hiring, skills training and the recruitment of women and indigenous people into the construction and labour force. They would leave a legacy of skills and work experience especially in rural and First Nations communities. The provincial government has the potential to leverage public spending through community benefit procurement to create value in the economy in the form of job creation.

At this time a social procurement framework gap exists, as there is lack of guidance and clarity around the concept of social procurement. In addition, the desired outcomes and objectives of social procurement policy have not yet been defined. It is imperative that procurement practice be aligned with the government's other strategic economic priorities such as job creation, poverty reduction, and youth employment.

#### THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Build internal capacity by creating a centralized, independent body with the goal of improving government's capacity to undertake strategic and community benefit procurement
2. Develop evaluation tools that can be employed to differentiate between simple and strategic procurement based on the complexity of desired outcomes
3. Improve access to procurement opportunities for small and medium enterprises
4. Actively collaborate with industry to define the problems, outcomes, and solutions necessary to meet complex needs and community benefit through the procurement process
5. Increase the diversity of bidders on government contracts and take measures to increase the accessibility of the procurement system while increasing the capacity of underrepresented groups such as women, indigenous peoples, youth, persons with disabilities and visible minorities to participate in the system.
6. Designate a portion of procurement funds to assist the development of innovative products and services in response to complex public needs.
7. Develop a standardized set of metrics to measure community benefit resulting from strategic public sector procurement

*Submitted by the Campbell River Chamber of Commerce*

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