

Presidents' Discussion on Ethical Purchasing January 24, 2014

A major theme of this discussion was the complexity of decisions around purchasing: there's almost always a conflict between several key concerns. Generally, it's a problem of a conflict between, on one hand, the concern for getting good value for money – and hence being able to justify expenditures in a time of budget crisis – and, on the other hand, a concern for the social and environmental impacts of purchasing decisions.

Marc Schroeder, chair of the MRFA bylaws committee, opened the conversation. The MRFA's advocacy committee has been enquiring into ethical purchasing policies at other institutions, as part of the work of brainstorming an ethical purchasing policy for the MRFA. He discovered a real breadth in the concerns indicated by other institutions' policies – which covered not just social good and environmental sustainability but also the legality and transparency of decision-making. Marc mentioned that one of the concerns for an MRFA policy might be a pointed effort not to purchase from companies that suppress unionization or don't support collective bargaining: this would be in conflict with the MRFA's social values as an Association which bargains collectively.

Gerry Cross added that the advocacy committee has found a surprising number of other universities that do have ethical purchasing policies. The MRFA hopes that, by developing its own ethical purchasing policy, it might offer a model for MRU to develop one. But he and Marc both acknowledged the radical difference in scale and complexity between the MRFA's purchasing decisions and the university's.

David Docherty remarked, to emphasize that last point about scale, that in the instance – for example – of a decision about which construction company to hire, it can amount to a difference in cost on the order of millions of dollars (and a difference in timelines) between companies that have unionized labour and those that don't.

Marc indicated his overall sense that – at least for the MRFA – it may always be unavoidable that issues of value for money will be in conflict with other social values. However, what's important is that, for big decisions, a committee would have to decide carefully what is the most rational argument possible for making a particular purchase. And it would have to make that argument transparent to the membership.

Harold Berry, director of supply chain services, then spoke about the university's purchasing decisions. He explained that certain issues are more structured by MRU policy than others, so far.

Issues like conflicts of interest (around hiring or awarding contracts), living wages for university employees, and authority to purchase come up quite regularly. These are governed by MRU policy, including the Code of Ethics.

Other issues are also embedded in policy because they are governed by legislation; these include the necessity of transparency and of ensuring competitive bidding for major contracts. Relevant legislation in this case is provincial legislation designed to break down trade barriers with neighbouring provinces (e.g. Saskatchewan) and the Trade Investment Labour Mobility act, which is designed to free up labour movement between Alberta and BC.

Harold mentioned that there are additional issues that aren't yet structured by policy – including, in particular, purchasing for environmental sustainability. But his office has developed a set of guidelines for sustainability, and those are currently sitting on Duane Anderson's desk. Again, the problem is a conflict between sustainable practices and affordable purchasing.

Some other issues, he explained, are almost entirely unstructured by our policy: these include fair trade, avoiding supply chains that involve child labour or sweatshop labour, etc. He pointed to other institutions, including the City of Calgary and the Calgary Separate School Board, which have struggled to develop workable policies around such issues (and around issues like living wages).

In the general discussion that followed, a number of points were raised, including:

- the difficulty of enforcing policies, given the complexity of global supply chains and the expense of enforcing policies. For instance, MRU construction contracts require that their contractors use minimal packaging on their materials, but we can't afford to have someone check whether the companies actually comply. Marc Schroeder pointed out that some institutions at least reference ethical purchasing policies into their contracts. That way, if someone ever notices an infraction or a complaint is brought up, the institution can take action or end the contract.
- ethical considerations become increasingly important with the size and duration of a contract. One suggestion was that we'd need a number of different thresholds. E.g. if we're going to spend X amount of money, we should look two links deep into the supply chain; if we're going to spend Y amount, we should look 3 links deep...
- at the moment, we don't have good benchmarks in place. Incidentally, MRU is about 6 months behind other local institutions in its pilot, with SAIT and Bow Valley College, to do better waste management sorting (so that it's not all just sent to the landfill). We need to wait until our current contract for waste management is up, before we can embark on the pilot. But there are a few good practices already in place: for example, our paper purchasing is shared with a purchasing group involving institutions from the Calgary area and beyond; all paper purchasing for document services is FSC (Forest Stewardship Council) approved.
- the difficulty caused by needing to take on big, long-term contracts to save money
- the necessity of the university tackling important ethical issues like social good and environmental sustainability (rather than just bowing to budget efficiencies). It's not a question of being "emotional" about these concerns; it's a matter of being a community leader.
- A final touchstone issue was something that hasn't been introduced yet to faculty, but which will be gradually phased in over this term. Faculty will be offered information and orientation about it. Because it hasn't yet been properly "released" or explained, my notes won't suffice to explain it, but the preview is as follows:
 - o following a competitive bidding process, MRU has recently selected a company called UniGlobe to handle all bookings for staff and faculty travel and accommodations. There is a 2-year contract. Once the program is in place, faculty will be making our selections of airfare and accommodation etc. for conference and research travel through this service provider. From the university's perspective, this will mean that we profit from a lowest-price guarantee offered by UniGlobe and the university is able to track where its members are in the case of emergencies (e.g. a hotel fire or a hurricane striking in a place where faculty and staff have gone for conferences). A little over 1% of the university's budget is apparently spent on travel; this 2-year experiment with using a service provider will give us some sense of whether we can save money on that budget line this way.