

Presidents' Discussion on Ethical Purchasing January 24, 2014

This originated as an initiative of the MRFA Advocacy Committee. The MRFA is in the process of developing an ethical purchasing policy for itself and hopefully the University will follow suit. Such policies are about procurement of goods and services being handled consistently, legally, ethically. In a public inst it is important that purchases are done transparently in a fair process and that there is good value for the taxpayers money. It is similar for the Faculty Association: we need to make purchases in an ethical way: getting good value for the dues money. Also, it can be about ensuring that purchases are socially and environmentally responsible however this can be in conflict with other factors.

The Association needs to articulate what its values are and state what it is that you want to try to encourage. We do not want to impose a process that makes it difficult to make purchases. We may have an ethical procurement committee that may kick in after a certain dollar threshold. That would look at the bidding process and ensure the policy is followed and make arguments for your decisions that address the conflicting matters within the policy.

The MRFA's purchasing is not very complicated year to year and we would have a much simpler procurement policy than the university as a whole.

Conflict of interest is another concern, to what extent to can accept or give gifts.

One thing we would articulate in our policy would be collective bargaining rights: it would be hypocritical for us to do business with companies that do not respect bargaining rights.

Our Advocacy Committee looked at this last year and they found a large number of Us with an Ethical Purchasing Policy.

Our purchasing is much simpler than the Universities and so originally we hoped that we would develop an ethical purchasing policy that would be a model for the University but that will not be the case. However, there are principles and values that could modify our behaviour.

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Each issue needs to be assessed as an individual case referring to existing conflict of interest cases.

Gifts and gratuities are often in such policies.

There are mandates around transparency and competitive bidding that is in legislation. The Agreement on Internal Trade. The idea is to break down inter provincial trade barriers. Embedded in the internal trade legislation is the requirement for competitive bidding.

2007 legislation frees up labour mobility and trade between Alberta and BC. In this is additional guidelines for purchasing.

These are ethical concepts pertaining to competition.

More common concepts in such policies are environmental and suitable purchasing: this will likely be going into the next revision of the policies though not yet approved.

Direction on purchasing decisions is needed organizationally.

The City of Calgary tried to tackle the problems of free trade and living wages, The discussion seemed to die off when they discovered the number of people working in certain positions that are not for independent adults. In the purchasing side they do have standards that vendors are to comply to and the check on this is complaint based. This is really tough to get into and organizations are struggling with putting a good framework into place.

Simon Fraser University has one of the best Ethical Purchasing Policies. They have an ethical procurement committee. However they do not have the resources to check on suppliers to confirm that they are ethical and support living wages.

Discussion:

The difference in some considerations could be in the millions of dollars when it comes to construction. Price is part of the consideration but it is not all of it, there are timelines and other considerations. At what point are we going to be criticized for not taking the cheapest bid or for not taking a unionized workforce.

Where feasible we will purchase from union friendly vendor You would not be trapped in it but it would be indicated as a consideration.

It seems some policies require contracts build reference to the policy. If it come out at some point that the company is doing something egregious that the contract could be terminated.

This would work in a complaint based process.

The University does do environmentally sustainable things now in many ways (minimal packaging, recycled paper, full truckloads of concrete rather than half etc.).

It is also getting our use of products down. Reducing out use of paper. This is a sustainability issue.

For the MRFA often the principles are going to be in conflict. The important this for the MRFA is that when you make the decision for a large purchase and the ethical procurement committee kicked in they would have to come up with the most rational argument for why one vendor is better than another. You may not be able to make the perfect decision but you can have and consider and present all the information.

How well are we doing: there are a lot of considerations going into our decisions right now. What is the sense of our efficiency morality etc.

There is no benchmarking right now. We do not have a way to evaluate it it.

We are doing well, we are at least middle of the road.

We are currently looking at waste management and running a pilot in residence for separation of materials.

We have an incredible amount of influence in how we spend money yet we are working on a grant so need to spend responsibly as well.

It is a dilemma: doing the responsible environmental thing to do is spend more money. In tight budget times it is difficult to make these decisions.

Maybe there should be a threshold in terms of how deep you look into the supply chain. It is complicated so we need a sliding scale of how many resources we put into it.

With delegation of authority there is a lack of control however it is efficiency.

Public purchasing group does cooperative purchasing. We get quite cheap paper and it is delivered to each office location. We buy in bulk for docc services. Both are FSC certified paper. We do this for custodial products as well.

There is more interest from people outside Calgary Rockyview to join the Public Purchasing Group.

It may be renamed as right now it is Calgary and Area and the name may change

We get a lot of value for the dollar by doing things like this.

But you have a contract and cannot change things in some areas till contracts expire

These policies tend to discourage going with sole sourced providers: you want to avoid having someone monopolizes your procurement.

Contracts are the result of competitive bids however it locks you in

This is standard practice: you want to establish a relationship where both can invest in the relationship. It depends on the circumstances. More literature points toward partnerships.

We do get preferred sources

There are sources that are extensions of commodities we already purchase from a company

All sole and preferred sources are reported on to Duane Anderson. If there is something wrong with it it will be addressed.

Perception is important in conflict of interest. Decisions cannot have appearance of bias.

People in positions of purchasing must not feel beholden to a vendor.

The University buys a lot of furniture from Ross Glen Office products then we get a donation from Ross Glenn then we get the Ross Glenn Hall. Is there conflict of interest in this?

Not sure of the chronology of this.

As long as the purchasing was competitive