

# Provincial Local Food Procurement Policy: An Opportunity for Manitoba

Presented by:

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**ABSTRACT:**

The following report examines the economic, environmental and nutritional benefits that a provincial local food procurement policy could bring to Manitoba. This research identifies opportunities for the Province of Manitoba to adopt local food procurement policies, and provides examples of successful local food procurement policies and initiatives from around the world. The report also presents ways for the Province to navigate potential barriers, and explains the role that Local Food Plus would play in certifying local food providers and ensuring accountability.

**LOCAL FOOD PROCUREMENT POLICIES:**

According to the Procurement Services Branch, the Manitoba Government annually spends over \$8 million on food products for publicly-funded schools, hospitals, correctional facilities. Manitoba does not, however, deliberately use its expansive buying power to stimulate the local economy, thereby forfeiting a significant opportunity to support Manitoban farmers or producers and bring fresh, healthy food into its many institutions.

Despite the abundance of arable land and agricultural output in Manitoba, our food system has shifted significantly from locally sourced to globally imported. In the last 20 years, there has been a 28.4% decrease in the number of Manitoba farms – and more than 2000 Manitoba farms disappeared between 2001 and 2006 ([Food Matters Manitoba](#)). The resulting consolidation of the Manitoba farming industry has created a de-emphasis of local markets, and increased the percentage of food exportation. This steady decline of small-medium Manitoba farms is mainly attributable to high operating costs and the depreciation of commodity values. However, external forces such as foreign market demands and regulations have also weakened the stability of local farming operations.

The disappearance of family farms and increasing distances between producers and consumers has prompted many to question the environmental, economic, and social sustainability of our food choices. As Manitoba's agricultural sector becomes increasingly export-based, and as we grow more reliant on an imported food supply, the issue of food security - ensuring that all Manitobans can access and afford nutritious food and that agricultural producers are able to make an adequate livelihood - is becoming increasingly salient.

In response to this concern, many jurisdictions around the world have developed and committed to institutional policies and guidelines to purchase local and sustainable food. The procurement initiatives described in this brief are all seen as tools that governments can use to promote a healthier and more sustainable local food economy.

For the purpose of this brief, we have adapted the [New York State Council on Food Policy's](#) definition of 'local' to mean: Food products that are grown raised, produced, and distributed by Manitoban citizens or businesses located within the borders of Manitoba.

## **REASONS FOR BUYING LOCAL & SUSTAINABLE:**

It is difficult to understate the importance of the agricultural sector as an economic engine. The average Canadian family spends 10-40% of their income (after taxes) on food, and at least 16% of Manitoban jobs are directly related or affiliated to food or agricultural sectors (*Food Matters Manitoba*).

The multiplier effect, or indirect economic benefits of agriculture are more significant than in many other industries. Manitoba Agriculture, Food and Rural Initiatives (2006) found that for every \$1 of net income resulting from agricultural operations in Manitoba, an additional \$1.90 is generated in the Manitoba economy. ([Honey & Oleson, 2006](#)). Moreover, it is estimated that Manitobans purchase \$2.7 billion of food each year from outside the province. If a portion of this revenue were redirected locally, there would be a greater return to farmers, more money circulating in local economies, more local employment development, and stronger support for local businesses.

However, the development of a vibrant local food economy requires a diverse array of policy and financial instruments. Increasing the demand for local food through government local food procurement policies can help support local production, and ensure that the agricultural industry generates greater spin-off benefits for surrounding urban centers.

It is also important to consider the significant environmental effects associated with the acquisition of food. Minimizing the distance that both fresh foods and consumers travel can help reduce environmental pollution and increase nutritional benefits. Transportation, however, is only one stage in the life-cycle of a particular food item. Buying locally helps to reduce CO<sub>2</sub> emissions throughout the entire food supply chain. Some research suggests that roughly 30% of the world's pollution can be traced to food production, processing, packaging, transportation, preparation and disposal ([MacLeod & Scott, 2007](#)).

According to a recent survey commissioned by the Province of Manitoba, an overwhelming majority of Manitobans are already aware of the widespread benefits of buying locally. The [Buy Manitoba Food Survey](#) found that 70% of Manitoban consumers agree that local food is better for the environment, 66% agree that Manitoba food is more nutritious, and nearly all respondents agree that Manitoba food helps support local family farms and local economies. However, many people indicated a lack of awareness as one of the strongest reasons for not purchasing locally. The Province has

shown initiative in addressing this issue by helping to fund the *Buy Manitoba Program*, an industry-operated branding and public-awareness campaign. Yet, a great deal of work remains to be done, and the Province must take the next step in implementing its own strategies for purchasing local food. The Province has the opportunity to lead by example and represent the majority of Manitobans who support and acknowledge the advantages of local food procurement.

## EXAMPLES OF LOCAL FOOD PROCUREMENT POLICIES:

Many jurisdictions across the world have taken the lead in promoting local foods by developing procurement policies that support the purchase of locally grown produce by government agencies and institutions. The following case studies offer an example of the creativity and vision with which local food procurement policies may be enacted.

### Markham, Ontario:

In 2008, the municipality of Markham reached an agreement with [Local Food Plus](#) to purchase a minimum of 10% of its municipal services food from LFP-certified farmers in the first year, and increase that commitment by 5% every year thereafter. [Read more](#)

### Toronto, Ontario

The city of Toronto implemented the Local Food Procurement Policy (LFPP) in 2008 by connecting the project with other city initiatives such as the “Climate Change, Clean Air and Sustainable Energy Action Plan.” The LFPP was implemented in a phased manner beginning with the Children’s Services Division. To support the first phase of the LFPP, City Council approved a 0.7% increase, an additional \$15,000, in the operating budget for Child Services in 2009. [Read more](#)

Thus far, the following objectives have been met:

- Increase in local food procurement by 33.4%
- Interdivisional working group established;
- Supplier sourcing more local products;
- Purchasing practices made more sensitive to seasonal availability of produce, which has been effective in managing cost impacts of local procurement

### Rome, Italy:

Since 2000, the Roman government has awarded the food based on the criteria of a 100-point system. 51 points are based on the purchase price of the food, while the remaining 49 points are granted based on the proposal’s support for school infrastructure, and the type or quality of the food (local, fair trade, organic, etc.). As a result, the use of organic and local foods has increased by 50% since 2001, while the price of meals has increased a modest 13.4%. [Read more](#)

**Michigan:**

In Michigan, the Buy Michigan First program promotes local food procurement in state institutions. One of the largest supporters of the program is the state prison program, which has significantly reduced its food budget by buying locally grown produce. Of the \$43 million that the Michigan Department of Corrections contracts for bread, dairy, and meat products, 11% is now locally sourced. The prison system spent another \$4 million on fresh produce in 2005, of which about 28 percent is now Michigan-grown. Plans to expand the program into state hospitals, office building cafeterias, and state-funded universities are currently under way. [Read more](#)

**United Kingdom:**

The UK government's Public Sector Food Procurement Initiative (PSFPI) was launched in 2003 with a mandate to "encourage public sector buyers to work with farmers, growers and suppliers to ensure more sustainable food is consumed in public institutions." Its five priority objectives are:

- Raise production and process standards;
- Increase tenders from small and local producers;
- Increase consumption of healthy and nutritious food;
- Reduce adverse environmental impacts of production and supply; and
- Increase capacity of small and local suppliers to meet demand

The PSFPI has also been active in conducting research on best local food procurement practices, assisting with pilot projects across the country, and publishing guides and tool kits aimed at producers and consumers. [Read more](#)

**University of Toronto:**

With the administrative assistance of Local Food Plus, the University of Toronto launched a local food procurement policy in 2008. Similar to Markham, the University is also using an incremental approach to ease the transition to more local, sustainable food in its cafeterias. The university currently sources up to 15% of its food from LFP certified food producers, and has plans to increase this percentage over time. [Read more](#)

**PRIVATE SECTOR EXAMPLES:**

While Markham, Rome, and Michigan offer strong governmental examples for Manitoba to follow, private sector entities have also adapted their food purchasing policies to reflect the urgent need for sustainable business practices.

**Augustana Campus:**

The Augustana Campus at the University of Alberta has also acknowledged the advantages of living in an agricultural region by prioritizing the purchasing of local food. As a result, the Campus has a mandated preference to purchase food that is produced within a 200-km radius before looking to other sources. By working with farmers and food producers, the Campus has achieved its sustainability objectives for the 300-400 meals that they serve daily. [Read more](#)

**Sysco Corporation:**

In an effort to increase the viability of local small and medium agricultural enterprises, Sysco Corporation - the largest foodservice distributor in North America - launched a two-year local food procurement program in Grand Rapids, Chicago, and Kansas City. In 2009, the pilot engaged 111 new family farms in total sales of nearly \$1.3 million. [Read more](#)

**Loblaw Companies Ltd.**

During peak harvest seasons, approximately 40% of Loblaw's produce is sourced from Canadian growers. The company's *Grown Close to Home* program has committed to supporting Canadian farmers, and reducing the distances between producers and Loblaw's supermarkets through local sourcing strategies. As a result, Loblaw has increased direct-from-farm deliveries and established over 100 new local vendor relationships in the past two years. [Read more](#)

**PROCUREMENT POLICIES IN MANITOBA:**

Although the Manitoba Government currently lacks a local food procurement strategy, other purchasing policies have allowed the Government to achieve multiple objectives. The [Aboriginal Procurement Initiative](#), for example, sets out to "to increase the participation of Aboriginal peoples and suppliers in providing goods and services to the Manitoba Government." In doing so, the government has made a conscious effort to stimulate Aboriginal business development while also addressing core issues of cultural preservation, poverty, and unemployment within Aboriginal communities.

Moreover, Manitoba's [Sustainability Development Procurement Act](#) requires that the government give "careful consideration of the good's, material's or service's impact on the environment, economy, and human health and well-being," in all of its purchasing decisions. Local food procurement would certainly fall within each of these categories, but an independent policy on food procurement would ensure accountability and consistent implementation.

A local food procurement strategy would also align with the Manitoba government's policy framework for community economic development (CED). The CED Framework prioritizes sustainable development by supporting the development of businesses that meet social, economic, and environmental needs. Manitoba's local agricultural industry

stimulates local employment, ensures food security, and improves the environmental sustainability of our food options.

Parallels may also be drawn to the Province of Manitoba's Green Building Policy which requires that all new buildings meet LEED Silver energy efficiency certification. This was phased in over a period of years beginning with one test building in 2007, and then expanded to a point where every building must now meet this certification. Phasing in policies around purchasing food that met local and sustainable certification could be accomplished in a similar manner.

Lastly, the Government recently launched the *Buy Manitoba Program* as part of a five-year program to develop a branding and public-awareness campaign that will help consumers identify and buy locally. Although the program indicates the government's commitment to Manitoba's agri-food processing industry, a local procurement policy would send a strong message of support to local food producers.

### **POSSIBLE BARRIERS:**

There is a widespread misconception that sourcing food for government agencies from local suppliers violates international and domestic trade and procurement policies. European Union trade regulations, for example, include a principle of nondiscrimination on the grounds of nationality in the awarding of public contracts. However, the aforementioned local food initiatives by governments in Italy and the U.K. prove that governments can legally support local food production through procurement policies.

For the Manitoban government, the [Canadian Agreement on Internal Trade](#) (AIT) may be considered one of the largest barriers to a local food procurement policy. However, there are a number of exceptions and exemptions to the AIT under which local sustainable food procurement would qualify.

- Certification provisions, which could include "local and sustainable" food procurement standards, do not discriminate against bidders. Local food certification provisions do not discriminate against bidders. Anyone can participate in the tendering process as long as the bidder can demonstrate that it is capable of meeting certification criteria.
- Any good being resold to the public is not covered under the AIT. In government-run cafeterias for example, since the food purchased is resold, it would be exempt.

**ENSURING ACCOUNTABILITY:**

A successful food procurement policy will depend on the cooperation of all stakeholders. Local Food Plus, an Ontario based nonprofit organization, acts as a mediator between commercial consumers and food producers. Their potential role in facilitating the local food procurement policy process in Manitoba is two-fold.

First, LFP certifies local sustainable food producers who have committed to plying their trade through socially responsible and environmentally conscious methods. For the sake of consistency and accountability, they have developed a useful and holistic definition of sustainability, which requires all certified food producers to:

*“...Actively reduce or eliminate pesticide use, treat their animals well, conserve soil and water, protect wildlife habitat, provide safe and fair working conditions, reduce energy use, and sell locally wherever possible.”*

LFP’s second role is to help broker the arrangements between certified producers and consumers to ensure that supplies meet demand. Under the current system, Provincial agencies have no formal mechanism that enables them to choose locally grown product over out-of province/country products. Similarly, local farmers and processors currently lack proper mechanisms and support to adjust crop variety and volume to accommodate institutional demands. The presence of a third party facilitator such as LFP can help ensure that quality standards and price competition remain consistent with the government’s procurement principles and criteria.

LFP has played an essential role in developing local food procurement strategies in Markham and Toronto, Ontario. Fortunately, LFP has recently received funding to expand into Manitoba and potentially lend their experience and expertise to the Government of Manitoba.

**CONCLUSION:**

The food market is not ruled by abstract market forces. Rather, public policy plays a critical role in ensuring that all Manitobans have the opportunity to support local farmers and access healthy, sustainable food choices. By stimulating local economies, improving our environmental stewardship, and promoting food security, a local food procurement policy has the potential to help create a more stable, sustainable, and healthy food system for Manitoba.

Precedent proves that with political will, it is possible and beneficial for governments to set objectives and commit to injecting a percentage of their institutional food budgets into the local food economy. With the support services of Local Food Plus, the

Government of Manitoba's local food procurement policy could become an important step towards sustainable prosperity in Manitoba.