

**Backgrounder on Institutional Procurement of Local Food**

**31 July 2012**

**Introduction**

This backgrounder reviews some of the essential contributions that institutional procurement of food that is local, fresh and ecologically produced makes towards healthier Ontarians, economic resilience and environmental impact reduction. It also addresses trade issues and demonstrates that exceptions are written into much of the relevant legislation that may allow for more institutional procurement of local food. It concludes with recommendations that the Ontario government should adopt to incorporate institutional procurement into the proposed Local Food Act.

**Key Terms**

For the purposes of this document, *local food* is food that has been grown or caught, processed and distributed as near to the point of consumption as possible. This can include the community, municipality, bioregion, province or country where the food is consumed.[[1]](#endnote-1) When we say *fresh food*, as often as possible, food should be delivered to the consumer within the least possible time from when it is picked and with the least possible processing. When we refer to food that is produced using ecological practices, we mean food production that reduces on-farm energy consumption and greenhouse gas emissions and reduces or eliminates use of synthetic pesticides and fertilizers, avoids the use of hormones, antibiotics and genetic engineering and conserves soil and water.[[2]](#endnote-2)

When used together, these three terms support the well being of the whole food system as local, fresh and ecologically produced food benefits public and environmental health, increases the wealth of local economies and supports small and medium sized farmers.

**How does local food procurement contribute to a better Ontario?**

Environmental Impact Reduction

 A study conducted in the Waterloo region found that the 58 food items studied travelled an average of 4,497 km and generated 51,709 tonnes of greenhouse gases.[[3]](#endnote-3) Policies for the procurement of local food and ecological food production are appealing to constituents with environmental concerns and the growing local food movement as sourcing locally means that food travels less far and that we depend less on fossil fuels. The procurement of local and ecologically produced food promotes a food system with environmental well-being and regeneration in mind, demonstrating a strong commitment to Ontario’s environmental goals.

Economic Resilience

 If procurement policies support local production, increased financial resources remain in the local economy and grow through a process known as the multiplier effect – the local economic activity that is triggered by the purchase of an item.[[4]](#endnote-4) The more a dollar circulates in a defined region, and the faster it circulates, the more income, wealth and jobs it creates.[[5]](#endnote-5) For example, it is estimated that if every household in Ontario spent $10 a week on local food, there would be an additional $2.4 billion in the local economy at the end of the year and 10,000 new jobs would be created.[[6]](#endnote-6) This can have significant impacts in the revitalization of isolated and currently vulnerable areas as well as improving the incomes of local producers.[[7]](#endnote-7)

Public Health

 Procurement policies for fresh, local food increase access to fresh food for the populations within public institutions such as school children and those recovering from illnesses. When these populations consume fresh, local food it may reduce future government costs such as those incurred by childhood obesity and diabetes and long and frequent hospital stays.

Only 14% of children between 9 and 12 years of age eat the recommended daily serving of fruit and vegetables.[[8]](#endnote-8) With childhood obesity and diet-related illness on the rise, schools are in a unique position to reverse this trend. By providing fresh, healthy and locally-sourced foods, schools may set life-long precedents for proper nutrition and healthy lifestyles. Ontario’s future economic performance, productivity and health care costs depend on how well children learn in school and on what habits they develop. For this reason, fresh, local food procurement in schools appeals to a variety of voters including parents, educators, health practitioners, and advocacy groups who work to combat child poverty and food insecurity.

The Ontario health care sector provides approximately 115 million meals every year and less than a quarter of this food is from Ontario.[[9]](#endnote-9) These public tax dollars currently being spent on highly-processed, imported food could be buying fresh local food and being recycled back into the provincial economy. Today, long-term care facilities are to spend $7.60 per patient per day on food, which St. Joseph’s hospital in Guelph has managed to maintain making 75% of their food from scratch and sourcing 20% locally.[[10]](#endnote-10) Hospital and long-term care facility patients need fresh food to boost their morale, their health, their healing time and to act as a model of healthy eating outside of the facility.

**Examples of Success**

Peel District School Board

Developed a School Food Action Coalition to increase the use of Ontario foods in the cafeteria. A specially designed logo informs students and staff of local food options in the cafeteria, and students have been engaged in the process through a “menu challenge.”[[11]](#endnote-11)

St. Joseph’s Health Centre in Guelph

Since 2006, St. Joseph’s has entirely changed its food service culture, preparing 75% of patient meals on site and sourcing fresh, seasonal ingredients from local suppliers while staying on budget. This approach has significantly reduced food waste and increased both patient and staff satisfaction.[[12]](#endnote-12)

**Interactions with Trade Agreements**

Trade agreements can appear to present barriers to the procurement of local food. However, upon closer examination, exemptions do exist that allow and have allowed public institutions in Ontario to source more food locally. Firstly, though Canada is a signatory to the *North American Free Trade Agreement*, it does not presently apply to provincial or municipal institutional procurement.[[13]](#endnote-13)

The province is however subject to the *Agreement on Internal Trade* (AIT), which stipulates that all Canadian suppliers have the right to bid on public-sector contracts over a certain value. As well, the *Discriminatory Business Practices Act* prohibits granting preference to suppliers based on geographic location. Additionally, if passed the Canada-European Union Comprehensive Economic Trade Agreement (CETA) will apply to these jurisdictions.[[14]](#endnote-14) However, where institutions have been able to word their Requests for Proposal strategically, using technical specifications that favour local food, some agreements are still broad enough to allow them to source more food locally, as the University of Toronto and many other jurisdictions have done.[[15]](#endnote-15) For example, the AIT allows for an exception to the procurement rules if a party can demonstrate “that the purpose of the measure is to achieve a legitimate objective” such as protection of the environment, protection of human health or affirmative action programs for disadvantaged groups.[[16]](#endnote-16) Certainly the objective of the procurement of fresh and/or ecologically produced and/or local food fits into this definition.

 Another agreement that provides space for local procurement is the *General Agreement on Tariffs and Trade*, in which Article III indicates that governments cannot apply taxes or other barriers to imported products to support their domestic economy. In theory, Paragraph 8 allows for exemptions for government agencies purchasing food for government purposes and not for commercial resale.[[17]](#endnote-17) However, these terms are currently being debated in two WTO trade dispute panels.[[18]](#endnote-18)

**Recommendations**

🡪 Develop fresh, local and ecologically produced food procurement policies for public institutions

* Develop these procurement targets and build these requirements into contracts with food suppliers in Broader Public Sector institutions.
* In particular, increase the availability of fresh, local and ecologically produced foods in childcare settings, preschools, schools, colleges, universities, long term care facilities, hospitals, corrections facilities, recreation centres, government workplaces and other public facilities.
* Provide incentives and training to enable public sector institutions to meet the procurement targets.
* The Ontario Government should define fresh, local and ecologically produced food.
* The Ontario Government should establish tracking mechanisms for institutions to measure the use of fresh, local and ecologically produced food.

🡪 The Ministry of Health and Long-Term Care (MOHLTC) should prioritize food as both a treatment and prevention tool.

* Increase the amount of fresh, local and ecologically produced food in hospitals and long-term care facilities[[19]](#endnote-19)
* Increase the MOHLTC food subsidy, increase the percentage of facilities’ budgets devoted to the food service department and adjust Ontario’s food safety regulations to facilitate local procurement.

🡪 Increase the amount of local, fresh and ecologically produced food in childcare settings, schools, colleges and universities

* Develop purchasing policies in these institutions as a means to increase child and youth access to fresh food.
* Establish and maintain children’s gardens and composters in schools.
* Continue and expand funds for the Student Nutrition Program and develop a universal Student Nutrition Program for the province.
* Require all new elementary and secondary schools to have a kitchen and cafeteria and support accompanying local food culinary programming.

🡪 Create the infrastructure necessary to enable local, fresh and ecological food procurement

* Continue and expand the Broader Public Sector (BPS) Investment Fund and ensure a portion of the fund is directed toward innovative new leading edge players in the BPS food sector as well as established food companies.
* Provide funding for soft infrastructure organizations that facilitate local food producers, processors and distributors in accessing the BPS market.
* Encourage mechanisms to recognize accountability in the local food system, including third party certification.
* Develop markets for products rejected by supermarkets.[[20]](#endnote-20)

🡪 Ensure that trade agreements do not adversely impact institutional procurement of local, fresh and ecological foods.

* The province should advocate against the inclusion of provincial and municipal procurement in new trade agreements.
* The province should monitor the impact of any existing trade agreements on local, fresh and ecological food procurement.

🡪 Strategically craft requests for proposals for food tenders so as to a) utilize the exemptions available in relevant trade agreements or b) make requests that are not subject to trade agreements.

* Include technical specifications that favour locally produced food such as seasonality, freshness, organic certification, or ecological practices.
* Break up large requests for proposals for food tenders into several smaller requests with the goal of increasing access for small farmers, businesses and food organizations to bid on the contracts.
* Link food to culture based on unique territorial characteristics of food grown in a particular geographic area.
* Design requests to fall below monetary thresholds of trade agreements, such as the local food procurement policy in Nova Scotia.
* Support non-profit organizations in facilitating procurement deals with the public sector as the AIT provides an exemption in these cases.[[21]](#endnote-21)
* Adopt procurement measures that focus on the MASH sector (includes municipalities, municipal organizations, academic institutions, schools and health and social services organizations), for which procurement rules tend to have higher monetary thresholds.
1. Adapted from the definition of “local” by Local Food Plus. Available online: <http://www.localfoodplus.ca/about/faqs#7>. [↑](#endnote-ref-1)
2. Adapted from the definition of “sustainable” by Local Food Plus. Available online: <http://www.localfoodplus.ca/about/faqs#7>. [↑](#endnote-ref-2)
3. MacLeod, M. and Scott, J. 2007. “Local Food Procurement Policies: A Literature Review.” Nova Scotia: The Ecology Action Centre and the Nova Scotia Department of Energy. [↑](#endnote-ref-3)
4. Swenson, D. 2009. “Investigating the Potential Economic Impacts of Local Foods for Southeast Iowa.” Ames, IA: Iowa State University. (Leopold Center for Sustainable Agriculture). [↑](#endnote-ref-4)
5. Shuman, M and Hoffer, D. 2007. “Leakage Analysis of the Martha’s Vineyard Economy: Increasing Prosperity through Greater Self-Reliance.” (Training and Development Corporation). [↑](#endnote-ref-5)
6. Ogryzlo, L. 2012. “$10 Challenge, Billion Dollar Impact.” The Ontario Table. Available online: <http://www.ontariotable.com/10-challenge-billion-dollar-impact/> [↑](#endnote-ref-6)
7. MacLeod and Scott, 2007. [↑](#endnote-ref-7)
8. Heart & Stroke Foundation of Canada. 2002. Retrieved from the Ontario Student Nutrition Program website. Available at: http://www.osnp.ca/menu.php?list=595&page=135 [↑](#endnote-ref-8)
9. Sustain Ontario. 2011. “Vote ON Food and Farming: FAQs.” [↑](#endnote-ref-9)
10. Schwartz, D. 2012. “Hospital food ‘revolution’ takes root.” CBC News: Health. [↑](#endnote-ref-10)
11. The Greenbelt Fund. 2012. “Connecting the Links: Food Service in the Broader Public Sector.” [↑](#endnote-ref-11)
12. The Greenbelt Fund. 2012. [↑](#endnote-ref-12)
13. Baker, L. Campsie, P. and Rabinowicz, K. 2010. “Menu 2020: Ten Good Food Ideas for Ontario.” Metcalf Food Solutions. [↑](#endnote-ref-13)
14. Council of Canadians, 2012. [↑](#endnote-ref-14)
15. Baker *et al*. 2010. [↑](#endnote-ref-15)
16. Carter-Whitney, M. 2008. “Bringing Local Food Home: Legal, Regulatory and Institutional Barriers to Local Food.” Toronto: Friends of the Greenbelt Occasional Paper Series. [↑](#endnote-ref-16)
17. World Trade Organization. 1947. “The General Agreement on Tariffs and Trade.” WTO Legal Texts Online. [↑](#endnote-ref-17)
18. WTO Disputes DS412 and DS426. [↑](#endnote-ref-18)
19. All recommendations in this section from: Padanyi, P., Kanetkar, V., Varangu, L., Wylie-Toal, B., Blay-Palmer, A. 2012. “Report on Food Provision in Ontario Hospitals and Long-Term Care Facilities: The Challenges and Opportunities of Incorporating Local Foods.” University of Guelph, The Ontario Ministry of Agriculture, Food and Rural Affairs Partnership Fund, and The Canadian Coalition for Green Health Care. [↑](#endnote-ref-19)
20. MacLeod and Scott, 2007. [↑](#endnote-ref-20)
21. Agreement on Internal Trade, Article 507(a), (d). [↑](#endnote-ref-21)