

2005



Report of the
**Commissioner of the
Environment and
Sustainable Development**
to the House of Commons

Chapter 6
Green Procurement



Office of the Auditor General of Canada

The 2005 Report of the Commissioner of the Environment and Sustainable Development comprises eight chapters, and The Commissioner's Perspective—2005 and Main Points. The main table of contents is found at the end of this publication.

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Chapter

6

Green Procurement

The audit work reported in this chapter was conducted in accordance with the legislative mandate, policies, and practices of the Office of the Auditor General of Canada. These policies and practices embrace the standards recommended by the Canadian Institute of Chartered Accountants.

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Green Procurement

Main Points

What we examined

Green procurement involves buying goods and services that are less harmful to human health and the environment than competing products that serve the same purpose. We examined efforts to promote and support green procurement across the federal government, including guidance to departments on how to address green procurement in their sustainable development strategies. We also looked at the approach taken by eight departments and agencies in their strategies and the progress made on specific commitments by three departments.

Why it's important

The federal government is one of the largest purchasers of goods and services in Canada, spending a reported \$13 billion each year. This means that greening federal procurement can deliver substantial benefits. The government can significantly reduce the environmental burdens of its operations by buying goods that are energy efficient, for example, or that are produced without using or releasing toxic substances, or that are easily disassembled for reuse and recycling. Green procurement can also boost the availability of green products and services and stimulate innovation, in line with the government's promotion of sustainability as a key to Canada's competitiveness.

Recognizing these benefits, the federal government has made numerous commitments to green its procurement, dating back to 1992. Several recent developments, such as the government's decision to increase central management of procurement, provide new opportunities to take effective action.

Significant progress on green procurement requires clear government-wide direction on what is expected, who is accountable, and how progress will be measured, as well as practical support through expert advice and training. Progress also depends on clear commitments and follow-through by individual departments.

What we found

- Important progress on greening procurement is possible, as shown by initiatives both within and outside the federal government. Yet after more than a decade of promises, the federal government is still not using the potential of green procurement as a tool to achieve sustainable development objectives.
- Central direction on green procurement is missing. Instructions to develop a government-wide approach to green procurement were first given in 1994, but there is still no federal strategy or policy. In the 2004 Speech from the Throne, the government recommitted to develop and implement a government-wide green procurement policy by 2006. But this requires considerable work, and no full-time personnel have been dedicated to it.
- Some of the key federal documents on the roles and responsibilities of buyers and suppliers do not address green procurement. Similarly, the federal government has not effectively used sustainable development strategies as a way of advancing green procurement.
- There is currently no credible basis to assess government-wide progress on green procurement.
- Public Works and Government Services Canada (PWGSC), the department with the most significant government-wide procurement responsibilities, has taken some initiatives to raise awareness about green procurement. But it has not made significant progress in greening the procurement services it offers to federal departments and agencies. For example, PWGSC's standing offers are used by departments and agencies for routine purchasing of common goods and services. But fewer than two percent of the standing offers on PWGSC's Web-based index are designated as green.

Public Works and Government Services has responded, on behalf of the responsible departments and agencies. It has agreed with the recommendations. Its consolidated response, including the actions it plans to take, can be found at the end of the chapter.

Introduction

Why federal green procurement?

Green procurement—It is the purchase of goods and services that are less harmful to the environment and to human health than competing products and services. It includes

- looking at how needs could be met without new purchasing;
- choosing a manufacturer who can demonstrate good environmental management practices; and
- buying goods that are produced with fewer resources, do not use or release toxic substances, are energy efficient, or are easily disassembled for reuse and recycling.

Managing the environmental impact of purchases goes beyond green procurement. How they are used, maintained, and disposed is also important.

6.1 The scale of federal procurement means that the benefits of greening could be substantial. The federal government is one of the largest purchasers in Canada. In recent years, it has spent a reported \$13 billion annually on goods and services that range from paper clips to airplanes and from building maintenance to specialized scientific research.

6.2 The government has recognized that by greening its own procurement it can

- reduce environmental impacts,
- increase “green” products and services in the Canadian marketplace and stimulate green innovation (see special insert on page 4),
- lead by example, and
- share experiences and tools with other levels of government and the private sector.

6.3 The federal government has made many commitments on green procurement over the years. For example

- In 1992, through its Code of Environmental Stewardship, it committed to ensuring that environmental considerations would be integrated into government purchasing policies and practices.
- In 1995, it identified green procurement as one of seven priority areas for greening its own operations.
- In 2002, it made international commitments on green procurement through the Organisation for Economic Co-operation and Development, and at the World Summit on Sustainable Development.
- In 2004, in the Speech from the Throne and in 2005, in the federal Budget, it committed to implementing a green procurement policy by 2006.

6.4 Recent federal developments strengthen the potential for progress on green procurement. They include the following:

- The government is taking steps to further increase central management of procurement by Public Works and Government Services Canada (PWGSC). This presents opportunities to build green procurement expertise, expand tools, and set requirements.

- The Prime Minister recently gave the Minister of Public Works and Government Services Canada the lead to make rapid progress in greening government operations, including greening procurement. To help fulfill this mandate, in April 2005 PWGSC launched the Office of Greening Government Operations.
- The government is beginning to promote a vision of the Canadian economy that makes environmental sustainability key to competitiveness. Federal green procurement can play a role in increasing green products and services and stimulating innovation.

Major buyers can stimulate a greener marketplace

The Canadian book industry. A few years ago, Canadian book publishers who wanted to use paper with a high recycled content had to place a special order with their printer, and pay a sizeable premium. But a campaign by an environmental organization led a growing number of publishers to demand more environmentally appropriate paper. This prompted numerous Canadian pulp and paper companies to develop “ancient forest friendly” papers for books, including several that are chlorine-free and made completely from post-consumer recycled fibre. Now most Canadian book printers stock some of these papers. Canada’s success has stimulated similar initiatives in the U.S. and Europe. Also, because some publishers want to continue greening the paper they use, Canadian mills are now experimenting with agricultural fibres in paper.

IKEA. The furniture company IKEA wanted to sell compact fluorescent light bulbs (CFLs) because of their high energy efficiency, but was concerned about their mercury content. So it set a low maximum mercury content when it solicited bids from manufacturers. The company that won the initial contract offered an economically-priced CFL that met this requirement. IKEA maintains a competitive incentive for continued reductions—it will buy the CFL with the lowest mercury content as long as it performs to specifications.

Focus of the audit

6.5 Our audit of green procurement focussed on two objectives:

- Determine the extent and influence of government-wide direction and support for green procurement, including guidance on how to deal with green procurement in departmental **sustainable development strategies**.
- Assess whether the Canada Revenue Agency, Canadian Heritage, and Public Works and Government Services Canada had delivered on selected green procurement commitments made in their 2001 strategies.

More information on our audit objectives, scope, approach, and criteria is provided in **About the Audit**.

The recommendations we make are directed primarily to PWGSC, since it has the key federal mandate on procurement and is now the designated leader for greening government operations.

Sustainable development strategies—More than thirty federal departments and agencies are now required to submit a sustainable development strategy to Parliament every three years. These organizations are also expected to report against the commitments that they set out in their strategies.

Observations and Recommendations

Government-wide direction and support

The government still does not have a green procurement policy and strategy

6.6 Attempts to develop a government-wide approach to green procurement span more than ten years. For example

- In 1994, a committee of deputy ministers asked the Treasury Board Secretariat and Environment Canada to work with departments to develop a federal plan for green procurement.
- In late 1999, an interdepartmental working group was established under the Treasury Board Advisory Committee on Contracts (TBACC) to develop a green procurement policy and strategy. The working group decided to focus only on the policy. The policy is key to establishing government-wide vision and objectives for green procurement and who will be accountable for meeting them.
- In early 2003, the TBACC finalized a proposed policy. It then sent the policy to the three co-chairs of the Directors General Coordinating Committee of Sustainable Development in Government Operations (SDGO)—Environment Canada, Natural Resources Canada, and Public Works and Government Services Canada—“for appropriate action.”

6.7 Yet for a variety of reasons—including confusion about organizational roles; shifts in responsibilities; unclear relationships between the green procurement **policy**, its **guidelines**, and the **strategy**; changes in the Secretariat’s approach to policy development; and lack of dedicated staff—there is still no government-wide green procurement policy or strategy. (When we refer to the green procurement policy, it includes the policy and its guidelines, unless otherwise noted.). The task group on green procurement, a sub-committee of the SDGO, is still working on a proposed policy to present to Treasury Board, and on a strategy it began in 2003. One of the costs of delay is that, in anticipation of a federal policy, some departments curbed their efforts to develop and implement their own green procurement plans.

6.8 **There is no full-time staff working on the policy or strategy.** Developing a coherent, long-term policy and a strategy to support green procurement is complex and demanding—especially with so many federal departments and agencies involved. A lot of effort has been put in over the years to develop a policy and strategy, but without any full-time staff. Given the remaining challenges—agreeing on a draft policy to submit to Treasury Board, getting it approved by

Policy, guidelines, and the strategy—As explained in recent documents, the green procurement **policy**—which will be part of Treasury Board’s procurement policy framework—will provide direction to deputy heads. It will be accompanied by **guidelines**, which are instructions for employees. The **strategy** will provide advice to assistant deputy ministers and directors general who are responsible for procurement.

Who is responsible for government-wide direction on green procurement?

Public Works and Government Services Canada (PWGSC) has a key and growing role in federal procurement, and it has recently been given the lead in greening government operations. At the same time, the Treasury Board Secretariat's involvement is essential because green procurement is a government-wide issue. Other departments also have a role. In particular, Environment Canada and Natural Resources Canada, with PWGSC, are co-sponsors of the policy. These departments also co-chair the Sustainable Federal House in Order initiative, of which Sustainable Development in Government Operations is a part.

Differences in the environmental impact of competing products can be significant

With floor coverings, for example, *The Environmentally Responsible Construction and Renovation Handbook*, by PWGSC, points out that

Linoleum consists entirely of renewable resources and does not emit serious pollutants. Vinyl is made of non-renewable petroleum, is not biodegradable, and gives off the greatest amount of emissions of all common floor coverings.

Treasury Board, and developing the strategy—there is a risk that fragmented attention will not yield success.

6.9 The Treasury Board Secretariat has an important role to play in ensuring that the policy is coherent and complete enough to allow for efficient review and approval by Treasury Board, and that it will be a good basis for advancing federal green procurement. Part of this role is to ensure that the submission to the Treasury Board is clear about the resources needed to implement the policy.

6.10 Recommendation. Public Works and Government Services Canada and the Treasury Board Secretariat, in co-operation with other responsible departments and agencies, should take all necessary steps—including setting milestones, allocating adequate resources, and assigning staff with appropriate expertise—to ensure that the green procurement policy is completed, approved, and implemented by 2006. This is the timeframe promised in the 2004 Speech from the Throne.

6.11 The money for procurement comes from the annual budgets of program managers. If they believe that “green” is more expensive, they—and the procurement staff who assist them—might be reluctant to consider green products and services. It is important that the policy and strategy provide clear direction on how to overcome the cost barriers, both perceived and real (Exhibit 6.1).

Exhibit 6.1 Steps to address the cost barriers to green procurement

Dispel the perception that “green” is more expensive

- Some green goods and services cost the same or even less than regular goods and services.
- There can be savings at other points in the life-cycle. For example, lower energy consumption, maintenance, repair, or disposal costs can make up for a higher up-front cost.
- Education can raise awareness of these realities and promote life-cycle costing.

Promote consideration of indirect benefits

Based on health or environmental benefits, green procurement may provide better value for Canadians even when direct costs—the price paid plus the cost of use, maintenance, and disposal—are higher. Progress in taking such benefits into account will depend on the following:

- Communicating clearly to program managers and procurement personnel about the options they have—including how much they can spend and under what circumstances—to favour products and services with significant environmental benefits.
- Establishing tools and mechanisms to deal with cost constraints, such as
 - cross-subsidization—allowing savings from procurement in one area to be applied to greening procurement in another area, and
 - a “federal first-buyer” fund, providing additional funds for the purchase of promising green products and services.

The government needs to raise the profile of green procurement

6.12 Federal procurement is governed by many acts, policies, and trade agreements; is carried out by all departments and agencies; and involves a huge number of federal employees (Exhibit 6.2). In some of its procurement, the government also tries to promote socio-economic benefits. In this complex environment, a green procurement policy is not enough; the government needs to use many other channels to promote and support greener procurement.

Exhibit 6.2 Federal procurement: A complex environment

The departments and agencies

Treasury Board. It is responsible for the government's procurement policy framework and process.

Public Works and Government Services Canada (PWGSC). It is the common service provider for federal procurement. It has an exclusive mandate for procurement of goods but has delegated some authority to other departments and agencies.

Other departments and agencies. They use PWGSC for some of their procurement and also manage some internally. The way each organization manages procurement varies considerably, including the degree of decentralization.

The people

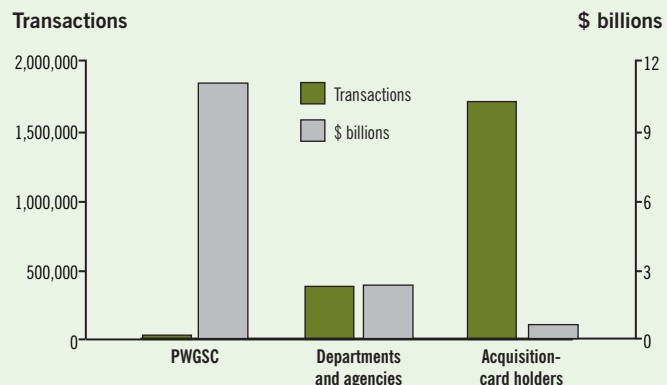
Contracting or procurement officers and their managers. They handle procurement processes such as soliciting and evaluating bids, and negotiating and managing contracts. There are over 2,000 federal employees classified as procurement personnel, but others also carry out these activities. The majority of procurement personnel are in PWGSC.

Acquisition-card holders. They have been given authority for minor day-to-day purchasing required for their operations. They number in the tens of thousands.

Program managers and other personnel. They identify procurement needs and cover the cost of the purchased goods and services from their budgets.

The numbers

In 2003, total federal procurement of goods and services was reputed to be about \$13.9 billion, and was distributed as follows:



6.13 Green procurement has been missing from some key documents that direct and guide federal buyers. For example, Treasury Board's Contracting Policy provides comprehensive direction on procurement. Revised in June 2003, it still does not refer to environmental considerations in procurement. This is also true of the Customer Manual, a key PWGSC guide to provide federal buyers and materiel managers with information on PWGSC's purchasing services. On the other hand, the New Buyers' Guide, the manual that explains to federal buyers the rules and procedures for buying, does promote green purchasing.

6.14 The greening of procurement also has not been reflected in government-wide and departmental initiatives to improve procurement. For example, we identified 20 audits and evaluations on contracting and procurement conducted over the last three years by the nine departments that we examined, including PWGSC. None of these addressed any environmental dimensions of procurement. Nor was the issue reflected in the report of the recent government-wide review of procurement.

6.15 Under these circumstances, it is not surprising that green procurement is not a high priority for procurement staff. A recent government-wide survey on procurement included questions such as

- What should be the secondary objectives of contracting?
- What constitutes effective procurement?

Only 12 of the 64 departments and agencies who responded made any reference to the environment, sustainable development, or green procurement. Also, according to PWGSC, in 2003–04 the government's main Web site on green procurement—the Green Procurement Network—had an average of only 140 hits a month.

6.16 In our view, even though a green procurement policy is not yet in place, the government should move on other important opportunities to advance green procurement. Treasury Board Secretariat, Public Works and Government Services Canada, and Environment Canada could include guidance and information on green procurement whenever they develop and update government-wide procurement policies, directives, guidance, and related materials.

6.17 Another way the government could raise the profile of green procurement is to clearly signal to senior procurement personnel—and to managers of programs that generate significant demand for goods and services—that progress on green procurement is part of their job. The Treasury Board Secretariat has noted that one tool for effectively

Did you know?

The federal government is looking to green procurement as one way to reduce its own greenhouse gas emissions, as reflected in its April 2005 climate change plan (Project Green). This is part of a commitment to ensure that its internal operations are among the "greenest" in the world.

Did you know?

Mountain Equipment Co-op, a retail co-operative, includes environmental goals in the annual performance and bonus plans of staff, including those responsible for procurement.

managing change is setting targets in individual performance agreements and tying the results to performance pay. At least one department, Canadian Heritage, committed to including “green” purchasing in the performance contracts of managers with significant responsibilities for procurement—although, it has not yet done so.

6.18 Recommendation. Through the green procurement policy and strategy, Public Works and Government Services Canada, in co-operation with other responsible departments and agencies, should promote the inclusion of green procurement expectations in the performance evaluation of managers with significant procurement responsibilities, and should require departments and agencies to report on implementation.

Sustainable development strategies have not been well used to advance green procurement

6.19 The federal government could use departmental sustainable development strategies to deliver on its long-standing commitments to green procurement.

6.20 For the 2001 strategies, the deputy ministers of the three departments that co-chaired Sustainable Development in Government Operations—Environment Canada, Natural Resources Canada, and Public Works and Government Services Canada—signed off on proposed targets and performance measures for the strategies. These addressed all aspects of greening government operations. Some departments and agencies included one or more of the proposed green procurement targets and measures in their strategies, or ones that were similar. During our audit we were told that procurement personnel were not involved in developing the targets and performance measures. As a result, some were not necessarily well adapted to procurement realities. For example, one of the proposed measures—total value of green purchases—is currently impractical (see Exhibit 6.3 for more information).

6.21 For the 2004 strategies, the government did not provide guidance to departments and agencies on green procurement. We cannot directly link this lack of guidance with deficiencies in the way federal organizations addressed green procurement in their strategies. However, when we compared how green procurement was addressed in the 2001 and 2004 strategies of eight departments and agencies, we found a decline in the number of departments and agencies that made green procurement commitments, and in their measurability.



The EcoLogo™ is the certification symbol of the Environmental Choice Program, an environmental labelling program set up by Environment Canada in 1988 and managed by a private firm.



“Green” hotels—The 2005 accommodation directory for federal employees shows the eco-ratings given by both the Green Key and Green Leaf programs.

6.22 We also observed that departments seldom used existing tools and opportunities to set simple, concrete objectives and targets. For example, in the 2001 and 2004 strategy commitments of the eight departments and agencies

- None indicated that EcoLogo™ certified products and services or their equivalent would be used, where available.
- Only one indicated that the “green” hotels listed in PWGSC’s accommodation directory would be used, where possible.

More generally, we found that the type and quality of the green procurement commitments varied greatly between the eight organizations.

6.23 Since all federal organizations buy goods and services, it is possible to set some common objectives and targets. The three-year cycle of the strategies could be used to set progressively more ambitious green procurement objectives and targets, as opportunities emerge.

6.24 Recommendation. Public Works and Government Services Canada, in co-operation with other responsible departments, should ensure that the green procurement strategy sets out the role of the sustainable development strategies in green procurement. It should also ensure that guidance on green procurement is developed in time for the 2007 strategies, including a core set of practical and progressive green procurement objectives and targets that departments and agencies would be expected to incorporate.

Performance measurement requires better planning

6.25 In our 2000 chapter on greening government operations, we found very limited use of common performance indicators to measure and report on progress. Since then, some departments and agencies have responded to efforts by the Sustainable Development in Government Operations (SDGO) to build a government-wide picture on greening government operations. But the SDGO has acknowledged that reporting on green procurement has been far from adequate to assess overall federal progress. Improvements in reporting will likely require a staged approach (Exhibit 6.3).

6.26 At least until a single electronic system for federal procurement is in place, government-wide reporting on green procurement could be derived from departmental reporting associated with the sustainable development strategies. This would require that

- the government set some common performance measures for the strategies, tied to the core set of objectives and targets recommended in paragraph 6.24.

- departments consistently report progress on the measures in their strategies.

Moreover, if applied to other aspects of greening government operations, this approach could reduce risks and inefficiencies associated with fragmented reporting—including the challenge for parliamentarians and other Canadians in getting a comprehensive picture of the government’s progress in greening its operations.

Exhibit 6.3 Measuring performance on green procurement: A possible staged approach

Long-term approach: Tracking the dollar value of green procurement as a proportion of total procurement

This measure has been promoted by Sustainable Development in Government Operations, and in the current draft of the green procurement policy. However, a consistent government-wide approach is not currently viable, and individual departments and agencies have encountered big challenges in developing their own ways to apply it. Hurdles include

- the lack of a consistent approach to identifying what is “green;”
- the need to adapt multiple procurement tracking systems to allow green purchases to be flagged at the point of purchase; and
- at the government-wide level, the absence of a co-ordinated system for tracking federal procurement.

As confirmed in the 2005 Budget, the government intends to establish a single electronic system for purchasing, paying, and reporting. Such a system could include a capability to track proportionate green procurement at the department and government-wide levels.

Short-term approach: A combination of approaches to measure progress

Until a common system is in place, progress can be tracked with a combination of approaches such as

- Measuring performance based on specified common targets, as in the following example:

Target. Increase, by a specified percentage, the number of room-nights in “green” hotels spent by employees travelling on government business.

Performance measure. The government’s accommodation directory includes eco-ratings for hotels. All hotels listed in the directory are supposed to provide semi-annual reports on government usage, including the number of room-nights used per month. If this information was provided consistently, it would be possible to track the number of room-nights spent in eco-rated hotels as a proportion of total room-nights.

- Using other performance measures promoted by the SDGO in its guidance for the 2001 strategies, such as the number of requests for proposal with green specifications.
 - Reporting anecdotally on key successes, along the lines described in the Treasury Board Secretariat’s 1995 Green Procurement Reporting Framework.
-

6.27 Recommendation. Public Works and Government Services Canada and the Treasury Board Secretariat, in co-operation with other responsible departments, should

- ensure that the green procurement policy establishes clear accountability for reporting annually on progress; and
- develop a plan to improve green procurement reporting through the sustainable development strategies.

Practical support to buyers needs to be improved

6.28 Over the years various departments and agencies, including Public Works and Government Services Canada (PWGSC), Environment Canada, Natural Resources Canada, and the Treasury Board Secretariat, have provided government-wide support for green procurement through tools, information, and training. In addition, some departments and agencies have developed their own internal policies, training, guidance, and information.

6.29 Specific examples of initiatives to develop green procurement tools and information include

- PWGSC's profiles of green criteria for over 90 types of products and services.
- Labelling programs developed by Natural Resources Canada (EnerGuide) and Environment Canada (EcoLogo™).
- PWGSC's greening of the **National Master Specifications**.

6.30 Some progress has also been made on training. By 31 March 2005, 18 percent of PWGSC's designated procurement personnel—about 250 individuals—had taken the Department's green procurement training course. Though this is slower progress than promised, it is a good step. And PWGSC has also trained most of its acquisition card holders in green procurement. In addition, around 200 employees from other departments and agencies have taken the PWGSC course.

6.31 We are concerned, however, that there has been duplication in initiatives to develop and deliver training, tools, and information. On the training side, in addition to PWGSC's course, other federal organizations have offered green procurement training. For example, some departments have developed in-house training, and at one point, Environment Canada also offered a course. For tools, there are three federal Web sites on green procurement that offer similar information (one difference being that PWGSC's Green Procurement Network has

The National Master Specifications

PWGSC's National Master Specifications is a library of "master" specifications for the construction industry and contains over 700 sections. Specification writers use them to prepare documents to accompany construction drawings. These documents direct builders and suppliers on the materials to be used, and the methods for their handling, installation, and disposal.

Most sections now include notes on the environmental impacts of alternative materials and methods, and some provide actual environmental specifications. For example, the section on gypsum board assemblies (drywall) lists the benefits of gypsum fibreboard over gypsum board—recycled content, less energy consumed in production, requires less joint compound.

the green product and service profiles). At least one department has also developed a green procurement Web site.

Standing offers—They are offers from suppliers to provide goods or services under set terms and conditions, including a pre-arranged price. Over the term of an offer, departments can make requests (call-ups) against the offer, up to a specified maximum amount. This makes it easier and faster for departments to do routine purchasing of common goods and services.

6.32 Such duplication is an inefficient use of resources. For example, if the resources used to develop and maintain separate Web sites had been consolidated, a single Web site could be better maintained. As it stands, key links on the most prominent site—the Green Procurement Network—are out of date. These include links to help buyers find existing green **standing offers**.

6.33 In addition, there are gaps in the availability of practical tools. For example, federal buyers have indicated that standard green clauses they could use in developing their contracting documents would be helpful. To date, there are no such clauses in PWGSC's Standard Acquisition Clauses and Conditions. As another example, a Web directory of green goods, services, and suppliers, sponsored by PWGSC, is no longer available.

6.34 Finally, we found little evidence that the government is following up on whether the training, tools, and information provided are making a difference, and how to improve them.

6.35 Recommendation. Public Works and Government Services Canada, in co-operation with other responsible departments, should ensure that

- the green procurement strategy establishes a consistent, co-ordinated approach to green procurement training and to the development and delivery of tools;
- green procurement is a required competency, and is a mandatory part of any required training program, for procurement personnel.

Role of Public Works and Government Services Canada

6.36 As the common service provider for federal procurement, Public Works and Government Services Canada (PWGSC) has a critical role to play in greening federal procurement. On behalf of its client departments and agencies, PWGSC

- negotiates standing offers and supply arrangements with suppliers, and
- acts as the client's contracting agent when the existing standing offer or supply arrangement does not meet the client's needs.

PWGSC has underused its potential to advance federal green procurement

6.37 Only a small portion of standing offers are for green products or services. Standing offers are an important federal procurement vehicle. PWGSC has indicated that standing offers are used for about

A green standing offer for printers

Over the last several years, PWGSC has successfully greened its standing offers for copiers, printers, and fax machines. Specified environmental criteria are applied in evaluating bids, such that a green product may provide “best value” even if the purchase price is higher. Given the positive response by industry, PWGSC has had to strengthen the criteria to distinguish between product offerings.

Federal green procurement can be mandated

The federal vehicle fleet is one area where government-wide green procurement requirements have been set. The *Alternative Fuels Act* requires federal departments and agencies, when operationally feasible and cost-effective, to purchase vehicles capable of using alternative fuels. Feasibility and cost-effectiveness issues have held back progress. In 2003, 293 of the 3,431 vehicles purchased by the federal government were alternative fuel vehicles as defined in the Act, and an additional 84 were gasoline-electric hybrids. The more recent Executive Vehicle Policy sets a firmer requirement—vehicles for ministers and high-ranking officials must be hybrid-electric, if available from the manufacturers. Also, greenhouse gas emissions are now considered when purchasing any government vehicle.

40 percent of purchases made in the top 10 categories of goods and services, and spending in these top 10 categories is currently in the order of \$5.7 billion. Moreover, spending through standing offers will grow with the new requirement for departments and agencies to use these arrangements where available. PWGSC’s Web-based Standing Offer Index allows buyers to search for standing offers that have been designated “green.” But as of February 2005, fewer than two percent of the offers in the index were designated “green.” Given this, it is unlikely that procurement done through green standing offers amounts to a significant proportion of total procurement. We could not determine the actual proportion, because the Department does not consistently track purchasing done through standing offers.

6.38 Also, it is not always obvious what makes designated offers “green,” and whether all products that can be ordered through a given offer are green. Since there can be no simple, single criteria for what makes a product or service green, it is important that the basis for calling an offer “green” is clear.

6.39 Green standing offers are not the default or preferred option. When departments and agencies use PWGSC standing offers, they are not required to give priority to those designated “green.” And none of the eight departments that we reviewed made a commitment in their sustainable development strategies to use PWGSC green standing offers as a default. With the new requirement for departments to use PWGSC standing offers and other pre-negotiated arrangements, it is important that “green” options be available and be given first consideration.

6.40 Recommendation. Public Works and Government Services Canada should review standing offers and other pre-negotiated arrangements to determine which should be greened. It should also ensure that procurement officers give first consideration to green offers.





6.41 PWGSC is ambiguous about its role in encouraging clients to include green specifications in the contracts it negotiates for them. When standing offers are not used, PWGSC contracting officers will help client departments and agencies define their requirements, solicit and evaluate bids, and negotiate and manage the contracts. The Department has acknowledged that it has often been passive on including green specifications in contracts—it has responded when a client wants to take environmental issues into account. This passive approach is not in keeping with commitments reflected in its sustainable development performance reporting and in other documents—to actively promote green.




6.42 Neither PWGSC nor its clients are systematically pursuing opportunities to include green specifications in requests for proposals or other contracting documents. We asked seven departments to provide instances of working with PWGSC to green their procurement; four said that there had been limited or no efforts, and three cited only a few examples.

6.43 We also audited two specific commitments made by PWGSC, in its 2001 strategy, on greening the procurement services the Department offers to client departments and agencies. As shown in Exhibit 6.4, some progress was made on the first commitment. Some progress was also made on two of the three performance measures the Department set for the second commitment, but these measures were not well designed to support a conclusion against the commitment.

6.44 PWGSC now has significantly more responsibility and opportunity to be proactive in greening procurement. The Department has a new mandate to be the federal lead on greening government operations, which includes green procurement. This leadership role coincides with an increase in the Department's procurement responsibilities, due to the move toward greater central management of federal procurement. The impact on other

Exhibit 6.4 Progress on selected green procurement commitments by PWGSC

Performance measure	Progress	Comments
Commitment: By April 2004, increase number of green products and suppliers available in the e-purchasing and cataloguing application.		
Number of new green products and suppliers in the e-purchasing and cataloguing application.		From 2002 to 2003, PWGSC reported a large increase in the number of suppliers and products. But there was no progress between 2003 and 2004. Suppliers and products in this application are designated as green based on self-identification by the supplier.
Commitment: By 31 March 2004, ensure that environmental impacts are considered in all PWGSC contracting.		
Implement elements of the Green Contracting Strategy.		The Strategy was never finalized; but there has been progress against some of the elements identified in the draft. One of the significant achievements was establishing the Green Procurement Network.
Implement the reporting system for green standing offers.		No system is in place.
Number and percentage of PWGSC contracting officers who have received specific training, as identified in the needs analysis.		Performance reports for each of the three years covered by the commitment indicated that all PWGSC contracting officers would receive green procurement training. To date, fewer than 20 percent of PWGSC employees classified as procurement officers have received the training.

 Satisfactory progress  Some progress  Limited or no progress

departments and on interdepartmental committees with responsibilities for greening government operations—such as Sustainable Federal House in Order—is not yet clear.

6.45 Recommendation. In light of its new lead in greening government operations, Public Works and Government Services Canada, with support from the Privy Council Office, should clarify the responsibilities of other departments and interdepartmental committees that have an important role in greening government operations, including green procurement. It should continue to build on the organizational structure that has been evolving through the Sustainable Federal House in Order.

Commodity category—The recent Task Force on Government-Wide Procurement identified the top 40 commodity categories—groups of related goods, services, or construction materials that account for an estimated 94 percent of the value of federal procurement. Examples of categories include construction work for buildings; instruments and laboratory equipment; and communications, photographic, mapping, printing, and publication services.

6.46 One area of opportunity is the government’s shift to more commodity-based management of procurement. This approach, confirmed in the 2005 federal Budget, is intended to better reflect market forces in the industries, products, and services that make up each **commodity category**. It will involve establishing interdepartmental commodity councils and management teams to “develop strategic plans for sourcing unique categories of goods and services in consultation with all stakeholders.”

6.47 With this approach, PWGSC could build in-depth knowledge of environmental issues and opportunities. This knowledge would help ensure that the councils and teams are aware of green options as they become available. This is necessary if the federal government is to be an “early adopter” of green products and services. It will also give the councils and their teams the understanding and credibility to work with suppliers to bring about future improvements. Because each commodity category is broad, each council could identify the goods or services that are priorities for “greening,” based on the potential to reduce environmental burdens.

Did you know?

PWGSC recently organized a forum—the first of its kind federally—that brought buyers and suppliers together to discuss green procurement in the categories of paper, toner cartridges, and digital imaging devices (printers, photocopiers, scanners, fax machines). The forum was very well reviewed—buyers and suppliers felt it helped increase understanding of environmental issues and opportunities.

6.48 Recommendation. Public Works and Government Services Canada should include green procurement as a key part of initiatives to improve and increase central management of procurement. Specifically, it should include green procurement in the mandate of the commodity councils and management teams.

Green procurement in some other departments and agencies

6.49 All departments and agencies have opportunities and a responsibility to advance green procurement, regardless of weaknesses in government-wide direction and support. In all of these organizations, program managers supported by procurement personnel acquire the goods and services needed to carry out their business. Depending on the type of purchase and the kind of procurement

authority that has been delegated, they may use PWGSC standing offers, engage PWGSC as the contracting agent, or set up and manage the contract process directly.

6.50 We looked at whether any of the eight departments and agencies we examined had set an overall direction on green procurement. We examined the way green procurement was treated in their strategies. We also looked at materials provided by the departments on green procurement planning that had been done through their environmental management systems or internal policies.

Most of the eight departments and agencies are not following a clear plan for greening their procurement

6.51 None of the sustainable development strategies of the eight organizations included an overall picture and plan for green procurement. However

- Two—Canada Revenue Agency and Foreign Affairs Canada—are using environmental management systems to plan and implement their approach to green procurement.
- Two—Health Canada and Natural Resources Canada—provided evidence that some comprehensive planning has been done, but in both cases it remains at a draft stage.
- Four—Department of Canadian Heritage, Environment Canada, Indian and Northern Affairs Canada, and Industry Canada—do not have a current comprehensive plan for greening their procurement.



Did you know?

Partners for a Green Hill involves four organizations—the Senate of Canada, the House of Commons, the Library of Parliament, and Public Works and Government Services Canada’s Parliamentary Precinct Directorate—working together to improve environmental programs and implement new initiatives on Parliament Hill. As one result, all Senate and House of Commons requests for proposal (RFPs) must now include rating points for environmental performance. At a minimum, all RFPs contain a standard evaluation criterion on good environmental practices by suppliers. Partly due to its work on green procurement, *Partners* won an award from the Canadian Council of Ministers of the Environment.

6.52 This finding is consistent with those previously described—green procurement is not a high priority for federal procurement staff (paragraph 6.15); and none of the departments we examined is systematically working with PWGSC to green its contracting documents (paragraph 6.42).

6.53 Our audit also looked at how two very different federal organizations—the Canada Revenue Agency and Canadian Heritage—are implementing green procurement. They were chosen because of differences in size, procurement budget, and procurement authorities, and because they both made significant green procurement commitments in their 2001 strategies.

6.54 We examined each department's progress in implementing selected commitments from their 2001 strategies. We also looked more broadly, to see what green procurement systems and approaches the two organizations had in place.

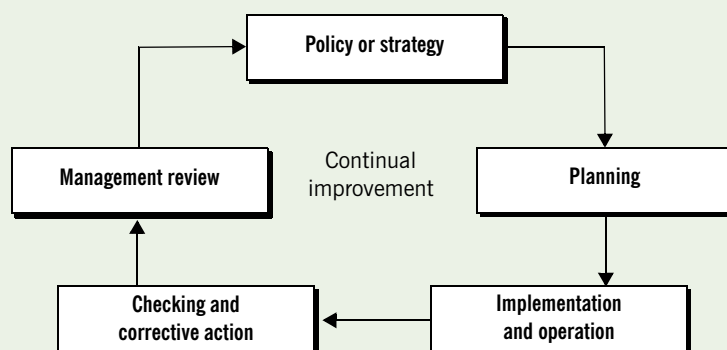
The Canada Revenue Agency is taking significant steps to green its procurement

6.55 We were impressed with the systems and approaches that the Canada Revenue Agency is putting in place to green its procurement, and with their initial results. The Agency directly controls its own procurement activities, independent of Treasury Board policies and PWGSC. It spends a substantial amount on procurement. For these reasons, it is in a good position to invest in greening its own procurement, which it has done:

- It uses an environmental management system (Exhibit 6.5) to make ongoing advances in greening its procurement.
- It has engaged senior management commitment on greening operations, including green procurement initiatives.
- Staff from its Sustainable Development Division work with procurement personnel to establish green specifications for requests for proposals.
- It has taken initiatives to engage, inform, and motivate its staff on green procurement.

Exhibit 6.5 Environmental management systems: A foundation for progress



A well-functioning environmental management system, backed by senior management, is a strong indicator that intended results will be achieved. For this reason, in past reports, we have encouraged departments and agencies to set up an environmental management system to help deliver their sustainable development strategy commitments. The following are the basic elements of a management system.






6.56 Specialized environmental management programs, including one on green procurement, are part of the Agency’s environmental management system. Through these programs, it develops annual commitments and tracks progress. This approach supports the Agency’s annual reporting on sustainable development performance.

6.57 As shown in Exhibit 6.6, the Agency also made some important advances on the two specific commitments from its 2001 sustainable development strategy that we audited. However, in neither case did we find sufficient overall progress to warrant a rating of satisfactory.

Exhibit 6.6 Progress on selected green procurement commitments by Canada Revenue Agency

Performance measure	Progress	Comments
Canada Revenue Agency		
Commitment: Introduce environmental specifications into the National Individual Standing Offers (NISO)		
Number of NISOs with environmental specifications		Based on public reporting and on additional information from the Agency, nine of twenty NISOs were greened between 2001 and 2004—two of six in 2001–02, one of seven in 2002–03, and six of seven in 2003–04. Some of the NISOs that did not have environmental specifications were for services that are not readily greened. But for some of the NISOs that were counted as greened, the environmental specifications are quite limited.
Number of call-ups against NISOs	Not assessed	The number of call-ups on green NISOs versus non-green NISOs is not very meaningful. This is because NISOs cover a range of goods and services from expensive, low-volume items such as computer servers to inexpensive, high-volume items such as office supplies. A more meaningful measure would be spending on green goods and services purchased through NISOs, as a proportion of total NISO spending. Comprehensive information for such a measure was not available. However, available figures indicate that for 2003–04, the proportion of green spending through the office supply NISO was in the order of 25 percent.
Commitment: Increase the number of clauses that give consideration to sustainable development/green procurement in the contractual process, including selection criteria for requests for proposals (RFPs)		
Number of RFPs and contracts that include clauses for sustainable development and green procurement		Implementation was delayed by one year. For the following two years, the Agency only tracked RFPs for “strategic sourcing”—major supply arrangements for common products and services that account for a large proportion of procurement transactions. This overlaps with the greening of NISO-type arrangements. While progress was made, there is redundancy in reporting. The Agency’s internal reporting indicates a goal to consider 100 percent of procurement vehicles for greening by 2004. This was not met and was deemed impractical. Our request for information on top-value RFPs confirmed that some, but not many, included green clauses beyond the standard clause requesting bidders to take steps to reduce paper use in their proposal submission. A menu of green clauses to facilitate greening of contract documents was developed in 2004.

 Satisfactory progress  Some progress  Limited or no progress

6.58 In summary, the Agency still has a long way to go to ensure “greening” of all its procurement. However, it has taken a systematic approach to green procurement that is yielding results beyond “basic” steps on greening, such as recycled content for paper or “sleep” mode for electronic equipment. For example, its recent request for proposal on filing and storage cabinets included a range of mandatory and rated life-cycle environmental criteria—from emissions in the manufacturing process to packaging, take-back, and reuse. Another example is described in Exhibit 6.7.

Canadian Heritage has an ad hoc approach to green procurement

6.59 Canadian Heritage is a much smaller department with relatively modest procurement spending, weighted more toward services than goods.

6.60 We found that procurement staff at the Department have taken steps to green some procurement. For example, for many years Canadian Heritage has collaborated with other departments in its headquarters building to obtain EcoLogo™ certified recycled paper, which it uses for virtually all of its requirements. It has also promoted re-use and recycling in contracts for pavilion construction and exhibits.

Exhibit 6.7 Reducing consumption by shifting to a “service” orientation

Efforts at the Canada Revenue Agency to reduce environmental impacts while saving costs are illustrated by the shift it is planning from individual photocopiers, printers, scanners, and faxes to multi-functional devices (MFDs) that fulfill all these requirements. The decision to make this shift was initially fuelled by anticipated lower costs from centralized procurement of the MFDs. But the Agency’s Sustainable Development Division saw the potential for significant environmental benefits and helped shape the initiative.

As a result, environmental factors figured strongly in the initial process to engage interested suppliers. Moreover, the current approach to rolling out the initiative involves not only green specifications for the devices and a requirement that the contractor have an environmental strategy, but also actions that promote the potential to reduce consumption.

One anticipated outcome is a major reduction in the number of machines. The Agency estimates that it can replace its 26,000 widely varying printing, photocopying, and faxing devices, as they “rust out” or as their leases expires, with about 7,000 networked MFDs. Another key element, from an environmental perspective, is that the monthly costs for Agency users will be based partly on the amount of printing done. It is hoped that this will provide an incentive to think more carefully about printing needs.

At the same time, since the MFDs will be owned and serviced by the contractor, the approach represents a shift from buying goods (printers) to buying services (printing). This approach establishes an economic incentive for the contractor to improve the durability and re-usability of the equipment. In addition, since the contractor will be required to cover toner and/or developer costs, there will also be an incentive to improve the efficiency of the equipment.

6.61 For the most part, however, the Department's green procurement initiatives address only obvious opportunities. And overall, the Department's approach to green procurement is very ad hoc. There is little connection between senior management, environment staff, and procurement staff to advance the green procurement agenda at Canadian Heritage. One procurement officer has been given the lead on green procurement; but no money has been dedicated to it. The Department does not have a system for regularly collecting performance information on green procurement, and does virtually no reporting on green procurement commitments made in its sustainable development strategy. We also found little basis for the Department's claim in its 2002–03 performance report that all its requests for proposals offer merit points for bidders who certify they have environmentally friendly programs and practices.

6.62 For the specific green procurement commitment that we audited from Canadian Heritage's 2001 strategy, we were not able to conclude because—as explained in Exhibit 6.8—the proportion of procurement that is green has not been tracked or analyzed. For the performance measures on training and awareness, the Department told us that substantial green procurement training had taken place prior to 2000; but we found that action during the commitment period was limited.

Exhibit 6.8 Progress on selected green procurement commitments by Canadian Heritage

Performance measure	Progress	Comments
Canadian Heritage		
Commitment: Increase by 10 percent annually the percentage of "green" goods and services purchased		
"Green" purchases as a proportion of total purchases	Not assessed	The Department's financial information system does not track green procurement, and the Department did not analyze its purchases to determine the proportion that was "green," as it had proposed to do. It is worth noting that the commitment—which reflects guidance provided by the Sustainable Development in Government Operations for the 2001 strategies—was challenging. And difficulties in measuring proportionate green procurement are systemic.
Number of employees who have received training on green procurement.	○	We were told that a number of procurement officers have had some training in green procurement, ranging from presentations and workshops to courses. However, little training was undertaken during the commitment period.
Proportion of employees aware of the Department's green procurement policies and practices		Overall, we found minimal evidence of meaningful action on awareness-building, though the Department has included references to sustainable development objectives in standard procurement training.

● Satisfactory progress ● Some progress ○ Limited or no progress

6.63 It is likely that in the case of relatively small departments, such as Canadian Heritage, strong government direction and support are particularly important for substantial progress on green procurement.

Conclusion

6.64 After more than a decade of promises, the federal government is still not using the potential of green procurement as a tool to achieve sustainable development objectives.

6.65 We found some—but not satisfactory—progress on selected green procurement commitments made by three federal organizations in their 2001 sustainable development strategies. However, the Canada Revenue Agency has begun to take significant and systematic action to green its procurement. More broadly, we found that environmental considerations do not typically figure in procurement by federal departments and agencies.

6.66 **The mixed picture at the department level reflects the limited extent and influence of government-wide direction and guidance.**

In our view, the following has held back progress:

- Lack of a federal green procurement strategy or policy
- Lack of substantial profile for green procurement in other federal procurement policies, and in key guidance documents
- Inconsistent development and use of government-wide direction on how to address green procurement in the sustainable development strategies
- Lack of a credible basis or practical plan for measuring performance and assessing government-wide progress
- Inadequate support for buyers

6.67 Public Works and Government Services Canada (PWGSC), the department with the most significant government-wide procurement responsibilities, has taken some initiatives to raise awareness and capacity for green procurement. But it has not made significant progress in greening the procurement services it offers to other federal departments and agencies.

6.68 **Recent developments strengthen the potential for progress on federal green procurement.** The federal government is promoting sustainability as a key to Canadian competitiveness. Greening its own procurement is one direct way the federal government can stimulate marketplace attention to sustainability. The current push toward a

more systematic, central approach to federal procurement can be used to move green thinking to the forefront. With support from the Treasury Board Secretariat and other departments, PWGSC is in a strong position to make this happen.

Public Works and Government Services Canada's overall response to our recommendations, on behalf of the responsible departments and agencies. We agree with your recommendations. The following summarizes current and proposed actions that respond to the recommendations.

Foundation initiatives. The Prime Minister has given the Minister of Public Works and Government Services the lead in greening government operations, in co-operation with his colleagues the President of the Treasury Board and the Minister of the Environment. In order to help realize this objective, Public Works and Government Services Canada (PWGSC) established, in May 2005, the Office of Greening Government Operations. Since then, this office has worked with other government departments to undertake a number of foundation initiatives to help fulfil this mandate, including:

- the consolidation of the interdepartmental governance structure to provide clear and focused leadership in this area. PWGSC has and will continue to work with other departments, including the Privy Council Office, to ensure that the departmental and committee roles are clear, as this is a prerequisite to a co-ordinated government-wide approach in this area.
- the development of a Performance Management Framework to allow the government to collect the performance data necessary for continued improvement. This will reflect common performance indicators and a common set of government-wide priorities.

Green procurement further supports the government's efforts to green operations and reduce greenhouse gas (GHG) emissions. For example, the procurement of environmental technologies and materials has already resulted in PWGSC's new office buildings, such as the 20-storey office building at 401 Burrard Street in Vancouver, using water more efficiently, generating less waste and consuming less energy. Since 1990, PWGSC has achieved 34 per cent energy efficiency gains and a corresponding 24 per cent reduction of GHG emissions from its building inventory through green procurement initiatives. PWGSC will vigorously pursue future opportunities to use green procurement to support these and other key environmental objectives.

The green procurement policy. PWGSC in co-operation with the Treasury Board of Canada Secretariat (TBS) and other responsible departments are setting milestones, allocating resources, and assigning staff with appropriate expertise in order to develop a green procurement policy and implementation plan consistent with the 2004 Speech from the Throne. The policy will be completed, approved, and implemented by 2006. It will

- Harness the power of the government's *The Way Forward* initiative that mandates the use of Standing Offers for the most common commodities and services purchased by government.
 - Commodity councils and management teams will ensure that environmental criteria are incorporated into relevant standing offers as they are put in place over the next 24 months.
 - The mandatory use of these standing offers will ensure a more consolidated and strategic approach to green procurement than the more transactional processes currently in place.
- Ensure a consistent and co-ordinated approach to green procurement training through TBS' existing Professional Development and Certification Program for the Procurement, Material Management and Real Property Communities.
- Include consideration of performance expectations for relevant managers. PWGSC will include accountability for green procurement in the performance agreements of relevant managers and will encourage other departments to follow suit.
- Set out clear accountabilities for reporting annually on progress. Tracking and monitoring of green procurement will be facilitated through
 - the Government of Canada Marketplace, an on-line purchasing tool currently under development; and
 - departments' annual reports on their progress in meeting the objectives described in their sustainable development strategies.

Sustainable development strategies. In order to assist departments in preparing their 2007–10 sustainable development strategies, PWGSC, in consultation with the TBS and other responsible departments, is working to develop the following by December 2005:

- a core set of practical and progressive green procurement objectives,
- a common set of priorities and performance indicators, and
- a plan to improve green procurement reporting.

PWGSC will also work with departments to establish green procurement targets for their sustainable development strategies.

About the Audit

Objective

Our audit had two objectives:

- **Green procurement direction.** Determine the extent and influence of government-wide direction and support for green procurement, including guidance on how to deal with green procurement in sustainable development strategies.
- **Green procurement commitments.** Assess the progress on selected green procurement commitments made by three departments in their 2001 strategies.

Scope and approach

Green procurement direction. To determine the extent of efforts being made to promote and support green procurement federally, we focussed on organizations with key responsibilities for government-wide policy, planning, and support for green procurement: Public Works and Government Services Canada; the Sustainable Development in Government Operations Initiative (in particular, the Task Group on Green Procurement and the Task Group on Guidance); and the Treasury Board Secretariat.

To determine whether and how government-wide direction was making a difference, and in particular whether any direction specific to the strategies was reflected in them, we examined eight departments: Canada Revenue Agency, Canadian Heritage, Environment Canada, Foreign Affairs Canada, Health Canada, Indian and Northern Affairs Canada, Industry Canada, and Natural Resources Canada.

Green procurement is one of seven areas the federal government has identified as key in greening its own operations. The other categories are waste management, water use, energy use in federal buildings, motor vehicle fleets, land use management, and human resources management. We did not plan to look at initiatives in these other categories, but we did come across examples of green procurement in some of them. One of these examples, related to motor vehicle procurement, is cited in this chapter.

Green procurement commitments. We examined progress on selected commitments made in the 2001 strategies of the Canada Revenue Agency, Canadian Heritage, and Public Works and Government Services Canada. We looked only at commitments from the 2001 strategies, because it was too early to audit commitments from the 2004 strategies. The three departments we chose have different levels of procurement and responsibilities for procurement. However, each made meaningful green procurement commitments in their 2001 strategies. We felt that auditing these commitments would highlight federal green procurement opportunities and challenges. Also we chose Public Works and Government Services Canada because of its key role in government-wide procurement.

Criteria

The following criteria were used in our audit.

Green procurement direction

- A clearly structured and clearly mandated interdepartmental structure is in place to support federal departments to undertake green procurement. Some green procurement guidance and tools, in particular targeted to uptake of green procurement in the strategies, have been developed as a result.
- Departmental strategies are viewed, promoted, and supported by the relevant interdepartmental committee(s), and by departments and agencies, as one of the key vehicles for driving green procurement across the federal government.

Green procurement commitments

- The selected departments and agencies are measuring the results achieved on selected green-procurement commitments.
- The selected departments and agencies are meeting their performance expectations on the selected commitments.

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Appendix List of recommendations

The following is a list of recommendations found in Chapter 6. The number in front of the recommendation indicates the paragraph where it appears in the chapter. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Department's overall response
<p>6.10 Public Works and Government Services Canada and the Treasury Board Secretariat, in co-operation with other responsible departments and agencies, should take all necessary steps—including setting milestones, allocating adequate resources, and assigning staff with appropriate expertise—to ensure that the green procurement policy is completed, approved, and implemented by 2006. This is the timeframe promised in the 2004 Speech from the Throne. (6.6–6.9)</p>	<p>Public Works and Government Services Canada's overall response, on behalf of the responsible departments and agencies. We agree with your recommendations. The following summarizes current and proposed actions that respond to the recommendations.</p>
<p>6.18 Through the green procurement policy and strategy, Public Works and Government Services Canada, in co-operation with other responsible departments and agencies, should promote the inclusion of green procurement expectations in the performance evaluation of managers with significant procurement responsibilities, and should require departments and agencies to report on implementation. (6.12–6.17)</p>	<p>Foundation initiatives. The Prime Minister has given the Minister of Public Works and Government Services the lead in greening government operations, in co-operation with his colleagues the President of the Treasury Board and the Minister of the Environment. In order to help realize this objective, Public Works and Government Services Canada (PWGSC) established, in May 2005, the Office of Greening Government Operations. Since then, this office has worked with other government departments to undertake a number of foundation initiatives to help fulfil this mandate, including:</p>
<p>6.24 Public Works and Government Services Canada, in co-operation with other responsible departments, should ensure that the green procurement strategy sets out the role of the sustainable development strategies in green procurement. It should also ensure that guidance on green procurement is developed in time for the 2007 strategies, including a core set of practical and progressive green procurement objectives and targets that departments and agencies would be expected to incorporate. (6.19–6.23)</p>	<ul style="list-style-type: none"> • the consolidation of the interdepartmental governance structure to provide clear and focused leadership in this area. PWGSC has and will continue to work with other departments, including the Privy Council Office, to ensure that the departmental and committee roles are clear, as this is a prerequisite to a co-ordinated government-wide approach in this area. • the development of a Performance Management Framework to allow the government to collect the performance data necessary for continued improvement. This will reflect common performance indicators and a common set of government-wide priorities.

Recommendation	Department's overall response
<p>6.27 Public Works and Government Services Canada and the Treasury Board Secretariat, in co-operation with other responsible departments, should</p> <ul style="list-style-type: none"> ensure that the green procurement policy establishes clear accountability for reporting annually on progress; and develop a plan to improve green procurement reporting through the sustainable development strategies. (6.25–6.26) <p>6.35 Public Works and Government Services Canada, in co-operation with other responsible departments, should ensure that</p> <ul style="list-style-type: none"> the green procurement strategy establishes a consistent, co-ordinated approach to green procurement training and to the development and delivery of tools; green procurement is a required competency, and is a mandatory part of any required training program, for procurement personnel. (6.28–6.34) <p>6.40 Public Works and Government Services Canada should review standing offers and other pre-negotiated arrangements to determine which should be greened. It should also ensure that procurement officers give first consideration to green offers. (6.37–3.39)</p> <p>6.45 In light of its new lead in greening government operations, Public Works and Government Services Canada, with support from the Privy Council Office, should clarify the responsibilities of other departments and interdepartmental committees that have an important role in greening government operations, including green procurement. It should continue to build on the organizational structure that has been evolving through the Sustainable Federal House in Order. (6.41–3.44)</p>	<p>Green procurement further supports the government's efforts to green operations and reduce greenhouse gas (GHG) emissions. For example, the procurement of environmental technologies and materials has already resulted in PWGSC's new office buildings, such as the 20-storey office building at 401 Burrard Street in Vancouver, using water more efficiently, generating less waste and consuming less energy. Since 1990, PWGSC has achieved 34 per cent energy efficiency gains and a corresponding 24 per cent reduction of GHG emissions from its building inventory through green procurement initiatives. PWGSC will vigorously pursue future opportunities to use green procurement to support these and other key environmental objectives.</p> <p>The green procurement policy. PWGSC in co-operation with the Treasury Board of Canada Secretariat (TBS) and other responsible departments are setting milestones, allocating resources, and assigning staff with appropriate expertise in order to develop a green procurement policy and implementation plan consistent with the 2004 Speech from the Throne. The policy will be completed, approved, and implemented by 2006. It will</p> <ul style="list-style-type: none"> Harness the power of the government's <i>The Way Forward</i> initiative that mandates the use of Standing Offers for the most common commodities and services purchased by government. Commodity councils and management teams will ensure that environmental criteria are incorporated into relevant standing offers as they are put in place over the next 24 months. The mandatory use of these standing offers will ensure a more consolidated and strategic approach to green procurement than the more transactional processes currently in place.

Recommendation	Department's overall response
<p>6.48 Public Works and Government Services Canada should include green procurement as a key part of initiatives to improve and increase central management of procurement. Specifically, it should include green procurement in the mandate of the commodity councils and management teams. (6.46–3.47)</p>	<ul style="list-style-type: none"> • Ensure a consistent and co-ordinated approach to green procurement training through TBS' existing Professional Development and Certification Program for the Procurement, Material Management and Real Property Communities. • Include consideration of performance expectations for relevant managers. PWGSC will include accountability for green procurement in the performance agreements of relevant managers and will encourage other departments to follow suit. • Set out clear accountabilities for reporting annually on progress. Tracking and monitoring of green procurement will be facilitated through: <ul style="list-style-type: none"> • the Government of Canada Marketplace, an on-line purchasing tool currently under development; and • departments' annual reports on their progress in meeting the objectives described in their sustainable development strategies. <p>Sustainable development strategies. In order to assist departments in preparing their 2007–10 sustainable development strategies, PWGSC, in consultation with the TBS and other responsible departments, is working to develop the following by December 2005:</p> <ul style="list-style-type: none"> • a core set of practical and progressive green procurement objectives, • a common set of priorities and performance indicators, and • a plan to improve green procurement reporting. <p>PWGSC will also work with departments to establish green procurement targets for their sustainable development strategies.</p>

Report of the Commissioner of the Environment and Sustainable Development to the House of Commons—2005

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