

NATIONAL STRATEGY FOR PROCUREMENT, LABOUR MOBILITY AND MORE

*by Betty A. Johnstone
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AGREEMENT ON INTERNAL TRADE

It was the early 1990's, when public procurement professionals across Canada succeeded in elevating their concerns to action at the Minister of Trade level across all of Canada.

Those involved in exercising the Nation's massive public purchasing power, were in a unique position to identify and tally the negative economic consequences of inconsistent or unfair public tender practices, unjustified local preferences and regional barriers to the free movement across territorial and constitutional boundaries of labour, goods and services.

OBJECTIVES

The result was a voluntary inter-governmental agreement, the *Agreement on Internal Trade (AIT)*, which sought to equalize opportunities for Canadian workers and suppliers to freely trade across the country. The governmental goal was to reduce purchasing costs for the public sector while better contributing to the general strength of the Canadian economy in a competitive context of transparency and efficiency.

PARTIES

Every Provincial and Territorial Government and the Federal Government signed the AIT by the hands of First Ministers in July 1994. The AIT came into force and effect on July 1, 1995.

ECONOMIC SECTORS LISTED

The AIT put in place general rules to prevent the signatories from erecting new trade barriers and requiring ongoing reduction of existing rules and practices which ran counter to the AIT objectives. The Agreement is directed specifically at the following ten (10) economic sectors:

- **Government Purchasing (Procurement)**
- **Investment**
- **Labour Mobility**
- **Consumer Related Measures and Standards**
- **Agricultural and Food Goods**
- **Alcoholic Beverages**
- **Natural Resource Processing**
- **Communications**
- **Transportation**
- **Environmental Protection**

PROCUREMENT

Chapter 5 of the AIT deals with public procurement practices and is devoted entirely to ensuring fair and equal access for all Canadian suppliers of goods and services to larger public procurement opportunities. AIT policies engage at various threshold values. Owners of construction contracts valued at \$100,000 or more for provincial governments, \$250,000 or more for municipalities, municipal organizations, school boards and publicly funded academic, health and social services or “MASH” entities, and \$5 million for Crown Corporations must comply with specific standardized rules and fair procurement practices established by the AIT.

SOLE SOURCE OPEN BIDDING SYSTEM

Since its inception AIT has sought to establish and maintain an open, national, single source electronic bidding system, equally accessible to all.

Although important progress has been on this front, a total solution is not yet in place. Manitoba, Ontario and the Federal Government use the MERX electronic tendering service. Other jurisdictions have their own versions of e-tender systems.

The *Alberta Purchasing Connection* presently connects 8 provinces as a single bid source. Within months it is expected that 90% of all Canadian public procurement above the threshold values will be accessible through this single site.

LABOUR MOBILITY

Work is ongoing under AIT to reduce and remove licensing, registration and other barriers to the free movement of employed persons throughout Canada.

ENFORCEMENT PROCESS

Participating parties and user complainants are empowered under AIT to call for sanctions and a variety of remedies are provided in the event that a public body fails to live up to the required standards of the AIT.

FUTURE PROSPECTS

All indications are that the AIT is a strong tool which should continue to strengthen over time.

The motivation for creating this massive standard of practices and procedures aimed at improving *public* purchasing powers. Clearly, however, private sectors of Canada's economy are being and will continue to be much affected by the AIT as it causes trade barriers to fall, labour mobility to improve and thereby increases competition across the entire country for the primary benefit of the public sector and its supporting taxpayers.

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