



Alberta Background Report on Municipalities, Academic  
Post Secondary Institutions, School Districts and  
Health Sector (MASH) Consultations

The British Columbia-Alberta *Trade, Investment and Labour Mobility Agreement* (TILMA) came into effect on April 1, 2007 for the Government of Alberta. The TILMA is similar to the Agreement on Internal Trade (AIT) which has guided trade between Alberta and other provinces since 1995. In 1999, the AIT was extended across Canada to cover municipalities, academic institutions, school boards and health authorities commonly referred to as the MASH sector. In accordance with Article 1800 (Trade Enhancement Arrangements) of the AIT, the parties to the agreement are able to enter into bilateral or multilateral arrangements to enhance trade and mobility. The TILMA is a more comprehensive bilateral agreement which further liberalizes trade between British Columbia and Alberta and is consistent with Article 1800 of the AIT. The TILMA will be implemented for the MASH sector on April 1, 2009.

Under the TILMA, Alberta committed to consulting with MASH sector stakeholders during a two-year transitional period that commenced on April 1, 2007. The goal of the consultation process was to give MASH sector stakeholders the opportunity to assess the benefits of the agreement and potential impact on their operations (required special provisions, exclusions or transitional provisions). These consultations and subsequent negotiations with British Columbia will assist in determining how the TILMA will finally apply to the MASH sector in April 2009.

Following implementation of the agreement on April 1, 2007 for the Provinces of British Columbia and Alberta, the Government of Alberta through its ministry of Alberta International, Intergovernmental and Aboriginal Relations (IIAR), initiated a process to consult with MASH sector stakeholders concerning the provisions of the TILMA. These consultations and subsequent negotiations with British Columbia will assist in determining how the TILMA will finally apply to the MASH sector in April 2009.

Invitations to the TILMA regional consultation sessions, together with background information, were sent from the Minister of IIAR to senior elected or administrative officials with municipalities, health authorities, post-secondary institutions and school boards in early May. In May and June 2007, elected and administrative officials of MASH sector jurisdictions participated in facilitated sessions in Edmonton, Calgary, Red Deer, Lethbridge, Medicine Hat, Lloydminster, Edson and Grande Prairie.

One of the objectives of the consultation process was to provide participants with accurate information concerning the background, purpose and goals of the TILMA.

Information was communicated to consultation participants by IIAR staff through a presentation on the agreement. The presentation outlined the TILMA's potential affects on the MASH sector when the agreement is expanded.

Stakeholders were also provided with an opportunity to ask questions about the TILMA, discuss its benefits, and identify potential impacts on MASH sector organizations and the way they conduct their business. The most common concern expressed by consultation participants focused on procurement

thresholds, and the potential of the agreement to affect business licensing at a municipal level. A number of participants expressed support for the agreement, especially those parts that limit financial incentives and improve labour mobility.

The consultation sessions were not designed to resolve all concerns related to the TILMA raised by the MASH sector. Such resolution can only be achieved through ongoing consultations. Additionally, some of the concerns that were identified can only be resolved through negotiations between Alberta and B.C.

The sessions were successful in providing an opportunity for the Government of Alberta to explain the agreement to MASH sector stakeholders and for the stakeholders to provide input and identify any concerns they may have about the TILMA. The sessions also laid a strong foundation for continued open dialogue on the TILMA with the MASH sector.

Some common themes emerged from the regional consultation sessions:

1. Lower procurement thresholds for goods, services and construction were viewed as one way to expose public sector procurement to a greater number of potential vendors. However, concern was expressed that procurement thresholds that apply to the provincial governments of Alberta and B.C. under the TILMA of \$10,000 for goods, \$75,000 for services and \$100,000 for construction would be too low. Concerns were raised about the potential administrative burden to the MASH sector of tendering procurement opportunities at levels significantly lower than current AIT thresholds. Some entities expressed concern regarding the impact on measures such as local preference policies and practices, notwithstanding rules already in place under the AIT.
2. With respect to investment issues, most municipal organizations support leveling the playing field by strongly limiting financial subsidies and incentives as ways to facilitate economic development. Municipalities also support maintaining the ability to levy and collect differentiated business license fees as determined through local policy. A number of municipalities questioned the impact of the TILMA on their ability to establish local quotas such as limits on the number of taxi licenses and certain business establishments.
3. Stakeholders identified some potential issues for further discussion and consideration with the MASH sector. These include the impact of the TILMA on inter-municipal service agreements, non-traditional municipal utility and land development entities, existing tax incentive agreements, franchise agreements, consideration for teleworkers, employment and travel subsidies, and procurement of research related equipment for post-secondary education institutions. Stakeholders asked for clarification relating to the transition period and whether measures such as policies and bylaws can be introduced, renewed or amended in any way that will decrease their consistency with the TILMA during the transition period.
4. There was general agreement that the dispute process needs teeth but should not promote additional disputes resulting in unnecessary delays, and should be limited to the TILMA provisions rather than general contract law.

Stakeholders suggested the agreement should include an explicit statement that confirms MASH sector organizations will not be responsible for any financial penalty or costs associated with a dispute. Stakeholders also expressed support for inclusion in the dispute resolution process by being allowed to participate at every step.

Two small group sessions were held with selected representatives from the MASH sector who attended the regional consultation sessions, to validate the observations/conclusions in the interim report. One session was held in Edmonton on August 29, 2007 and the other in Calgary on August 30, 2007. The feedback from the small group sessions has been incorporated into this report.

Overall, the stakeholders were pleased with the information provided during the regional consultation sessions and at the two small group sessions. They found the process assisted them in better understanding why the governments of British Columbia and Alberta decided to pursue the liberalization of trade, investment and labour mobility. Stakeholders did note however, that further discussion and negotiation with MASH sector organizations would be desirable to ensure the agreement achieves its primary objectives without any unintended effects regarding the way MASH sector stakeholders conduct business.

The following report is a summary of the opinions expressed by the MASH sector representatives who participated in the consultation sessions.

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## I.1 Background

The British Columbia -Alberta Trade, Investment and Labour Mobility Agreement (TILMA) came into effect on April 1, 2007. The TILMA is a bilateral agreement negotiated between the provinces of Alberta and British Columbia with the goal of liberalizing trade and investment, and facilitating labour mobility between the two provinces.

The TILMA focuses on two key goals:

- No obstacles: Government measures will not restrict or impair trade between or through the two provinces, or investment or labour mobility between the two provinces.
- Non-discrimination: There will be no preferential treatment of a province's workers, investments, goods, businesses and services over those of the other provinces.

Since 1995, trade between Alberta and other provinces has been guided by the Agreement on Internal Trade (AIT). In 1999, the AIT was extended to cover municipal governments, academic institutions, school boards and health authorities, which are commonly referred to as the MASH sector. The TILMA is similar to the AIT, yet it is more comprehensive, expanding the liberalization of trade between British Columbia and Alberta to all sectors unless otherwise stated.

## I.2 Regional Consultation Process

On May 11, 2007, invitations to the TILMA regional consultation sessions together with background information were sent from the Minister of IIAR to senior elected or administrative officials for 347 municipalities, 12 regional health authorities, 28 post-secondary institutions and 77 school boards.

Consultations were held across the province between May 29 and June 21, 2007 and were attended by 209 elected officials, administrators, and staff of the respective MASH sector jurisdictions as indicated in the following chart. Officials from Alberta Municipal Affairs and Housing, Alberta Education, Alberta Health and Wellness, Alberta Advanced Education and Technology, Service Alberta, Alberta Urban Municipalities Association, Alberta Association of Municipal Districts and Counties, and Alberta School Boards Association also attended a number of the sessions.

Sector	Session Location	Date	# of Participants
Municipalities	Lethbridge Region	May 29	14
	Medicine Hat Region	May 30	9
	Calgary Region	June 4	10
	Red Deer Region	June 11	24
	Edmonton Region	June 12	29
	Lloydminster Region	June 14	5
	Grande Prairie Region	June 20	21
	Edson Region	June 21	10
<b>Total</b>			<b>122</b>
School Boards	North - Edmonton	June 13 (pm)	29
	South - Calgary	June 22 (pm)	13
<b>Total</b>			<b>42</b>
Regional Health Authorities	North - Edmonton	June 13 (am)	12
	South - Calgary	June 22 (am)	8
<b>Total</b>			<b>20</b>
Academic Post-Secondary Institutions	North - Edmonton	June 15	13
	South - Calgary	June 18	12
<b>Total</b>			<b>25</b>

A list of participant organizations can be found in Appendix C.

The agenda for each of the consultation sessions was designed with two objectives in mind. The first objective was to provide participants with accurate and up-to-date information concerning the background, purpose and goals of the TILMA, and to provide an initial opportunity to raise questions concerning the agreement and its potential impact on MASH sector organizations. The second objective was to gather specific feedback from stakeholders concerning how they felt the TILMA would benefit their organizations and the agreement's potential implications for the way they conduct business.

### **I.3 Consultation Summaries**

Questions and comments from participants were captured to ensure issues that required further review and discussion with B.C. were noted for follow-up. The questions and observations have been aggregated and organized under various topic areas that arose during the session discussions.

Following the TILMA overview presentation by IIAR officials, which included an opportunity for participants to ask questions and seek clarification, small group discussions were held to obtain answers to the following questions:

1. What do you understand are the main reasons for the Provinces of Alberta and British Columbia to have entered into the agreement to liberalize trade, investment and labour mobility between the Provinces?
2. What benefits to the MASH sector do you see arising from introduction of the TILMA agreement relative to trade issues, investment issues and labour mobility issues?
3. What problems or challenges to the MASH sector do you see arising from the introduction of the TILMA agreement relative to trade issues, investment issues and labour mobility issues?
4. What if any exemptions, special provisions or transitional provisions should the Province of Alberta consider for the MASH sector that has not already been identified in the agreement prior to it coming into effect on April 1, 2009?
5. What do you see as the most significant challenges to implementation of the TILMA agreement, and what should the Province of Alberta do to assist your sector generally and organization specifically prepare for implementation of the TILMA agreement on April 1, 2009?

The results of each of the facilitated group discussions are attached as Appendix A to this report.

### **I.4 Written Submissions**

At the conclusion of each consultation session, participants were advised they could make written submissions by the end of the consultation period, the contents of which would be taken into account in the preparation of this report. Ten written submissions were received from the following MASH sector stakeholders:

- Alberta Association of Colleges and Technical Institutes;
- Alberta Association of Municipal Districts and Counties;
- Alberta School Boards Association;
- Alberta Urban Municipalities Association;



- City of Calgary;
- City of Edmonton;
- Grant MacEwan College;
- High Prairie School Division No. 49;
- Northern Alberta Institute of Technology; and,
- Peace River School Division No. 10.

The written submissions and position papers reinforce many of the observations made by MASH sector stakeholders during the consultation sessions and have been taken into account in the preparation of this report.

## 1.5 Small Group Sessions

Following preparation of the interim consultation report in August 2007, a number of representatives of MASH stakeholder organizations that participated in the regional sessions were invited to attend one of two small group sessions held to validate the results and observations gathered through the regional consultation sessions. One small group session was held in Edmonton on August 29, 2007 and one session was held in Calgary on August 30, 2007.

Prior to the small group sessions, participants were provided with a copy of the interim report which identified and categorized the feedback gathered at the 14 regional sessions. The objectives of the small group sessions were to present the results of the regional consultation sessions, to validate the findings, and to identify any other observations not captured in the interim report that participants felt were of particular importance to the MASH sector.

Following presentation of the consultation findings and observations, participants were asked to indicate their agreement or disagreement with the findings and observations. Participants were led through a facilitated discussion concerning the findings and observations which culminated in an individual exercise to identify agreement or disagreement with the observations/conclusions.

The feedback from the small group sessions has been incorporated into this report.

The results of each small group session have been categorized by MASH sector and can be found in Appendix B of this report. The list of MASH sector organizations which participated in the small group sessions can be found in Appendix C of this report.

From informal feedback and comments from the regional consultation and small group sessions, the MASH sector stakeholders were pleased with the information provided during the consultation process. They found the process assisted them in better understanding why the governments of British Columbia and Alberta have decided to pursue the liberalization of trade, investment and labour mobility. Stakeholders did note however, that further consultation with and participation of MASH sector organizations would ensure the agreement achieves its primary objectives without negatively impacting the way MASH sector stakeholders conduct business.



## 3.0 overview of participant feedback to TILMA

This section provides a thematically organized summary of participant feedback to the TILMA from the eight municipal sessions, two school jurisdiction sessions, two health authority sessions, two post-secondary educational institution sessions and the written submissions.

A number of common themes emerged from the participant feedback from all of the stakeholder sessions and input. This summary focuses on the issues, observations, and suggestions that were posed or offered for consideration by the participants and represents the results of all sessions and the additional written submissions.

### 3.1 Procurement

Session participants from all four sectors generally acknowledged that lower procurement thresholds would likely provide vendors with greater access to MASH sector procurement opportunities. A number of participants noted that because of the current hot economy, many of their lower value procurement opportunities have not been attracting significant interest from vendors and in some instances they have not received any submissions.

Participants expressed concern that lower procurement thresholds would likely increase the administrative burden, particularly in organizations that do not have the staff to address procurement in the manner outlined in the agreement. In addition, some MASH sector organizations noted they may lack the technology, skills or experience required to prepare and electronically advertise a greater number of procurement opportunities. Some were also of the view that lower procurement thresholds may add unnecessary complexity to basic tendering transactions. Officials of Service Alberta, who manage the Alberta Purchasing Connection (APC), attended the sessions and were able to respond to questions and observations related to procurement support that the Alberta government provides to the MASH sector.

This discussion underscored the need for interaction between Service Alberta and MASH sector stakeholders on how Alberta government procurement services can better assist stakeholders with procurement related services and advice. Participants felt that services should include interpretations on the Agreement on Internal Trade (AIT) and the TILMA; sample tender documents and templates; information on how to access provincial government standing offers, and advice and assistance in using the APC for electronic tendering.

Notwithstanding the recent introduction of the TILMA, it was noted that MASH sector entities are presently covered by the AIT. Officials of Service Alberta advised that they have assisted a number of MASH sector entities with interpretations on the AIT and will do so with the TILMA. Participants noted that more work can be done in this area to ensure the MASH sector is fully conversant with the obligations under both the AIT and the TILMA.

Several school jurisdictions noted that the 4% administrative cap that school boards have on their operating budgets may not allow them to add human resources that might be necessary to deal with the added volume of work created by lower procurement thresholds under the TILMA.

Participants noted that some jurisdictions have local preference policies that give a benefit to local service providers and suppliers. These jurisdictions

felt the TILMA could negatively impact local purchasing opportunities by reducing the flexibility of issuing contracts to local businesses, which may create political challenges for elected officials. Two larger organizations asked how the TILMA would impact their Environmental and Ethical Procurement policy where suppliers are required to follow the environmental and ethical standards established by the municipality. Policies of this type may be viewed as discriminatory under the TILMA and as such the agreement may impact existing procurement policies and clarification is required.

Several municipalities also noted they have entered into strategic partnerships with private sector businesses or other municipalities to provide services, for example, municipal utility services. Under some of these arrangements the private sector assumes contractual responsibility for operating a municipal utility such as a water or waste water facility and concern was expressed about the impact of the TILMA on these types of agreements and the requirement for open tendering. The suggestion was made that the TILMA should consider innovative service delivery models outside of a typical “cookie cutter” approach to trade liberalization created through lower procurement thresholds.

### **3.1.1 Procurement Thresholds**

While many participants acknowledged the benefits of increased competition in purchasing decisions for vendors and preferred to maintain procurement thresholds at the current AIT levels (\$100,000 - goods, \$100,000 – services, and \$250,000 – construction), some participants in each of the regional sessions were not supportive of the provincial government thresholds in the TILMA being applied to the MASH sector. The hot Alberta economy and increased inflation in construction costs were viewed as mitigating factors in any attempt to significantly lower the procurement thresholds. Many participants indicated they are not receiving responses to some of their lower value tenders notwithstanding they are advertised electronically through services such as APC. These observations were further validated at the small group sessions held in Edmonton and Calgary on August 29 and 30, 2007.

Several of the larger MASH sector jurisdictions did share that they have policies that require open purchasing for goods, similar to those adopted by the provinces under the TILMA and lower than those prescribed under the AIT. They generally have large purchasing functions capable of handling lower purchasing thresholds; however, they indicated those policies allow for flexibility to choose procurement thresholds depending on the goods or services required. Several medium to large organizations noted they use tools such as “prequalification” or “standing offers” which conform to the TILMA and AIT but do not require an open tender for all purchases. It was suggested Service Alberta could provide assistance and advice to all segments of the MASH sector on these types of procurement tools.

During the regional sessions, some participants suggested that thresholds could be reduced for the MASH sector in the same ratio as the reduction for governments in the TILMA, i.e., 60% reduction for goods, 25% reduction for services and 0% reduction for construction. Participants at a number of the regional sessions indicated that they could accept a threshold of \$50,000 to \$60,000 for goods, \$75,000 to \$80,000 for services and \$250,000 for

construction. Small group session participants' support for these levels was mixed depending upon the size and type of MASH organization. But, many were generally not supportive of lowering the levels below the current AIT thresholds.

There was also a suggestion made to establish procurement threshold levels based on the size of the entity. For example, municipalities with small populations could have higher procurement threshold levels, and municipalities with large populations could have lower threshold levels. The same would hold for school jurisdictions, post-secondary institutions and health authorities. This concept was not supported by participants at the small group sessions.

Several small group session participants did suggest that regardless of the level at which procurement thresholds are set, they should be indexed for inflation in both AIT and the TILMA. It was recognized that any adjustment to AIT would require agreement amongst the provincial, territorial and federal governments.

## 3.2 Investment

### 3.2.1 Incentives/Subsidies

There was general support from many of the municipal participants for a standardized approach to investment through limiting incentives and subsidies, thereby leveling the playing field for investors or potential investors. However, a number of participants from smaller municipalities felt that the elimination of incentives or subsidies would impede their ability to attract businesses to their communities which might have negative economic impacts.

It was noted that the term “enterprise” in Article 12 of the TILMA is very broadly worded. A number of participants voiced concern that this provision may have unintended consequences that could negatively impact MASH sector organizations. For example, would there be a contravention of the TILMA if an organization was to provide a relocation incentive to attract workers? Rural communities offering incentives to physicians from other countries or jurisdictions to relocate to their communities, was cited as another example. Physicians and others may operate as a corporate entity or enterprise, which is where the clarification is required. It was also suggested the TILMA should provide an exception to address business subsidies that benefit or attract individuals who choose to operate as sole proprietors or contractors.

### 3.2.2 Licenses/Permits/Fees

In accordance with Section 8 (c) (ii) of the *Municipal Government Act* (MGA), a municipality has the discretion to pass a bylaw to establish fees for licences, permits and approvals that are higher for persons or businesses who do not reside or maintain a place of business in the municipality. It was noted that many urban municipalities have a differentiated business licensing system where resident businesses pay a lower fee than non-resident businesses. Under these situations, B.C. businesses are treated the same as “non-resident” Alberta businesses. A question was raised as to whether the differentiated business license framework would be viewed as discriminatory under the TILMA and clarification on licenses/fees/permits is therefore required.

### 3.2.3 Quotas

At least two municipal stakeholders voiced concerns regarding the question raised in the background information about the TILMA. The following question was asked: “Does your municipality have measures that limit the number of service providers or the operations of a service provider?” A number of municipalities noted they have quotas, such as a cap on the number of taxis or certain types of businesses such as night clubs, etc. that may operate in the municipality. They asked for clarification on whether the locally imposed quotas would contravene the TILMA.

It was noted by one stakeholder association that Article 11 of the TILMA dealing with Investment may be inconsistent with the Alberta Business Corporations Act dealing with extra-provincial corporations. An issue is the concern that the requirement to remove the need to incorporate in Alberta may create challenges for MASH sector organizations that do business with companies not registered in Alberta. Clarification is therefore required as to the recourse that MASH stakeholders may have against B.C. corporations which may not meet contractual obligations and what, if any, enforcement measures will be available.

### 3.3 Labour Mobility

At each of the MASH stakeholder sessions, participants identified the provisions relating to labour mobility as strengths of the TILMA. Increased labour mobility would permit MASH stakeholders to draw from a larger labour pool. The reconciliation of professional and trade certification requirements in the two provinces should facilitate the movement of workers and benefit both the employer and the worker. Participants expressed the concern, however, that improved labour mobility under the TILMA could be a draw on the human resources of stakeholder organizations, especially in a buoyant economy.

A concern was raised that a reconciliation of standards and regulations should not move to the lowest common denominator. Participants supported the goal in the TILMA that the maintenance of results, performance, and competence should be guided by the reconciliation of standards and regulations under the TILMA.

It was noted that recent negotiations between the provincial and federal governments have strengthened the Alberta Provincial Nominee Program and allows for the establishment of Alberta immigration offices in other countries. Foreign recruitment in Alberta is restricted to the Regional Occupations under Pressure lists. A question was raised as to whether the occupations would have to be on the Regional Occupations under Pressure list in both provinces in order to proceed with foreign recruitment under the TILMA. Participants have asked for more information about the impact that the TILMA will have on this program.

A number of session participants identified pension portability as an issue that should be assessed as another potential opportunity for improved labour mobility between the provinces. While it was acknowledged that this is probably outside the scope of the TILMA, restrictions on various pension programs make it difficult for some types of occupations to move between the provinces due to non-portability of their respective pensions.

Stakeholders from the post-secondary educational institution sector noted that the agreement should not create barriers to post-secondary students. If the goal of the

TILMA is to treat workers and businesses the same, this principle should also apply to students. Rules relating to loans and out of province applications for students should be considered in the same light.

### 3.4 Exceptions

In general, regional session participants were supportive of the areas identified as “Exceptions” to the agreement and were pleased that social policy including labour standards and codes are listed as exceptions.

Questions were raised at several sessions concerning architectural and engineering services and whether the procurement of these services, which are currently excluded under the AIT, will be covered under the TILMA. Officials of IIAR noted that Alberta and British Columbia are presently in discussions concerning the implementation of a process for the procurement of architectural and engineering services under the TILMA by April 1, 2009. Many MASH sector participants expressed interest in having the results of the process inform the MASH negotiations.

Several municipalities advised they have contracts with municipally owned entities such as EPCOR and ENMAX. Municipalities have requested the following be treated as additional exceptions to the agreement:

- Inter-municipal service agreements;
- Non-traditional municipal entities, e.g., utilities corporations, land development, city owned parking authorities;
- Existing tax incentive agreements;
- Franchise agreements; and,
- Emergency purchases.

Some post-secondary education institutions suggested the following exceptions should be considered:

- Consideration for teleworkers;
- Employment and travel subsidies; and,
- Procurement of research related equipment.

One stakeholder association noted that the term “services” is broadly defined under the agreement and raised the concern about the potential impact that procurement service requirements might have on recruitment practices. It was suggested that an exception be considered to ensure that procurement provisions do not impose a requirement on MASH sector entities to tender for management level positions particularly where a decision is made to appoint an internal candidate to a senior level management position without tendering.

### 3.5 Transitional Provisions

The transition period for the TILMA including the MASH sector consultations and negotiations, is from April 1, 2007 to April 1, 2009. Since negotiations applying to the MASH sector are expected to be completed

by the spring of 2008, some MASH sector stakeholders suggested the transition period for full implementation of the TILMA be set at one year from the date that the agreement as it relates to the MASH sector is ratified by the parties. This would provide stakeholders with sufficient time for an orderly and effective phase-in of operations and procedures to meet the requirements of the TILMA.

Several participants requested further facilitated discussions and consultations on the TILMA to further their understanding of the agreement and to assist them with preparations for its implementation. The two municipal associations suggested that some level of involvement by their executive and the ministers responsible for the agreement should be considered during negotiations between British Columbia and Alberta.

One of the municipal associations asked that a multi-stakeholder advisory committee, that includes municipal representatives, be created to advise the Minister during and following the transition period. Another municipal association has requested that IIAR take into account the findings of their survey on municipal policies that may be impacted by the TILMA.

### 3.6 Dispute Resolution Issues

There was general agreement that the dispute resolution process needs teeth and some participants expressed the view that the current penalty provisions in the agreement may not be sufficient to ensure compliance. At one of the small group sessions it was suggested that without direct financial penalties to non-compliant MASH sector entities, enforcing compliance may be difficult. There was general agreement that the dispute resolution provisions should not promote unnecessary additional disputes and should be limited to the TILMA provisions and not general contract law.

Participants asked whether any financial penalty assessed by a dispute resolution panel against the Alberta government as a result of a MASH sector measure, would become the responsibility of the MASH sector entity involved in the dispute. Some stakeholders suggested the agreement needs to include an explicit statement that MASH sector organizations will not be responsible for any financial penalty associated with a dispute.

Another concern relates to the role of the MASH sector entity in the dispute resolution process. Participants from each of the stakeholder groups voiced strong support for inclusion in the dispute resolution process by being allowed to participate in the process.

A question of who would pay for the costs incurred in the dispute resolution process was raised, along with concern about the costs that would be incurred to implement a decision as a result of being non-compliant. Depending on the situation, these costs could be substantial and could negatively impact the MASH sector organization. Several participants noted that lower procurement thresholds may expose MASH sector entities to a potentially increased number of complaints, possible penalties and litigation.

Several participants at the small group sessions suggested that any potential bid protest should not be allowed to unreasonably delay a project while the dispute is ongoing.

### **3.7 General Governance Issues**

Some municipalities sought clarification concerning any potential conflict between “natural person” powers accorded under the Municipal Government Act and obligations under the TILMA.

The issue of the impact of the TILMA on Alberta communities located on or immediately adjacent to the Alberta/Saskatchewan and Alberta/British Columbia borders was raised. It was noted that some Alberta municipalities that are close to these borders may have some special relationships with municipalities, businesses and citizens in the neighbouring provinces. They also noted that these relationships should be considered in negotiations of the TILMA as it relates to municipalities and how overlapping and duplicative provincial and municipal requirements may create barriers in their jurisdictions. While it may be outside of the scope of the TILMA, a number of municipal stakeholders located in close proximity to the Alberta – British Columbia border raised the concern that Alberta businesses doing business in British Columbia are being charged additional fees on equipment purchased in Alberta and used in British Columbia. These fees are creating obstacles for some Alberta businesses, and discussion with British Columbia concerning these fees should take place to further enhance trade relations.

## ATTACHMENT I: MUNICIPALITIES

### Municipalities

#### Lethbridge Session – May 29, 2007

1. Participants were asked to share their understanding of the Trade, Investment and Labour Mobility Agreement (TILMA).

Many of the participants demonstrated a good understanding of the agreement including:

- The TILMA will lead to increased standardization and efficiencies in procurement of goods and services. The agreement reflects the philosophical positions of the current governments in the provinces of Alberta and British Columbia that supports free market enterprise and business.
- The agreement will broaden markets and make it easier to trade on a north south axis.
- The implementation of the TILMA will facilitate the further implementation of the Agreement on Internal Trade with provinces not party to the TILMA.

2. Participants identified the following potential benefits for municipalities accruing from the agreement:

#### *Procurement*

- Several participants expressed their feelings about the limited number of benefits for municipalities. They feel it is the larger municipalities that will benefit the most. Also certain sectors such as transportation will benefit more than others.
- Others expressed the benefits to a municipality would include a larger number of bidders on goods and services. Their belief was competition is healthy and increases productivity.
- Municipalities will have access to more competitive bids and pricing for goods and services.
- The agreement will guide better behaviour on the part of the municipalities as it relates to procurement. There will be greater transparency and more ethical behaviour with the new agreement.

#### *Investment*

- The playing field will be leveled for economic development and the bidding wars for new industry/business will be eliminated.

#### *Labour Mobility*

- Improved labour mobility may bring more people into the community. However, the reverse can also happen with improved labour mobility.
- Citizens will have greater ability to follow work and will be beneficiaries in addition to the different orders of government.
- Participants expressed their sentiment that municipalities will reap the benefits down the road, if they do it right.

3. Session participants identified several potential challenges for municipalities arising out of TILMA and had several questions on procurement.



The challenges that were identified included the following:

- Some participants expressed the sentiment they do not like the government telling the municipalities what they will do, e.g. business licensing. There will almost certainly be push back from the municipalities in this area.
- Lowering the procurement thresholds may increase the administrative burden for all municipalities. The bulk of purchasing in smaller municipalities tends to be at lower threshold levels therefore there is the potential to increase administrative burden if the procurement thresholds are set at a lower level than current AIT thresholds.
- Many participants stated the benefits are indirect but the costs of implementing the agreement are direct to the municipalities. They see more red tape and bureaucracy and see the rules for procurement becoming too complex with mistakes costing them a lot of money. Risk management with the TILMA will become just one more hurdle in a risk-strewn environment. They would prefer that municipalities be required to have clearly developed policies relating to procurement.

4. Participants identified the following special provisions and issues that the Government of Alberta should consider for municipalities prior to the agreement coming into effect for the MASH sector in April 2009:

- Session participants would like the procurement thresholds for municipalities maintained at the current AIT levels:
  - Goods – \$100,000;
  - Services – \$100,000; and,
  - Construction – \$250,000.
- Many municipalities have policies that set their procurement thresholds for goods and services at levels lower than those in the AIT. The municipalities' thresholds range from \$5,000 to \$25,000.
- *The Municipal Government Act* (MGA) allows municipalities to show local preference in procurement of goods and services and to set fees for business licenses. Session participants expressed the need for TILMA to show respect for the provisions of the MGA, as it relates to local preference, business licensing and procurement. Business licensing should be an exception in TILMA.
- TILMA must include a specific and explicit statement that allows for sole sourcing to ensure continuity in services/program.
- A clause to address inflation must be included in the agreement and be reviewed and updated on an annual basis.
- The subtlety of the impact of the changes resulting from TILMA needs to be addressed in sessions with the stakeholder groups.
- Municipalities would like some assurance in the agreement that there will be no financial sanctions against them if they violate any term of the agreement.

5. Session participants identified the following as the most significant challenges to the implementation of TILMA:

- The public (citizens) need better information as to the rationale for and the benefits of the TILMA. Since the agreement will have an effect on the citizens of each community, their support will be critical to the successful implementation of the agreement.
- Stakeholders are skeptical of the consultation process and need to be reassured that the agreement as it relates to the MASH sector has yet to be finalized.

## Municipalities Medicine Hat Session – May 30, 2007

1. Participants were asked to share their understanding of the Trade, Investment and Labour Mobility Agreement (TILMA).

Many of the participants demonstrated fair but varied understanding of the agreement and shared comments that included the following:

- The TILMA was designed to remove regulatory barriers, enhance trade and improve economic benefits for the citizens of Alberta and British Columbia.
  - The agreement will reduce duplication of effort and will allow municipalities to capitalize on the assets and resources in one area that could be employed in another area.
  - The agreement will address labour mobility issues and will facilitate addressing labour shortages in our province.
2. Session participants identified several benefits for municipalities which included the following:
    - The agreement will provide greater choice and open up new avenues for procurement in municipalities.
    - It will facilitate greater labour mobility through the reconciliation of professional and trades certification standards.
    - It allows municipalities to maintain autonomy in many areas such as emergency services, health, public safety and social policy.
    - The elimination of subsidy and incentives for investment will level the playing field for community economic development.
  3. Session participants identified several potential problems for municipalities arising out of TILMA and had several questions on procurement. The problems that were identified included the following:
    - Some municipalities will experience increased burden in relation to time and resources needed to tender for goods and services using electronic tools. There will also be an increased administrative burden in the evaluation of responses to Request for Proposals.
    - Municipalities fear that any financial penalties awarded in the dispute resolution process will be downloaded to the municipality. If this does occur, it will result in a financial burden that most municipalities cannot shoulder.
    - It is unclear as to what the impact of TILMA will be on non-traditional municipal entities such as gas utility ownership, mineral rights and land development. This needs to be clearly articulated in the agreement.
    - There was little support from participants for procurement thresholds to be set at the same level as they are currently for the government, i.e. goods - \$10,000, services - \$75,000 and construction - \$100,000. Participants would prefer the thresholds be maintained at the current AIT levels for the MASH sector though they did indicate they could work with a threshold for goods that was somewhere between the AIT MASH threshold and the current threshold for the

governments under TILMA. Many municipalities already have thresholds set below the AIT level and many do not have local preference clauses.

- Municipalities fear that there is potential for frivolous complaints in the agreement's dispute resolution process. The dispute resolution process needs strong language to guide the process for initiation of a complaint.
4. Participants identified the following special provisions and incentives that the Government of Alberta should consider for municipalities prior to the agreement coming into effect for the MASH sector in April 2009:
    - Municipalities with non-traditional entities such as oil, gas and utility companies, and land development companies would like them excluded in the agreement.
    - Some session participants would like to see the municipality's autonomy to issue business licenses protected in the TILMA.
    - The portability of pensions needs to be addressed for labour mobility to be realized.
  5. Session participants identified the following as the most significant challenges to the implementation of TILMA:
    - The perceived additional administrative burden resulting from the implementation of the TILMA, especially in small municipalities.
    - The very short time period allowed for municipalities to orient and develop understanding with staff, and to gear up for full implementation of the agreement by April 1, 2009.

## **Municipalities**

### **Calgary Session – June 4, 2007**

1. Participants were asked to share their understanding of the Trade, Investment and Labour Mobility Agreement (TILMA).

Many of the participants demonstrated some understanding of the agreement and shared comments that included the following:

- The agreement is intended to liberalize trade in 'border' communities of Alberta and B.C., e.g. Crowsnest Pass area.
  - The agreement has the potential to improve labour mobility through the portability of credentials across the provinces.
  - The agreement will create a level playing field for businesses to operate in both provinces.
2. Participants identified the following benefits that municipalities might accrue with TILMA:
    - Procurement**
      - There is the potential for competitive and better pricing of goods and services.
      - Communities will receive greater value for dollars spent.
      - It will lead to greater transparency and accountability on the part of municipal government.

### ***Investment***

- May facilitate a self-identified regular review of municipal bylaws and procedures.
- A consolidated information base on who is doing what work in the community will serve the public good.
- Protection of the consumer, i.e., citizen, will increase.

### ***Labour Mobility***

- Municipalities will have a larger labour pool from which to draw. This can be both a positive and a negative.
- The reconciliation of credentials for professions and trades will facilitate movement of labour between the provinces and serve citizens of both provinces well.

3. Session participants were quick to respond to the question about potential problems for municipalities arising out of TILMA. The problems identified included the following:

- Low procurement thresholds have the potential to increase the administrative workload for municipalities where there is only one staff person carrying out all administrative functions; municipalities may be forced to hire a procurement specialist.
- Having to make opportunities for the procurement of goods and services available publicly through electronic media will slow down the procurement process.
- A \$10,000 threshold for goods is too low and participants did not see the benefits for the costs associated with setting the threshold at such a low level.
- Since TILMA prohibits the setting of quotas on the number of businesses, questions were raised about a municipality's ability to set quotas on certain businesses, e.g., quotas on taxi licenses. Participants asked for clarification on this point.
- The improved labour mobility arising out of TILMA has the potential to drain the existing workforce in a municipality to higher paying positions in municipalities in B.C.
- Municipalities will have to make significant investments to keep pace in order to remain competitive in the workplace.

4. Participants identified the following special provisions and issues that the Government of Alberta should consider for municipalities prior to the agreement coming into effect for the MASH sector in April 2009:

- There is a need for political feedback in relation to incentives used to make a community competitive; greater clarity around this item is needed.
- Information about the Alberta Purchasing Connection and the services it provides relating to the procurement of goods and services must be disseminated to municipalities currently not using the service.
- Municipalities would like to have access to post on B.C. Bid with a seamless transition from APC to B.C. Bid.

5. Participants identified the following as the most significant challenges to the implementation of TILMA:

- The potential of the TILMA's procurement provisions limiting local preference programs and the potential resultant backlash that elected municipal officials, especially those in smaller communities, may face.
- Municipalities will have to work in the spirit of TILMA, in both good and bad economic times. Although they see TILMA working in good economic times, some question whether the agreement will work as well when the economy is weak.
- Administrative staff provides support to the politicians in responding to inquiries from citizens. They envision an increase in the numbers of inquiries from citizens about TILMA.
- The Municipal Government Act gives municipalities certain authority. The government needs to ensure TILMA does not constrain or violate this authority.
- One of the most significant challenges faced by smaller municipalities will be to create the framework and to find the resources for the necessary implementation of TILMA.

### **Municipalities**

#### **Red Deer Session – June 11, 2007**

1. Participants were asked to share their understanding of the Trade, Investment and Labour Mobility Agreement (TILMA).

Many of the participants demonstrated a good understanding of the agreement and shared comments that included the following:

- The TILMA is a logical next step from national and international trade agreements.
- The agreement rationalizes public sector relations between the two provinces.
- The labour mobility clauses will facilitate addressing labour shortages in both provinces. The agreement provides a forward outlook for workers required to address labour shortages.
- The agreement will eliminate or reduce duplications and harmonize transportation and other regulations between the two provinces.
- Although B.C. wants to share in the robust economy currently taking place in Alberta, working to promote the benefits of the agreement with unions in B.C. could be challenging.
- By removing “provincial protectionism”, the citizens of the two provinces will potentially have enhanced wealth and well-being through the removal of barriers that impede working and living in each other's province.

2. Participants identified the several benefits for municipalities which included the following:

- Procurement of goods and services will be enhanced through lower costing created through competition. The agreement is focused on creating a level playing field and has the potential to speed up job performance.
- Municipalities will have greater choices and opportunities to procure goods and services.

- The labour mobility provisions in the agreement are long overdue and will allow municipalities to provide better services through access to an increased labour pool with standards that are maintained. Municipalities can now attract and retain their workforce and the reconciliation of professional/trades standards is considered a definite benefit for the labour needs of municipalities. This may also help to dampen the boom/bust cycle as it relates to labour, as people can follow work opportunities with ease.

3. Session participants identified several potential problems for municipalities arising out of TILMA and had several questions on procurement.

The problems that were identified included the following:

- Some municipalities may not have the ability to attract businesses without incentive or a subsidy.
- Municipalities may experience an increased administrative burden with the rule to tender via electronic means under TILMA.
- Municipalities are reluctant to give up local preference in procurement as doing business with locals helps to build the community.
- There was little support from participants from municipalities for lower procurement thresholds than those currently in AIT.
- Standing offers through the government are not helpful with small purchases.
- Working with two agreements will be a challenge. Municipalities will need to have clear rules on which agreement applies to which situation.
- Help to overcome the prevailing sentiment of municipalities wanting to protect local vendors and suppliers.
- Participants would prefer to maintain the current AIT procurement thresholds. They would be willing to see the threshold for goods set at \$75,000.
- Some participants expressed their concern that TILMA might cause some local businesses to go under.
- TILMA must respect local autonomy vested in the municipalities through the MGA i.e. local preference and business licensing.

4. Participants identified the following special provisions and issues the Government of Alberta should consider for municipalities prior to the agreement coming into effect for the MASH sector in April 2009:

- Session participants would like the procurement thresholds for municipalities maintained at the current AIT levels:
  - Goods – \$100,000;
  - Services – \$100,000; and,
  - Construction – \$250,000.
- If the procurement levels are to be set at lower thresholds, smaller municipalities need to be protected.
- Participants requested further clarification on the clause related to the setting of quotas, as this is a practice that has served them well.
- Participants asked if the government would consider a demonstration of value for dollars as it relates to procurement thresholds before lowering them.

5. Session participants were asked to identify what the province could do to assist municipalities during the transition period. Suggestions from the participants included the following:

- There needs to be careful and intentional communication to the public about TILMA. This is required to build public understanding, support and acceptance of the agreement, as public support will be critical to the successful

implementation of the agreement.

- There needs to be a definitive and timely response to questions relating to business licenses, portability of pensions, and transfer of financial penalties to municipalities posed during this session.
- Participants felt the government might find it valuable to have municipal sector representatives at TILMA negotiations between AB and B.C. – one from an urban municipality and one from a rural municipality.
- The government needs to take more time to ensure rigorous consultation and to address the issues identified by the stakeholder groups.
- The dispute resolution process must be consistent with the MGA. The dispute resolution process in the agreement must be explicit about the municipality's involvement in every step of the process.
- The Governments of Alberta and B.C. must engage labour unions in their consultations if labour mobility is to become a reality under this agreement.
- The notion of a “pilot” could be considered to examine the impact of lower thresholds and to review and determine future applicability under the agreement.

## **Municipalities Edmonton Session – June 12, 2007**

1. Participants were asked to share their understanding of the Trade, Investment and Labour Mobility Agreement (TILMA).

Many of the participants demonstrated good understanding of the agreement and shared comments that included the following:

- The agreement will create a level playing field on which businesses can compete;
- Labour shortages will be addressed through the provisions on labour mobility;
- The agreement will facilitate the movement of goods and services between the provinces;
- Municipalities will have greater access to goods and services through increased bidding on contracts;
- The borders between the provinces will become flexible; and,
- Municipalities are of the view that the elimination of barriers would be beneficial.

2. Participants identified the following benefits that municipalities might accrue with TILMA:

### ***Procurement***

- Municipalities will have access to a greater number of vendors for goods and services; however, there is a need to ensure all construction tenders end up on one electronic tendering system.
- Greater labour mobility will allow municipalities to fill job vacancies especially when there are labour shortages in the province.

### ***Investment***

- There was general support for the standardized approach to incentives and subsidies, and the leveling of the playing field for businesses. There was some discussion about doing away with jurisdictional specific business licenses as they are being considered in B.C. but it was felt that this would have to be discussed by local politicians prior to any changes being made in this area.
- Many municipalities charge a business license fee. Municipalities asked for clarification on whether they would still be able to charge a higher fee for businesses that are not resident in their communities.

- Some communities have set quotas for some businesses, e.g. taxis. Municipalities have asked for information on whether this violates the spirit and intent of TILMA.

#### *Labour Mobility*

- Municipalities will be able to draw from a larger labour pool. This can be both a positive and a negative.
- The reconciliation of credentials for professions and trades will eliminate barriers to movement of labour between the provinces. The question of portability to pensions was raised.

#### 3. Session participants identified several potential problems for municipalities arising out of TILMA. The problems identified included the following:

- Many municipalities do not have the human resources to address procurement in the manner outlined in the agreement and would have difficulty finding the resources to meet the obligations of TILMA.
- Although the Government of Alberta has several standing offers available to municipalities, they are not seen as overly helpful for small purchases.
- Larger municipalities already have purchasing policies that are in line with TILMA. Smaller municipalities will have to make significant changes to meet the spirit and intent of TILMA.
- Working with two agreements – AIT and TILMA – may cause some problems for municipalities. Some municipalities expressed concern about maintaining two different systems to meet the obligations under the two agreements.
- Session participants preferred the procurement thresholds be maintained at the current AIT levels. If the procurements thresholds are set too low, they envision the administrative load in municipal offices increasing. However, several municipalities shared information that their municipal bylaws require them to tender project and services under the AIT thresholds. Session participants offered that \$50,000 for goods may be acceptable but would like the amounts to remain the same as the AIT levels for services and construction.
- Some concern was raised about the dispute resolution process in TILMA and the possibility that municipal staff will have to spend more time and resources to resolve any issues that may be brought forth for resolution.
- Although the dispute resolution process clearly states that only parties to the agreement may suffer a financial penalty resulting from the dispute resolution process, municipalities are fearful that the penalty will be downloaded to them.
- *The Municipal Government Act* (MGA) gives municipalities the authority to set business license fees. TILMA needs to be consistent with the MGA and not overrule or constrain the authority of the municipalities set out in the MGA.

#### 4. Participants identified the following special provisions and issues that the Government of Alberta should consider for municipalities prior to the agreement coming into effect for the MASH sector in April 2009:

- Some municipalities have entered into inter-municipal service agreements. Participants would like to have these agreements excluded from TILMA.
- Some municipalities offer tax incentives to businesses. They would like to see these incentives grandfathered where they exist.
- Municipal Corporations, e.g. EPCOR in Edmonton, should be excluded from TILMA. A question was raised as to whether franchise agreements would be excluded in the agreement.
- Some municipalities feel the two year transition period is not long enough for the effective implementation of TILMA. Since it is expected that the agreement as it applies to the MASH sectors will be finalized in April 2008, it give



municipalities only one year to make necessary changes in order to comply with TILMA. It was suggested that a two year implementation period begin in April 2008, with full implementation by April 1, 2010.

- Session participants would like to have a clear statement that any financial penalty imposed by the Dispute Resolution Panel involving a municipality will not be the responsibility of the municipality. Session participants also expressed the desire to have some say in the selection of panelists in cases that involved them. Questions arose about who pays for expenses incurred during the dispute resolution process and whether the municipality would have the opportunity to defend its actions in front of the panel.

## Municipalities

### Lloydminster Session – June 14, 2007

1. Participants were asked to share their understanding of the Trade, Investment and Labour Mobility Agreement (TILMA).

Many of the participants demonstrated a good understanding of the agreement and shared comments that included the following:

- The TILMA will provide Alberta with easy access to a Pacific port and world trade.
- The agreement will simplify training of professionals and trades persons and facilitate recruitment for difficult to fill positions; e.g., waste water management.
- Improved labour mobility will give communities access to a larger pool of workers.

2. Participants identified the main benefit for municipalities to be the removal of barriers to competitive bidding for projects, goods and services. As a border municipality, the Lloydminster area has already had to open up and be competitive.

3. Session participants identified several potential problems for municipalities arising out of the TILMA and had questions on procurement and investment.

The problems that were identified included the following:

- Some municipalities may not have the ability to attract businesses without incentive or a subsidy.
- Smaller municipalities may experience an increased administrative burden with the rule to tender via electronic means under TILMA.
- Smaller municipalities are reluctant to give up local preference in procurement as doing business with local entities builds the community.
- There was little support from participants of smaller municipalities for lower procurement thresholds than those currently in AIT.

4. Participants identified the following special provisions and issues that the Government of Alberta should consider for municipalities prior to the agreement coming into effect for the MASH sector in April 2009:

- Session participants would like the procurement thresholds for municipalities

maintained at the current AIT levels:

- Goods – \$100,000;
- Services – \$100,000; and,
- Construction – \$250,000.

- The Alberta government needs to examine the effects of TILMA on the City of Lloydminster, which is in a unique situation in that it exists in two provinces. These border conditions will need to be considered and may require a further transitional period.
- Municipalities would like to maintain the ability to develop land under TILMA.
- The TILMA should include a clause that allows municipalities to extend current contracts to allow them to continue to work contractors who have worked well with the municipality. In order for this to occur the original tender process would need to be TILMA compliant.

5. Session participants identified the following as the most significant challenges to the implementation of TILMA:

- The public (citizens) need better information as to the rationale for and the benefits of the TILMA. Since the agreement will have an effect on the citizens of each community, their support will be critical to the successful implementation of the agreement.
- Service Alberta needs to support municipalities with training in on-line procurements, developing RFPs and connecting with other support services. Information on the services available from Service Alberta needs to be communicated to all municipalities.
- One of the session participants wondered if TILMA was the forerunner to reconciliation with US trade markets and expressed some fear about jeopardizing Canadian social policy and support, i.e., health care.

### **Municipalities**

#### **Grande Prairie Session – June 20, 2007**

1. Participants were asked to share their understanding of the Trade, Investment and Labour Mobility Agreement (TILMA).

Many of the participants demonstrated a fair understanding of the agreement and shared comments that included the following:

- The TILMA has come about due to the strong lobbying effort of businesses in both provinces.
- The agreement is intended to create a more robust economy in the two western provinces through the removal of unnecessary barriers in procurement, investment and labour mobility.
- The agreement will level the playing field for businesses and citizens in the two provinces and increase the labour pool.
- It has the potential to be of great economic benefit for regions and businesses and also to increase choice for citizens in relation to their work.

2. Participants identified the following potential benefits for municipalities with the agreement:

#### **Procurement:**

- Municipalities will have access to more competitive bids and pricing which will open up the market for goods, services and labour.

**Investment:**

- Participants did not offer any comments on the benefits under this section.

**Labour Mobility:**

- Improved labour mobility may bring more people to the community. However, the reverse can also happen with improved labour mobility.
- Citizens will have greater ability to follow work.

3. Session participants identified several potential problems for municipalities arising out of TILMA. The problems identified included the following:

- Lowering the procurement thresholds may increase the administrative burden for smaller communities.
- Some municipalities want to maintain sole sourcing in the current economic environment as they have other considerations to contend with such as on-going maintenance of equipment, existing computer systems, etc.
- Electronic bidding could potentially remove personal contact with the vendor and thus have a negative impact on service.
- TILMA could create political issues for locally elected politicians if there is no room for local preference. This is the mainstay of many communities and communities would like to maintain this. Municipalities would like some flexibility and choice in relation to their engagement with business.

4. Participants identified the following special provisions and issues that the Government of Alberta should consider for municipalities prior to the agreement coming into effect for the MASH sector in April 2009:

- Session participants offered the following procurement thresholds for municipalities:
  - Goods – \$50,000;
  - Services – \$100,000; and,
  - Construction – \$250,000.
- The Municipal Government Act (MGA) allows municipalities to show local preference in procurement of goods and services. Session participants expressed the need for TILMA to be consistent with the MGA as it relates to local preference and procurement.
- TILMA must include a specific and explicit statement that allows for sole sourcing to ensure continuity in services/program.
- A clause to address inflation must be included in the agreement and be reviewed and updated on an annual basis.

5. Participants identified the following as the most significant challenges to the implementation of TILMA:

- The public and the elected officials have very little or no knowledge of TILMA. Information must be provided to these groups in order to build support for the agreement and on-going dialogue and communication about TILMA and its implications for municipalities must be addressed in a timely manner.
- The province needs to work with AAMDC, AUMA, AARMA, and GFOA to support municipalities in transitioning to TILMA.
- The NW Corridor Corporation is focused in transportation issues in AB and B.C. and should be provided with information on TILMA. “Branding the Peace” is

an organization that promotes all aspects of life in the northwest part of the province. Their involvement in promoting TILMA may be valuable.

- Roads and infrastructure needs in the area will have to be addressed if this agreement is to be implemented successfully.

**Other:**

Session participants raised some other issues that may be relevant to TILMA.

- Alberta operators are charged 8% on equipment purchased in Alberta and running in B.C. Individuals in this part of the province feel that Albertans are penalized if they operate businesses in B.C.
- There is a limit on the number of special permits that transportation companies can access to run into B.C.
- Municipalities in northeast B.C. share in the provincial revenues from the oil and gas industry in that part of the province as part of the “Fair Share” program. Alberta municipalities across the border from their B.C. counterparts, feel this incentive is harmful to them.

## Municipalities

### Edson Session – June 21, 2007

1. Participants were asked to share their understanding of the Trade, Investment and Labour Mobility Agreement (TILMA).

Many of the participants demonstrated good understanding of the agreement and shared comments that included the following:

- TILMA will improve labour mobility and can serve to assist smaller communities find people for jobs in their communities.
- The removal of barriers and unnecessary regulations is a good thing.
- The agreement has the potential to increase competitiveness.
- The removal of incentives and business subsidies will level the playing field for economic development.

2. Participants identified the following potential benefits for municipalities with the agreement:

***Procurement:***

- There is some potential to open up the number of vendors on contracts.
- Participants understood that untendered opportunities could be made available under this provision but require clarification.

***Labour Mobility:***

- Improved labour mobility may bring more people to the community. However, the reverse can also happen with improved labour mobility.
3. Session participants identified several potential challenges for municipalities arising out of TILMA.

The challenges identified included the following:

- Small municipalities do not have the staff to address procurement in the manner outlined in the agreement and would have difficulty finding the resources to hire staff to meet the obligations of TILMA. This could slow down purchasing processes.
- Participants shared their concerns about the obvious political challenges associated with procurement matters under TILMA. Small communities often support their communities by local preference and this may be at risk with TILMA.

- The agreement has the potential to disadvantage local goods and service providers.
  - TILMA may restrict innovative service considerations e.g. housing for disabled people.
4. Participants identified the following special provisions and issues that the Government of Alberta should consider for municipalities prior to the agreement coming into effect for the MASH sector in April 2009:
- Innovative service partnerships between organizations and municipalities need to be excluded under TILMA.
  - Strategic partnerships between municipalities and business need to be excluded under the procurement clauses in the agreement. There was discussion around whether this was addressed in the research exclusion in the agreement. Session participants also expressed the need for the province to better advertise and promote innovation.
  - Session participants suggested that the procurements levels as compared to the levels in AIT should be adjusted in the same ratio as they were for the governments. Thus the recommended procurements for municipalities in TILMA would be as follows:
    - Goods – \$50,000;
    - Services – \$75,000; and,
    - Construction – \$250,000.
5. Participants identified the following as the most significant challenges to the implementation of TILMA:
- The public and the elected officials have little or no knowledge of TILMA. Information must be provided to these groups in order to build support for the agreement.
  - The political implications of the agreement at the local level will have to be carefully managed.
  - The dispute resolution process is of some concern as the roles of the parties in a potential dispute are not clearly defined.

## **ATTACHMENT II: ACADEMIC POST- SECONDARY EDUCATIONAL INSTITUTIONS**

### **Academic Post-Secondary Educational Institutions – North Edmonton Session – June 15, 2007**

1. Session participants identified several benefits of the TILMA for post-secondary educational institutions. They included but were not limited to the following:
- Open, transparent and consistent procurement practices with increased access within the sector and across MASH sectors.
  - Increased labour opportunities for graduates through the labour mobility provisions in the agreement.
  - Access to a larger labour market for post-secondary institutions.

2. Session participants identified several challenges they anticipate post-secondary educational institutions having to deal with under TILMA. Some of the major challenges identified included:
  - Procurement thresholds set far below the current AIT thresholds without indexing for inflation and market conditions thereby increasing the administrative burden for institutions.
  - The labour mobility provisions in the agreement may create barriers for graduates as their ability to work will be dependent on the cooperation of professional standards bodies.
  - Information is needed on whether the harmonizing of credentials will increase or decrease the requirements for certification.
  - Facing the unknown in terms of dispute resolution including their role in the dispute resolution process and who is responsible for costs incurred in the process.
  - At least one entity would like to see the construction thresholds maintained at the current AIT level.
3. Session participants would like to have the following considered for exceptions in the TILMA:
  - Provisions for and employees working at home and tele-workers.
  - Employment and travel subsidies.
  - Procurement of equipment for research purposes.
4. The following were identified as activities that would support post-secondary institutions during the transitional period:
  - Provision of additional information on the monetary penalties.
  - Presentation of the TILMA at the next Western Universities Conference.
  - Facilitated discussions and consultations on the TILMA during the two-year transition period.
5. One other issue identified by some of the participants was that the government needs to ensure there is equitable enforcement of legislation relative to the TILMA with both public and private institutions.

### **Academic Post-Secondary Educational Institutions – South Calgary Session – June 18, 2007**

1. Session participants identified several benefits of the TILMA for post-secondary educational institutions. They included but were not limited to the following:
  - Labour mobility provisions in the agreement and the recognition of credentials by both provinces.
  - The reduction of trade barriers and the potential increase in competition which may translate into lower costs for organizations.
  - A free trade network that will benefit both provinces and stakeholders.
2. Session participants identified several challenges that they anticipate post-secondary educational institutions having to deal with under TILMA. Some of the

major challenges included:

- An increased administrative burden for institutions which may result from lower procurement than those currently in place under AIT.
  - Providing employment subsidies for researchers who work as professional corporations.
3. Session participants would like to have the procurement of research equipment exempted from the TILMA.
  4. Session participants would like more information on the TILMA and a facilitated discussion beyond this session to support post-secondary institutions during the transitional period.
  5. One other issue that was identified by some of the participants was the need for the TILMA to consider pension portability along with the reconciliation of occupational standards to facilitate labour mobility to the fullest.

## **ATTACHMENT III: SCHOOL BOARDS**

### **School Boards – North Edmonton Session – June 13, 2007**

1. Session participants identified several benefits of the TILMA for school boards. They included but were not limited to the following:
  - More competitive market – procurement.
  - Harmonization of credentials.
  - Assist in compliance within organizations.
2. Session participants identified several challenges they anticipate school boards having to deal with under TILMA. Some of the major challenges included:
  - Thresholds proposed are too low; i.e., small boards may be challenged.
  - School boards have an administrative cap on expenditures; i.e., text book tenders would be impacted.
  - Potential loss of personnel to B.C.
  - Consider pension portability.
  - Support and advice for procurement.
3. Session participants would like the following considered for special provisions, exceptions for School Boards in the TILMA.
  - Suggestion to leave thresholds at AIT levels.
  - Leave engineers and architects out similar to AIT.
4. The following were identified as activities that would support school boards during the transitional period.
  - Appropriate administrative support.
  - Protect Boards from dispute costs, including administrative time.

- Training at in-service for staff on TILMA compliance.
- Plain language information.
- No penalties downloaded.
- Continued communication re: APC services.
- Maintain current MASH sector AIT levels.
- Promote and encourage purchasing consortia.

### **School Boards – South Calgary Session – June 22, 2007**

1. Session participants identified several benefits of the TILMA for school boards. They included but were not limited to the following:
  - Opening up procurement is positive, however, school boards don't necessarily see the benefits.
  - There are only a specific number of companies that bid on opportunities, e.g., number of companies selling stickers.
  - Small boards may not see the same benefits as large boards.
  - Deepens the pool of administrators – reconciling foreign credentials.
2. Session participants identified several challenges they anticipate school boards having to deal with under TILMA. Some of the major challenges included:
  - Working with more than one agreement – AIT and TILMA.
  - Pension portability, i.e. teachers.
  - Increase in administrative burden – 4% administrative envelope for school districts.
  - Need to ensure thresholds are not reduced to point where it creates widespread administrative burden.
  - Training of staff for procurement (in some smaller school districts).
3. Session participants would like the following considered for special provisions, exceptions for School Boards in the TILMA.
  - Maintain consistency with AIT procurement levels.
4. The following were identified as activities that would support school boards during the transitional period.
  - Provide information to school boards on TILMA and the implications.
  - Need sufficient notice before date of implementation (spring 2008).
  - IT assistance.

## **ATTACHMENT IV: REGIONAL HEALTH AUTHORITIES**

### **Regional Health Authorities – North Edmonton Session – June 13, 2007**

1. Session participants identified several benefits of the TILMA for health



authorities. They included but were not limited to the following:

- Provisions for radiologists' open shops between AB/B.C.
  - Currently using thresholds below the AIT procurement guidelines i.e., \$50,000 for goods.
  - Use standing offers.
2. Session participants identified several challenges they anticipate health authorities having to deal with under TILMA. Some of the major challenges included:
- Possible cost increases from lower procurement levels; i.e., administration costs. Inflation has already reduced purchasing thresholds. What will it be like two years in the future?
  - Smaller jurisdictions may be most impacted but have the least capability to assess impacts.
  - Potential loss of personnel to other jurisdictions.
3. Session participants would like the following considered for special provisions, exceptions for Health Authorities in the TILMA.
- Urban vs. rural aspects to define different possible thresholds.
4. The following were identified as activities that would support health authorities during the transitional period:
- Recognize high growth areas and issues.
  - Keep subsidy/incentive provisions away from HR recruitment area.
  - Promote Alberta Purchasing Connection and services to support procurement:
    - Free service; and,
    - Communication.
  - Provide some TILMA expertise to smaller regions to understand impacts.
  - Simplify RFP requirements, if possible.
  - Consider a cross-sector focus discussion.
  - Promote spirit and intent behind TILMA.

### **Regional Health Authorities– South Calgary Session – June 22, 2007**

1. Session participants identified several benefits of the TILMA for health authorities. They included but were not limited to the following:
- Procurement may be neutral.
  - Improve vendor access to procurement opportunities.
  - Better opportunities to attract trades.
2. Session participants identified several challenges they anticipate school boards having to deal with under TILMA. Some of the major challenges included:
- Inflation has increased number of procurements resulting in increased work.
  - Sector requires quick turnaround particularly for goods.
  - End users are not tolerant of delays brought about by procurement changes.
  - Elongates purchasing process.

- Exempt the purchase of registered medical devices due to limited number of suppliers.
3. Session participants would like the following considered for special provisions, exceptions for Health Authorities in the TILMA.
- Level for goods and services should be the same possibly \$50,000 to drive new benefits.
4. The following were identified as activities that would support health authorities during the transitional period.
- Ability to empower resolution of procurement disputes – reset the clock – without penalties.
  - Place limits on disputable matters, possibly \$ level focus on TILMA objectives.
  - Tight timelines for disputes.
  - Improve communication and public relations re: TILMA; also focus on educating private sector.
  - Additional information sessions for the health regions.

**ATTACHMENT I: REGIONAL CONSULTATION SESSIONS**

Regional Session		Participating Organizations
<i>Municipalities</i>		
Lethbridge Region	May 29	City of Lethbridge County of Lethbridge County of Warner No. 5 Crownsnest Pass M.D. of Taber Town of Cardston Town of Coaldale Town of Coalhurst
Medicine Hat Region	May 30	City of Brooks City of Medicine Hat County of Forty Mile No. 8 County of Newell #4 Cypress County
Calgary Region	June 4	City of Calgary M.D. of Foothills No. 31 M.D. of Rocky View No. 44 Mountain View County Town of Cochrane Vulcan County
Red Deer Region	June 11	AUMA City of Airdrie City of Leduc City of Red Deer Clearwater County County of Wetaskiwin No. 10 Lacombe County Red Deer County Sturgeon County Town of Drumheller Town of Innisfail Town of Lacombe Town of Rocky Mountain House

Regional Session		Participating Organizations
Edmonton Region	June 12	AAMDC Beaver County Camrose County City of Edmonton City of St. Albert City of Wetaskiwin County of Barrhead County of Minburn No. 27 Lamont County Leduc County Parkland County Strathcona County Town of Bon Accord Town of Drayton Valley Town of Gibbons Town of Lac La Biche Town of Vegreville Woodlands County
Lloydminster Region	June 14	City of Lloydminster M.D. of Wainwright No. 61 Village of Chauvin Village of Kitscoty
Grande Prairie Region	June 20	AAMDC Birch Hills County City of Grande Prairie Clear Hills County County of Grande Prairie No. 1 M.D. of Big Lakes M.D. of Northern Lights No. 22 M.D. of Smoky River No. 130 Northern Sunrise County Town of Grimshaw Town of High Level Town of Spirit River
Edson Region	June 21	Brazeau County Town of Edson Town of Hinton Town of Mayerthorpe Woodlands County Yellowhead County

<b>Regional Session</b>		<b>Participating Organizations</b>
<b>Post-Secondary</b>		
North – Edmonton	June 15	Athabasca University Grande Prairie Regional College Grant MacEwan College Keyano College Lakeland College Northern Lakes College University of Alberta
South – Calgary	June 18	Bow Valley College Lethbridge College Mount Royal College Olds College Red Deer College St. Mary's University University of Calgary University of Lethbridge
<b>Health</b>		
North – Edmonton	June 13	Alberta Alcohol and Drug Abuse Commission (AADAC) Alberta Mental Health Board Capital Health Authority David Thompson Health Region East Central Health Northern Lights Health Region
South – Calgary	June 22	Alberta Cancer Board Calgary Health Region Chinook Health David Thompson Health Region Peace Country Health
<b>School Boards</b>		
North – Edmonton	June 13	Alberta School Boards Association Black Gold Regional Schools East Central Alberta Catholic Separate Schools Regional Division Edmonton Catholic Separate School District Edmonton Public Schools Elk Island Public Schools Fort McMurray Public School District Grande Yellowhead Regional Division Holy Family Catholic Regional Division Lethbridge School District Northern Gateway Regional Division Northland School Division Peace Wapiti School Division Pembina Hills Regional Division Red Deer Catholic Regional Red Deer Public School District St. Albert Protestant Separate School District St. Paul Education Regional Division

<b>Regional Session</b>		<b>Participating Organizations</b>
South – Calgary	June 22	Alberta School Boards Association Calgary Board of Education Calgary Roman Catholic Separate School District Chinook’s Edge School Division Foothills School Division Foundations for the Future Charter School Livingstone Range School Division Medicine Hat School Division Rocky View School District Southern Public Francophone Wild Rose School Division

## ATTACHMENT II: SMALL GROUP SESSIONS

Small Group Session		Participating Organizations
Edmonton	August 29, 2007	Alberta Association of Municipal Districts and Counties (AAMDC) Alberta Cancer Board Alberta Mental Health Board Alberta School Boards Association Alberta Urban Municipalities Association (AUMA) Capital Health Authority City of Edmonton City of Grande Prairie City of Red Deer County of Barrhead #11 Edmonton Catholic Schools Edmonton Public Schools Grande Prairie Regional College Grant MacEwan College Lacombe County Northern Lights Health Region Northern Sunrise County Peace Wapiti School Board Town of Gibbons University of Alberta
Calgary	August 30, 2007	AAMDC Alberta School Boards Association Athabasca University Calgary Board of Education Calgary Health Region Calgary Separate School District City of Brooks City of Calgary City of Lethbridge City of Medicine Hat David Thompson Health Region Foundations for the Future Charter Academy Lethbridge College Livingstone Range School District Red Deer College Southern Alberta Institute of Technology University of Calgary University of Lethbridge