

Procuring from Canadian, Albertan and Compliant Trading Partners**Report Purpose**

To provide information to Council regarding procurement policy and practices that allow the County to source goods and services from Canadian, Albertan, and countries that honor the trade agreements.

Recommendation

That administration prepare for Council's consideration, by the end of 2026, a Social Procurement Policy that would allow suppliers to be evaluated on criteria that include the social benefit they would provide to the County.

Our Strategic Goals

Goal 4 - Municipal Excellence

Goal 4 Priority - Optimal use of resources that meets the community's needs

Report

The County, as part of the Municipalities, Academic Institutions, Schools, and Hospitals (MASH) and as a creation of the province, is legally bound to comply with a number of trade agreements, including the New West Partnership Trade Agreement (NWPTA), the Canadian Free Trade Agreement and the Canadian European Trade Agreement, that impose rules to ensure transparency and fairness in public procurement of goods, services and construction.

In addition to potential fines and legal costs, the risks to the County of violating applicable public procurement rules under the treaties include:

- possible reversal of the County's decision to procure
- several months of delay to a project
- reputational damage for the County
- loss of resident trust in the County as a responsible steward of public funds
- potential compromise to the County's future efforts to obtain funding from the provincial government or other public entities

However, Canadian municipalities can prioritize local purchasing in compliance with trade agreements (which include anti-discrimination provisions for contracts above certain thresholds) in the following ways.

1. **Under threshold procurement:** For procurements below trade agreement thresholds, local capable organizations can be invited to participate in limited tendering RFQs. The NWPTA thresholds are \$75,000 for goods and services and \$200,000 for construction. Below these thresholds, tender notices are not required.
2. **Group buying:** Municipalities can leverage contracts awarded through competitive procurement by buying groups that adhere to trade agreements. The County can award directly to a local supplier if they are qualified and the County's requirements are in scope, through an established group buying contract if second-stage procurement is not required among prequalified suppliers.
3. **Trade agreement exceptions:** Direct awards to specific suppliers are permitted if certain trade agreement exceptions apply.

4. **Evaluating social benefit and best value:** Evaluate the social benefit suppliers can offer the County in competitive procurement, including the socio-economic, ethical labour practices, and diversity and inclusion. Use best value procurement approach which involves a lower weight on price and a higher weight on other factors, including social benefit.

We procure local, Albertan and Canadian when suppliers are qualified, meet our requirements, and offer the goods and services at a reasonable cost.

The County's procurement policy, directive, and manual emphasize compliance with trade agreements. While they do not currently address encouraging local preference below trade agreement thresholds, updates are planned for 2025 that will address this. The Procurement Services Branch also encourages departments to include local suppliers when requesting quotes under these thresholds.

County historic domestic and US spend:

Based on purchase orders issued in Oracle from 2022 to date, a total of \$743,195,059 was committed. Of this amount, \$4,452,035 (0.6%) was issued to suppliers with a US address, and \$1,144,373 was issued to suppliers with a Canadian address but in US funds. It is important to note that this data does not reflect the manufacturing locations of the products or whether Canadian employees are employed by the suppliers.

Council and Committee History

March 11, 2025	THAT administration review procurement policies and practices to ensure that the County procures all required goods and services from sources that are Canadian, Albertan and from countries that Canada has a relationship or free trade agreement that is being honoured, and report to Council with options for any next steps by the end of April 2025.
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**Other Impacts
Policy:****Legislative/Legal:** Trade Agreements**Financial/Budget:****Interdepartmental:****Master Plan/Framework:****Enclosure**

1	Procuring from Canadian, Albertan and Compliant Trading Partners presentation
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