

Annual Report



For the Fiscal Year Ending March 31, 2014

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INTERNAL TRADE
SECRETARIAT



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COMMERCE INTÉRIEUR

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Contents

OVERVIEW OF THE AGREEMENT 2

2013/2014 HIGHLIGHTS 2

PROGRESS UNDER SECTORAL CHAPTERS 3

INTERNAL TRADE DISPUTES 12

ORGANIZATIONAL STRUCTURE 13

GOALS, ACTIVITIES AND PERFORMANCE TARGETS 2013/2014 14

COMMITTEE ON INTERNAL TRADE (CIT) 17

INTERNAL TRADE REPRESENTATIVES (ITRS) 18

APPENDIX A 19

Overview of the Agreement

The Agreement on Internal Trade (AIT) is an intergovernmental accord on domestic trade that was signed by the federal, provincial and territorial governments in Canada in 1994 and came into effect in 1995. According to the founding principle, Article 100 of the AIT: *It is the objective of the Parties to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services and investments within Canada and to establish an open, efficient and stable domestic market. All Parties recognize and agree that enhancing trade and mobility within Canada would contribute to the attainment of this goal.*

It is also recognized by all Parties to the AIT that a single market, free of barriers to trade, strengthens Canada's position in the competitive global economy.

The AIT focuses on reducing trade barriers within eleven sectoral areas. This report provides details of the activities undertaken within these sectors during the reporting period April 1, 2013 to March 31, 2014.

2013/2014 Highlights

The CIT held a *Symposium on the Agreement on Internal Trade*, a multi-sector conference convened on June 13, 2013 in Ottawa to explore the challenges and potential solutions to interprovincial trade in Canada. Five research projects on various topics regarding Internal Trade were used as the focal point for the symposium discussions. These papers were the impetus to discuss enhancing internal trade to help businesses expand across regions, strengthens productivity, facilitates labour mobility, lowers costs and attracts investment.

The Committee on Internal Trade (CIT) met during 2013/2014 to achieve further progress on its internal trade action plan. At its Annual Meeting in December 2013, Ministers:

- Directed officials to undertake further analysis to more clearly identify the nature and scope of the changes that would be required to strengthen technical barriers to trade provisions under the AIT.
- Directed officials to develop a comprehensive Communications Strategy for the Agreement on Internal Trade.
- Directed officials to develop an integrated, long term research plan.

- Directed officials to undertake further analysis, based on the research paper and discussions with registrars; and, report back to ministers with a recommended course of action.

In addition, the Annual General Meeting of the Internal Trade Secretariat Corporation (ITSC) was held via conference call in October 2013. The annual meeting of the ITSC Board of Directors to approve the budget plan took place in March 2014.

Progress under Sectoral Chapters

Chapters One to Four

The first four chapters of the AIT deal with: Operating Principles; General Definitions; Constitutional Authorities; and General Rules, and set out the objectives, extent of the obligations and general rules under which the AIT operates.

Procurement (Chapter Five)

Provisions under Chapter Five establish a framework to ensure equal access to public sector procurement for all Canadian suppliers in order to contribute to a reduction in purchasing costs and the development of a strong economy in a context of transparency and efficiency.

In 2013/2014, progress under the Chapter included the following:

- Parties continue to refine the reporting requirements and associated guidelines. The current reporting guidelines are posted on MARCAN alongside the procurement data to aid in the interpretation of the data.
- Parties continue to review the Procurement Chapter with the intent is to bring greater consistency both to the interpretation of the provisions of the Chapter and to the manner by which these provisions are operationalized. Working groups examined, among other things, a proposal to standardize the process to consider the coverage/exclusion of government and pseudo-government entities, an information note on the MASH sector and examining the concept of the best price guarantee. Working groups continue to examine these issues and additional reviews will be initiated as the current reviews wind up.
- The 13th protocol of amendment has made electronic tender notices the standard method of posting calls for tenders. Expansion of the Tender Notice Exchange continues. Through the Exchange, governments are given the opportunity to publish a complete daily listing of tender notices of all participating governments on their own tendering sites. This benefits

participating governments by increasing the exposure of their tender notices across Canada. Additionally, the Exchange is a convenience for suppliers in that procurement opportunities across Canada are advertised on their Party's tendering site.

- Parties continued to discuss revising Article 506(7), regarding pre-qualification lists, and continue to work on revised text.

Parties began discussion on the Public Private Partnership (PPP) Information Note and will re-examine the status of the note in the coming months.

Investment (Chapter Six)

The objective of Chapter Six is to ensure that Canadian businesses are able to make investment decisions based on market conditions without being restrained by restrictive government policies.

In 2013/2014, progress under the Chapter included the following:

- The Working Group on Investment (WGI) collected the data required for reporting under the AIT Code of Conduct on Incentives.
- REGISTREX, the Corporate Registration and Reporting Gateway, continues to be maintained.

At the August 2010 meeting of the Council of Federation, Premiers directed Committee on Internal Trade Ministers to reconcile extra-provincial corporate registration and reporting requirements. Ministers subsequently received a workplan from the Canadian Association of Corporate Law Administrators (CACLA) to undertake this initiative with further work on this issue dependant on available resources. At the June 2012 meeting of the Committee on Internal Trade, Ministers agreed to further work necessary to reconcile corporate registration and to continue to review business licensing issues.

Labour Mobility (Chapter Seven)

This section report presents an overview of activities undertaken by governments under Chapter Seven (Labour Mobility) of the Agreement on Internal Trade (AIT). These activities are guided by the Labour Mobility Coordinating Group (LMCG), under the auspices of the Forum of Labour Market Ministers (FLMM).

Progress continued to be made in 2013-2014 on implementing Chapter Seven on four fronts: (1) developing outreach activities and engaging with stakeholders, (2) achieving consensus on issues of Chapter Seven interpretation and preparing an internal reference tool, (3) completing a review of labour mobility of the trades sector and beginning work to further engage with the

trades, and (4) developing tools for communication to increase awareness of Chapter Seven. During this period, as required under Article 709, the LMCG also collected data and information to prepare an assessment of the Chapter.

As part of its outreach activities, the LMCG developed a 2013-2014 consortia engagement plan. This plan comprised a two-pronged approach that focuses, on one hand, on the engagement of individual priority consortia (selected based on specific criteria or active solicitation from the regulators) and on the other hand, on the engagement of a cross section of regulators at multi-stakeholder events. This approach has enabled the LMCG to strengthen its engagement activities and reach a broader audience.

To support efforts of regulatory authorities to reach compliance with the Chapter, the LMCG has engaged with various consortia of regulatory authorities, including key groups in the financial services sector. In July 2013, the LMCG contacted and discussed issues with the Canadian Insurance Services Regulatory Organizations (CISRO). It was determined that work is progressing for the insurance sector to meet mobility obligations under Chapter Seven. The LMCG will continue to monitor work underway in this sector. The LMCG also worked with selected occupations identified in the consortia engagement plan and with occupations that solicited LMCG assistance including Mortgage Brokers, Power Engineers, Paramedics, Psychologists and Early Childhood Educators.

Another crucial aspect of stakeholder engagement involves participation in multi-stakeholder conferences to increase awareness of the Chapter and generate a dialogue with several regulatory authorities in the context of a group presentation and discussion. The LMCG attended the Canadian Network of National Associations of Regulators (CNNAR) conference in October 2013, where LMCG members made a presentation and set up a booth to provide information and answer questions on Chapter Seven and its obligations. The presentation and booth were well received and generated considerable interest, demonstrating the fact that labour mobility and Chapter Seven remain a key area of interest for regulators.

In 2013-2014, the LMCG continued to work on issues involving the interpretation and application of Chapter Seven. Resolving differences in understanding and application of the Chapter has been a crucial component of the group's work since the amendments in 2009. Currently, the LMCG has identified 40 issues, of which it has reached consensus on 37. FLMM Senior Officials have approved 32 of the consensus decisions recommended by the LMCG for approval, as required under the consensus-building process approved by Senior Officials in 2010. The LMCG has also worked on the development of a document for the internal use by members of the group to guide labour mobility coordinators regarding understanding of the Chapter and assist consistent application across jurisdictions.

Exceptions to labour mobility were identified and posted as part of the initial implementation of Chapter Seven, and the 2009 amendments have made the exception process clearer. This

exception process involves balancing dual objectives, justifying the imposition of additional material certification requirements by a legitimate objective (e.g. public safety, consumer protection) and supporting transparency by informing transferring workers about circumstances where additional material certification requirements are needed. Currently, exceptions for 14 regulated occupations are posted; a relatively small number considering the hundreds of regulated occupations that exist in Canada. For further information on current exceptions: [Exceptions Annex](#). A detailed description of current exceptions is also provided in this Annex.

Building on 2012-2013 LMCG efforts to review the exception posting process and develop internal guidelines to support a consistent approach, the LMCG members renewed their commitments to provide transparent information on certification practices. LMCG members continued their revision work of existing exceptions to confirm that their jurisdiction's exceptions remain valid since occupations and their related scopes of practice keep evolving.

In 2012, the FLMM mandated the LMCG to work on the overall labour mobility situation for the trades sector. In 2013-2014, the LMCG completed a review of labour mobility of the trades, explored the existing relation between Chapter Seven and the Red Seal Program and engaged in discussion with the Canadian Council of Directors of Apprenticeship (CCDA). Considering the large variation in how trades are regulated across jurisdictions, the LMCG is continuing its research and engagement efforts in this highly complex regulatory environment.

In addition to working with regulators, examining mobility within the trades sector, and ensuring consistent understanding and application of the Chapter, a major consideration for effective implementation involves increasing the awareness of Chapter Seven among workers, governments, researchers, stakeholders and the public in general. To ensure that information on labour mobility and Chapter Seven is correct and up-to-date, the LMCG revised the notification template and guidelines to enable consistent notification of legislation changes across jurisdictions.

Since the LMCG website is a significant tool for communication, the FLMM Senior Officials directed the LMCG to review the language on its website and develop a more user friendly version to make it easier to access for targeted audiences. The LMCG has significantly advanced this project and an updated version of the website should be available to the public in the coming year.

As required under Article 709, officials must produce an assessment of the effectiveness of Chapter Seven, including an assessment of any unintended adverse consequences (UACs). To achieve this, the LMCG conducted its third evaluation during which a survey was administered to regulatory authorities. Data are currently being compiled and analyzed and will help LMCG identify any UACs and better understand challenges and successes of the implementation of Chapter Seven. Also, concerns raised by regulators were reviewed and appropriate internal tools for LMCG members to address UACs were developed.

In 2013-2014, the LMCG examined its possible role to facilitate mutual recognition agreements that deal with qualification recognition as part of formal international trade agreements to ensure they are reviewed with a labour mobility lens and avoid creating new barriers to labour mobility. As part of this work, LMCG initiated research to better understand labour mobility environment within the European Union.

At the November 8, 2013 meeting of Labour Market Ministers, officials were asked to report on the status of implementation of Chapter Seven and to propose further actions to improve mobility, if required. This internal report will be timely in light of the fact that 2014 marks the 5th anniversary of the revised Chapter and the 20th anniversary of the AIT.

To ensure that labour mobility efforts are aligned with broader priorities, the LMCG will continue to forge links with Internal Trade Representatives, the Internal Trade Secretariat and the CCDA. The LMCG will also work with the FLMM's Foreign Qualifications Recognition Working Group in recognition of the foundational role that labour mobility plays in improving the integration of internationally-trained workers in the Canadian labour markets.

LMCG priorities going forward will be guided by future directions provided by Labour Market Ministers. LMCG will work to ensure effective implementation of the AIT and Chapter Seven through outreach and communication, reconciliation of differences in occupational standards, engaging with key stakeholders and working with the trades sector, continuing the review of the exceptions posting process to increase transparency, and ensuring compliance with Chapter Seven.

Consumer-Related Measures and Standards (Chapter Eight)

Chapter Eight calls upon the Parties to report on and cooperate with respect to consumer protection measures. The Committee on Consumer Related Measures and Standards (CMC) established under Chapter Eight, composed of officials of each government, undertook negotiations to reach agreement on specific commitments made under the AIT. This work was substantially completed in 1998. The CMC is tasked with monitoring the implementation and administration of these agreements.

The CMC is also responsible for identifying any substantive measures for inclusion in future negotiations, and acting as a forum for discussions between the Parties on consumer-related measures.

In 2013/2014, progress under the Chapter included the following:

A meeting of Federal/Provincial/Territorial Deputy Ministers responsible for Consumer Affairs was held on September 11-12, 2013 in Toronto. Deputy Ministers agreed to direct CMC

officials to undertake a number of research projects in regard to such issues as: data-sharing and analysis of consumer complaints; improving cross-border enforcement of consumer protection laws; enhancing consumer awareness; and issues respecting the regulation of payday lenders.

The CMC Consumer Awareness Committee published new chapters for the Canadian Consumer Handbook, including content related to car sharing, sustainable consumption, responsible product disposal, and reward programs. Outreach efforts through channels like *News Canada* helped to push out consumer messaging on new and existing content for the Canadian Consumer Handbook and new products, such as *Shopping in Canada: A Consumer Guide for Newcomers*.

A draft harmonization agreement respecting Provincial/Territorial consumer reporting legislation remains under consideration by jurisdictions.

There are no updates to report from the previous year with respect to follow-up on the 2004 Report of the Article 1704 Panel concerning a dispute by Alberta, Quebec, and British Columbia with Canada regarding the Federal Bank Act, *Cost of Borrowing (Banks) Regulation*.

Agricultural and Food Goods (Chapter Nine)

The revised Chapter Nine extends the scope and coverage of non-discriminatory commitments of the agreement in a way that ensures that technical measures adopted by the Parties do not restrict interprovincial trade of agricultural and food goods more than necessary to achieve legitimate objectives. The revised Chapter also clarifies that its provisions are not aimed at affecting the core functions of supply management. In June 2012, the Committee on Internal Trade approved the inclusion of an interpretive note to the revised Chapter, which further clarifies the provisions of paragraph 2 of Article 902 by providing an illustrative list of what could constitute measures relating to supply management systems.

On January 8, 2014, a panel hearing was held on the dispute opposing Saskatchewan and Québec on Edible Oil Products, Dairy Blends and Dairy Analogues. The panel report was issued on March 31, 2014 and may be viewed here: [Panel Report](#).

Alcoholic Beverages (Chapter Ten)

The purpose of Alcoholic Beverages (Chapter Ten) is to reduce or eliminate barriers to interprovincial trade in alcoholic beverages.

The *Importation of Intoxicating Liquors Act* (IILA), a federal statute governing the interprovincial transportation and international importation and release of intoxicating liquors, was amended on June 28, 2012 by the coming into force of Bill C-311, *An Act to Amend the Importation of Intoxicating Liquors Act* (interprovincial importation of wine for personal use). While the federal measure has been removed, the amendment provides the authority to provinces to set limits to quantities permitted and means of importation regarding importations of wine for personal use. The *Budget Measures Implementation Act of 2014* considers extending a similar treatment to beer and spirits.

Natural Resources Processing (Chapter Eleven)

Chapter Eleven prohibits the introduction of new barriers to the processing of forestry, fisheries and mineral resource products.

In 2013-2014, the Working Group on Natural Resources met to review the status of the Chapter's implementation and concluded that the Chapter is meeting its objectives with no outstanding issues identified.

Energy (Chapter Twelve)

The conclusion of an Energy Chapter for the AIT has been an outstanding obligation since the AIT came into effect in 1995 and has been a key element in the COF plan to improve internal trade since 2004.

A draft Energy Chapter was presented to the CIT at its October 2009 meeting. All Parties except one supported the formal inclusion of the draft Chapter into the AIT. Since consensus of all the Parties is required to incorporate the Chapter into the AIT, the draft Chapter was rejected.

Subsequently, several Parties attempted to negotiate an energy trade enhancement agreement pursuant to Article 1800 of the AIT and based on the draft text that had been presented to the CIT. However, negotiations were ultimately suspended.

Communications (Chapter Thirteen)

Chapter Thirteen ensures equal access to public telecommunications networks and the use of public telecommunications services. There were no new developments under the Chapter in 2013/2014.

Transportation (Chapter Fourteen)

The objective of Chapter Fourteen is to ensure harmonization of regulations applicable to commercial vehicles such as safety standards, weights and dimension rules, bills of lading, tax administration, and operating authority requirements.

All items identified in Chapter Fourteen have either been addressed or are subject to ongoing discussion. In particular, the reconciliation obligations set out under Article 1408(1) include the following specific issues: motor vehicle weights and dimensions; motor carrier safety rules; bills of lading; fuel and sales tax and vehicle registration administrative harmonization; a Memorandum of Understanding on Regulatory Review; and, agents for service. Only those issues with ongoing work are highlighted below.

In 2013/2014, progress under the Chapter included the following:

- Efforts are ongoing to expand and refine standards to establish and maintain uniform rules governing the size and weight of commercial motor vehicles with amendments to the 1988 Memorandum of Understanding endorsed in 1991, 1994, 1997, 2004, 2008, 2009 and, more recently, in 2011.
- All jurisdictions have adopted the National Safety Code for Motor Carriers and efforts are continuing to refine these standards.
- The Parties affirm their commitments to the guiding principles of regulatory policy and the criteria and process for regulatory review embodied in the "Memorandum of Understanding to Review Regulations Affecting Transportation," and work is continuing with a view to bringing the process envisaged by that Memorandum of Understanding into operation.

Environmental Protection (Chapter Fifteen)

The Environmental Protection Chapter ensures that federal, provincial or territorial environmental protection measures do not become non-tariff trade barriers. Obligations from the Chapter continue to be fulfilled by departments of the environment, as well as by the Canadian Council of Ministers of the Environment (CCME), the body responsible for administering this chapter. There were no major issues concerning implementation, outstanding obligations, or disputes to report in 2013/2014. CCME continues to promote harmonization of approaches, thereby limiting real or perceived barriers to trade.

Institutional Provisions (Chapter Sixteen)

In 2013/2014, in providing administrative and operational support services related to various AIT initiatives, the Secretariat:

- Organized the CIT Annual Meeting conference call, chaired by Canada, providing agendas, logistics, documentation, summary records and follow up action.
- Organized the Annual General Meeting and annual meeting to approve the budget of the ITSC, providing the agenda, documentation, minutes as well as follow up action.
- Organized three face-to-face meetings of Internal Trade Representatives (ITRs), and one meeting of the Procurement Negotiating Table (PNT), providing agendas, logistics, documentation, summary records, and follow up action.
- Organized conference calls for ITRs, the PNT providing agendas, documentation, summary records, and follow up action.
- Participated in conference calls on labour mobility issues of the Labour Mobility Coordinating Group (LMCG).
- Updated Panel Rosters and the List of Screeners.
- Regularly updated information on the AIT, MARCAN and REGISTREX websites.

- Supported a panel hearing held on the dispute opposing Saskatchewan and Québec on Edible Oil Products, Dairy Blends and Dairy Analogues. The panel report was issued on 31 March, 2014. Prepared press releases and media advisories for disputes.
- Prepared the Annual Report of the Internal Trade Agreement for 2012-2013 and posted it on the AIT website.
- Received an average of 60,000 hits per month on the general AIT website; 46,000 on MARCAN, and 6,000 on REGISTREX.

Dispute Resolution Procedures (Chapter Seventeen)

Chapter Seventeen features a quasi-judicial dispute settlement mechanism, to deal with complaints, that is accessible to both governments and persons. Parties have been engaged in a full review of AIT dispute resolution procedures to address issues related to timing, procedural

fairness and consistency as well as enforcement relating to the Person-to-Government dispute resolution process.

Final Provisions (Chapter Eighteen)

Chapter Eighteen recognizes that it is appropriate for governments to enter into bilateral or multilateral arrangements to enhance trade and mobility and provide a level of trade liberalization beyond what is required by the AIT.

To increase transparency of such arrangements, an inventory has been prepared of those trade-related arrangements that currently exist between the federal /provincial/territorial governments. This inventory, which is published as “Trade Enhancement Arrangements” on the AIT website, provides the name of the arrangement, the Parties to the arrangement, the date of its entry into force and links to an electronic copy of the arrangement where available.

Internal Trade Disputes

The Agreement encourages a conciliatory, cooperative and harmonious approach to resolution of disputes in the first instance via consultations by Parties; there are provisions for progressive steps in the dispute avoidance and resolution process so as to arrive at a mutually satisfactory resolution of any matter under the AIT.

Reports issued in 2013/2014:

- On March 31, 2014, a Panel released its decision in a dispute between Saskatchewan and Quebec regarding Quebec’s measures under the *Food Products Act* (FPA), related to Dairy Blends, Dairy Analogues and Dairy Alternatives. Saskatchewan was supported by Alberta, British Columbia, and Manitoba. The Panel ordered that Québec repeal or amend those measures which this Panel determined to be non-compliant with the AIT and bring them into compliance with the AIT.

Consultations continued during 2013/2014 on two matters:

- In September 2011, Alberta requested consultations with Ontario alleging that the domestic content requirements of Ontario’s Feed-in-Tariff Program (FIT) Program are discriminatory to Alberta suppliers and investors. British Columbia and Saskatchewan also entered into consultations with Ontario.
- In July of 2013, Alberta, Saskatchewan, Nova Scotia, Newfoundland and Labrador and Ontario initiated consultations with British Columbia regarding requirements imposed by the College of

Registered Nurses of British Columbia (CRNBC) on nurse practitioners certified by other Canadian jurisdictions seeking certification in BC.

For information on disputes regarding procurement by the Federal Government, please visit the website of the Canadian International Trade Tribunal at www.citt-tcce.gc.ca.

Organizational Structure

Committee on Internal Trade

Under the AIT, the Ministerial Committee on Internal Trade, has the responsibility for implementing the AIT. The CIT meets annually to review progress under the AIT and its chairmanship is rotated each year on the basis of a roster of Parties. Decisions are taken by consensus (unanimity).

Internal Trade Representatives

Internal Trade Representatives (ITRs) are senior trade officials appointed by each Party to the AIT who meet regularly as a committee or in working groups to direct the work of implementing the AIT.

Board of Directors

Each Party to the AIT appoints a representative to serve on the Board of Directors for the ITSC to provide general guidance to the Managing Director in the administration and operation of the ITSC, a federally-established not-for-profit organization set up in 2006.

Internal Trade Secretariat Corporation

The AIT established a Secretariat to act as a neutral and independent coordinating support body to committees and working groups under the AIT. Constituted as the Internal Trade Secretariat Corporation in 2006, the Secretariat is headed by an Acting Managing Director who reports to the Chair of the Board of Directors and to the Board of Directors.

Agreement on Internal Trade

For more detailed information, please visit the AIT website at www.ait-aci.ca.

GOALS, ACTIVITIES AND PERFORMANCE TARGETS 2013/2014

Goals	Activities	Performance Targets	
Goal 1: operational services: to provide efficient and effective support services to the Parties' ongoing implementation of the AIT	<p>Provide full Secretariat support services to meetings/calls of CIT, ITRs and Board, as well as committees/working groups, including the preparation of agendas, logistics, documents and summary records</p> <p>As requested, research, identify, evaluate and report on emerging issues</p> <p>Prepare protocols of amendment and revise the Consolidation of the Agreement accordingly</p> <p>Participate in and support meetings/calls of other AIT sectoral working groups as requested, subject to budgetary and operational constraints</p> <p>Provide support to Parties on any initiatives related to improving internal trade</p>	<p>For CIT, ITRs and Board, as well as committees/working groups, documentation to be available simultaneously in both official languages</p> <p>For CIT:</p> <ul style="list-style-type: none"> • final documentation to be available 10 working days prior to a meeting/call; • draft summary records distributed to Chair within 2 working days; final summary records distributed in both languages to all Parties within 2/3 working days of approval and translation <p>For ITRs and Board:</p> <ul style="list-style-type: none"> • documentation by Secretariat available 4 working days prior to a meeting/call; • draft summary records distributed to Chair within 2 working days; final summary records distributed in both languages within 2/3 working days of approval and translation <p>For all other committees/working groups:</p> <ul style="list-style-type: none"> • documentation prepared by Secretariat available 3 working days prior to a meeting/call; • draft summary records distributed to Chairs within 2 working days; final summary records distributed within 2 working days of approval <p>Other support requests completed within agreed time frame</p>	<p>Mostly met</p> <p>Met</p> <p>Met</p> <p>Mostly Met</p> <p>met</p> <p>Mostly Met</p>

<p>Goal 2: administrative services: to provide sound management of human and financial resources</p>	<p>Ensure sound administration of financial requirements under the AIT, including requests for contributions, financial reports and audits</p> <p>Ensure effective and efficient allocation of human resources within the Secretariat so as to be fully operational at all times in providing support to Parties</p>	<p>Commence draft annual operating plan and budget in November and complete by early January</p> <p>Provide quarterly financial reports to Board</p> <p>Complete annual audit by May 31 Consult legal counsel and auditor as necessary</p> <p>Review regularly administrative policies/procedures and revise as necessary</p>	<p>Mostly met</p> <p>Mostly Met</p> <p>Met</p> <p>Met</p>
<p>Goal 3: dispute resolution services: to administer the AIT dispute resolution mechanism so as to ensure it operates in a fair, transparent, efficient and effective manner</p>	<p>Monitor/record disputes under the AIT dispute resolution mechanism</p> <p>Maintain Roster of Panellists and List of Screeners</p> <p>Update Dispute Resolution Manual and Panellists Dispute Resolution Manual as necessary</p> <p>Provide administrative support to Parties/disputants in the consultations phase</p> <p>Provide support to Chapter 17 Panels as defined in the Dispute Resolution Procedures Manuals</p> <p>Provide support to the Parties in any initiatives undertaken to improve the dispute resolution process</p>	<p>Maintain/update statistical data on all disputes and complaints filed under the AIT, including corresponding summary data that identifies key issues and reflects the current stage of the dispute</p> <p>Notify Parties as terms near expiry</p> <p>Review Dispute Resolution Procedures - following each panel report (and any AIT amendments) and revise accordingly</p> <p>Support activities to be completed within time frames specified in the Dispute Resolution Procedures Manuals</p> <p>Provide administrative/operational support to the Dispute Resolution Working Group</p>	<p>Met</p> <p>Met</p> <p>Mostly met</p> <p>Mostly met</p> <p>Met</p>

<p>Goal 4: information services: to provide accurate and timely information management systems to Parties</p>	<p>Ensure timely preparation of chapter reviews and reports, as well as annual reports required by the AIT</p> <p>Undertake regular updates on the status of obligations by Party as well as updates of dispute tracking tables/charts</p>	<p>Request for sectoral/chapter annual reports early March with deadline of mid-May</p> <p>Translate all annual chapter reports and post on AIT web site as promptly as possible</p> <p>Complete draft AIT Annual Report by June with prompt posting on AIT website</p> <p>Call for submission of annual reports on incentives, regional economic development and procurement in April with deadline of September 30/December 31 respectively</p> <p>Post new Art. 1800 agreements as received</p> <p>Update lists of CIT, Deputy Ministers, ITRs, committees/working groups and other sectoral contact points as necessary</p>	<p>Mostly met</p> <p>Met</p> <p>Did not meet¹</p> <p>Met</p> <p>None Received</p> <p>Met</p>
<p>Goal 5: communications services: to inform both internal and external stakeholders as well as the general public of the objectives and achievements of the AIT</p>	<p>Maintain liaison with, and provide information on the AIT to, national, provincial, municipal public organizations, as well as the private sector, NGOs and other groups</p> <p>Maintain documentation centre for materials related to the AIT; maintain the AIT, MARCAN and REGISTREX sites</p>	<p>Respond to all inquiries promptly</p> <p>Update web sites promptly upon receipt of new information filed with the Secretariat</p> <p>Ongoing revision of websites to render more user-friendly to all stakeholders</p>	<p>Mostly met</p> <p>Met</p> <p>Mostly met</p>

¹ As sectorial reports were received late, the final report was submitted in December of 2013
Agreement on Internal Trade Annual Report 2013/2014

Committee on Internal Trade (CIT)

(as of March 31, 2014)

Alberta

The Honourable Cal Dallas
Minister of International and
Intergovernmental Relations

British Columbia

The Honourable Theresa Wat
Minister of International Trade

Canada

The Honourable James Moore
Minister of Industry

Manitoba

The Honourable Theresa Oswald (Chair)
Minister of Entrepreneurship, Training
and Trade

New Brunswick

The Honourable Paul Robichaud
Minister of Economic Development

Newfoundland and Labrador

The Honourable Keith Hutchings
Minister of Innovation, Business and
Rural Development

Northwest Territories

The Honourable David Ramsay
Minister of Industry, Tourism and
Investment

Nova Scotia

The Honourable Michel Samson
Minister of Economic and Rural
Development and Tourism

Ontario

The Honourable Eric Hoskins
Minister of Economic Development, Trade
and Employment

Prince Edward Island

The Honourable Allen F. Roach
Minister of Innovation and Advanced
Learning

Quebec

The Honourable Nicolas Marceau
Minister of Finance and the Economy

Saskatchewan

The Honourable Tim McMillan
Minister Responsible for Trade

Yukon

The Honourable Currie Dixon
Minister of Economic Development

Nunavut (Observer Status)

The Honourable Peter Taptuna
Premier of Nunavut

Internal Trade Representatives (ITRs)

(as of March 31, 2014)

Alberta

Shawn Robbins
Executive Director, Trade Policy -
Domestic
International and Intergovernmental
Relations

British Columbia

Matthew Carnaghan
Manager, Internal Trade
Jobs, Tourism and Skills Training

Canada

Albert Cloutier
Director, International and Trade Policy
Industry Canada

Manitoba

Tami Reynolds (Chair)
Planning and Policy Analyst
Policy, Planning and Coordination
Manitoba Entrepreneurship, Training and
Trade

New Brunswick

Andrew Hashey
Senior Policy Advisor, Trade Policy
Intergovernmental Affairs

Newfoundland and Labrador

Richard Squires
Manager, Trade Policy
Innovation, Business and Rural
Development

Northwest Territories

Alexandrea Malakoe
Trade Officer, Investment and Economic
Analysis
Industry, Tourism and Investment

Nova Scotia

Frazer Egerton
Senior Trade Policy Analyst, Trade Policy
Division - Investment & Trade
Economic and Rural Development and
Tourism

Ontario

Richard Caine
Manager, Trade and International Policy
Economic Development, Trade and
Employment

Prince Edward Island

Kal Whitnell
Director - Trade and Economic Policy
Innovation and Advanced Learning

Quebec

Marie-Andrée Marquis
Internal Trade Representative,
Commercial Policy
Finance and the Economy

Saskatchewan

Arla Cameron
Senior Trade Analyst, Trade Policy
Executive Council - Intergovernmental
Affairs

Yukon

Lisa Badenhorst
Senior Policy Advisor, Policy & Planning
Economic Development

Nunavut (Observer Status)

William MacKay
Senior Advisor
Executive & Intergovernmental Affairs

Appendix A

**INTERNAL TRADE SECRETARIAT
CORPORATION**

Financial Statements
For the year ended March 31, 2014

INTERNAL TRADE SECRETARIAT CORPORATION

Financial Statements

For the year ended March 31, 2014

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Unrestricted Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6



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Independent Auditor's Report

To the Board of Directors of Internal Trade Secretariat Corporation

We have audited the accompanying financial statements of Internal Trade Secretariat Corporation, which comprise the statement of financial position as at March 31, 2014 and the statement of operations and unrestricted net assets for the year ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As outlined in note 3 to the financial statement, the Internal Trade Secretariat Corporation does not capitalize and amortize its property and equipment. In this respect only, the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Internal Trade Secretariat Corporation as at March 31, 2014 and the results of its operations and its cash flows for the year ended March 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 9, 2014

INTERNAL TRADE SECRETARIAT CORPORATION
Statement of Financial Position

March 31	2014	2013
	\$	\$
Assets		
Current Assets		
Cash	328,911	340,367
Accounts receivable	4,951	3,482
Prepaid expenses	1,803	3,484
	335,665	347,333
Capital assets (Note 3)	1	1
	335,666	347,334
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities (Note 2)	29,068	25,404
Federal Government surplus payable (Note 4)	36,257	36,103
	65,325	61,507
Net Assets		
Surplus Funds		
Federal Government (Note 4)	-	-
Provinces and Territories (Note 5)	143,019	158,505
Reserve funds - Contingency (Note 6)	125,000	125,000
Unrestricted	2,322	2,322
	270,341	285,827
	335,666	347,334

Approved on behalf of the Corporation:

_____ Director

INTERNAL TRADE SECRETARIAT CORPORATION
Statement of Operations and Unrestricted Net Assets

For the year ended March 31	2014	2013
	\$	\$
Revenue		
Contributions		
Federal Government (Note 4)	301,243	218,897
Provinces and Territories (Note 5)	300,134	217,705
Interest		
Federal Government (Note 4)	2,058	1,992
Provinces and Territories (Note 5)	3,167	3,184
	<u>606,602</u>	<u>441,778</u>
Expenses		
Personnel	180,918	281,490
Symposium	150,000	-
Meetings and conferences	72,412	21,947
Translation	67,862	16,212
Rent (Note 7)	45,042	43,200
Professional services	34,043	24,047
Office expenses	23,238	22,147
Communications	14,251	18,749
Travel	10,833	8,344
Goods and services tax, net	4,951	3,482
Computers and software	2,455	1,997
Professional development	597	163
	<u>606,602</u>	<u>441,778</u>
Excess of revenue over expenses for the year	-	-
Unrestricted net assets, beginning of year	<u>2,322</u>	<u>2,322</u>
Unrestricted net assets, end of year	<u>2,322</u>	<u>2,322</u>

The accompanying notes are an integral part of these financial statements.

INTERNAL TRADE SECRETARIAT CORPORATION
Statement of Cash Flows

For the year ended March 31	2014	2013
	\$	\$
Cash Flows from Operating Activities		
Excess of revenue over expenses for the year	-	-
Changes in non-cash working capital balances		
Accounts receivable	(1,469)	53,478
Prepaid expenses	1,681	(1,532)
Accounts payable and accrued liabilities	3,664	(21,149)
Federal government surplus payable	154	3,331
Surplus funds - Provinces and Territories	(15,486)	(19,903)
Reserve funds - Contingency	-	15,000
	(11,456)	29,225
Decrease (increase) in cash and cash equivalents during the year	(11,456)	29,225
Cash and cash equivalents, beginning of year	340,367	311,142
Cash and cash equivalents, end of year	328,911	340,367

The accompanying notes are an integral part of these financial statements.

INTERNAL TRADE SECRETARIAT CORPORATION

Notes to Financial Statements

For the year ended March 31, 2014

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of the Organization

The Internal Trade Secretariat (the "Corporation") is a non-taxable, incorporated association that was established on August 8, 1995, as required by the Agreement on Internal Trade. The objective of this Agreement is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investments in Canada.

The Corporation's role is to provide administrative and operational support to the Committee on Internal Trade and other working groups or committees set up to implement the Agreement on Internal Trade.

During the 2006 fiscal year, an application was filed to incorporate a corporation under the name "The Internal Trade Secretariat Corporation" under the Canada Corporations Act. The Letters Patent was issued on November 15, 2005. The Secretariat began operating under the new incorporated entity effective April 1, 2006.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Property and Equipment

Property and equipment are charged to expenditures in the year of purchase. Generally accepted accounting principles require that property and equipment be capitalized and amortized over their estimated useful life. The effect of this policy is described in note 3.

Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions receivable are recognized if the amount can be reasonably estimated and ultimate collection is reasonably assured.

Surplus Funds

The management board of the Corporation resolved on November 21, 2005 to change the existing policy with regards to deferred contributions. Beginning fiscal 2005/2006, unused funds are no longer considered to be deferred contributions, but will now be considered an internally restricted surplus fund for future use within the Corporation.

INTERNAL TRADE SECRETARIAT CORPORATION

Notes to Financial Statements

For the year ended March 31, 2014

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs are the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Accounts Payable and Accrued Liabilities

	<u>2014</u>	<u>2013</u>
	\$	\$
Trade accounts payable	25,335	19,714
Vacation payable	1,841	3,011
Wages and source deductions payable	1,892	2,679
	<u>29,068</u>	<u>25,404</u>

3. Capital Assets

Capital assets are charged to expenditures in the year of purchase. During the year, there were \$1,485 of purchases (nil in 2013) that were expensed. Generally accepted accounting principles require that property and equipment be capitalized and amortized over their estimated useful life. The estimated useful life of the property and equipment components which include computers, furniture and office equipment is usually 5 years. If property and equipment had been capitalized and amortized over their estimated useful life of five years, amortization expense would have been increased by \$940 (2,061 in 2013), contribution revenue would have been increased by \$940 (\$2,061 in 2013), and capital assets and surplus funds on the balance sheet would each have increased by \$4,667 (\$4,122 in 2013).

INTERNAL TRADE SECRETARIAT CORPORATION

Notes to Financial Statements

For the year ended March 31, 2014

4. Surplus Funds - Federal Government

Based on a Funding Agreement (2010 - 2015) with the Federal Government, the Corporation is to receive contributions to cover 50% of eligible expenditures incurred during the year from the Federal Government. The details of contributions from the Federal Government for the year are as follows:

	2014	2013
	\$	\$
Surplus funds, beginning of year	-	-
Contributions for the year	337,500	262,500
	337,500	262,500
Required contributions		
50% of the eligible expenditures of \$606,602 (\$441,777 in 2013)	303,301	220,889
Deduct interest earned on advances from the Federal Government	(2,058)	(1,992)
Contributions recognized as revenue for the year	301,243	218,897
	36,257	43,603
Transferred to Province and Territories for contingency reserve	-	-
Transferred to contingency reserve	-	(7,500)
Amounts requested to be repaid by the Federal Government (recorded as accounts payable)	(36,257)	(36,103)
Surplus funds, end of year	-	-

INTERNAL TRADE SECRETARIAT CORPORATION

Notes to Financial Statements

For the year ended March 31, 2014

5. Surplus Funds - Provinces and Territories

Based on the Agreement on Internal Trade, the Corporation is to receive contributions to cover 50% of eligible expenditures incurred during the year from the Provinces and Territories. The details of contributions from the Provinces and Territories for the year are as follows:

	2014	2013
	\$	\$
Surplus funds, beginning of year	158,505	178,408
Contributions for the year	284,648	205,302
	443,153	383,710
Required contributions		
50% of the eligible expenditures of \$606,602 (\$441,777 in 2013)	303,301	220,889
Deduct interest earned on advances from the Provinces and Territories	(3,167)	(3,184)
Contributions recognized as revenue for the year	300,134	217,705
	143,019	166,005
Transferred to contingency reserve	-	(7,500)
Surplus funds, end of year	143,019	158,505

6. Reserve Funds - Contingency

The contingency reserve fund, as established by board resolution February 29, 2008, is to be maintained at \$125,000 to cover any costs contingencies relating to extra ministerial and/or officials' meeting, more than one dispute panel, non-payment or delay in member contributions being received, and any special projects.

	2014	2013
	\$	\$
Reserve funds, beginning of year	125,000	110,000
Transfer from surplus funds	-	15,000
Reserve funds, end of year	125,000	125,000

INTERNAL TRADE SECRETARIAT CORPORATION

Notes to Financial Statements

For the year ended March 31, 2014

7. Commitments

The Corporation has an operating lease for its premises at \$3,601 per month including common area cost and realty taxes, under a lease expiring in January 2015.

8. Economic Dependence

The operations of the Corporation are dependent upon the continued funding from federal, provincial and territorial jurisdictions.

9. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Corporation to credit risk consist primarily of accounts receivable. The Corporation is not exposed to significant credit risk as the receivables consist of amounts due from governments.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting financial obligations as they become due, and arises from the Corporation's management of working capital. The Corporation's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due.