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# **Evaluation of Innovation, Science and Economic Development Canada's Grant to the Internal Trade Secretariat Corporation**

## **Final Report**

**November 2015**

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**Canada**

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## Abbreviations

AIT	<i>Agreement on Internal Trade</i>
CIT	Committee on Internal Trade
GDP	Gross domestic product
ITSC	Internal Trade Secretariat Corporation
ITR	Internal Trade Representative

# EXECUTIVE SUMMARY

## Program Overview

Innovation, Science and Economic Development Canada provides a grant to the Internal Trade Secretariat Corporation (ITSC) towards its operating costs, in accordance with Canada's intergovernmental *Agreement on Internal Trade*. The federal government, all provinces and two territories are signatories to the *Agreement*. Although Nunavut is not a signatory to the AIT, it has observer status. The Secretariat, a small, three-person operation, facilitates implementation of the *Agreement* by providing administrative and operational support to the ministerial Committee on Internal Trade (CIT) and related committees and working groups.

## Evaluation Purpose and Methodology

Under the *Financial Administration Act*, federal departments are required to evaluate grants every five years. In accordance with the *Policy on Evaluation*, the evaluation assessed the relevance and performance of the ITSC grant for the period April 2011 through March 2015. The evaluation findings and conclusions are based on an analysis of multiple lines of evidence. The methodology included document and website reviews, literature and media scans, and interviews. The grant to the ITSC was last evaluated in 2010-11.

## Findings

### *Relevance*

Innovation, Science and Economic Development Canada's ITSC grant contributes to fulfilling the *Agreement's* requirement for a secretariat and meets the federal obligation to provide for 50% of the operating costs. The grant is also in keeping with federal legislation, namely the *Agreement on Internal Trade Implementation Act*. The grant aligns with federal responsibilities and priorities for internal trade.

### *Performance*

The grant contributes to fulfilling the *Agreement's* requirement for a secretariat that provides administrative and operational support. This includes, for example, logistical arrangements for committee and working group meetings, administrative support for a dispute resolution process and maintaining a public sector procurement website and a corporate registration website. The Secretariat's role does not extend beyond this administrative and operational support function. As such, the Secretariat does not undertake work to specifically address the longer term outcomes of the *Agreement* which are 1) reducing or eliminating internal trade barriers and 2) establishing an open, efficient and stable domestic market. Therefore, the focus of the ITSC grant is to contribute to the intended immediate outcome of having an administrative secretariat.

The program demonstrates efficiency. Innovation, Science and Economic Development Canada staff find the Secretariat to be efficient in its operations, and the Secretariat is looking to take further steps in 2015 to reduce operating costs. In addition, the federal grant renewal process has been streamlined, and steps are being taken by Innovation, Science and Economic Development Canada to have a more efficient annual grant payment process consistent with that of the other 12 parties.

## **Recommendations**

Overall, the evaluation found no major issues with the grant to the ITSC and therefore makes no recommendations.

## 1.0 INTRODUCTION

### 1.1 Report Overview

This report presents the results of an evaluation of the relevance and performance of Innovation, Science and Economic Development Canada's grant to the Internal Trade Secretariat Corporation (ITSC). The evaluation complies with Treasury Board's *Financial Administration Act* and *Policy on Evaluation* regarding evaluation of Transfer Payment programs. The evaluation covers the period 2011-12 through 2014-15.

Innovation, Science and Economic Development Canada's Audit and Evaluation Branch conducted the evaluation in 2015-16, in accordance with the Departmental Evaluation Plan. A summative evaluation of the grant program, addressing relevance and performance, was last undertaken in 2010-11.

This report is organized into four sections:

- Section 1 provides an overview of the ITSC grant program;
- Section 2 presents the evaluation methodology;
- Section 3 presents the findings pertaining to the evaluation issues of performance and relevance; and
- Section 4 summarizes the study's conclusions.

### 1.2 The Agreement on Internal Trade and the ITSC

The federal government, Canada's provinces and two of the territories are parties to the *Agreement on Internal Trade* (AIT or *Agreement*). Although Nunavut is not a signatory to the AIT, it has observer status. The AIT was signed in 1994 and came into force on July 1, 1995. The objective of the *Agreement* is twofold:

- To reduce and eliminate, to the extent possible, free trade barriers within Canada; and
- To establish an open, efficient and stable domestic market.

The AIT includes provisions for a secretariat to provide administrative and operational services. Established in 1995 and based in Winnipeg, the ITSC is a small, not-for-profit organization. It has three full-time positions: a Managing Director, an Internal Trade Officer, and a Finance and Administration Officer. Further, each party to the *Agreement* has the right to appoint a member, an Internal Trade Representative (ITR), to the Secretariat's board of directors. The board provides oversight of the Secretariat and reviews and finalizes the Secretariat's annual operating plans and budgets for approval by the intergovernmental, ministerial Committee on Internal Trade (CIT).

The AIT establishes the Secretariat's mandate as one of providing administrative and operational support to the CIT and related committees and working groups. The CIT may further define the ITSC's mandate. The Secretariat incorporated in 2005 under Part II of the *Canada Corporations Act* (R.S.C. 1970, c. C-32) and subsequently under the *Canada Not-for-Profit Corporations Act* (S.C. 2009, c. 23) in October 2014.

The Secretariat's five main activities, identified in its annual Operating Plan and Budget and in the logic model in section 1.5, are as follows:

- Operational Services – To provide efficient and effective operational support to the CIT, the board of directors, committees and working groups for ongoing implementation of the AIT. This includes, for example, looking after all meeting requirements (e.g., agendas, meeting facilities, teleconference calls, records of decisions, translation services) and drafting or translating briefings and other materials as requested by AIT parties.
- Dispute Resolution Services – To provide administrative support for the dispute resolution process to ensure it operates in a fair, transparent, effective and efficient manner. For example, the Secretariat maintains a roster of dispute resolution panelists identified by the AIT parties, arranges meeting facilities, tracks disputes and posts outcomes on the AIT website. The Secretariat does not mediate disputes.
- Information Services – To provide accurate and timely information to the parties, and in some cases the general public. This includes postings to the AIT website and maintaining two other websites, specifically a public sector procurement information website (MARCAN) and a corporate registration website (REGISTREX).
- Communications Services – To inform internal and external stakeholders of the objectives and achievements of the AIT, as well as respond to general public inquiries regarding internal trade.
- Administrative Services – To provide sound management of both human and financial resources. This includes, for example, preparing annual operating plans and budgets for Secretariat operations, which are submitted to the board of directors for approval.

### **1.3 Purpose of the Federal Grant**

Annex 1603.3 of the AIT requires the federal government to cover 50% of the Secretariat's operating costs, with the remaining 12 partners covering the other 50%. The federal grant contributes to supporting the Secretariat's five activities described above.



## 1.4 Program Resources

Innovation, Science and Economic Development Canada's grant can reimburse Secretariat expenses up to a maximum of \$550,000 annually, with the actual amount paid limited to 50% of the expenditures incurred. Provinces and territories together cover the other 50% of ITSC expenditures. For the first two years of the evaluation period (2011-12 and 2012-13), the total annual budget was set at \$525,000, with the federal share being \$262,500. The total budget increased in the latter two years (2013-14 and 2014-15) to \$675,000, with the federal share being \$337,500, still within the maximum of \$550,000 for the federal share. The \$550,000 ceiling allows for such increases in Secretariat expenditures as required.

In addition to the grant, Innovation, Science and Economic Development Canada's Strategic Policy Branch expends staff time and incurs some travel costs related to the AIT and Secretariat operations. For example, Innovation, Science and Economic Development Canada staff devotes time in support of CIT meetings, to prepare for and attend meetings of ITSC's board of directors and other ITR meetings, and to undertake follow-up action as required. A limited amount of Innovation, Science and Economic Development Canada staff time is required for the ongoing administration of the grant program and for program renewal every five years.

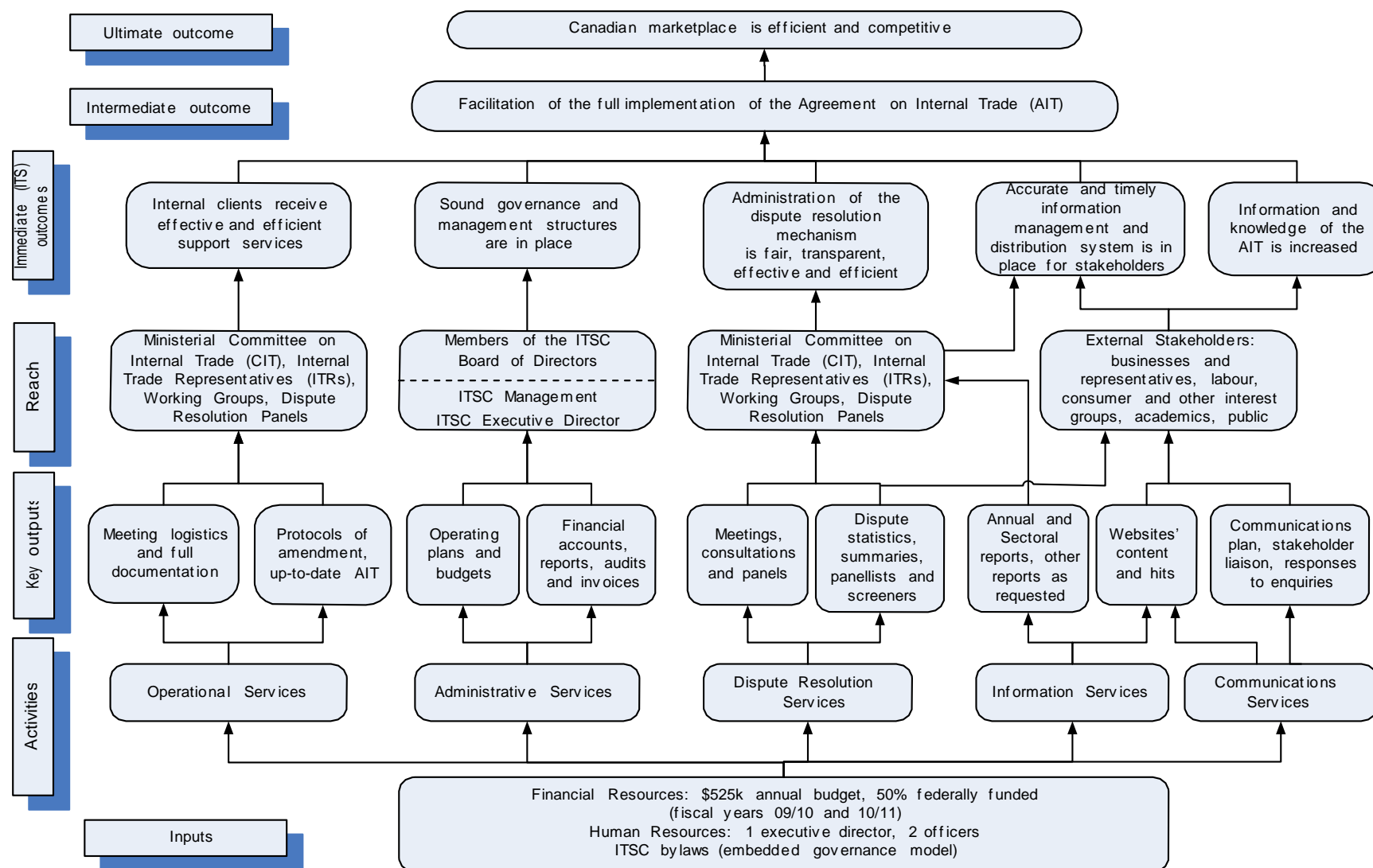
## 1.5 Expected Results

The evaluation focused on evaluating the ITSC grant program using the following outcomes as identified in the grant terms and conditions:

- Immediate outcomes – implementation of the *Agreement*
- Intermediate outcomes – internal trade barriers are reduced and eliminated
- Long-term (ultimate) outcomes – an open, efficient and stable domestic market.

The logic model for the ITSC, developed in 2010, is presented in Figure 1. The outcomes in the logic model differ somewhat from the outcomes above, as they are for the ITSC organization as a whole and not the federal grant program specifically.

**Figure 1: ITSC Logic Model (2010)**



## **2.0 METHODOLOGY**

This section presents the evaluation's objective and scope, approach and design, core issues and questions, data collection methods, and limitations encountered.

### **2.1 Objective and Scope**

The evaluation assessed the relevance and performance of the federal government's grant in accordance with Treasury Board's *Policy on Evaluation*. Specifically, the evaluation assessed the grant's role in contributing to supporting the Secretariat, the intended outcomes of the grant and federal internal trade interests. As the *Agreement* creates the need for a federal grant, the evaluation took into consideration the continuing need for the AIT, and some related federal internal trade initiatives, in assessing relevance.

### **2.2 Evaluation Approach and Design**

The evaluation assessed the program from a contribution analysis perspective. The evaluation drew on the ITSC logic model and multiple lines of evidence to arrive at valid findings and conclusions.

### **2.3 Evaluation Issues and Questions**

The evaluation addressed relevance and performance, in accordance with the *Policy on Evaluation*:

#### **Relevance**

1. Is there a continued need for the federal ITSC grant, and does it align with federal responsibilities and priorities?

#### **Performance**

2. To what extent have federal government internal trade interests and implementation of the AIT been effectively served as a result of the ITSC grant?
3. To what extent does the grant demonstrate efficiency?

### **2.4 Data Collection Methods**

The evaluation employed three lines of evidence as described below.

## **Program and Federal Document and Website Reviews**

This line of evidence contributed to an understanding of the program and to addressing all relevance and performance questions. Key program and federal documents and website material included Innovation, Science and Economic Development Canada documents, news releases and a ministerial speech, federal legislation, the *Agreement on Internal Trade*, AIT website content, the Secretariat's annual operational plans and budgets, AIT annual reports, the 2013 Speech from the Throne, and federal budgets for 2014 and 2015.

## **External Literature and Media Scans**

This input provided a broader context for assessing relevance. Materials included documents related to the 2013 Symposium on the *Agreement on Internal Trade*, an August 2014 discussion paper entitled *A Vision for Interprovincial Trade in Canada: A Business Agenda for Strengthening Canada's Economic Union* (and a related media article), Canadian Chamber of Commerce's *Tackling the Top Ten Barriers to Competitiveness* for 2014 and 2015, three C.D. Howe Institute studies, and other expert and academic sources.

## **Interviews**

Interviews provided insight into the program's relevance and performance not otherwise available. This line of evidence drew on input from in-person interviews with five Innovation, Science and Economic Development Canada representatives and the Secretariat's Managing Director. As well, three of the Innovation, Science and Economic Development Canada respondents identified qualitative benefits and costs associated with the program, and additional input was obtained from Innovation, Science and Economic Development Canada financial program staff.

## **2.5 Limitations**

The grant program has only a very small group of informed stakeholders who are knowledgeable about it. Although some federal employees in other departments may interact with the Secretariat from time to time, their contact is too infrequent for them to be suitably knowledgeable about the federal grant and ITSC operations to inform the evaluation. However, evidence from the other lines of inquiry in conjunction with input from the key informants proved suitable and sufficient to arrive at valid findings and conclusions.

## 3.0 FINDINGS

### 3.1 Relevance

#### 3.1.1 Is there a continued need for the federal ITSC grant, and does it align with federal responsibilities and priorities?

**Key Findings:** Canada's *Agreement on Internal Trade* includes a requirement for a secretariat and stipulates the federal share as 50% of expenditures. Further, federal legislation commits the federal government to pay its share of secretariat operating costs. The federal government's support to the secretariat is aligned with federal responsibilities and priorities for domestic trade and commerce.

#### Continuing Need

As the AIT drives the need for the Secretariat and the federal grant, the evaluation looked at the broader context regarding internal trade. According to Innovation, Science and Economic Development Canada data, domestic trade has remained relatively unchanged at 39% of total Canadian trade (exports representing the balance) since 1991, which is roughly a fifth of Canada's gross domestic product (GDP). Although the *Constitution Act* prohibits tariffs between provinces, differences in standards and regulations have effectively and significantly limited internal trade. The *Agreement* was expected to address some of these barriers; however, several studies, publications and other literature sources over the years have highlighted the persistence of internal trade barriers. Recent statements from Canadian business leaders and think tanks attest to the continuing persistence of barriers and underscore the seriousness with which business regards the issue:

- In a December 2013 open letter to the Committee on Internal Trade, seven industry and professional associations expressed concern that Canadian businesses can provide greater benefits to international trading partners than domestic ones.<sup>1</sup>
- In January 2014, Canada's Public Policy Forum noted that little progress had been made since the mid-2000s in overcoming internal trade barriers, which inhibit innovation, competitiveness and productivity, and cost the Canadian economy billions of dollars.
- The next month, the C.D. Howe Institute commented in a news release on the "costly red tape" Canadian businesses face, noting that incorporated companies must register separately in each province where they wish to do business.
- In its two most recent annual issues of *Tackling the Top Ten Barriers to Competitiveness* (2014, 2015), the Canadian Chamber of Commerce highlighted internal trade barriers as being among the top critical policy and regulatory barriers needing to be addressed.

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<sup>1</sup> The Canadian Chamber of Commerce, Canadian Council of Chief Executives, Canadian Federation of Independent Business, Canadian Manufacturers and Exporters, Canadian Restaurant and Foodservices Association, Certified General Accountants Association of Canada and the Vegetable Oil Industry of Canada. Source: *One Canada, One National Economy: Modernizing Internal Trade in Canada*, Industry Canada (2014).

## ITSC's Role

There is the possibility of a somewhat increased role for the ITSC looking ahead. Just as the Secretariat supports the AIT parties in discussing and introducing protocols of amendment, it also has a role in supporting negotiations for a new or amended AIT. The CIT, which has the authority to broaden the Secretariat's mandate if all parties are in agreement, discussed in 2014 the possibility of an expanded role for the Secretariat to facilitate some research work. There remains scope to formalize this if the parties wish to proceed, following completion of negotiations for a revised AIT.

The evaluation's literature and media scans revealed support for an expanded Secretariat role. For example, Canada's Public Policy Forum issued a report following the 2013 Symposium, *Canada's Evolving Internal Market: An Agenda for a More Cohesive Economic Union*. It suggests that the process of amending the AIT should be more open and inclusive of non-government stakeholders and notes that the Secretariat "is crucial for coordinating collaboration and dialogue".

Having an organization that supports internal trade is not unique to Canada, although the Secretariat's role differs in practice from those in other countries.<sup>2</sup> As noted in one of the papers prepared for the 2013 Symposium, Australia's Council of Australian Governments addresses market initiatives and is supported by a small secretariat located within the Australian Prime Minister's office. The European Commission has an integral role in fostering a single European market, and it reports annually on the market and internal trade barriers.

## Federal Responsibilities and Priorities

The federal government has jurisdiction regarding domestic trade and formal obligations under the *Agreement on Internal Trade*. First, regulation of trade and commerce is a federal responsibility according to the *Constitution Acts, 1867 to 1982*, with provinces responsible for certain aspects of economic activity within their boundaries, such as regulation of professions. Second, Chapter 16 of the AIT stipulates a requirement for the Secretariat, with a funding formula that commits the federal government to funding 50% of the operating costs. Third, the *Agreement on Internal Trade Implementation Act* (S.C. 1996, c. 17) states that the federal government will pay its share of Secretariat operating costs in accordance with the AIT formula.

Innovation, Science and Economic Development Canada's role and responsibility in the AIT and for the ITSC grant directly align with the Minister of Industry's responsibility for promoting the flow of goods, services and commerce in Canada as specified in the *Department of Industry Act* (S.C. 1995, c. 1). The Minister of Industry is a member of the Committee on Internal Trade (CIT), which, among other things, is responsible for overseeing implementation of the *Agreement*. The ITSC grant is a sub-program under Innovation, Science and Economic Development Canada's Marketplace Frameworks and Regulation program, aligned with Innovation, Science and Economic Development Canada's strategic outcome of an efficient and

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<sup>2</sup> *A Comparison of Internal Trade Regimes: Lessons for Canada*. Kathleen MacMillan: Canada's Public Policy Forum, Internal Trade Secretariat. (2013)

competitive Canadian marketplace. The AIT, which gives rise to the federal grant, embodies this outcome in its stated objective:

- To reduce and eliminate, to the extent possible, free trade barriers within Canada
- To establish an open, efficient and stable domestic market.

Given the importance of internal trade to the Canadian economy, addressing internal trade issues has been a priority for the federal government. In addition to its AIT-related responsibilities and activities, the federal government is pursuing complementary internal trade initiatives independently, as presented in the 2014 and 2015 federal budgets. These are unilateral initiatives being undertaken by Innovation, Science and Economic Development Canada in support of revitalizing the AIT. The first involves development of an Internal Trade Barriers Index, to help inform AIT partners of priority areas to address. The second initiative involves the introduction of an Internal Trade Promotion Office to serve as a research hub, building on the Internal Trade Barriers Index and with the intention of contributing to eliminating barriers. Such initiatives and costs are beyond the ITSC's existing mandate and maximum budget.

## 3.2 Performance

### 3.2.1 To what extent have federal government internal trade interests and implementation of the AIT been effectively served as a result of the ITSC grant?

**Key Findings:** The ITSC grant serves federal interests by contributing to a Secretariat that is fulfilling a mandate to provide administrative and operational support. Given the Secretariat's mandate, the extent of the grant's impact is focused on the immediate outcome. Although there is a performance measurement strategy in place for the ITSC, it does not directly reflect the grant program.

The evaluation found that the ITSC grant contributes to implementation of the AIT by assisting in meeting the AIT's institutional requirements stated in Article 1603 regarding a secretariat. Input from interviewees, along with the document review and material from the AIT website, show that the Secretariat has been providing the services asked of it. The following items are examples of the work undertaken by the ITSC during the period evaluated:

- Organized CIT annual meetings and ITSC annual general meetings, providing related logistical, document and follow-up support
- Assisted in drafting three protocols of amendment that came into effect between 2011-12 and 2014-15
- Supported the dispute resolution process and posted panel decisions on the AIT website
- Collaborated with Canada's Public Policy Forum in organizing a 2013 Symposium on the *Agreement on Internal Trade* held in Ottawa and attended by about 100 participants.

The 2013 Symposium provided an opportunity for stakeholders to discuss trade challenges and policy options for moving forward, which are documented in the Symposium report prepared by Canada's Public Policy Forum, *Canada's Evolving Internal Market*. As noted in the department's *Departmental Performance Report* for 2013-14, the report facilitated subsequent CIT discussions on internal trade and contributed to Innovation, Science and Economic Development Canada's proposal *One Canada, One National Economy*.

According to Innovation, Science and Economic Development Canada documents, the intent of funding a Secretariat that supports implementation of the *Agreement* is to overcome internal trade barriers and achieve an open, efficient and stable domestic market. While the ITSC grant contributes to the immediate outcome of having a Secretariat, fulfilling broader federal interests has remained very elusive. The evaluation found that circumstances essentially preclude the grant from contributing to these other outcomes. The Secretariat's mandate, as specified in Article 1603 of the *Agreement*, is to "provide administrative and operational support to the Committee, working groups and other committees and such other support as the Committee may direct." Thus far, the Secretariat's mandate has not extended beyond meeting administrative and operational needs. That is, it has not been within the Secretariat's mandate to contribute in any direct, significant way to the intermediate and long-term outcomes.

According to Innovation, Science and Economic Development Canada interviewees, the persistence of internal trade barriers is not due to a shortcoming of the grant program or the Secretariat. The ITSC grant can only support Secretariat operations and is therefore not able to contribute in any significant way to advancing federal interests with respect to overcoming internal trade barriers and establishing an open, efficient and stable domestic market.

Under the *Financial Administration Act*, Innovation, Science and Economic Development Canada is required to evaluate the ITSC grant program. A performance measurement strategy and a logic model are in place for the ITSC; however, as the ITSC is an organization with 13 cross-jurisdictional partners, the outcomes are beyond what the federal grant can be expected to achieve. The existing strategy and logic model are considerably more detailed and complex than required. The Strategic Policy Branch may wish to tailor them to the grant program alone. This would allow program management to align activities, outputs and outcomes with the scope of the grant. It would greatly simplify the performance indicators required to monitor and assess ongoing program performance. Finally, it would contribute to ensuring evaluations continue to align with the scope of the federal grant.

### 3.2.2 To what extent has the grant demonstrated efficiency?

**Key Findings:** The Secretariat's ability to rebate unused portions of the federal grant, along with efforts to reduce costs as appropriate, contribute to efficient use of grant funds. The federal renewal process for the grant program has become more streamlined, contributing to efficient program administration.



## Secretariat Operations

About 50% of the Secretariat's expenditures are for personnel, with the remainder for other operating expenses such as rent, meetings, translation and so forth. An interviewee observed that having an external secretariat allows for efficient delivery of services, as it precludes the need for having to go through 13 separate hospitality approval processes. Although Innovation, Science and Economic Development Canada has authorization for a maximum ITSC grant of \$550,000 annually, the actual annual grant amount is based on the budget provided by the Secretariat in its annual Operating Plan and Budget document. Secretariat finances are audited annually by an external auditor to ensure that financial controls are in place and funds are spent as intended. Audited financial statements are included in the AIT annual reports.

Financial data for the period evaluated are shown in Table 1. During this period, the Secretariat's annual approved budget (column B) remained within the maximum permissible (column A). An interviewee commented that having an operating budget lower than the maximum gives the Secretariat flexibility in accommodating additional work over time as may be directed by the CIT. Otherwise, the parties would have to renegotiate financial arrangements on a more frequent basis, which is less efficient. For example, the Secretariat was able to accommodate an increase of \$150,000 for the 2013 Symposium and sustain the increase for subsequent work in 2014-15.

**Table 1. ITSC Operating Budget and Federal Grant Expenditures**

Annual Budgets and Federal Share of Expenditures (\$)				
Fiscal Year	A. Max. Budget Possible	B. Approved Budget:		C. Actual Expenditures:
		All Parties	Federal Share	Federal Share
2011-12	1.1 million annually (all parties combined)	525,000	262,500	219,476
2012-13		525,000	262,500	220,889
2013-14	Federal share: 550,000	675,000	337,500	303,301
2014-15		675,000	337,500	301,243

In terms of actual expenditures, the federal share (column C) in the first two years amounted to 84% of the federal share of the budget (column B). In the latter two years, expenditures increased to 90% of the federal share of the budget. Any unspent portion of the budget at the end of the fiscal year is rebated to the parties. Over the past four years, the ITSC rebated an average of 13% of the annual federal installment.

According to an interviewee, the ability to rebate unused portions of the budget contributes to flexibility and efficiency in using grant funds. For example, the number of dispute resolutions cannot be predicted but the dispute hearing must be appropriately resourced. Although the average annual expenditure for this item is \$66,000, the cost may be lower or considerably higher than budgeted. Federal rebate amounts are identified in the Secretariat's audited financial statements. The process for the federal rebate is briefly described under "Federal Grant Administration" below.

According to interviewees, there are other ways in which the Secretariat demonstrates efficiency. For example, it plans to move in 2015-16 to a new location with lower rental costs. It also plans to update its website technology and redesign the site in-house rather than contracting the work.

Further to the previous 2010-11 evaluation, the ITSC has reported efficiency results in the Goals, Activities and Performance section of the AIT annual reports, beginning in 2012-13. The section indicates that the Secretariat met or mostly met turnaround targets for issuing documents. In instances where it did not always meet the turnaround time, this was due to circumstances beyond the ITSC's control, according to an Innovation, Science and Economic Development Canada interviewee.

According to three Innovation, Science and Economic Development Canada staff, having an efficient, arm's length mechanism that administers the dispute settlement process, arranges AIT-related meetings and provides AIT materials in both official languages are key benefits of the program. Having an external body such as the ITSC is very efficient. It precludes having to address 13 approval processes and 13 sets of hospitality and travel rules to make arrangements and incur and pay expenses. Another critical factor, according to staff, is that the grant supports the federal government's ongoing obligation to fund the ITSC under the *Agreement on Internal Trade Implementation Act*.

The evaluation also briefly looked at, in discussions with interviewees, whether there is potential duplication between the ITSC and other AIT-related secretariats. The AIT addresses 10 sectors, such as alcoholic beverages, communications, labour mobility, natural resources processing, procurement and transportation. The ITSC provides secretariat services for procurement, but other sectors are supported by secretariats that predate the AIT. When the AIT was negotiated, it was decided to keep the existing secretariats, which are funded separately. For example, the Forum of Labour Market Ministers, which deals with labour mobility (Chapter Seven of the AIT) provides funding for its own secretariat. Innovation, Science and Economic Development Canada provides a secretariat function for Chapter Eight, Consumer-Related Measures and Standards. The ITSC supports those areas not addressed by chapter-specific secretariats—namely, the CIT, the ITRs and overall AIT institutional provisions and dispute resolution procedures. There is no duplication of effort according to interviewees.

## **Federal Grant Administration**

The document review revealed that the federal government streamlined administration of the ITSC grant in 2014-15, with the Treasury Board Secretariat advising Innovation, Science and Economic Development Canada that it no longer requires a submission to renew spending authority for the grant for the following reasons: legislative authority is provided through the *Agreement on Internal Trade Implementation Act*; the program does not have an end date; and the terms and conditions established in 2009 continue to be valid and ongoing.

The federal payment process currently involves two steps. First, the Secretariat reimburses any unspent portion to the Receiver General. Innovation, Science and Economic Development Canada then issues payment for its full share of the annual budget (column B in table 1). This two-step process does not occur with the other AIT parties. Instead, the Secretariat invoices each government based on the net amount, deducting the overpayment from the current amount owed.

During the course of the evaluation, Innovation, Science and Economic Development Canada Strategic Policy Sector staff looked into the matter with Corporate Management Services and determined that Innovation, Science and Economic Development Canada no longer requires a two-step process. The department is proceeding to review the payment process for its share in order to streamline the federal payment process, to be consistent with that of the other 12 parties.

## **4.0 CONCLUSIONS AND RECOMMENDATIONS**

### **4.1 Conclusions**

#### **Relevance**

The grant is in keeping with federal commitments, roles and responsibilities, and priorities. It contributes to meeting an immediate, ongoing need for administrative and operational support necessary to implement the intergovernmental *Agreement on Internal Trade*. It fulfills AIT institutional requirements in accordance with Chapter 16, and it complies with federal legislation implementing the *Agreement*.

With the program's continuing relevance well established, and given its small cost, it would be appropriate to streamline the next evaluation by omitting an examination of relevance, presuming there are no major changes to the Secretariat's mandate. However, if the CIT establishes a considerably expanded role for the Secretariat, a review of relevance as part of a future evaluation may be appropriate.

#### **Performance**

The grant is being used by the Secretariat to provide the administrative and operational services asked of it. The grant contributes to the operational aspect of the AIT, that is, its institutional implementation.

As the Secretariat does not have a mandate beyond providing administrative and operational support, the ITSC grant contributes essentially to fulfilling the immediate outcome of having an administrative secretariat. Expanding the Secretariat's mandate into other areas would require the approval of all CIT members.

The Strategic Policy Branch could simplify the performance measurement strategy and logic model for the grant program. This would greatly reduce the complexity of the strategy and the logic model as they currently exist and simplify the performance indicators required for ongoing monitoring and assessment.

### **4.2 Recommendations**

As the evaluation found no major issues with the grant to the ITSC, there are no recommendations.

## APPENDIX A: BIBLIOGRAPHY

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