



REGIONAL
DISTRICT
OF NANAIMO

BUY CANADIAN IMPLEMENTATION STRATEGIES

RECOMMENDATION

That the Board receive the report, “Buy Canadian Implementation Strategies” dated July 8, 2025 and adopt options 7 and 8 as recommended as amendments to Policy A2.22 Purchasing Policy.

BACKGROUND

At its February 25, 2025 Board Meeting, the Board passed the following motion:

“That staff prepare a report to the Board regarding amending the Regional District of Nanaimo procurement policy that allows for greater weighting of proponents who supply goods and services within Canada.”

Key Points

- a) Neither the Federal or Provincial legislatures have enacted standalone legislation implementing the procurement obligations of the NWT/PA, CFTA or the CETA into domestic law.
- b) Most U.S. and non-Canadian purchases are bought indirectly from Canadian based vendors.
- c) Procurement obligations are not covered by any of the trade agreements Canada has with the U.S.
- d) Non-Canadian vendors did not bid on any RDN opportunities over \$75,000 in 2024.

2024 RDN Vendor Spend over \$25,000

An analysis of the 2024 Statement of Financial Information (SOFI) for vendor spends over \$25,000 shows geographically where the Board’s money is distributed.

2024 Vendor Spend over \$25,000			
	Total Spend	Percentage	Cumulative Percentage
Within RDN	\$32,956,283	38%	38%
Outside RDN within BC	\$42,164,938	49%	87%
Outside BC within Canada	\$ 9,802,587	11.5%	98.5%
USA	\$ 1,343,703	1.5%	100%
Other	\$ 0	0%	100%
Total Spend	\$86,267,513	100%	100%

Of the USA purchases, \$1,051,114 was for a one time purchase of Grit and Sedimentation equipment for GNPCC from a RFP issued in 2022.

Trade Agreements and Purchasing Policy

The Regional District of Nanaimo (RDN) is party to three (3) trade agreements entered into by the Provincial and Federal Governments with procurement obligations. Two are domestic and one is international.

- a) New West Partnership Trade Agreement (NWPTA). Domestic.
Participants: British Columbia, Alberta, Saskatchewan, and Manitoba
\$75,000 Goods & Services, \$200,000 Construction
- b) Canadian Free Trade Agreement (CFTA). Domestic.
Participants: All Canadian Provinces and Territories
\$133,800 Goods & Services, \$334,400 Construction
- c) Comprehensive Economic Trade Agreement (CETA). International.
Participants: Canada and the European Union (27 Countries)
\$353,300 Goods & Services, \$8,800,000 Construction

Any purchases above these thresholds are to be posted publicly on an electronic tendering system. For purchases below the threshold levels, the RDN has flexibility to direct award contracts without having to competitively tender, invite only vendors of their choice, apply local preference criteria, or publicly post.

That being said, the Board's Purchasing Policy A2.22 has thresholds below the trade agreements. Any purchases above \$15,000 for goods, services and construction, staff are to invite at least 3 vendors, or publicly post. Any purchases above \$75,000 for goods, services and construction are to be publicly posted.

As it pertains to the Board Motion, allowing for greater weighting of proponents who supply goods and services within Canada, only the Comprehensive Economic Trade Agreement (CETA) is applicable.

Some Options for Implementing "Buy Canadian" Strategies for the Board's consideration

1. Implementing a preference for Canadian value added for procurements below the CETA thresholds.
2. Restricting tendering to only Canadian companies for purchases below the CETA thresholds.
3. Implementing a preference against procuring from Canada based, but, U.S. owned vendors.
4. Implementing an express exclusion of U.S. based vendors.
5. Revising Purchasing Policy A2.22 to adjust construction services upwards from \$75,000 to \$200,000 to match the New West Partnership Trade Agreement (NWPTA) level before having to publicly post.
6. Revising Purchasing Policy A2.22 to increase the discretionary level from \$15,000 to \$75,000 for Goods and Services to match the New West Partnership Trade Agreement (NWPTA) level before having to obtain quotes.
7. Adding a local vendor definition as the current policy does not contain one.
8. Adding a tie breaker definition as the current policy does not contain one.

Staff are recommending the Board revise its Purchasing Policy to include adoption of options 7 and 8. Policy A2.22 with these revisions is included as Attachment 1. If this is done, it will require amendment only to Schedule A of Policy A2.22 and red-lined changes to Schedule A are included as Attachment 2.

Analysis and Recommendations:

1. Implementing a preference for Canadian value added for procurements below the CETA thresholds. For example, Canadian vendors are afforded a 10% (or other amount) preference versus non-Canadian vendors. Staff do not favour including it in the Purchasing Policy as it is too restrictive, could lead to potential legal challenges if not implemented correctly, is administratively cumbersome and could lead to increased costs. As well, non-Canadian vendors rarely bid directly on RDN opportunities. As an alternative, staff could change their practices and include local preference, on a project by project basis, in their solicitation documents rather than amending the Purchasing Policy.
2. Restricting tendering to only Canadian companies for purchases below the CETA thresholds. Although non-Canadian vendors typically do not bid directly on RDN opportunities, staff do not favour because in some instances, the required vendor may not be available in Canada.
3. Implementing a preference against procuring from Canada based, but, U.S. owned vendors. Staff do not favour as most U.S. and non-Canadian purchases are bought indirectly from Canadian based vendors.
4. Implementing an express exclusion of U.S. based vendors is not favoured as some purchases, are only available from U.S. based vendors.
5. Revising Purchasing Policy A2.22 to adjust construction services upwards from \$75,000 to \$200,000 to match the New West Partnership Trade Agreement (NWPTA) level before having to publicly post. Currently all construction services valued over \$75,000 are publicly posted. Staff recommend keeping the construction services level at \$75,000 to ensure more opportunities are made available to local vendors and to increase competition.
6. Revising Purchasing Policy A2.22 to increase the discretionary level from \$15,000 to \$75,000 for Goods and Services to match the New West Partnership Trade Agreement (NWPTA) level before having to obtain quotes. Staff recommend keeping the discretionary level at \$15,000 to ensure more opportunities are made available to local vendors and to increase competition.
7. Staff recommend revising the Board's current Purchasing Policy A2.22, Appendix A, to add a local vendor definition as the current policy does not contain one:

“A local vendor means a vendor that has a physical place of business located within the Regional District of Nanaimo, within British Columbia, and within Canada, in that order, that employs Canadians and has assets in Canada utilized in carrying out its business functions.”

8. Staff recommend revising the Board's current Purchasing Policy A2.22, Appendix A, to add a tie breaker definition as the current policy does not contain one and it is a best practice to include to reduce ambiguity in the rare instances this occurs:

“Any tie bids will be awarded to the vendor that has a place of business located within the Regional District of Nanaimo, within British Columbia, and within Canada, in that order. Tie bids

involving only Canadian vendors or only Non-Canadian vendors will be resolved by any method as mutually agreed by all parties.”

FINANCIAL IMPLICATIONS

Costs could increase if local preference is embedded in policy.

REVIEWED BY:

- T. Moore, Chief Financial Officer, Finance
- C. Crabtree, General Manager, Corporate and Transportation Services
- D. Holmes, Chief Administrative Officer

ATTACHMENTS:

1. A2.22 Purchasing Policy (July 2025)
2. A2.22 Purchasing Policy Schedule A Redlined Changes