



BRITISH COLUMBIA



ALBERTA

January 31, 2007

CR12621

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Union of British Columbia Municipalities
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Mr. John McGowan
Chief Executive Officer
Alberta Urban Municipalities Association
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Mr. Gerald Rhodes
Executive Director
Alberta Association of Municipal Districts and Counties
2510 Sparrow Drive
Nisku, Alberta
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Dear Messers Taylor,  McGowan and Rhodes:

As you know, in April 2006, the governments of British Columbia and Alberta signed the *Trade, Investment and Labour Mobility Agreement* (TILMA). The TILMA addresses the litany of barriers that have long hampered competitiveness and opportunity in Canada.

When it comes into force on April 1, 2007, the TILMA will only apply to Alberta and British Columbia. At that time, it will apply to all provincial government measures, such as legislation, regulations, standards, policies, procedures and guidelines that affect trade, investment and labour mobility. Provincial measures for water, taxation, royalties, labour standards, occupational health and safety, procurement of health and social services, social policy, and Aboriginal policies and programs are exempt.

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The TILMA simplifies and expands coverage of the existing *Agreement on Internal Trade* (AIT), which came into effect in 1995. Under the TILMA, the AIT obligations affecting regional, local, district and other forms of municipal government will continue to apply. These include providing open access to procurement, the reconciliation of transportation measures, and open access to employment opportunities.

Once the TILMA is fully implemented in April 2009, it will also apply to local governments. This two-year transitional period provides the time to undertake further consultations and to negotiate any required special provisions or exclusions for local governments and other measures and sectors specifically identified as transitional.

Trade officials will continue working closely with your organizations in planning for consultations with local governments. Initial discussions will identify those standards, regulations or other measures that would be subject to obligations under the TILMA beyond those of the AIT. An obvious example would be the TILMA's lower thresholds for open, non-discriminatory procurement of goods and services. Another example might be the streamlining of business establishment (licensing) processes.

With respect to standards and regulations, the objective of the TILMA is to jointly reconcile or mutually recognize these measures where there are any unnecessary differences, overlap or duplication. Under the TILMA, different standards and regulations may continue and there is no requirement to de-regulate.

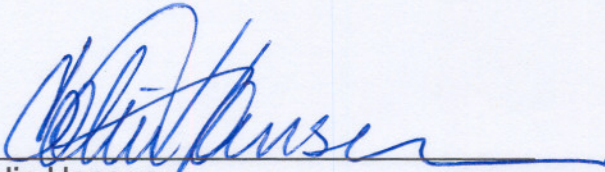
As an example, the TILMA is not intended to constrain local governments' ability to establish or maintain bona fide, non-discriminatory measures such as zoning bylaws, height restrictions, or rules applying to signage. Nor are we expecting changes to land use decisions applying to areas like agricultural land reserves or parks. Should these types of measures be specifically challenged under the TILMA, the governments of the two provinces maintain the right to jointly declare their interpretation of the agreement to make our intent clear.

We expect consultations to commence in March 2007 and, working with your full participation at the negotiators' table, it is our intention to ensure the interests of local governments, their residents, and the business communities of British Columbia and Alberta are represented in these discussions.

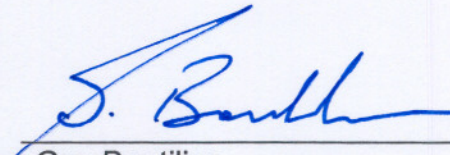
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Under the TILMA, Albertans and British Columbians will benefit from new investment, business growth, employment opportunities, and greater choice for consumers and governments. The agreement will help to further establish the two provinces as Canada's second largest economy and the most attractive locations in which to live, work, invest and carry on business. The stronger economy will be better equipped to provide high quality and essential government services and to meet other important social objectives.

We look forward to working with you to build broader prosperity and opportunity for all British Columbians and Albertans.



Colin Hansen
Minister
Economic Development
Government of British Columbia



Guy Boutilier
Minister
International, Intergovernmental and
Aboriginal Relations
Government of Alberta

cc: Honourable Gordon Campbell
Premier
Province of British Columbia

Honourable Ed Stelmach
Premier
Province of Alberta

Honourable Ray Danyluk
Minister of Municipal Affairs and Housing
Government of Alberta

Honourable Ida Chong
Minister of Community Services
Government of British Columbia