

Competition Policy Review Panel

By

Multiple Format Industry Association
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Executive Briefing

A nation's wealth is influenced by its productivity performance. The Multiple Format Industry Association supports investments in entrepreneurial capital by using government procurement to enhance commercialization.

Our submission is designed to amplify on one specific measure proposed by CATA that has special relevance to many MFIA members, namely that Canada should use government procurement policies and programs to foster the adoption of new technology, encouraging sophisticated first customers in both private and public sectors.

Canadian Multiple format companies are delivering quality large print, audio, Braille and e-text format business solutions to governments, and large, progressive, Financial, Telecommunications and Educational clients in domestic and export markets. We are seen as world leaders in the provision of professional, high quality, cost effective and secure and timely delivery of financial statements, promotional materials, health and safety information, books, and much more. Primarily our sector companies are owned and operated by blind entrepreneurs.

ISSUE

Revisions to Treasury Board Contracting Policy a productivity growth disincentive:

Changes made in 2003 to Treasury Board Contracting Policy permit the voluntary sector to compete with private enterprise for the provision of goods and services to the federal government without consultation with SMEs.

The voluntary sector is subsidized in a variety of ways. They pay no income tax, use volunteer rather than paid labor, and rely on an infrastructure acquired with funds raised from tax-deductible donations, and grants and contributions.

The voluntary sector consults with the Federal Government on policy issues, shaping the direction, rules, and influencing the business environment where small business operates, and as a result have one other significant advantage—advance knowledge of requirements.

The revised policy tilts the playing field by allowing charities to bid against the private sector, threatening our significant investment in innovation and commercialization activities in both domestic and foreign markets. This simple rule change has been and will continue to be a disincentive to commercialization and does not contribute to productivity growth in Canada.

Prior to 2003, Contracting Policy stated that bids should not be accepted from organizations subsidized by any level of government or which enjoy any type of tax-exempt status. Instead, it opens the door to unfair competition from charities.

Because charities are charities and not businesses, they are subject to a more favourable tax treatment by government. The important policy issue then becomes whether it is appropriate for charities to behave like businesses and compete with businesses yet continue to be accorded the preferential treatment enjoyed by charities.

RECOMMENDATIONS

1. Reverse the recent modifications to Treasury Board Contracting Policy- paragraph 10.1.2.
2. Ensure that the government procurement of multiple formats takes place via a truly open, fair competitive process.
3. Public Consultation and engagement policy Guidelines should be followed and meaningful consultation held with all stakeholders.
4. Design and implement a mechanism to assess the impacts on business of government policies aimed at the volunteer sector and designed to enhance sustainability.

5. Amend the Competition Policy to include nonprofit/voluntary sector business activities to ensure fairness.

Sharlyn Ayotte
Multiple Format Industry Association