

LEGISLATIVE ASSEMBLY OF THE  
NORTHWEST TERRITORIES  
7<sup>TH</sup> COUNCIL, 44<sup>TH</sup> SESSION

TABLED DOCUMENT NO. 22-44  
TABLED ON FEBRUARY 12, 1971

BRIEF

RE: TENDER DEPOSIT REQUIREMENTS

T.D.#22-44

for

Tabled on Feb 11, 1971

N. W. T. GOVERNMENT CONTRACTS

A. The present practice is to publish N. W. T. Government tenders or proposals indicating each submission requires a 10% deposit in cash. It is normal at the time a contract is let to require a further 10% of the contract price as a performance guarantee. As the contract proceeds, a further 10% of each progress payment is retained by the N. W. T. Government as a deficiency security. The final payment for the contract is usually from one to three months being processed before payment is received.

As an example we submit the following:

A \$100,000.00 dollar contract

- 1) A bid deposit of 10% of the tender - \$10,000.00
- 2) 10% performance requirement - 10,000.00
- 3) During the term of the contract three (3) progress payments are received with a hold back of 10% for deficiencies - 9,000.00

At the completion of the work the contractor has invested, - \$29,000.00  
 Plus the final payment which could be 20% - 20,000.00

TOTAL. \$49,000.00

It is fairly obvious a Contractor's working capital is fully extended and he has not the funds to enter other contracts.

B. The following suggestions are submitted to relieve this situation:

- 1) Tender deposit be reduced to 5%.
- 2) No performance deposit be required.
- 3) The tender deposit be returned to the contractor with the first progress payment. The 10% deficiency holdback from each progress payment will protect the Government's interests.
- 4) These items should refer to contractors who are living and operating in the N. W. T. only.

C. Presented with concurrence of the following N. W. T. Contractors:

*[Handwritten signatures and names of contractors]*

*[Faint handwritten notes and signatures]*