

those involved, that's their right. And it's the public's right to know.

LIBRAIRY DOCUMENT NO.

88-13 (A) TABLED ON MAY 25 1998

one. I don't understand why they got kicked out. Especially with the way the GNWT has been getting investigated.

NWT LEGISLATIVE LIBRARY



3 1936 00047 845 1

THE HUB MAY 20, 1998

# The perils of overusing negotiated contracts

The government of the Northwest Territories purchases millions of dollars of services in any given fiscal year. How they obtain these services has been the subject of much debate in our Legislature.

My concern with non-transparent contract awards, whether they be negotiated, sole source or request for proposal, exists on many fronts.

It was my understanding that negotiated contracts were meant to serve a specific purpose. For example, to instigate involvement in the economy by newcomers such as community and aboriginal development corporations, to create employment, training and economic development in small communities that were void of local business opportunities and the associated benefits. I believe that this purpose has now been forgotten and the prolific awarding of negotiated contracts is inadvisable for a number of reasons.

Various departments such as the Transportation or Public Works and Services tell us that a negotiated contract must fall within budgetary guidelines. This is a very subjective benchmark as these guidelines are set by the department awarding the contract. Although they afford an opportunity to the company being negotiated with, how many other companies with employees, overhead, equipment and investment do they exclude? What percentage of the market is being taken away from established

## Our MLA Reports Jane Groenewegen



companies, by negotiated contracts? How long does the negotiated contract need to be provided to achieve a functioning business enterprise that could then conceivably compete in an open bidding process?

Although I understand and support the rationale behind negotiated contracts as a form of business development incentive, I'm concerned that their prolonged use is not in anyone's best interest. In a time of fiscal restraint, it is incumbent upon a public government to spend the public purse with prudence. The extended use of negotiated contracts without going to a competitive process precludes the government from knowing the real cost of what they may be able to obtain those services for. So, the taxpayer could become a casualty of this process.

Could it be that negotiated contracts over an extended period of time could actually inhibit or deter real economic development? Let's use the example of a community where a local government or community based corporation wants to ne-

gotiate a contract for services with the GNWT but there are also privately owned small firms that have evolved, have maybe even received government incentives (loans or grants) to become established and they are eager to exercise their entrepreneurial skills and secure the same contract? If they see that the community-owned corporation is receiving preference and negotiated contracts, in a very limited market place, where are they to turn for a source of business? In this case, is the negotiated contract actually suppressing economic development?

We also need to consider the impact of negotiated contracts in the long term, on existing Northern companies that have contributed significantly to the development and viability of some of the larger, tax based communities. Negotiated contracts introduce an element of market disruption which would make it difficult to sustain these companies which employ people and are the examples of small business which we are told are the backbone of the Canadian economy.

The government says they can no longer be the engine that drives the northern economy, that the private sector must create the jobs, create the wealth, create the opportunities for northerners. Along with that decree the GNWT must be prepared to critically examine the way in which they "do business" to determine if

their actions are productive or counterproductive to that end. The potential casualties of negotiated contracts are, the taxpayer, the small private businessperson/operator not being negotiated with, the long established companies who can only secure contracts through public tender.

The issue of the volume of work and services secured and the duration of negotiated contracts needs to be considered very carefully if everyone is going to have the opportunity to participate and exist in the north.

I believe that if people were aware of the extent to which negotiated contracts are presently being used by our government, they as taxpayers would be surprised.

Another potential pitfall of negotiated contracts is the opportunity for political patronage and cronyism which would not be in keeping with an open and accountable government.

I believe that there is room for everyone and most businesses I have spoken to on this subject want to see our government take a balanced and responsible approach to contract awarding, want a sensible volume of work to be available through a competitive, transparent bidding process and a reasonable opportunity to participate in the portion of our economy generated by government spending.

I welcome your responses and input on this subject.

# Has our civilization just about used up this 'Interval'?

I just finished reading Arthur C. Clarke's latest, *3001, The Final Odyssey*, and in his Acknowledgements found a very cryptic note which (much more than the book itself had) gave me pause to think. Don't know why I hadn't met this particular phrase before - should have, of course, had my reading been more concisely directed over the years - but, for whatever reason I'd not. The phrase comes from Will Durant's *The Story of Civilization*.

## By-Line

by Vicky Latour MAY 26 1998

on the Earth for somewhere around a million years, evolving gradually until we reached the form we have today - well, this is one theory, who's to say if it is the correct one? - and we know that 'civilization', that is, an organization of people into

swinging either way - we'll have a planet that is too hot for us, drying up our essential waters, eroding topsoil until there is nothing on which to grow food, or we're going to face the decline back into another Ice Age where cold and creeping mounds of ice work the same catastrophe.

And once more, if we buy Durante's definition, pouf! - there goes civilization again.

I suppose with such a tenuous hold on

ern Arctic, the proposed taking of just one bowhead whale is being protested by another conservationist and is likely to have the International Whaling Commission instituting sanctions against Canada because these mammals are on the endangered species list.

This in a country which claims to be sooooo civilized, so concerned with the preservation of wildlife and that condemns the hunting of rhinoceros, tigers, and a