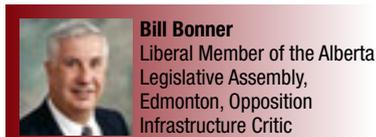




More – with a twist – on elected officials and their role in government procurement

There was such an amazing amount of interest in the subject of our last “Chatroom” (*Summit*, November 2003) on the role of politicians in procurement that we felt we absolutely had to expand the debate. In other words, I liked the question so much I thought I’d ask a broader range of people. But I couldn’t stop there, could I? Noooo – I just had to also introduce the subject of public-private partnerships (P3s) too, partly due to a letter to the editor CUPE sent to *Summit* in response to my colleague Rick Bray’s article (more on this from me and, I hope, from CUPE, in future columns). So we talked to a provincial opposition parliamentarian, Bill Bonner; a prominent big city mayor, Larry Campbell; a senior municipal official in Ottawa who happens to have a lot of experience in P3s, Rejean Chartrand; and a respected private sector expert and fairness monitor, Howard Grant. This time around there may even be a few surprises! So without further ado, let’s chat!

Sit down, take a deep breath, sip a beverage, open your mind and stay awhile while we chat with:



Bill Bonner
Liberal Member of the Alberta
Legislative Assembly,
Edmonton, Opposition
Infrastructure Critic



Larry Campbell
Mayor of Vancouver



Rejean Chartrand
Director, Strategic Delivery
Unit, City of Ottawa



Howard Grant
President, Partnership and
Procurement Inc., Ottawa

Which way you goin’?

Campbell: Elected officials should be accountable for purchasing policies to the voters. That means they have to get involved in setting standards, defining requirements and ensuring that purchases meet those benchmarks.

Grant: In my experience in consulting and in acting as a fairness monitor or commissioner, I’ve seen many examples where there is a crucial role for elected officials or politicians. They are often the people who are most accountable ...and should be involved in procurement, especially at the beginning and end of the process. At the beginning they must establish the requirement and the objectives and at the end they must be sure of the desired result. The politician has a responsibility to set the strategic directions and be accountable for them being achieved.

Bonner: The last Alberta provincial budget indicated \$1.4 billion between 2004-2006 to be allocated to alternative financing of capital projects with the government expressing interest in using P3 agreements to facilitate a wide

range of provincial infrastructure projects, from road building to school and hospital construction. Over the summer it was announced that three new schools would be built in Calgary and the southeast leg of Anthony Henday Drive in Edmonton would be extended using the [P3] model. Welcome news, but many questions posed to the government regarding the P3 model remain unanswered.

Chartrand: My directorate focuses on public private partnerships (P3s) and so far we’ve accomplished five: two arenas, a soccer dome, a long-term care centre and our paramedic headquarters. The elected officials on council are participants in defining our processes. To authorize P3s as a procurement vehicle, they passed a by-law modification to get us started. We involve council every step of the way, briefing them on every stage from Request for Qualifications to Requests for Proposals to negotiation results to implementation.

Who do you love?

Chartrand: For P3s, it is key for private sector participants to be sure that there is no undue influence in the partnership. So far, we’ve retained fairness commissioners on each of our five projects and we haven’t run into any major controversy. That also means confirmation by council throughout the process.

Campbell: I have recommended to our council, for example, that we encourage the Organizing Committee for the Olympic games to require high standards for ethical purchasing and the use of local suppliers during the hosting of the 2010 Winter Olympic Games.

Our goal is to have the games meet the objectives of social, economic and environmental sustainability, so we'll be more interested, for example, in suppliers who offer hiring of disadvantaged workers or emphasis on green products.

Grant: Elected officials should be specifically excluded from the actual competitive bidding process wherever possible. Indeed, increasingly elected officials do not want to be involved in bidding. One of the key reasons for getting a fairness process involved in contracting is not simply to try to avoid Canadian International Trade Tribunal or other challenges, but to provide an assurance that processes are correctly and fairly conducted and that projects are properly designed and managed to meet their desired results. While there may be a crisis in confidence in politicians, they are still ultimately the ones people hold accountable and in a democratic system, they are the ones from whom power and authority is derived.

Bonner: Any major infrastructure project involves risk-taking and it is paramount that public sector interests remain protected. To date Albertans have not seen a high-level business analysis of any of the projects or the advantages and disadvantages of using public, shared or private risk allocation and that analysis must include breakdowns of the costs for building, operating and financing the projects.

Risk management

Grant: A certain synergy exists between politicians and fairness processes in contracting. While a fairness process does not necessarily guarantee that a procurement will not be challenged, it can insulate the politician from the appearance of interference in the process. Independence of the fairness process is the key. The elected official does often have the ultimate power to dictate what will happen, to stop due process at any point, however consequences come with that authority. A fairness overseer or a functionary can simply say yes, but I am only respon-

sible or accountable to that point. After that you're on your own. In my experience, given the opportunity, elected officials will always let the process take over.

Bonner: As a province our credit rating is AAA, allowing us to raise money at lower rates than private providers. Control of financing by the government reduces the risks of P3s, particularly at their most vulnerable points – the front end when contractors could walk away from unprofitable projects and the back end when the contract is winding down. This is why it is essential that the government be able to do three things well: (1) develop a business strategy that will clearly compare the various strategies available and identify which model will best suit the interests of the taxpayer; (2) have an open and transparent public process for bidding on the projects; and (3) administer the contract once it is signed.

Campbell: Once the standards are set, the purchasing process should be done by the staff. It's their job to implement the policy and make recommendations, where the amounts are large, to city council for public decision making. Political interference during tendering and contracting processes should be out of bounds.

Chartrand: Council is part of our checks and balance system in Ottawa. Elected officials don't like surprises so we try to avoid problems by briefing council and having them confirm our recommendations every step along the way. So far, our experience has tended to support the wisdom of involving council throughout our process.

The public has a right to know!

Bonner: The establishment of the guiding principles would ensure that the fundamental goal of procurement of infrastructure by the province would satisfy the taxpayer in terms of cost, quality, and timeliness of the desired project. Information on P3 contracts should also be available to the public so that the impact of privatization in Alberta

over the past eight years can be assessed openly.

Chartrand: Councilors directly represent the public and are directly accountable to them. We keep that in mind for all P3s. Indeed our recommendation on the winning private sector partner was taken to council. In all cases, council confirmed our recommendations, but it is also the appropriate forum for potential appeals or complaints if other interests disagreed with our recommendations. Though we haven't had to deal with such controversies to date, in a very real way council, our elected municipal officials, made the selection of the successful P3 bidder through confirming our recommendation, and that is their valid role for us.

Grant: The public holds elected officials accountable, just as the politician relies on process to achieve results. There is frequently a lack of effective communication surrounding contracting, and P3s in particular, that colours the public expectation of the politician's role and that permits the innuendo of influence to appear far more often. Those who conduct the process and those, such as fairness commissioners, who oversee the process must remember that it is elected officials who bear the responsibility of ultimate accountability to the public and help them to respect both that accountability and the desired result.

Campbell: Once the decision is made, however, it makes sense for the politician to make the announcement. After all, she or he will have to answer for that decision at the ballot box if something goes wrong.

Next Chatroom
Should procurement be used to pursue social and/or economic objectives?