

## COMMON CENTS

### Paying the piper

#### ***Wasteful spending threatens to undermine ability to govern***

by Gord McIntosh

Government suppliers should be concerned. There are lots of absurdities connected with government spending.

The very day the Chretien government returned to the House of Commons to face questions over job grants by Human Resources Development Canada (HRDC), a much smaller controversy involving the same department was going on a block away. HRDC was in the Federal Court of Canada trying to contest a ruling by the Canadian International Trade Tribunal (CITT).

Novell Corp. had complained to the CITT last year that it should have a chance to tender for software by HRDC because there was no justification for a sole-source contract going to Microsoft. The CITT agreed and ordered the department to hold a competition in which suppliers would have an equal chance at winning the order or pay appropriate compensation in lieu.

But HRDC protested to the court that it had already paid \$250,000 for the software and accompanying licences and Microsoft would not grant a refund. So \$250,000 of the taxpayers' money would be down the drain unless the court set aside the CITT ruling.

HRDC explained to the court that it wanted the software to be on hand in case it was needed for possible Y2K emergencies – hardly needed now. It rushed to have the software on the shelf seven months in advance in an age when software can be downloaded off the Internet in minutes. This looks suspiciously like so-called “March Madness” spending at the end of the federal government's fiscal year in which bureaucrats spend unused funds rather than face budget reduction.

The court was unmoved and the department is stuck with the software while it works out appropriate compensation for Novell.

Compared to the \$1 billion in question over HRDC's job grants, a wasted \$250,000 is barely likely to register on the public's Richter scale. But the amount in this little horror story is secondary.

Adam Smith said in his *Wealth of Nations* that for taxation to work ordinary people have to believe their taxes are being levied fairly and put to good use. What we have is a federal highway system in a state of decay while truck traffic accelerates rapidly because of free trade; armed forces that must make do with 40-year-old helicopters while international peacekeeping obligations increase and a health system that is allowed to deteriorate at a time when the population is aging rapidly.

Meantime the government's own figures indicate it will have surplus funds of \$85 billion over the next five years. The waste goes on.

Those who work in the system seem just as cynical about the role of government as the public does. Maybe that is why funds never appear to be available to maintain and protect the national infrastructure. However, until Canadians sort out what they want their government to be doing and demand accountability for spending, wasteful spending binges without some sort of central logic will continue.

Take the case of the Department of National Defence's (DND) supply upgrade system. It is more than two years behind schedule. First the government got sued and had to pay Andersen Consulting \$20 million because it tried to rig bidding for a \$289-million project. Then the contractor that was chosen – EDS Systemhouse – walked away from the project as prime contractor because it couldn't meet DND's demands.

A government that functions and spends without logic is a truly dangerous thing.

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