

contract, unless an exception is specifically authorised by the Minister, by including one of the following clauses:

Limitation of Expenditure on Fixed Time Contract - Clause 1

No increase in the total liability of Canada or in the price of the Work or Services resulting from any design changes, modifications or interpretations of the specifications, will be authorised or paid to the Contractor, unless such design changes, modifications or interpretations shall have been approved by the Minister prior to their incorporation in the Work.

OR

Limitation of Expenditure on Fixed Time Contract - Clause 2

Canada's liability to the Contractor under this Contract shall not exceed \$_____, unless otherwise authorised in writing by the Minister. The Contractor shall not be obliged to perform any work or provide any services which would cause the total liability of Canada to exceed the said sum, unless an increase is so authorised. The Contractor shall notify the Minister as to the adequacy of this sum when it is 75 percent committed, or four(4) months prior to the estimated date of completion of the Contract, whichever come first. However, if at any time the Contractor considers that the said sum may be exceeded, the Contractor must promptly notify the Minister.

6.1.2. Firm Price

A firm price basis of payment provides for a price which is not subject to adjustment to reflect actual costs incurred by the Contractor in performance of the contract or part thereof. It gives maximum profit incentive to the Contractor for cost control in that the Contractor assumes full responsibility for all costs under or over the firm price. In addition, it places a minimum administrative burden on both contracting parties.

A firm price basis of payment should be used when:

- a) the Contractor has previously provided the particular service, or similar services and has sufficient experience to permit a realistic statement of work based on firm specifications; and
- b) the statement of work can be costed in terms of quantities of materiel and labour time required; and