



British
Columbia
Construction
Association

[FAIR AND TRANSPARENT: IMPLEMENTING THE CAMF FOR CONSTRUCTION PROCUREMENT]

*A Partnership Approach to Public Sector Procurement Policy
in British Columbia*

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The British Columbia Construction Association (BCCA) is an employer-based construction association. Together, the BCCA and its four regional associations represent more than 2000 businesses active in the industrial, commercial, institutional and multi-family residential construction industry. Membership services include educational programs, employee benefits programs, technology tools for bid and project management (BidCentral), employment and recruitment programs (STEP, Job Match and FSWBC), and advocacy to ensure British Columbia's construction sector remains strong.

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SUMMARY

The Government of British Columbia implemented the Capital Asset Management Framework (CAMF) in 2002 as a guide for the planning, implementation, operation and disposal of capital assets in the BC public sector.

The Framework is supported by the British Columbia Construction Association (BCCA) for the principles on which it is built:

- strong accountability in a flexible and streamlined process
- competition
- transparency

CAMF emphasizes service delivery in the public interest with the best value for money, consistent with sound fiscal and risk management.

However, because CAMF is a guideline rather than binding policy and because there is little accountability applied to the Framework itself, there are many cases where the principles of CAMF are not being applied. In response, the BCCA has taken several positions which aim to enhance public capital asset management by more rigorously applying the principles on which CAMF was established.

CAPITAL PLANNING

While short-term service planning integrates capital and operational planning, there is a lack of focus on long-term capital asset planning throughout the provincial public sector. This prevents effective counter-cyclical spending when stimulus is needed and costs are low, the reduction of future costs, and the stable resourcing of capital asset management functions. In addition, fiscal restraint prevents adequate planning of pending capital projects by owners, increasing costs and reducing effectiveness of service delivery.

BCCA's position is that there must be a Long Term Infrastructure Plan and adequate funding provided for pre-planning operation by local agency asset owners.

COMPETITIVE AND TRANSPARENT PROCUREMENT

The CAMF principle of "competition and transparency" requires open, fair and transparent procurement; however, this is not consistently applied in current practice. As a result, there is potential for increased construction costs when bidders are limited and competition reduced, as well as the loss of social and economic benefits associated with a vibrant construction industry, in both the short and long term.

The BC Construction Association's position is that binding government policy must be required to ensure procurement is competitive and transparent. The same rigor must also be applied to local government, to eliminate bundling of projects; and, when projects are packaged, to require that local conditions be more significantly taken into account.

CHOICE OF PROCUREMENT APPROACH

CAMF rightly enables use of alternative procurement approaches where indicated by the characteristics of the specific projects. Despite this chance for increased opportunity, biases toward certain approaches have been introduced.

BCCA's position is that *unbiased* criteria for choosing the procurement approach must be included in binding government policy.

OVERSIGHT AND ACCOUNTABILITY

The approach to accountability under CAMF is based on audits; however, this has proven ineffective because CAMF is currently implemented as a guideline – not upheld as policy. Additionally, there have not been a sufficient number of audits, nor have these audits been independent.

BCCA's position is that there must be independent performance audits of public capital assets management, including local governments and provincial government agencies.

GOVERNMENT ORGANIZATION

“Strong accountability in a flexible and streamlined process,” a key CAMF principle, has not been fully implemented due to:

- the lack of an empowered group within government to provide policy, capital planning and project approval advice to government;
- lack of independent audit; and
- a Partnerships BC bias to P3 and design-bid procurement due to their reliance on P3 fees, and because government agencies provide services in competition with the private sector.

BCCA's position is that these problems must be addressed by creating an accountable group within government, implementing audits by the BC Auditor General and Auditor General for Local Government, elimination of the Partnership BC conflict of interest, and ensuring that government agencies do not compete with the private sector.

FORUM FOR INPUT

While they are consistent with CAMF principles, BCCA's positions require significant change for public capital asset management in BC. The BCCA requests the creation of an ongoing formal forum for consultation and discussion between government, the construction industry and other industry stakeholder groups.

ACKNOWLEDGEMENT

This paper was prepared by Dan Perrin of Perrin, Thorau & Associates Ltd. in consultation with BC Construction Association and the four Regional Construction Associations: British Columbia Construction Association – North, Southern Interior Construction Association, Vancouver Island Construction Association, and Vancouver Regional Construction Association.

ISSUE

The BC Government implemented the Capital Asset Management Framework (CAMF) in 2002 to guide the planning, implementation, operation and disposal of capital assets in the British Columbia public sector.

CAMF applies to the transportation, K-12 education, post-secondary education and health sectors, as well as provincial government ministries and Crown corporations.

The Framework establishes the principles that should underlie the management of public capital assets:

- Sound Fiscal and Risk Management
- Strong Accountability in a Flexible and Streamlined Process
- Emphasis on Service Delivery
- Value for Money
- Protection of the Public Interest
- Competition and Transparency

The BC Construction Association (BCCA) is on record in its support of these principles.

The objective of public capital asset management must be to ensure that public infrastructure serves the public interest. Therefore, an effective public capital asset management process must ensure:

- infrastructure for the provision of public services is available when needed;
- it can be cost-efficiently constructed and operated throughout its useful life; and
- taxpayer value is maximized.

BCCA supports the CAMF principles because they are essential to achieve this objective.

The British Columbia Construction Association supports the principles in the Capital Asset Management Framework but has found that the Framework's principles and practices are not reliably applied.

The issue is that in many cases the principles of CAMF are not being applied – the “Competition and Transparency” and “Strong Accountability” principles in particular.

In this paper, BCCA proposes actions which will ensure key principles are followed and, as a result, will make certain that public infrastructure serves the public interest.

BACKGROUND

THE 1990s

During most of the 1990s, public capital planning and implementation were under the control of a central agency: the Capital Division. Initially, the Capital Division was associated with Treasury Board Staff in the Ministry of Finance and later it moved to the Ministry responsible for economic development.

The role of the Capital Division was to:

- establish capital management and procurement policy for approval by Treasury Board;
- coordinate and advise on capital planning (which projects were to be built, and where);
- review and conduct “value engineering” on design proposals; and
- ensure procurement policy was followed by owners.

The emphasis was on centralized capital planning and design-bid-build procurement; alternative procurement approaches were rarely used.

The result was:

- fair, open and competitive procurement of design and construction;
- frustration from owners due to interference through “value engineering” after the design phase, centralized capital planning and regulation of procurement. These central activities added time (and sometimes cost) to projects, distorted the approval process so that priority projects based on service needs from the owner’s perspective were not always approved first and often focused on short-term savings at the expense of long-term costs or service reductions;
- lack of flexibility to use alternative procurement where appropriate, even though alternative approaches became increasingly mainstream in other jurisdictions.

SINCE 2001

CAMF was designed to address the issues which arose during the 1990s and to adopt procurement practices in BC increasingly being used elsewhere. It was intended to give control back to the owners, add flexibility by making the rules less prescriptive and more performance-oriented, and to ensure results through accountability measures (including audit).

The Capital Asset Management Framework focuses on the best way to provide service over the full asset lifecycle.

The main positive attributes of CAMF are:

- It establishes the principles which should underlie public asset management, as described above.
- It allows capital decisions to be based on finding the best way to meet public service needs and take into account the entire lifecycle of the asset – helping to determine if the project is the best way to meet service needs, is in the public interest and provides value for taxpayers.
- It gives authority and responsibility for management of capital assets to owners of capital assets (including school districts, health authorities, post-secondary institutions and other local agencies) who can demonstrate capital management capacity.
- Design-bid-build is noted as the preferred procurement approach; however, alternative approaches can be considered to determine the best available method to deliver the service in question.

By giving primary authority and responsibility to ministries with large capital budgets and their local agencies to manage capital assets, many owners' frustrations associated with the strong central Capital Division approach in the 1990s have been addressed.

However, the result has also been that the principles underlying CAMF are not being consistently applied because:

- CAMF is a guideline, not a binding government policy;
- Ministries are expected to develop their own policy approaches for the oversight of local agencies in their sector;
- Traditional Capital Procurement Tools which were to be developed under Section 8 of the CAMF are incomplete;
- Functions related to centralized "Capital Division"-type responsibility in government for capital asset management are significantly reduced;
- There has been little long-term capital planning or owner-level support for capital planning;
- Preferences for (or requirements to use) a procurement option other than design-bid-build have been put in place, inconsistent with the CAMF guidance which indicates that the best way to proceed with each project should be determined based on the unique characteristics of the project such as owner expertise and capacity, the project objectives and local market conditions;
- Accountability for performance has been limited;
- Audits have shown that concerns held by industry about lack of fair, open, competitive and transparent procurement are justified in many cases; and
- The Government's reliance on Partnerships BC for advice creates a potential conflict of interest: wherein Partnerships BC relies on fees from public/private partnerships which require the design build approach, and Partnerships BC competes with private sector firms offering project management services;

Without consistent application of CAMF principles, lifecycle and capital costs may be higher than necessary, and in some cases infrastructure to provide services may not be available when needed.

CAMF is not always applied because:

- it is a *guideline*, not a binding government policy
- performance accountability has been limited
- the Government's funding model for Partnerships BC creates a conflict of interest

In addition, the beneficial social and economic impact of capital projects, a key part of the public interest related to capital asset management¹ may be reduced.

BCCA is confident that the most effective way to reduce costs and maximize benefits is to rigorously apply the CAMF principles, with focus on "Competition and Transparency" and "Strong Accountability" in particular.

¹ For example, the acceleration of federal and provincial capital spending in the post-2008 stimulus program was designed specifically to stimulate the economy. Construction spending has a significant economic multiplier effect and generates a significant number of well-paid jobs.

CAPITAL PLANNING

Capital planning is a key part of CAMF, integrated with the annual service planning process which underlies the provincial government's performance management and budgeting framework.

Within the Framework, each Ministry and public sector agency must produce for approval an annual Service Plan which describes how their agency intends to deliver its mandated services to the public, including plans related to the capital assets required to deliver those services.

That is a strong approach to integrating annual service, budget and capital planning. However, two important elements appear to be missing.

The first missing element is a long-term context within which medium- and short-term capital planning can be effectively conducted in annual service plans. A long-term focus may have multiple important benefits, such as the ability to:

- enhance programs such as the 2009-2011 stimulus program;
- facilitate long-term fiscal planning for the government as a whole and long-term service planning by the service delivery agencies;
- allow capital spending to be high when costs are low and the economic impact of construction activity is greatest, or scaled back when the industry is at capacity so costs are high and incremental benefits small²;
- reduce future costs by ensuring land is available for future needs and current projects are designed with future expansion in mind (where appropriate);
- allow local agencies to resource their capital management functions appropriately to meet ongoing capital management needs; and/or
- enhance local agencies' ability to make decisions about the most efficient way to operate, maintain and renovate existing capital assets.

Long-term infrastructure plans and agency funding for project pre-planning activity have been shown to reduce costs and increase benefits.

Without a long-term focus, the needs of existing capital assets are too often deferred to meet short-term fiscal imperatives while new assets are being built, resulting in increased costs over asset life-cycles. Perhaps most importantly, needs for public services may go unfilled without a long-term assessment of those needs and a plan for developing the infrastructure necessary to provide the services.

To be effective, any long-term approach must explicitly and rigorously apply the CAMF principles. It is essential that application of the "Competitive and Transparent" principle

begin with long-term planning. Any long-term plan must ensure that it is clear what the plan is and why that approach was chosen. It must also be clear how fair and open competition for construction work will be facilitated by such a long-term plan.

The second missing element is the provision of sufficient operating resources to fund effective capital asset planning. Government agencies are reluctant to spend tight operating dollars to engage in planning and development activities in advance of project approvals, and are actively discouraged from doing so by the budget process. Once a project is approved, all costs are capitalized and no longer affect the operating budget. There is an operating budget imperative to spend as little as possible prior to the point where costs are capitalized.

² With low interest rates, relatively low construction costs and a still sluggish economy, this continues to be a good time to invest in the future through capital projects.

However, that strategy often has negative consequences for the cost and effectiveness of the finished project. Money invested early through effective planning and preparation work can have a significant ‘payback’ in terms of avoided costs and problems during detailed design, construction, commissioning, maintenance and operation of specific assets and the whole asset portfolio.

BCCA’s position is that:

- there must be a transparent government-wide Long-Term Infrastructure Plan which establishes the long-term context for capital asset management throughout the public sector;
- there must be dedicated capital planning funding for each agency, commensurate with the agency’s stock of capital assets and long-term plans for increasing, upgrading or replacing that capital stock.

COMPETITIVE AND TRANSPARENT PROCUREMENT

In order to get the best value for taxpayers, it is essential that private sector work related to public construction projects be awarded based on competitive and transparent procurement processes.

The elements of such processes are well understood and are included in the BC government’s general policy on procurement, which applies to capital projects as well as other purchases of goods and services. In particular, competitive processes must be fair and open.

Openness means that *all* of those who are able to supply the service have an opportunity to bid. In turn, that means potential bidders can find out about opportunities more easily and that procurement processes are not designed to arbitrarily prevent those able to provide the goods or services from bidding.

Procurement which is fair, open and transparent will maximize taxpayer value and provide social and economic benefits.

Fairness means that all potential bidders are treated the same by the procurement process, with the same rules about bid submission, qualifications and evaluation criteria. That does not always happen.

Fairness and openness are enhanced through the use of well-established systems for posting opportunities and common construction documents, ensuring that opportunities are available to all, that procedures are well understood by bidders and that the process is generally fair. There are well-established common document templates available to cover most situations, maintained by the Canadian Construction Documents Committee (CCDC) and the Master Municipal Construction Documents Association (MMCDA).

There are also well-established opportunity posting systems such as BCBid and BidCentral. Unfortunately, these documents and systems are not always utilized.

The use of qualifications and competitions to pre-qualify bidders for particular types of projects are an important part of the procurement process and play a valuable role in ensuring bidders have the ability to provide the service being sought. However, qualifications can also be abused to limit openness if bidders must meet qualifications which have no influence on their ability to deliver the service. Limiting competition through unnecessary qualifications increases cost.

Bundling and packaging of projects has also recently become fashionable as a way to reduce costs. Packaging implies offering multiple projects together but allowing bids to cover one or more of the projects. Packaged projects allow economies of scale to be captured (if they are available), and can maximize competition by maximizing the number of bidders who may compete.

Bundling, however, refers to offering multiple projects for bid at one time but requiring that bids must cover all projects. By potentially excluding smaller (often local) bidders, bundling is inherently less open and may have negative social and economic impacts:

- One-size fits all bundled projects are unlikely to optimally provide local services.
- Construction cost savings of bundled projects are likely to arise primarily from reduced labour cost, resulting in fewer local long-term jobs, disruption of the local supply-chain for the provision of other construction services over the long term, and loss of incentives for a strong local labour force of trained trades people provided by local businesses not able to compete for bundled project work.
- Bundling projects is not consistent with a government jobs agenda, especially one focused on skilled labour.
- If enough projects are bundled, cost savings can also be reduced by the resulting lack of competition.

Transparency in the procurement process is also essential. The industry and the public must both be able to observe in order to determine whether or not a fair and open competitive process has been used. It is important that legitimate proprietary information of private sector bidders be protected. Nevertheless, BCCA is concerned that current disclosure practices are unnecessarily opaque.

BCCA's position is that:

- there must be stable binding government policy which ensures procurement processes are fair, open, competitive and transparent, and not constantly changing;
- the provincial government must impose the same rigor on local governments to use fair, open, competitive and transparent procurement processes as it imposes on provincial government agencies, by law or through contribution agreements;
- the binding procurement policy must include minimum standards for Request for Proposal and similar processes and requirements to use common construction document templates;
- bidder qualifications and competitions to pre-qualify bidders for certain types of projects must be limited to qualifications that legitimately affect the bidder's ability to deliver the service;
- procurement processes must not include bundling of projects and where there is packaging of projects, local conditions and the impact on permanent local jobs must be taken into account; and
- results of procurement processes must be made public, with disclosure similar to that which was provided during the process prior to 2002.

CHOICE OF PROCUREMENT APPROACH

Choice of the procurement approach for construction projects is also a key element of applying the "Competitive and Transparent" CAMF principle.

There are several alternative approaches which are commonly used in procuring design and construction services for public capital projects. The most common approaches are:

- Design-Bid-Build;
- Construction Management (CM with Service and CM with Services and Construction (Cm at Risk);
- Design-Build; and
- Public Private Partnership (P3)

Design-Bid-Build is the traditional approach. Under this approach, the owner of the asset first contracts for the design of the asset. Once an acceptable design has been completed to the detailed design stage, bids for construction are sought based on that design. The asset is then constructed under a second contract between

the owner and the winning bidder, with a change order process to deal with any design changes arising during construction.

CAMF indicates that unless there are special circumstances, design-bid-build is the preferred procurement approach.

Construction Management is a procurement approach under which a third contract is included. The construction manager, under contract to the owner, can play a role in the design phase to ensure the design can be constructed within budget and controls the overall construction site to avoid unnecessary change orders and ensure quality of construction.

As in the Design-Bid-Build approach, the owner also contracts with a design consultant and a builder. Sometimes, there are contracts directly with major trades rather than a general contractor, such as:

- **Construction Management Contract – For Services** is a project delivery method in which an Owner contracts with a single entity as its limited agent (subject to defined authority) to provide administration and coordination of the trade contracts in the best interest of the Owner.
- **Construction Management Contract – For Services & Construction (CM at Risk)** is a project delivery method in which an Owner contracts with a single entity to provide site management, advice, and administrative and technical services and will be responsible for all construction Work, for a contract fee for Services and an additional fee for performing the Work.

Design-Build is a procurement approach under which a single contract is let for the entire process of designing and building a public capital project.

Public Private Partnership (P3) is not a procurement approach *per se*, but the P3 approach taken dictates the construction procurement approach. Generally, P3 projects are constructed using a design-build approach but the P3 partnership agreement usually goes well beyond the construction of the asset.

In some (but not all) cases, the private partner is responsible for financing the construction of the asset as well as designing and building it, resulting in the private partner becoming the owner. The private partner may also take on one or both of the roles of maintaining and operating the asset as part of the P3 arrangement. There are different approaches used to create a revenue stream to compensate the private partner for their services. P3 arrangements are used to manage costs and risks associated with assets over their life-cycle or parts of the life-cycle.

There are established and well-recognized criteria for the choice of procurement method, which BCCA has summarized in their document: *Recommended Guidelines for the Selection of a Construction Delivery Method*.³

A fair and open competitive procurement process begins with the choice of the appropriate procurement approach, based on local conditions and the characteristics of the project. Otherwise, potential bidders may be limited from the start, increasing costs and reducing local benefits.

Each of these approaches is suited for certain project types, and poorly suited for others. Each has its advantages and disadvantages, and variations on each can help address disadvantages in certain situations. The most suitable approach for a given project depends crucially on the nature of that project and no single method works better in every case. Criteria for choosing the approach and oversight to ensure the criteria are applied are both required.

The best procurement approach depends on the nature of the project – no one approach is always best.

³ <http://www.bccasn.com/deliveryguidelines>

As discussed above regarding bundling, the choice of procurement approach can also reduce openness and competitiveness, and may impact local industry and jobs, depending on local conditions. Local conditions should be a factor explicitly taken into account in establishing the procurement approach.

If government decides to change the preferred procurement approach or establish criteria for choosing the procurement approach, the construction industry should be consulted directly and given reasonable time to adapt to avoid negative economic and social impacts.

BCCA's position is that:

- Government must establish the criteria for choosing the procurement approach, consistent with established best practice, and the use of those criteria must be made mandatory by embedding them in binding government policy; and
- There must be effective industry consultation before such a change and time for industry to adapt.

OVERSIGHT AND ACCOUNTABILITY

“Strong Accountability in a Flexible and Streamlined Process” is another important CAMF principle. Effective capital asset management will only happen if each public sector agency which is an asset owner is held to account for the way they manage their capital assets – including construction projects.

There are essentially two ways to hold the agencies to account:

- Require approvals throughout the process; and
- Audit performance after the fact.

In the 1990's, the first approach was primarily in use, leading to complaints about the time and cost added to the process by Capital Division approval requirements, as well as the inflexibility of what was effectively a one-size fits all approach.

Under the Capital Asset Management Framework, there has been a switch to audit as the accountability mechanism. This has also proven ineffective for two reasons:

- CAMF is only a guideline and is incomplete in setting the standard for ensuring effective asset management practices; and,
- there has been limited audit work done; for audits which *have* been done, there was little disclosure of the results despite the fact that CAMF is being openly disregarded by some provincial government agencies.

Effective accountability requires binding policy and a sufficient number of independent audits.

In addition, there is no specific accountability mechanism which applies to local government, which would provide taxpayers with the information they need to be able to hold local governments to account for their capital asset management performance.

The purpose of audits is to ensure that established best practices and standards are applied and that the resulting performance is as good as it can be.

The primary objective is to enable continuous improvement across the wide spectrum of assets owners.

It is crucial that one or more agencies have the independence, expertise, funding and mandate to conduct and disclose audits of a reasonable sample of asset management activities, including planning, procurement, construction and operation of capital assets across all public asset owners.

BCCA's position is that:

- There must be an effective program of performance audits of capital asset management across the BC public sector with the following characteristics:
 - Sufficient funding to conduct audits of a reasonable sample of capital asset management activities across regions and agencies;
 - “Performance” defined for audit purposes as achieving the overall objective of providing infrastructure needed to support public services at the best value to taxpayers and the broad public;
 - Mandate to focus on continuous improvement but to find fault where necessary;
 - Public disclosure of results; and
 - Independence.

GOVERNMENT ORGANIZATION

There are several different government functions related to public capital assets which are necessary for the flexible and streamlined process referred in the “Strong Accountability in a Flexible and Streamlined Process” CAMF principle. These functions include:

- policy advice and implementation;
- overall capital planning coordination and project approval advice;
- public private partnership coordination and development;
- performance audit and project oversight; and
- consultation with interested parties.

Government has organized itself to perform these functions in several different ways in the past, with varying degrees of success.

A strong policy and planning group, independent auditors and unbiased advice to owners shall lead to more rigorous application of CAMF.

BCCA calls for stronger and more comprehensive binding government policy and effective accountability through performance audit to ensure that the CAMF principles are applied across the public sector.

This will require, among other things, a strong group within government – independent from asset owners and major capital ministries, with a mandate to advise on and implement government policy, and to coordinate capital planning and

project approval. For example, Alberta has a Ministry of Infrastructure with these functions. Of course, that is not the only option for a strong central capital management agency – BC previously had the Capital Division.

BCCA is also calling for independent agencies to conduct capital asset management performance audits of provincial agencies and local governments.

Partnerships BC is a provincial government Crown corporation which has both coordinated and developed public private partnerships as well as provided policy and project approval advice. Because their funding relies on public private partnership projects (which, in turn, require a design-build procurement model), Partnerships BC in its current form has an inherent conflict of interest.

In addition, Partnerships BC has provided project management services to various public sector owners, in competition with private sector service providers. Other government agencies such as Shared Services BC have also provided project management services in competition with the private sector. Having Partnerships BC

and other public agencies motivated by the need to earn fee revenue to be sustainable generates corporate behavior which is inconsistent with the CAMF principles.

Staff of Partnerships BC and Shared Services BC have the expertise to play a valuable role in assisting agencies in long-term planning, business case development and in providing P3 and alternative procurement guidance where appropriate. Provided that there is no business model which competes with the private sector and that the current bias towards P3s and design-build approaches is curbed, it will be critical to maintain this expertise somewhere within the public sector.

BCCA's position is that:

- There must be a strong group within the provincial government responsible for capital asset management policy, planning and project approval advice to Cabinet;
- There must be independent audit capacity, preferably through the BC Auditor General and the Auditor General for Local Government;
- Partnerships BC's conflict of interest must be removed by, at minimum, changing its business model from fee-based funding to fixed government contribution, with a clear mandate to provide unbiased advice; and
- Government agencies including Partnerships BC and Shared Services BC must not have any mandate to provide services in competition with the private sector.
- Third party contractors who provide the Government with management services for asset management and maintenance of existing facilities must also comply with the requirements of the CAMF.
- All Government, publicly funded agencies, and Crown Corporations must be required to contract out construction and major maintenance work and services to the private sector in order to ensure maximum efficiency and public accountability.

FORUM FOR INPUT

While all changes proposed herein by the BCCA are consistent with the CAMF, they represent significant changes for government. Proposals presented here are described only at a high level, with many details to be worked out in order to achieve the desired outcome of public infrastructure better aligned with public interest.

The construction industry has substantial expertise and legitimate interest in the changes to be made, as do other interested parties including other industries, asset owners and possibly others. It is important that an effective, sustainable and respected forum for consultation is established with the construction industry, as these changes are implemented and used into the future.

BCCA's position is that:

- An ongoing formal forum for consultation and discussion of public asset management between government and the construction industry and other industry stakeholder groups must be established.