



Issue Update

BCCA Commends Action by Ministry of Education

The recent changes to government have included the loss of the Ministry of Finance Capital Division as a central sounding board for issues arising on public construction projects. It is now up to the particular Ministry advancing the project to handle concerns that may arise during the tendering or construction process. At first glance, such devolution of responsibility appears potentially problematic for the industry, however the BCCA is pleased to report that such initial concern may be misplaced.

BCCA was recently contacted by one of our members. His company was the successful general contractor on a school project. Construction was well underway and the contractor was trying to establish grounds for dealing with the recent PST increase. Fortunately his contract allowed for such a change, and he was planning to submit a change order to accommodate the new tax amount. Calculating the actual amount of PST paid on the lump sum project was, of course, very problematic given the long chain of trades and suppliers involved. The contractor estimated that obtaining exact figures, and providing actual receipts showing PST paid by all the trades would take months and result in a great deal of time wasted. His suggestion was to negotiate an estimated percentage of the total project to which the PST increase would be applied. He was hopeful that the school district involved would be amenable to this approach.

BCCA contacted the Ministry of Education to discuss this approach. We were very impressed with the response we received. Ministry staff was well informed, understood the issues, and agreed immediately to pursue a reasonable approach to this problem. The School District involved was similarly helpful. In keeping with historical precedents, an agreement was established to allocate 50% of the contract amount (payable and therefore taxable after the date of the PST increase) to materials and accept a change order for a .005% increase on that figure. The general contractor, in turn, would negotiate the same approach with the trade contractors on the job.

This spirit of understanding and cooperation evidenced by the Ministry of Education and the School District bodes well for future public projects. BCCA would like to commend their actions in this regard, and we look forward to working with them in the coming years.

LET'S GET BC BUILDING!

The mission of the BCCA is to provide leadership and excellence in the representation of, and service to, British Columbia's construction industry.