



British
Columbia
Construction
Association

Construction File: Onerous Bidding Conditions in 2015

The soon-to-be-published 'Building a BC Construction Innovation Strategy' (a joint initiative of BCCA and the Home Owner Protection Office) points out one of the biggest hindrances to innovation and productivity in the construction industry: the inequitable allocation of risk down the supply chain to those least able to support it.

This inequitable risk is most often inherent in onerous bidding and contract conditions, and evidence of it isn't hard to find. You don't need to be Sherlock Holmes.

Not long ago, I heard a presentation from a member of the construction law community in BC. He admitted that in certain market conditions it was not unusual to intentionally write contracts that download the risk on to contractors. My take? Adding unwarranted cost contributes nothing to the long term sustainability of the construction industry, whatever the short term rationale from the owner's perspective.

I recently came across a letter to the Government of BC criticizing one of the [CCDC documents](#) because as legal counsel he wasn't able to insert 40 pages of Supplemental Conditions. My take? What possible need could there be for 40 pages of Supplementary Conditions to an industry standard document? Supplementary Conditions cost owners thousands of dollars in lawyers' fees. Add this to the costs that contractors include in their bid to hedge against additional risk and the trickle-down impacts are obvious to all.

Industry's request to public owners is this: be aware of the impact of onerous bidding conditions, and act on it. If you want to strengthen BC's construction industry (and I know you do), taking a stand to deter these types of activities is a no-brainer.

BC's construction industry is faced with challenges that can only be solved with a sustainable and profitable business environment:

1. Attracting a workforce to fill the estimated growth an additional 35,000 workers.
2. Being competitive in the global market through world-class innovation and productivity.
3. Increasing competition from contractors because they want to bid
4. Decreasing risk so that contractors don't feel they have to raise the cost of construction

The CCDC standard documents are used all across Canada with much success -- and with limited use of supplementary conditions. The CCDC is made up of industry stakeholder representatives including several owners. In BC we have the [BCDC 2 document](#) which has a proven track record of use; demonstrating the lack of need for those 40 pages of supplementary conditions.

Onerous bidding conditions are not in the best interest of the tax payers in British Columbia. This is tax money that could be better spent on education facilities, hospitals, roads and bridges. Or I would be happy to keep my share and spend it on a new compound mitre saw.

Once again, the appeal to public owners is simple: consider whether this money wouldn't be better spent on infrastructure in BC... or my saw.

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