



Winnipeg  
Construction  
Association

# TECHNICAL BULLETIN

Prepared jointly by the Manitoba Association of Architects and the Winnipeg Construction Association, intended as guidelines to increase awareness of recommended industry practices.



## Technical Bulletin #13

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### Subject: Material\* Payment Provisions

The Manitoba Association of Architects and the Winnipeg Construction Association recognize contractors may encounter potential problems maintaining firm price contracts when confronted with sudden or unforeseen changes in material prices due to factors beyond their control. Potential factors which may result in unforeseen changes in material pricing include, but are not limited to, variations in construction scheduling, site restrictions, or other direct and indirect economic factors.

In order to facilitate scheduling, and *to allow all parties* to continue to enjoy the benefits of unconditional stipulated price contracts, the following policy is suggested:

1. That contracts be awarded quickly (a tender stipulation of 30 days or sooner is recommended);
2. That contracts include a provision, clearly stipulated at the time of tender, for payment for certain materials upon delivery to the site or to a location designated by the owner, notwithstanding the materials that have not been incorporated into the project and/or not fully commissioned and;
3. That contracts set out the procedure to be followed for early payment of delivered materials referred to in paragraph 2 above, and that contracts specify
  - a. The percentage of the material value to be paid by the owner prior to installation, the owner's requirements with respect to insurance, bonding, storage and other fees,
  - b. The owner's requirements with respect to insurance, bonding, storage and other fees,
  - c. And the owners requirements with respect to an assignment, if any, of ownership in the materials.

It is ultimately the contractors responsibility, where feasible, to identify, address and consider these issues in their pricing structure prior to tender closing.

\* Note: For the purpose of this bulletin, the term "material" is intended to include materials and equipment as the case may require.