



Are you able to claim expenses for material or service deposits on your monthly progress claim? It depends.

A concern was raised by an electrical consultant at a recent ECAS Liaison meeting regarding the denial to accept a progress claim by a contractor for a deposit to a supplier. Deposits are increasingly being requested by suppliers often catching contractors off guard.

The consultant contractually was unable to accept the claim as it did not meet the terms of the CCDC contract. Current contract wording permitting payment:

*“Products delivered to the Place of the Work but not yet incorporated into the Work shall be supported by such evidence as the Consultant may reasonably require establishing the value and delivery of the Products.”*

ECAS brought this concern forward to the Saskatchewan Construction Association and it was discussed at the February 27, 2024 Advisory Council meeting. Bryce Brucker, Vice President, AON attended the meeting and presented security options that are available to protect owners however supplementary contract conditions would still need to be in place to allow payment to proceed.

As the concern is not limited to the electrical trade nor only related to deposits, the Saskatchewan Construction Association Advisory Council will be moving this issue forward and come up with guidelines all trades can use.

Many contractors agree that financing of these costs up front is just part of doing business however with more suppliers requesting deposits before approval drawings are produced, often without noting terms on the tender document, and the long lead times, the concern is more acute.

While we wait for a solution from the Advisory Council, it is important that concerns over deposits, long lead times are addressed before the contract is signed. Submitting a RFI at the tender stage outlining materials that may require supplemental conditions to standard contracts would be one suggestion.

Confirming delivery and payment schedules with suppliers at the tender stage would help determine the financial risk and mitigation required for a successful project.