

[FOR IMMEDIATE RELEASE]

## Trade Contractors welcome increased transparency on federal construction projects

June 9<sup>th</sup>, 2017 (OTTAWA) — Public Services and Procurement Canada (PSPC) took an important step yesterday in the effort to increase efficiency and cash flow on federal construction projects. The department will publicly disclose payments made to prime contractors on its website so that subcontractors know when they can expect payment. This information will be made available for all construction contracts over \$100,000 on the PSPC website.

“It is clear that the federal government recognizes the challenge of payment delays and the importance of transparency,” said John Galt, Chair of the National Trade Contractors Coalition of Canada (NTCCC). “They know that small businesses depend on timely payment so that they can make more competitive bids, invest in capital, hire new tradespeople and train apprentices.”

The NTCCC continues to focus on passing legislation that will end the systemic practice of payment delays from prime contractors to sub-contractors that continues to hurt the construction industry and the overall economy.

“If payment delays were not such a systemic problem we wouldn’t need this measure,” added Richard McKeagan, CEO of the Mechanical Contractors Association of Canada. “We are committed to legislation that not only encourages transparency, but that guarantees timely payment for work that has been done and that is not in dispute.”

The federal government pays 90% of its invoices in accordance with the mandatory 30-day period. The real issues for sub-contractors arise when prime contractors withhold payments for completed work. NTCCC has estimated that the average collection period for sub-contractors from prime contractors went from under 58 days in 2002 to 71.1 days by 2012. Many in the industry believe that figure has grown still. These delays drive costs up for taxpayers and often result in lay-offs across the industry. Many trade contractors have considered insolvency or gone bankrupt due to late payments.

“PSPC pays its bills on time, we’re asking that through legislation the government ensure prime contractors will do the same,” added Galt. “By ensuring prompt payment we know businesses, workers, and families supported by the construction sector will fare much better.”

Canada is an outlier among developed countries like the U.S., U.K., Ireland, Australia and New Zealand which all have prompt payment legislation in place. On May 31<sup>st</sup>, the Liberal government in Ontario introduced amendments to the Construction and Lien Act which are mirrored in Bill S-224, *The Canada Prompt Payment Act*, which is ready to be introduced in the House of Commons.

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