



NEWS RELEASE

Government seeking recommendations on federal prompt payment legislation

January 30, 2018

Gatineau, Quebec

Public Services and Procurement Canada

The Government of Canada is committed to growing the economy, strengthening the middle class and helping those working hard to join it. As part of this commitment, action is underway on multiple fronts to ensure that construction contractors and subcontractors who do business with the federal government are paid promptly.

Steven MacKinnon, Parliamentary Secretary to the Minister of Public Services and Procurement, and the Honourable Judy A. Sgro, Chair of the Standing Committee on Transport, Infrastructure and Communities, on behalf of the Honourable Carla Qualtrough, Minister of Public Services and Procurement, announced today that the government is seeking industry input and recommendations on federal prompt payment legislation.

Bruce Reynolds and Sharon Vogel, independent experts, have been contracted to seek input from the construction industry to identify the elements required to develop a robust federal prompt payment regime. The federal government will use the proposed recommendations to inform the development of an effective legislative solution that will direct terms of payment and provide for an adjudication process for federal construction contracts.

This initiative builds on ongoing prompt payment efforts, notably the creation of a 14-point action plan, developed jointly by the government and the Canadian Construction Association. As of June 8, 2017, the Government of Canada has publicly posted all payments related to construction contracts of over \$100,000. This allows businesses involved in federal construction contracts, such as subcontractors, to make informed inquiries about the status of their payment. To date, 4 other actions have been completed:

- completing an engagement strategy that describes the commitment of the Canadian Construction Association, Defence Construction Canada and Public Services and Procurement Canada to collaborate through the working group;
- agreeing on prompt payment principles;
- reviewing payment terms in federal construction contracts, including an assessment against industry standards; and
- reviewing the Treasury Board's 30-day mandated payment period to determine if there is flexibility to reduce this period.

These steps will support small and medium-sized enterprises at the heart of our economy, creating jobs and helping grow our middle class.

Quotes

"Today, our government is taking the next step in ensuring that subcontractors who work on federal construction contracts get paid on time. The construction sector is an important employer and economic engine in Canada. Our government is committed to ensuring that construction investments flow efficiently to all contractors involved in federal projects."

Steven MacKinnon
Parliamentary Secretary to the Minister of Public Services and Procurement

"Prompt payment of contractors and sub-contractors in the construction industry is an issue that is very important to me, to my constituents of Humber River–Black Creek, and to all Canadians. That is why our government is taking meaningful steps to address this issue for the benefit of all Canadians. The expertise that Bruce Reynolds and Sharon Vogel provide will help us reach the solution for payment problems. I look forward to this legislation that will make a difference for contractors in the construction industry across the country."

The Honourable Judy A. Sgro
Chair, Standing Committee on Transport, Infrastructure, and Communities
Member of Parliament for Humber River–Black Creek

"Canada's trade contractors and tradespeople will benefit immensely from prompt payment legislation. This legislation will fix the most significant bottleneck in federal construction and introduce new efficiencies to keep costs low and projects running smoothly."

John Galt
Chair, National Trade Contractors Coalition of Canada

"On behalf of the Canadian Construction Association, I would like to congratulate the Government of Canada on its announcement today. The timely flow of payment within all tiers on construction projects is necessary to allow material and equipment suppliers, subcontractors and trades, labour, and general contractors to succeed in their businesses. It will also continue providing the construction capacity to build Canada's infrastructure and to create jobs and economic opportunities in an industry that represents a very significant part of the economic activity in Canada."

Raymond Bassett
Director and Member, Canadian Construction Association Executive Committee

"The General Contractors Alliance of Canada (GCAC) fully supports Minister Qualtrough's appointment of Bruce Reynolds and Sharon Vogel to conduct a third-party review and make recommendations to implement prompt payment legislation in Canada. The Ontario Review and Bill 142 process overcame significant challenges to produce legislation that balanced rights and responsibility throughout the tendering and construction process. We are optimistic that the national review will be just as successful. GCAC will provide Bruce and Sharon with our full support and cooperation and we are eager to begin the review."

Matt Ainley
Chair, General Contractors Alliance of Canada

Quick facts

- The federal government pays 96% of their main contractors on time. However, some subcontractors who work for these main contractors are not paid on time, or within the required timelines.
- Bruce Reynolds and Sharon Vogel conducted the consultation process leading to the successful implementation of Ontario Bill 142 on construction and prompt payment.

- Other provinces, including Alberta, New Brunswick, Quebec and Saskatchewan, are working on measures to address prompt payment in the construction industry.

Associated links

[Action plan on prompt payment in the construction industry](#)

[Public Services and Procurement Canada increases transparency around construction contract payments](#)

- 30 -

Information

Ashley Michnowski
Press Secretary
Office of the Honourable Carla Qualtrough
819-997-5421

Media Relations
Public Services and Procurement Canada
819-420-5501
media@pwgsc-tpsgc.gc.ca



Follow us on [Twitter](#)



Follow us on [Facebook](#)