

October XX, 2018

Hon. Bill Morneau
Minister of Finance
90 Elgin Street
Ottawa, ON
K1A 0G5

Dear Minister Morneau,

RE: Prompt Payment Legislation

I am writing to express my support for prompt payment legislation on federal construction projects.

Over the past decade the rate of payment delays to trade contractors has increased across Canada's construction sector. While the federal government pays its bills and pays them on time, the flow of cash throughout the construction chain frequently lacks the efficiency that government expects and that Canadian businesses need to succeed.

Businesses like mine have had to increase their bids on projects in anticipation of the risk of delayed payments, or face serious cash flow issues that could lead to bankruptcy. As you can appreciate, this drives up overall construction costs. Late payments cause trade contractors to delay their own payments to sub-contractors and suppliers against their wishes, so that they can pay their workers and make contributions to pension and benefit plans. They also limit our ability to bid on new work, which makes the bidding pool for projects smaller. With less competition, the government and tax payers end up footing the bill for more expensive projects. Further, some businesses have had to decrease their workforce or make the decision to train fewer apprentices. Both of these decisions have a significant negative impact on the long-term human resources capacity of skilled trades in Canada, which limits our competitiveness and productivity overall.

When payments are late, not only does it put pressure on our business, but it hampers the overall speed of the projects we work on. It also causes an impediment on our ability to innovate and modernize our equipment. Your government is making historic investments in infrastructure, and ramping up to build new bridges and pipelines that will require hugely complex procurement and development processes. On top of the mega-projects that grab headlines, thousands of repair and retrofit projects and smaller new builds will be rolled out by the federal government in the years to come.

I am urging you to do whatever is in your power to ensure the federal government passes prompt payment legislation before the end of your mandate. Doing so will amplify the government's ability to deliver on other promises and make Canada an easier place to do business, while supporting the over 2 million Canadians who work in the construction sector.

Sincerely,

NAME
TITLE
BUSINESS

Cc: Emily Yorke, Policy Advisor, Office of the Minister of Finance