

## GOVERNMENT-INDUSTRY WORKING GROUP ON PROMPT PAYMENT

# Action Plan



Activities undertaken by the joint government-industry working group between the Canadian Construction Association (CCA), Defence Construction Canada (DCC) and Public Services and Procurement Canada (PSPC).

Activity	Description	Status/Next Steps
1. Engagement Strategy	Guiding document describing the commitment made by PSPC, DCC and CCA to collaborate through a Government-Industry Working Group to improve the timeliness of payment throughout the contract tiers on PSPC and DCC projects above \$100,000 – identifies context and objectives.	Completed, see <a href="http://cca-acc.com/wp-content/uploads/2017/02/EngagementStrategy.pdf">cca-acc.com/wp-content/uploads/2017/02/EngagementStrategy.pdf</a> .
2. Prompt Payment Principles	Public principles by PSPC and DCC advocating for prompt payment culture. The principles mirror <a href="#">CCA's public policy statement on payment</a> currently posted on its web site.	Principles developed and approved. Will be posted on government website shortly.
3. Transparency – Prompt Payment Disclosure	Disclosure on a public website and using existing financial systems to disclose information on payment made to PSPC/DCC construction prime contractors (i.e. payment date, vendor name, and contract and project numbers).	In progress.
4. Fair Terms throughout the Construction Supply Chain	Consider inserting a statement in PSPC and DCC documents requiring prime contractors to pay subcontractors within a certain time period. Related – consider additional provision in prime contract requiring that subcontracts have provision requirement subcontractor to pay sub-subcontractors and suppliers within a certain time period.	Considered difficult to enforce, and concerns about creating contractual ties between the government and subcontractors. PSPC is considering inserting a statement in tender and contractual documents to highlight the importance of fair terms and encourage subcontractors to adopt same practice. The industry will be reviewing standard construction documents to identify opportunities to outline such payment terms.
5. Payment Certification Process	Review PSPC payment process from receipt of invoice to issuance of payment to assess any opportunities to reduce timeframe. Further validation is required to ensure reduced timeline would not compromise due diligence and accountability for ensuring value for money to Canadian taxpayers.	In progress.
6. Review of Payment Terms	Review payment terms in federal construction contracts and assess against industry standards.	In progress  PSPC to gather information on what other organizations (i.e., municipalities and provinces) are doing.
7. Dispute Resolution	Review existing process and consider establishing a set timeline for resolving disputes.	In progress.

Activity	Description	Status/Next Steps
8. Metrics	Develop metrics and method to measure prompt payment improvements / successes, particularly on the measures taken as a result of the working group.	CCA is developing a form of industry survey that could be jointly run with local construction associations to get specific feedback from the industry on the current situation, and to establish a baseline and ultimately be able to assess the effectiveness of the measures identified in the working group's action plan.
9. Contractual Holdback	Review the need/purpose of holdbacks on PSPC/DCC construction contracts (i.e. where lien legislation does not apply). Consider progressive release of holdbacks for completed portions of the work.	PSPC to consult internally to obtain further information on the purpose and advise on the potential improvements to current holdback practices.
10. Education	Need to ensure contractors and subs throughout the contracting chain are aware of their responsibilities, and remedies, especially on federal construction projects.	The working group is working to create education content around contract terms, service standards, frequent bottlenecks, remedies for delayed payment, and payment best practices on federal construction contracts. Training could be structured with local construction associations for joint delivery with government on how to do business with PSPC and DCC.
11. Treasury Board 30-Day Payment Period	Review the Treasury Board 30-day mandated payment period to determine if there is flexibility to reduce.	Treasury Board Secretariat undertaking a review of its policies, including the 30-day timeline requirements for the payment of invoices.
12. Prompt Payment Codes/ Protocols for the Industry	Similar to the "better business bureau" idea, this action would look at a protocol/opportunities for companies to self-identify as adhering to prompt payment principles.	This practice is being done in the U.K. Initial reaction is that this would be difficult to monitor and ensure validity. Further investigation to be undertaken by the CCA.
13. Project Close-out	Consider opportunities to improve project close-outs on federal construction contracts and release of final payments. Opportunity to build on work already underway by an Alberta taskforce working on this issue.	CCA to consult with Alberta and share results with the working group; evaluate next steps.
14. Legislation	Bill S-224 introduced to Senate in April 2016 and Senate Committee hearings scheduled in February 2017.	Given active Senate Committee process, the working group is not in a position to discuss the content of Bill S-224. However, the overall merit of legislation (federal or provincial) remains as an activity under review by the working group.

#### Additional Initiatives by PSPC – outside of the Joint Working Group

NTCCC	Ongoing engagement with the National Trade Contractor Coalition of Canada in order to consider their concerns and point of view on the various action plan initiatives.	PSPC will continue to meet with the NTCCC to ensure that potential prompt payment actions have an impact at all levels of the construction supply chain.
Federal-Provincial-Territorial Forum	Ongoing engagement with provinces and territories. Prompt payment discussed at both the procurement and portfolio FPT sub-committees. Issues and potential solutions are very similar on a national level.  Discussions initiated with provinces on the merit of assessing promptness of payment of prime contractors in pre-qualification and bid evaluation processes.	PSPC will send a survey to FPT network to gather data on current practices and envisioned improvements. A follow up meeting with the FPT network will be scheduled to continue discussions.  PSPC is actively engaged with provinces and territories in order to discuss current prompt payment practices and envisioned opportunities for improvements. Continued discussions and data gathering will ensure proper alignment between federal and provincial/territorial initiatives.