

Results for: Prompt Payment Survey Record No: 1

What role best describes your company?

	Responses	Percentage
General Contractor 	20	9.6%
Trade Contractor 	157	75.1%
Supplier 	23	11.0%
other 	9	4.3%

How prevalent are delayed payments for projects for your firm?

	Responses	Percentage
All of the time 	33	15.8%
Most of the time 	105	50.2%
Some of the time 	49	23.4%
occasionally 	21	10.0%
never 	1	0.5%

How frequently are delayed payments occurring on your public projects?

	Responses	Percentage
All of the time 	27	14.8%
Most of the time 	55	30.2%
Some of the time 	46	25.3%
Occasionally 	33	18.1%
Never 	21	11.5%

Are these public projects?

	Responses	Percentage
Municipal	130	77.4%
Provincial	118	70.2%
Federal	38	22.6%

Which of these levels of government has the worst track record on prompt payments?

We don't do work for the governments in our field of business.

federal

Corrections

I don't have any public contracts

provincial

Municipal

In our case it is municipal

We do not do alot of public projects sorry for no answers in 3 or 4 because of this. I have done one Hope project for Edmonton, payment was fairly quick.

Provincial

I don't think there is much of a difference between the three.

Provincial

Provincial

Equal

The majority of time when payment is late it is due to either the general not passing on the funds in a prompt manner or the inspector is not prompt with approval of invoices.

Provincial

Our company is focused on Residential Home Building

Federal

There all the same

Federal

municipal

Municipal

Probably Federal.

Federal

Federal

only worked provincially

Municipal

All of the above, unless you follow there guide lines to the letter

City of Calgary

Alberta Transportation and Infrastructure

Provincial

WE ONLY HAVE DEALT WITH MUNICIPAL

Municiple

Municipal

Provincial and Federal. City of Edmonton pretty good.

provincial

towns and municipalities

Alberta Health Services, Seniors

Both but often it's the general contractor holding the progress payments as long as possible but the worst is collecting the hold back

Provincial

federal

Municipal

We dont know because we dont know when the General Contractor gets paid !!!

Provincial

municipal

Federal

Municipal and Provimcial are about equal

same

Municipal

We do not do work for any government levels

Have not worked for the Federal Govt in a number of years, Most of our government work is municipal

Have not worked for the Federal Govt in a number of years, Most of our government work is municipal

provincial

none they all pay fine

There is no such thing as a General contractor making any progress, final or hold back payments to sub contractors regardless if it is a government project or not. But government project rank in the worst.

.

Municipal

Provincial

Provincial

provincial

Provincial

Provincial

Municipal

not sure indirect payments for us more our customers issues

Federal

All

Provincial

City of Calgary

Government of Alberta, Health Services

provincial

All of them.

equal

new build through general contractor

Only had significant experience with Provincial

N/A

Municipal

Small towns typically.

all of them

Cities

provincial

Right now - the City of Calgary. They still seem affected by the flood and unable to process paperwork on a timely manner.

Provincial

Both actually

Provincial

i wouldn't say it was the governments fault

Provincial

City of Edmonton

They are all Terrible

we don't work in the movement sector because of this issue

Municipal

I do not generally work on public projects

They all seem to have problems paying.

They have an issue in one area and it affects all of us

Municipal / City of Calgary

City

Provincial

both

We do not do public projects

Provincial

home builders

depends on the contractor

Provincial health care projects.

Fed.

Municipal. City of Edmonton by far the worst

General Contractors themselves pushing out payments past 60 days.

Municipal

Municipal

PROVINCIAL

Federal

Federal

Federal

N/A

Gov't of Canada

City of Edmonton

Municipal and AI are in a close battle of being the worse payers.

Provincial

How frequently are delayed payments occurring on your private projects?

	Responses	Percentage
All of the time	31	14.8%
Most of the time	81	38.8%
Some of the time	64	30.6%
Occasionally	32	15.3%
Never	1	0.5%

Do these projects include?

	Responses	Percentage
Industrial	85	41.3%
High rise residential	67	32.5%
Other commercial	162	78.6%
Other	56	27.2%

Other text

Residential construction

Private builders

Renovation

Residential

High end residential, low end residential

Lately any size commercial, multi-family. It's been horrible lately

Almost all work from building of new shops to retail stores can be slow in paying.

Institutional, Residential

MOST GENERAL CONTRACTS FEEL THE SUBTRADES SHOULD WAIT FOR THEIR MONEY

tenant improvements

Residential Housing, Renovations and Service Work

Office /warehouse type buildings

residential new and renovation

utility underground

Private owners

Mostly commercial with private owners.

Steel building structures

all commercial work

Oilfield Residential Commerical Housing Storage

COMMERCIAL FOR BUSINESS

Retail buildings

Tennant Improvenments, New buildings

office/warehouse

Insurance proceeds funding the work

Residential

residential

New and Renovations of Commercial properties

residential

Residential

Residential

RESIDENTIAL

All construction residential, comercial and industrial

RETAIL GAS BARS

reno 's on commercial bluiding

Res

Res

single family

Commercial

Service and Maintenance work

Service and Maintenance work

Oil and Gas and private residential

residential

Retail customers

office bldgs.

Every project we do has significantly delayed payment that we are forced to finance somehow.

Warehouse CRU

residential

Residential, service work.

single family

Office building, data center

Oil & Gas

service, residential housing

Telecom and Electrical - subcontracts

Assisted living buildings,

Draw home builders

Institutional

What is the average number of days for payment to be received from date of invoice?

45

60

45

60-75 days

30 - 90 days

45 days

45

greater than 90 days

120 to 180 days

90 days

65

45 to 60 days

75

60-90 days

90

90-150+

90-120.

70-90

60

60 days & up

45

65 days

45-90 days

45 - 60

45 - 60 days

60-90 days

65

45

55 avg in AR We are Net 30 days!

(We feel this is engineering past lien rights which is 45days,thus illegal practice)

Some builders are using trades as cheap financing. 60 is normal, 90 to 120 days from some builders is not unheard of. Now there are Introducing unreasonable holdbacks.

Big issue is that some builders use the excuse of sorry I missed your invoice(s) and creatively use you as financing as they only release cheques once a month. No sense of urgency to pay and will not allow you to pick up a cheque. it goes in the mail... when they mail it. This results in many more days that impact you bottom line and good nature. Finally Credit cards are an issue. You get paid faster but it costs you more unless you recoup the cost while the builder reaps the travel benefits.

60 to 120 days sometimes longer especially holdbacks.

90 days

90

57

45 days

15

more than 30

45 to 60

60

35

60-70

60 - 90 Days

45 to 60 although most contracts say 30.

55

60

40 to 60 days

60 to90

60

55

60-90 Days

90 - 120 days

45-60 days

25

45-60

For private projects from 30 to 45 day payment terms

52

45-60

120 days or more

60 days

60-70

40

90

45

90

45 to 60

45

40

40

20

45

35

45-60

55

60

60

30-90 days

90 days

30 days

90 Days sometimes.

70

Between 45 - 90

45

45

90-120

60

Thirty Days

60 days

40

Around 90 days

45-60

45

45

60

90-120

45

40

net35 more like net 50

60-90

76 days

65 days to 90 days

40

75 days

30 days

60

45

77 days

65

30 days

30

30

70 days

60 to 90 days

45-60

45-60

60-75

49

65

90 days

60

70

60-90 days

75 days

45 - 60 days

60-120 days, we have some smaller projects that are over a year outstanding.

65-80 days

60

45

90 - 120 DAYS

90

30-60 and up

60 +

60 to 90 days

45

68.3

45

40

40 - 50

30-45 days Overdue.

90 on average

90

50 to 60 usually

45

60-70

60 days

90+

45 - 90

70

90-160

120 days plus

60

55

60 days

48

60 days

45 Days

30 days

45

60 on majority
120-240 holdback
120-240 extras with signed change order
120-never extras without signed change order

120

45-60 days
City of Calgary projects - some over 90 days

60

60 to 90 plus days

6 months to over a year

40-50.

80-100 Days

45 to 60 Days

65

60-90 Days

90

90-120 or longer

55 days

50

60 to 90

90+days

60 plus days

60-90

64 days

69-83 days

40-45

45 - 60 Majority

60 - 90 - A few

45-60 days

45

55 to 65 days

90 - 120

55-75

48

75

45to 60

50-60

45 to 60

50 to 60 days

65 Days

90

45 - 60

68 days

up to 90 days

45

45+

What is the average project size that delayed payments are occurring on?

	Responses	Percentage
Less than \$5 Million	187	90.8%
Between \$5 and 20 Million	32	15.5%
Greater than \$20 million	12	5.8%

What do you perceive as the reason for delayed payment?

	Responses	Percentage
Other parties taking too long in payment approval / processing	129	62.6%
Other parties are using payments as a source of financing	150	72.8%
Other	25	12.1%

Other text

General contractors are using holdbacks as a deficiency holdback which we believe is not allowed. The general needs to sit down with the owner, identify the deficiencies and set amounts and then release the holdback on substantial completion.

Taking our holdbacks to finance other project start-ups. Stealing from Peter to pay Paul.

Contracts that stating payment 5-10 days after receiving funds from owner

Some contracts are now coming out from generals indicating that payment terms are 60 days.

Too many approval levels delaying payment. Payments being delayed because of dispute on less than 1% of the billing.

Owners and contractors simply unresponsive

The possibility that the client has to wait on the bank to inspect in order to release funds

COMPANIES PAY LATE AS A POLICY "BECAUSE IT IS DONE TO THEM"

Both can be reasons

Clients not paying in a timely manner; general contractors ignoring contractual timelines and waiting until client payment has been received.

payment terms allowed

It is usually blamed on the client.

lack of accountability

other parties receive but delaying the release

lack of professionalism and don't see a need to pay promptly

Holding Payments for financial gain.

The opposite contractual party representing a corporation with no assets. That is, they are structured to be 'judgement proof' and with no assets, they have no financial depth to execute projects, and have no credit, so they abuse the good credit ability of their suppliers, Trade Contractors or otherwise

General contractors who do not having the staff in place to pay according to contract.

In the case of collecting on Holdback, the Alberta Builders Lien Act lacks teeth

Combination Govt sits on desks GC they keep to finance

lack of respect and they have got away with it for so long

not sure

Delay tactics, i.e. Cheque is ready but waiting for signature. Signing authority is away on holidays, etc.

There is no "downside" to delaying payment. No one pays "late payment charges" EVER, so why not hang onto the money?

Uneducated in the construction billing process.

As a follow up to question 10 who do you perceive that party to be?

	Responses	Percentage
Owner	142	69.6%
Consultant	61	29.9%
Contractor	132	64.7%

What are the consequences of delayed payments to your firm?

	Responses	Percentage
Add interest to your bid price	79	37.8%
Choose not to bid with some contractors	140	67.0%
Choose not to bid for some owners	125	59.8%
Reduced working capital	143	68.4%
Reduced staff	36	17.2%
Reduced number of bids for projects	52	24.9%
Other	34	16.3%

Other text

Unnecessary financial strain on the subcontractors organization. Bank will not finance AR > 90 days. Subcontractors are financing the Owner and GC who have significantly more financial resources.

Subtrades are being forced to wait for their invoice payments

pressure from wholesalers if I wait 90 days to get paid

trades end up financing a project

Just the fact that I'm financing there projects

Slowed growth, late payments, late tax payments, late wcb payments, late payroll payments, late vendor payments, all payments from our firm being delayed

Crediting ratings decline with our suppliers.

cash flow

It impacts my ability to pay my bill on time.

Loos to to interest paid in overdraft charges

emotional stresses. wondering if payment is coming at all

Ability to get financing on operating line of credit

interest paid on working LOC

Delayed payments to subcontractors

Puts out Lien rights in jeopardy. Add costs chasing them and follow up.

self financing

implications to pay others

Added expenses incurred to chase the money

All of the above and if you lien a project then you don't get paid at all.

Increased staff overhead to manage Account Receivables.

always out of pocket, because I pay employees, and wholesalers on time!

Subs are delayed in payments

Significant stress, no real significant legal recourse with quick results, ever increasing distrust and disgust at the construction industry as a whole

The environment that has evolved feeds bait to sharks, and a revolving door support structure. If you'll notice, no two subcontractors work for the same slow or no paying consumer twice. But there's enough of the suppliers to keep things ticking. What a disgraceful mess.

Reduced number of projects to bid on.

restriction of cash flow

Much staff effort trying to obtain information about reasons for delayed payment.

lack of productivity, increased inefficiency, increased cost of materials when AP payments are delayed due to late AR receipts

Carrying costs that were not allowed for in tender

Interest payments.

Raise our prices to account for interest paid to our vendors.

We pay interest to the bank, but firms owing us do not pay interest for late payments.

Effects my reputation with my suppliers

Angry Substrades paid with paid contracts.

Are the current contract enforcement provisions adequate to address delayed payment?

	Responses	Percentage
yes	21	10.2%
no	176	85.9%
Other (Please Specify)	8	3.9%

Other text

Should be paid for materials partially at time of order and balance on receipt versus when they are incorporated into the work. Should progress invoice weekly and pay trades weekly.

NO, the lean process is a joke, and unless the account that is overdue is over 10K small claims is a waste of time. We feel like at anytime one builder could not pay us, and bankrupt our company and we have no legs to stand on to prevent this. This would also hurt all of our vendors in a very bad ripple effect.

No - some generals are now revising the standard contracts to stipulate that there is no obligation on the contractors part for payment to the sub-trade unless they are paid.

Lien rights in jeopardy. By the time we get paid our 45 day lien right has long since expired.

don't know

some contracts don't address delayed payment

I would like the same condiseration Revenue Canada expects and gets for late payments. That is, unreasonable interest and unreasonable fines.

Many subcontracts we perform do not contain delayed payment clauses. However, our quotes and invoices always state the terms and due date.

Do you have enough information to advise the ACA to advocate for a legislated solution to delayed payments?

	Responses	Percentage
yes	152	75.6%
no	49	24.4%

If not what information do you feel you still need?

I am not sure how legislation can fix this issue. The larger contactors will do what is in their best interest as the current legislation (as I understand it) should allow for payments to flow but they don't. The last 10% is always completely dragged out and hard to collect.

There are times when we simply do not know the reason for the delays.

likelihood for the use of payment bonds for all projects with a maximum wait for payments.
With those in place less problems of late payments

Legistration you would advocate.

We know we have avenues such as court, collections, leins but these are expensive, time consuming, stressful...

Better understanding of our legislated rights as they stand today vs being manipulated by GC's with whom we have to conform with to attain more workload.

It's hard to pin point small companies that are growing usually have a person that multi tasks in many area with a very large learning curve and sometimes things just are not easily available in plan language

IT WILL REQUIRE THE EXPERTISE OF A LEGISLATURE LAWYER TO PROPERLY WORD THE BILL FOR A PROPOSED CHANGE TO THE LAWS IN PLACE. I AM NOT THIS PERSON

transparency in the payment process

Every project has a different set of circumstances but the bottom line is that it has become the norm to delay payment especially to subs as much as possible. This uncertainty adds risk and stress to contracting. The only way to fix this is with legislation. If we increase our price to cover the risk/delay we will not win the project.

How is the project being financed.
What guarantee is available to secure fund for payment

We need automatic acknowledgement that our Invoices have been received and are in acceptable form. We also need to know when the owner pays the contractor. More space required.

I have not seen information about this publicly at all.

How to deal with lawyers that refuse to pay their bills in whole or in part. This is the number one complaint I have heard from other contractors. Any contract can be picked apart for refusal to pay.

no idea about enforcements

I don't know what the current legislation is or what changes are being suggested

The problem is industry wide and most to it lands squarely with the general contractors and their staff. There are so many problems with the current legislation (lien act etc.) that provide no protection to subcontractors. I welcome anything that allows subcontractors to reach past the general contractors and into the customers directly. And something with teeth that would carry some significant penalties for delayed or none payment.

don't know

G

As a manufacturer we do not run into payment delays often - mostly when we choose to sell direct and the owners delay for some reason or another; or the electrical contractor does not realize our terms are net 30 days from invoice.

As a manufacturer we do not run into payment delays often - mostly when we choose to sell direct and the owners delay for some reason or another; or the electrical contractor does not realize our terms are net 30 days from invoice.

A revised CCDC contract the shows a penalty for late payment, or the GC needs to take responsibility to pay the sub trades regardless of whether the client pays or not.

We need legislator to deny line items to be included into standard CCDC contracts for following
" contractor services will be paid when the general contractor will receipt of payment from the owner."
This is not acceptable. Receipt from owner and holdback release can be 1-2-3 year process.
Should read.

"Successful completion of progress work completed, and or completion of project payment should be release on or before 45 days. "

we do not know the actual reason for slow payments, we can only speculate the reasons, but just collecting interest on slow payments does not put food on the table.

I am not directly/actively involved with the collection or legal means of collection in my current role.

I have almost no information on what ACA is doing and how it will help Mechanical contractors

the biggest problem is the general contractor not paying the sub trades and forcing delays on supply of material to jobsites. or worse yet putting these subtrades out of business due to slow payment

Sorry, we don't understand the question.

How would legislation work. The only way I see this working is every contractor, supplier etc is automatically registered when a contract or order is issued if he is not paid in 30 days the owner pays him and deducts this from contrcat payment

