



Op-Ed: Why Nova Scotia Needs Prompt Payment Legislation

Published in allNovaScotia on February 23, 2019

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Imagine for a moment you check your bank account on pay day and notice your pay hasn't been deposited. You go to your boss and ask what's going on? In response your boss tells you that instead of paying you for your work, the company has arbitrarily decided not to pay you. My guess is that wouldn't work for you, not to mention is illegal because we have legislation to protect workers from such practices. Why then, does the government feel it is OK to let this go on in the world of construction?

Across the country governments are finally beginning to act on the notion that it is not OK to put someone out of business by not paying your bills on time. For four years now, the Construction Association of Nova Scotia (CANS) along with the Canadian Federation of Independent Business (CFIB) and several other prominent business associations have been asking the provincial government to take action on what is called "Prompt Payment" legislation.

The principle is pretty simple. If you are a contractor on a project and the work is completed, you should be paid within 30 days. If there is a dispute on the completion of the work, only the work under dispute can be withheld, otherwise, pay your bills...on time. We know that these practices are having a real and negative impact on business across Nova Scotia, which is hurting our economy.

Hundreds of companies are victimized by the practice of withholding payment every year, some have gone out of business entirely because of this blocked cash flow. There are those bad actors who see this as just a normal way of doing business. Those bad actors, for example, can drown another in legal fees trying to extract payment through liens and litigation for work completed. While education and understanding your contract is important, it is not enough when there is an imbalance of power at the table.

Most firms use good business practices and act in good faith, but there are bad actors (and they know who they are). This is when government must step in to help by providing a clear and transparent framework that defines the rights, responsibilities and remedies when payment is unnecessarily delayed. When work is done, it should be paid for in a timely fashion.

Look at it this way.

You go into your local store and fill up a cart with groceries. After going through the checkout, you tell the cashier, I'll pay you in 70-90 days and walk out. You would be charged because that's not the way our system works. If you have to put it on your credit card, so be it, but unless there is a clear time frame, commitment and transparency on a good faith transaction, it's generally regarded as theft.

By allowing bad actors to force other (often more vulnerable) firms out of business through payment delays (or non-payment) so they can eventually write off outstanding bills or pay pennies on the dollar is tantamount to theft. It's bad for business, it's bad for employment and it's bad for the economy. Extremely conservative estimates have the costs of these behaviours on the Nova Scotia economy in the neighbourhood of \$40 million dollars per year. Companies are not investing in new equipment, apprentices, expanding their workforce, growing their businesses or increasing wages, as a result.

It's time for government to act now on Prompt Payment legislation and protect hard working men and women who put it all on the line because of their passion to build our province.