



**CONSTRUCTION**  
ASSOCIATION OF NOVA SCOTIA

*Building with Skill and Integrity Since 1862*

**CONSTRUCTION ASSOCIATION OF  
NOVA SCOTIA**

**DELAYED PAYMENT SURVEY**

June 2015

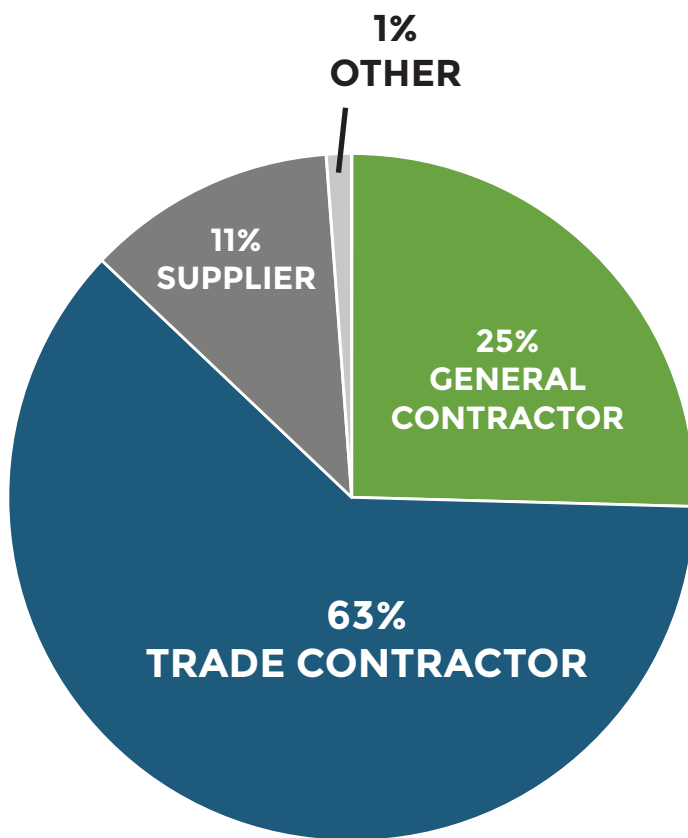


# CANS 2015 DELAYED PAYMENT SURVEY RESULTS

Late payment practices are an important issue for Nova Scotia's construction industry and CANS has been lobbying the provincial government to enact appropriate payment legislation that would establish minimum norms for payment schedules. In an effort to substantiate our assumptions, CANS surveyed members to solicit their feedback and help guide us on their behalf.

## TOTAL NUMBER OF SURVEY RESPONDENTS: 106 UNIQUE FIRMS

### RESPONDENTS WERE:



### OTHER COMPANIES:

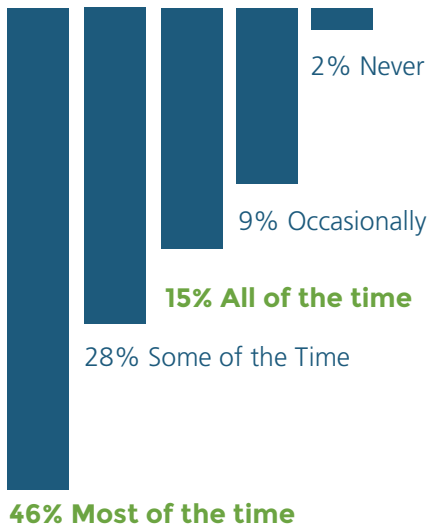
HEAVY CIVIL CONTRACTOR  
ROADBUILDER  
MANUFACTURER  
ASPHALT PAVING  
QUARRY

“Lost time chasing unpaid invoices is a huge factor with delayed payments.”

### NUMBER OF EMPLOYEES:



**61%**  
**OF RESPONDENTS  
 INDICATE DELAYED  
 PAYMENTS ARE  
 OCCURRING MOST  
 OR ALL OF THE TIME  
 ON THEIR PROJECTS.**

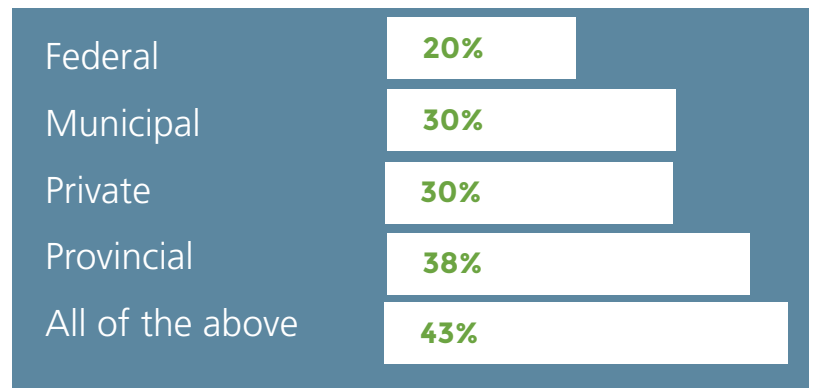


“We **absolutely need legislation** on delayed payment.”

“We have ceased bidding certain sectors of our markets, as they are **uneconomical** when taking into account market prices, delayed payments and the cost of borrowing.”

“Change is **long** overdue.”

**RESPONDENTS INDICATE DELAYED PAYMENTS OCCUR ON THE FOLLOWING PROJECTS:**



**50% OF RESPONDENTS INDICATE DELAYED PAYMENTS OCCUR MOST OR ALL OF THE TIME ON PRIVATE PROJECTS.**

**45% OF RESPONDENTS INDICATE DELAYED PAYMENTS OCCUR MOST OR ALL OF THE TIME ON PUBLIC PROJECTS.**

# RESPONDENTS AGREE OR STRONGLY AGREE THAT THEIR INVESTMENT IN THE FOLLOWING IS IMPACTED BY DELAYED PAYMENT:

EQUIPMENT	40%
HIRING	39%
WAGES & BENEFITS	37%
TRAINING	28%
SAFETY	18%

## DELAYED PAYMENTS RESULT IN:



**56%**  
OF RESPONDENTS  
BELIEVE THAT THE RIGHT  
LEGAL FRAMEWORK  
DOES NOT EXIST TO  
IMPROVE TIMELINESS  
OF PAYMENTS.

“ We have to pay our suppliers net 30 usually or incur **late pay charges.**”

“ It is **simply not fair** for contractors or owners to hold on to payments for work that has been properly completed.”

**52%** OF RESPONDENTS INDICATE THAT IT TAKES **BETWEEN 60 TO 90 DAYS** TO BE PAID FROM DATE OF INVOICE; **9%** INDICATE PAY DAY IS **GREATER THAN 90 DAYS.**

**81%** OF RESPONDENTS INDICATE THE AVERAGE PROJECT SIZE THAT DELAYED PAYMENTS ARE OCCURRING ON IS **UNDER \$1 MILLION**, WITH **18%** INDICATING IT'S **LESS THAN \$5 MILLION.**

“ The new norm over the past several years is that we will be paid when the prime contractor is paid. My question is: **what if they are never paid?**”

**RESPONDENTS PERCEIVE THE FOLLOWING AS REASONS FOR DELAYED PAYMENT:**

**50% - OTHER PARTIES TAKING TOO LONG IN PAYMENT APPROVAL/PROCESSING**

**50% - OTHER PARTIES ARE USING PAYMENTS AS A SOURCE OF FINANCING**

## RESPONDENTS AGREE OR STRONGLY AGREE THAT THOSE PARTIES CAUSING DELAYED PAYMENTS ARE THE:

OWNER	91%
PRIME CONTRACTOR	81%
CONSULTANT	59%
TRADE CONTRACTOR	36%

**99% OF RESPONDENTS INDICATE THAT DELAYED PAYMENTS COST THEIR COMPANY ANYWHERE BETWEEN \$5 THOUSAND AND \$3 MILLION.**

**68% OF RESPONDENTS SAY THAT DELAYED PAYMENT INCREASES THE COST OF THE PROJECT DELIVERY.**

“Lack of payment from certain groups causes our pricing to reflect that in the bids to these groups. **Those that treat us fairly receive more competitive prices.**”

“Something really **needs to be done** about this.”

## THE MAJORITY OF RESPONDENTS INDICATE THAT DELAYED PAYMENT INCREASES THEIR COST OF DOING BUSINESS:



# 44%

OF RESPONDENTS SAID  
DELAYED PAYMENT REDUCES  
THEIR ABILITY TO BID WORK.

# 34%

OF RESPONDENTS SAID  
DELAYED PAYMENT RESTRICTS  
THEIR ABILITY TO HIRE WORKERS.

“Banks do not finance any receivables that are over 90 days. This is the hardest on cash-flow and the **main obstacle of growing business.**”

“We are currently financing contractors on projects that we are successful in bidding.”

## RESPONDENTS AGREE OR STRONGLY AGREE THAT IF PAID IN A MORE TIMELY MANNER, FIRMS WOULD:

EXPAND OPERATIONS/GROW THEIR FIRM	66%
BID MORE PRIVATE PROJECTS	64%
ACQUIRE MORE/NEWER EQUIPMENT	57%
BID MORE PUBLIC PROJECTS	56%
HIRE MORE PEOPLE	44%
INCREASE USE OF APPRENTICES	30%

“**We have to wait three months** for payment, where we have already paid our raw material suppliers 30 days from receipt of their invoice.”