



October 22, 2020

Hon. Nate Glubish

Minister of Service Alberta

ministersa@gov.ab.ca

VIA EMAIL

RE: INDUSTRY CONCERNS OVER PROMPT PAYMENT LEGISLATION

We hope you, your family and Service Alberta staff remain safe and healthy through this unprecedented period.

Our industry supports enhanced protections of payment to trades and suppliers and believes that many elements of the proposed legislation will help achieve this. However, we are disappointed that recommendations our industry provided through the consultation process have been largely overlooked.

In other jurisdictions where prompt payment has been introduced, or is being considered, the residential construction and land development industry has been directly opposed. In Alberta, our member companies recognized that additional protections are required and actually supported lengthened lien periods along with some form prompt pay period. What we have been opposed to from the onset is a 28-day prompt pay period which does not make operational sense for owner companies.

Most companies do not run accounting processes on 28-day timeframe, but rather, once a calendar month. That is the basis for cheque runs, billing, bank draws and other general accounting procedures. Additionally, owner companies in construction often require engineering review of invoices against work completed to ensure invoicing is correct. The 28-day period will require many companies to significantly revamp their accounting procedures and invoice review processes, adding new costs and burden. We understand that this is the timeline used in Ontario but in speaking with companies from that jurisdiction, it has created the issues we highlight in this letter.

One of your government's strongest platform commitments is to reduce red tape. We are concerned the legislation in its current form will add new costs and administrative burden to owner companies who invest and create jobs in Alberta. Despite repeated requests, we have never been provided with sound rationale as to why 28-days was chosen versus something that would align with monthly accounting practices. A 35-day prompt payment period combined with the lengthened lien period retains protections for trades and suppliers while not forcing new burdens and costs on businesses, which could not come at a worse time.

While there are other elements of the legislation (adjudication, statement of account, etc.) that require some additional thought and consideration, the 28-day period is the piece requiring immediate

attention. We request that yourself and Service Alberta re-engage with industry on this matter as we work together in developing legislation and regulations that work for all parties.

We would welcome the opportunity to meet and better explain the challenges the legislation in its current form will bring to owner companies.

Yours truly,

A handwritten signature in blue ink, appearing to read 'S. Fash', with a stylized flourish extending to the right.

Scott Fash
Executive Director, BILD Alberta

Cc: Jamie Mozeson (jamie.mozeson@gov.ab.ca); Tricia Velthuisen (tricia.velthuisen@gov.ab.ca);
Brandy Cox (brandy.cox@gov.ab.ca); BILD Alberta Board of Directors