

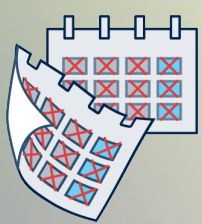
# Unfair Contract Terms

## (Fairness in Contracting)



### Problem:

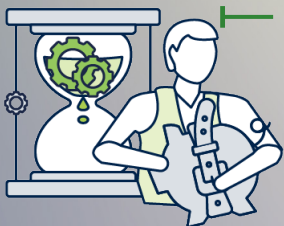
Subcontract terms in the construction industry are typically heavily weighted in favour of the head contractor. This often results in:



— Payments to subcontractors being significantly delayed.



— Subcontractors entering contracts that vary from standard contracts without being appropriately notified, and



— Subcontractors left out of pocket for scheduling delays outside their control.

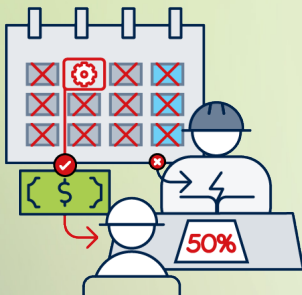
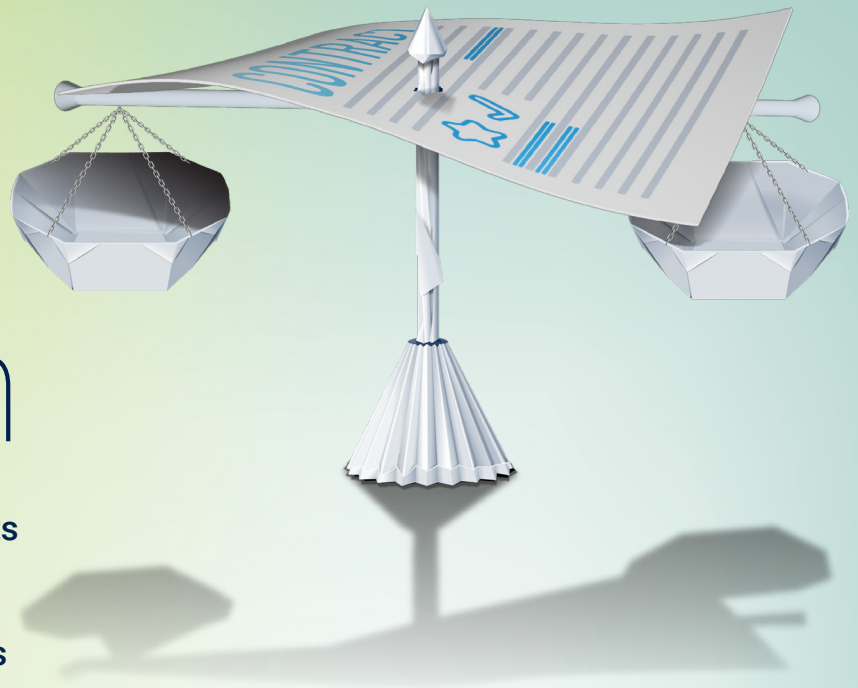


— Difficulty for subcontractors to accurately price the risk of undertaking a project.

At a time when electrical subcontractors are already confronting workforce challenges, it is time to inject greater fairness into contracting terms between small business and big builders.

# Solution

Although commercial arrangements are a matter for the respective parties, there are some straightforward legislative changes that should be implemented:



- Subcontractor practical completion should not be linked to head contractor practical completion. This unfair stipulation often results in subcontractors waiting months on end for a practical completion payment and return of 50% retention.



- A requirement that any variation to a standard contract be easily identifiable by way of tracked changes, departure schedule or special conditions of contract. Subcontractors are experts in electrical trade, they are not experts in contract law. Any changes to a standard form contract that are not easily identifiable should be void to the extent they result in a detriment to the contracted party (or party that did not provide the contract).



- Compensation for substantial project delays outside the control of the subcontractor. Although subcontracts often provide for an extension of time they typically do not provide costs incurred by the subcontractor for delays. This leaves subcontractors out of pocket for on and off-site costs, labour expenses and loss of other work. Government projects would be an ideal starting point for this reform.



- State legislation mandating any contract terms found unfair at the federal level automatically be found unfair for applicable contracts at the state level. This will cover a broader range of contracts including government contracts and those involving medium to large subcontractors who still experience unfair contract terms and little ability to negotiate terms.

