

Don't be casual with contracts

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Guest Column

In the past 10 years, the number of contract jobs has increased substantially as companies strive to control costs. Many contracts are for white collar office jobs where individuals go to work every day just like employees, but don't get any employment benefits. These workers also are not protected by the many labour laws governing employment relationships, leaving it up to them to protect their interests by ensuring a solid contract is in place.

Most contract workers don't hire lawyers to write their contracts, preferring to use the hiring company's standard contract. However, no matter how exciting the job offer is, contract workers should not accept the company's contract without ensuring it covers all their interests.

Hiring company contracts should be reviewed by a lawyer of your choosing. Lawyers charge anywhere from \$300 to \$1,500 to review a contract, but it is a worthwhile expense.

Many lawyers do a good job of reviewing the clauses the hiring company puts in the contract but might not bring up other clauses that would be beneficial to the contract worker. A few to keep in mind are:

Fees and Payment terms The actual fees and payment terms should be clearly indicated in the contract. If there is no specified due date for payment, the organization might defer paying bills for months. Ensure the contract specifies the frequency of invoices and the deadline for paying these invoices. Also indicate the amount of interest you will charge for delinquent payments. Too often, bills sit idly on someone's desk, waiting to be processed. Although it probably wouldn't be a good business practice to charge interest for a few days of late payment, the clause is important in case there is a dispute on a bill which takes months or even years to collect.

Mandate of the engagement The contract should clearly specify the work you are being hired to perform. If not, the company has the ability to renege on payment by stating



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Contract workers need to carefully check the fine print.

services haven't been delivered.

Additional expenses If the company promises to cover various expenses related to the work — costs for software, hardware or job-related travel — then this should be clearly specified.

Minimum charges Many contracts are structured on an hourly basis. However, this gives the company the opportunity to retain you on an as-needed basis. Should there be no work, the organization doesn't need to pay. If possible, try to negotiate a retainer or minimum payment. For example, you can negotiate a minimum three hour charge for any on-site client work

which will cover your travel time.

Ownership of intellectual property With an employment relationship, the company owns any invention or product created by an employee. However, the rules aren't as clear-cut in a contract relationship. It's best to specify who owns what, especially if you wish to retain ownership or use some of the work for other clients.

Contract term and conditions for termination It's best if the length of the contract and the conditions for the termination are specified. For example, you might want to insert a minimum notice period for any contract termination.

Non-competition clauses Non-

competition clauses are more standard in some industries than others. Know the norms for your industry and ensure there aren't any extraordinary non-competition clauses that might prevent you from pursuing other opportunities at the end of the contract.

Independent contractor clause Sometimes contracts are labelled as independent contractor relationships but are like an employment relationship in the eyes of the law and the tax authorities. The Canada Revenue Agency's Guide on Employment (RC4110) identifies the conditions which must be met for a relationship to be that of an independent contractor. Make sure these conditions are stated in the contract.

While it is good to include these in a contract, the most important thing is to have a contract in place before the first day of work. Don't give into the pressure from the hiring manager to start working before the contract is finalized. If you begin working before the company signs the contract, you lose all negotiating power.

Don't forget that in negotiating any contract, the company needs you as much as you need them. If you are uncomfortable with any details of the contract or would like to add clauses, don't be shy — the company is probably expecting feedback.

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