



**MECHANICAL CONTRACTORS
ASSOCIATION OF ALBERTA**

WEBSITE mca-ab.com
TOLL FREE 1 800 251-0620

Dear MCA Alberta Members

Below is a news release from the ATCC being distributed in response to the release of the Reynolds Report followed by a short interpretation received from MCA Canada which includes a link directly to the Reynolds Report.

Reynolds' Construction Lien Act Review released by Ontario Government

Alberta Contractors seek solutions to woes created by unwarranted delays in payment

Background:

The Reynolds Construction Lien Act Review was the result of a private member's bill, Bill 69 - The Prompt Payment Act, which died after second reading with the call of a provincial election in Autumn 2014. Before the legislative session was prorogued, Reynolds was commissioned to perform a major review of Ontario's Construction Lien Act. The Review was completed in May 2016 by Bruce Reynolds and Sharon Vogel and now, after five months of delay, the Minister responsible has finally made the report available for industry consumption.

Throughout this same time period, the Alberta Trade Contractors Coalition (ATCC) has also actively pursued solutions to unwarranted delays in payments on approved invoices for construction labour and materials. Delaying payment drives up a business' number of days of outstanding and overdue accounts receivables, seriously impacting cash flow and available working capital. As an unresolved industry issue, delays in payment are a significant burden on trade and sub-trade building contractors. They impact everything from paying for materials to hiring and training apprentices, limit individual business opportunities, drive construction costs higher and reduce industry competitiveness.

Alberta gains ground:

The ATCC has made some gains. In March 2016, Alberta Infrastructure (AI) announced new prompt payment protocols that oblige AI to approve and pay invoices within set periods of time, plus carve out deficiencies to be resolved and pay undisputed portions of an invoice according to their protocol. They also post online when payments have been made, so the trades and sub-trades know when they can expect payment. Unfortunately, these protocols only apply to AI projects and while AI is a significant owner of construction projects and has some influence, their protocols are voluntary and do not have to be applied beyond AI projects.

Seeking solutions:

Jurisdictions across Canada have been waiting for access to the recommendations of the Reynolds Report. While Builders Lien Acts are different in every province, it is anticipated the Reynolds Report recommendations will be broad enough to be applied beyond Ontario's borders. The ATCC will spend the next month analysing the report, seeking to apply the

recommendations to an Alberta context and developing a go-forward strategy that will provide contractors with a legal right to reduce the number of days they are waiting for payment.

On November 24, 2016 the ATCC Board of Directors will host a stakeholder forum in Edmonton to review and finalize the content of a Prompt Payment Strategy that will be presented to the Government of Alberta, as a direct request to resolve construction industry issues caused by unwarranted delays in payment.

– 30 –

About the ATCC:

The Alberta Trade Contractors Coalition (ATCC) was formed on January 01, 2014 by the leaders of ten provincial trade contractor associations signing a Memorandum of Agreement. The ATCC speaks with a unified voice to address trade contractor issues on behalf of thousands of independent union and non-union small Alberta businesses, business owners and tens of thousands of their employees who are actively engaged in the construction trades.

For more information on this or other trade contractor issues, please contact:

Terry Milot,
Chemco Electrical Contractors
Chairman, Alberta Trade Contractors Association
Association
780-436-9570
tmilot@chemco.com

Russ Evans
General Manager
Alberta Trade Contractors
403-250-7237
russ@mca-ab.com

Reynolds Report calls for prompt payment in Ontario

It's been a long time coming, but it appears as though Ontario's review of the *Construction Lien Act* was worth the wait.

The provincial government released Bruce Reynolds' and Sharon Vogel's report, [*Striking the Balance: Expert Review of Ontario's Construction Lien Act*](#) on September 26. The document is a comprehensive and detailed study of the act. Its findings and recommendations support, among other things, the need for a prompt payment regime in Ontario.

As a result, the provincial Ministry of the Attorney General has proposed to introduce legislation in spring 2017 that addresses three main provisions in the document:

- modernizing the construction lien and holdback rules
- introducing rules around prompt payment
- creating a new process to speed up dispute resolution

"Ontario's construction industry is a driving force of Ontario's economy, and modernizing our construction laws will support the more than 400,000 people who work in the industry through a new prompt payment system," said Attorney General Yasir Naqvi. "Mr. Reynolds' and Ms. Vogel's report is a fair and thoughtful assessment of the complex challenges faced by today's construction industry. I would like to thank them for their work, and I look forward to working with industry groups as we draft legislation that reflects their needs."

Early reaction to the news has been positive. Prompt Payment Ontario, a coalition of contractor associations, unions, suppliers, general contractors and other stakeholders, congratulated the government on the release of the report.

"Late payment is one of the biggest risks to trade contractors, their employees and suppliers," said a PPO release. "We are glad to see the report's recommendation to legislate a prompt payment regime for the public and private sectors. Putting this legislation in place will ensure that we can build Ontario. Prompt payment is simply doing the right thing."

Precisely what shape Ontario's prompt payment laws and lien act reforms will take is yet to be seen. The Attorney General's office plans to launch a new series of consultations with industry and stakeholder groups this fall to gather input into any proposed legislation.

Stay tuned.

