

Modernizing Ontario's Construction Laws

New Legislation Would Address Payment Delay and Improve Dispute Resolution Process

NEWS

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Ontario is modernizing provincial construction laws to address key issues and improve efficiency and competitiveness for construction businesses.

Attorney General Yasir Naqvi introduced legislation today that would, if passed, modernize the lien and holdback process, introduce needed rules to ensure Ontario construction workers get paid, on time, for the work they do, and make the dispute resolution process faster and simpler.

Key measures include:

- Creating new prompt payment rules to give contractors and subcontractors certainty about when to expect payment
- Extending the timelines to file liens and start court actions from 90 days to 150 days, giving contractors and subcontractors time to resolve their disputes outside of court and avoid additional legal fees
- Requiring holdback funds to be paid as soon as the deadline to file liens has passed, so contractors and subcontractors know when to expect full payment
- Creating an adjudication process to speed up dispute resolution and prevent disputes from delaying work on construction projects.

If passed, the legislative and regulatory changes would come into effect in 2018. Changes would support the largest infrastructure investment in hospitals, schools, public transit, roads and bridges in the province's history – more than \$190 billion over 13 years, starting in 2014–15. To learn more about what's happening in your community, go to Ontario.ca/BuildON.

Updating Ontario's construction laws is part of our plan to create jobs, grow our economy and help people in their everyday lives.

QUOTES

“Construction is a critical, driving force of the economy, and we have been working hard to make sure this sector has the tools it needs to continue to thrive and prosper. These proposed changes will modernize our laws to reflect the needs of workers and businesses, and encourage job growth and investment.”

— Yasir Naqvi, Attorney General

“Our work on the report, *Striking the Balance*, and our subsequent work on the bill, has been directed towards improving the flow of funds on construction projects in Ontario. Over the past two years, we have worked closely with the government and industry groups to provide advice that captures the key concerns of the many people who work in this important sector. We are

very pleased with the introduction of the bill and look forward to the availability of innovations such as promptness of payment and dispute resolution through adjudication.”
— Bruce Reynolds and Sharon Vogel
Borden Ladner Gervais LLP

QUICK FACTS

- The Construction Lien Act is intended to regulate how payments are made, to help ensure that workers who have provided services or materials during a construction project are paid for their work.
- A holdback fund requires all contractors and subcontractors to withhold 10 per cent of the cost of the services or materials supplied on a project. This helps to ensure that there is enough money to satisfy any lien claims that may arise.
- Payment disputes on large and complex construction projects can result in a costly and lengthy resolution process that can take several years to settle.
- Late payment is a common problem in all sectors of the construction industry. Between 2002 and 2013, the average collection period in construction went up from approximately 57 days to 71 days.
- Construction law experts Bruce Reynolds and Sharon Vogel of Borden Ladner Gervais LLP led a [thorough and comprehensive review](#) of the Construction Lien Act. The proposed legislation is based on the recommendations in the report and feedback from experts and industry groups.

ADDITIONAL RESOURCES

[Construction Lien Act](#)

[Striking the Balance: Expert Review of Ontario's Construction Lien Act](#)

Clare Graham, Minister's Office, 416-326-7071

ontario.ca/attorneygeneral-news

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Emilie Smith, Communications, 416-326-2210