

MEDIA RELEASE

Surety Association of Canada Invited to Ottawa to Provide Support for Prompt Payment in the Construction Industry

May 27, 2019 – Mississauga, ON – On May 16, the Surety Association of Canada (SAC) was invited to Ottawa to speak in support of prompt payment in the construction industry, which is referenced in Division 26, Part 4 in Bill C-97, An Act to implement certain provisions of the budget, and other measures. Bill C-97 was tabled in Parliament on March 19, 2019 and passed second reading on April 30, 2019.

Two simultaneous Standing Committee sessions were held, with the first to the Standing Senate Committee on Banking, Trade and Commerce; and the second to the Standing Committee on Finance (FINA). Representing SAC at the first session was Frank Faieta, National Vice President at The Guarantee Company of North America. At the second session, SAC's President, Steven D. Ness, joined by Pierre Cadieux, SAC's Business Development Manager - Quebec, were provided with the opportunity to deliver a short presentation on the importance of prompt payment in the construction industry and how surety bonds can address the risk of contractor insolvency.

SAC's message focused on the need for any prompt payment legislation to address risk of project contractor insolvency on payment of subcontractors and suppliers down the construction payment chain. As Ness pointed out to the House Finance Committee; "There can be no prompt payment without first ensuring certainty of payment and project contractor insolvency is the most serious impediment to that certainty."

Both presentations drew on references to changes that were recently implemented through the *Construction Act of Ontario* (Bill 142) which addresses insolvency risk through provisions requiring surety bonds on public work. SAC's proposed changes to the draft federal legislation will "...mean consistency in prompt payment regimes across the country, aligning the legislation with the new Construction Act of Ontario," stated Ness during the presentation to the House Finance Committee.

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Stemming off the changes in Ontario, a review entitled *Building a Federal Framework for Prompt Payment and Adjudication*, was conducted by Bruce Reynolds and Sharon Vogel of Singleton Urquhart Reynolds Vogel LLP. The 258-page report contains 53 recommendations and was delivered to the government last June. Recently, these recommendations were incorporated into Bill C-97 for approval and adoption.

To view a video of the presentation to the Standing Senate Committee on Banking, Trade and Commerce, which was held on May 16 at 10:30 a.m., go to:

[http://senparlvu.parl.gc.ca/XRender/en/PowerBrowser/PowerBrowserV2?fk=524021&globalStreamId=3&useragent=Mozilla/5.0%20\(Windows%20NT%2010.0;%20Win64;%20x64\)%20AppleWebKit/537.36%20\(KHTML,%20like%20Gecko\)%20Chrome/74.0.3729.157%20Safari/537.36](http://senparlvu.parl.gc.ca/XRender/en/PowerBrowser/PowerBrowserV2?fk=524021&globalStreamId=3&useragent=Mozilla/5.0%20(Windows%20NT%2010.0;%20Win64;%20x64)%20AppleWebKit/537.36%20(KHTML,%20like%20Gecko)%20Chrome/74.0.3729.157%20Safari/537.36)

To listen to the audio of the presentation to the Standing Committee on Finance (FINA), which was held on May 16 at 11:00 a.m., go to:

[http://parlvu.parl.gc.ca/XRender/en/PowerBrowser/PowerBrowserV2/20190515/-1/31585?useragent=Mozilla/5.0%20\(Windows%20NT%2010.0;%20Win64;%20x64\)%20AppleWebKit/537.36%20\(KHTML,%20like%20Gecko\)%20Chrome/74.0.3729.157%20Safari/537.36](http://parlvu.parl.gc.ca/XRender/en/PowerBrowser/PowerBrowserV2/20190515/-1/31585?useragent=Mozilla/5.0%20(Windows%20NT%2010.0;%20Win64;%20x64)%20AppleWebKit/537.36%20(KHTML,%20like%20Gecko)%20Chrome/74.0.3729.157%20Safari/537.36)

- 30 -

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MEDIA RELEASE

About the Surety Association of Canada:

The Surety Association of Canada (SAC) is the national trade advocacy association that represents the interests of the surety industry across Canada. Its members consist of primary surety firms, surety reinsurers, surety/insurance brokers, and other organizations that provide related and complementary services to the surety industry.

While the majority of the surety industry's premium revenue is derived from construction contract bonds, SAC also represents the interests of those organizations that focus on non-contract or commercial surety. SAC does not represent or advocate on behalf of the fidelity bond industry.

Since its formation in 1992, SAC has become a trusted resource for construction purchasers, design professionals, contractors, suppliers and other stakeholders in construction and business communities. SAC has developed its own bond forms in response to industry need and in consultation with the construction industry.

SAC and its members regularly meet with owners, contractors, other associations and related organizations to educate them about surety bonds and the suretyship process. SAC also monitors legislation across the country that will impact its members and works diligently to advance the surety cause with lawmakers and government officials.

More information about SAC can be accessed on-line here: www.suretycanada.com.