



MEMBER BULLETIN

January 24, 2018

Roll-out of the New *Construction Act*

As previously noted, significant reforms to the *Construction Lien Act* were passed by the Ontario Legislature in December 2017. These changes are set to significantly reform the construction payment process in the province including a new prompt payment regime, extended lien periods, a payment adjudication process, and new rules around the release of contract holdback.

How these changes will be rolled out is still being decided upon, with some changes expected to happen in 2018, while others likely to take another year or two to put in place. Nevertheless, significant changes are afoot. Included below are infographics that provide a high-level overview of some of the upcoming changes:

Prompt Payment Timeline

The Construction Lien Amendment Act includes new rules to ensure construction businesses and workers get paid on time for their work. The following deadlines would come into effect as soon as an invoice is submitted to the owner of the project.



1. Owner receives invoice

The invoice is submitted by the contractor to the owner.

28
DAYS



2. Owner pays invoice

The owner is required to pay the general contractor within 28 days of receiving the invoice.

7
DAYS



3. Contractor pays subcontractor

The general contractor is required to pay the subcontractor within 7 days after receiving payment from the owner.

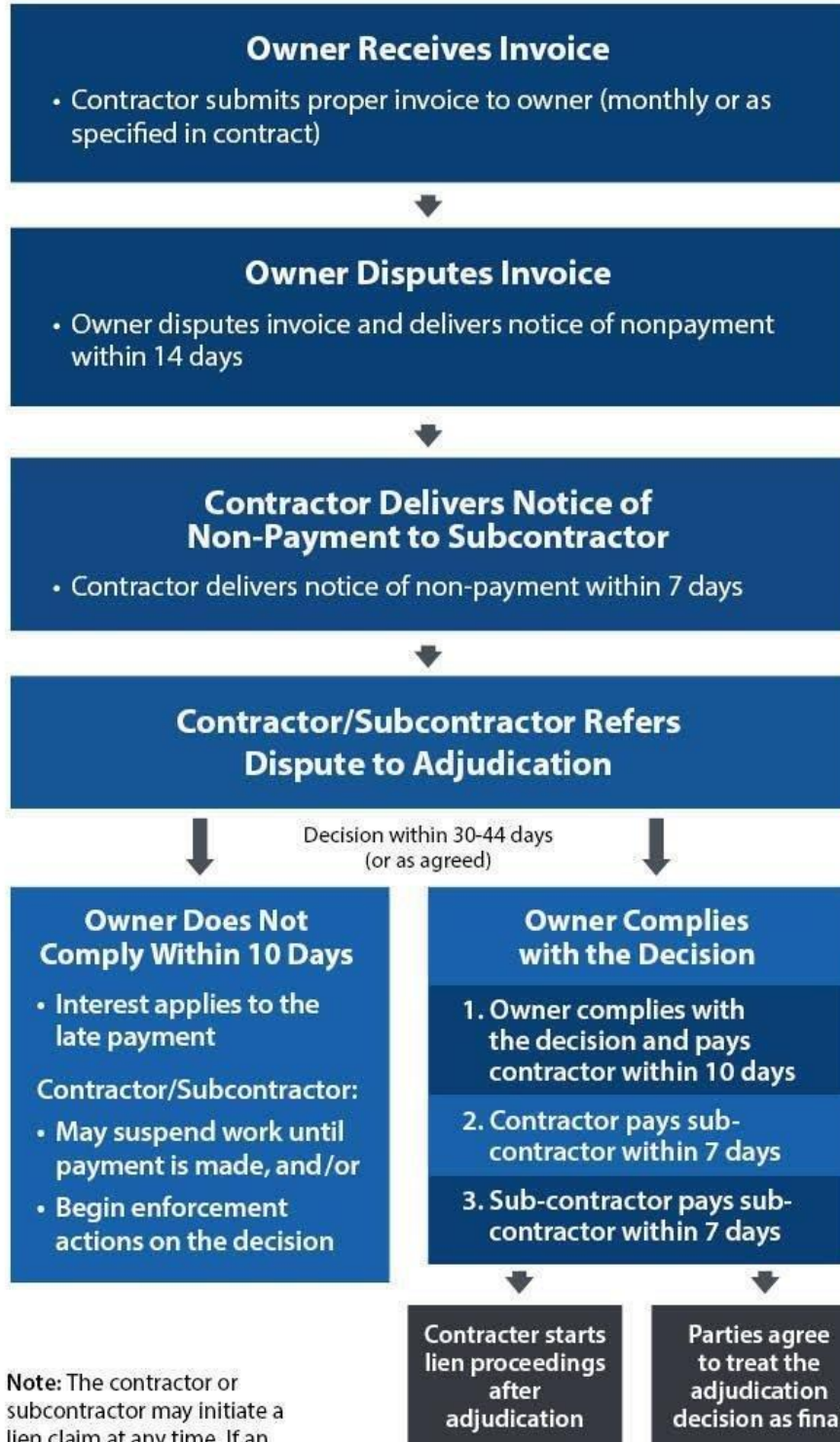
7
DAYS



4. Subcontractor pays other subcontractors

The subcontractor is required to pay other subcontractors within 7 days. The 7 day period continues until all parties involved in supplying services or materials for the project are paid.

Prompt Payment, Dispute & Adjudication Process



Note: The contractor or subcontractor may initiate a lien claim at any time. If an adjudication has started, the time period to register a lien would be extended for 45 days.