October 19, 2016

[Members Address]

Dear [Members Name],

I am writing to you on behalf of the members of Prompt Payment Ontario (PPO) to thank the Government for undertaking the Construction Lien Act (CLA) Review and announcing the subsequent introduction of legislation in spring 2017. This legislation will better support workers across the province and the construction industry as a whole. PPO looks forward to working with the Government as key stakeholders in this process.

While the CLA Review covers the spectrum of payment risk and security, the focus of PPO has been to ensure timely payment for certified work. The CLA Review recognizes that delinquent payments in our construction sector lead to many issues beyond financial instability. With over 400,000 Ontarians working in the construction industry, the Government has recognized the need to protect the livelihoods of these individuals and their families and provide them with the fair and timely payment every individual deserves.

Delinquent payments are widely detrimental to Ontario’s construction sector. Employment rates are lower and apprenticeship opportunities have been decreased due to financial risk. Some trade contractors need to resort to off-loading payroll risk by increasing the number of self-employed, independent operators in their workforce, thus increasing the underground economy. The increase in late payment risk also has negative consequences for the provincial government. Government construction costs are higher because trade contractors must incorporate the risk of late payment into their bids and increased risk also reduces the amount of work trade contractors can afford to take on, thus decreasing the bidding pool for projects.

Members of PPO participated in the consultation process for the Review and they are look forward to working with the government on the creation and introduction of legislation to modernize the Construction Lien Act, as per the recommendations made in the CLA Review ReportThe importance of getting “right” the following aspects of prompt payment cannot be overstated.

* Submission of proper invoice to trigger the timing for the payment terms of 28 days to the prime contractors and 7 to the trade contractor
* The terms of contract between the prime contractor and sub-contractor mirror those terms found in the contract between the owner and the prime contractor; a reciprocity.
* Timely dispute resolution
* The right to suspend/terminate work for non-payment or non-compliance with decision from dispute resolution (with costs)
* Notification of payment by the owner
* Ensuring trades have either the money that they are owed or their lien rights

We must ensure that the legislation reflects the recommendations outlined in the CLA Review Report, and to this effect strongly support the continued involvement of Bruce Reynolds and Sharon Vogel. To find out more about PPO’s position or set up a meeting please contact [ashley@impactcanada.com](mailto:ashley@impactcanada.com) or 647-317-9057.

Sincerely,



Ron Johnson

Director, Prompt Payment Ontario