

# *Prompt Payment and Government of Alberta Construction Projects*

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Edmonton Construction Association

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# Background of Prompt Payment

# *Prompt Payment and Construction Lien Act*

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- February 2019 Service Alberta and Red Tape Reduction began consultation with industry stakeholders with respect to modernizing the *Builder's Lien Act* and incorporating prompt payment legislation.
- In August 2022, the *Prompt Payment and Construction Lien Act* was proclaimed with a two-year transition period.

# Why the Changes?

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- Payment timelines had extended up to more than 70 days.
- Current lien process was timely and expensive.
- Lack of transparency in the payment process
- More jurisdictions were exploring the adoption of prompt payment legislation.

# Prompt Payment and Government-Owned Construction Projects

# Prompt Payment Framework

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- Mandated invoice timelines.
- Mandated invoice requirements.
- Mandated payment timelines.
- Adjudication as an additional dispute mechanism for non-payment



# Impact to Infrastructure as Owners

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- Clarity between owner and legislator
- System Changes
- Shift in invoice requirements
- Milestone payments/Performance based payments
- Enforced approval timeline



# Impact to Infrastructure as Owners

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- Selection of an adjudicator
- Timelines to gather information
- Confidentiality of adjudications
- Adjudication payments
- Transition to new rules and current contracts



# Discussion