



Prompt Payment Legislation



There has been a lot of discussion regarding prompt payment legislation with many interested parties not fully understanding what it is, why it is needed and why it is important for the provincial government to pass and approve Bill 69 — "An Act respecting payments made under contracts and subcontracts in the construction industry".

A brief prepared by Prisim Economics and Analysis entitled "The Need for Prompt Payment Legislation in the Construction Industry" noted that the Construction industry faces an ongoing issue of late payment for completed construction work which has led to "adverse effects on the industry and the broader economy as a whole". Late payments, they note, leads to :

- lower employment in construction,
- creates less investment in apprentices, machinery and equipment and
- inevitable a rise in the cost of construction services.

As we all know, construction work usually involves an owner, who is the buyer of construction services, a general contractor, many sub-contractors and often sub-sub-contractors. Payment for completed work is very often needlessly delayed as it flows through the aforementioned scenario (i.e. owner to sub-sub-contractor) which places a needless delay and undue cash flow pressure, especially on small contracting businesses.

The Prompt Payment Act 2013, Bill 69 as is known, which would apply to all construction contracts in Ontario, is intended to rectify this situation by:

- Requiring progress payments to be made on a monthly basis at the minimum;
- Requiring final payment to be made no less than 30 days after application for payment has been submitted;
- Allowing the payee the right to suspend work and enforce lien rights if a payer is more than 7 days late;
- Giving a payee the right to information on the scheduled due dates for progress payments to a payer and the payer's receipt of those payments;
- Giving a general contractor and sub-contractor the right to reasonable financial information regarding the owner's financial arrangements in order to meet its payment obligations.

Although Bill 69 will not resolve all the issues regarding payments in the construction industry, the provisions contained therein may alleviate some of the more obvious and contentious issues.

A copy of Bill 69, which received first reading on May 13, 2013, and is now before committee is available on AAO's WEB site at www.aao-online.ca.

Trade Classification Review for Construction Millwright



ONTARIO COLLEGE OF TRADES
ORDRE DES MÉTIERS DE L'ONTARIO

The Ontario College of Trades (OCOT) is conducting a Trade Classification Review to determine whether the "Construction Millwright" trade should be classified as a compulsory.

OCOT is inviting all interested stakeholders to submit written submissions on whether the Construction Millwright trade is to be re-classified as a compulsory trade or is to remain voluntary trade.

OCOT's Review Panel, made up of Lee Shoudlice (Chair), Rick Thomas and George McMenemy, will use the following criteria in determining whether the trade is to be re-classified as a compulsory:

- The scope of practice of the trade.
- How the classification or reclassification of the trade may affect the health and safety of apprentices and journeypersons working in the trade and the public who may be affected by the work.
- The effect, if any, of the classification or reclassification of the trade on the environment.
- The economic impact of the classification or reclassification of the trade on apprentices, journeypersons, employers and employer associations and, where applicable, on trade unions, employee associations, apprentice training providers and the public.
- The classification of similar trades in other jurisdictions.
- The supply of, and demand for, journeypersons in the trade and in the labour market generally.
- The attraction and retention of apprentices and journeypersons in the trade.

Under OCOT rules, only individuals who make a written submission will be invited to present at the oral consultations. The Review Panel will review all written and oral submissions and then make a decision on the classification of the trade based solely on these submissions. OCOT has set **April 14, 2014 at 2:00 p.m.** as the deadline for the written submissions.

For more information on the Ontario College of Trades and the classification review for the Construction Millwright, please visit their web site at www.collegeoftrades.ca.



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