

## NEWS RELEASE

### Prompt Payment Legislation

January 17, 2024

Over the past several years, the Alberta Construction Association has worked closely with the Government of Alberta in developing the *Prompt Pay Construction Lien Act* (PPCLA). This legislation was developed within the construction industry in response to chronic problems due to increasing delays in payment for work properly performed and invoiced. GC's, Trades, and suppliers often wait 70 to 90 days or more to get paid - well past expiry of current lien rights. Such payment delays on public & private projects are detrimental to the financial health of firms by restricting cash flow and effectively adding financing costs to projects. ACA and its partners were supportive of the changes made by the Alberta government as a step in the right direction.

Since then, there have been changes to the legislation to exempt projects from the PPCLA. After hearing about the potential changes in the summer/fall of 2023, ACA wrote the Government of Alberta outlining our concerns with exempting projects from prompt pay legislative provisions under the PPCLA. ACA believes that our concerns remain valid to this day, namely, that exemptions effectively force the entire Alberta supply chain to finance these projects. This circumstance led to the introduction of the PPCLA in the first place. Despite our continuing concerns, exemptions to the PPCLA are [now in effect](#).

The ACA appreciates its strong working relationship with the Alberta government. However, there are concerns amongst many of our members regarding exemptions to the legislation. We urge the government to work with industry on the following:

- Complete the work started with industry to ensure the same prompt pay provisions, including adjudication of disputes, apply to Government of Alberta projects covered by the *Public Works Act*. Existing Alberta Infrastructure contractual provisions do not extend protection down the contractual chain.
- Address non-compliance under the current PPCLA by meeting with industry to understand the current situation. For example, Government could work with industry build awareness through mandatory notifications, potentially issued along with development and building permits.
- ACA is requesting an industry/government working group explore options to reduce non-compliance. Currently under PPCLA, contractors that dispute payment risk damaging ongoing business relationships with the other contracting party, and thereby, run the risk of losing future business.

The Alberta Construction Association looks forward to continuing our strong working relationship with the Alberta government in achieving positive results for the construction industry.

### About ACA

The Alberta Construction Association speaks for over 2,200 member firms across the province, including general contractors, trade contractors, and suppliers to non-residential construction markets. Our membership features contractors of all sizes and labour affiliations. Ten associations with hundreds of contractors in their membership are associate members of ACA.

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