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Adjudico

• EXPERT SERVICES •

Prompt Payment is Coming to the Construction Industry in Alberta *The Prompt Payment & Construction Lien Act to Replace The Builder's Lien Act*

Bill 37: *The Builders' Lien (Prompt Payment) Amendment Act, 2020* was introduced on October 21, 2020 to set timelines and rules for payments and liens in all construction industry sectors in Alberta.

Prior to Bill 37, Alberta had no rules for payment timelines in the construction industry, which meant these timelines were vague if not addressed in a contract, and the changes will:

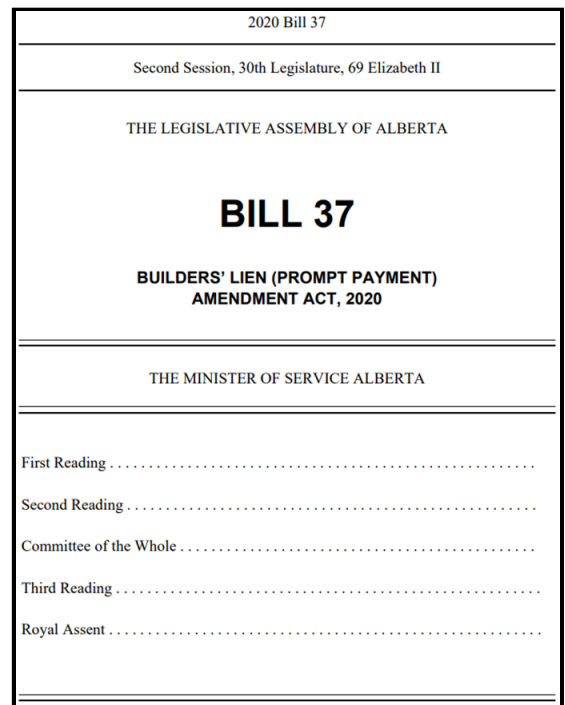
- a) Set a timeline of 28 days for payments to be received and amendments to the act will help ensure that contractors and subcontractors get paid on time.
- b) Prohibit 'pay-when-paid' clauses in construction contracts and contractors will not be able to withhold payment from their subcontractors on the basis that the contractor has not been paid.
- c) Extend timelines for registering liens from 45 days to 60 days in the construction industry and from 45 days to 90 days in the concrete industry.
- d) Increase the minimum amount owed that can be subject to a lien from \$300 to \$700.
- e) Allow dispute resolution through adjudication, which is said to be faster and less costly than going to court.
- f) Introduce new rules allowing holdback money on large, multi-year projects to be released without risk at pre-set times.
- g) Improve subcontractors' access to payment information.

If passed, Bill 37 will take effect on proclamation.

For further information, see <https://www.alberta.ca/introducing-prompt-payment-for-construction-industry.aspx>

Watch this space: Further Adjudication Awareness Bulletins will follow!

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