

From: AMO Communications

Sent: Monday, February 24, 2014 4:29:21 PM (UTC-05:00) Eastern Time (US & Canada)

To: O'Connor, M. Rick

Subject: AMO BREAKING NEWS - Bill 69

TO THE IMMEDIATE ATTENTION OF THE CLERK AND COUNCIL

February 24, 2014

***Prompt Payment Act, 2013* – Immediate Municipal Action Required**

Bill 69, *The Prompt Payment Act, 2013* has been referred to the Standing Committee on Regulations and Private Bills of the Ontario Legislature. Municipalities are urged to write to the members of the Standing Committee, the party leaders and their local MPPs. Following is a sample letter municipalities can use to voice their concerns.

The Prompt Payment Act, a Private Members Bill proposed by Liberal MPP Steven Del Duca will set strong limits on municipalities' freedom of contract for construction and infrastructure projects if it is passed without amendment. To ensure contractors and sub-contractors are paid quickly when they undertake work, the Act would:

- Amend all construction contracts to conform – no ability to negotiate payment terms;
- Eliminate any hold-back (including warranty and maintenance) beyond that allowed under the *Construction Liens Act* and allow one day to release that hold back;
- Not permit payments tied to contract or construction milestones;
- Require progress payments every 31 days or less;
- Deem payment applications as accepted within 10 days unless the payer provides written notice and full particulars;
- Payment applications can be based on services performed or materials delivered – or services and materials to be supplied;

- Allow suspension or termination of a contract if progress payments are not paid on time; and
- Allow contractors to request financial information regarding the construction owners' viability to undertake a project without limit.

Bill 69 provides for extremely short payment timelines that will not allow for appropriate review of work and certification of the payments process. The Bill could result in costly work stoppages and restarts and potential litigation to settle disputes.

AMO is requesting that Bill 69, *The Prompt Payment Act, 2013* be amended to allow municipalities to continue to exert prudent stewardship over public financial resources by:

- reflecting more realistic timelines for payments in infrastructure projects;
- allowing time for due diligence before accepting work and certifying payments;
and
- allow payments to continue to be tied to project milestones;