

Construction

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What was the most interesting development of 2025, and why?

Ontario's construction industry has experienced rapid growth over the past few years while navigating increased market risks caused by the implementation of stifling tariffs and other supply-chain issues. The most interesting development in 2025 was the continued introduction of legislative reform at both the provincial and federal levels, aimed at building more projects (and building them faster) by cutting red tape. The legislation passed in 2025 which sought to accelerate construction included:

- **Bill 60, Fighting Delays, Building Faster Act** – Bill 60 amends the *Construction Act* and the *Development Charges Act* to reduce regulatory and financial barriers for builders, enhance transparency and consistency across municipalities, and support rural and transit-oriented growth.

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➤ **Bill C-5, One Canadian Economy Act** – Bill C-5 promises to fast-track infrastructure projects deemed to be in the “national interest” by allowing cabinet to override existing laws, regulations, and guidelines to facilitate investment and the building of these projects. Bill C-5 shifts the focus from whether a project should be built to how to get the project built.

➤ **Bill 17, Protect Ontario by Building Faster and Smarter Act** – As its name suggests, Bill 17 aims to speed up developments by limiting municipalities’ gatekeeping role in the approval process, expanding the types of projects exempt from certain *Expropriations Act* provisions, and streamlining processes to create more consistent and predictable requirements across municipalities.

➤ **Amendments to the Ontario Building Code** – The new *Building Code Act* aims to reduce regulatory burdens for the construction industry, making it easier to build housing by streamlining processes for the sector and increasing harmonization with national construction codes.

What's the primary takeaway for businesses for this year?

The new year brought with it a new and improved *Construction Act*, with the amendments initially proposed in 2024 finally taking effect on January 1, 2026. The construction industry can expect some growing pains as we enter the transitional period. Some particularly important changes to be aware of include:

- **Enhanced Payment Practices** – As noted in our [2024 Construction Snapshot](#), the amended *Construction Act* requires all owners to make annual holdback payments in construction contracts lasting longer than one year.

➤ **Termination Notice Requirements** – Section 31 of the *Construction Act* has been amended to require parties to publish termination notices within seven days to preserve lien rights and to post them on one of the accepted public sites.

➤ **Lien Rights Do Not Expire Annually** – Bill 60 decoupled the annual holdback release from annual lien expiry. Lien preservation timelines will continue to operate as under the pre-2026 version of the *Construction Act*.

What's one trend you are expecting in 2026?

Given recent market pressure and ongoing legislative reform, we expect a shift from traditional project delivery models (e.g., design-build-finance-maintain) to more progressive design-build delivery models, including the increased use of pain-share/gain-share mechanisms in large construction contracts.

Although the uptick in alternative project delivery methods will be a welcome change for many, this shift will bring new challenges and will require construction industry participants to develop and adopt new claim strategies. The progressive design-build delivery model is relatively new to Canada, and it remains unclear how disputes under such contracts will play out. Organizations with projects governed by alternative project delivery models should seek early guidance (before disputes arise) to maximize the likelihood of successful outcomes.

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