



Contract Modernization

Good Faith

Alberta Infrastructure has listened to its industry partners. Our new, modernized Consulting Services contracts have added clarity and are better aligned with industry standard.

Disclaimer: This document is for information and context only. It is not legal advice and must not be used as a substitute for reviewing the applicable contract, legislation, or seeking professional legal counsel. Where interpretation is required, the executed contract and governing law prevail.

What we heard

Industry partners identified a need for greater certainty regarding how contractual discretion would be exercised and how issues arising during project delivery would be managed. Stakeholders sought clearer expectations around fairness, reasonableness, and collaboration when addressing challenges, making decisions, and resolving disagreements under the Agreement.

What changed

The updated agreement expressly incorporates Good Faith as a foundational contractual principle and establishes clear expectations for how both parties will exercise their rights, obligations, and discretion under the Agreement.

Key updates include:

- Introducing a clear definition of Good Faith that requires both parties to act honestly, reasonably, fairly, and in the spirit of mutual cooperation when performing their obligations under the Agreement.
- Confirming that, generally, contractual discretion, including instances where a party is entitled to exercise sole discretion, must be exercised in Good Faith and not arbitrarily or capriciously.
- Requiring both the Province and the Consultant to act in Good Faith in the performance of their contractual obligations.
- Incorporating Good Faith obligations into key contract administration processes, including Withholdings, Set-off discussions, dispute resolution, and the release of withheld amounts.
- Clarifying that Good Faith does not require either party to act against its own interests or waive contractual rights, but rather establishes expectations regarding how those rights will be exercised.

Why we made the change

Successful project delivery depends on more than clearly defined contractual rights and obligations. It also relies on open communication, reasonable decision-making, and a shared commitment to addressing issues as they arise.

The updated Good Faith provisions provide greater transparency regarding how the Province and consultants are expected to work together throughout the life of a project. By expressly defining Good Faith and applying it to key contract administration decisions, the Agreement promotes fairness, accountability, and constructive problem-solving while preserving each party's contractual rights and responsibilities. This approach supports stronger working relationships, more predictable contract administration, and more effective resolution of issues when they occur.