Laws passed today will put an end to “pay if paid” and “pay when paid” clauses in construction contracts.

Minister for Justice Dr Peter Toyne said the new construction contracts laws will ensure everyone gets paid in the construction chain.

“The Construction Contract Act will replace confusion with certainty and drawn out court cases can be bypassed by independent adjudication,” Dr Toyne said.

“A healthy construction sector is built on confidence and this Act provides the clarity needed for people to invest and work in the industry.

“Under the new laws the party commissioning construction work must pay for the work.

“The obligation to pay the sub-contractor cannot be made contingent on the contractor being paid.

“The failure to pay at any stage in the contracting chain can be disastrous for those further down the pecking order awaiting payment.

“Until now their only recourse was to go to court.

“The new laws will mean that a sub-contractor will be able to go to an adjudicator if they haven’t been paid.”

“The adjudication process will allow an experienced and independent adjudicator to review the claim.

“The process is kept simple and will therefore be cheap and accessible, even for small claims.

“If a party is not satisfied with the adjudication process, it retains its full rights to go to a Court,” Dr Toyne said.

“The building and construction industry is vital to the Territory economy.

These new laws are part of a package of reforms the government is making to the building industry.

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