

2025 KEY CONSTRUCTION LEGAL DEVELOPMENTS

If you work in the building and construction industry, this factsheet outlines the latest law changes that may impact your business. Recent amendments seek to protect homeowners and occupiers, prevent high-risk buildings, and ensure contractor compliance.

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SECURITY OF PAYMENT CHANGES FOR NSW



Section 8(2) of the *Security of Payment Act 1999* (NSW) now restricts progress payment claims for contractors who:

- do not hold a valid license as required by Section 4 of the Home Building Act; or
- contravene the insurance requirements for residential building work over \$20,000.

Additionally, contractors must operate according to Home Building Act requirements, including:

- entering written contracts detailing the scope of work and payment terms; and
- compliance with licensing and insurance requirements for residential building work.

Claimants and respondents can also request a determination review under a new adjudication review model. Please note:

- the retention funds threshold will drop from \$20 million to \$10 million;
- a homeowner's notice must accompany payment claims for owner-occupiers.
- adjudicators are now authorised to engage experts for investigation purposes.

Non-compliant contractors are also likely to have unsuccessful adjudication applications.

RECENT AMENDMENTS IN THE ACT



Recent amendments to the ACT include the fact that monthly payment claims are now a statutory right and can be made on or after contract termination. Additionally, the due date for payment is the earlier of 15 days after the payment claim and the date payable under the contract.

DBP ACT AND CLASS 3 AND 9C BUILDINGS



The *Design and Building Practitioners Act 2020* (NSW) will not apply to work altering, repairing or renovating existing class 3 or 9c buildings until 1 July 2025. This

- is a 12-month extension from the previous July 2024 deadline;
- applies to alteration, repair and renovation work; and
- gives the industry additional time to prepare for DBP scheme obligations.

AMENDED UNFAIR CONTRACT TERMS (UCTS)



The definition of standard form contracts and small business contracts have been expanded. It now includes:

- Australian Standard Contracts;
- consultancy agreements;
- supply agreements; and
- subcontractor agreements.

The revised penalties for corporations who use UCTs include the greater of:

- \$50 million; or
- three times the value your business obtained from the UCT.

STATUTORY DUTY OF CARE REGIME CHANGES



- The statutory duty of care has been extended.
- All builders, developers, and stakeholders involved in building construction owe a duty of care to successive land owners.
- You can limit your liability to the damage or loss caused.