

2 April 2020

MEDIA RELEASE

NECA calls on Attorney-General to introduce moratorium on 'Liquidated Damages' provisions

The National Electrical and Communications Association (NECA) is urging The Hon. Christian Porter, MP to urgently introduce a moratorium on 'Liquidated Damages' provisions within construction contracts to help prevent a potentially catastrophic impact to Australia's building and construction sector as a result of the COVID-19 crisis.

Suresh Manickam, CEO of NECA, said:

"Construction contracts will often include terms which require subcontractors to pay lead contractors a sum of money for a delay in the completion of projects, On many large projects, the risk associated with a delay is imposed on subcontractors who enter into one sided contracts as they have little or no bargaining power when it comes to amending the contractual terms.

"Given the current economic and social landscape associated with the COVID-19 crisis, the unfair and unreasonable position that subcontractors find themselves in has been further exacerbated, and has the potential to trigger a number of Liquidated Damages claims, which will be devastating for the building and construction industry.

"It is without exaggeration that the potential collapse of the building and construction industry is foreseeable unless government intervention is forthcoming.

"Government taking a lead role on this issue may save many SME's from the brunt of the fallout that is to follow from the COVID-19 pandemic - SME's are the subcontractors exposed to the majority of the Liquidated Damages risk.

NECA has written to The Hon. Christian Porter MP, seeking the introduction of a moratorium on 'Liquidated Damages' provisions within construction contracts, and for this to apply for at least the term of the Government's Staged Restrictions being imposed on communities and business.

NECA has also requested that any moratorium be equally applied to non-government funded projects, in a similar way as recent commercial tenancy principals and penalties.

A full copy of the letter can be downloaded [here](#).

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