



Construction Contracts Act 2002

Public Act 2002 No 46
Date of assent 26 November 2002
Commencement see section 2

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Note

The Parliamentary Counsel Office has made editorial and format changes to this version using the powers under subpart 2 of Part 3 of the Legislation Act 2019.

Note 4 at the end of this version provides a list of the amendments included in it.

This Act is administered by the Ministry of Business, Innovation, and Employment.

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1 Title

This Act is the Construction Contracts Act 2002.

2 Commencement

- (1) This Act comes into force on 1 April 2003, except for sections 65, 81, and 82.
- (2) Sections 65, 81, and 82 come into force on the day after the date on which this Act receives the Royal assent.

Part 1

Preliminary provisions

Purpose

3 Purpose

The purpose of this Act is to reform the law relating to construction contracts and, in particular,—

- (a) to facilitate regular and timely payments between the parties to a construction contract; and
- (b) to provide for the speedy resolution of disputes arising under a construction contract; and
- (c) to provide remedies for the recovery of payments under a construction contract.

Overview

4 Overview

In this Act,—

- (a) preliminary matters (for example, the interpretation and application of the Act) are set out in sections 5 to 12:
- (b) provisions invalidating any contractual clause that makes payment to any party to a construction contract conditional on the payer first receiving payment from someone else are set out in section 13:
- (c) provisions confirming that parties are free to agree on a mechanism for determining payments are set out in section 14:
- (d) default provisions relating to payments are set out in sections 15 to 18:
- (da) provisions relating to retentions are set out in sections 18A to 18I:
- (e) provisions establishing a procedure that allows a party to a construction contract to recover a payment by making a payment claim, and the party who is liable for that payment to respond by means of a payment schedule, are set out in sections 19 to 24:
- (f) provisions granting a party to a construction contract who is owed money a statutory right to suspend work until payment is made are set out in section 24A:
- (g) provisions relating to the adjudication of disputes are set out in sections 25 to 71:
- (h) provisions enabling an adjudicator's determination to be reviewed or enforced are set out in sections 71A to 78:
- (i) miscellaneous matters (for example, the method of service of notices) are set out in sections 79 to 82.

Section 4(c): amended, on 1 December 2015, by section 4(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 4(d): replaced, on 1 December 2015, by section 4(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 4(da): inserted, on 31 March 2017, by section 4(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 4(e): amended, on 1 December 2015, by section 4(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 4(f): replaced, on 1 December 2015, by section 4(4) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 4(g): replaced, on 1 December 2015, by section 4(4) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 4(h): replaced, on 1 December 2015, by section 4(4) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Interpretation

5 Interpretation

In this Act, unless the context otherwise requires,—

adjudication means an adjudication under this Act

adjudicator means an individual appointed in accordance with this Act to determine a dispute that has been referred to adjudication

arbitral tribunal has the meaning given it by section 2(1) of the Arbitration Act 1996

associate has the meaning set out in section 7

authorised nominating authority means a person authorised by the Minister under section 65 to nominate an adjudicator

chief executive means the chief executive of the department responsible for the administration of this Act

civil proceedings includes—

- (a) arbitral proceedings; and
- (b) for the purposes of sections 13 and 69, proceedings before an adjudicator under this Act

claimant means a party to a construction contract who refers a dispute to adjudication

claimed amount has the meaning set out in section 19

commercial construction contract means a contract for carrying out construction work in which none of the parties is a residential occupier of the premises that are the subject of the contract

construction contract—

- (a) means a contract for carrying out construction work; and
- (b) includes any variation to the construction contract; but

- (c) does not include a lease or licence under which a party undertakes to fit out, alter, repair, or reinstate the leased or licensed premises unless the principal purpose of the lease or licence is the carrying out of construction work

construction site means—

- (a) the land on which the claimant has been carrying out construction work under the relevant construction contract;
- (b) in relation to related services, the land or premises that are the subject of the contract

construction work or **work** has the meaning set out in section 6

contract price, in relation to a construction contract,—

- (a) means the total amount payable under the contract for carrying out the construction work to which the contract relates; and
- (b) includes, for the avoidance of doubt, any variations to that amount agreed to between the parties to the contract

court means—

- (a) the High Court; or
- (b) the District Court in any proceeding in which the amount claimed or in issue does not exceed the amount to which the jurisdiction of the District Court is limited in civil cases

customised components, in relation to a building or structure, means components that are specifically designed or modified for that particular building or structure

defendant means a party—

- (a) against whom an adjudication determination is made; and
- (b) against whom enforcement of the determination is sought

dispute means a dispute or difference that arises under a construction contract

dwellinghouse—

- (a) means any building that is occupied as a residence; and
- (b) includes any fence, gate, path, garage, shed, or other structure, amenity, or improvement that is an accessory to, and used wholly or mainly for the purposes of, the residence

land includes any estate or interest in land

Minister means the Minister of the Crown who, under the authority of any warrant or with the authority of the Prime Minister, is for the time being responsible for the administration of this Act

nominating body means a person (whether incorporated or not) who nominates adjudicators for the purposes of this Act

notice of adjudication means the notice referred to in section 28

owner means an owner of a construction site

payee has the meaning set out in section 19

payer has the meaning set out in section 19

payment claim is the claim referred to in section 20

payment schedule is the schedule referred to in section 21

plaintiff means a party—

- (a) in whose favour an adjudication determination is made; and
- (b) who seeks enforcement of the determination

premises, in relation to related services, includes intended premises

progress payment—

- (a) means a payment for construction work carried out under a construction contract that is in the nature of an instalment (whether or not of equal value) of the contract price for the contract; and
- (b) includes any final payment under the contract; but
- (c) does not include an amount that is, or is in the nature of, a deposit under the contract

related services means construction work of the kind referred to in section 6(1A)

residential occupier means an individual who is occupying, or intends to occupy, the premises that are the subject of a construction contract wholly or mainly as a dwellinghouse

respondent means a party to a construction contract against whom a claim is made in an adjudication

scheduled amount has the meaning set out in section 19

tribunal means—

- (a) an arbitral tribunal; or
- (b) the Disputes Tribunal established under section 4 of the Disputes Tribunal Act 1988

working day means a day of the week (irrespective of whether or not work is actually carried out on that day) other than—

- (a) a Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's birthday, Te Rā Aro ki a Matariki/Matariki Observance Day, and Labour Day; and
- (ab) if Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday; and
- (b) the day observed in the appropriate area as the anniversary of the province of which the area forms a part; and

- (c) for the purposes of sections 18, 22, 24A, 33, 35 to 37A, 46, 47, 59, and 66, a day in the period commencing on 24 December in any year and ending with the close of 5 January in the following year; and
- (d) for the purposes of sections 71B, 74, and 75, a day in the period commencing on 25 December in any year and ending with the close of 15 January in the following year.

Section 5 **chief executive**: inserted, on 1 December 2015, by section 5(8) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **construction contract** paragraph (a): replaced, on 1 December 2015, by section 5(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **construction site**: replaced, on 1 December 2015, by section 5(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **court** paragraph (b): amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

Section 5 **defendant**: replaced, on 1 December 2015, by section 5(4) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **plaintiff**: replaced, on 1 December 2015, by section 5(5) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **premises**: inserted, on 1 December 2015, by section 5(8) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **progress payment**: replaced, on 1 December 2015, by section 5(5) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **related services**: inserted, on 1 December 2015, by section 5(8) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **residential construction contract**: repealed, on 1 December 2015, by section 5(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **tribunal** paragraph (b): replaced, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

Section 5 **working day** paragraph (a): replaced, on 12 April 2022, by wehenga 7 o Te Ture mō te Hararei Tūmatanui o te Kāhui o Matariki 2022/section 7 of the Te Kāhui o Matariki Public Holiday Act 2022 (2022 No 14).

Section 5 **working day** paragraph (ab): inserted, on 1 January 2014, by section 8 of the Holidays (Full Recognition of Waitangi Day and ANZAC Day) Amendment Act 2013 (2013 No 19).

Section 5 **working day** paragraph (c): replaced, on 1 December 2015, by section 5(6) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 5 **working day** paragraph (d): amended, on 1 December 2015, by section 5(7) of the Construction Contracts Amendment Act 2015 (2015 No 92).

6 Meaning of construction work

- (1) In this Act, unless the context otherwise requires, **construction work** means any of the following work:
 - (a) the construction, erection, installation, carrying out, alteration, repair, restoration, renewal, maintenance, extension, demolition, removal, or dismantling of any building, erection, edifice, or structure forming, or to form, part of land (whether permanent or not and whether constructed wholly or partly on, above, or below ground level):

- (b) the construction, erection, installation, carrying out, alteration, repair, restoration, renewal, maintenance, extension, demolition, removal, or dismantling of any works forming, or to form, part of land; including—
 - (i) any road, motorway, aircraft runway, wharf, docks, harbour works, railway, cableway, or tramway:
 - (ii) any canal, inland waterway, pipeline, reservoir, aqueduct, water main, well, or sewer:
 - (iii) any electricity, water, gas, or telephone reticulation:
 - (iv) any telecommunication apparatus or industrial plant:
 - (v) any installation for the purposes of land drainage or coast protection:
 - (c) the installation in any building or structure of fittings forming, or to form, part of land; including heating, lighting, air conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection, security, and communications systems:
 - (d) the alteration, repair, maintenance, extension, demolition, or dismantling of the systems mentioned in paragraph (c):
 - (e) the external or internal cleaning of buildings and structures, so far as it is carried out in the course of their construction, erection, alteration, repair, restoration, or extension:
 - (f) any operation that forms an integral part of, or is preparatory to or is for rendering complete, work of the kind referred to in paragraphs (a) to (d); including—
 - (i) site clearance, earthmoving, excavation, tunnelling, and boring; and
 - (ii) laying foundations; and
 - (iii) erecting, maintaining, or dismantling scaffolding or cranes; and
 - (iv) prefabricating customised components of any building or structure, whether carried out on the construction site or elsewhere; and
 - (v) site restoration, landscaping, and the provision of roadways and other access works:
 - (g) the painting or decorating of the internal or external surfaces of any building or structure.
- (1A) **Construction work** includes—
- (a) design or engineering work carried out in New Zealand in respect of work of the kind referred to in subsection (1)(a) to (d) and (f):
 - (b) quantity surveying work carried out in New Zealand in respect of work of the kind referred to in subsection (1)(a) to (g).

- (2) Despite subsection (1), **construction work** does not include any of the following work:
- (a) drilling for or extracting oil or natural gas:
 - (b) extracting (whether by underground or surface working) minerals, including tunnelling or boring, or constructing underground works, for that purpose.

Section 6(1A): inserted, on 1 September 2016, by section 6 of the Construction Contracts Amendment Act 2015 (2015 No 92).

7 Meaning of associate

- (1) In this Act, person A is an **associate** of person B (and vice versa) if—
- (a) person A is a body corporate and person B is—
 - (i) a director of that body corporate; or
 - (ii) a related body corporate of that body corporate (within the meaning of section 12(2) of the Financial Markets Conduct Act 2013); or
 - (iii) a director of a related body corporate of that body corporate (within that same meaning); or
 - (b) person A is a spouse, civil union partner, de facto partner, child, or parent of person B; or
 - (c) *[Repealed]*
 - (d) person A is a partner, to whom the Partnership Law Act 2019 applies, of person B; or
 - (e) person A is a nominee or trustee for person B; or
 - (f) person A is a director of a company, or person A holds more than 10% of the control rights in the company, and person A and person B are parties to an agreement or arrangement relating to—
 - (i) the control of that company; or
 - (ii) more than 20% of the control rights in that company; or
 - (g) person A holds more than 20% of the control rights, or more than 20% of the equity return rights, in person B:
 - (h) person A and person B are bodies corporate, and another person holds more than 20% of the control rights, or more than 20% of the equity return rights, in each of person A and person B; or
 - (i) person B is the trustee of a trust acting in that capacity and person A is a settlor, beneficiary, or trustee, of that trust; or
 - (j) person A is a body corporate and person C holds more than 20% of the control rights, or more than 20% of the equity return rights, in person A and person B is the trustee of a trust acting in that capacity and person C is a settlor, beneficiary, or trustee, of that trust.

- (2) In subsection (1),—

business means any undertaking that is carried on whether for gain or reward or not

control right means a voting right attaching to a voting product

director, in relation to a body corporate, means a person occupying the position of director of the body corporate by whatever name called

equity return rights, in relation to a business, means that a person has a right or entitlement or expectancy to receive equity returns, directly or indirectly, of the business

equity returns means—

- (a) profits of the business; or
- (b) distributions from the business; or
- (c) other equity returns from the business

expectancy means, in relation to a business or any other person,—

- (a) an expectancy or a contingent or unvested right to equity returns of the business or person; or
- (b) a right to equity returns of the business or person that does not confer on the holder a certain or defined share of the equity returns available to all or to any class of persons having equity return rights in the business or person

person includes the trustees of a trust acting in that capacity.

- (3) For the purposes of this section, a person has a control right if the person would have a relevant interest, under sections 235 to 238 of the Financial Markets Conduct Act 2013, in the voting products that confer that right,—

- (a) if voting product, in relation to a body, meant a financial product of the body that confers a right to vote at meetings of members (whether or not there is any restriction or limitation on the number of votes that may be cast by, or on behalf of, the holder of the financial product); and included a financial product that, in accordance with the terms of the financial product, is convertible into a financial product of that kind; and
- (b) if references in those sections to a number or percentage of voting products were references to the number or percentage of the votes conferred by those financial products.

- (4) In subsection (3), **financial product** has the same meaning as in section 7 of the Financial Markets Conduct Act 2013.

Section 7(1)(a)(ii): amended, on 1 December 2014, by section 150 of the Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70).

Section 7(1)(b): amended, on 26 April 2005, by section 7 of the Relationships (Statutory References) Act 2005 (2005 No 3).

Section 7(1)(c): repealed, on 26 April 2005, by section 7 of the Relationships (Statutory References) Act 2005 (2005 No 3).

Section 7(1)(d): amended, on 21 April 2020, by section 86 of the Partnership Law Act 2019 (2019 No 53).

Section 7(2) **control right**: amended, on 1 December 2014, by section 150 of the Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70).

Section 7(3): replaced, on 1 December 2014, by section 150 of the Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70).

Section 7(4): inserted, on 1 December 2014, by section 150 of the Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70).

Application

8 Act binds the Crown

This Act binds the Crown.

9 When Act applies: general

Subject to sections 11 and 11A, this Act applies to every construction contract (whether or not governed by New Zealand law) that—

- (a) relates to carrying out construction work in New Zealand; and
- (b) is either—
 - (i) entered into on or after the date of commencement of this Act; or
 - (ii) entered into before the date of commencement of this Act and that is renewed for a further term on or after that date (except that this Act has effect only in relation to obligations that are incurred or undertaken on or after that date); and
- (c) is written or oral, or partly written and partly oral.

Section 9: amended, on 1 December 2015, by section 7 of the Construction Contracts Amendment Act 2015 (2015 No 92).

10 When Act applies: residential construction contracts

[Repealed]

Section 10: repealed, on 1 December 2015, by section 8 of the Construction Contracts Amendment Act 2015 (2015 No 92).

11 When Act does not apply

This Act does not apply to—

- (a) a construction contract under which a party undertakes to carry out construction work as an employee (within the meaning of section 6 of the Employment Relations Act 2000) of the party for whom the work is to be carried out;
- (b) a construction contract to the extent that it contains—
 - (i) provisions under which a party undertakes to carry out construction work as a condition of a loan agreement with any person; or

- (ii) provisions under which a party undertakes—
 - (A) to lend money or to repay money lent; or
 - (B) to guarantee payment of money owing or repayment of money lent; or
 - (C) to provide an indemnity for construction work carried out under the construction contract; or
- (iii) provisions under which a party undertakes to carry out construction work as a condition of an agreement for the sale and purchase of second-hand chattels, fixtures, or fittings; or
- (iv) provisions under which a party undertakes to carry out services—
 - (A) that are for the operation or management of any building or structure or any other part of any land; and
 - (B) that are not, and do not relate to, construction work.

Section 11(b)(ii)(C): amended, on 1 December 2015, by section 9(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 11(b)(iii): inserted, on 1 December 2015, by section 9(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 11(b)(iv): inserted, on 1 December 2015, by section 9(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Transitional, savings, and related provisions

Heading: inserted, on 5 October 2023, by section 13 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

11A Application of this Act: savings provisions relating to Construction Contracts Amendment Act 2015

- (1) The amendments made to this Act on 1 December 2015 by the Construction Contracts Amendment Act 2015 do not apply to a construction contract that was entered into before 1 December 2015, unless—
 - (a) the contract is renewed for a further term on or after 1 December 2015; or
 - (b) the parties agree that the amendments will apply.
- (2) Section 6(1A) does not apply to a construction contract that was entered into before 1 September 2016 unless—
 - (a) the contract is renewed for a further term on or after 1 September 2016 (in which case that section applies only in relation to those obligations that are incurred or undertaken on or after 1 September 2016); or
 - (b) the parties agree that section 6(1A) will apply.
- (3) Subpart 2A of Part 2 (which relates to retention money) does not apply to a construction contract that was entered into before 31 March 2017 unless—

- (a) the contract is renewed for a further term on or after 31 March 2017 (in which case that subpart applies only in relation to retention money withheld during the further term); or
- (b) the parties agree that subpart 2A will apply.

Section 11A: inserted, on 1 December 2015, by section 10 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 11A(2): inserted, on 1 September 2016, by section 11 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 11A(3): inserted, on 31 March 2017, by section 146 of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

11B Transitional, savings, and related provisions

The transitional, savings, and related provisions set out in Schedule 1 have effect according to their terms.

Section 11B: inserted, on 5 October 2023, by section 14 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

No contracting out

12 No contracting out of Act

This Act has effect despite any provision to the contrary in any agreement or contract.

Part 2 Payments

Subpart 1—Prohibition of conditional payment provisions of construction contracts

13 Conditional payment provisions ineffective

- (1) A conditional payment provision of a construction contract has no legal effect and accordingly—
 - (a) is not enforceable in any civil proceedings; and
 - (b) may not be used as a basis for withholding payments that are due and payable under the contract.
- (2) In this section,—

amount owed, in relation to a construction contract, means either the whole or part of any amount of money owing for construction work that has already been carried out under the contract

conditional payment provision of a construction contract means a provision of the contract—

- (a) that makes the obligation of one party (**party A**) to pay an amount owed to another party (**party B**) conditional on party A receiving payment from a further party (**party C**); or
- (b) that makes the due date for payment of an amount owed by party A to party B contingent on the date on which party A receives payment from party C; or
- (c) that is commonly referred to in the construction industry as a “pay when paid” or “pay if paid” clause of a construction contract; or
- (ca) that is of a kind described in section 18I(1)(a); or
- (d) that is of a prescribed kind (if any).

Section 13(1)(b): amended, on 1 December 2015, by section 12(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 13(2) **conditional payment provision of a construction contract** paragraph (ca): inserted, on 1 December 2015, by section 12(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Subpart 2—Payment provisions

Subpart 2 heading: replaced, on 1 December 2015, by section 13 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Parties may agree on express terms for payments

Heading: amended, on 1 December 2015, by section 14 of the Construction Contracts Amendment Act 2015 (2015 No 92).

14 Parties free to agree on payment provisions in construction contract

- (1) The parties to a construction contract are free to agree between themselves on a mechanism for determining—
 - (a) the number of payments under the contract:
 - (b) the interval between those payments:
 - (c) the amount of each of those payments:
 - (d) the date when each of those payments becomes due.
- (2) To avoid doubt, the parties to a construction contract may expressly agree to a single payment under subsection (1)(a).

Section 14 heading: amended, on 1 December 2015, by section 15(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 14(1)(a): amended, on 1 December 2015, by section 15(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 14(2): inserted, on 1 December 2015, by section 15(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Default provisions for payments in absence of express terms

Heading: amended, on 1 December 2015, by section 16 of the Construction Contracts Amendment Act 2015 (2015 No 92).

15 Application of sections 16 to 18

If the parties to a construction contract fail to agree on a mechanism for determining any of the matters referred to in section 14, the relevant provisions of sections 16 to 18 apply to the extent that those provisions relate to any matter for which a mechanism has not been agreed on between the parties.

16 Right to progress payments

A party who has agreed to carry out construction work under a construction contract has the right to progress payments calculated in accordance with section 17.

17 Amount of progress payment

- (1) The amount of a progress payment must be calculated by reference to—
 - (a) the relevant period for that payment; and
 - (b) the value of the construction work carried out, or to be carried out, during that period; and
 - (c) any relevant provisions in the construction contract (including, without limitation, provisions relating to the retention of money or liquidated damages).
- (2) For the purposes of subsection (1)(a), the relevant period for a progress payment under a construction contract is—
 - (a) the period commencing on the day of the month on which construction work was first carried out under the contract and ending on the last day of that month (the **first period**); and
 - (b) each month after the first period.
- (3) For the purposes of subsection (1)(b), the value of construction work must be calculated with regard to—
 - (a) the contract price for the work; and
 - (b) any other rates or prices set out in the contract; and
 - (c) any variation to the construction work authorised under the contract; and
 - (d) if any work is defective, the estimated cost of rectifying the defect.
- (4) If the contract does not expressly provide for the matters referred to in subsection (3)(a) and (b), the value of construction work must be calculated with regard to—
 - (a) the reasonable value of the work; and

- (b) the reasonable value of any variation to the construction work authorised under the contract; and
- (c) if any work is defective, the estimated cost of rectifying the defect.

18 Due date for payment

A payment (as that term is defined in section 19) under a construction contract becomes due and payable on the date occurring 20 working days after a payment claim is served under section 20 in relation to the payment.

Section 18: amended, on 1 December 2015, by section 17 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Subpart 2A—Retention money

Subpart 2A: inserted, on 31 March 2017, by section 18 of the Construction Contracts Amendment Act 2015 (2015 No 92).

18A Interpretation

In this subpart,—

complying instrument has the meaning set out in section 18FB

party A and **party B** have the meanings set out in section 18B(1) or (5)

protected amount, in relation to a complying instrument, means the amount of retention money held by party A for party B that is protected by the instrument

registered bank has the same meaning as in section 2(1) of the Banking (Prudential Supervision) Act 1989

retention money has the meaning set out in section 18B(2) or (6)(a)

retention money trust means a trust created by section 18C under which party A (or a replacement trustee) holds retention money for party B.

Section 18A: replaced, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18B Application of subpart and meaning of retention money

- (1) This subpart applies if a commercial construction contract allows one party to the contract (**party A**) to withhold payment of an amount (a **retainable amount**) that would otherwise be payable to another party (**party B**) as security for the performance of party B's obligations under the contract.
- (2) A retainable amount becomes **retention money** at the time at which the construction contract allows party A to withhold payment of the amount from party B.
- (3) The retainable amount becomes retention money in accordance with subsection (2) whether or not party A—
 - (a) has withheld any amount from party B:
 - (b) has complied with section 18D:

- (c) has calculated the retainable amount (as long as it is capable of being calculated);
 - (d) has prepared, or given to party B, a payment schedule or other record of an amount being withheld;
 - (e) has paid any amount owing to party B under the contract.
- (4) Despite subsection (2), a retainable amount does not become retention money if—
 - (a) party A chooses not to retain the amount and has paid it to party B; or
 - (b) the total retainable amount under the contract is less than the de minimis amount prescribed in regulations.
- (5) This subpart also applies if one party to a commercial construction contract (**party A**) withholds payment of an amount that would otherwise be payable to another party (**party B**) as security for the performance of party B's obligations under the contract even though the contract does not provide for that.
- (6) In that case,—
 - (a) the withheld amount referred to in subsection (5) becomes **retention money** when it is withheld; and
 - (b) a reference in this subpart to retention money retained under a contract includes retention money retained in connection with the contract referred to in that subsection.

Section 18B: replaced, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18C Retention money is held on trust

- (1) Retention money is trust property, held on trust by party A for party B, and party A must deal with it in accordance with this subpart.
- (2) The trust is created, by operation of this section, when the amount becomes retention money under section 18B(2) or (6)(a).
- (3) Retention money ceases to be trust property when 1 or more of the following applies to it:
 - (a) it is paid to party B;
 - (b) party B, in writing, gives up any claim to it;
 - (c) it is used to remedy defects in the performance of party B's obligations under the construction contract, but only if—
 - (i) the use of the money for that purpose is permitted by the contract; and
 - (ii) any provisions of the contract relating to the use of the retention money are complied with; and
 - (iii) at least 10 working days before using the money for that purpose, party A gives party B written notice setting out—

- (A) party A's intention to use the retention money for that purpose; and
 - (B) details of the defects to be remedied:
- (d) it otherwise ceases to be payable to party B.
- (4) To avoid doubt,—
 - (a) if party A holds retention money for 2 or more persons (each being party B), the retention money held for each of them is the subject of a separate trust; and
 - (b) the retention money is trust property whether or not party A complies with this subpart; and
 - (c) all of the rules of the common law and equity relating to trusts apply to the trust, party A as trustee, the retention money as trust property, and any other person dealing with the trust property (except to the extent that this subpart provides otherwise).

Section 18C: replaced, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18D How retention money must be kept and used

- (1) Party A must deposit retention money into a bank account that complies with section 18E as soon as practicable after it becomes retention money under section 18B(2) or (6)(a).
- (2) Party A must keep the retention money in a bank account that complies with section 18E until it ceases to be trust property under section 18C(3).
- (3) Despite subsections (1) and (2), party A is not required to deposit retention money into a bank account, or keep it in a bank account, to the extent that there is a complying instrument in force in relation to the payment of an equivalent amount to party B.
- (4) If retention money ceases to be trust property under section 18C(3)(b), (c), or (d), party A may pay the money to any person who is lawfully entitled to it.
- (5) Interest earned on retention money is not part of the retention money and is the property of party A (unless the construction contract provides otherwise or section 18G applies).

Section 18D: replaced, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18DA Failure to keep retention money as required

- (1) If party A fails to comply with section 18D,—
 - (a) party A commits an offence and is liable on conviction to a fine not exceeding \$200,000 for each offence; and

- (b) if party A is a body corporate, each of its directors also commits an offence and is liable on conviction to a fine not exceeding \$50,000 for each offence.
- (2) It is a defence to a charge under subsection (1) if the defendant proves—
 - (a) that party A took all reasonable steps to ensure that party A complied with section 18D; or
 - (b) if the defendant is a director, that they took all reasonable steps to ensure that party A complied with that provision.
- (3) It is a defence to a charge under subsection (1) of using retention money in contravention of section 18D(2) if the defendant proves that they acted in good faith and honestly and reasonably believed that the use of the money was permitted by section 18C(3)(c).
- (4) In this section, **director** means a person who is a director (as defined in section 6(1) of the Financial Markets Conduct Act 2013), but not—
 - (a) a member (as defined in section 5(1) of the Local Government Act 2002); or
 - (b) a receiver or liquidator who is a new trustee under section 18K.

Section 18DA: inserted, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

Retention money: held on trust

[Repealed]

Heading: repealed, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18E Bank account

- (1) A bank account for the purposes of section 18D(1) must—
 - (a) be at a registered bank in New Zealand; and
 - (b) comply with subsection (2) or (3).
- (2) A bank account complies with this subsection if—
 - (a) the account holder is party A in their capacity as trustee of the retention money; and
 - (b) the account is used solely for the purpose of holding retention money (and any interest earned on it even though, under section 18D(5), it is not retention money) that is held by party A—
 - (i) for party B under a particular construction contract; or
 - (ii) for party B under 2 or more construction contracts; or
 - (iii) for 2 or more persons (each being a party B) for whom party A holds retention money under 1 or more construction contracts; and

- (c) party A has informed the bank that the account is for the purpose of holding retention money that party A holds on trust under this Act.
- (3) A bank account complies with this subsection if—
 - (a) it is a bank account ordinarily used to hold trust money; and
 - (b) the account holder is—
 - (i) a practitioner or an incorporated firm (both as defined in section 6 of the Lawyers and Conveyancers Act 2006); or
 - (ii) the Public Trust (as defined in section 4 of the Public Trust Act 2001); or
 - (iii) a trustee company (as defined in section 2 of the Trustee Companies Act 1967); or
 - (iv) a chartered accountant (as defined in section 2 of the New Zealand Institute of Chartered Accountants Act 1996); or
 - (v) a person holding a licence under the Auditor Regulation Act 2011 or a registered audit firm (as defined in section 6(1) of that Act); or
 - (vi) in a case where party A is a council-controlled organisation (as defined in section 6 of the Local Government Act 2002), a local authority that holds shares in, controls, or has a right to appoint directors of that organisation; or
 - (vii) a person of a kind prescribed by regulations; and
 - (c) party A informs the account holder that the money to be held in the account is retention money that party A holds on trust under this Act.
- (4) If subsection (2)(b)(ii) or (iii) or (3) applies, the records required by section 18FC must include separate ledger records for each party B, and in relation to each construction contract, for which money is held in the account.
- (5) Each ledger record must identify the party B and construction contract to which it relates.
- (6) Each payment into or out of the bank account must be recorded in the ledger record for the party B and construction contract to which the payment relates.

Section 18E: replaced, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18EA Treatment of unallocated withdrawals or deposits

- (1) This section applies if retention money held by party A for 2 or more party Bs is (or is recorded in the ledger records as being) kept in the same bank account.
- (2) If—
 - (a) retention money is withdrawn from the bank account; and
 - (b) the ledger records do not record which party B the withdrawal is attributable to; and

- (c) it is not otherwise clear from the circumstances which party B the withdrawal is attributable to,—
the amount withdrawn is to be apportioned between the party Bs in proportion to their respective balances in the ledger records at the time the withdrawal is made.
- (3) If—
- (a) there is a deficiency in the amount of retention money held in the bank account for 1 or more of the party Bs; and
- (b) an amount is deposited into the bank account; and
- (c) the ledger records do not record which of those party Bs the deposit is attributable to; and
- (d) it is not otherwise clear from the circumstances which party B the deposit is attributable to,—
the amount deposited is to be apportioned between the party Bs referred to in paragraph (a) in proportion to their respective balances in the ledger records at the time the deposit is made.
- (4) If the ledger records have not been kept as required by section 18E, the references in subsections (2) and (3) to the balances in those records are taken to be references to what those balances would have been had the ledger records been correctly kept until the withdrawal or deposit in question was made.
- (5) In this section, **ledger records** means the ledger records that party A is required by section 18E(4) to keep in relation to the bank account.

Section 18EA: inserted, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18F Public Finance Act 1989 applies if party A is the Crown

If party A is the Crown,—

- (a) the retention money must be held and dealt with in accordance with Part 7 of the Public Finance Act 1989 (which deals with trust money); and
- (b) sections 18D(1), (2), and (3), 18E, and 18FB do not apply.

Section 18F: replaced, on 5 October 2023, by section 4 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18FA Protection of retention money

Without limiting section 18C(4)(b), retention money—

- (a) is not available for the payment of debts of any creditor of party A (other than party B):
- (b) is not liable to be attached or taken in execution under the order or process of any court at the instance of any creditor of party A (other than party B).

Compare: 2006 No 1 s 113(1)

Section 18FA: inserted, on 31 March 2017, by section 152 of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 18FA: amended, on 5 October 2023, by section 5 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

Retention money: payment protected by complying instrument

[Repealed]

Heading: repealed, on 5 October 2023, by section 6 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18FB Complying instruments

- (1) Subsections (2) to (4) set out what is required for an instrument in order for party A to rely, and continue to rely, on section 18D in relation to an amount of retention money.
- (2) The issuer of the instrument must be—
 - (a) a licensed insurer:
 - (b) a registered bank:
 - (c) any other person, who is not an associate of party A, prescribed or within a class prescribed in regulations.
- (3) The instrument must—
 - (a) be issued in favour of, or endorsed with the interests of,—
 - (i) party B; or
 - (ii) party B and 1 or more other persons (each being a party B under a construction contract); or
 - (iii) a class of persons (all being party Bs under construction contracts) of which party B is a member; and
 - (b) require the issuer to pay the retention money to party B if party A fails to pay that money on the date on which it is payable under the construction contract; and
 - (c) enable party B to enforce that promise against the issuer; and
 - (d) comply with any requirements that are prescribed in regulations and that apply in respect of the instrument.
- (4) The premium or other money that is payable, or that may become payable, to the issuer for the instrument must have been fully paid by party A and all terms and conditions must have been satisfied so that the instrument is, and remains, in effect.
- (5) An instrument may be of any kind (for example, insurance, a bond, or a guarantee) as long as it complies with the requirements in subsections (2) to (4).
- (6) Nothing in subsection (3)(b) or (c) prevents the instrument from containing reasonable terms and conditions that relate to the manner or time in which party B must submit a claim.

- (7) Regulations for the purpose of this section may, without limitation,—
- (a) apply for all instruments or for classes of instruments (and a class of instrument may be defined by reference to a construction contract or class of construction contract, including a contract entered into or renewed on or after a specified date):
 - (b) include minimum or prohibited terms and conditions for instruments (including terms and conditions that relate to the manner or time in which party B must submit a claim):
 - (c) prescribe forms for instruments.
- (8) In this section,—

licensed insurer has the same meaning as in section 6(1) of the Insurance (Prudential Supervision) Act 2010.

Section 18FB: inserted, on 31 March 2017, by section 152 of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 18FB(3)(a): replaced, on 5 October 2023, by section 7(1) of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

Section 18FB(8) **registered bank**: repealed, on 5 October 2023, by section 7(2) of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

Further provisions

[Repealed]

Heading: repealed, on 5 October 2023, by section 8 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18FC Accounts and records

- (1) Party A must keep accounting and other records of all retention money held for party B.
- (2) The records must—
- (a) include details of—
 - (i) all bank accounts in which retention money is held for party B (*see* subsection (3)); and
 - (ii) if party A relies on section 18D(3), all complying instruments that relate to party B (*see* subsection (4)); and
 - (b) be appropriate, having regard to the amount of retention money and the circumstances of the case; and
 - (c) include any other information required by regulations; and
 - (d) be kept in a way that complies with any requirements specified in regulations.
- (3) If party A keeps any of the retention money in a bank account, the records must—

- (a) identify the bank account as an account in which retention money is held for party B; and
 - (b) identify the construction contracts under which that money is retained; and
 - (c) include details of all payments into and out of the account; and
 - (d) if the bank account holds retention money for any other party B, record that fact; and
 - (e) comply with section 18E(4) to (6) (if applicable).
- (4) If party A relies on section 18D(3), the records must include—
 - (a) a copy of all complying instruments that relate to party B; and
 - (b) for each instrument,—
 - (i) a record of party B's interest in the instrument, including the protected amount; and
 - (ii) if the instrument also relates to 1 or more other persons (as permitted by section 18FB(3)(a)(ii) and (iii)),—
 - (A) for each of those persons, the information specified in subparagraph (i); and
 - (B) the total of all protected amounts under the instrument; and
 - (iii) if the issuer's liability under the instrument is limited, details of that limitation; and
 - (iv) evidence that the premium or other money that is, or that may become, payable to the issuer for the instrument has been fully paid by party A; and
 - (v) a record of any failure to comply with the terms and conditions of the instrument.
- (5) Party A must make the accounting and other records required by this section in relation to retention money held for party B available for inspection by party B at all reasonable times and without charge.
- (6) If party A fails to comply with this section, party A commits an offence and is liable on conviction to a fine not exceeding \$50,000 for each offence.

Section 18FC: replaced, on 5 October 2023, by section 9 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18FD Party A must report on retention money

- (1) Party A must give the information required by subsection (2) to party B—
 - (a) as soon as practicable after an amount becomes retention money; and
 - (b) at least once in every 3 months until the retention money trust ends under section 18C(3).
- (2) The required information is—

- (a) each amount retained, the construction contract under which it is retained, and the date of its retention; and
 - (b) the total amount of retention money held by party A for party B under each construction contract between party A and party B; and
 - (c) the account details for any bank account in which any of the retention money is held; and
 - (d) if party A relies on section 18D(3), the instrument details for each complying instrument that relates to party B; and
 - (e) a statement that party B may inspect the accounts and records that party A is required by section 18FC to keep in relation to retention money held for party B; and
 - (f) any other information specified in regulations.
- (3) The **account details** for a bank account are,—
 - (a) if the account holder is party A,—
 - (i) the name of the bank and the branch at which the account is held; and
 - (ii) the name of the account; and
 - (b) if the account holder is not party A,—
 - (i) the name of the account holder; and
 - (ii) the category of account holder under section 18E(3)(b) that the account holder belongs to; and
 - (c) the balance in the bank account that is held for party B; and
 - (d) if separate ledger records are required under section 18E(4), the name of each ledger record relating to party B and the balance in that ledger record.
- (4) The **instrument details** for a complying instrument are the following:
 - (a) the name of the issuer:
 - (b) sufficient information to identify the instrument (such as a policy number or other unique identifier):
 - (c) the protected amount.
- (5) Party A must also give any other information specified in regulations to party B at other times specified in the regulations.
- (6) Party A must not give information under this section that is false or misleading.
- (7) If party A fails to comply with this section, party A commits an offence and is liable on conviction to a fine not exceeding \$50,000 for each offence.

Section 18FD: inserted, on 5 October 2023, by section 9 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18G Interest on late payment

- (1) Interest on retention money is payable to party B from the date on which it is payable under the construction contract until the date on which it is paid.
- (2) The interest referred to in subsection (1) accrues at the rate prescribed in regulations or any higher rate specified in the construction contract.

Section 18G: inserted, on 31 March 2017, by section 18 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 18G(1): amended, on 31 March 2017, by section 153 of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

Section 18G(2): replaced, on 5 October 2023, by section 10 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18H Protection of retention money

[Repealed]

Section 18H: repealed, on 31 March 2017, by section 154 of the Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12).

18I Prohibited provisions

- (1) Any term in a construction contract is void that purports to—
 - (a) make the payment of retention money conditional on anything other than the performance of party B's obligations under the contract; or
 - (b) make the date on which payment of retention money is payable later than the date on which party B has performed all of its obligations under the contract to the standard agreed under the contract; or
 - (c) require party B to pay any fees or costs for administering retention money or any bank account or instrument held for the purposes of this subpart.
- (2) Any provision in a construction contract is void if the purpose, or one of the purposes, of the provision is to avoid the application of any of the provisions of this subpart.

Section 18I: inserted, on 31 March 2017, by section 18 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 18I(1)(c): amended, on 5 October 2023, by section 11 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18J Effect of receivership or liquidation of party A

- (1) This section applies if—
 - (a) a receiver (as defined in section 2(1) of the Receiverships Act 1993) is appointed in respect of all or substantially all of the assets and undertaking of party A; or
 - (b) a liquidator is appointed under the Companies Act 1993 for party A.
- (2) When the receiver or liquidator is appointed,—

- (a) party A ceases to be trustee of the retention money trust; and
 - (b) the receiver or liquidator (or each of them if there is more than 1) becomes trustee of the retention money trust.
- (3) However, this section does not apply if party A has already been replaced as trustee.

Section 18J: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18K Receiver or liquidator as trustee

- (1) A person who becomes trustee of a retention money trust under section 18J or 18L (the **new trustee**) must collect, manage, and disburse the retention money in the same way as party A is required by this Act to do.
- (2) For the purpose of doing so, the new trustee has (in addition to their powers and duties as a trustee),—
 - (a) if they are a receiver, all of the powers and duties that they have in their capacity as receiver; or
 - (b) if they are a liquidator, all of the powers and duties of a liquidator under Schedule 6 of the Companies Act 1993.
- (3) The new trustee is entitled to have their reasonable fees and costs met from the retention money trust.
- (4) The High Court may, on application by party B or the new trustee, review or fix the new trustee's fees and costs and make such orders in relation to them as the court considers appropriate.
- (5) The new trustee must—
 - (a) notify party B of their appointment within 10 working days of becoming trustee; and
 - (b) give to party B all of the information that the person, in their capacity as receiver or liquidator, gives to unsecured creditors of party A when it is given to those creditors.
- (6) The new trustee is not liable for any unlawful or improper action taken by party A or any other person in their capacity as trustee of the retention money trust before the new trustee became trustee.

Section 18K: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18L Change of trustee

- (1) The High Court may, on application, remove or replace a receiver or liquidator as trustee of the retention money trust if it considers it appropriate to do so.
- (2) An application may be made by a receiver or liquidator who is a trustee of the retention money trust or by party B.

- (3) If a receiver or liquidator is the only trustee of the trust and is not willing or able to continue as trustee, they must apply to the court for the appointment of a replacement.
- (4) If a receiver or liquidator who is a trustee of the retention money trust is replaced as receiver or liquidator by another person, that other person becomes trustee of the retention money trust in place of the previous receiver or liquidator.

Section 18L: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

Enforcement of retention money provisions

Heading: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18M Functions of chief executive

The chief executive has the following functions in relation to this subpart:

- (a) to disseminate information and provide educational programmes on matters relating to this subpart:
- (b) to publish guidance information on the requirements of this subpart:
- (c) to monitor compliance with this subpart:
- (d) to take enforcement action (including taking proceedings for offences) if the chief executive considers that it is desirable to do so—
 - (i) to enforce compliance with this subpart; or
 - (ii) to establish or clarify any matter of principle relating to this subpart or the interpretation of any provision of this subpart:
- (e) to provide advice to the Minister in relation to this subpart and to matters relating to retention money generally:
- (f) to carry out any other functions and duties specified in this subpart:
- (g) to take all necessary steps for the implementation and administration of this subpart:
- (h) to carry out any functions that are incidental and related to, or consequential upon, the functions set out in paragraphs (a) to (g).

Section 18M: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18N Power to require information

- (1) The chief executive may require any person to provide any information or document that the chief executive considers is reasonably necessary for the purposes of monitoring, investigating, or enforcing compliance with this subpart.
- (2) The chief executive must give written notice to the person that specifies—

- (a) the information or document that must be provided; and
 - (b) how the information or document must be provided; and
 - (c) a reasonable deadline by which the information or document must be provided.
- (3) The chief executive may copy or retain any information or document provided.
- (4) The recipient of a notice has the same privileges in relation to things required by the notice as a witness has in proceedings before a court.

Guidance note

The privileges of a witness include the privilege against self-incrimination and the other privileges set out in subpart 8 of Part 2 of the Evidence Act 2006.

Section 18N: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18O Offences relating to information and documents

- (1) A person given a notice under section 18N must provide the information or document as required by the notice.
- (2) A person who intentionally fails to comply with subsection (1)—
 - (a) commits an offence; and
 - (b) is liable on conviction,—
 - (i) in the case of an individual, to a fine not exceeding \$50,000;
 - (ii) in the case of a body corporate, to a fine not exceeding \$200,000.
- (3) A person given a notice under section 18N must not provide information or a document if the person knows that—
 - (a) the information or document is false or misleading in a material particular; or
 - (b) there is a material omission from the information or document.
- (4) A person who fails to comply with subsection (3)—
 - (a) commits an offence; and
 - (b) is liable on conviction,—
 - (i) in the case of an individual, to a fine not exceeding \$50,000;
 - (ii) in the case of a body corporate, to a fine not exceeding \$200,000.

Section 18O: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18P Power of entry

- (1) The chief executive or a person authorised by the chief executive may apply for a search warrant in respect of any place.
- (2) The application must be made in accordance with subpart 3 of Part 4 of the Search and Surveillance Act 2012.

- (3) An issuing officer may issue a search warrant in respect of the place if satisfied that there are reasonable grounds—
 - (a) to suspect that an offence against this subpart has been, is being, or will be committed; and
 - (b) to believe that there is evidential material in the place.
- (4) The provisions of Part 4 of the Search and Surveillance Act 2012 (except sections 118 and 119) apply.
- (5) In this section, **evidential material** and **issuing officer** have the same meanings as in section 3(1) of the Search and Surveillance Act 2012.

Section 18P: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

18Q Hindering chief executive

- (1) A person must not obstruct, hinder, or resist the chief executive or a person authorised under section 18P in the execution of their powers under this subpart.
- (2) However, the person has the same privileges in relation to things required by the notice as a witness has in proceedings before a court.

Guidance note

The privileges of a witness include the privilege against self-incrimination and the other privileges set out in subpart 8 of Part 2 of the Evidence Act 2006.

- (3) A person who intentionally contravenes subsection (1)—
 - (a) commits an offence; and
 - (b) is liable on conviction,—
 - (i) in the case of an individual, to a fine not exceeding \$50,000;
 - (ii) in the case of a body corporate, to a fine not exceeding \$200,000.

Section 18Q: inserted, on 5 October 2023, by section 12 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

Subpart 3—Procedure for making and responding to payment claims

19 Interpretation

In this subpart, unless the context otherwise requires,—

claimed amount means an amount of a payment, specified in a payment claim, that the payee claims to be due

payee means the party to a construction contract who is entitled to a payment

payer means the party to a construction contract who is liable for that payment

payment means—

- (a) a progress payment for construction work carried out under a construction contract; or

- (b) another type of payment under a construction contract to which a party who has agreed to carry out construction work under the contract is entitled for, or in relation to, construction work carried out by that party under the contract

scheduled amount means an amount of a payment specified in a payment schedule that the payer proposes to pay to the payee in response to a payment claim.

Section 19 **claimed amount**: replaced, on 1 December 2015, by section 19(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 19 **payee**: amended, on 1 December 2015, by section 19(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 19 **payment**: inserted, on 1 December 2015, by section 19(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 19 **scheduled amount**: amended, on 1 December 2015, by section 19(4) of the Construction Contracts Amendment Act 2015 (2015 No 92).

20 Payment claims

- (1) A payee may serve a payment claim on the payer for a payment,—
 - (a) if the contract provides for the matter, at the end of the relevant period that is specified in, or is determined in accordance with the terms of, the contract; or
 - (b) if the contract does not provide for the matter in the case of a progress payment, at the end of the relevant period referred to in section 17(2); or
 - (c) if the contract does not provide for the matter in the case of a single payment expressly agreed under section 14(1)(a), following the completion of all of the construction work to which the contract relates.
- (2) A payment claim must—
 - (a) be in writing; and
 - (b) contain sufficient details to identify the construction contract to which the payment relates; and
 - (c) identify the construction work and the relevant period to which the payment relates; and
 - (d) state a claimed amount and the due date for payment; and
 - (e) indicate the manner in which the payee calculated the claimed amount; and
 - (f) state that it is made under this Act.
- (3) A payment claim must be accompanied by—
 - (a) an outline of the process for responding to that claim; and
 - (b) an explanation of the consequences of—
 - (i) not responding to a payment claim; and

- (ii) not paying the claimed amount, or the scheduled amount, in full (whichever is applicable).
- (4) The matters referred to in subsection (3)(a) and (b) must—
 - (a) be in writing; and
 - (b) be in the prescribed form (if any).

Section 20(1): amended, on 1 December 2015, by section 20(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 20(1)(b): replaced, on 1 December 2015, by section 20(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 20(1)(c): inserted, on 1 December 2015, by section 20(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 20(2)(b): amended, on 1 December 2015, by section 20(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 20(2)(c): amended, on 1 December 2015, by section 20(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 20(2)(d): amended, on 1 December 2015, by section 20(4) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 20(3): amended, on 1 December 2015, by section 20(5) of the Construction Contracts Amendment Act 2015 (2015 No 92).

21 Payment schedules

- (1) A payer may respond to a payment claim by providing a payment schedule to the payee.
- (2) A payment schedule must—
 - (a) be in writing; and
 - (b) identify the payment claim to which it relates; and
 - (c) state a scheduled amount.
- (3) If the scheduled amount is less than the claimed amount, the payment schedule must indicate—
 - (a) the manner in which the payer calculated the scheduled amount; and
 - (b) the payer's reason or reasons for the difference between the scheduled amount and the claimed amount; and
 - (c) in a case where the difference is because the payer is withholding payment on any basis, the payer's reason or reasons for withholding payment.

Section 21(2)(c): amended, on 1 December 2015, by section 21 of the Construction Contracts Amendment Act 2015 (2015 No 92).

22 Liability for paying claimed amount

A payer becomes liable to pay the claimed amount on the due date for the payment to which the payment claim relates if—

- (a) a payee serves a payment claim on a payer; and

- (b) the payer does not provide a payment schedule to the payee within—
 - (i) the time required by the relevant construction contract; or
 - (ii) if the contract does not provide for the matter, 20 working days after the payment claim is served.

Section 22: amended, on 1 December 2015, by section 22 of the Construction Contracts Amendment Act 2015 (2015 No 92).

23 Consequences of not paying claimed amount where no payment schedule provided

- (1) The consequences specified in subsection (2) apply if the payer—
 - (a) becomes liable to pay the claimed amount to the payee under section 22 as a consequence of failing to provide a payment schedule to the payee within the time allowed by section 22(b); and
 - (b) fails to pay the whole, or any part, of the claimed amount on or before the due date for the payment to which the payment claim relates.
- (2) The consequences are that the payee—
 - (a) may recover from the payer, as a debt due to the payee, in any court,—
 - (i) the unpaid portion of the claimed amount; and
 - (ii) the actual and reasonable costs of recovery awarded against the payer by that court; and
 - (b) may serve notice on the payer of the payee's intention to suspend the carrying out of construction work under the construction contract.
- (3) A notice referred to in subsection (2)(b) must state—
 - (a) the ground or grounds on which the proposed suspension is based; and
 - (b) that the notice is given under this Act.
- (4) In any proceedings for the recovery of a debt under this section, the court must not enter judgment in favour of the payee unless it is satisfied that the circumstances referred to in subsection (1) exist.

Section 23(1)(b): amended, on 1 December 2015, by section 23 of the Construction Contracts Amendment Act 2015 (2015 No 92).

24 Consequences of not paying scheduled amount in manner indicated by payment schedule

- (1) The consequences specified in subsection (2) apply if—
 - (a) a payee serves a payment claim on a payer; and
 - (b) the payer provides a payment schedule to the payee within the time allowed by section 22(b); and
 - (c) the payment schedule indicates a scheduled amount that the payer proposes to pay to the payee; and

- (d) the payer fails to pay the whole, or any part, of the scheduled amount on or before the due date for the payment to which the payment claim relates.
- (2) The consequences are that the payee—
 - (a) may recover from the payer, as a debt due to the payee, in any court,—
 - (i) the unpaid portion of the scheduled amount; and
 - (ii) the actual and reasonable costs of recovery awarded against the payer by that court; and
 - (b) may serve notice on the payer of the payee's intention to suspend the carrying out of construction work under the construction contract.
- (3) A notice referred to in subsection (2)(b) must state—
 - (a) the ground or grounds on which the proposed suspension is based; and
 - (b) that the notice is given under this Act.
- (4) In any proceedings for the recovery of a debt under this section, the court must not enter judgment in favour of the payee unless it is satisfied that the circumstances referred to in subsection (1) exist.

Section 24(1)(d): amended, on 1 December 2015, by section 24 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Subpart 4—Suspension of work

Subpart 4: inserted, on 1 December 2015, by section 25 of the Construction Contracts Amendment Act 2015 (2015 No 92).

24A Suspension of construction work

- (1) A party who carries out construction work under a construction contract (**party A**) has the right to suspend work under that contract if—
 - (a) any of the following circumstances applies:
 - (i) a claimed amount is not paid in full by the due date for its payment, and no payment schedule has been provided by the party who it is claimed is liable for the payment (**party B**);
 - (ii) a scheduled amount is not paid in full by the due date for its payment even though a payment schedule given by party B indicates a scheduled amount that party B proposes to pay to party A;
 - (iii) party B has not complied with an adjudicator's determination that party B must pay an amount to party A by a particular date; and
 - (b) party A has served on party B a notice under section 23(2)(b), 24(2)(b), or 59(2)(b), as the case may be; and
 - (c) the amount mentioned in paragraph (a)(i) or (ii) is not paid, or the determination mentioned in paragraph (a)(iii) is not complied with, within 5 working days after the date of that notice.

- (2) If party A exercises the right conferred by subsection (1), party A—
- (a) is not in breach of the construction contract; and
 - (b) is not liable for any loss or damage suffered by party B, or by any person claiming through party B; and
 - (c) is entitled to an extension of time to complete the contract, but is not entitled solely by reason of this Act to recover any costs incurred as a consequence of the extension of time; and
 - (d) keeps party A's rights under the contract, including any right to terminate the contract; and
 - (e) may at any time lift the suspension, even if the amount has not been paid or the determination has not been complied with.
- (3) To avoid doubt, subsection (2)(c) does not affect party A's rights to recover (whether in an adjudication or otherwise) any costs incurred as a consequence of the extension of time that exist other than solely by reason of this Act, nor does it add anything to those rights.
- (4) If party A exercises the right conferred by subsection (1), the exercise of that right does not—
- (a) affect any rights that would otherwise have been available to party A under subpart 3 of Part 2 of the Contract and Commercial Law Act 2017; or
 - (b) enable party B to exercise any rights that may otherwise have been available to party B under that subpart as a direct consequence of party A exercising the right conferred by subsection (1).
- (5) The right to suspend work under a construction contract ceases when party B pays the amount in full or complies with the adjudicator's determination.

Compare: 2002 No 46 s 72

Section 24A: inserted, on 1 December 2015, by section 25 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 24A(4)(a): amended, on 1 September 2017, by section 347 of the Contract and Commercial Law Act 2017 (2017 No 5).

Section 24A(4)(b): amended, on 1 September 2017, by section 347 of the Contract and Commercial Law Act 2017 (2017 No 5).

Part 3

Adjudication of disputes

Subpart 1—Preliminary

25 Right to refer disputes to adjudication

- (1) Any party to a construction contract—
- (a) has the right to refer a dispute to adjudication; and

- (b) may exercise that right even though the dispute is the subject of proceedings between the same parties in a court or tribunal.
- (2) An example of a dispute is a disagreement between the parties to a construction contract about—
 - (a) whether an amount is payable under the contract (for example, a progress payment) or the reasons given for non-payment of that amount; or
 - (b) whether there has been a breach of a term of the contract (including a term implied into the contract under the Building Act 2004 or any other enactment).
- (3) A dispute may not be referred to adjudication without the consent of the parties to the dispute if—
 - (a) the parties to the relevant construction contract have agreed to refer disputes between them to arbitration; and
 - (b) the arbitration is—
 - (i) an international arbitration as defined in article 1(3) of Schedule 1 of the Arbitration Act 1996; or
 - (ii) covered by the provisions of the Protocol on Arbitration Clauses (1923); or
 - (iii) covered by the provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States and is an arbitration to which the Arbitration (International Investment Disputes) Act 1979 applies.
- (4) Subsection (3) prevails over subsection (1).

Section 25(2): replaced, on 1 December 2015, by section 26 of the Construction Contracts Amendment Act 2015 (2015 No 92).

26 Relationship between Part and other dispute resolution procedures

- (1) To avoid doubt, nothing in this Part prevents the parties to a construction contract from submitting a dispute to another dispute resolution procedure (for example, to a court or tribunal, or to mediation), whether or not the proceedings for the other dispute resolution procedure take place concurrently with an adjudication.
- (2) If a party to a construction contract submits a dispute to another dispute resolution procedure while the dispute is the subject of an adjudication, the submission to that other dispute resolution procedure does not—
 - (a) bring to an end the adjudication proceedings; or
 - (b) otherwise affect the adjudication.
- (3) An adjudicator must terminate the adjudication proceedings on a dispute if, before the adjudicator determines the dispute, that dispute is determined under another dispute resolution procedure.

- (4) Nothing in any other enactment or rule of law or any contract affects the application of this Part.

Section 26(3): amended, on 1 December 2015, by section 27 of the Construction Contracts Amendment Act 2015 (2015 No 92).

27 Effect of Part on civil proceedings

- (1) Except as provided in this section, nothing done under, or for the purposes of, this Part affects any civil proceedings arising under a construction contract.
- (2) In any proceedings before a court or tribunal, or before a member under the Weathertight Homes Resolution Services Act 2006, in relation to any matter arising under a construction contract, the court or tribunal or member—
- (a) must allow for any amount paid to a party to the contract under, or for the purposes of, this Part in any order or award the court, tribunal, or member makes in those proceedings; and
 - (b) may make any orders that the court, tribunal, or member considers appropriate, having regard to any steps taken by a party to the contract in good faith and in reliance on an adjudicator's determination under this Part (including an order requiring a party to the contract to pay for goods and services supplied by another party to that contract in good faith and in reliance on an adjudicator's determination).

Section 27(1): amended, on 1 December 2015, by section 28 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 27(2): amended, on 1 April 2007, by section 127(2)(a) of the Weathertight Homes Resolution Services Act 2006 (2006 No 84).

Section 27(2): amended, on 1 April 2007, by section 127(2)(b) of the Weathertight Homes Resolution Services Act 2006 (2006 No 84).

Section 27(2): amended, on 1 April 2007, by section 127(2)(c) of the Weathertight Homes Resolution Services Act 2006 (2006 No 84).

Section 27(2)(a): amended, on 1 April 2007, by section 127(2)(c) of the Weathertight Homes Resolution Services Act 2006 (2006 No 84).

Section 27(2)(b): amended, on 1 April 2007, by section 127(2)(c) of the Weathertight Homes Resolution Services Act 2006 (2006 No 84).

Subpart 2—Procedure for initiating adjudication and appointing adjudicator

28 How to initiate adjudication

- (1) Adjudication is initiated by a claimant serving written notice of the claimant's intention to refer a dispute for adjudication (the **notice of adjudication**) on—
- (a) the other party or parties to the construction contract; and
 - (b) the owner if—
 - (i) a determination of an owner's liability is sought under section 30(a); and

- (ii) an approval for the issue of a charging order is sought under section 30(b).
- (2) The notice of adjudication must state—
 - (a) the date of the notice:
 - (b) the nature and a brief description of the dispute and of the parties involved:
 - (c) details of where and when the dispute arose:
 - (d) the relief or remedy that is sought:
 - (e) whether approval for the issue of a charging order under section 29 is being sought:
 - (f) whether a determination of an owner's liability under section 30(a) and an approval for the issue of a charging order under section 30(b) are being sought:
 - (g) details sufficient to identify the construction contract to which the dispute relates, including—
 - (i) the names and addresses of the parties to the contract; and
 - (ii) if available, the addresses that the parties have specified for the service of notices.
- (3) A notice of adjudication must also set out prominently, in the prescribed form (if any),—
 - (a) a statement of the respondent's rights and obligations in the adjudication; and
 - (b) a brief explanation of the adjudication process.

Section 28(3): inserted, on 1 December 2015, by section 29 of the Construction Contracts Amendment Act 2015 (2015 No 92).

29 Claimant may seek approval for issue of charging order in respect of construction site owned by respondent

A claimant may, in the notice of adjudication, seek the adjudicator's approval for the issue of a charging order in respect of a construction site owned by a respondent.

30 Claimant may seek determination of liability of owner who is not respondent

A claimant may, in the notice of adjudication, seek—

- (a) a determination under section 50 that an owner who is not a respondent is jointly and severally liable with the respondent to make a payment to the claimant; and
- (b) approval for the issue of a charging order in respect of the construction site.

31 When claimant may not seek approval for issue of charging order

- (1) A claimant may not seek any of the matters referred to in section 29 or 30 against an owner who is—
 - (a) an individual who is occupying, or intends to occupy, wholly or mainly as a dwellinghouse, the premises that are the subject of a construction contract:
 - (b) a trustee of a family trust, where the premises that are the subject of a construction contract are—
 - (i) owned by the trust; and
 - (ii) occupied, or intended to be occupied, wholly or mainly as a dwellinghouse, by any beneficiary of the trust.
- (2) In this section, **family trust** means a trust that is established primarily to benefit a natural person for whom the settlor has natural love and affection.

Section 31: replaced, on 1 December 2015, by section 30 of the Construction Contracts Amendment Act 2015 (2015 No 92).

31A Compliance with requirements of Act relating to supply of certain information

- (1) No notice of adjudication is invalid for any failure to comply strictly with the requirements of section 28(2)(a) to (d) and (g) as long as—
 - (a) the notice is in writing; and
 - (b) the nature of the dispute and the names of the parties involved are stated in the notice; and
 - (c) any non-compliance does not mislead or unjustly affect the interests of the recipient.
- (2) If a notice of adjudication fails, in accordance with section 28(2)(e) or (f), to state whether a charging order is being sought, approval for the issue of a charging order may not be given.
- (3) A notice of adjudication that fails to comply with section 28(3) has no effect and—
 - (a) this Part applies as if no notice of adjudication had been served; and
 - (b) the claimant may serve on the respondent a new notice of adjudication that complies with section 28(3).
- (4) If a party to an adjudication wishes to provide another party or the adjudicator with copies of, or extracts from, the construction contract but is for any reason unable to do so (for example, in a case where the contract is oral), that party may provide the missing information in the form of a statutory declaration together with any supporting documents that are available.

Compare: 2002 No 46 s 64

Section 31A: inserted, on 1 December 2015, by section 30 of the Construction Contracts Amendment Act 2015 (2015 No 92).

32 Owner who is not respondent is party to adjudication proceedings

- (1) An owner who is not a respondent—
 - (a) is a party to adjudication proceedings in which the claimant seeks—
 - (i) a determination of that owner's liability under section 30(a); and
 - (ii) approval for the issue of a charging order under section 30(b); and
 - (b) has all the rights of a party, including (without limitation),—
 - (i) the right to be present at the adjudication proceedings; and
 - (ii) the right to present that owner's case and be heard at those proceedings.
- (2) Unless the context otherwise requires, the following references must be treated as including references to the owner of a construction site (whether or not the owner is also the respondent):
 - (a) a reference to a respondent in sections 37, 37A, 39, 43, 45, 46, and 57; and
 - (b) a reference to a party, or the parties, to an, or the, adjudication in this Part or in section 73.

Section 32(2)(a): amended, on 1 December 2015, by section 31 of the Construction Contracts Amendment Act 2015 (2015 No 92).

33 Selection of adjudicator

- (1) The claimant must, within the time required under subsection (2),—
 - (a) request the person (if any) chosen by agreement between the relevant parties to act as adjudicator; or
 - (b) if the person referred to in paragraph (a) has already indicated that he or she is unwilling or unable to act, request any other person chosen by agreement between the relevant parties to act as adjudicator; or
 - (c) if no person is agreed on, request a nominating body chosen by agreement between the relevant parties to select a person to act as adjudicator; or
 - (d) if the persons referred to in paragraphs (a) and (b) are unwilling or unable to act, and paragraph (c) does not apply, request an authorised nominating authority chosen by the claimant to select a person to act as adjudicator.
- (2) The time required is,—
 - (a) for the purposes of subsection (1)(a) and (b), as soon as practicable after the notice of adjudication has been served; and
 - (b) for the purposes of subsection (1)(c), 5 working days after the notice of adjudication has been served or any further period that the parties may agree; and

- (c) for the purposes of subsection (1)(d), 2 to 5 working days after the notice of adjudication has been served or any further period that the parties may agree.
- (3) An agreement about the choice of an adjudicator or a nominating body or an authorised nominating authority is not binding on the parties to the adjudication if that agreement was made (whether under the relevant construction contract or otherwise) before the dispute between them arose.
- (4) It is the duty of a nominating body or, as the case may be, an authorised nominating authority to select a person and to request that person to act as adjudicator as soon as practicable.
- (5) A request made under this section must—
 - (a) be in writing; and
 - (b) be accompanied by a copy of the notice of adjudication; and
 - (c) state that it is made under this Act.

Section 33(2)(b): replaced, on 1 December 2015, by section 32 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 33(2)(c): inserted, on 1 December 2015, by section 32 of the Construction Contracts Amendment Act 2015 (2015 No 92).

34 Eligibility criteria for adjudicators

- (1) A person is eligible to be an adjudicator in relation to a construction contract if the person meets the requirements relating to qualifications, expertise, and experience as may be prescribed (if any).
- (2) A person is not eligible to be an adjudicator in relation to a construction contract to which the person is a party.
- (3) A person—
 - (a) must disclose to the parties to the adjudication and, as the case may be, the nominating body or the authorised nominating authority, any conflict of interest (whether financial or otherwise); and
 - (b) must not act as an adjudicator in that dispute unless all of the parties to the adjudication agree.

35 Appointment of adjudicator

- (1) A person requested to act as an adjudicator in accordance with section 33 must, within 2 working days of receiving the request, indicate whether he or she is willing and able to act in that capacity.
- (2) If the person is willing and able to act as an adjudicator, he or she must serve a notice of acceptance (a **notice of acceptance**) on the parties to the adjudication and, as the case may be, the nominating body or the authorised nominating authority.

- (3) However, if the person has a conflict of interest, he or she must not serve a notice of acceptance under subsection (2) until the parties have confirmed (whether orally or in writing) that they agree to the person acting as an adjudicator.

(4) *[Repealed]*

(5) *[Repealed]*

- (6) A person is appointed as an adjudicator to determine the dispute on serving a notice of acceptance that complies with section 35A.

Section 35(2): amended, on 1 December 2015, by section 33(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 35(4): repealed, on 1 December 2015, by section 33(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 35(5): repealed, on 1 December 2015, by section 33(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 35(6): amended, on 1 December 2015, by section 33(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

35A Notice of acceptance

- (1) A notice of acceptance must be in the form (if any) prescribed in regulations made under this Act.
- (2) A notice of acceptance that fails to confirm that the adjudicator meets the eligibility criteria for adjudicators under section 34 has no effect.

Section 35A: inserted, on 1 December 2015, by section 34 of the Construction Contracts Amendment Act 2015 (2015 No 92).

36 Referral of dispute to adjudicator

- (1) After an adjudicator has been appointed, the claimant must, within 5 working days of receiving the adjudicator's notice of acceptance, refer the dispute in writing (the **adjudication claim**) to the adjudicator.
- (2) The adjudication claim—
- (a) must specify the nature or the grounds of the dispute and, to the extent that it remains relevant, be accompanied by a copy of the notice of adjudication; and
 - (b) may be accompanied by any other documents.
- (3) The claimant must serve a copy of the adjudication claim and any accompanying documents on every other party to the adjudication either before or immediately after they are served on the adjudicator.

37 Response to adjudication claim

- (1) A respondent may serve a written response to the adjudication claim on the adjudicator—
- (a) within 5 working days after receiving that claim or the adjudicator's notice of acceptance (whichever is the later); or

- (b) within any further time that the parties to the adjudication agree; or
 - (c) within any further time that the adjudicator allows.
- (2) The response may be accompanied by any other documents.
- (3) The respondent must serve a copy of the response and any accompanying documents on the claimant and every other party to the adjudication either before or immediately after they are served on the adjudicator.
- (4) Subsection (5) applies if, before the end of the period referred to in subsection (1)(a), the respondent requests additional time to serve a written response.
- (5) For the purpose of subsection (1)(c), an adjudicator—
 - (a) must allow the respondent additional time to serve a written response if the adjudicator considers it necessary—
 - (i) having regard to the size or complexity of the claim; or
 - (ii) because, in the adjudicator’s opinion, the claim has been served with undue haste and, as a result, the respondent has had insufficient time to prepare his or her response:
 - (b) may allow the respondent additional time to serve a written response if the adjudicator considers that additional time is reasonably required for any reason.

Section 37(1): replaced, on 1 December 2015, by section 35(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 37(4): inserted, on 1 December 2015, by section 35(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 37(5): inserted, on 1 December 2015, by section 35(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

37A Reply to response to adjudication claim

- (1) A claimant may serve on the adjudicator a written reply to the response under section 37(1).
- (2) The claimant’s written reply must be served within 5 working days after a copy of the response is served on the claimant under section 37(3).
- (3) The claimant must serve a copy of the reply and any accompanying documents on the respondent and every other party to the adjudication either before or immediately after they are served on the adjudicator.
- (4) An adjudicator who receives a claimant’s written reply under subsection (1) may—
 - (a) refuse to consider any new material or issues raised in the reply;
 - (b) allow the respondent up to 2 working days to serve a rejoinder to the claimant’s reply.

Section 37A: inserted, on 1 December 2015, by section 36 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Subpart 3—Conduct of adjudication proceedings

38 Jurisdiction of adjudicators

- (1) An adjudicator's jurisdiction in relation to any dispute that has been referred to adjudication is limited to determining—
 - (a) the matters referred to in sections 48, 49(1)(c), and 50(1)(c); and
 - (b) any other matters that are of a consequential or ancillary nature necessary to exercise or complete the exercise of the jurisdiction conferred by paragraph (a).
- (2) However, the parties to an adjudication may, at any time, by written agreement, extend the jurisdiction of an adjudicator to determine any matters in addition to those mentioned in subsection (1).

38A Special provisions for adjudication if approval for charging order sought by claimant

An adjudication in which the claimant seeks approval for the issue of a charging order in respect of a construction site must be conducted by an adjudicator who—

- (a) is nominated for the purpose by an authorised nominating authority; and
- (b) has the specific additional qualifications, expertise, and experience that may be prescribed for the purposes of this section (if any).

Compare: 2002 No 46 s 63

Section 38A: inserted, on 1 December 2015, by section 37 of the Construction Contracts Amendment Act 2015 (2015 No 92).

38B Parties may be represented at adjudication proceedings

- (1) Any party to a dispute that has been referred to adjudication may be represented by the representatives (whether legally qualified or not) that the party considers appropriate.
- (2) Subsection (1) is subject to the adjudicator's power to direct that the number of representatives present at a conference of the parties is to be limited to allow for the efficient conduct of proceedings.

Compare: 2002 No 46 s 67

Section 38B: inserted, on 1 December 2015, by section 37 of the Construction Contracts Amendment Act 2015 (2015 No 92).

39 Withdrawal of adjudication proceedings

An adjudication claim may be withdrawn if—

- (a) the claimant serves written notice of withdrawal on the adjudicator, unless the respondent objects to the withdrawal and the adjudicator recognises a legitimate interest on the respondent's part in obtaining a determination in respect of the dispute; or

- (b) the parties agree on the withdrawal.

40 Consolidation of adjudication proceedings

If 2 or more adjudication proceedings are pending, the adjudicator may, with the written consent of all of the parties to those adjudication proceedings, determine those adjudication proceedings at the same time.

41 Duties of adjudicator

An adjudicator must—

- (a) act independently, impartially, and in a timely manner; and
- (b) avoid incurring unnecessary expense; and
- (c) comply with the principles of natural justice; and
- (d) disclose any conflict of interest to the parties to an adjudication; and
- (e) if paragraph (d) applies, resign from office unless those parties agree otherwise.

42 Powers of adjudicator

(1) An adjudicator may—

- (a) conduct the adjudication in any manner that he or she thinks fit; and
- (b) request further written submissions from the parties to the adjudication, but must give the relevant parties an opportunity to comment on those submissions; and
- (c) request the parties to the adjudication to provide copies of any documents that he or she may reasonably require; and
- (d) set deadlines for further submissions and comments by the parties; and
- (e) appoint an expert adviser to report on specific issues (as long as the parties are notified before the appointment is made); and
- (f) call a conference of the parties; and
- (g) carry out an inspection of any construction work or any other thing to which the dispute relates (as long as the consent of the owner or occupier is obtained before entry to any land or premises is made and, if the owner or occupier is a party to the adjudication, that party's consent must not be unreasonably withheld); and
- (h) request the parties to do any other thing during the course of an adjudication that he or she considers may reasonably be required to enable the effective and complete determination of the questions that have arisen in the adjudication; and
- (i) issue any other reasonable directions that relate to the conduct of the adjudication.

- (2) The parties to the adjudication must comply with any request or direction of the adjudicator made or given in accordance with this section.

43 When adjudicator's powers not affected

The adjudicator's power to determine a dispute is not affected by the failure of—

- (a) the respondent to serve a response on the claimant under section 37; or
- (b) any of the parties to—
 - (i) make a submission or comment within the time allowed; or
 - (ii) provide specified information within the time allowed; or
 - (iii) comply with the adjudicator's call for a conference of the parties; or
 - (iv) do any other thing that the adjudicator requests or directs.

44 Adjudicator may draw inferences and determine dispute based on available information

If any failure of the kind referred to in section 43 occurs in an adjudication, the adjudicator may—

- (a) draw any inferences from that failure that he or she thinks fit; and
- (b) determine the dispute on the basis of the information available to him or her; and
- (c) give any weight that he or she thinks fit to any information provided outside any period that he or she requested or directed.

Subpart 4—Adjudicator's determination

45 Adjudicator's determination: matters to be considered

In determining a dispute, an adjudicator must consider only the following matters:

- (a) the provisions of this Act;
- (b) the provisions of the construction contract to which the dispute relates;
- (c) the adjudication claim referred to in section 36 and the claimant's written reply (if any) referred to in section 37A, together with all submissions (including relevant documentation) that have been made by the claimant;
- (d) the respondent's response (if any) referred to in section 37 and the respondent's rejoinder (if any) referred to in section 37A(4)(b), together with all submissions (including relevant documentation) that have been made by the respondent;
- (e) the report of the experts appointed to advise on specific issues (if any):

- (f) the results of any inspection carried out by the adjudicator:
- (g) any other matters that the adjudicator reasonably considers to be relevant.

Section 45(c): amended, on 1 December 2015, by section 38(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 45(d): amended, on 1 December 2015, by section 38(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

46 Adjudicator's determination: timing

- (1) An adjudicator—
 - (a) must not determine a dispute until after the end of the period referred to in section 37(1) within which the respondent may serve on the adjudicator a written response to an adjudication claim; and
 - (b) must not determine a dispute having regard to that response unless it was served on the adjudicator before the end of that period.
- (2) An adjudicator must determine a dispute—
 - (a) within 20 working days after the end of the period referred to in section 37(1) during which the respondent may serve on the adjudicator a written response to an adjudication claim; or
 - (b) within 30 working days after the end of the period referred to in that section if the adjudicator considers that, even though the parties to the adjudication do not agree, further time for the determination of the dispute is reasonably required; or
 - (c) within any further time that the parties to the adjudication agree.
- (3) An adjudicator must give a copy of the determination to every party to the adjudication as soon as practicable after making a determination.
- (4) Subsection (3) is subject to section 57(6).

47 Adjudicator's determination: form

- (1) An adjudicator's determination—
 - (a) must be in the prescribed form (if any); or
 - (b) if there is no prescribed form,—
 - (i) must be in writing; and
 - (ia) must be dated; and
 - (ii) must contain the reasons for the determination (unless the parties to the adjudication, by written agreement, indicate that the requirement for the adjudicator to give reasons may be dispensed with); and
 - (iii) must include a statement setting out the consequences for the defendant if the defendant takes no steps in relation to an applica-

tion from the plaintiff to enforce the adjudicator's determination by entry as a judgment.

- (2) A failure to comply with subsection (1) does not affect the validity of an adjudicator's determination.
- (3) Within 2 working days after the date on which a copy of the determination is given to the parties to the adjudication under section 46(3), an adjudicator may, on his or her own initiative, correct in the determination any errors in computation or any clerical or typographical errors or any errors of a similar nature.

Section 47(1)(b)(ia): inserted, on 1 December 2015, by section 39(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 47(1)(b)(iii): amended, on 1 December 2015, by section 39(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

48 Adjudicator's determination: substance

- (1) If an amount of money under the relevant construction contract is claimed in an adjudication, the adjudicator must determine—
 - (a) whether or not any of the parties to the adjudication are liable, or will be liable if certain conditions are met, to make a payment under that contract; and
 - (b) any questions in dispute about the rights and obligations of the parties under that contract.
- (2) If no amount of money under the relevant construction contract is claimed in an adjudication, the adjudicator must determine any questions in dispute about the rights and obligations of the parties under that contract.
- (3) If an adjudicator determines under subsection (1)(a) that a party to the adjudication is liable, or will be liable if certain conditions are met, to make a payment, the adjudicator—
 - (a) must also determine—
 - (i) the amount payable or conditionally payable; and
 - (ii) the date on which that amount became or becomes payable; and
 - (b) may determine that the liability of a party to the adjudication to make a payment depends on certain conditions being met.
- (4) Despite subsections (1) and (2), an adjudicator is not required to determine a dispute that has been withdrawn in accordance with section 39.
- (5) If a dispute is settled by agreement between the parties before the adjudicator's determination is given, the adjudicator—
 - (a) must terminate the adjudication proceedings; and
 - (b) if requested by the parties, may record the settlement in the form of a determination on agreed terms.

49 Approval for issue of charging order over construction site owned by respondent

- (1) This section applies if—
- (a) a claimant has referred to adjudication a dispute about whether an amount is payable by a respondent under the construction contract; and
 - (b) the claimant has sought, in the notice of adjudication, the adjudicator's approval for the issue of a charging order in respect of a construction site owned by the respondent; and
 - (c) the adjudicator has determined that the respondent—
 - (i) is liable to pay (whether in whole or in part) the amount claimed in the adjudication; and
 - (ii) is the owner of the construction site.
- (2) If this section applies, the adjudicator must—
- (a) approve the issue of a charging order in respect of the construction site owned by the respondent; and
 - (b) record that approval in his or her determination accordingly; and
 - (c) include in his or her determination sufficient particulars to identify the construction site to which the approval for the issue of a charging order relates.

50 Determination of liability of owner who is not respondent and approval of charging order over construction site owned by that owner

- (1) This section applies if—
- (a) a claimant has referred to adjudication a dispute about whether an amount is payable by a respondent under a construction contract; and
 - (b) the claimant has sought, in the notice of adjudication,—
 - (i) a determination of the owner's liability under section 30(a); and
 - (ii) approval for the issue of a charging order in respect of the construction site under section 30(b); and
 - (c) the adjudicator has determined that the respondent—
 - (i) is liable to pay (whether in whole or in part) the amount claimed in the adjudication; and
 - (ii) is an associate of the owner.
- (2) If this section applies, the adjudicator must—
- (a) determine that the owner is jointly and severally liable, with the respondent, to pay (whether in whole or in part) the amount claimed in the adjudication; and
 - (b) record in his or her determination that the owner is so liable and the amount of the owner's liability; and

- (c) approve the issue of a charging order in respect of the construction site, and record that approval in his or her determination accordingly; and
 - (d) include in his or her determination sufficient particulars to identify the construction site to which the approval for the issue of a charging order relates.
- (3) The liability of an owner under subsection (2)(a) must not exceed the reasonable value of all of the construction work carried out on the construction site by, or on behalf of, the respondent (including construction work carried out by another party for, or on behalf of, the respondent), less all amounts actually paid by the owner in respect of that work.
- (4) To avoid doubt, the owner's liability—
 - (a) is satisfied to the extent that the respondent has paid the amount determined by the adjudicator under subsection (1)(c); or
 - (b) is discharged if the respondent's liability is set aside or otherwise discharged.

51 Owner who is not respondent may discharge liability and recover amount from respondent

- (1) An owner who is not a respondent may discharge that owner's liability under section 50(2)(a) by paying the amount determined by the adjudicator to the claimant.
- (2) Any payment made by an owner under subsection (1)—
 - (a) may be treated by the owner as a payment to the respondent in reduction of any amount that the owner owes, or may in future owe, to the respondent in connection with the construction work; or
 - (b) may be recovered by the owner as a debt due from the respondent.
- (3) If the owner has paid an amount determined by the adjudicator, the subsequent setting aside of the adjudicator's determination does not affect any rights conferred on the owner under this section.

Review of adjudicator's determination in respect of owner who is not respondent

[Repealed]

Heading: repealed, on 1 December 2015, pursuant to section 40 of the Construction Contracts Amendment Act 2015 (2015 No 92).

52 Owner who is not respondent may apply to District Court for review of adjudicator's determination

[Repealed]

Section 52: repealed, on 1 December 2015, by section 40 of the Construction Contracts Amendment Act 2015 (2015 No 92).

53 Procedure for seeking review

[Repealed]

Section 53: repealed, on 1 December 2015, by section 40 of the Construction Contracts Amendment Act 2015 (2015 No 92).

54 Powers of District Court on review

[Repealed]

Section 54: repealed, on 1 December 2015, by section 40 of the Construction Contracts Amendment Act 2015 (2015 No 92).

55 Effect of review on adjudicator's determination

[Repealed]

Section 55: repealed, on 1 December 2015, by section 40 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Costs of adjudication proceedings

56 Costs of adjudication proceedings

- (1) An adjudicator may determine that costs and expenses must be met by any of the parties to the adjudication (whether those parties are or are not, on the whole, successful in the adjudication) if the adjudicator considers that the party has caused those costs and expenses to be incurred unnecessarily by—
 - (a) bad faith on the part of that party; or
 - (b) allegations or objections by that party that are without substantial merit.
- (2) If the adjudicator does not make a determination under subsection (1), the parties to the adjudication must meet their own costs and expenses.
- (3) An agreement about how the costs and expenses in adjudication proceedings are to be apportioned (including an agreement that a party is to indemnify another party in relation to those costs and expenses) is not binding on the parties to the adjudication if that agreement was made before the dispute arose.

Adjudicator's fees

57 Adjudicator's fees

- (1) An adjudicator is entitled to be paid, by way of fees and expenses, an amount—
 - (a) that is agreed between the adjudicator and the parties to the adjudication; or
 - (b) if there is no agreement, that is reasonable, having regard to the work done and expenses incurred by the adjudicator.
- (2) The parties to the adjudication are jointly and severally liable to pay the adjudicator's fees and expenses.

- (3) The parties to the adjudication are each liable to contribute to the adjudicator's fees and expenses in—
 - (a) equal proportions; or
 - (b) the proportions that the adjudicator may determine.
- (4) An adjudicator may make a determination under subsection (3)(b) if, in the adjudicator's view,—
 - (a) the claimant's adjudication claim, or the respondent's response, was without substantial merit; or
 - (b) a party to the adjudication acted in a contemptuous or improper manner during the adjudication.
- (5) An adjudicator is not entitled to be paid any fees and expenses in connection with an adjudication if he or she fails to determine the dispute within the time allowed by section 46(2).
- (6) Despite subsection (5), an adjudicator may require payment of his or her fees and expenses before communicating his or her determination on a dispute to the parties to the adjudication.
- (7) If an adjudication claim is withdrawn or terminated, or the dispute between the parties is resolved, an adjudicator is entitled to be paid the fees and expenses incurred in the adjudication up to, and including, as the case may be, the date on which—
 - (a) the adjudication claim was withdrawn or terminated; or
 - (b) the adjudicator was notified that the dispute had been resolved.

Subpart 5—Effect of adjudicator's determination

58 Enforceability of adjudicator's determination

- (1) An adjudicator's determination under section 48(1)(a) is enforceable in accordance with section 59.
- (2) An adjudicator's determination under section 48(1)(b) or (2) about the parties' rights and obligations under the construction contract is enforceable in accordance with section 59A.
- (3) *[Repealed]*

Section 58(2): amended, on 1 December 2015, by section 41(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 58(3): repealed, on 1 December 2015, by section 41(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

59 Consequences of not complying with adjudicator's determination under section 48(1)(a)

- (1) The consequences specified in subsection (2) apply if a party to the adjudication fails, before the close of the relevant date, to pay the whole or part of the amount determined by an adjudicator.
- (2) The consequences are that the party who is owed the amount (**party A**) may do all or any of the following:
 - (a) recover from the party who is liable to make the payment (**party B**), as a debt due to party A, in any court,—
 - (i) the unpaid portion of the amount; and
 - (ii) the actual and reasonable costs of recovery awarded against party B by that court;
 - (b) if party A is a party who carries out construction work under a construction contract, serve notice on party B of party A's intention to suspend the carrying out of construction work under the contract;
 - (c) apply for the adjudicator's determination to be enforced by entry as a judgment in accordance with subpart 2 of Part 4.
- (3) A notice referred to in subsection (2)(b) must state—
 - (a) the ground or grounds on which the proposed suspension is based; and
 - (b) that the notice is given under this Act.
- (4) In any proceedings for the recovery of a debt under this section, the court must not enter judgment in favour of a party unless it is satisfied that the circumstances referred to in subsection (1) exist.
- (5) In this section, **relevant date** means—
 - (a) the date that occurs 2 working days after the date on which a copy of the relevant determination is given to the parties to the adjudication under section 46(3); or
 - (b) if the adjudicator determines a later date under section 48(3)(a)(ii), that later date.

59A Consequence of not complying with adjudicator's determination under section 48(1)(b) or (2)

- (1) This section applies if a party against whom an adjudication determination is made fails to comply with the adjudicator's determination under section 48(1)(b) or (2) in respect of rights and obligations under the contract.
- (2) The party in whose favour the determination was made may apply for the determination to be enforced by entry as a judgment in accordance with sections 73 to 78 (but only after such date, if any, specified in the adjudicator's determination for compliance).

Section 59A: inserted, on 1 December 2015, by section 42 of the Construction Contracts Amendment Act 2015 (2015 No 92).

60 Effect of review or other proceeding on adjudicator's determination

An adjudicator's determination is binding on the parties to the adjudication and continues to be of full effect even though—

- (a) a party has applied for judicial review of the determination; or
- (b) any other proceeding relating to the dispute between the parties has been commenced.

Section 60 heading: amended, on 1 December 2015, by section 43 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 60: amended, on 1 December 2015, by section 43 of the Construction Contracts Amendment Act 2015 (2015 No 92).

61 Consequence of not complying with adjudicator's determination under section 48(1)(b) or (2)

[Repealed]

Section 61: repealed, on 1 December 2015, by section 44 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Subpart 6—Miscellaneous matters relating to adjudication

62 Special provisions for residential construction contracts

[Repealed]

Section 62: repealed, on 1 December 2015, by section 45 of the Construction Contracts Amendment Act 2015 (2015 No 92).

63 Special provisions for adjudication if approval for charging order is sought by claimant

[Repealed]

Section 63: repealed, on 1 December 2015, by section 45 of the Construction Contracts Amendment Act 2015 (2015 No 92).

64 Compliance with requirements of Act relating to supply of certain information

[Repealed]

Section 64: repealed, on 1 December 2015, by section 45 of the Construction Contracts Amendment Act 2015 (2015 No 92).

65 Nominating authorities

- (1) The Minister may, on application made by any person in accordance with subsection (2), authorise the applicant to nominate adjudicators for the purposes of this Act.
- (2) Every application for an authority must—
 - (a) be in writing; and

- (b) be accompanied by the prescribed information (if any).
 - (3) The Minister may withdraw any authority given under this section.
- 66 Claimant may seek fresh adjudication if no adjudicator's notice of acceptance received or dispute not determined**
- (1) A claimant may take the actions set out in subsection (2) if either—
 - (a) the claimant has not received any notice of acceptance from an adjudicator within 5 working days of the person referred to in section 33 receiving a request to act as an adjudicator; or
 - (b) an adjudicator who accepts an adjudication—
 - (i) dies or becomes seriously ill or is otherwise unavailable for any reason; or
 - (ii) fails to determine the dispute within the time allowed by section 46(2).
 - (2) The actions are—
 - (a) the claimant may withdraw the notice of adjudication, by notice in writing served on every other party to the adjudication and, as the case may be, the nominating body or the authorised nominating authority; and
 - (b) the claimant may serve a new notice of adjudication under section 28.
 - (3) If a new notice of adjudication is served in accordance with this section, this Part applies as if no notice of adjudication had been served previously.

67 Parties may be represented at adjudication proceedings

[Repealed]

Section 67: repealed, on 1 December 2015, by section 45 of the Construction Contracts Amendment Act 2015 (2015 No 92).

68 Confidentiality of adjudication proceedings

- (1) This section applies to the following information:
 - (a) any statement, admission, or document created or made for the purposes of an adjudication; and
 - (b) any information (whether written or oral) that, for the purposes of the adjudication, is disclosed in the course of the adjudication.
- (2) The adjudicator and any party to a dispute must not disclose to another person any of the information to which this section applies except—
 - (a) with the consent of the relevant party; or
 - (b) to the extent that the information is already in the public domain; or
 - (c) to the extent that disclosure is necessary for the purposes of, or in connection with, the adjudication or the enforcement of the adjudicator's determination; or

- (d) in statistical or summary form arranged in a manner that prevents any information disclosed from being identified by any person as relating to any particular person; or
- (e) if the information is to be used for statistical or research purposes and will not be published in a form that could reasonably be expected to identify any particular person.

69 Adjudicators not compellable witnesses

An adjudicator may not be required to give evidence in any civil proceedings on anything connected with an adjudication that has come to his or her knowledge in the course of adjudication proceedings.

70 Exclusion of liability

- (1) Neither an adjudicator nor an expert adviser appointed under section 42(1)(e) is under any civil or criminal liability for anything done, or omitted to be done, in the course of the exercise or intended exercise of,—
 - (a) in the case of an adjudicator, any of the adjudicator's functions, duties, or powers under this Act; or
 - (b) in the case of an expert adviser, any of the expert adviser's functions under this Act.
- (2) Subsection (1) does not exclude the liability of an adjudicator or expert adviser for anything done or omitted to be done in bad faith.

71 Application of other enactments to adjudications

- (1) The Limitation Act 2010 applies to adjudications as it applies to claims (as defined in section 4 of that Act).
- (2) Adjudications must be treated as—
 - (a) proceedings for the purposes of section 76 of the Insolvency Act 2006; and
 - (b) actions or proceedings for the purposes of section 42 of the Corporations (Investigation and Management) Act 1989; and
 - (c) legal proceedings for the purposes of section 248 of the Companies Act 1993; and
 - (d) civil proceedings against a person for the purposes of section 393(2) of the Building Act 2004.

Section 71(1): substituted, on 1 January 2011, by section 58 of the Limitation Act 2010 (2010 No 110).

Section 71(2)(a): amended, on 3 December 2007, by section 445 of the Insolvency Act 2006 (2006 No 55).

Section 71(2)(c): amended, on 1 December 2015, by section 46(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 71(2)(d): inserted, on 1 December 2015, by section 46(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Part 4

Review and enforcement of adjudicator's determination

Part 4 heading: replaced, on 1 December 2015, by section 47 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Subpart 1AA—Review of adjudicator's determination

Subpart 1AA: inserted, on 1 December 2015, by section 48 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Review of adjudicator's determination in respect of owner who is not respondent

Heading: inserted, on 1 December 2015, by section 48 of the Construction Contracts Amendment Act 2015 (2015 No 92).

71A Owner who is not respondent may apply to District Court for review of adjudicator's determination

- (1) An owner who is not a respondent may apply to the District Court for a review of—
 - (a) an adjudicator's determination that the owner is jointly and severally liable with the respondent to make a payment to the claimant; and
 - (b) an adjudicator's approval for the issue of a charging order in respect of the construction site.
- (2) The District Court has the jurisdiction to hear and determine an application for review under this section despite any limits imposed on the District Court in its ordinary civil jurisdiction by sections 74 to 79 of the District Court Act 2016.

Compare: 2002 No 46 s 52

Section 71A: inserted, on 1 December 2015, by section 48 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 71A(1): amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

Section 71A(2): replaced, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

71B Procedure for seeking review

- (1) An application for review under section 71A must be made by filing a notice, in the prescribed form (if any), in the office of the District Court nearest to the place at which the adjudication proceedings to which the application for review relates were held.
- (2) The notice must be filed—
 - (a) within 20 working days after the date of the determination to which the application for review relates; or

- (b) within any further time that the District Court may allow on application made before or after the expiration of the period referred to in paragraph (a).

Compare: 2002 No 46 s 53

Section 71B: inserted, on 1 December 2015, by section 48 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 71B(1): amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

71C Powers of District Court on review

- (1) For the purpose of hearing the application for review, the District Court—
 - (a) must conduct the review as a hearing *de novo* of the relevant dispute; and
 - (b) has all the powers, duties, functions, and discretions of the adjudicator in making the determination to which the application for review relates; and
 - (c) has all the powers vested in the District Court in its civil jurisdiction.
- (2) On hearing the application for review, the District Court may—
 - (a) quash the determination, and substitute for it any other determination that the adjudicator could have made in respect of the original proceedings; or
 - (b) refuse the application.
- (3) The District Court's determination under subsection (2)(a)—
 - (a) has effect as if it were a determination made by an adjudicator for the purposes of this Act; and
 - (b) is not a final determination of the dispute between the claimant and respondent to the adjudication under review.
- (4) Subsection (3)(b) does not prevent any proceedings between the claimant and respondent to the adjudication under review from being heard and determined at the same time as the application for review under this section.

Compare: 2002 No 46 s 54

Section 71C: inserted, on 1 December 2015, by section 48 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 71C(1)(c): amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

Section 71C(3): amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

71D Effect of review on adjudicator's determination

An application for review under section 71A does not operate as a stay of the adjudicator's determination unless a District Court Judge, on application, so determines.

Compare: 2002 No 46 s 55

Section 71D: inserted, on 1 December 2015, by section 48 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Subpart 1—Suspension of work

[Repealed]

Subpart 1: repealed, on 1 December 2015, by section 49 of the Construction Contracts Amendment Act 2015 (2015 No 92).

72 Suspension of construction work

[Repealed]

Section 72: repealed, on 1 December 2015, by section 49 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Subpart 2—Enforcement of adjudicator's determination

Enforcement of adjudicator's determination generally

73 Enforcement of adjudicator's determination

(1) *[Repealed]*

(2) A plaintiff may apply for an adjudicator's determination to be enforced by entry as a judgment in accordance with this subpart.

(3) The application—

- (a) may be made to the District Court; and
- (b) must be made in the manner provided by the rules of that court (if any).

(4) Either before or immediately after making the application, the plaintiff must serve on the defendant—

- (a) a copy of the application; and
- (b) a statement setting out the consequences for the defendant if the defendant takes no steps in relation to the application.

(5) Despite subsection (2), a plaintiff in whose favour a determination has been made may only apply for that determination to be enforced by entry as a judgment—

- (a) if any conditions imposed by the adjudicator have been met; and
- (b) after the date (if any) specified in the adjudicator's determination for compliance.

Section 73(1): repealed, on 1 December 2015, by section 50(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 73(2): replaced, on 1 December 2015, by section 50(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 73(3)(a): amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

Section 73(5): replaced, on 1 December 2015, by section 50(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

74 Defendant may oppose entry as judgment

- (1) If the defendant wishes to oppose the application under section 73, the defendant must, within 5 working days after the date on which the defendant is served a copy of the application, apply to the District Court for an order that entry of the adjudicator's determination as a judgment be refused.
- (2) The application for an order referred to in subsection (1) may be made only on the following grounds:
 - (a) that the amount payable under the adjudicator's determination has been paid to the plaintiff by the defendant;
 - (b) that the contract to which the adjudicator's determination relates is not a construction contract to which this Act applies;
 - (c) that a condition imposed by the adjudicator in his or her determination has not been met;
 - (d) that due to a change in circumstances, which was not caused in any part by the defendant, it is not possible to comply with the adjudicator's determination;
 - (e) that the date (if any) specified in the adjudicator's determination for compliance has not (yet) passed.
- (2A) Subsection (2)(d) applies only if the adjudicator's determination is a determination under section 48(1)(b) or (2).
- (3) If the District Court is satisfied that any of the grounds set out in subsection (2) applies, the District Court must—
 - (a) refuse the application under section 73 to enforce the adjudicator's determination by entry as a judgment; and
 - (b) make an order accordingly.
- (4) If the District Court is not satisfied that 1 or more of the grounds set out in subsection (2) applies, the District Court must—
 - (a) accept the application under section 73 to enforce the adjudicator's determination by entry as a judgment; and
 - (b) enter the adjudicator's determination as a judgment accordingly.

Section 74(1): amended, on 1 December 2015, by section 51(1) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 74(2)(d): inserted, on 1 December 2015, by section 51(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 74(2)(e): inserted, on 1 December 2015, by section 51(2) of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 74(2A): inserted, on 1 December 2015, by section 51(3) of the Construction Contracts Amendment Act 2015 (2015 No 92).

75 Entry as judgment if defendant takes no steps

If the defendant takes no steps within 5 working days after the date on which a copy of the application under section 73 to enforce the adjudicator's determination is served on the defendant, the District Court must, at the request of the plaintiff, enter the adjudicator's determination as a judgment as soon as practicable.

Section 75: amended, on 1 December 2015, by section 52 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Enforcement of adjudicator's determination involving charging order in respect of construction site

76 Enforcement of adjudicator's determination involving charging order in respect of construction site

- (1) This section applies if an adjudicator has recorded in his or her determination the adjudicator's approval for the issue of a charging order in respect of a construction site.
- (2) If this section applies,—
 - (a) the plaintiff may, in the application under section 73, also apply for the issue of a charging order in respect of the construction site; and
 - (b) if the adjudicator's determination is entered as a judgment under section 74(4) or section 75, the Registrar of the District Court must immediately issue a charging order in respect of the construction site.

Miscellaneous

77 Effect of entry of judgment

To avoid doubt, an adjudicator's determination entered as a judgment may be enforced by execution in accordance with the District Court Rules 2014.

Section 77: amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

78 Application of rules relating to charging orders

To avoid doubt, the provisions of the District Court Rules 2014 relating to charging orders apply to charging orders issued in accordance with this Act.

Section 78: amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

Part 5

Miscellaneous provisions

79 Proceedings for recovery of debt not affected by counterclaim, set-off, or cross-demand

In any proceedings for the recovery of a debt under section 23 or section 24 or section 59, the court must not give effect to any counterclaim, set-off, or cross-demand raised by any party to those proceedings other than a set-off of a liquidated amount if—

- (a) judgment has been entered for that amount; or
- (b) there is not in fact any dispute between the parties in relation to the claim for that amount.

80 Service of notices

Any notice or any other document required to be served on, or given to, any person under this Act, or any regulation made under this Act, is sufficiently served if—

- (a) the notice or document is delivered to that person; or
- (b) the notice or document is left at that person's usual or last known place of residence or business in New Zealand; or
- (c) the notice or document is posted in a letter addressed to the person at that person's place of residence or business in New Zealand; or
- (d) the notice or document is sent in the manner (if any) prescribed in regulations made under this Act.

Section 80(d): amended, on 1 December 2015, by section 53 of the Construction Contracts Amendment Act 2015 (2015 No 92).

81 Rules of court

- (1) In addition to all other powers conferred by the District Court Act 2016, the Governor-General may, by Order in Council, make rules regulating the practice and procedure of the District Court in proceedings under this Act.
- (2) Rules may be made under subsection (1) only with the concurrence of—
 - (a) the Chief District Court Judge; and
 - (b) 2 or more members of the Rules Committee established under section 155 of the Senior Courts Act 2016 of whom at least 1 is a District Court Judge.
- (3) In the absence of any rules under this section, or in any situation not covered by any of those rules, the rules in relation to civil proceedings for the time being in force under the District Court Act 2016 apply, with all necessary modifications, to proceedings under this Act.

- (4) *See* section 228 of the District Court Act 2016, which provides that court rules are secondary legislation.

Section 81(1): replaced, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

Section 81(2)(b): amended, on 1 March 2017, by section 183(b) of the Senior Courts Act 2016 (2016 No 48).

Section 81(3): amended, on 1 March 2017, by section 261 of the District Court Act 2016 (2016 No 49).

Section 81(4): inserted, on 28 October 2021, by section 3 of the Secondary Legislation Act 2021 (2021 No 7).

82 Regulations

- (1) The Governor-General may, by Order in Council, make regulations providing for any matters contemplated by this Act, necessary for its administration, or necessary for giving it full effect.
- (2) Regulations prescribing the form of a notice of acceptance may, for example, require that the notice—
- (a) state that the adjudicator has accepted appointment as adjudicator:
 - (b) if the adjudicator has been appointed by a nominating body agreed between the parties, state that the nominating body has appointed the adjudicator because the parties could not or did not agree on an adjudicator:
 - (c) if an authorised nominating authority has appointed the adjudicator, state that the authorised nominating authority has appointed the adjudicator because the parties could not or did not agree on an adjudicator:
 - (d) confirm that the adjudicator meets the eligibility criteria for adjudicators under section 34:
 - (e) set out all of the relevant time frames for the adjudication process:
 - (f) identify which time frames have already commenced:
 - (g) note which time frames the respondent can ask the adjudicator to extend:
 - (h) indicate the likely costs of the adjudication:
 - (i) identify alternative options which may be available to the parties to resolve their dispute (other than by continuing the adjudication process).
- (3) Regulations under this section are secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

Legislation Act 2019 requirements for secondary legislation made under this section

Publication	PCO must publish it on the legislation website and notify it in the <i>Gazette</i>	LA19 s 69(1)(c)
Presentation	The Minister must present it to the House of Representatives	LA19 s 114, Sch 1 cl 32(1)(a)
Disallowance	It may be disallowed by the House of Representatives	LA19 ss 115, 116

This note is not part of the Act.

Section 82(2): inserted, on 1 December 2015, by section 54 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Section 82(3): inserted, on 28 October 2021, by section 3 of the Secondary Legislation Act 2021 (2021 No 7).

83 Chief executive may require adjudication information

- (1) The chief executive may, for statistical or research purposes, require adjudicators, nominating authorities, or nominating bodies to provide any information (in their possession or under their control) regarding adjudications, including, for example, the number, nature, or outcome of adjudications initiated under this Act.
- (2) A person must not disclose information under subsection (1) except—
 - (a) with the consent of the relevant party to the dispute and any identifiable person to whom it relates; or
 - (b) to the extent that the information is already in the public domain; or
 - (c) in statistical or summary form arranged in a manner that prevents any information disclosed from being identified by any person as relating to any particular person; or
 - (d) if the information is to be used for statistical or research purposes and will not be published in a form that could reasonably be expected to identify any particular person.

Section 83: inserted, on 1 December 2015, by section 55 of the Construction Contracts Amendment Act 2015 (2015 No 92).

Schedule 1

Transitional, savings, and related provisions

s 11B

Schedule 1: inserted, on 5 October 2023, by section 15 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

Part 1

Provisions relating to Construction Contracts (Retention Money) Amendment Act 2023

Schedule 1 Part 1: inserted, on 5 October 2023, by section 15 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

1 Transitional matters

- (1) This Act, as amended by the Construction Contracts (Retention Money) Amendment Act 2023 (the **2023 Act**), applies in relation to a commercial construction contract that—
 - (a) is entered into after the 2023 Act commenced; or
 - (b) was entered into before the 2023 Act commenced and is renewed afterwards.
- (2) This Act, as in force before the 2023 Act commenced, continues to apply in relation to any other commercial construction contract that was entered into before that Act commenced.
- (3) However, sections 18J to 18L apply in relation to a receivership or liquidation that commences after the 2023 Act commenced (regardless of when the construction contract was entered into or when the retention money was withheld).

Schedule 1 clause 1: inserted, on 5 October 2023, by section 15 of the Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12).

Notes

1 *General*

This is a consolidation of the Construction Contracts Act 2002 that incorporates the amendments made to the legislation so that it shows the law as at its stated date.

2 *Legal status*

A consolidation is taken to correctly state, as at its stated date, the law enacted or made by the legislation consolidated and by the amendments. This presumption applies unless the contrary is shown.

Section 78 of the Legislation Act 2019 provides that this consolidation, published as an electronic version, is an official version. A printed version of legislation that is produced directly from this official electronic version is also an official version.

3 *Editorial and format changes*

The Parliamentary Counsel Office makes editorial and format changes to consolidations using the powers under subpart 2 of Part 3 of the Legislation Act 2019. See also PCO editorial conventions for consolidations.

4 *Amendments incorporated in this consolidation*

Construction Contracts (Retention Money) Amendment Act 2023 (2023 No 12)

Te Ture mō te Hararei Tūmatanui o te Kāhui o Matariki 2022/Te Kāhui o Matariki Public Holiday Act 2022 (2022 No 14): wehenga 7/section 7

Secondary Legislation Act 2021 (2021 No 7): section 3

Partnership Law Act 2019 (2019 No 53): section 86

Regulatory Systems (Commercial Matters) Amendment Act 2017 (2017 No 12): Part 4

Contract and Commercial Law Act 2017 (2017 No 5): section 347

District Court Act 2016 (2016 No 49): section 261

Senior Courts Act 2016 (2016 No 48): section 183(b)

Construction Contracts Amendment Act 2015 (2015 No 92)

Financial Markets (Repeals and Amendments) Act 2013 (2013 No 70): section 150

Holidays (Full Recognition of Waitangi Day and ANZAC Day) Amendment Act 2013 (2013 No 19): section 8

Limitation Act 2010 (2010 No 110): section 58

Weathertight Homes Resolution Services Act 2006 (2006 No 84): section 127(2)

Insolvency Act 2006 (2006 No 55): section 445

Relationships (Statutory References) Act 2005 (2005 No 3): section 7