

Legal update - Construction Contracts Act

[Charlotte von Dadelszen](#), [Stephen Whittington](#), [Daniel Kelleher](#), [John Buchan](#), [Mark Odlin](#)

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The Construction Contracts Amendment Act 2015 (the Act) came into force on 1 December 2015. A key aim of the Act is improving the payment and adjudication processes under the Construction Contracts Act 2002 (the CCA). The Act reforms the CCA in this respect by introducing a number of practical solutions, targeted at increasing clarity and disclosure within the payment regime. All payment claims must now include the notice to payer (found [here](#)) and second, must 'state' (rather than indicate) both the 'Claimed Amount' and the 'Due Date for Payment [of the Claimed Amount]'.

Compliance with these new requirements is mandatory and, on the basis that the Act is already in force, required now. While yet to be tested in the courts, our expectation is that any failure to comply with these new requirements will result in invoices being deemed invalid (as is the case in the residential construction context, where an identical regime exists). This is a potentially significant issue from a cash-flow perspective and one that parties issuing payment invoices under the CCA can avoid by reviewing and updating their invoicing procedures.

If you have any questions about the above changes, please get in touch and one of our team will be more than happy to discuss further.

Auckland

188 Quay Street
Auckland 1010

PO Box 1433
Auckland 1140
New Zealand

P: +64 9 358 2555
F: +64 9 358 2055

Wellington

Aon Centre
1 Willis Street
Wellington 6011

PO Box 2694
Wellington 6140
New Zealand

P: +64 4 499 4242
F: +64 4 499 4141

Christchurch

83 Victoria Street
Christchurch 8013

PO Box 322
Christchurch 8140
New Zealand

P: +64 3 379 1747
F: +64 3 379 5659