

April 2026

A guide to price increases in home building work contracts

This information relates to home building work contracts that fall within the scope of the *Home Building Contracts Act 1991* (the Act) and applies to contracts for home building work valued between \$7,500 and \$500,000.

The Act sets out the minimum contract terms and provides circumstances when a builder may apply a price increase to a contract.

If the home building work contract value does not fall within the Act, owners must review the particular clauses in relation to price increases in their individual contract documents and are strongly encouraged to seek independent, professional legal advice about their rights and obligations under their contract.

Can a builder pass on increases in labour and material costs once a fixed price contract has been entered into?

No, a builder cannot increase the contract price due to increased labour and material costs without the owner's prior consent except in limited circumstances provided for in the Act.

These circumstances include where a delay in starting the building work or obtaining a building permit occur of more than 45 working days from the date the contract is signed, and:

- a) is caused solely by the failure of the owner to comply with contract conditions (such as producing evidence of finance approval or title to land); or
- b) has occurred due to circumstances not reasonably foreseeable by the builder, such as a natural disaster.

What are my options if I can't pay the increased cost my builder asks for?

If the builder increases the price in response to any of the above, and the amount of the increase exceeds five per cent of the price stipulated in the contract, the owner has a right to terminate the contract.

However, the owner may be liable to compensate the builder for the reasonable costs incurred by the builder up to the date of the termination.

My builder says that the building work will not be completed in the timeframe specified in the contract. What should I do?

The Act does not prescribe a timeframe for completion of building work. Timeframes are generally agreed at the time of entering into contracts and are specified in the building contract. In addition, most contracts will include specific clauses dealing with delays.

If the building work is not completed within the time specified in the contract, having regard to any extensions of time submitted by the builder under the terms of the contract, the homeowner may be able to lodge a home building work contract complaint with the Department of Local Government, Industry Regulation and Safety (LGIRS), Building and Energy Division.

What can I do if I believe a price increase is excessive or unjustified?

Homeowners should speak to their builder in the first instance and discuss their concerns. Owners should ask their builders to confirm the clause of their contract or the section of the Act under which they are claiming the increase and, if relevant, who they believe has caused the delay.

If an owner believes the amount of a price increase due to delays of more than 45 working days – is excessive or unjustified and cannot resolve the issue with their builder, they can lodge a home building contract complaint with LGIRS. The complaint must be lodged within three years of the date the contract is entered into or within three years of the date the action subject to the complaint occurs.

If an owner makes a complaint, the builder is required to demonstrate that the price increase reflects the actual increases in costs incurred by them.

If a price increase is found to be excessive or unjustifiable, an order may be issued to vary or disallow the price increase.

My builder told me I only have 10 working days to lodge a complaint with LGIRS. Why is this different to the normal three years?

Under the Act, a builder is required to submit a written variation to an owner and seek their consent prior to proceeding with the variation.

However, if the builder claims a variation is due to circumstances that could not reasonably be foreseen by them at the time the contract was entered into, the builder is not required to seek prior consent from the homeowner.

The builder is required to give the homeowner written notice about a variation (due to unforeseen circumstances) within 10 working days of becoming aware of it, and the notice must include the amount of any costs related to the variation.

Similarly, if the homeowner wishes to dispute the variation, a complaint must be lodged with LGIRS within 10 working days of receiving notice of the variation from their builder.

These circumstances do not apply to increases in the costs of labour or materials, or both, as the Act prohibits rise and fall clauses.

**This requirement does not include variations due to the 45 working days for building approvals and delays by the owner as discussed above.*

What can I do if I agreed to a price increase before I understood my rights under the Act?

If a homeowner agreed to a price increase due to increased costs of labour, materials or both which they now believe was unjustified or excessive they may still lodge a HBWC complaint with LGIRS.

Further information on home owners' rights under the Act and how to lodge a HBWC complaint is available on the LGIRS [website](https://www.wa.gov.au/government/multi-step-guides/building-dispute-resolution) (<https://www.wa.gov.au/government/multi-step-guides/building-dispute-resolution>) or by calling LGIRS on 1300 489 099.

**Department of Local Government,
Industry Regulation and Safety**
www.lgirs.wa.gov.au

Regional offices:

Goldfields/Esperance	(08) 9021 9494
Great Southern	(08) 9842 8366
Kimberley	(08) 9191 8400
Mid West	(08) 9920 9800
North West	(08) 9185 0900
South West	(08) 9722 2888

Building and Energy Division

Level 1 Mason Bird Building
303 Sevenoaks Street
(entrance Grose Avenue)
Cannington Western Australia 6107
Locked Bag 14, Cloisters Square
Perth WA 6850

Call: 1300 489 099

Email: be.info@lgirs.wa.gov.au

www.lgirs.wa.gov.au/building-and-energy

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