

April 2026

Dealing with building challenges

The WA building industry is currently affected by disruptions to global supply chains caused by geopolitical conflicts. Building material price increases and surging fuel costs are affecting WA builders and homeowners alike.

If you are building or renovating a home in WA right now, you will know these are challenging times.

Rising costs of building materials including cement, plumbing products and highly volatile fuel prices are contributing to cost increases affecting builders and homeowners who are building or renovating.

The challenges resulting from disruptions to supply chains and sudden and significant increases in fuel costs are impacting on our local building trades and are expected to continue for some time.

Your builder or tradesperson will be doing their best to manage these challenges and ensure your project is completed on time and to budget.

During this time, it is important to keep in regular contact with your builder or tradesperson to understand how price increases or supply delays may affect your building project.

Consumers and builders should work together to identify measures to manage any cost increases and/or delays. An agreement between parties is often the best way to ensure projects are completed with minimal loss or disruption for all parties involved.

WA has laws to protect consumer and homeowner interests. These laws still apply during periods of uncertainty; this guide will help you understand the current challenges and the laws and protections that apply.

Manage your risk – Know your rights

If you are building or renovating a house or thinking about building or renovating, be mindful of the current challenges. While it is still a great time to build and renovate in WA, make sure you discuss your project timeframe and budget with your builder or tradesperson **first** before signing a contract.

Home building contracts

Home building work contracts in WA valued between \$7,500 and \$500,000 are governed by the *Home Building Contracts Act 1991* (the Act). These include contracts for building a new home, renovating, repairing or altering an existing home, placing a new home on a lot of land or associated works such as swimming pools, carports, etc.

If you have entered, or plan to enter into, a contract for residential building work valued over \$20,000, the builder must take out home indemnity insurance in your name before accepting payment or starting any work.

A 'preparation of plans agreement', (PPA) or preliminary agreement, does not form part of your contract, so is not covered by your home indemnity insurance policy.

This means that if the builder becomes insolvent or disappears while only preparing the plans or conducting other preliminary services under the PPA, you won't be covered for any losses incurred.

Home indemnity insurance

Home indemnity insurance (HII) is a requirement of the Act and is an important safeguard for a consumer in the event of the death, disappearance or insolvency of the builder. It can cover:

- loss of deposit up to \$40,000;
- incomplete building work up to \$200,000; and
- rectification of defective work, up to \$200,000.

You should not make any payment under your contract until your builder has given you a copy of your home indemnity insurance certificate.

An online home indemnity insurance certificate register can also be accessed through the insurance provider. Check the register using policy number or street address to ensure proper coverage is in place for your building work.

QBE certificate register

www.qbe.com/au/home-insurance/builders-insurance

Further information on HII

www.wa.gov.au/government/publications/home-indemnity-insurance-fact-sheet

Deposits

Under the Act, the maximum deposit that your builder or tradesperson can request from you prior to work commencing or materials delivered to site is 6.5 per cent of the contract price. Upfront payments for variations to your contract are not permitted under the Act.

A limited exception applies for off-site cabinetry work, where the value of that work represents more than 50 per cent of the amount under the contract. In these cases, a deposit of no more than 20 per cent can be charged.

Progress payments

The Act also limits the amount a builder or tradesperson can ask for progress payments under a home building work contract.

In short, these requests must be a 'genuine' payment for work already performed or materials or services supplied. You should only be paying progress payments for what you have received, not what might be supplied in the future.

Further information

www.wa.gov.au/government/publications/building-contracts-progress-payments

The Act also restricts builders from including rise and fall clauses in home building work contracts. Basically, this prevents a builder from passing on any increases that may occur to the cost of materials or labor during the term of the contract.

Information guide

www.wa.gov.au/government/publications/price-increases-home-building-work-contracts

Extensions of time

The Act does not set time limits for when building work must be completed. Time for performance provisions will generally form part of the contract agreed between the parties.

Your builder or tradesperson may need to seek an extension of time to complete your project due to issues beyond their control. This may be because they cannot access the materials specified in your contract or an agreement on alternative products cannot be reached.

If your service provider does ask for an extension of time, make sure you review your contract. Ask your builder to specify the reasons for the extension of time and confirm the relevant clause in the contract.

Termination of the contract

If you are thinking about terminating your contract, it is important to understand your rights and remedies. If you terminate your contract, you may be liable to pay damages and expenses including any loss of profit.

The Act provides limited circumstances where a homeowner can lawfully terminate a home building work contract. The builder and the homeowner may choose to terminate the contract mutually. Prior to terminating a contract independent advice should be sought.

Lodging a complaint

You can lodge a home building work contract complaint with the Building and Energy Division of the Department of Local Government, Industry Regulation and Safety (LGIRS) if you believe there has been a breach of contract, or a price rise requested by your builder is unjustified or excessive.

A complaint must be lodged within three years of the contract date, or from the time the cause of dispute arose.

Further information

www.wa.gov.au/government/multi-step-guides/building-dispute-resolution

What happens if my builder becomes insolvent before finishing my project?

In the unlikely event your builder moves into insolvency or administration, your home indemnity insurance policy will cover losses up to \$200,000 for incomplete or defective works and \$40,000 for loss of deposits.

Insurance provider QBE can assist you in engaging another builder to complete the work or you can select your own replacement builder. Make a claim as soon as possible by calling QBE on 1300 790 723.

If deposits and progress payments have been made that do not meet the criteria set out in the Act (for example, progress payments must only be made when works have been carried out, or goods have been delivered) they may not be covered by home indemnity insurance.

Further information

qbe.com/au/claims/builders-warranty

Repossession of goods and materials

Sometimes when a builder stops paying their bills, unfixed goods delivered to site may go missing or works that have been carried out could be damaged.

No one is entitled to damage your building site or remove materials or goods that have been installed or remove unfixed goods or materials if you have already paid for them. It is important that theft or damage to your property is reported to the Police by calling 131 444.

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

Disclaimer: The information contained in this fact sheet is provided as general information and a guide only. It should not be relied upon as legal advice or as an accurate statement of the relevant legislation provisions. If you are uncertain as to your legal obligations, you should obtain independent legal advice.

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