



# CORONAVIRUS **POTENTIAL IMPLICATIONS FOR PLUMBING INDUSTRIES**

The novel coronavirus (COVID-19) outbreak has spread to dozens of countries. On 11 March 2020, the Director-General of the World Health Organization declared COVID-19 a pandemic and called on countries to **take urgent and aggressive action**.

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## **THINK ABOUT THE POTENTIAL IMPACTS ON YOUR PLUMBING BUSINESS**

1. The types of risks posed by COVID-19.
2. Possible entitlement to relief under the contracts.
3. Strategies to mitigate or minimise the potential of COVID-19 to cause significant delay, disruption and cost overrun to their project.



WHO ARE WE

## Level Playing Field Lawyers

Level Playing Field Lawyers specialise in advice to the construction industry in Victoria. We remain open and continue to provide legal services, including legal advice relating to COVID-19 pandemic.

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## RISKS

1. The increased risk of insolvency and non-payment.
2. Shortages of project staff and labour arising as a result of quarantine, self-isolation or company or government imposed restrictions on movement.
3. Delay in design or the inspection of materials or equipment.
4. Access to site or the project's home office being closed or restricted.
5. Delay of the importation or transportation of plant, equipment and materials.

## CONTINGENCY PLANNING

Plumbers should be taking steps to be as prepared as possible for the future effects of the crisis.

- A. Enforcing payment terms and minimising outstanding debt.
- B. Complete credit checks on clients.
- C. Prepare robust terms and conditions and request a personal guarantee.
- D. All invoices should reference the Building and Construction Industry Security of Payment Act (VIC) 2002.
- E. Early procurement of materials.
- F. Review your contracts and negotiate delay and variation clauses.
- G. Review insurance policies and requirements.

## POSSIBLE ENTITLEMENT TO RELIEF UNDER THE CONTRACTS

1. **Suspension under SOPA**  
Under certain circumstances, a party can lawfully suspend works due to non-payment of a payment claim.
2. **Force Majeure**  
Force Majeure clauses allow parties to end the contract if they are prevented from performing due to unforeseeable events and the effect on the performance of obligations under a contract. Many subcontracts do not include force majeure clauses. Review your specific contract.
3. **Variation, Extension of Time and Other Clauses That May Apply**  
Some contracts may give you an extension of time in relation to events caused by COVID-19. Seek advice if the builder is threatening liquidated damages.

**Check your contract and its specific wording!**