

Publication: Australian Financial Review  
Date: 1 September 2009  
Page No: 49  
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Publisher: Fairfax Media Publications Pty Ltd

## Contracts may not be that binding

In difficult economic times, many individuals and companies want to get out of the contracts they have signed – particularly contracts that run over months and years. But how do you get out of a contract without taking the risk of being sued?

The most basic way is by agreeing with the other party that the contract should come to an end. For example, a manufacturer of sports memorabilia could agree with a shop owner that no more memorabilia will be supplied after three months.

Another way is by using a right contained in the contract. Often a clause will say that one party has a right to end the contract if a certain event or situation arises. For example, an insurance contract may say that if an individual has not been honest in disclosing information to his or her insurer, the insurer can end the agreement.

It may be possible to achieve the result you want by relying on a law made by parliament. Sale of goods laws provide a right to end a contract if, for example, there is defective delivery of goods. Consumer credit laws enable debtors and guarantors to pay out a credit contract at any time.

One of the most frequently used methods occurs when a party to a contract breaches one of its conditions. If this happens, the other party may decide to either terminate the contract or continue on with it. If a tenant consistently fails to pay his or her rent on time, the landlord may have a right to terminate the agreement. The landlord will usually need to give a notice to the tenant indicating that the landlord intends to end the tenancy agreement if the outstanding rent is not paid within a certain timeframe.

Another way of getting out of a contract is if the other party isn't ready, willing or able to perform the contract. If a professional footballer says that he refuses to play for his team because of a feud with his coach, his club may be able to cancel the footballer's contract based on what the footballer has said.

However, the football club could only do this if the footballer's actions had a serious impact. For example, if the footballer only said that he would turn up ten minutes late for training but would otherwise do everything else expected of a professional footballer, the club may not have a right to dispense with his services.

A contract can also be brought to an end if, due to no fault of the parties, it can no longer be performed in the fashion intended. If a flood was to damage a concert hall where a concert was to be held, the organiser of the concert may have a right to cancel the contract with the owner of the concert hall because, due to no fault of either party, the concert hall is no longer able to be used.

When trying to get out of a contract, it is very important to exercise extreme care. If you terminate a contract without a proper basis for doing so, you take the risk of being sued yourself.

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