

WESTERN AUSTRALIA

**COMMERCIAL ARBITRATION
AMENDMENT ACT 1997**

No. 43 of 1997

**AN ACT to amend the *Commercial Arbitration Act 1985*
and for related purposes.**

[Assented to 9 December 1997.]

The Parliament of Western Australia enacts as follows:

PART 1 — PRELIMINARY

Short title

1. This Act may be cited as the *Commercial Arbitration Amendment Act 1997*.

Principal Act

2. In this Act the *Commercial Arbitration Act 1985** is referred to as the principal Act.

[* *Act No. 109 of 1985.*

*For subsequent amendments see 1996 Index to
Legislation of Western Australia, Table 1, p. 38.]*

Savings and transitional provisions

3. (1) Subject to this section, the amendments made by this Act apply in relation to an arbitration agreement (whenever made) and an arbitration under such an agreement.

(2) The amendment made by section 9 does not apply in relation to arbitration proceedings that were commenced before the commencement of the amendment.

(3) Section 26 of the principal Act as in force before the commencement of section 11 continues to apply in relation to —

- (a) an order made under that section before that commencement; or
- (b) an application pending under that section immediately before that commencement.

PART 2 — AMENDMENTS TO PRINCIPAL ACT

Section 3 amended

4. Section 3 (6) of the principal Act is repealed and the following subsection is substituted —

“ (6) Nothing in this Act applies to an arbitration, or class of arbitrations, prescribed as an arbitration, or class of arbitrations, to which this Act does not apply. ”.

Section 4 amended

5. After section 4 (2) of the principal Act the following subsection is inserted —

“ (3) A reference in this Act to an arbitrator includes, in a case where there are 2 or more arbitrators, a reference to the arbitrators. ”.

Section 6 repealed and a section substituted

6. Section 6 of the principal Act is repealed and the following section is substituted —

“ **Presumption of single arbitrator**

6. An arbitration agreement shall be taken to provide for the appointment of a single arbitrator unless —

- (a) the agreement otherwise provides; or
- (b) the parties otherwise agree in writing.

”.

Section 15 repealed and a section substituted

7. Section 15 of the principal Act is repealed and the following section is substituted —

“

Manner in which decisions are made

15. Unless a contrary intention is expressed in the arbitration agreement, where an arbitration agreement provides for the appointment of 3 or more arbitrators —

- (a) the arbitrators may, by a majority, appoint one of their number to preside;
- (b) any decision to be made in the course of the proceedings may be made by a majority; and
- (c) if the arbitrators are equally divided in opinion, and one of the arbitrators has been appointed to preside (whether under this section or the agreement), the decision of the presiding arbitrator shall prevail.

”.

Section 18 amended

8. Section 18 (2) (a), (b) and (c) of the principal Act are amended by deleting “an order under subsection (1)” and substituting, in each case, the following —

“ the order ”.

Section 20 repealed and a section substituted

9. Section 20 of the principal Act is repealed and the following section is substituted —

“

Representation

20. (1) A party to an arbitration agreement may be represented in proceedings before the arbitrator or umpire by a legal practitioner, but only in the following cases —

- (a) where a party to the proceedings is, or is represented by, a legally qualified person;
- (b) where all the parties agree;
- (c) where the amount or value of the claim subject to the proceedings exceeds \$20 000 or such other amount as is prescribed instead by regulation; or
- (d) where the arbitrator or umpire gives leave for such representation.

(2) A party to an arbitration agreement may be represented in proceedings before the arbitrator or umpire by a representative who is not a legal practitioner, but only in the following cases —

- (a) where the party is an incorporated or unincorporated body and the representative is an officer, employee or agent of the body;
- (b) where all the parties agree; or
- (c) where the arbitrator or umpire gives leave for such representation.

(3) If a party applies for leave permitting representation by a legal practitioner or other representative, it shall be granted if the arbitrator or umpire is satisfied —

- (a) that the granting of leave is likely to shorten the proceedings or reduce costs; or
- (b) that the applicant would, if leave were not granted, be unfairly disadvantaged.

(4) A party is entitled to be represented by a legal practitioner or other representative on leave granted under subsection (3), notwithstanding any agreement to the contrary between the parties.

(5) A person not admitted to practise in Western Australia shall not be taken to have committed an offence under or breached the provisions of the *Legal Practitioners Act 1893* or any other Act merely by representing a party in arbitration proceedings in Western Australia.

(6) A reference in this section to —

- (a) a legal practitioner shall be read as a reference to a person who is admitted or entitled to practise as a barrister, solicitor or legal practitioner in Western Australia or in any other place, whether within or outside Australia; and
- (b) a legally qualified person shall be read as a reference to —
 - (i) such a legal practitioner; or
 - (ii) a person who, though not such a legal practitioner, has such qualifications or experience in law (whether acquired in Western Australia or in any other place, whether within or outside Australia) as, in

the opinion of the arbitrator or umpire,
would be likely to afford an advantage in
the proceedings.

”.

Section 22 amended

10. Section 22 (2) of the principal Act is amended by deleting “as *amiable compositeur* or *ex aequo et bono*” and substituting the following —

“ by reference to considerations of general justice and fairness ”.

Section 26 repealed and a section substituted

11. Section 26 of the principal Act is repealed and the following section is substituted —

“

Consolidation of arbitration proceedings

26. (1) The following provisions of this subsection apply to arbitration proceedings all of which have the same arbitrator or umpire —

- (a) the arbitrator or umpire may, on the application of a party in each of the arbitration proceedings, order —
 - (i) those proceedings to be consolidated on such terms as the arbitrator or umpire thinks just;
 - (ii) those proceedings to be heard at the same time, or one immediately after the other; or
 - (iii) any of those proceedings to be stayed until after the determination of any of them;

- (b) if the arbitrator or umpire refuses or fails to make such an order, the Court may, on application by a party in any of the proceedings, make such an order as could have been made by the arbitrator or umpire.

(2) The following provisions of this subsection apply to arbitration proceedings not all of which have the same arbitrator or umpire —

- (a) the arbitrator or umpire for any one of the arbitration proceedings may, on the application of a party in the proceeding, provisionally order —
 - (i) the proceeding to be consolidated with other arbitration proceedings on such terms as the arbitrator or umpire thinks just;
 - (ii) the proceeding to be heard at the same time as other arbitration proceedings, or one immediately after the other; or
 - (iii) any of those proceedings to be stayed until after the determination of any of them;
- (b) an order ceases to be provisional when consistent provisional orders have been made for all of the arbitration proceedings concerned;
- (c) the arbitrators or umpires for arbitration proceedings may communicate with each other for the purpose of conferring on the desirability of making orders under this subsection and of deciding on the terms of any such order;
- (d) if a provisional order is made for at least one of the arbitration proceedings concerned, but the arbitrator or umpire for another of the proceedings refuses or fails to make such an

order (having received an application from a party to make such an order), the Court may, on application by a party in any of the proceedings, make an order or orders that could have been made under this subsection;

- (e) if inconsistent provisional orders are made for the arbitration proceedings, the Court may, on application by a party in any of the proceedings, alter the orders to make them consistent.

(3) An order or a provisional order may not be made under this section unless it appears —

- (a) that some common question of law or fact arises in all of the arbitration proceedings;
- (b) that the rights to relief claimed in all of the proceedings are in respect of or arise out of the same transaction or series of transactions; or
- (c) that for some other reason it is desirable to make the order or provisional order.

(4) When arbitration proceedings are to be consolidated under this section, the arbitrator or umpire for the consolidated proceedings shall be the person agreed on for the purpose by all the parties to the individual proceedings, but, failing any such agreement, the Court may appoint an arbitrator or umpire for the consolidated proceedings.

(5) Any proceedings before an arbitrator or umpire for the purposes of this section shall be taken to be part of the arbitration proceedings concerned.

(6) Arbitration proceedings may be commenced or continued, notwithstanding that an application to consolidate them is pending under subsection (1) or (2) and notwithstanding that a provisional order has been made in relation to them under subsection (2).

(7) Subsections (1) and (2) apply in relation to arbitration proceedings whether or not all or any of the parties are common to some or all of the proceedings.

(8) Nothing in subsection (1) or (2) prevents the parties to 2 or more arbitration proceedings from agreeing to consolidate those proceedings and taking such steps as are necessary to effect that consolidation.

”.

Section 27 repealed and a section substituted

12. Section 27 of the principal Act is repealed and the following section is substituted —

“

Settlement of disputes otherwise than by arbitration

27. (1) Parties to an arbitration agreement —

- (a) may seek settlement of a dispute between them by mediation, conciliation or similar means; or
- (b) may authorize an arbitrator or umpire to act as a mediator, conciliator or other non-arbitral intermediary between them (whether or not involving a conference to be conducted by the arbitrator or umpire),

whether before or after proceeding to arbitration, and whether or not continuing with the arbitration.

(2) Where —

- (a) an arbitrator or umpire acts as a mediator, conciliator or intermediary (with or without a conference) under subsection (1); and

- (b) that action fails to produce a settlement of the dispute acceptable to the parties to the dispute,

no objection shall be taken to the conduct by the arbitrator or umpire of the subsequent arbitration proceedings solely on the ground that the arbitrator or umpire had previously taken that action in relation to the dispute.

(3) Unless the parties otherwise agree in writing, an arbitrator or umpire is bound by the rules of natural justice when seeking a settlement under subsection (1).

(4) Nothing in subsection (3) affects the application of the rules of natural justice to an arbitrator or umpire in other circumstances.

(5) The time appointed by or under this Act or fixed by an arbitration agreement or by an order under section 48 for doing any act or taking any proceeding in or in relation to an arbitration is not affected by any action taken by an arbitrator or umpire under subsection (1).

(6) Nothing in subsection (5) shall be construed as preventing the making of an application to the Court for the making of an order under section 48.

”.

Section 31 amended

13. Section 31 (2) of the principal Act is amended by deleting “prescribed for the purposes of section 142 of the Supreme Court Act 1935” and substituting the following —

“ payable on a judgment debt of the Supreme Court ”.

Section 32 amended

14. Section 32 of the principal Act is amended —

- (a) by inserting after the section designation “**32.**” the subsection designation “(1)”; and
- (b) by inserting the following subsection —

“
(2) If judgment is entered by the Court in terms of an award, interest shall cease to accrue in pursuance of a direction under this section on the date of the entry of the judgment.
”.

Section 33 repealed and a section substituted

15. Section 33 of the principal Act is repealed and the following section is substituted —

“
Enforcement of award

33. An award made under an arbitration agreement may, by leave of the Court, be enforced in the same manner as a judgment or order of the Court to the same effect, and where leave is so given, judgment may be entered in terms of the award.
”.

Section 34 amended

16. (1) Section 34 (2) of the principal Act is amended by deleting “, on application made by a party to the arbitration agreement”.

(2) Section 34 (3) of the principal Act is repealed and the following subsection is substituted —

“

(3) A provision in an arbitration agreement (being an arbitration agreement that provides for the reference of future disputes to arbitration) is void if —

- (a) it is to the effect that a particular party, or the parties, to the agreement shall in any event pay their own costs of the arbitration or any part of those costs; or
- (b) except in so far as it relates to a right of indemnity or a right of subrogation — it is to the effect that a particular party to the agreement shall in any event pay the costs of any other party or any part of those costs.

”.

(3) Section 34 (5) of the principal Act is amended by deleting “rules made for the purposes of this Act” and substituting the following —

“ rules of court ”.

(4) Section 34 (6) of the principal Act is repealed and the following subsection is substituted —

“

(6) Where in accordance with rules of court an offer of compromise has been made in relation to a claim to which an arbitration agreement applies, the arbitrator or umpire shall, in exercising the discretion as to costs conferred on the arbitrator or umpire by subsection (1), take into account both the fact that the offer was made and the terms of the offer.

”.

Section 38 amended

17. Section 38 (5) and (6) of the principal Act are repealed and the following subsections are substituted —

“

(5) The Supreme Court shall not grant leave under subsection (4) (b) unless it considers that —

(a) having regard to all the circumstances, the determination of the question of law concerned could substantially affect the rights of one or more parties to the arbitration agreement; and

(b) there is —

(i) a manifest error of law on the face of the award; or

(ii) strong evidence that the arbitrator or umpire made an error of law and that the determination of the question may add, or may be likely to add, substantially to the certainty of commercial law.

(6) The Supreme Court may make any leave which it grants under subsection (4) (b) subject to the applicant complying with any conditions it considers appropriate.

(7) Where the award of an arbitrator or umpire is varied on an appeal under subsection (2), the award as varied shall have effect (except for the purposes of this section) as if it were the award of the arbitrator or umpire.

”.

Section 46 repealed and a section substituted

18. Section 46 of the principal Act is repealed and the following section is substituted —

“

Delay in prosecuting claims

46. (1) Unless a contrary intention is expressed in the arbitration agreement, it is an implied term of the

agreement that in the event of a dispute arising to which the agreement applies it is the duty of each party to the agreement to exercise due diligence in the taking of steps that are necessary to have the dispute referred to arbitration and dealt with in arbitration proceedings.

(2) Where there has been undue delay by a party, the Court may, on the application of any other party to the dispute or an arbitrator or umpire, make orders —

- (a) terminating the arbitration proceedings;
- (b) removing the dispute into Court; and
- (c) dealing with any incidental matters.

(3) The Court shall not make an order under subsection (2) unless it is satisfied that the delay —

- (a) has been inordinate and inexcusable; and
- (b) will give rise to a substantial risk of it not being possible to have a fair trial of the issues in the arbitration proceedings or is such as is likely to cause or to have caused serious prejudice to the other parties to the arbitration proceedings.

”.

Part VII repealed

19. Part VII of the principal Act is repealed.

Section 61 amended

20. After section 61 (1) (b) of the principal Act the following paragraph is inserted —

“

- (ba) offers of compromise in relation to claims to which arbitration agreements apply;

”.

Schedule 2 repealed

21. Schedule 2 to the principal Act is repealed.

Miscellaneous amendments

22. The principal Act is amended as set out in the Table.

TABLE

Provision amended	Amendment
Section 5	Delete "shall be", substitute "is"
Section 18 (1)	Delete "in an", substitute "in the"
Section 19 (3)	Delete "to an", substitute "to the"
Section 21	Delete "to an", substitute "to the"
Section 22 (1)	Delete "to an", substitute "to the"
Section 23	Delete "in an", substitute "in the"
Section 24	Delete "in an", substitute "in the"
Section 28	Delete "in an", substitute "in the"
Section 29 (1)	Delete "to an", substitute "to the"
Section 31 (1)	Delete "in an", substitute "in the"
Section 31 (2)	Delete "in an", substitute "in the"
Section 32	Delete "in an", substitute "in the"
Section 38 (4)	Delete "to the" where it first occurs, substitute "to an"
Section 40 (1)	Delete "the following provisions of"