

Edition Five - March 2008

*A quick and easy
reference and resource booklet
offering important information
for those contemplating
building or renovating a home.*

Top Facts **for home builders & renovators**



*Helping Queenslanders
Build Better*

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FOREWORD



Dear Homebuilder or Renovator,

Your understanding, awareness, involvement and satisfaction with our business are critical to BSA's success in creating a better building industry for Queensland.

We accept that there is a lack of understanding and awareness amongst the community about our role in the building process. We believe we need to strengthen our image and heighten our presence so the community is much more aware of the existence and benefits of The Queensland Home Warranty Scheme administered by BSA, our dispute resolution processes and our licensing regime.

Community education is an essential ingredient to our success and we are committed to a continuing emphasis on ensuring that homeowners, builders and trade contractors alike are made aware of their rights and obligations.

This booklet is designed to guide you through the building process and to assist you in making informed decisions about your building project, be it a new home or renovations to an existing home.

Please take advantage of the services BSA offers and use the information in this booklet to help you achieve a successful outcome.

A handwritten signature in black ink, appearing to read 'Ian Jennings', with a stylized flourish at the end.

Ian Jennings
General Manager
Building Services Authority



ABOUT BSA



Building Services Authority (BSA) is a statutory authority established under the *Queensland Building Services Authority Act 1991* to regulate the building industry.

Our charter is to regulate the building industry through licensing of contractors, educating consumers about their rights and obligations, making contractors aware of their legal rights and responsibilities, handling disputes fairly and equitably, protecting consumers against loss through statutory insurance, implementing and enforcing legislative reforms and where necessary prosecuting persons not complying with the law.

The terms “builder” and “trade contractor” refer to the building contractors who undertake varying types of work on or around your home. This ranges from builders through to specialist trades such as landscaping, pest control, and building design.

WHAT DOES BSA DO?



CONTRACTOR AND CONSUMER ADVICE

BSA provides information and advice to consumers and contractors throughout Queensland. This assistance is provided through: Customer Contact Centres in the 10 BSA offices; BSA’s website (www.bsa.qld.gov.au); media releases and articles; Fact Sheets; seminars in Brisbane and regional centres and participation in trade and industry shows.

BSA’s Customer Service Officers are able to provide information ranging from licence checks and details about licence holders, through to information about the Queensland Home Warranty Scheme and BSA’s dispute handling procedures.

LICENSING

Under the *Queensland Building Services Authority Act 1991*, all builders, building designers and most trade contractors must be licensed by the BSA to carry out building work (there are a few exceptions, such as electricians who have their own licensing system).

To obtain a BSA licence certain financial, experience, technical and managerial standards have to be met. BSA is responsible for assessing licence applications, issuing licences, and ensuring that licensees continue to meet the required standards.

If you are having a home built or work done around your home you should contract only with someone who has a BSA licence card (i.e. a builder, trade contractor or building designer licence). A BSA licence indicates that the person whose name appears on the card is licensed to deal directly with the public.



QUEENSLAND HOME WARRANTY SCHEME

When you use a BSA licensed contractor for construction of a home, or major alterations or extensions, you are protected under The Queensland Home Warranty Scheme.

The insurance policy provides protection against: non-completion of the work covered by the contract; defective construction; and subsidence or settlement of the building.

The maximum amount payable by BSA in relation to a single detached dwelling, residential unit, or related roofed building (e.g. shed) is \$400,000. This \$400,00 maximum cover is allocated as follows:

\$200,000 for non-completion, defects and subsidence that occur prior to practical completion;

\$200,000 for defects and subsidence that occur after practical completion;

These amounts include a maximum of \$5,000 for alternative accommodation and/or furniture removal and storage costs should the property not be habitable.

As with any insurance scheme, specific conditions apply. Refer to page 28 for further details or contact your nearest BSA office.

Note: This cover provided by the Queensland Home Warranty Scheme should not be confused with your Home and Contents insurance which is available from general insurers.

RESOLUTION SERVICES

BSA has a Resolution Services Division which provides information and assistance in dealing with disputes between consumers and contractors regarding defective building work. BSA is not there to represent a particular party and works with both consumers and contractors to resolve building problems.

If you have a problem or concern about some aspect of work that has been done for you, the first thing you should do is advise your builder or trade contractor (both orally and in writing) and allow a suitable period for the contractor to fix the faults. If you are not happy with the outcome, contact your nearest BSA office for further advice.

Note: Time limits apply for the lodgement of disputes with BSA.

BSA is the body which licenses individuals as building certifiers. You can confirm a certifier's licence free of charge by contacting any BSA office or visiting the Online Licence Search facility on the BSA website (www.bsa.qld.gov.au). BSA is also responsible for investigating complaints and conducting audits of building certifiers' work.





CONTRACTS

Record all details of your agreement accurately in writing. BSA offers three types of contracts that together cater for the full range of domestic building, renovation and maintenance work. These contracts strike a good balance between the interests of consumers and building contractors.

BSA publishes and sells a comprehensive, plain-English, **Major Works Contract** which complies with all requirements of the *Domestic Building Contracts Act 2000 (the DBC Act)*. This contract provides a full range of supporting documentation including a BSA Consumer Guide and is suitable for large projects including the construction of an entire house.

The BSA **Minor Works Contract**, which also satisfies the requirements of the DBC Act, is specifically designed for renovations and extensions costing up to about \$40,000. This contract includes a plain-English contract schedule and a range of supporting documents including all the required forms and a BSA Contract Information Statement.

In addition to these two contracts, BSA also offers a very brief, simple **Contract for Small Building Projects** which is specifically designed for maintenance and renovation projects costing up to \$3,300 which are not regulated by the DBC Act.

These contracts are available free of charge from the BSA website at www.bsa.qld.gov.au or alternatively printed versions may be purchased from your nearest BSA office.

Just about any work you may have done on or around your home should be undertaken by BSA licensed contractors (including builders, trade contractors and, possibly, building designers).

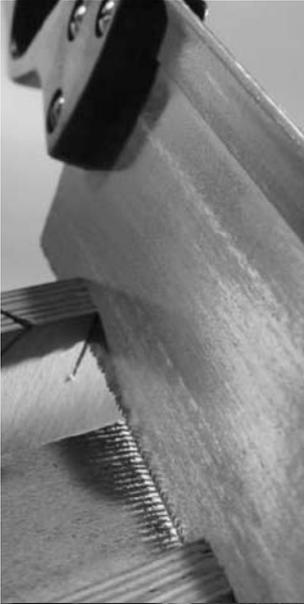
FROM THE BEGINNING

This section of the booklet deals with the process of finding finance, choosing land, and deciding whether you are going to buy a home and land package from a builder, contract a builder to build one of their designs on your land, or have a home designed and built exclusively for you on the land of your choice.

If you are a renovator, you should read this section thoroughly and take note of the information which is most relevant to your situation. Specific information for renovators is highlighted for your attention.

If you are considering large alterations or extensions to a home, you may need to apply for an Owner Builder Permit (see page 34).

GETTING STARTED



FINANCE

Key points when choosing a lender:

- Shop around and get three quotes
- Consider total, long term package
- Check flexibility and penalties
- Work out which product suits your needs

For advice on mortgages and other money matters, contact financial advisers, lenders or visit finance websites.

Points to remember regarding home finance:

- Don't over commit
- Allow for changing circumstances
- Existing commitments reduce loan amount
- \$7000 First Home Owner Grant

CHOOSING LAND

Land factors to consider:

- Size/slope/soil type
- Aspect
- Setbacks/easements/zoning
- Tree and animal habitat preservation rules
- Environmental factors
- Local development and facilities

When paying a deposit on land:

- Check the contract before signing, seek legal advice. It may be far more expensive in the long run if you sign an unfair contract.
- Advise the vendor in writing that the deposit paid and contract entered are subject to finance from (name lending authority) and subject to a soil test satisfactory to the purchaser.

BUILDING OPTIONS



If you're looking to build a new home, choosing a design which is affordable, functional, pleasing, and makes effective use of your land and environmental factors, will be important in determining your long term satisfaction, comfort and convenience. In terms of design, the recommended alternatives are:

- choose or modify one of the existing designs offered by a project builder with a good track record;
- engage a design professional (i.e. a licensed building designer, architect, engineer, or builder) to prepare the design, plans, and specifications on your behalf based on your instructions.

PROJECT HOMES - SOME PROS AND CONS

Many project home builders offer a large selection of 'standard' plans covering a wide range of prices, styles, sizes, specifications and standards of fittings and inclusions. Some of these builders specialize in a particular style of home (e.g. Colonial, Federation, double storey, etc.)

In addition to providing established plans, project builders arrange and coordinate the building process on your behalf. They may also provide other services, including assistance with mortgage finance and a variety of combined house and land packages (these packages may include 'extras' such as car accommodation, driveway, turf, full floor coverings, etc.).

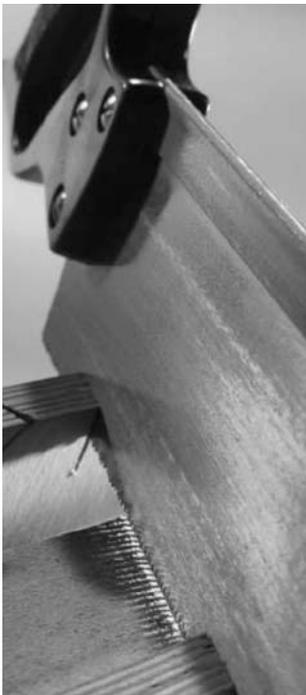
The advantages of using a project builder's standard plans include:

- the designs may already have been tried and proven by previous clients;
- some of the designs may be on permanent display giving you the opportunity to view the finished product;
- there may be cost savings (especially compared to a custom design); and
- the ease and convenience, and time savings, associated with not having to develop a detailed design specification.

The plans already prepared by project builders may not, however, match your practical requirements or design preferences, or make the best use of the aspect and shape of your land. Some changes (e.g. in design detail, room size, standard of fittings/inclusions) will usually be allowed but, because most project builders are not set up to offer a complete custom design service, there will be some limitations in the choices available to you. Ask your project builder to what extent their plans can be varied and at what cost.

DISPLAY HOMES - SOME PROS AND CONS

Many project home builders use furnished display homes to demonstrate some of their house designs. For potential home buyers, many of whom find it difficult to visualize the features of a home from floor plans alone, these display homes provide an example of the finished product, as well as an illustration of the builder's standard of finish, inclusions, etc.



Some of the fittings, inclusions and design features you see on display may not, however, be included in the standard version of the home. It is important, therefore, for you to know precisely what you will get should you decide to contract with the builder to build the house which is on display.

WHAT IS NOT INCLUDED IN PROJECT AND DISPLAY HOMES

While the standard inclusions provided by the different builders vary considerably, the following items will not normally be included in your contract (unless specifically mentioned), even though they may be seen in the display home:

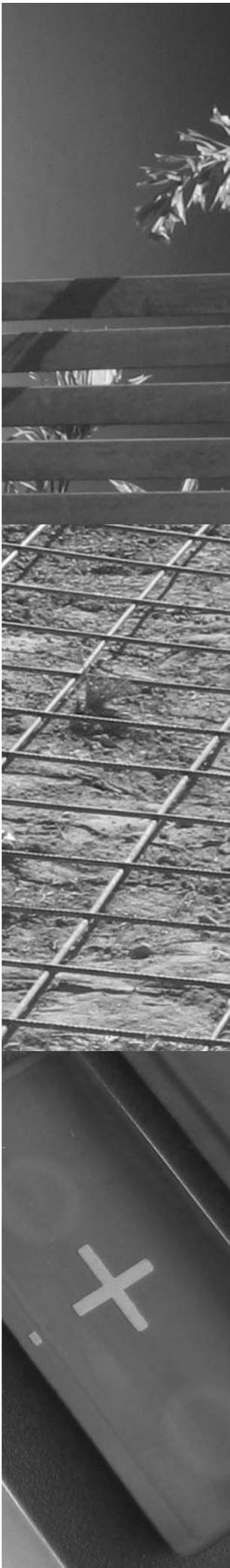
INSIDE

- loose furniture;
- security systems;
- floor coverings (usually coverings are provided only to the wet areas, such as bathroom, toilet and laundry floors);
- curtains, blinds and light shades;
- dishwashers;
- washing machines and other 'loose' electrical appliances which are not built-in to the home; and
- other fashion or decorator items (e.g. wallpaper, picture rails, fixed mirrors in living areas, etc.).

OUTSIDE

- car accommodation (although garages/carports are usually attached to display homes, they may be non-standard, extra-cost items);
- security and fly screens;
- driveway and paths;
- concrete or tiled floors under the entry porch or verandah;
- landscaping and gardens (including turf, plants, sprinkler systems, rockery, and retaining walls);
- garden sheds, outdoor furniture and decorator items;
- fences and pergolas;
- letterbox and clothes line;
- pools and spas;
- service connections (e.g. power, telephone, water and sewerage/septic) may cost more for blocks larger than normal urban size (i.e. maximum 800m², or 32 perches, with standard 6 metre setback); and
- higher wind rating and roof sarking (i.e. roof lining) are expensive and may be necessary or advisable if building on acreage and/or exposed areas.





ADDITIONAL POINTS TO CONSIDER:

The following items are often overlooked but may add considerably to the final cost of building the project/display home on your land:

EARTHWORKS (cut/fill) & FOOTING EXCAVATION

Under the *Domestic Building Contracts Act 2000* (the DBC Act) before finalising the contract the builder must obtain foundations data and give a copy to the consumer. The advertised price of the display/project home will normally be based on construction on a fairly flat block (e.g. up to 500mm of fall is a common allowance) with a favourable (i.e. stable) soil type and little or no underground rock. There may be significant additional costs associated with building the same design on your particular land, especially if it has a steep slope, unstable soil or rock beneath the surface. This can only be accurately determined after a contour survey, conducted by a surveyor, and a soil test, conducted by a registered engineer (NOTE: Many builders include the cost of soil tests, contour surveys and building approval fees in some form of 'Preliminary Agreement' - be sure to carefully read all terms of any such agreement before signing. Obtain formal legal advice if you have any concerns, especially if the cost seems too high for the services covered by the Preliminary Agreement or if there are penalties/extra charges if you choose not to proceed with the main contract).

WARNING:

BSA has received reports of a few unscrupulous builders charging exorbitant amounts for earthworks and footings. You should not sign a building contract unless it incorporates fixed total prices for the earthworks, footing excavation (excluding rock removal, for which a rate per cubic metre is acceptable), and footings, and the builder has provided you with copies of the soil test and contour survey upon which those prices are based.

If you believe the prices quoted are unreasonable, check with other builders or an engineer. In addition, be sure the contract specifically states who has responsibility for the removal from site of any 'spoil' (i.e. excess earth left after excavation).

BRICKS

Usually, only a limited range of bricks are included in the standard price of the home. Check if other bricks are available and at what additional cost.

MORTAR

Although homes are often displayed with coloured mortar, natural mortar (i.e. light grey) is usually standard and other colours (especially off-white or white) may cost much more.

BUILDER'S OBLIGATIONS

The builder of the display home must ensure that the following documents are prominently displayed in the home:

- a copy of the display home's plans and specifications; and
- a copy of the contract the builder would use to construct a similar home.



IMPORTANT NOTE : PROJECT AND DISPLAY HOMES

Some builders offer different standards of fittings/inclusions for their homes (e.g. 'standard' and 'deluxe' versions). If several versions of the project home are available:

- clearly identify which version has been quoted to you; and
- obtain the specifications and standard inclusions for the particular version you are interested in.

INDIVIDUALLY DESIGNED HOMES

Getting good results happens by design

In some circumstances the floor plans and specifications available from project builders may not always match your needs and preferences, or the aspect and shape of your land. If you require an individual design and the greatest choice of fittings and inclusions, you may engage one of the professionals listed below. These specialists can provide expert design services and produce documentation which will aid the smooth passage of your plans through the approval process.

Who can provide design services?

- Building Designers** - (Require a BSA Building Designer Licence - to check if the designer is appropriately licensed, go to www.bsa.qld.gov.au and click on **Online Licence Search**, or phone BSA on 1300 272 272)
- Architects** - (No BSA licence required; must be registered with the Board of Architects, Qld - **phone the Board on 3224 4482** to check if registered)
- Builders** - (House builders require a BSA Builder Licence in one of the following categories: Builder - Open; Builder - Medium Rise; or Builder-Low Rise. This licence entitles them to design homes which they will subsequently build - go to www.bsa.qld.gov.au and click on **Online Licence Search**, or phone BSA on 1300 272 272)
- Engineers** - (No BSA licence required ; must be registered with the Board of Professional Engineers, Qld- **phone the Board on 3224 6032** to check if registered)

Choosing a Designer

The process of designing your home should be a partnership between you and your designer. The best results will depend on a good working relationship in which both parties clearly understand their roles and responsibilities from the beginning. For this reason it is important that you choose a properly qualified professional with whom you feel comfortable.

When selecting a designer you should:

- be clear about the extent of work you require to be done;
- make a list of qualified home designers using information from relevant professional organisations [e.g. Building Designers' Association of Queensland, The Royal Australian Institute of Architects, Queensland Master Builders' Association, Housing Industry Association, and the



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www.bsa.qld.gov.au/



- Institution of Engineers Australia], advertisements in local press/media, trade and business directories, and personal recommendations;
- obtain at least three comparable quotations which clearly state what work and services they cover;
- not necessarily take the cheapest quote, but look for value for money; and
- check the past performance of the designers by contacting previous customers, especially those who have had similar work done (if you don't know any past clients, ask the designer for a list).

Your Role

As the plans and specifications that you prepare with the designer will be vital to the success of your new home, be sure the designer clearly understands your requirements from the outset and that all points are fully and precisely documented and dated. After he/she begins work, keep in regular contact with them as good communication will help prevent misunderstandings which can cost time and money.

Before the designer begins the job, it is important that you have worked out and clearly conveyed the following:

- Your budget for the construction or renovation work** for which you are seeking a design, as well as how much you expect to spend on the design process itself (lending institutions or your accountant will be able to tell you how much you can borrow and what the repayments would be).

NOTE:

Some individual/unusual design features can add considerably to the construction costs of the home and, if included, may necessitate an increase in your budget or a reduction in the living area you will receive for your money.

- All the important design features/facilities** (e.g. overall size and shape of the home, number and location of bedrooms and bathrooms, ceiling height, window sizes, etc.) which you wish to be included in the new home/extension/renovation for which you are seeking design assistance (photographs, sketches, magazine articles, etc., which show design features you like may help you to convey your requirements but be careful not to copy plans developed by someone else).
- The specifications, fittings and materials to be used** (e.g. plastic v. porcelain vanity tops, anodized v. powder-coated window frames, tile v. metal roof, type of ceiling insulation - if any - to be included, the standard/type of kitchen and bathroom fittings and appliances, etc.)



- ❑ **Time constraints/expectations**
(i.e. when you require the final design to be ready or the plans submitted to the Local Government or private certifier for approval). Remember, arriving at a design which meets your needs and preferences may involve several stages of refinement which may take longer than you expect but will be worth the extra time and effort.
- ❑ **If you want exclusive copyright ownership of the house plans** you and the designer will develop (be sure to document this in your written agreement).

The Designer's role

Design professionals are expected to keep up to date with legislation, information and trends relating to the building process and can help you to clearly define your needs and preferences. The designer can also advise you regarding environmental and energy considerations (including ventilation, insulation, choice of building materials, feasibility of solar power, the most appropriate house orientation with regard to sun and prevailing winds, landscaping, etc.).

To supply you with the best service, and the most cost-effective, functional and satisfying design, the designer will need to spend time with you to get to know your individual circumstances and requirements. Time invested by both parties at the early stages will help to develop the mutual trust and understanding which will be important to the success of the project.



Questions to ask in your first meeting

To help you assess the designer, and determine exactly what his/her role will be in your project, following is a checklist of questions to ask at the initial discussions:

- Does the designer have the appropriate BSA licence or professional registration?
(Check the BSA website or your nearest BSA office, or the appropriate Registration Board)
- In addition to preparing the design and working drawings (i.e. full technical plans drawn to scale showing internal and external dimensions), does the designer provide other services? For example:
 - site inspections (to ensure characteristics of the block and its environment are fully considered)
 - sketches of the elevations (i.e. three-dimensional side views of the house as it will look when the work is completed)
 - preparation of tender documents (if the job is to go to tender)
 - preparation and lodgement of documents (including plans) for approval
- Does the designer have knowledge of the estate/area in which you intend to build?
- Does the designer check for easements and the location of utilities (e.g. sewerage pipes) which could affect the siting and design of the home?
- Will the designer liaise with the Local Government or private certifier to ensure any special requirements are included in the plans before they are submitted for approval?
- Does the designer use a standard contract? If so, obtain a copy and read it carefully before signing. If not, be sure that whatever agreement you reach (including details of services to be provided and costs) is fully and accurately documented and signed by yourself and the designer (in either case, if you have any remaining questions or concerns about the contract you should seek legal advice).
- What up front deposit does the designer require before he/she will commence work? (be sure you get receipts for all payments and don't make the final payment until all work agreed to has been completed)
- How is the designer's fee calculated (e.g. a percentage or fixed sum)?
- What additional information/assistance does the designer require from you?
- What procedures/costs apply if you wish to vary the plans after they are completed?
- When will the design be ready?

WARNING: The laws relating to copyright apply to building plans. These laws prohibit (and penalise) any unauthorised copying or use of plans belonging to someone else (e.g. plans obtained from another designer or project builder).

SPECIAL NOTE FOR RENOVATORS

OBTAINING PLANS AND QUOTES FOR RENOVATIONS

If your project requires construction approval, you'll need plans and specifications that must be included in the contract. They may be prepared by the building contractor or drawn up for you by an independent architect, engineer or building designer. As the basis for the building work to be done, the plans and specifications form an integral part of the agreement between you and your building contractor. Check them carefully!

For the purposes of comparison, you should obtain at least three written quotes based on the completed plans and specifications. Remember: the cheapest quote is not always the best. Explain clearly to your building contractor, from quote stage, the full details of work you require. Always try to obtain a fixed price.

(Note: If your plans and specifications were provided direct by a licensed builder they may be subject to copyright and therefore cannot be used by another builder or building designer. In this case, for comparison, you should check the contractor's quote against those provided for a similar project by other building contractors).

CHOOSING YOUR BUILDER

The first step is to make a list of local builders willing and able to do the job, then check their qualifications and past work. You can find builders and trade contractors through:

- personal recommendations from any who have built/renovated recently friends, family or neighbours.
- industry associations (e.g. QMBA, HIA, etc.);
- advertisements in the local media - television, newspapers, radio;
- on-site signs;
- trade directories;
- the telephone book, especially the Yellow Pages; and
- building material suppliers (e.g. hardware outlets).

When looking at classified advertisements, make sure they include the contractor's name and BSA licence number as this is required by law. Contact your nearest BSA office or visit BSA's website (www.bsa.qld.gov.au/OnlineLicenceSearch) to confirm, free of charge, whether the contractor has a current licence suitable for your job. You can also obtain important information about the contractor's past performance, including dispute history.

CHECK THE LICENCE CARD!

A BSA licence card is a symbol of consumer protection offered under the *Queensland Building Services Authority Act 1991*. The licence card (illustrated below) indicates that your builder, trade contractor or building designer has met certain minimum requirements and is licensed to deal directly with the public.

Ask the contractor to show you their licence. Note the type of licence, name and expiry date. Ensure that the person you are dealing with and the name on the card are one and the same.

NAME OF LICENSEE

LICENCE NUMBER

EXPIRY DATE

TYPE OF WORK
THE LICENCE COVERS



ASK THE CONTRACTOR FOR DETAILS OF PAST WORK AND RECENT CLIENTS –

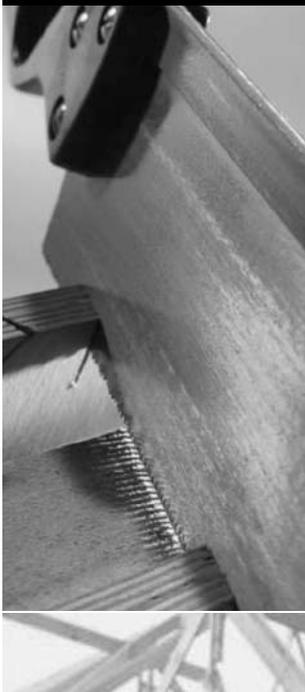
Inspect previous work and ask past clients:

- Did the contractor provide documentation clearly detailing and pricing the work to be done?
- Did the contractor provide good customer service (e.g. polite and responsive)?
- Did the contractor stick to the agreed costs and timing?

Having completed the previous steps and selected a contractor:

- Ask about, and obtain a copy of, any special warranties the contractor may provide.
- Always be very clear about the type of products (e.g. paint) that will be used;
- Before signing anything, obtain a copy of the contractor's contract, read it, and seek formal legal advice on any point you don't understand.

GET IT IN WRITING!



Remember to make sure:

- The contract records in writing, everything you have agreed to and includes reference to the **5 business day 'cooling-off'** period;
- You have received from the builder/contractor, and read a BSA-approved Contract Information Statement (BSA produces two Information Statements: the BSA Consumer Guide and Minor Works Contract Information Statement);
- If the contracted work involves or affects house foundations or a concrete slab, ensure the contractor has given you the relevant foundations data;
- You don't sign any document unless you fully understand it – seek formal legal advice if you are unsure or have concerns;
- You don't pay the full price up front. Don't pay too much deposit and don't pay progress payments before required under the contract or in advance of work in progress.

THE DOMESTIC BUILDING CONTRACTS ACT 2000



The *Domestic Building Contracts Act 2000* (the DBC Act) was introduced to provide improved protection and information to Queensland home owners undertaking domestic building work valued at over \$3,300 (including labour, materials and GST).

It is important to understand the key provisions of the Act (detailed below), especially as some contractors may seek to use contract documentation that does not comply with this legislation.

WRITTEN CONTRACTS

General

All domestic building work valued at over \$3,300 must be covered by a written contract which complies with the DBC Act. Home owners should carefully check their contract documentation and, if necessary, seek formal legal advice before signing to ensure it complies with the Act.

Display Homes

If the contract is for the construction of a home similar to one which is on display, the DBC Act requires that the customer's home will be constructed according to the same plans and specifications, standards of workmanship and quality of materials as those used in the display home, except to the extent (if any) that the contract provides for, and specifically identifies, departures from them.



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- To avoid confusion, be sure that all your requirements (especially variations to the standard house plan) are fully and clearly documented and supported by detailed drawings, specifications and prices.

THE 'COOLING-OFF' PERIOD

All contracts for domestic building work priced at over \$3,300 must advise home owners of their right to a 'cooling-off' period. Under the DBC Act home owners may withdraw from the contract during the cooling-off period, **usually within 5 business days** of receiving from the contractor a copy of both the signed contract and a BSA-approved Contract Information Statement. The home owner must give written notice of their intention to withdraw to the contractor and pay certain costs (usually \$100 plus 'out-of-pocket expenses reasonably incurred by the contractor before the building owner withdrew from the contract').

You may **NOT** withdraw during the cooling-off period if:

- You and your contractor had a previous contract on similar terms, for substantially the same services and relating to the same site or home;
- You have received independent legal advice about the contract from a practising lawyer before entering into the contract; or
- You tell the contractor that you have received independent legal advice about the contract from a practising lawyer before entering into the contract.

INFORMATION STATEMENTS

The DBC Act requires contractors to provide home owners with a signed copy of the contract, together with a BSA-approved Contract Information Statement, within 5 business days of entering into the contract. Contract Information Statements contain general information relating to the contract for the benefit of home owners. BSA's versions of a Contract Information Statement (available from any BSA Office) are known as BSA Consumer Guide and Minor Works Contract Information Statement.

Be sure to carefully read the Contract Information Statement you are given by the contractor before you sign the contract.

VARIATIONS

Failure to fully and accurately document changes to the original contract (commonly known as 'variations') is a frequent cause of building disputes.



The contractor and/or the owner may vary work under the contract by way of an increase, decrease or deletion of work provided that the details of the variation are put in writing in a Variation Document signed by both the parties and initialled as necessary by the owner.

All variations requested by the contractor must be put in writing and copied to the home owner as soon as practicable. The only exception is if the work is required urgently and it is not reasonably practicable to produce a variation document before commencing work. If a variation requested by a contractor involves additional work, the home owner is only liable to pay for that extra work if the contractor could not reasonably have foreseen the extra work at the time of contracting. **The contractor must not demand payment for variations before the work has commenced.**

DEPOSIT AND PROGRESS PAYMENTS

The DBC Act sets out maximum deposit percentages which must not be exceeded, even if the home owner is agreeable. If the contract is **for domestic building work priced at \$20,000 or more the maximum deposit payable is 5%. If the contract price is between \$3,300 and \$20,000 the deposit must not exceed 10%.** (Note: Although the legislation does not set maximum deposits for smaller building projects valued at less than \$3,300, BSA generally recommends no more than 20%). Where the building work involves the construction of a home the DBC Act also sets out the following instalment schedule for progress payments.

For contracts involving all stages of construction of a home:

Stage of Work	Max. Percentage of Total Contract Price
1 deposit	5%
2 base stage	10%
3 frame stage	15%
4 enclosed stage	35%
5 fixing stage	20%
6 practical completion	15%

The above construction stages (called "designated stages") are defined in Schedule 2 of the DBC Act. Section 66 of the DBC Act also provides less detailed payment schedules for home construction where not all of the above designated stages are involved (e.g. where the contracted work finishes at the enclosed or fixing stage).

There is scope for you and the contractor to vary the progress payment arrangements, but only where the contractor has given you a notice setting out the matters in the *Domestic Building Contracts Regulation 2000* - Regulation 4 before entering into the contract and you have initialled the clause of the contract that sets out the alternative progress payments. **It is not possible to increase the maximum deposit amounts.**



Always be careful not to pay in advance of work progress as this may reduce the protection available to you under the Queensland Home Warranty Scheme in the event of contractor failure (e.g. through death or bankruptcy).

MAXIMUM DEPOSITS FOR RENOVATIONS

For domestic building work with a contract price over \$3,300 but not **involving** the full construction of a home (e.g. renovations or extensions) maximum deposit percentages apply as for home building:

Not more than 5% for projects with a contract price of \$20,000 or more, and

not more than 10% where the contract price is over \$3,300 but less than \$20,000.

In practice, it is customary on very small, quick jobs for all or nearly all of the money to be paid on completion. There are no specific requirements in the DBC Act regarding progress payment amounts for work not involving the designated stages of home construction, but **BSA strongly recommends that you read and understand the following points:**

- for renovations and extensions the progress payments arrangements** (timing and exact amount) **set out in your contract should be directly related to work progress** (Note: If the progress payment arrangements in your contract are not directly related to work progress, the contractor must give you a notice in accordance with *Domestic Building Contracts Regulation 2000*, Regulation 3, before you enter into the contract and you must initial the clause of the contract that sets out the progress payments);
- once work gets under way, **stick to these contractual arrangements and never pay early or in advance** of progress on the job; and
- always inspect and check that the work is satisfactorily completed** in accordance with your written agreement **before making the final payment.**

'FOUNDATIONS DATA' AND CERTIFICATES OF INSPECTION

Where the building project involves the construction or alteration of footings or a concrete slab, or may adversely affect the footings of a building or a concrete slab forming part of a building, the DBC Act requires the contractor to obtain appropriate 'foundations data' (e.g. soil tests, contour surveys) before entering the contract and to provide a copy of this data to the home owner (unless the owner already has this information). The contractor is also required to provide the home owner with copies of each certificate of inspection as they are issued, as well as other contract-related documents (e.g. reports, notices or orders issued by suppliers of services, etc.) as soon as practicable after the work has been completed.

SPECIAL
NOTE
FOR
RENOVATORS

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ALLOWANCES FOR DELAYS DURING CONSTRUCTION

The DBC Act requires that when calculating the finish date, or the time required to carry out the contracted work, the contractor must make reasonable allowance for certain types of delays (e.g. inclement weather, non-working days, etc.) where there is a reasonable likelihood that the delays may affect the time required to carry out the work. Where such allowances (known as '**calculable delays**') have been made, the contract must state the number of days the contractor has allowed for each type of delay. In addition to these allowances, if a contractor reasonably believes a delay will happen but cannot estimate the period of likely delay, the contract must state the reason for the likely delay and the general effect it is likely to have on the contracted work.

An example of this type of delay, known as an '**incalculable delay**', might be a delay in the delivery of imported materials or fittings. Inclement weather and non-working days are not classed as 'incalculable delays'.

IMPLIED WARRANTIES

There are certain implied warranties in the DBC Act which must be stated in all contracts for domestic building work priced at over \$3,300. These warranties include that the work will be carried out in accordance with all relevant laws; in an appropriate and skilful way; in accordance with plans and specifications (where relevant); using materials that are good and suitable for the purpose for which they are used, and new, unless otherwise stated in the contract; that the home will be suitable for occupation on completion of the contracted work, etc. More details on these warranties may be found on BSA's website under Consumers/Starting Building/Warranties Under The DBC Act.

CONTRACT TERMINATION

In certain circumstances, if the contract price rises by more than 15% or the construction period blows out by more than 50% the home owner may be entitled to terminate the contract, provided these increases could reasonably have been foreseen by the contractor and any rise in price was not due to a delay caused by the owner.

NOTE:

It is essential that you obtain formal legal advice before terminating the contract for any reason.

CHECKLIST



- I have seen and checked the contractors' licence card details with BSA.
- I have obtained 3 comparable written quotes.
- I have compared the different quotes and contractors' past work.
- I have received a written contract which complies with the DBC Act.
- The name on the licence card is the same as that on the contract.
- The total contract sum, deposit and progress payments are clearly stated.
- The deposit and progress payments in the schedule conform with the requirements of the DBC Act.
- Is the contract price fixed? If so, for how long?
- What factors (e.g. removal of rock) may affect the final price?
- Any provisional sums or prime cost items (BSA recommends these are kept to a minimum) are clearly stated on separate schedules, and I understand how these sums can affect the final price.
- The contract explains my right to withdraw during the 'cooling-off' period of 5 business days.
- All the work I want done is clearly detailed in the contract and supported by appropriate plans and specifications.
- The contractor has provided me with foundations data (where relevant) and incorporated this information in the contract price.
- The contractor has provided me with a BSA-approved Contract Information Statement.
- I have informed the contractor of any special requirements I have and they are documented in the contract.
- Commencement and completion dates or time frames stated in the contract are realistic.
- I understand the grounds for any extension of time on the performance of the contract.
- If I have been promised a special package/promotion/discount, it is included in the contract.
- I have read and understood every clause of the contract. (if not, seek formal legal advice)
- Both the contractor and I will sign all pages of the contract documents, including plans and specifications, and we will each retain a signed set.
- All changes to the contract ('variations') are priced and recorded in writing.
- I am aware of the remedies available to me and the contractor under the contract and through BSA if the contractor performs defective work.
- Before handover I will contact my insurance company and arrange Home Property and Contents insurance effective from the date of handover.

DURING CONSTRUCTION

Workplace Health and Safety

The contractor acts as 'principal contractor' for the purposes of and pursuant to Section 13 of the *Workplace Health and Safety Act 1995* for the duration of the contract.

The contractor must require all persons at the site to comply with all applicable requirements pursuant to the *Workplace Health and Safety Act* and may exclude or remove from the site any person who fails to comply.

Building Approvals and Inspections

This section aims to answer common questions about the building approval and inspection process in Queensland.

Who Can Do Building Approvals and Inspections?

Approvals for building work must be obtained from a building certifier (formerly known as a 'building surveyor/inspector'), who can be either a local government building certifier or a private certifier. All building certifiers must be accredited by Building Services Authority (BSA).

Inspections for compliance of building work must be carried out by either a local government building certifier or a private certifier. The certifier who approves the plans for building work must also do the required inspections personally or authorise a competent person to do them.

NOTE: While the builder has a statutory obligation to notify the certifier at certain construction stages, home owners are ultimately responsible for ensuring that approvals are granted and the required inspections are carried out. (Arrangements for inspection should, therefore, be discussed and agreed with the builder and recorded in the building agreement). You are entitled to copies of certificates of inspection as soon as practicable after they are issued to the builder. (refer to BSA Consumer Guide for further details).

What is a 'Private Certifier' and what is their role?

A private certifier is a building certifier whose BSA licence is specifically endorsed to allow them to work in any local government area. If you wish to engage a private certifier you should check their licence details with BSA, ask them about their past experience, and contact past clients. Under the *Integrated Planning Act 1997*, the engagement must be in writing and must state the certification fee.

There are two different levels of licence for private certifiers related to the size of projects they can undertake. Within these levels private certifiers are able to perform the following work: assessing building applications; issuing development approvals for building work (see mandatory



requirement); inspecting and certifying construction; issuing enforcement notices on building work they are directly involved with; and issuing certificates to allow the lawful occupation of certain classes of buildings. Private certifiers are required to have at least \$1 million professional indemnity insurance. In addition to professional indemnity insurance, private certifiers who wish to issue development permits for building work are required to have successfully completed the course "Issuing Development Permits for Building Work."

There are, however, a number of matters over which private certifiers have no authority and which can only be decided by the local government. These matters include: assessing town planning matters; reviewing the capacity and location of public utilities (e.g. sewer mains, water supply, etc.); exercising discretion on the siting of buildings (e.g. reducing the setback requirements); and granting exemptions to the installation of swimming pool fences.

NOTE: It is unlawful for a private certifier to certify or approve work with which they are personally involved as a builder or designer, or from which they are able to derive a profit.

What is the purpose and timing of Building Inspections?

The primary function of on-site inspections is to ensure that construction work complies with the approved plans and recognised building standards including the Building Code of Australia (BCA). It is not the role of the certifier to ensure compliance with the terms of the contract or to judge the quality of the work.

Since the *Integrated Planning Act* came into effect on 30 April 1998, building inspections on dwellings must be performed at the following stages - footing, slab, frame and final.

Who is responsible for Supervision and Quality Control?

It is the responsibility of the builder and the owner, working together, to ensure that the project is constructed to an acceptable standard in accordance with the approved plans and contract documents. Building certifiers are required to act in the public interest. They do not perform ongoing supervision on behalf of individual home owners.

How can construction standards and quality be confirmed?

If consumers have specific requirements with regard to quality and finish these details (e.g. type and no. of coats of paint, materials to be used, etc.) should be discussed and written into the contract. The next step is to carry out regular on-site inspections, by appointment, with the builder or builder's supervisor. An individual tradesperson cannot speak with authority about the



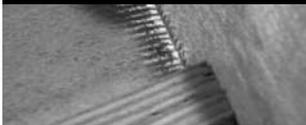
whole job. If home owners are not confident that they have sufficient time or knowledge to ensure the quality of the work, they may wish to engage a consultant to monitor the job on their behalf.

(Ensure that the consultant is properly qualified and experienced and check with their past clients.)

Where can I get more information about Building Certification?

Contact the Australian Institute of Building Surveyors (AIBS)

BUILDING DISPUTES



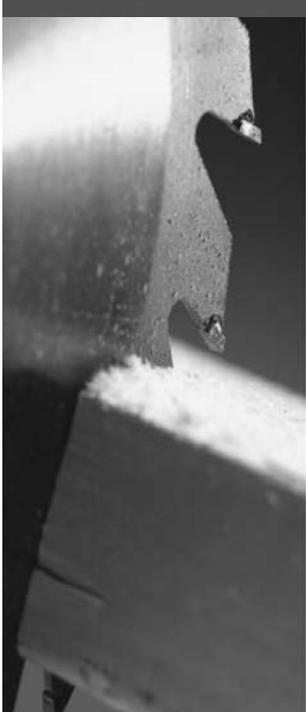
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BSA has a role in preventing building disputes through educating builders, trade contractors, building designers and consumers.

Whilst BSA continues to succeed in resolving in excess of 90% of the disputes finalized without recourse to the Commercial and Consumer Tribunal, a lack of documentation, particularly regarding variations, continues to impede the speedy resolution of disputes. It is essential that consumers and contractors properly record their agreements, obligations and responsibilities to avoid confusion and the likelihood of protracted litigation.

What causes disputes?

Disputes between builders, trade contractors, building designers and consumers occur for many reasons including:

- inaccurate or incomplete documentation;
- poor communication;
- unsatisfactory work;
- delays; and
- lack of knowledge of building practices.

How to avoid disputes

Builders, trade contractors and building designers should ensure that:

- their licence is current and appropriate for the work to be done;
- the nature of the work to be done, how long it will take and exactly what it will cost, are explained and given in writing to the consumer;
- any discussions about variations (such as price changes) are written down and given to the consumer;
- all parties understand their rights and responsibilities and sign the contract; and
- owners are given a copy of the relevant Contract Information Statement and foundations data (if required) at the appropriate time.



Consumers should ensure that:

- they understand the sequence and key aspects of the building process (it is recommended that if you live in Brisbane, that you attend one of BSA's monthly Consumer Seminars - telephone **1300 272 272** to register);
- the builder, trade contractor or building designer has a current licence for the work to be done (ask to see their licence card, write down the name and number on the card, and phone BSA or visit BSA's website to confirm that the contractor is currently and appropriately licensed for the job and to obtain some details of their past performance);
- the builder, trade contractor or building designer's work is recommended by past customers;
- the contract clearly specifies the extent and timing of work to be done, total price and payment details;
- their rights and responsibilities are detailed in the contract and understood (Note: In particular, be sure you're familiar with the "cooling-off" provisions);
- they receive a copy of the Contract Information Statement and any required foundations data before signing their contract; and
- the contract and any variations are signed by both parties (and copies kept on file).

DISPUTE RESOLUTION

When negotiations between you and your builder or trade contractor break down, and rectification work is not completed, there are options and procedures for resolving your dispute.

What can BSA do for you?

BSA provides an equitable and effective dispute resolution service for disputes between BSA licensees and consumers concerning building defects. You should contact your nearest BSA office should your attempts to reach an amicable solution with your building contractor break down.

Your first step is to convey your concerns in writing to your building contractor, giving them a reasonable time (say, 14 days) in which to address the matter. Make sure you date, sign and keep a copy of the letter for your records.

If you still can't resolve the problems in a reasonable time, call your nearest BSA office to discuss the matter. You may have to complete a Complaint Form (available from any BSA office, or the BSA website under Information for Consumers/Complaints/Residential and Commercial Building Complaints).

Even after you have completed the Complaint Form, BSA encourages both parties to resolve the dispute prior to a site inspection by a BSA technical representative.

Where a satisfactory outcome cannot be reached, BSA can help at the site inspection by:

- determining responsibility for defects; and
- directing the contractor (where appropriate) to rectify defects or complete the works.

If the contractor is required to rectify defects you should allow reasonable access for the contractor. A time frame will be set in which the work is to be performed. In some cases, an extension of time may be necessary. Any extension is subject to BSA approval.

QUEENSLAND HOME WARRANTY SCHEME - MAKE SURE YOU'RE COVERED.

Complete details of this licence
www.bsa.qld.gov.au/



The Queensland Home Warranty Insurance Scheme provides consumers with the most comprehensive home warranty protection available.

Insurance cover commences from either the date of payment of the insurance premium, the date of signing a contract or when the building contractor commences the work (whichever is the earlier).

What is insurable?

The Queensland Home Warranty Insurance covers specific building work called residential construction work. Residential construction work is building work over \$3,300 in value carried out by a contractor under contract for the following;

- The Construction of a house, duplex, townhouse, villa unit, any residential unit (provide it is not a multiple dwelling of more than 3 storeys) and related roofed buildings (i.e. garage, pool change room, etc); and
- Building work that affects the structural performance of a residence or related roofed building, relocation or replacement of a roof, wall, internal partition, floor or foundations, extensions, decks and verandahs, bathroom and kitchen renovations and installation and repair of the primary water supply.

The total amount of compensation available under the scheme is capped at \$400,000 and is allocated as follows:

\$200,000 entitlement pre-practical completion; and
\$200,000 entitlement post-practical completion.

Note: common property limits apply for multiple dwellings.

What does the insurance cover?

Pre-practical completion (maximum compensation \$200,000)

The scheme provides financial assistance to consumers for non completion, defect and subsidence or settlement if a contract fails to complete a contract for residential construction work and a contract is terminated by the insured (owner) for reasons that are not the owner's fault. Such circumstance included cancellation or suspension of the contractors, BSA licence and liquidation or bankruptcy of the contractor.



Post-practical completion (maximum compensation \$200,000)

If the Dispute Resolution Process fails to resolve disputes about defects, subsidence or settlement issues or the contractor is incapable or retifying defects or subsidence (e.g. liquidation, deceased) that arise after the contract reaches practical completion, the Home Warranty Insurance Scheme will compensate consumers for the reasonable cost to rectify the defects, subsidence or settlement.

Additional Cover

If a claim is approved the policy also provides compensation up to \$5,000 pre-practical completion and \$5,000 post-practical completion for:

- Reasonable cost of alternative accommodation; and
- Furniture removal and storage costs necessarily incurred as a result of the delays in completing or rectifying the residential construction work.

Who pays the premium?

The Home Warranty Insurance Scheme is financed by the payment of a insurance premium by the contractor. The premium must be paid to BSA prior to the commencement of the work and approval of the plans by a building certifier.

Check you level of cover

You should receive a Certificate of Insurance and a copy of the Insurance Policy Conditions from BSA within 2 weeks of payment of the premium by the contractor. Check the notified contract value is correct. If the value of the work shown on the certificate differs from that on your contract, advise BSA so that an appropriate adjustment can be made to the policy.

KEEP YOUR INSURANCE POLICY AND POLICY CONDITIONS IN A SAFE PLACE.

How do I make a claim?

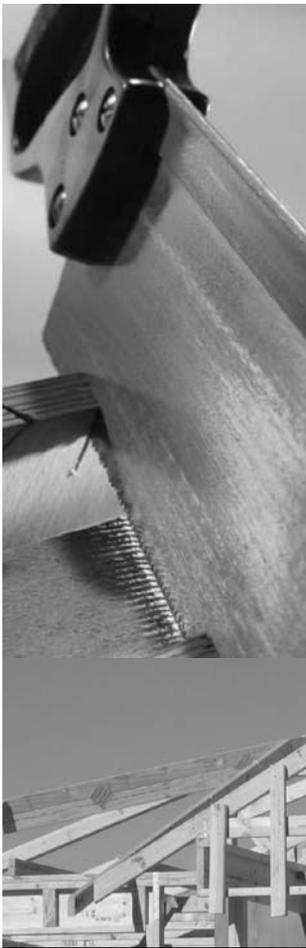
As with all insurance policies there are terms, conditions and monetary limits that apply. You should familiarise yourself with these conditions prior to lodging a complaint with BSA.

However, if a dispute arise between you and the contractor and that dispute cannot be resolve you should lodge a Residential and Commerical Building Complaint Form with BSA. If the work that is subject to the complaint is covered by a policy BSA will consider any insurance entitlement as part of the resolution process.

Commercial and Consumer Tribunal (CCT)

Disciplinary action against the contractor can be initiated in the Commercial and Consumer Tribunal by BSA should a direction to rectify not be complied with.





Where BSA's determinations are not agreed to, licensed builders, trade contractors and subcontractors, building designers and consumers are all entitled to take their domestic building disputes to the Commercial and Consumer Tribunal.

The Commercial and Consumer Tribunal provides cost effective dispute resolution, particularly for domestic building disputes of a contractual nature. The Tribunal will hear any disagreement between yourself and your licensed contractor and may require BSA to provide a technical report.

More information on the Tribunal's procedures can be obtained by calling 3247 3333, or writing to GPO Box 2469, Brisbane Qld 4001 or visiting their website www.tribunals.qld.gov.au

Other Options

There may be other remedies available to you under the contract including liquidated damages (where you receive a pre-arranged amount of money per day if the builder fails to complete the project on time), or, in certain circumstances (e.g. major blowouts in costs or construction time), termination of the contract. Action in the court system may also be available. **You should seek legal advice to investigate your options before taking any of these steps. This is particularly important if you intend to terminate the contract.**

TERMITE MANAGEMENT - WHAT OWNERS NEED TO KNOW.



If you are a homeowner, you need to understand what is required in relation to termite management for new buildings and the extension or alteration to existing buildings. You will also need to know what alternatives are available to meet these requirements.

Your builder must inform you about the termite management system used for your home and the on-going maintenance requirements. Regular maintenance and monitoring is particularly important in ensuring the effectiveness of termite management systems.

Builders must comply with the termite management requirements set out in the Building Code of Australia (BCA). That is, the BCA must be complied with as a minimum.

In simple terms, the BCA requires that the wall, roof and floor framing (structural elements) and door jambs, window frames and reveals, architraves and skirting of all new houses be protected to reduce the risk of termite infestation.

The BCA sets out the minimum requirements only, while things like the contract and consumer choice may dictate a higher level of termite management.



Complete details of this licence
www.bsa.qld.gov.au/



To understand what the minimum requirement is under the BCA, and to decide on a preferred termite management system for your home, you should consider the following important questions before proceeding with building work:

- Is the building in an area where there is a risk of termite attack?**
In Queensland, virtually every area is susceptible to termite attack, so the answer inevitably is 'yes', and you will need to go to the next question. Be aware however, some species of termite found north of the Tropic of Capricorn are more voracious (that means they are very eager eaters) and require a higher standard of treatment.

- Will there be any members such as wall, roof and floor framing, door jambs, window frames & reveals, architraves or skirting susceptible to attack?**
If the answer is 'no' (e.g., if termite resistant materials have been used for the above members), then, subject to any other contractual requirements, there is no obligation under the BCA to provide further termite management but remember, the rest of the building will still be unprotected and at risk of damage by termites which are quite happy to devour cabinets, wall linings and sheathing of electrical wiring.

If your home does have susceptible members then termite management is mandatory.

- Does the contract require termite management, irrespective of the requirements of the BCA?**
You can ask for a level of termite management higher than that which the BCA requires. Talk to your Builder or Designer during the planning stage and ensure that your building contract provides for a higher level of termite management if that is what you require. It will then be mandatory for your builder to provide these requirements.

NOTE: The ability to replenish a chemical under a concrete slab will need to be taken into consideration where the life of the chemical is significantly different to that of the building. This may require reticulation of an approved chemical under the slab with a perimeter treatment. Where a chemical perimeter is to be relied upon, a 300mm wide concrete protection strip must be installed.

- What method of termite management will I choose?**
In the broadest terms, a number of options are available with varying costs, durability and maintenance requirements. They include:
 - Using a monolithic concrete slab as part of the management system and another approved method to protect any penetrations such as waste pipes, etc. (the slab edge may be exposed in this method);



- Approved chemicals under slab and around the perimeter of the building on completion.
- Graded stone under the slab and around the perimeter;
- Stainless steel mesh, either full or partial installation under the slab in addition to around the perimeter;
- The incorporation of termite resistant materials such as naturally termite resistant timber, treated timber, masonry, steel, concrete or fibre-reinforced cement;
- A combination of the above, especially if your home features a number of different types of construction or is a split-level home; or
- Other approved systems.

Permanent Notice on the Building - What is required?

The BCA requires two copies of a durable notice to be permanently fixed to the building in a prominent place. This is usually in the electrical meter box and one other location. The notice must indicate all of the following:

- the method/s of termite protection used on the building;
- the date of the installation;
- where chemicals are used, the life expectancy listed on the Australian Pesticides & Veterinary Medicines Authority (APVMA) label; and
- the installer's or manufacturer's recommendations for the scope and frequency of future inspections for termite activity.

It is important that your builder discusses termite management options and their maintenance requirements with you prior to finalising your contractual arrangements. In the case of a ready built home, you should make enquiries as to what method of termite management was used and the maintenance requirements.

In any case, if termite infestation occurs within the warranty period, BSA will look at the issue of builder advice to the owner as one of the principal points of investigation in determining liability. (BSA has an 'Acknowledgement Form' which allows builders to record that they have discussed these issues with you). This form can be downloaded from BSA's website www.bsa.qld.gov.au

REMEMBER - The key to avoiding damage by subterranean termites is to:

- Choose a termite management system to suit your preferences and the needs of the type of construction;
- Understand the system of termite management and maintenance requirements for your individual building; and



- 
- Inspect regularly yourself, and each 12 months (more often in high hazard areas) have a BSA licensed pest controller inspect and report. Undertake retreatment as recommended.

For further information...

Download a copy of BSA's publication "**Termite Management Systems**" from the BSA website, or contact the following organisations:

- Timber Queensland
- Queensland Master Builders Association
- Housing Industry Association
- Australian Environmental Pest Managers Association (AEPMA)
- Department of Primary Industries
- Building Codes Queensland
- Standards Australia (AS 3660.1)

IMPORTANT THINGS TO REMEMBER



Good communication between you and your contractor is one of the most important factors in a successful building project.

Maintain good, regular communication with your builder during construction:

- Advise in writing if problems occur.
- If in doubt, ask questions – don't stew over it!!
- Ensure all Variations are signed and returned to your builder prior to the work being done.
- Inspect regularly with builder/supervisor (e.g. at progress payment stages)
- Carefully observe progress payment arrangements detailed in the contract.

On completion/handover:

- Arrange an inspection a few days before handover.
- On the day of handover, record details of any defects, items missing or requiring attention.
- Obtain copies of any outstanding documents (e.g. approval certificates, warranties relating to appliances, etc.)

After completion, if problems develop:

- Advise your builder in writing, giving say 14 days to respond.
- If the problem is not resolved contact BSA.
(Note: the BSA Minor/Major defects periods described in your BSA Insurance Policy Conditions Booklet which you would have received prior to the commencement of construction.)

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DATE

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THINKING OF OWNER BUILDING?



It is a requirement under the *Queensland Building Services Authority Act 1991* (QBS Act) that if you wish to perform or co-ordinate building work on your own property valued at \$11,000 or more (i.e. the cost if a licensed builder performed the work – including labour, materials and GST), you must obtain an Owner Builder Permit.

The permit is only available from Building Services Authority (BSA).

An Owner Builder Permit cannot be issued for a multiple dwelling.

The permit must be for building work **for domestic purposes only**.

This means you cannot obtain an Owner Builder Permit to perform building work on commercial premises including, but not limited to, boarding houses, shops or industrial buildings. (If it is a farm building please contact BSA, as in some circumstances this may be exempt from requiring a licence or permit.)

Value of Building Work

It is important that you understand what “value of building work” means. “Value of building work” is defined in the QBSA Act as an amount representing the reasonable cost to a consumer of having the work carried out by a licensed contractor on the basis that all building materials are to be supplied by the contractor (whether or not the work is in fact carried out by a licensed contractor on that basis).

This means when you calculate the estimated value of building work you must include the cost of materials and the cost a licensed contractor would charge you for the work.



WARNING - No Insurance Protection!



By becoming an Owner Builder you forfeit your right to the insurance protection provided by the Queensland Home Warranty Scheme. BSA insurance protects consumers who have a contract with an appropriately licensed contractor to perform residential building work. This insurance cover assists consumers in cases where:-

- the contractor fails to complete the building work for reasons that are not the consumers fault;
- the contractor fails to rectify defective work; and
- the building suffers from the effects of subsidence or settlement.

As an Owner Builder, your role is that of head or principal contractor and you will be personally responsible for dealing with individual subcontractors if there are any problems with workmanship. By contrast, if you were to engage an appropriately licensed contractor to perform the whole job, you would only have to deal with that contractor – they then hold the



responsibility of dealing with subcontractors – and if they fail to correct a defect you are able to use BSA's dispute resolution service and may be able to claim under the Queensland Home Warranty Scheme. This service is not available to Owner Builders.

When you are issued an Owner Builder Permit a notification is entered onto the property title for a minimum of seven years. This is detailed more fully in your permit, however, in some instances it can affect the sale of your property.

Have You Had a Permit Before

You are only allowed to have one Owner Builder Permit every six years.

How Do I Apply For a Permit?

Applying for a permit involves completing an application form, paying the permit fee and providing BSA with proof of identification and specific proof of ownership or sufficient legal interest in the property. You will be required to complete an Owner Builder Course run by a course provider recognised by BSA. The course must be completed by one of the people on the title of the property unless leasing. An Owner Builder Course Certificate must be no more than 5 years old at the time of application. Courses are presented in lecture style or through correspondence. A list of Course providers is available from BSA offices or BSA's website www.bsa.qld.gov.au under Information for Consumers/Owner Builders.

Leasing

If you are a lessee of the land, you will need to seek legal advice regarding your rights and obligations. You will also need to provide proof of the lessor's ownership (as per Proof of Ownership), a copy of the lease agreement and a letter from the owner/lessor giving you permission to perform the work under an Owner Builder Permit on the property.

Companies

The application must be made in the company's name and all directors' names. If completion of a course is required, it should be completed by one of the directors. You will need to provide proof of the directors by supplying a copy of one of the following documents from the Australian Securities Investment Commission – your most recent Annual Return or a Current Company Extract or an Historical Company Extract.

If you choose to become an Owner Builder, please read the information and application form carefully (front and back) when you receive it to ensure you understand all the legalities of becoming an Owner Builder.

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Robina QLD 4230
Facsimile 5575 7666

SUNSHINE COAST

Cnr Baden Powell Street
and Maroochydore Road
Maroochydore QLD 4558
Facsimile 5459 9655

TOOWOOMBA

Clestrain Mall
131A Herries Street
Toowoomba QLD 4350
Facsimile 4638 1917

MARYBOROUGH

208 Lennox Street
Maryborough QLD 4650
Facsimile 41223814

MACKAY

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CAIRNS

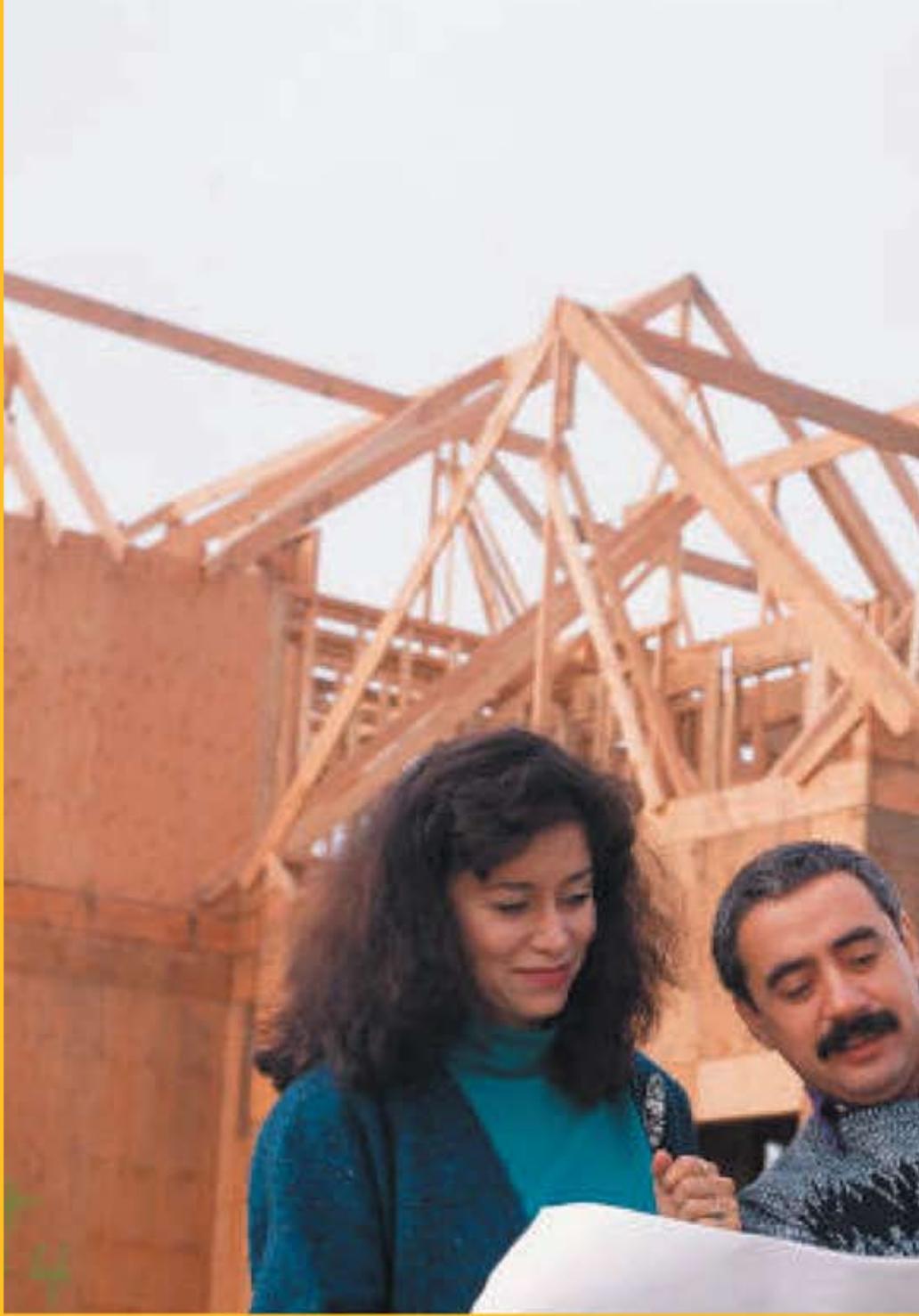
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Visit our web site

www.bsa.qld.gov.au



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CONTRACTOR LICENCE

NAME **JOHN CITIZEN**

LICENCE NUMBER **89123** EXPIRY DATE **01/04/2008**

LICENCE CLASS **BUILDER - OPEN**

BSA
BUILDING SERVICES AUTHORITY

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Build Better

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www.bsa.qld.gov.au/licence-search