

# Consumer Building Guide

Your building contractor must give you this guide before you sign the contract.

This guide has been developed by the Queensland Building and Construction Commission (QBCC) under Schedule 1B of the *Queensland Building and Construction Commission Act 1991* (the Act) to assist home owners undertaking domestic building work with a total contract price of \$20,000 or more. It's aimed at helping you avoid disputes and common pitfalls.

## Cooling-off period

You may withdraw from the contract within five business days of receiving copies of the signed contract (including any plans and specifications) and this guide. However, there are costs for home owners in withdrawing (generally \$100 plus any out-of-pocket expenses reasonably incurred by the contractor up to the time of withdrawal). You must also advise the contractor in writing.

## QBCC licence

You should only deal with a QBCC-licensed contractor. If you engage an unlicensed contractor, your building work may not be covered under the Queensland Home Warranty Scheme. Always check the contractor's licence and licence history via QBCC's Online Licence Search.

## QLD Home Warranty insurance

Residential construction work valued at more than \$3,300 is covered by the Queensland Home Warranty Scheme. It provides protection for home owners against non-completion, defective work and subsidence for up to 6 years from completion, provided a licensed contractor performs the work. After the contract has been signed, the contractor must pay the insurance premium to QBCC, and you should receive a Certificate of Insurance and Policy Booklet within two weeks.

## Cost Plus and Construction Management contracts

QBCC recommends home owners obtain formal legal advice before signing either of these types of contracts which reduce your Home Warranty insurance protection and often result in disputes and cost overruns. Visit the QBCC website for more details on the risks associated with these contracts.

## Commencement Notice

For contracts priced at \$20,000 or more, the contractor must give the owner a signed Commencement Notice within 10 business days of work commencing on site. It must state the date work started on site and the Date for Practical Completion.

## Contract price

The total contract price must be stated on the first page of the contract schedule, along with a warning about any provisions that may cause the price to change. If the total contract price includes any allowances (items or services for which the price is not fixed at the time the contract is signed), these allowances must be stated in the contract schedule.

## Deposits and progress payments

The maximum deposit allowed is:

- 10% where the total contract price is under \$20,000
- 5% where the price is \$20,000 or more
- 20% for a contract of any price where the value of the work to be performed off-site is more than 50% of the total contract price.

Owners and contractors are free to determine the number and timing of progress payments (if any) for their particular project, provided these payments are proportionate to the value of work performed on site (e.g. don't pay more than 50% before half of the work has been completed).

## Building approvals and inspections

Building inspections and approvals are the responsibility of a building certifier. Mandatory building inspections may be required at certain stages of construction. You can check the certifier's licence via QBCC's Online Licence Search.

## Variations

Any change to the materials used or the scope of the work to be performed under the contract is known as a 'variation'. Variations are frequently the cause of cost overruns and building disputes. All variations must be detailed in writing and copied to the owner by the contractor within five business days after they are agreed to, and before any of the variation work commences.

## Dispute prevention

To reduce the risk of a dispute, carefully read and understand the contract. Also check any associated plans and specifications before signing. Discuss any questions with your contractor and seek legal advice if you still have concerns.

## Dispute resolution

If a dispute with your contractor occurs, firstly advise them in writing giving them a reasonable time to respond. If this doesn't resolve the problem, explore QBCC's free Early Dispute Resolution (EDR) service and your legal options. It's critical that you engage a practising solicitor before terminating the contract. Incorrect termination may have serious legal and financial consequences and reduce your Home Warranty protection.

## Extensions Of Time (EOTs)

The contract must state the Date for Practical Completion for your project, or how the date is to be determined (e.g. 180 days from commencement). The Act sets out circumstances in which a contractor may seek to extend this date (e.g. if you approve a variation to the contract which involves extra work, or the work is interrupted by more rain than could have been anticipated).

The contractor must give you a written EOT claim that you should carefully consider (not unreasonably reject) and respond to promptly in writing. If you approve the claim, the Date for Practical Completion will be extended by the period claimed. If you do not approve the claim, the extension is deemed 'disputed'.

## Practical completion and handover

You are not required to pay the final contract payment until all of the contracted work has been completed in accordance with the contract, all legal requirements, and either without any defects or omissions, or with only minor defects or minor omissions that will not unreasonably affect occupation. If you believe there are any minor defects or minor omissions, the contractor must give you a 'defects document' (listing agreed and non-agreed matters). This document should be compiled by you and the contractor during a handover inspection. Check your contract to see if it imposes any extra requirements on the contractor for practical completion.

## Implied warranties

Under the Act, a range of warranties are deemed to be part of all regulated domestic building contracts. The warranty period is six years for structural defects and one year for all other defects.

### Quick checklist (Ensure you are able to tick all boxes below before signing the contract)

- I have read this Consumer Building Guide
- I have read and checked all contract documents, including the schedule, general conditions and special conditions (if any) and all plans and specifications
- I have checked the contractor's licence and licence history on the QBCC Online Licence Search at [qbcc.qld.gov.au](http://qbcc.qld.gov.au)
- I note and understand my cooling-off rights (including how and when I may withdraw if I choose to)
- I have checked the total price (including what proportion is comprised of allowances) and I understand the deposit and progress payments set out in the contract
- I have checked the start and finish dates and practical completion requirements in the contract
- (If applicable) I have discussed my questions/concerns about the contract with a practising solicitor.

## Acknowledgement

Complete and sign the section below to acknowledge that you have received this guide from your building contractor. Once signed, the building contractor will return a copy of this guide to you with the contract.

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_