

# QUEENSLAND HOME WARRANTY SCHEME

## PRODUCT DISCLOSURE

For residential construction work contracts since 28 October 2016



# QUEENSLAND HOME WARRANTY SCHEME OVERVIEW

## Residential Construction Work Over \$3,300

### Time limits for claims:

- 🕒 **Incomplete works:**  
2 years from:
  - work starting
  - the contract date if no work has started.Must lodge within 3 months of the contract end date.
- 🕒 **Non-structural defects:**  
6 months and must lodge within 7 months after work is substantially complete.
- 🕒 **Structural defects:**  
6 years and 6 months and must lodge within 3 months of first becoming aware of the defect.

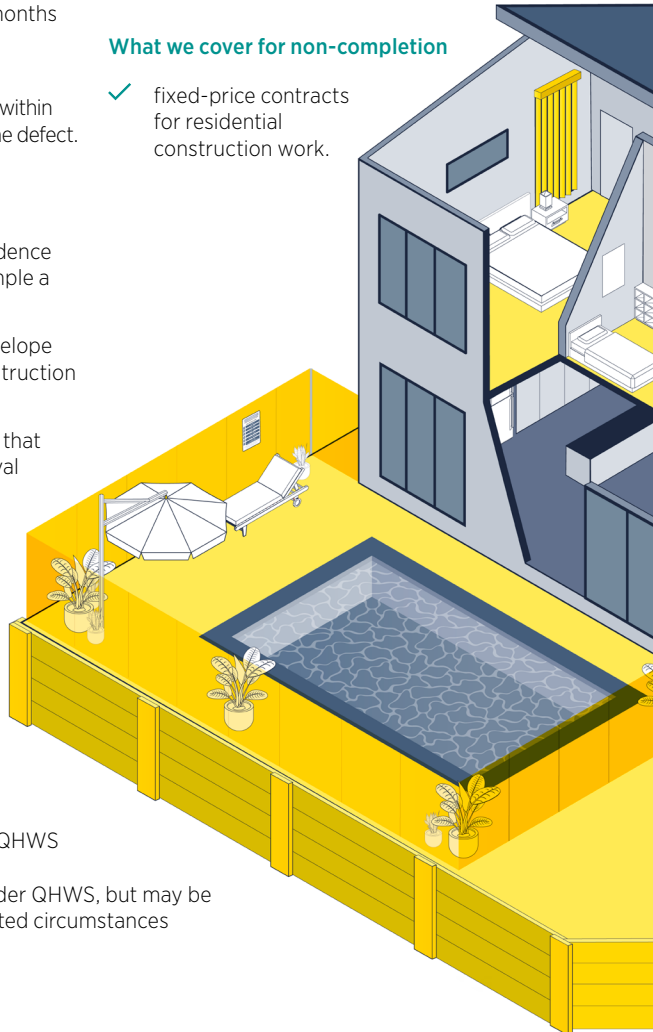
### What we cover for defects

- ✓ the erection or construction of a residence or a related roofed building (for example a private garage, shed or carport)
- ✓ building work within the building envelope of these buildings (e.g. painting, construction of patio)
- ✓ anything attached to these buildings that requires building or plumbing approval
- ✓ anything attached to these buildings that is not supported by anything else (e.g. awnings or handrails)
- ✓ anything attached to these buildings that is used for water supply, sewerage, drainage or stormwater
- ✓ a verandah or deck attached to these buildings

- ✓ stairs or a ramp providing access to these buildings
- ✓ work to support these buildings (e.g. replacing stumps)
- ✓ limited structural defects in the erection, construction or installation of a swimming pool.

### What we cover for non-completion

- ✓ fixed-price contracts for residential construction work.



Covered for defective work under QHWS



Not covered for defective work under QHWS, but may be covered for non-completion in limited circumstances



Not covered

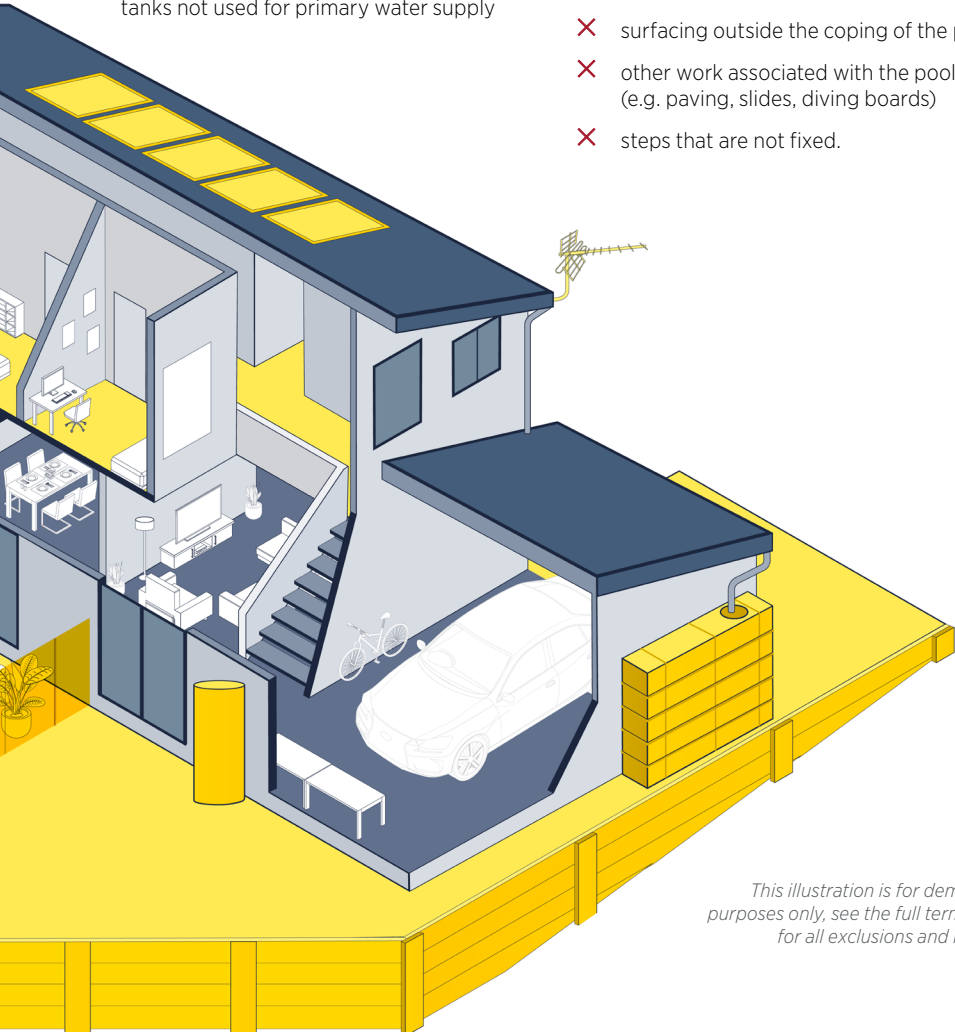
**The following work is not covered for defects:**

- ✗ fire alarm systems, scaffolding, curtains, blinds, internal shutters, carpets, floating floors, vinyl, earthmoving and excavating, laying asphalt or bitumen, insulation, insect screens
- ✗ electrical appliances, including air conditioning
- ✗ cubbyhouses, doghouses, shade sails, phone or data cables, water meters, water tanks not used for primary water supply

- ✗ construction of a slab that does not include construction of a building on top of it
- ✗ driveways, paths, fences and landscaping
- ✗ any associated insurable work (see definitions).

**For pools, there is no cover for:**

- ✗ non-structural defects
- ✗ surfacing outside the coping of the pool
- ✗ other work associated with the pool (e.g. paving, slides, diving boards)
- ✗ steps that are not fixed.



*This illustration is for demonstrative purposes only, see the full terms of cover for all exclusions and limitations.*

# CONTENTS

|   |           |
|---|-----------|
| <b>About this document .....</b>                              | <b>2</b>  |
| Who is the QBCC? .....  | 2         |
| The Queensland Home Warranty Scheme (QHWS).....               | 2         |
| What does the QHWS cover?.....                                | 2         |
| Who does the QHWS cover? .....                                | 2         |
| Who takes out the cover? .....                                | 2         |
| Cover commencement.....                                       | 2         |
| Period of cover .....   | 2         |
| How much you're covered for .....                             | 3         |
| Optional additional cover .....                               | 3         |
| <b>Non-completion.....</b>                                    | <b>4</b>  |
| What is a non-completion claim? .....                         | 4         |
| Requirements .....  | 4         |
| Time limits .....   | 4         |
| Extent of cover .....   | 4         |
| Limitations .....   | 4         |
| Fire, storm, vandalism or theft.....                          | 4         |
| Accommodation, removal and storage costs .....                | 4         |
| Exclusions.....   | 4         |
| <b>Defects.....</b>   | <b>5</b>  |
| What is a defect?.....  | 5         |
| Requirements .....  | 5         |
| Time limits .....   | 5         |
| Extent of cover .....   | 5         |
| Accommodation, removal and storage costs.....                 | 6         |
| Exclusions.....   | 6         |
| Exclusions and limitations.....                               | 7         |
| What's not covered?.....                                      | 7         |
| Who's not entitled to a claim? .....                          | 7         |
| Defects not covered .....                                     | 7         |
| Actions not covered.....                                      | 8         |
| Limitations.....  | 8         |
| Maximum entitlement.....                                      | 9         |
| <b>Making a claim—what you need to do .....</b>               | <b>10</b> |
| 1. Terminate your contract (non-completion claims only) ..... | 10        |
| 2. Notify your licensed contractor .....                      | 10        |
| 3. Get your documents ready .....                             | 10        |
| 4. Make a claim .....   | 10        |
| <b>Definitions.....</b>                                       | <b>11</b> |

# ABOUT THIS DOCUMENT

The Queensland Home Warranty Scheme Product Disclosure is a summary of cover for contracts signed on or after 28 October 2016.

The full terms of cover are provided in the *Queensland Building and Construction Commission Act 1991* (QBCC Act), Part 5 and the *Queensland Building and Construction Commission Regulation 2018*, Part 6 and Schedule 6.

This summary should be read in conjunction with the full terms of cover. Key terms are highlighted in bold, with their definitions provided at the end of the document.

## Who is the QBCC?

We're Queensland's building and construction regulator. That means we ensure the people constructing our homes and workplaces are licensed, and those doing the wrong thing are caught out, so they don't cause harm to others. We also guide and support anyone involved in the building process, whether they're a seasoned builder or tradesperson, a new apprentice or a homeowner tackling a renovation. But we are more than just a regulator, providing a safety net to homeowners through our nation-leading home warranty insurance. We take our responsibility seriously because we have a big role to play in protecting lives and livelihoods.

## The Queensland Home Warranty Scheme (QHWS)

The Queensland Home Warranty Scheme (QHWS) is a not-for-profit statutory insurance scheme self-funded through premium payments and administered by the QBCC to cover home owners for loss suffered if their licensed contractor (or another individual where there is fraud or certain representations are made) fails to complete contracted works or rectify defects.

Assistance is also provided in specific circumstances for loss associated with incomplete work that has been damaged by fire, storm, vandalism or theft.

## What does the QHWS cover?

The QHWS provides cover for **residential construction work** in Queensland valued at more than \$3,300 (including labour, materials and GST). Not all building and construction work is covered (see page 7 for exclusions and limitations).

## Who does the QHWS cover?

The QHWS covers home owners who enter into a contract with a licensed contractor to carry out **residential construction work**, as well as subsequent purchasers (e.g. if the property is sold after the work is done).

## Who takes out the cover?

The licensed contractor must collect and pay the premium to the QBCC on your behalf. The premium is usually included in the contract price and collected as part of the deposit.

## Cover commencement

The premium must be paid prior to work commencing, and within 10 business days of signing the contract. Once the premium is paid, we will issue a Notice of Cover for the work. Cover under the QHWS commences as soon as the licensed contractor pays the premium, the contract is signed, or work starts (whichever is earlier).

## Period of cover

The work is covered for a period of 6 years and 6 months from the date cover commences. Your period of cover may be extended by a further 6 months (up to a maximum of 7 years from commencement of cover) where the work takes longer than 6 months to complete.

Strict time limits apply for making a claim.

## How much you're covered for

In general, the maximum amount of cover is \$200,000 for each category of loss (e.g. incomplete work, defective work, fire and storm).

This \$200,000 includes a maximum of \$5,000 for alternative accommodation, removal and storage costs.

Different limits apply for duplexes and common property in multiple dwellings.

For more information see maximum entitlements under General Exclusions and Limitations.

## Optional additional cover

You have the option to increase your standard cover (i.e. \$200,000) to \$300,000 by paying an additional premium for optional additional cover.

This \$300,000 includes a maximum of \$10,000 for alternative accommodation, removal and storage costs.

Provided your licensed contractor has already paid the standard premium for the work, you may increase your standard cover by paying the additional premium. Refer to the information you received with your Notice of Cover for more information.

You have 30 business days after entering into the contract or prior to the work starting (whichever is earlier) to take out optional additional cover.

# NON-COMPLETION

## What is a non-completion claim?

A non-completion claim arises when a licensed contractor fails to complete the work they were contracted to do. The QHWS will pay for loss arising from their failure to complete the work.

### Requirements

The contract must be a fixed-price residential contract (i.e. it must be clear from the contract how much the work will cost). The contract with the licensed contractor must be validly terminated due to the contractor's default.

You do not have to terminate your contract if the contractor has died, the company is deregistered, or if the licensed contractor is both insolvent and their licence has been cancelled.

### Time limits

- If the work has started, the contract must end within 2 years of the date the work starts.
- If work has not started, the contract must end within 2 years of the date the contract is entered into.
- You must lodge your claim within 3 months after the date the contract ends.

### Extent of cover

If works have commenced (i.e. physically started on site) the QBCC will pay the difference between the funds you still hold under your contract (the amount of the contract price you have not paid—your **liability amount**) and the actual cost to complete the work.

If no work has commenced, the QBCC will refund the **insurable deposit** you paid the licensed contractor.

### Limitations

Your entitlement will be reduced if:

- you pay more than the maximum deposit (the **insurable deposit**) required by law
- you pay for work ahead of schedule under your contract

- your contract price is underpriced by more than 30% (e.g. if the contract price is \$100,000 but the actual value of the work is \$150,000, the claim will be reduced by \$50,000).

There is no assistance for the cost of certificates for building work carried out by the original contractor before the contract ended.

### Fire, storm, vandalism or theft

We may provide cover for the rectification of incomplete work that has been damaged by fire, storm, vandalism or theft. The damage must have happened due to the work being incomplete.

Your non-completion claim must have been accepted by the QBCC and your claim for this cover must be made within 14 days of the event. The damage must occur during a specified period called the "claim period".

For vandalism and theft, the QBCC will only pay for loss in excess of \$2,500, and you must report it to the police.

### Accommodation, removal and storage costs

If your claim for non-completion is approved by the QBCC, you may claim reimbursement for reasonable accommodation, removal and storage expenses.

You can only claim accommodation expenses if your home is owner-occupied, uninhabitable because the work is incomplete, and was intended to be habitable (e.g. work subject to the completion claim was intended to have been finished). You must claim these accommodation expenses within 28 days of your non-completion claim being approved. Strict timeframes apply.

### Exclusions

Where construction management or cost-plus contracts have been used there is no entitlement for completion of incomplete works. There is cover for defects that become evident during construction, or post completion.

# DEFECTS

We provide cover for rectification of defects in **residential construction work** that is **primary insurable work**. There is no cover for defects in **associated insurable work**.

## What is a defect?

There are two types of defects. A **structural defect** and a non-structural defect (**another defect**).

A **structural defect** is, for **primary insurable work**:

- for a **residence** or **related roofed building**, a defect in the work that:
  - » causes or contributes to movement of the footings or slab so that it no longer complies with the relevant provisions under the *Building Act 1975*
  - » does not comply with the performance requirements under the Building Code of Australia
  - » allows water penetration into the building
  - » causes the residence or building to be uninhabitable or not reasonably accessible
- for a swimming pool—a defect in the work that allows water to escape through the shell of the swimming pool
- a defect that adversely affects the health or safety of persons who occupy or use the **residence**, building or swimming pool.

**Another defect** is a defect in **primary insurable work** that is not a **structural defect**.

## Requirements

The process for making a claim for defective work begins with lodging a complaint for defective work. We will assess your complaint and decide whether to formally direct the licensed contractor to rectify the work.

Before lodging a defective work complaint, you must notify the contractor in writing of your complaint, listing each item of concern. The notice must give a reasonable period to rectify the defects. What is reasonable will depend on the

nature of the defective work (the subject of your complaint). For some defects, 14 days may be a reasonable period and for others, a longer period may be appropriate.

You do not need to do this if the contractor is **both** insolvent **and** has had their licence cancelled, or if they are deregistered or deceased.

It is important to understand the strict time limits for lodging a claim. If the time period for lodging your claim is about to expire you should lodge your claim to preserve your rights even if the reasonable period given to the contractor to rectify the defects has not ended.

## Time limits

### Structural defects:

- Covered for 6 years and 6 months from when cover commences.
- You must lodge the claim within 3 months of noticing the defect.

### Non-structural defects:

- Covered for 6 months from when the work is substantially complete.
- You must lodge a claim within 7 months of when the work is substantially complete.

## Extent of cover

We will pay to rectify defects in the **residence** or **related roofed buildings** on the site that involve any of the following:

- the erection or construction of a residence or related roofed building (e.g. private garage, shed or carport)
- anything attached to these buildings which requires building or plumbing approval
- anything attached to these buildings, and which is not supported by anything else (e.g. awnings or handrails)
- anything attached to these buildings that is used for primary water supply, sewerage, drainage or stormwater

- a verandah or deck attached to these buildings
- stairs or a ramp providing access to these buildings
- work to support these buildings (e.g. replacing stumps)

We will pay to rectify limited **structural defects** in the erection, construction or installation of a swimming pool.

If the defect is not significant and the work complies with the building code but not with the plans or specifications, then we may pay you for the loss in value of the work (e.g. where the ceiling height is 2.9m but the plans say it should be 3m).

The amount we will pay will be reduced by any amount of the contract price that you have not paid to the contractor—your **liability amount**.

### **Accommodation, removal and storage costs**

If your claim for defects is accepted, you may claim accommodation expenses incurred by you while the rectification work is carried out. You can only claim this if your home is owner-occupied and uninhabitable because the work is defective, or will become uninhabitable while the rectification work is carried out.

## **Exclusions**

The following work is not covered for defects:

- fire alarm systems, scaffolding, curtains, blinds, internal shutters, carpets, floating floors, vinyl, earthmoving and excavating, laying asphalt or bitumen, insulation, insect screens, hot water systems
- electrical appliances, including air conditioning and solar power units
- cubbyhouses, doghouses, shade sails, phone or data cables, water meters, water tanks not used for primary water supply
- construction of a slab that does not include construction of a building on top of it, (e.g. if the construction of a slab for a shed is performed under a separate contract to the erection of the shed, then there is no cover for damage to the shed caused by the slab)
- any **associated insurable work**.

There is no claim for defects if:

- you unreasonably refuse to allow the contractor to come back and fix it
- under your contract the contractor still has an obligation to complete the work.

In relation to a pool, there is no cover for:

- non-structural defects
- surfacing outside the coping of the pool
- other work associated with the pool (e.g. paving, slides, diving boards)
- steps that are not fixed.

There is no cover for damage to the **residence** or **related roofed building** that is not directly caused by the work.

# GENERAL EXCLUSIONS AND LIMITATIONS

As with any policy of insurance, there are some matters that are excluded from cover, and there are some limitations on the extent of cover provided under the QHWS.

## What's not covered?

In addition to the above, you won't be covered for the following building work:

- work on or for a duplex or multiple dwelling of more than 3 storeys, not including a carpark level (e.g. high-rises), including work for an individual unit in this type of building
- construction of a related roofed building (e.g. carport or shed) or swimming pool for a duplex or multiple dwelling more than 3 storeys (not including a car park level)
- work on or for a building on the site of a residence or proposed residence that is not used for residential purposes (e.g. farm building)
- backpacker's accommodation, boarding house, caravan park, guest house, holiday accommodation, hostel, hotel, lodging house or motel
- a prison or reformatory
- a hospital, nursing home or other healthcare building
- an orphanage or children's home
- a retirement village
- an educational institution
- group accommodation for persons with disabilities
- commercial or industrial premises
- owner-builder work
- loading, unloading or transporting a building (whole or in part)
- off-site prefabrication of a building (whole or in part)
- work involving offices or shops
- work on or for a class 1b, 3, 4, 5, 6, 7b, 8 or 9 building

- work for a carpark (class 7a), unless it is for a building containing two or more units
- a pool that is not used for residential purposes
- construction or installation of something that is not fixed (e.g. a portable spa).

## Who's not entitled to a claim?

The following people are not entitled to a claim (but a policy is still required to be taken out):

- a licensed contractor who carries out speculative residential construction work
- a person who enters one or more contracts with a licensed contractor to construct three or more **residences** at the same time (e.g. a developer)
- a person who is an associate of a licensed contractor (e.g. the spouse or child of the licensed contractor or executive officer of a licensed contractor that is a company).

A subsequent purchaser of any of the above **residences** can claim assistance (e.g. if a developer builds a block of units, the developer is not covered for completion or defects, but the subsequent purchaser of a unit is covered for defects in their unit that become evident after the works are completed).

## Defects not covered

The QHWS does not cover defects that are:

- caused by defective design (however, you may be covered if the design was prepared by an appropriately qualified person, for example, an engineer, architect or building designer)
- caused by deterioration through fair wear and tear, lack of maintenance or neglect by you
- caused by your failure (or the failure of another person who is not the licensed contractor who carried out the work or a person engaged by the licensed contractor) to undertake maintenance, inspections and treatment of the property
- caused by aircraft pressure waves
- caused by earthquake, erosion, flood or landslip

- caused by accidental damage
- caused by a defective product
- caused by the act or omission of anyone other than the licensed contractor (or the licensed contractor's subcontractor or invitee)
- caused by a terrorist act
- in electronic data
- in electrical appliances
- covered by another policy of insurance.

### Actions not covered

You are not covered if:

- you release or indemnify the responsible contractor from liability for their work
- you refuse to allow access to the QBCC to assess your claim
- you were aware, or ought reasonably to have been aware, of the defect before the works were **substantially complete**
- you were aware, or ought reasonably to have been aware, of the defect before you purchased the property
- you demolish the work or rectify the defect without prior written approval from the QBCC
- for a defects claim, you unreasonably refuse the licensed contractor access to site to carry out rectification work
- you suffer further loss because you delay entering into a contract more than 28 days after your claim has been approved.

### Limitations

The following limitations apply to all claims:

- As far as reasonably possible, we will try to match materials when completing or rectifying work, but we will not pay to replace adjoining work to achieve this.
- We will provide certification for the rectification or completion work carried out under the QHWS, but we will not pay the cost of obtaining certificates in relation to the work carried out by the original licensed contractor.
- We will not make payment for a matter the subject of a claim where we have already made a payment for settlement of the same matter.

## Maximum entitlement

The maximum amount payable is:

### Single detached dwelling and individual unit

| COVERAGE TYPE  | STANDARD COVER | OPTIONAL ADDITIONAL COVER |
|--|----------------|---------------------------|
| Pre-completion (non-completion, defects, vandalism, theft) | \$200,000      | \$300,000                 |
| Fire or storm  | \$200,000      | \$300,000                 |
| Post-completion (defects only)                             | \$200,000      | \$300,000                 |

### Duplex (per unit)

| COVERAGE TYPE  | STANDARD COVER | OPTIONAL ADDITIONAL COVER |
|--|----------------|---------------------------|
| Pre-completion (non-completion, defects, vandalism, theft) | \$100,000      | \$150,000                 |
| Fire or storm  | \$100,000      | \$150,000                 |
| Post-completion (defects only)                             | \$200,000      | \$300,000                 |

### Defects in common property (for multi-unit dwellings, including duplexes)

| COVERAGE TYPE       | STANDARD COVER                     | OPTIONAL ADDITIONAL COVER            |
|---------------------|------------------------------------|--------------------------------------|
| Maximum entitlement | \$200,000 x each unit (up to \$1m) | \$300,000 x each unit (up to \$1.3m) |

### Alternative accommodation, removal and storage costs

| COVERAGE TYPE             | AMOUNT PAYABLE |
|---------------------------|----------------|
| Standard cover            | \$5,000*       |
| Optional additional cover | \$10,000*      |

*\*This amount is already included within the overall maximum entitlements.*

# MAKING A CLAIM—WHAT YOU NEED TO DO

## 1. Terminate your contract (non-completion claims only)

We can only accept a claim for non-completion if your fixed price residential contract has been [validly terminated](#) due to the contractor's default.

You do not have to terminate your contract if the contractor has died, the company is deregistered, or the licensed contractor is [both insolvent and](#) their licence has been cancelled.

You should get legal advice before taking steps to terminate the building contract.

## 2. Notify your licensed contractor

If your claim includes defective work, you must notify the contractor in writing of your complaint, listing each item of concern. The notice must give a reasonable period (e.g. 14 days, but dependent on the nature of the defect) for the contractor to rectify.

You do not need to do this if the contractor is [both insolvent and](#) has had their licence cancelled, or if they are deregistered or deceased.

## 3. Get your documents ready

Organise all the information and documentation you need before you start (e.g. contract, termination, payments, plans or specifications, notice to the licensed contractor).

As there are different documents required for different situations, you can avoid delays by submitting the right paperwork in the first instance.

## 4. Make a claim

The process for making a claim begins with lodging either a:

- [non-completion claim](#) or
- [residential and commercial construction work complaint](#).

You can lodge your claim online at [my.qbcc.qld.gov.au](http://my.qbcc.qld.gov.au).

You must include all relevant documents when lodging your claim. We may ask for further information as required.

You are required to act in good faith in relation to a claim for assistance under the QHWS. You must disclose any matter to us that you are aware of and is relevant when making a decision on your claim. If you don't act in good faith, we may recover from you the moneys we have paid out in relation to your claim.

# DEFINITIONS

Some words have a special meaning when used in your policy. Knowing these words will help you understand your policy.

| DEFINITION                           | MEANING   |
|--------------------------------------|---|
| <b>Residential construction work</b> | <ul style="list-style-type: none"><li>• Must have components of <b>primary insurable work</b> with a value of \$3,300 or more</li><li>• May include <b>associated insurable work</b>.</li></ul>   |
| <b>Primary insurable work</b>        | <p>Any of the following building work if carried out by a licensed contractor with a value of more than \$3,300:</p> <ul style="list-style-type: none"><li>• the erection or construction of a <b>residence</b> or <b>related roofed building</b></li><li>• building work within the building envelope of a <b>residence</b> or <b>related roofed building</b></li><li>• building work for anything attached or connected to a <b>residence</b> or <b>related roofed building</b> that requires building development approval under the <i>Building Act 1975</i> or a permit under the <i>Plumbing and Drainage Act 2018</i></li><li>• the erection, construction or installation of a swimming pool (but not the renovation or repair of a swimming pool)</li><li>• building work for the renovation, alteration, extension, improvement or repair of the building envelope for a <b>residence</b> or <b>related roofed building</b></li><li>• building work for a structure attached to the external part of a <b>residence</b> or <b>related roofed building</b> if the structure doesn't have another supporting structure</li><li>• building work for external plumbing for a <b>residence</b> or its <b>related roofed building</b>, if it is for a structure attached to the external part of the residence or related roofed building and is for any of the primary water supply, sewerage or drainage, or stormwater discharge</li><li>• building work for an elevated platform, including a verandah or deck that is attached to a <b>residence</b> or <b>related roofed building</b></li><li>• building work for stairs, a ramp or similar structure providing access to a <b>residence</b> or <b>related roofed building</b>, if the structure is permanently attached to the building</li><li>• building work for the installation, repair or replacement of support structures for a <b>residence</b> or <b>related roofed building</b>, such as replacement of stumps or underpinning.</li></ul> |

| DEFINITION                       | MEANING  |
|----------------------------------|--|
| <b>Associated insurable work</b> | <p>Any additional work that may be contracted to be carried out under a contract that includes <b>primary insurable work</b></p> <ul style="list-style-type: none"> <li>• which is carried out on the site of a <b>residence</b> or proposed <b>residence</b><br/>or</li> <li>• which is carried out on the site of a <b>related roofed building</b> or proposed <b>related roofed building</b>.</li> </ul> <p>May include work that is not building work and is for residential purposes.</p> <p><b>Associated insurable work</b> (e.g. driveways, paths, fences, air conditioning, hot water systems, security doors and grills, landscaping) is covered for non-completion claims but not defective work.</p> |
| <b>Residence</b>                 | <p>A building that is fixed to land and used for residential purposes and is:</p> <ul style="list-style-type: none"> <li>• a single detached dwelling</li> <li>• 1 or more attached dwellings that are separated by a common wall (such as a row house or townhouse)</li> <li>• a building of not more than 3 storeys (not including a carpark level), that contains 2 or more separate residential units</li> <li>• a manufactured home that is fixed to land in a residential park.</li> </ul> <p>A residence does not include a boat, caravan, car, tent, trailer, train, or a temporary building such as a demountable.</p>  |
| <b>Related roofed building</b>   | <p>A building that:</p> <ul style="list-style-type: none"> <li>• is a fixed structure</li> <li>• is on the site of a <b>residence</b> or proposed <b>residence</b></li> <li>• is used for a purpose related to the use of the <b>residence</b></li> <li>• has a roof that is impervious to water or wind.</li> </ul>   |
| <b>Liability amount</b>          | <p>The amount the consumer owes is:</p> <ul style="list-style-type: none"> <li>• for a non-completion claim—the amount of the contract price (adjusted for variations if applicable) that was remaining to be paid under the contract<br/>or</li> <li>• for a defects claim—the amount remaining to be paid under the contract.</li> </ul> <p>The liability amount cannot be adjusted for liquidated damages or amounts the contractor has agreed to waive payment for.</p>  |

| DEFINITION               | MEANING  |
|--------------------------|--|
| <b>Insurable deposit</b> | <p>For a fixed price residential contract, means the least of the following amounts:</p> <ul style="list-style-type: none"> <li>• the deposit paid by the consumer to the licensed contractor under the contract</li> <li>• if the insurable value of the off-site work is more than 50% of the contract price—20% of the contract price</li> <li>• if the contract price is less than \$20,000—10% of the contract price</li> <li>• if the contract price is \$20,000 or more—5% of the contract price.</li> </ul>  |
| <b>Structural defect</b> | <ul style="list-style-type: none"> <li>• If the work is for a <b>residence</b> or <b>related roofed building</b>: <ul style="list-style-type: none"> <li>» a defect in the work that causes or contributes to deflection or movement of the footing or slab of the <b>residence</b> or building so the <b>residence</b> or building no longer complies with the building assessment provisions under the <i>Building Act 1975</i></li> <li>» the work does not comply with a performance requirement under the Building Code of Australia, part B1 or part 2.1 for the residence or building</li> <li>» a defect in the work that causes the <b>residence</b> or building to be uninhabitable or not reasonably accessible.</li> </ul> </li> <li>• If the work is for a swimming pool—a defect in the work that allows water to escape through the shell of the swimming pool</li> <li>• If the work is on or for a <b>residence, related roofed building</b> or swimming pool—a defect in the work that adversely affects the health or safety of persons who occupy or use the <b>residence</b>, building or swimming pool</li> <li>• If the work is on or for a <b>residence</b> or <b>related roofed building</b>—a defect in the work that allows water penetration of the <b>residence</b> or building.</li> </ul> |

| DEFINITION                    | MEANING  |
|-------------------------------|--|
| <b>Another defect</b>         | A defect in primary insurable work that is not a <b>structural defect</b> .  |
| <b>Substantially complete</b> | <p>Either:</p> <p>the final payment under the contract for the work is made</p> <p>or</p> <p>if the <b>residential construction work</b> is for the erection or construction of a <b>residence</b>—the <b>residence</b> is occupied</p> <p>or</p> <p>the built work is able to be used for its intended purpose despite the work not complying with the contract because of a cosmetic difference.</p> |



**Need more information?**

Visit [qbcc.qld.gov.au](http://qbcc.qld.gov.au), call us on 139 333 or write to us at GPO Box 5099, Brisbane Qld 4001.

