



Domestic Building Contracts under Schedule 1B

Schedule 1B of the *Queensland Building and Construction Commission Act 1991* (QBCC Act) governs the rules covering contracts for domestic building work in Queensland for contracts dated on or after 1 July 2015. The rules apply to all building contractors who carry out domestic building work for building owners (home owners). Unlicensed contractors are regularly fined for breaches of these offences as well as being fined for working unlawfully.

The requirements are that such contracts have to be written, dated and signed and contain certain basic requirements. The QBCC discourages the use of any type of verbal agreement or contract. Written, dated and signed contracts give greater protection of the rights for both contractors and homeowners. Verbal agreements can compromise your ability to seek an insurance claim through the QBCC Statutory Home Warranty Insurance Scheme.

The requirements differ depending if the contract is a Level 1 or Level 2 contract.

A Level 1 contract covers domestic building work between \$3,300 and \$19,999.

A Level 2 contract covers domestic building work of \$20,000 or more.

The requirements for a Level 1 contract are-

- Names of the parties to the contract
- Building contractor's licence number
- Description of subject work
- Plans and Specifications for the subject work
- The contract price or the method used to calculate it
- The date of practical completion or how it is to be calculated
- Conspicuous notice of the cooling off period

The requirements for a Level 2 contract are-

All the requirements listed above under Level 1 and also to include-

- The start date of the subject work or how the date is to be calculated
- A statement of the statutory warranties that apply to the subject work

Level 2 contract's also require further information to be given to the homeowner including-

- A copy of the commencement notice to be provided within 10 business days from the work starting at the building site
- A copy of the consumer building guide to be provided before the owner signs the contract
- If no formal contract exists a commencement notice and consumer building guide are unlikely to exist as they are related to the contract

Domestic Building Contracts are governed by strict rules around deposits and payment amounts-

- Level 1 deposit amounts are limited to 10% of the contract price before work starts at the building site
- Level 2 deposit amounts are limited to 5% of the contract price before work starts at the building site
- The only exception to that rule in Queensland is if the value of the off-site work is over 50% of the contract price (a limit of 20% applies in the case to the deposit amount)
- All other payments requested during the period of the building contract need to be in accordance with both the value and progress of the work.

To take action for an offence QBCC requires some, or all, of the following documents:

- Quotes
- Contract
- Plans and specifications
- Council approval and development applications
- Engagement of certifier documentation
- Contract related documents like commencement notice, variation documents or extension of time claims
- Invoices or Progress claims
- Receipts
- Certificates of Inspection
- Practical Completion Certificate

Before completing the Notification of Offence form ensure:

The contractual arrangement is over \$3,300 and the work is either:

- The erection or construction of a detached dwelling
- The renovation, alteration, extension, improvement or a repair of a home
- Removal or resiting work for a detached dwelling
- The installation of a kit home at a building site.
- Not work carried out under an Owner Builder permit
- Not commercial work or work carried out under for another contractor

The complaint relates to building work as defined by the QBCC Act (a contract is only required when the contracted amount is \$3,300 or more for the work that is considered building work listed below).

The value of the building work is over \$3,300, or for hydraulic services design work over \$1,100 or the work relates to plumbing, drainage, gas fitting, building design, site classification, chemical termite management, completed residential building inspections or fire protection work of any value.

One or more of the following apply:

- Your contractual arrangement was not put in written form, dated and signed at all
- Your contractual arrangement was put in written form, dated and signed after the building work started at the building site
- Your contractual arrangement was put in written form, dated and signed before the building work started but did not contain all the requirements listed above for a Level 1 or Level 2 contract which are listed above

- Your contractual arrangement was a Level 2 contract but a copy of the commencement notice was not provided to the homeowner within 10 business days of the work starting at the building site
- Your contractual arrangement was a Level 2 contract but a copy of the consumer building guide was not given to the homeowner before the contract was signed
- A copy of the building contract including plans and specifications was not given to the homeowner within 5 business days of the contract being entered into
- A copy of an inspection certificate was not given to a homeowner as soon as practicable after the building contractor received it. You need to be sure the certificate exists and the building contractor has the certificate in his possession.
- Your building contractor has exceeded the allowable payment and deposit limits referred to above. For example the contractor has taken an excess deposit or has requested you make an 'advance' payment.
- Your building contractor failed to obtain foundations data before the contract was signed (where foundations data is relevant). For example a slab was required.
- Your contract was varied after building work started and a variation document was not provided for each variation.
- Your contract was varied after the building work started and a variation document was provided after the variation work started.
- The variation relates to building work which was not covered by the original contract. (prime costs or provisional sum adjustments are not variations)
- Your building contractor has sort an extension of time to your building contract for reasons that were not reasonably foreseeable or caused by you as the building owner.
- Please note that your building contractor has a legal obligation to complete your building work within the contract period. They can only seek an extension of time if they have a valid reason.

Where you are able to comply with all the above requirements you should complete and return (see Contact Us section for postal and office addresses) the Notification of Offence form with all supporting documents.

Do not send original documents - QBCC can not return documents. Any documents provided by you will be destroyed pursuant to Principal 7 - Information Standard 40.