

Please note: it is important that you read this because, as a result of recent changes to the law, the scope of the Queensland home warranty scheme has expanded, and you may now have obligations under the scheme which you did not have previously.

WHO WE ARE

The Queensland Building and Construction Commission (QBCC) is the regulator of the building industry in Queensland

We issue licences to contractors, provide a free dispute resolution service and administer a home warranty scheme to provide insurance cover for homes in Queensland.

WHAT IS THE HOME WARRANTY SCHEME

Under the scheme, contractors must pay premiums on behalf of the consumer for specified residential work they carry out.

The scheme provides home owners with cover for loss where a contractor does not complete contracted works or fails to rectify defective work.

WHAT WE COVER

Generally speaking, the scheme provides cover for residential construction work performed on class 1 and 2 buildings up to 3 storeys. This includes residences, related roofed buildings (eg: shed, carport), swimming pools and other residential works.

Subject to the relevant terms and conditions, the scheme will pay to complete work that is incomplete, and to rectify work that is defective.

The maximum amount payable for claims is generally \$200,000 prior to practical completion and \$200,000 after practical completion. (This maximum can be increased if the consumer purchases optional additional cover).

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

EXPANSION OF COVER

The scheme will be expanded to include the following work, providing it is carried out by a licensed contractor (or by an individual where fraud or certain representations are made) and is for a value over \$3,300:

- The erection, construction or installation of a residential swimming pool.
- In relation to a residence or related roofed building (eg: shed):
 - All building work performed within the building envelope (internal or external parts of the building), for example, painting, tiling, plastering, roof restoration and repair work, rendering of walls, floor restoration, and glazing work.
 - Anything attached to the building if it requires building approval or plumbing approval.
 - Any structure attached to the external part of the building where there is no other supporting structure (eg: awning or handrail)
 - Stairs or an access ramp which are permanently attached to the building.
- In relation to plumbing and drainage for a residence or related roofed building:
 - Building work for the primary water supply (eg: install water tank for primary water supply)
 - Building work for sewerage or drainage (eg: work on a sanitary drain connecting a residence to the sewerage main).
 - Stormwater drainage (eg: repair of downpipe or gutter)
- The installation of a manufactured home fixed to land in a residential park, even when the residential park is located within a caravan park.

If you are carrying out any of the above work, you must ensure that you pay the appropriate QBCC insurance premium. If you have any queries about the work you are carrying out, and are unsure whether it is covered under the scheme, please contact us.

DO THE CHANGES IMPACT YOUR INDUSTRY

Many industries are affected by the changes. For example, if you perform residential construction work within the boundaries of a building (eg: painting, tiling etc) and are contracting directly with the consumer then you will now be required to collect a premium and pay it to the QBCC for the first time. Pool builders contracting to construct a pool not also part of the contract for a dwelling will also need to pay a premium.

If you are a subcontractor then you will not need to lodge a premium. The head contractor will continue to lodge one premium covering all work under the contract with the consumer.

You will need to inform the home owner of this and adjust your prices accordingly (if the contract has not been signed prior to 28 October 2016).

WHEN THE PREMIUM MUST BE PAID

The contractor must pay, on behalf of the consumer, the relevant premium to the QBCC. Effectively the contractor collects the premium from the consumer and pays it to the QBCC.

The premium must be paid within 10 business days of signing the contract, or prior to work commencing (whichever is the earliest). Once the premium is paid, the QBCC will issue a notice of cover for the work.

TIME LIMITS

In relation to a claim for non-completion, the contract must end within 2 years from the day works commence, and you must lodge the claim within 3 months of the day the contract ends.

Structural defects (e.g. subsidence, non-compliance with certain parts of the BCA) are covered for 6 years 6 months from the date of payment of the premium, and the consumer must lodge the claim within 3 months of noticing the defect.

Non-structural defects are covered for 6 months from the date the works were completed and the consumer must lodge the claim within 7 months of the completion date.

RECOVERY

Contractors should note that, if the QBCC makes any payment on a claim under the home warranty scheme, the QBCC can recover the amount of the payment from the contractor who is responsible for the defective or incomplete work, or any other person through whose fault the claim arose.

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. For example, the following is not covered under the scheme:

- Backpacker's accommodation, boarding house, caravan park, guest house, hostel, hotel.
- Retirement villages under the Retirement Villages Act 1999.
- Owner-builder work.
- A multiple dwelling of more than 3 storeys.
- Work on particular classes of building (eg: an office, shops).
- Defects caused by deterioration through fair wear and tear.
- Defects caused by earthquake, erosion, flood, landslip.

If you have any queries in relation to these changes, please contact QBCC on 139 333 or visit our website at www.qbcc.qld.gov.au

Need more information?

Visit qbcc.qld.gov.au or call us on 139 333.



299 Montague Road,
West End Qld 4101
GPO Box 5099,
Brisbane Qld 4001
T: 139 333
F: 07 3225 2999
W: qbcc.qld.gov.au