



# Building Services Authority

# ***MEDIA STATEMENT***

21 March, 2011

## **Building authority warns about cost-plus contracts**

The Building Services Authority has warned residents affected by Cyclone Yasi not to enter into cost-plus contracts, which charge for materials plus a percentage for labour.

General Manager of the BSA, Ian Jennings, said cost-plus contracts did not offer consumers certainty over final costs and completion times.

“Also, with cost-plus contracts, consumers cannot lodge a non-completion claim under the Building Services Authority’s Home Warranty Scheme in the event of a non-completion event,” he said.

“Experience has shown the BSA that cost-plus contracts give rise to a high proportion of disputes.

“Not only that but they are illegal to use in the domestic building sector, except in a narrowly defined set of circumstances, such as where it’s impossible to determine the extent of work at the time of quoting.”

Mr Jennings again urged people to ensure they used licensed contractors and reminded consumers they could conduct a free search of the contractor’s licence on the BSA website.

“The search will detail the type of work the contractor is permitted to perform and a full history of their licence, including any conditions imposed on it.”

He also reminded consumers that any building work worth more than \$3,300 must be accompanied by a contract.

“The BSA now offers a Natural Disaster Repairs Contract as well as its Minor Works and Major Works contracts,” he said.

ENDS

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