



INFORMATION SHEET

Workplace Services

Current at 15 February 2010
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NSW - Practical Completion under the HIA New Dwellings and Renovations and Additions Contracts

Introduction

This information sheet explains practical completion under HIA domestic building contracts for building new homes or for renovations and additions.

Why is reaching practical completion important?

Practical completion is an important milestone. It determines who is responsible for insuring the works, when you get final payment, when the defects period starts and whether you are liable to pay liquidated (delay) damages.

Definition of practical completion

“Practical completion” means when the building works are complete except for minor omissions and defects that do not prevent the building works from being reasonably capable of being used for their usual purpose. If you are not sure whether any omissions and defects are “minor” or may prevent the works from being used for their usual purpose you should contact your HIA workplace adviser for guidance.

What do you do when reaching practical completion?

At least 5 days before you actually reach practical completion you must give your client a *notice of practical completion*. The notice must:

- (a) state what you believe will be the date of practical completion;
- (b) state a date and time to meet your client on site to inspect the building works; and
- (c) have attached to it your final progress claim.

N.B Notices of practical completion can be purchased from stationery.

When you meet your client on site to inspect the works, your client must either:

- (a) pay the final progress claim; or
- (b) give you a written notice stating what your client believes needs to be done before practical completion is reached.

If your client pays the final progress claim, the date of practical completion is that stated in your *notice of practical completion*.

If your client gives you a list of things to be done for the works to reach practical completion you can either:

- (a) do those things that your client wants done and then give your client another notice of practical completion; OR
- (b) give your client a written notice rejecting your client’s claims and referring the matter to dispute resolution.

DISCLAIMER - The above is intended to provide general information in summary form. The contents do not constitute specific advice and should not be relied upon as such. Formal specific advice should be sought by members with respect to particular matters before taking action.

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What if your client does not pay the final progress claim or give you a notice?

If this happens:

- (a) the amount of your final progress claim is treated as a debt owing to you;
- (b) the date of practical completion is the date stated in your *notice of practical completion*;
- (c) the owner is deemed to acknowledge that practical completion has been reached.

For more information call the HIA member Hotline on 1300 650 620