



INFORMATION SHEET

WORKPLACE SERVICES

Date: 31 January 2012
Reference: NFSCON0903

FAQ: Changes to the NSW Home Building Act 1989

From 1 February 2012, there are some changes to the laws affecting new residential building contracts.

What are the main changes?

1) Statutory Warranties

Statutory Warranties will now apply for 6 years on structural defects and 2 years on non-structural defects from the date of completion as opposed to the previous 7 years for all defects.

2) Home Warranty Insurance

All residential building work over \$12,000 requires Home Warranty Insurance. As a result of the changes you will only require Home Warranty Insurance for work over \$20,000.

3) Cooling off period

If your contract was over \$12,000 your client has a statutory right to end the contract during a 5 clear business day cooling off period. As a result of the changes clients will only have a right to cool off if the contract is for work over \$20,000.

4) Building Contracts

All residential building work over \$1,000 requires the use of a building contract that complies with the Act, however under the changes a less onerous written quote arrangement for small jobs worth \$5,000 or less will be available.

These changes affect the Consumer Guide to Building (Guide) and the Checklist for Owners Entering Building Contracts (Checklist).

What is the Guide & Checklist?

The Guide is a document produced by NSW Fair Trading. It is legally required to be given to a client entering into a residential building contract. The Checklist must also be included in the contract. The Checklist contains a number of questions that your client must answer 'Yes' to before entering into the contract.

Where are the Guide and Checklist located in the HIA contracts?

HIA contracts have the Guide across the last pages of the contract, while the Checklist is generally located after the Table of Contents to the contractual clauses. Please ask HIA stationery if you are unsure.

What about the Guide and the Checklist has changed?

Information in the Guide and Checklist regarding the 4 points mentioned above.

Can I use a pre-1 February 2012 contract?

YES! HIA contracts comply with all relevant building laws. HIA has also been given assurances by NSW Fair Trading that no actions will be taken against a builder who uses a pre-1 February Guide and Checklist.

Why does my contract contain a sticker stating '\$20,000'?

You are now only required to obtain Home Warranty Insurance (HWI) for works over \$20,000. The use of this sticker in the Minor Works Contract, Small Works Contract and the Kitchen, Bathroom and Laundry install and supply contract reflects this change. These contracts can still be used but please contact a HIA Workplace Advisor on 1300 650 620 for information on some small changes that need to be made.

What if I want to use a post 1 February 2012 Guide and Checklist?

Please contact a HIA Workplace Advisor on 1300 650 620.

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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