



INFORMATION SHEET

Workplace Services

Current At: 9 November 2011
HIA ref no: NFSCON0875

Changes to the Home Building Act (NSW)

On 19 October 2011, the New South Wales Parliament passed legislation that makes a number of changes to the *Home Building Act 1989* (NSW) ("the Act"). Please find some of the changes outlined below.

Changes that apply from October 2011

The following changes are now in effect:

Providing a definition of Completion

Under the Act, there was no definition of completion for the purposes of the 'date of completion' for statutory warranty and Home Warranty Insurance time periods.

The Act now provides that residential building work is complete when it is completed in accordance with the requirements of the contract

If there is no contract or the contract does not specify when the works are complete the works will be complete when they have reached practical completion which is when the work is complete except for any omissions or defects that do not prevent the work from being reasonably capable of being used for its intended purpose.

Ten year limit

For Home Warranty Insurance policies issued before 1 July 2010, all claims (including related claims) must be lodged by the consumer within 10 years of the work being completed. This change does not affect the Home Warranty Insurance coverage periods (i.e. 6 years on structural and 2 years on non-structural defects).

Clarifies the definition of developer

The Act will now provide that an owner of land on which residential building work is carried out who owns or will own four or more of the existing or proposed dwellings, is a developer for the purposes of the legislation.

Expands Fair Trading's Dispute Resolution Service

The Home building Division of Fair Trading is now able to accept disputes initiated by building contractors not just consumers.

February 2012 changes

Some changes have a delayed implementation date. The changes outlined below will apply to the following work from 1 February 2012:

- New residential building work.
- New home warranty insurance policies
- New residential building contracts.

Statutory Warranties

The statutory warranty period for residential building works has been reduced from 7 to 6 years. This means that the statutory warranty period is now aligned with the Home Warranty Insurance period so that all warranties will apply for 6 years on structural defects and 2 years on non-structural defects from the date of completion.

Home Warranty Insurance

The threshold for obtaining Home Warranty Insurance will be lifted from \$12,000 to \$20,000.

Building Contracts

Under the new provisions a less onerous written quote arrangement for small jobs of less than \$5,000 will be implemented.

A small job contract must be in writing, dated and signed by or on behalf of both parties and contain the following information:

- The names of the parties including the name and number of the holder of the contractor license,
- A description of the works including any plans and specifications for the work, and
- The contract price if known.

All contracts for residential building work over \$5,000 will still requires the use of a building contract that complies with the Act.

Please note your HIA contracts comply with the new provisions.

For more information on the changes please contact your Workplace Adviser on 1300 650 620.