



INFORMATION SHEET

Workplace Services

Changes to the Home Building Act

On Wednesday 19 October 2011, the New South Wales Parliament passed legislation that makes a number of changes to the *Home Building Act 1989 (Act)*. Most of these changes will come into effect early next year.

Please find some of the changes outlined below.

Statutory Warranties

Under the Act, those engaged in residential building work provide 7 year statutory warranties on that work from the date of completion. The new provisions will align the statutory warranty period 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

All residential building work over \$1,000 requires the use of a building contract that complies with the Act. Under the new provisions a less onerous written quote arrangement for small jobs of less than \$5,000 will be implemented.

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 a definition of completion in the absence of a date provided by the contract.

Cut off on notified insurance claims

Changes to the Act will ensure that 10 years from the date of completion insurance claims cannot be made*.

*Please note this 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

NSW Fair Trading currently accepts trader initiated dispute resolution, this service will continue under the new provisions.

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.

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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