

Building and Plumbing Newsflash 554

Queensland Home Warranty Scheme reforms—effective 28 October 2016

Purpose

To advise that new laws expanding the scope of the Queensland Home Warranty Scheme (Scheme) commence on 28 October 2016.

Background

Key resources for the new laws are as follows:

- [New Part 5 of the Queensland Building and Construction Commission Act 1991](#) (inserted by section 36 of the *Queensland Building and Construction Commission and Other Legislation Amendment Act 2014* with effect from 28 October 2016)
- [The Queensland Building and Construction Commission and Other Legislation Amendment Regulation \(No. 2\) 2016](#) (to commence on 28 October 2016)
- [Explanatory notes](#) for the above mentioned regulation
- [Gazetted premiums](#) for the altered Scheme (to commence as from 28 October 2016)
- [Key information](#) from the Queensland Building and Construction Commission (QBCC).

What is the Queensland Home Warranty Scheme?

The Scheme is administered by the Queensland Building Construction Commission (QBCC) and provides consumers with cover for loss where a building contractor fails to complete residential construction work or performs defective residential construction work and fails to rectify it.

Under the Scheme, a licensed contractor who contracts with a consumer to carry out residential construction work valued at more than \$3,300 must pay a premium on behalf of the consumer to the QBCC.

The Scheme applies to work for detached houses, unit buildings (not more than three storeys) and duplexes.

What are the expansions to the Scheme?

The Scheme will be expanded to include the following work providing it is carried out by a licensed contractor (or by an individual where fraud or certain representations are made) and is for a value over \$3,300:

- The erection, construction or installation of a residential swimming pool (need not be associated with a contract for a dwelling).
- In relation to a residence or related roofed building (e.g. a shed):
 - all building work performed within the building envelope (internal or external parts of building);
 - anything attached to the building if it requires building approval or plumbing approval;
 - any structure attached to the external part of the building where there is no other supporting structure (e.g. an awning or handrail);

- stairs or an access ramp which are permanently attached to the building.
- In relation to plumbing and drainage for a residence or related roofed building:
 - building work for the primary water supply (e.g. install water tank for primary water supply)
 - building work for sewerage or drainage (e.g. work on a sanitary drain connecting a residence to the sewerage main)
 - stormwater drainage (e.g. the repair of downpipe or gutter)
- the installation of a manufactured home fixed to land in a residential park.

Impacts for industry and consumers

A range of industries are potentially affected by the expansion of the Scheme. For example, if you perform residential construction work within the boundaries of a building (e.g. painting, tiling etc.) and are contracting directly with the consumer then you will now be required to collect a premium and pay it to the QBCC for the first time. Pool builders contracting to construct a pool not also part of the contract for a dwelling will also need to pay a premium.

If you are a subcontractor then you will not need to lodge a premium. The head contractor will continue to lodge one premium covering all work under the contract with the consumer.

You will need to inform the home owner of this and adjust your prices accordingly (if the contract has not been signed prior to 28 October 2016).

If the contract for the relevant work is entered into on or after 28 October 2016, you will need to collect a premium from the consumer and pay it to the QBCC within 10 business days of entering into the contract and in any event before work commences under the contract.

The changes will benefit consumers who previously did not have access to the Scheme for certain work. The Scheme will now allow consumers to make a claim where the work proves to be defective or is left in an incomplete state.

The changes also introduce a new premium structure which reduces cross-subsidisation and charges premiums in line with the risk of a particular project. This means that many building policies will receive a material reduction in premiums, whilst a small proportion will get a large increase. For example, a \$50,000 contract for a renovation will be subject to a \$481.45 premium under the new structure, instead of a \$564.35 premium under the old structure.

The changes will mean that licensed contractors performing such work newly covered by the Scheme can promote the fact that the work will be covered by the Scheme.

Contact for more information

Queensland Building and Construction Commission

Online enquiries: www.qbcc.qld.gov.au/contact-us

Phone: 139 333

Note: The QBCC is the appropriate contact for individual contractor and consumer queries.

Building Industry and Policy, Department of Housing and Public Works

Email: buildingcodes@qld.gov.au

Note: Building Industry and Policy representatives are available to respond to inquiries from heads of industry bodies.

If you have not received this Newsflash directly from Building Industry and Policy you can subscribe via bcqnewsflash@qld.gov.au.

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