

QBCC Contract Requirements

The QBCC (Queensland and Building Construction Commission) is *Queensland's building industry regulator*. Established under the Queensland Building and Construction Commission Act 1991 (QBCC Act), it provides information, advice and regulation. That includes resolving defective building work disputes, providing insurance to protect homeowners and licencing contractors.

When is a contract needed?

If commercial work is undertaken on a block of apartments, a new property is constructed or a home is renovated, extended, repaired or improved (including associated works such as a pool or spa), there needs to be a contract between the builder and client.

Under the QBCC Act contracts for building work, whether domestic or commercial, **must be in writing**. Subcontracts for domestic and commercial building work between builders, developers and subcontractors **must also be in writing**.

All projects involving 'domestic building work' where the contract price (including labour, materials and GST) is over \$3,300 must be covered by a written contract, dated and signed by both parties.

Domestic building work includes renovating, extending or improving a home, removing a dwelling or building a new one. It also includes associated works such as building a garage or pool, landscaping a garden or refitting a bathroom.

Builders/contractors can choose whether to use a QBCC standard contract, which cover most situations, or to adopt one of their own. Be wary however if a builder/contractor opts for a contract of their own choosing, or fails to download the latest version of the QBCC Contract, as the contract may not be compliant with current laws.

A recent example of the relevance of keeping up to date with current legislation is the Treasury Laws Amendment (*2017 Enterprise Incentives No. 2*) Act 2017 (Cth) which came into effect as of 1 July 2018. As a consequence of this Act, QBCC amended all its domestic building contracts (New Home Construction Contract, Renovation, Extension and Repair Contracts) and the Natural Disaster Repairs Contract. It also removed all its commercial building contracts from the QBCC website.

Are there different types of contract?

Indeed there are! QBCC contracts cover the following situations:

1. New Home Construction – this is recommended for the building of new homes (single house) or a duplex. Homeowners must be provided with a copy of a commencement notice before work begins and in any event within 5 business days of entering into the contract. The notice confirms the date work is to commence and the date for practical completion. Attached to the notice must be a signed and dated copy of the contract with plans, specifications, and a QBCC-approved contract information statement. If the contract price is over \$20,000, a copy of the QBCC Consumer Building Guide must also be provided to the homeowner before the contract is signed.

2. Renovation, Extension and Repair (includes a house, unit, duplex or townhouse or associated work e.g. building a pool) – homeowners must be provided with a copy of the signed and dated contract, including any plans and specifications, within 5 business days of entering into the contract.

3. Natural Disaster Repairs (e.g. cyclone, flood etc);

4. Small Building Projects (i.e. less than \$3,300) – this is free to download and consists of only two pages. This contract makes it easy to record the agreement and payment arrangements. It includes a contract Schedule and General Conditions;

5. Demolition of residential premises damaged by natural disaster – consists of a Contract Schedule and General Conditions; and

6. Commercial Contracts and Subcontracts – contracts for building work over \$10,000 must be in writing prior to work commencing and, if under \$10,000, before work is completed.

What needs to be included in a contract?

In relation to commercial contracts, which are most commonly used in strata...

1. they SHOULD contain the following:

- a. name and contact details of the parties;
- b. any plans and specifications relevant to the scope of work;
- c. when the work is to commence;
- d. the amount and timing of any progress payments; and
- e. a procedure for dispute resolution; and

2. they MUST contain the following:

- f. scope of work covered;
- g. when the work is to be completed;
- h. the amount to be paid for the work (or how that is to be calculated);
- i. details of any agreement about retention and securities;
- j. name and licence numbers of contractors; and
- k. the address of the site where the work is being carried out.

When is a contract not required?

Generally, for work priced under \$3,300. The reason being that under this amount work is not classed as 'building work'. As a result a written contract is not required under the QBCC Act.

The exception to this rule is commercial or subcontracted work of any value involving drainage, plumbing, gas fitting, electrical work, design drafting, completed building inspections, site classification, fire protection or pest control. In these circumstances, the contract must always be in writing.

Best practice however is to use a contract in all cases, even for low value jobs. The free Small Building Projects Contract from the QBCC is perfect for that task.

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