Domestic Building Consumer Guide

Mandatory contract information statement for consumers

Your builder must give you a copy of this guide before you sign a major domestic building contract. A major domestic building contract is required for most building projects to build, renovate or extend a home, such as a house or unit, where the cost of the work is over $10,000.

Reading this guide will help you to know your rights and responsibilities and understand the roles and responsibilities of your builder and building surveyor.

Learn more about the topics in this guide, and domestic building contracts and work generally, at **consumer.vic.gov.au/buildingguide.**

Before your building project starts

You will usually need to appoint building practitioners when you build, renovate or extend a house or unit, or do other building work. Other work includes work such as landscaping, fencing or building a swimming pool, driveway or a garage. You may need a builder to complete the building work, and if you need a building permit you will need a building surveyor.

The Victorian Building Authority (VBA) registers building practitioners. If you are concerned about the conduct of a building practitioner you should contact the VBA.

You can check the registration and disciplinary history of a building practitioner via the links at consumer.vic.gov.au/buildingguide.

Your builder must also take out Domestic Building Insurance (DBI) for your project, if the building work costs more than $16,000. This covers defective or incomplete work for up to six years if your builder dies, disappears or becomes insolvent. You can also claim on DBI with the Victorian Managed Insurance Authority if your builder fails to comply with a final order from the Victorian Civil and Administrative Tribunal or a court.

Check when you may make a claim via the links at consumer.vic.gov.au/buildingguide.

Appointing your builder

You appoint your builder by signing a major domestic building contract.

Your contract must be in writing and include details such as:

- the contract price
- the deposit and progress payments required by law for completed stages of work
- a description of the building work to be carried out
- the plans and specifications, and
- advice on the five-day cooling-off period.

The contract price should be a fixed amount. Cost-plus contracts, for example where your builder charges you by the hour, are only allowed for projects over $1 million, or for renovation projects in limited circumstances.

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Make sure you have enough time to thoroughly read the contract. You should also consider obtaining independent legal advice before you sign the contract, even though this means you no longer have the five-day cooling-off period to change your mind.

If you are asked to sign a pre-construction contract (for example, a contract for design or specification work or obtaining permits) that is for more than $10,000, it will be a major domestic building contract.

Your contract will also include a checklist, which sets out the matters you must consider before signing the contract. You must complete and sign the contract checklist.

You can make a variation to a contract after it has been signed by using a variation notice (for example, to change the plans and specifications). You and your builder must agree in writing to the changes and put the details, including the new price and completion date, in the contract before the work is carried out.

Find more information about the contract, the checklist and contract variations via consumer.vic.gov.au/buildingguide.

Appointing a building surveyor

Some building projects require a building permit. A building permit is written approval from a building surveyor that your plans and specifications comply with the building regulations. It allows your builder to start your building project.

If your building work requires a building permit, you must engage a building surveyor before you apply for the permit. There are penalties for you and your builder if a building permit is not obtained.

You can only engage one building surveyor, but you may choose either a private building surveyor or a municipal building surveyor. Your builder may recommend a building surveyor, but cannot appoint a private building surveyor for you.

You can choose a building surveyor via the links at consumer.vic.gov.au/buildingguide.

If you want to engage a municipal building surveyor, contact your local council.

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This guide must not be taken as legal advice.

During your building project

Role of your builder

Your builder is responsible for completing your building project to the standard required by the building regulations and your plans and specifications. The builder may undertake the work or engage and manage tradespeople to do the work.

Your builder must also provide you with a copy of the DBI policy and a certificate of insurance for your building project, before you pay your deposit. If you are concerned about the validity of the certificate, you should check with the insurer.

Role of the building surveyor

A building surveyor is responsible for checking that your building project meets the minimum standards of the building regulations. They will independently:

- assess your plans and issue the building permit
- require protection work to be undertaken so your building work does not damage your neighbour's property
- conduct the mandatory building inspections personally or have a building inspector conduct the inspections at the mandatory notification stages of your building project, and
- issue the occupancy permit or certificate of final inspection on completion of the building work.

Your building surveyor may issue directions and orders to the builder to fix building work or to stop work. They can also give you building notices and orders about the building work, if necessary.

The mandatory inspection stages for a house are:

- completion of excavations before placing the footings
- before pouring the concrete footings or slab
- completion of the framework, and
- completion of all of the building work.

You can ask your building surveyor to carry out additional inspections, for example, pre-plaster inspections and wet area inspections. Your building surveyor may charge more for additional inspections.

Find more information about building surveyors at consumer.vic.gov.au/buildingguide.

Your role

You are responsible for checking the progress of your building project, talking to your builder about any issues or concerns you may have and paying your builder for completed work. You have the right to reasonable access to your building site at any time during construction, to check on the progress.

Make sure you:

- choose a building surveyor, if required
- provide the builder with the items you agreed to supply as soon as possible (for example, materials such as tiles, or a service such as a tiler to work on the flooring)
- put the details and costs of any changes in writing – you and your builder must sign off on the changes before the builder starts the work, and
- only make stage payments when the building work for each stage is complete – do not make payments in advance.

Check everything in your contract has been delivered and is in working order before you make the final payment.

Find details at consumer.vic.gov.au/buildingguide.

Tips and traps

Beware of:

- an extremely low quote compared to other builders – this may indicate a risk that the quality of the job may be compromised, that the builder may not fully understand what is required or may not be properly registered or insured
- sales pitches that put pressure on you to sign the contract quickly to avoid a price increase, and
- a builder who recommends that you get an owner builder permit while they organise all the building work.

If things go wrong

Statutory warranties and guarantees

The workmanship and quality of your building project is protected by specific statutory building warranties and general consumer guarantees.

Statutory building warranties make sure that your builder uses good workmanship and delivers everything in your contract. You can take legal action for a breach of the statutory building warranties at any time, up to 10 years after the date the occupancy permit or certificate of final inspection was issued.

You are also protected by the Australian Consumer Law (ACL). The ACL provides statutory guarantees that goods and services supplied in trade or commerce, such as building work, meet certain standards. For example, building work must be carried out with due care and skill, be fit for purpose and be delivered in a reasonable time.

Disputes

Many disputes can be avoided when there is good communication between you and your builder. If a dispute does arise, you should first try to sort it out with your builder.

If you cannot resolve the dispute, contact the Victorian government's free and independent service, Domestic Building Dispute Resolution Victoria. Find details and lodge a dispute, via the links at consumer.vic.gov.au/buildingguide.

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