

BRISBANE
299 Montague Road
West End QLD 4101
Facsimile 3225 2999

GOLD COAST
Robina Super Centre
86 Robina Town Centre Drive
Robina QLD 4230
Facsimile 5575 7666

SUNSHINE COAST
Cnr Baden Powell Street
and Maroochydore Road
Maroochydore QLD 4558
Facsimile 5459 9655

TOOWOOMBA
Clestrain Mall
131A Herries Street
Toowoomba QLD 4350
Facsimile 4638 1917

MARYBOROUGH
1/208 Lennox Street
Maryborough QLD 4650
Facsimile 4953 4151

ROCKHAMPTON
164 Berserker Street
Cnr Elphinstone Street
North Rockhampton QLD 4701
Facsimile 4926 1377

MACKAY
25 River Street
Mackay QLD 4740
Facsimile 4953 4151

TOWNSVILLE
287 Ross River Road
Aitkenvale QLD 4814
Facsimile 4725 3401

CAIRNS
181 Aumuller Street
Westcourt QLD 4870
Facsimile 4048 1124

*A quick guide to the
rights and responsibilities of
BSA licence holders*

TELEPHONE STATEWIDE
1300 272 272
www.bsa.qld.gov.au

facts for licensees



Helping Queenslanders Build Better

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FOREWORD

Dear Licensee,

This booklet is designed to inform you of your rights and responsibilities as a BSA licence holder.

BSA is charged with improving standards, equity and confidence in Queensland's building industry and is here to help you comply with the requirements of the various acts, policies and regulations that govern the industry.

BSA's regulatory powers allow it to take action against those who breach the requirements and attempt to gain an unfair advantage over other contractors or consumers through deceptive practices and defective or sub-standard workmanship.

BSA's role in the industry is often misunderstood. BSA is more interested in educating consumers and contractors than it is in acting as a policeman. However, when it comes to protecting the interests of the majority of licensees, BSA will work hard to stamp out and punish those who engage in shonky practices.

If you need more information you can find it on our website at www.bsa.qld.gov.au or call **1300 272 272**.

We trust that the information available will be helpful and assist you to achieve success as a BSA licensee.



Ian Jennings

General Manager

Building Services Authority

ABOUT BSA

The Building Services Authority (BSA) is a statutory authority established under the *Queensland Building Services Authority Act 1991* (QBSA Act) to regulate the building industry.

BSA's charter is to regulate the building industry through: licensing of contractors; educating consumers about their rights and obligations; making contractors aware of their legal rights and responsibilities; handling disputes fairly and equitably; protecting consumers against loss through statutory insurance; implementing and enforcing legislative reforms and, where necessary, prosecuting persons not complying with the law.

The terms 'builder' and 'trade contractor' refer to the range of building contractors who undertake various types of work. This ranges from builders through to specialist trades such as landscaping, pest control and building design.

WHAT DOES BSA DO?

CONTRACTOR AND CONSUMER ADVICE

BSA provides information and advice to consumers and contractors throughout Queensland. This assistance is provided through: the statewide number 1300 272 272; Customer Service Centres in all BSA offices; BSA's website at www.bsa.qld.gov.au; media releases and articles; fact sheets and booklets; DVDs; seminars in Brisbane and regional centres; and participation in trade and industry shows.

BSA's Customer Service Officers are able to provide information ranging from licensing advice, including licence checks and details about licence holders, through to information about the statutory Queensland Home Warranty Scheme and BSA's dispute resolution procedures.

LICENSING

Under the QBSA Act, all builders, building designers and most trade contractors must be licensed to carry out building work. Some trade contractors require an occupational licence as well as a BSA licence.

To obtain a BSA licence, certain financial, experience, technical and managerial standards have to be met. BSA is responsible for assessing licence applications, issuing licences, and ensuring that licensees continue to meet the required standards.

HOME WARRANTY SCHEME

All licensees who perform insurable work over \$3,300 (including GST) must take out BSA insurance when working directly for consumers. For a definition of insurable work, see page 10. Payment of BSA insurance is not restricted to builders. Any licensee who carries out insurable work directly for a consumer must pay an insurance premium.

The only exceptions are licensees working as subcontractors for a principal contractor, or working for a person who holds an Owner Builder Permit for the relevant construction. For further details, refer to 'Insuring Building Work' on page 10 of this booklet.

DISPUTE MANAGEMENT

BSA has a Resolution Services Division which provides information and assistance for consumers and contractors in disputes over defective or incomplete building work. BSA is not there to represent a particular party. Instead, it aims to work with both consumers and contractors to resolve building problems.

CONTRACTS

BSA offers a range of plain-English contracts which cover all types of domestic building work and comply with the relevant legislation. BSA will also offer a standard sub-contract by the end of 2008. BSA's contracts include:

- ❑ The *Major Works Contract* – a comprehensive kit recommended for large projects valued at over \$40,000, including those involving designated stages for the construction of an entire home.
- ❑ The *Minor Works Contract* – a streamlined package suitable for renovations and extensions valued at between \$3,300 and approximately \$40,000.

NOTE: These contracts come with all the necessary supporting documentation including Contract Information Statements, General Conditions and a full range of forms to help you implement the contract (e.g. forms for progress payment and extension of time claims, and for recording defects, variations, etc.).

- ❑ The one-page *Contract for Small Building Projects* – a simple document recommended for conveniently recording the essential details of smaller renovation and repair projects valued at up to \$3,300.

Copies of all these contracts are available from your nearest BSA Office or for free download from BSA's website.

IMPORTANT LICENCE ISSUES

FINANCIAL REQUIREMENTS FOR LICENSING

The issue of your licence is subject to you satisfying BSA's financial requirements at all times.

If at any time your actual annual turnover exceeds your Allowable Annual Turnover (as advised by BSA) by 10% or more you MUST notify and seek written approval from BSA. In these instances BSA may require you to provide updated financial documentation.

You may risk suspension or cancellation of your licence if you fail to provide BSA with updated financial information when requested.

OCCUPATIONAL LICENCES

If you hold a licence in Plumbing, Drainage, Gas Fitting or Termite Management Chemical, your BSA licence is subject to you holding the appropriate occupational licence at all times.

If you hold a BSA Plumbing and/or Drainage licence you are also required to hold an occupational licence with the Plumbers and Drainers Board.

Licensees holding a BSA Gas Fitting licence must also hold a licence with the Department of Mines and Energy. If you hold a BSA Termite Management Chemical licence you must also hold a licence issued by Queensland Health.

Your BSA licence will be suspended or cancelled if you do not hold a current occupational licence and therefore you need to ensure your occupational licence is always valid.

CHANGE OF ADDRESS

If you change your address or any of your personal contact details, you MUST notify BSA within 14 days of the change.

Change of address can be made by completing the "Change of Particulars – Form 7" available on BSA's website at www.bsa.qld.gov.au or you can call 1300 272 272 and change your details over the phone.

All BSA correspondence is sent to the postal address last notified by you and is deemed to be served under the QBSA Act.

If you fail to notify BSA of your change of contact details, you may not receive BSA correspondence such as your annual renewal notice and risk suspension or cancellation of your licence.

NOMINEE CHANGES

Nominee

If you are a nominee for a licensed company and you wish to withdraw as nominee for the company you MUST complete and return a Company Nominee Form to BSA. This form is available on BSA's website or upon request from any BSA office. When this form is received, BSA will update the company licence details to show you are no longer the nominee. By notifying BSA that you are no longer nominee for the company you relinquish your responsibility as nominee which will ensure you cannot be held responsible for work performed by the company after that date.

Company

If a company ceases to have a nominee or changes its nominee, the company MUST complete and return the Company Nominee Form to BSA within 14 days.

This form is available on BSA's website or upon request from any BSA office.

If a company fails to have a nominee for a period exceeding 28 days it risks suspension or cancellation of its licence.

Further, if after the 28 days have elapsed the company continues to carry out building work or undertakes to carry out building work without a nominee, the company and each of its directors commit an offence. The maximum penalty is \$18,750.

If a company fails to provide BSA with details of a new nominee, the company also risks prosecution under Section 55 of the QBSA Act for which the maximum penalty is \$1,500.



ENGAGING OTHER TRADES

If you hold a trade contractors licence (e.g. Carpentry, Painting, Waterproofing, etc) you can only engage other contractors to perform the same works as your licence class allows. For example a carpenter can only engage other carpenters.

Builders with the licences listed below can engage any appropriately licensed trade contractor:

- Builder Low Rise
- Builder Medium Rise
- Builder Open
- Builder Restricted to Kitchen, Bathroom and Laundry Installation
- Builder Restricted to Shopfitting
- Builder Restricted to Structural Landscaping
- Builder Restricted to Swimming Pool Construction
- Builder Restricted to Special Structures

It is an offence for a builder to engage any unlicensed trade contractor and they must therefore ensure all direct sub-contractors on their sites are licensed.

Engaging an unlicensed trade contractor to perform building work may result in BSA initiating prosecution under Section 51B of the *Queensland Building Services Authority Act 1991*. The maximum penalty is \$6,000.

Sub-trade contractors are not required to hold a BSA licence. A sub-trade contractor is one who only contracts with a licensed trade contractor and never a builder or consumer.

RENEWING YOUR LICENCE

To maintain your BSA licence you must renew it every year. The renewal due date is the anniversary date of when your licence was first issued.

HOW WILL I KNOW WHEN MY RENEWAL IS DUE?

The expiry date is shown on your licence card. Your renewal date will usually be within seven (7) days of this date.

One month before your licence renewal is due, BSA will forward you a renewal notice advising you of your renewal date. You have until 4.30pm on your renewal due date to pay the renewal fee and provide the required financial information. As previously stated it is critical you keep your address details up-to-date with BSA.

WHAT WILL HAPPEN IF I DON'T RENEW BY THE RENEWAL DUE DATE?

If you do not renew your licence by the renewal due date, your licence may be suspended. Suspension prohibits you from carrying out or undertaking to carry out any building work. This includes signing building contracts, providing quotes or tenders or completing work already in progress. Continuation of any of these activities while your licence is suspended may result in prosecution.

If your licence is suspended for a period of three months or more it may be cancelled. If your licence is cancelled you will have to reapply and satisfy all licensing requirements at that time. Therefore, you should ensure you renew your licence each year by the due date.

WHAT DO I NEED TO PROVIDE TO RENEW MY LICENCE?

To renew your licence you need to pay the annual fee and provide financial information which satisfies BSA financial requirements. If you hold a supervisor grade licence you only need to pay the annual fee.

HOW CAN I RENEW?

The renewal notice will advise you of the amount payable. There are a number of options available to renew your licence:

BSA PhonePay - 1300 272 272

PhonePay is a quick and easy service enabling you to renew your licence over the phone without the need for completing any paperwork. Simply ring 1300 272 272 and provide details of your licence number, renewal number, nominated turnover and credit card or direct debit details (if previously arranged).

If your anticipated annual turnover for the next licence year is higher than \$300,000 you can pay your fee using PhonePay however you will still be required to provide a financial report completed by your accountant by the due date to renew your licence.

By Post

Mail your payment, completed renewal form and financial documentation (if applicable) to your nearest BSA office (see addresses on the back of this booklet).

In Person

Visit your nearest BSA office and provide payment, the completed renewal form and financial information to a Customer Service Officer.

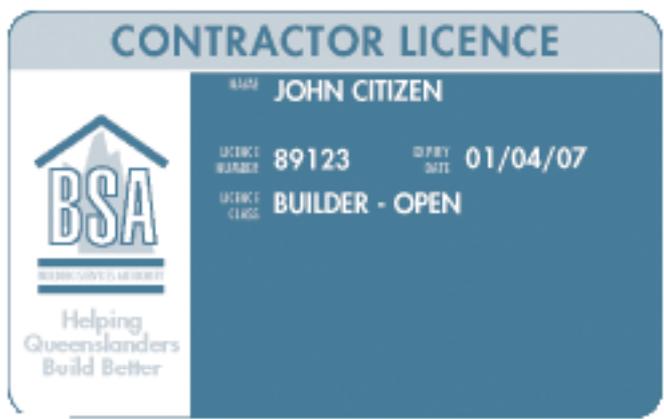
WHEN WILL I GET MY NEW LICENCE?

When your licence renewal is completed BSA will send you a letter confirming the approval and your Allowable Annual Turnover for the year ahead. Your licence card will be sent to you approximately three weeks later.

LICENCE CARDS

As a licensee you should be aware of your legal obligations with regard to your licence card under the provisions of the QBSA Act.

WHAT IS THE LICENCE?



A licence is issued to authorise a licensee to carry out and/or supervise a certain class of building work.

Upon approval of a licence application BSA issues a licence of the appropriate class(es). The licence is in the form of a card which states the licensee's name, licence number, the class of building work the licensee is entitled to perform, the grade of licence held and any restrictions that may be applicable to the licence.

Your licence is your entitlement to operate legally as a builder, certifier, trade contractor, supervisor or building designer in Queensland. As you are responsible for any building work performed under contract with your licence you should therefore ensure that you are the only person using your licence.

PENALTY FOR LICENCE LENDING

The improper use of a licence card, certificate, number or PIN is an offence under Section 51 (1) of the *Queensland Building Services Authority Act 1991* which may result in BSA initiating prosecution action for which the maximum penalty is \$18,750.

WHAT IF MY LICENCE CARD IS STOLEN OR LOST?

You should immediately notify BSA in writing so that the card can be revoked. Additional or replacement licence cards will attract a small fee.

WHAT IS REQUIRED IF MY LICENCE IS CANCELLED?

The legislation requires you to return any previously issued licence cards to BSA within 14 days of receiving notice of the cancellation.

PENALTY FOR FAILURE TO COMPLY

A person who fails, without reasonable excuse, to return their licence card after it has been cancelled commits an offence under Section 53(1) of the QBSA Act which will result in BSA initiating prosecution action. The maximum penalty is \$6,000.

ADVERTISING AND SIGNS

In the highly competitive building industry, advertising, including on-site signs, is a valuable tool for attracting new business. It is, however, mandatory for licensees to comply with the requirements regarding advertising and signage set out in the QBSA Act.

WHAT CONSTITUTES AN ADVERTISEMENT?

The definition of an advertisement under the QBSA Act, and the associated Regulation, is very broad and includes spoken words (e.g. television or radio advertisements) as well as printed material. By way of example, advertisements would include but are not limited to:

- yellow Pages advertisements;
- advertisements on the side of a vehicle;
- newspaper advertisements; and
- radio/television advertisements.

ADVERTISING REQUIREMENTS

A licensee who publishes or causes to be published any advertisement in connection with their business must ensure that the advertisement:

- contains the name under which the licensee is licensed;
- states that the contractor is licensed under the QBSA Act and states their licence number;
- includes the licensee's licence details (e.g. John Smith, QBSA Act Licence No. 12345) in an easily legible and reasonably prominent form (for printed material); and
- clearly states the licensee's licence details (for spoken material).

WARNING! You must not use a BSA logo in any advertising.

EXAMPLES OF SIGNS WHICH COMPLY:

Individual

Joseph Brown

Kitchen Renovations

Call 0400 000 000

QBSA Act Licence No: 12345

A Company

ABC Construction Pty Ltd

We service all Brisbane suburbs

Call 1300 000 000

QBSA Act Licence No: 12345

Business Name

X & Z Builders Pty Ltd

Trading as: X & Z Builders

Call 3000 0000 for a quote

QBSA Act Licence No: 12345

Business Name

Jim's Roofing

Licensee: James Cooper

Call: 0400 000 000

QBSA Act Licence No: 12345

PENALTY FOR NON-COMPLIANT ADVERTISING

Advertising in a manner which fails to comply with the requirements of the legislation could result in BSA initiating prosecution action under Section 54 of the QBSA Act. The maximum penalty is 35 penalty units, which at the time of printing is \$2,625.

ON-SITE SIGNS:

If you are acting as the principal contractor on a site, you must exhibit a sign on any building site for which you are responsible. You must ensure that the sign:

- is made of weatherproof materials;
- has a surface area of no less than 0.5m²;
- is printed in letters no less than 50mm high;
- contains the name under which you are licensed as a contractor under the QBSA Act and the number of your contractor's licence;
- is exhibited at a prominent position on the building site; and
- can be easily read from the nearest street alignment.

PENALTY FOR NON-COMPLIANT SIGNAGE

Failure by a contractor to erect a sign that complies with the legislation could result in BSA initiating prosecution action under Section 52 of the QBSA Act. The maximum penalty is \$1,500.

SUBCONTRACTOR SITE SIGN REQUIREMENTS

If you are acting as a subcontractor on a site, you are not required by law to exhibit a sign on the site. If you do choose to erect a sign, it must comply with the advertising requirements (see above).

CONTRACT REQUIREMENTS

In Queensland, written contracts are required for almost all types and sizes of building projects. Two pieces of legislation, the *Domestic Building Contracts Act 2000* (DBC Act) and the *Queensland Building Services Authority Act 1991* (QBSA Act), set out the details which must be included in the contract documents.

Essentially, it is the nature of the building work to be performed (domestic or commercial), and who you will be doing it for (i.e. dealing directly with the homeowner or subcontracting to a principal contractor), that determine which legislation applies and the format of the contract to be used. It is very important that you understand your contractual obligations and use appropriate contract documentation. Failure to do so may result in costly disputes and leave you exposed to the risk of prosecution, contract termination and loss of revenue.

FOR DOMESTIC BUILDING WORK CONTRACTED DIRECTLY WITH THE HOMEOWNER

If the contract price for the work (including labour, materials and GST) exceeds \$3,300, the contractor must use a written contract signed by both parties which complies with the requirements of the DBC Act.

Some of the key DBC Act provisions relating to domestic building work include:

- ❑ Limitations on the size of deposits which must not be exceeded even if the homeowner is agreeable (i.e. a maximum deposit of 10% for work valued at less than \$20,000, and 5% for work valued at \$20,000 or more), and provisions regarding progress and completion payments;
- ❑ Where relevant and required for the work, the need to provide the homeowner promptly with 'foundations data' (e.g. soil tests and contour surveys), certificates of inspection, and other contract-related documents;
- ❑ When calculating the finish date, or the time required to carry out the contracted work, the contractor must make reasonable allowances in the contract for certain types of delays (e.g. inclement weather, non-working days, etc.) where there is a reasonable likelihood that the delays may affect the time required to carry out the work;
- ❑ The obligation for the contractor to provide a BSA-approved Contract Information Statement, and a signed copy of the contract, to the homeowner within 5 business days of entering the contract;
- ❑ The introduction of a "cooling-off" period of 5 business days to protect homeowners against high pressure salesmanship (**NOTE:** The homeowner must give written notice and pay certain costs to the contractor if they intend to withdraw under the cooling-off provisions); and
- ❑ The need for variations to be recorded in writing and approved by the owner before work commences (unless the variation work must be carried out urgently and it is not practicable to document it beforehand), and for work to commence before payment is sought.

A Cost Plus Contract is unlawful unless it is necessary to carry out some of the work before a lump sum price can be given, e.g. rectification of termite damage where the contractor needs to remove gyprock to determine the extent of work required to rectify.

IS A QUOTE ACCEPTABLE AS A CONTRACT?

The use of a quote rather than a full written contract for domestic building work where the contract price is more than \$3,300 and performed directly for a homeowner will not be acceptable unless the quote document satisfies the extensive requirements of the DBC Act (as summarised above) and is signed by the homeowner. Using a quote which does not comply with the requirements may lead to prosecution and leave you vulnerable to financial loss in the event a homeowner is aware of the legislation and refuses to pay at the end of the job. BSA is aware of a number of contractors who have experienced financial difficulties as a direct result of using incorrect contract documentation.



FURTHER INFORMATION ON THE DBC ACT

For more information, refer to the booklet 'The Domestic Building Contracts Act 2000 – What Contractors Need To Know', and the Fact Sheet 'Contract Checklist' on BSA's website www.bsa.qld.gov.au under Builders/Contractors > Licensee's Responsibilities.

FOR COMMERCIAL WORK, OR DOMESTIC BUILDING WORK PERFORMED AS A SUBCONTRACTOR TO THE BUILDER

If you have no direct contractual arrangement with a homeowner (i.e. either because the work is commercial or because you are working on a home as a subcontractor dealing directly with the builder not the homeowner), the requirements of the DBC Act referred to above do not apply. Instead, this activity is subject to Part 4A of the QBSA Act. The contractual requirements relating to commercial work or subcontractual arrangements are much less detailed than those applying to domestic building work.

Some key QBSA Act provisions relating to commercial contracts and subcontracts include:

- ❑ The need for a written contract whenever the work requires a licence (i.e. generally for work exceeding \$1,100 in value, although pest control, plumbing and draining, gas fitting and electrical work of any value must be covered by a written contract);
- ❑ The obligation to have a written contract which complies with the legislation rests with both parties – the head contractor and the subcontractor engaged by him/her;

- ❑ The need for the contract document to include the scope of the contracted work, the contractor's name and licence number, the cost and payment arrangements, any agreement about retentions or securities, the completion date, and the address of the site where the work is to be carried out; and
- ❑ The need to record any directions given under the contract in writing.

FURTHER INFORMATION ON COMMERCIAL CONTRACTS AND SUBCONTRACTS

For more information, refer to the Fact Book 'Contractual Obligations, Demerit Points and Bans' on BSA's website www.bsa.qld.gov.au under Builders/Contractors > Licensee's Responsibilities > Commercial Contracts and Subcontracts.

HOW TO SATISFY YOUR CONTRACTUAL REQUIREMENTS

The easiest way to satisfy the legislative requirements is to use an appropriate contract which has already been developed by BSA or one of the major industry associations.

NOTE: BSA will offer standard sub-contracts by the end of 2008. Major industry associations also produce sub-contracts. When deciding which contract to use, you should compare them to see if they meet your particular needs. BSA also produces and sells a range of contracts, with full supporting documentation, suitable for all types and sizes of domestic building projects: the Major Works Contract, the Minor Works Contract and the Contract for Small Building Projects – see the section 'What Does BSA Do?' in this booklet or BSA's website www.bsa.qld.gov.au > Products and Services for more details.

Alternatively, you may develop your own contract which is tailor-made to your individual requirements. If you choose this option, however, it is essential that you seek legal advice to ensure that your documentation is completely compliant with the relevant legislation. Inappropriate or incomplete documentation greatly increases the risk of disputes and may expose you to fines or prosecution by BSA for breaches of the DBC or QBSA Acts and, in some cases, to losses due to an inability to fully enforce your demands for payment.

'PERIOD SUBCONTRACTS' AND 'WORK ORDERS'

During the course of your work as a subcontractor in the building industry you may use or be asked to use these documents. So what are 'period contracts' and 'work orders'?

A **period contract** is a contract developed by a head contractor to cover repetitive work of the same type (e.g. plumbing, carpentry, electrical work, etc.) performed by subcontractors at a range of locations over an extended period (e.g. electrical work performed at many houses or units over a 12 month

period by one contractor). There is no prohibition or specific restriction on the use of period contracts. BSA does not, however, produce period contracts.

A **work order** is issued by the head contractor and gives details of an individual job to be performed by a subcontractor under a period contract. The period contract and work order, read together, must contain all the items required under Part 4A of the QBSA Act (i.e. essentially those set out in s67G(4) and summarised above). Some items will be in one document (e.g. the specific location of individual jobs will be in the work order), while other details will be contained in the other document (e.g. the pay rate – say \$60 per hour - will probably be set out in the period contract).

If you are uncertain about your rights and obligations under a period contract or work order, or you are seeking to develop these documents for your own regular use as a head contractor, you should obtain legal advice.



INSURING BUILDING WORK

All licensees who perform insurable work over \$3,300 (including GST) must take out BSA insurance cover under the Queensland Home Warranty Scheme when working directly for consumers.

Payment of BSA insurance cover is not restricted to house builders. Any licensee who carries out insurable work directly for a consumer must pay an insurance premium.

The only exceptions are licensees working as subcontractors for a principal contractor, or working for a person who holds an owner-builder permit for the relevant construction.

On which jobs do I need BSA insurance cover? Follow this simple checklist below.



If you have one of the following licences, and you are performing work for an owner on a home or unit of less than 3 storeys with a value of \$3,300 or more, you will most likely have to take out insurance. Step 1 explains the work on which insurance is payable. Step 2 outlines work that is never insurable.

- | | |
|---|---|
| <input type="checkbox"/> Builder Low Rise
<input type="checkbox"/> Builder Medium Rise
<input type="checkbox"/> Builder open
<input type="checkbox"/> Builder Restricted to Kitchens Bathrooms and Laundry Installations
<input type="checkbox"/> Builder Restricted to Structural Landscaping
<input type="checkbox"/> Bricklaying and blocklaying
<input type="checkbox"/> Carpentry
<input type="checkbox"/> Concreting
<input type="checkbox"/> Glass, Glazing & Aluminium
<input type="checkbox"/> Plastering Drywall
<input type="checkbox"/> Plumbing and Draining | <input type="checkbox"/> Roof Tiling
<input type="checkbox"/> Structural Landscaping (Trade)
<input type="checkbox"/> Cabinet Making
<input type="checkbox"/> Foundation Work – Piling/Anchors
<input type="checkbox"/> Joinery
<input type="checkbox"/> Structural Metal Fabrication and Erection
<input type="checkbox"/> Metal Fascia and Gutter
<input type="checkbox"/> Roof and Wall Cladding
<input type="checkbox"/> Sheds, Carports and Garages
<input type="checkbox"/> Waterproofing
<input type="checkbox"/> Steelfixing
<input type="checkbox"/> Stonemasonry |
|---|---|

STEP 1

If you answer 'yes' to any of the following questions, you must pay an insurance premium.

Is the work the construction of a new house, multiple dwelling, town house or units that are no more than 3 storeys (excluding car park)?	YES ⇒ pay insurance
OR Is the work renovations or repairs to a house, multiple dwelling, town house or unit and the value of the work over \$3,300?	NO ⇒ no insurance payable
AND Is the work one of the following? <ul style="list-style-type: none"> <input type="checkbox"/> Work which affects structural performance of the residence/Related Roofed Building (RRB) (e.g. underpinning of a house). <input type="checkbox"/> Replacing of roof, wall, internal partition, floor, foundation. <input type="checkbox"/> Renovation of a kitchen or bathroom in the residence/RRB. <input type="checkbox"/> Construction or renovation of a deck or verandah attached to a residence. <input type="checkbox"/> Work which increases the covered floor area of residence/RRB (e.g. raise house and build-in underneath). <input type="checkbox"/> Installation of primary water supply, sewerage, drainage to the residence/RRB. 	YES ⇒ pay insurance

STEP 2

If the work you are doing is in this table, it is NOT insurable under the Queensland Home Warranty Scheme.

The following work is excluded from insurance:

- Prefab building constructed in factory
- Caravan
- Demountables
- Multiple dwellings (units) over 3 storeys (excluding the car park)
- A caravan park, hotel, holiday accommodation
- A prison, hospital, retirement village, school
- Work performed by an owner builder
- Loading, unloading or transporting a residence

NONE of this work is insurable

HOW DO I PAY BSA INSURANCE?

In Person

You can pay your insurance premium in person at any BSA office. See the back page for office locations.

PhonePay

The fastest and easiest way to pay BSA insurance is using your phone. No paperwork is required!

BSA operates a PhonePay service for payment of insurance premiums and licence renewals. The service operates 7.00am to 5.00pm Monday to Friday.

To access PhonePay you will need two things:

- Your BSA licence number
- A PIN (like the one you get from your bank)

If you don't already have a PIN or you have lost or forgotten your PIN, please call our Customer Contact Centre on 1300 272 272 and we will issue you a new PIN within 24 hours.

Once you have your BSA licence and PIN you can call the PhonePay service and take out the required insurance cover within minutes.

If you wish to set up a direct debit facility please request this either when you request your PIN or at a later time by calling our contact centre on 1300 272 272.

Information Required For Insurance Cover

You will need to give our customer service operators the following information:

- the real property description of the site i.e. lot , plan type and number
- full site address

- advise whether it is new construction or an alteration and/or addition to an existing building
- description of the works
- owner's name, phone number and address
- the full value of the works
- the date of the contract

The premium must be paid immediately. This can be done via credit card (Visa or Mastercard) or a pre-arranged direct debit.

ISSUING THE POLICY

If you use PhonePay, once your information is received and premium receipted, a policy will be issued to the owner within 24 hours and a receipt (confirmation of insurance) issued to you immediately.

This confirmation of insurance can be faxed to your nominated person, such as a certifier, to allow the approval of plans. Issue of a confirmation of insurance will generally occur within 30 minutes of your call.

If you choose to arrange cover by mail or in person please allow 48 hours for processing.

Variations to the contract sum must also be advised to BSA using the same method by which you took out the original insurance.

Each month BSA will issue you with a statement showing details of all insurance transactions you have made. This statement can be used for preparing your BAS return.

Remember if you have any questions please phone 1300 272 272.

BUILDING DISPUTES

BSA has a role in preventing building disputes through educating builders, trade contractors, building designers and consumers.

While BSA continues to succeed in resolving in excess of 90% of disputes without recourse to the Commercial and Consumer Tribunal (CCT), a lack of documentation, particularly regarding variations, continues to impede the speedy resolution of disputes. It is essential that contractors and consumers properly record their agreements, obligations and responsibilities to avoid confusion and minimise the likelihood of protracted and costly disputes.

What causes disputes?

Disputes between builders, trade contractors, building designers and consumers occur for many reasons, including:

- inaccurate or incomplete documentation;
- poor communication;
- unsatisfactory work;
- delays; and
- lack of knowledge of building practices.

How to avoid disputes

Builders, trade contractors and building designers should ensure that:

- their licence is current and appropriate for the work to be done;
- the nature of the work to be done, how long it will take and exactly what it will cost, are explained and given in writing to the consumer;
- any discussions about variations (such as price changes) are written down and given to the consumer;
- all parties understand their rights and responsibilities and sign the contract; and
- homeowners are given a copy of the relevant Contract Information Statement and foundations data (if required) at the appropriate time.

Dispute Resolution

BSA provides an equitable and effective dispute resolution service for disputes between BSA licensees and consumers concerning building defects.

When a consumer's attempts to reach an amicable solution with their building contractor break down they usually contact BSA for advice. The consumer is advised to take the following steps:

1. Convey their concerns in writing to their building contractor, giving them a reasonable time (say 14 days) in which to address the matter.
2. If the problem can't be resolved, the consumer is then advised to complete a Residential and Commercial Building Complaint Form.
3. The licensee will then be forwarded a copy of the items of concern listed in the Residential and Commercial Building Complaint Form and a letter asking them to respond to BSA regarding the complaint.
4. Even after the Complaint Form has been completed, BSA negotiates with both parties to resolve the dispute prior to a site inspection by a BSA technical representative.

Where a satisfactory outcome cannot be reached, BSA can help at the site inspection by:

- determining responsibility for defects; and
- directing the contractor to rectify any defects or complete the works.

If the contractor is required to rectify defects, a time frame is set in which the work is to be performed. In some cases, an extension of time may be necessary. Any extension is subject to BSA approval.

COMMERCIAL AND CONSUMER TRIBUNAL (CCT)

Where BSA's determinations are not agreed to, licensed builders, trade contractors and subcontractors, building designers and consumers are all entitled to take their domestic building disputes to the CCT.

The CCT provides cost effective dispute resolution particularly for domestic building disputes of a contractual nature.

More information on the CCT's procedure can be obtained by calling 3247 3333 or from the CCT website at www.tribunals.qld.gov.au.



CUSTOMER COMPLAINTS

It is a fact that the vast majority of consumer complaints received by BSA are justified. Most of these complaints are fixed by the contractor after intervention by BSA.

Dealing efficiently with customer complaints is an essential part of a successful business practice.

Customers have every right to complain when contracted work is left incomplete or not done in a competent manner. All truly professional contractors quickly respond to customer complaints as a top priority. In doing so, you will keep your client satisfied as well as save time and money.

IF YOU RECEIVED A COMPLAINT TODAY HOW WOULD YOU DEAL WITH IT?

Like all things in business you need to plan ahead so that you can respond immediately. A customer complaint can work to your advantage and end up being an opportunity to turn your dissatisfied customer into an advertisement for your business.

Here is a suggested step-by-step guide to handling a customer complaint:

- 1. Take time to deal with the complaint when it first comes in** – that way you will get to the heart of the matter quickly and you're more likely to satisfy the customer. Sometimes professional reassurance is all that is needed. Remember, they are (usually) not experts in building matters.
- 2. Stay calm!** See things from the customer's point of view. The customer must be dissatisfied for some reason, even if you think they are wrong. If you respond in an aggressive manner, the matter will only get worse. Also, look for any other reasons for the complaint.
- 3. Identify the problem.** Listen to what the customer is saying, and make sure you understand. Ask what they expect you to do, and then write it down with as much detail as possible.
- 4. Decide what can be done.** Even when the complaint may be unjustified, it may be worthwhile trying to make the customer happy again to keep their business. A simple explanation may be all that is required. Sometimes it may be worth 'walking the extra mile', and doing more than you feel you need or are obliged to do for the customer. Perhaps you could arrange a second opinion to confirm your view. In some instances this second opinion may actually show things of which you were not aware.

- 5. Keep a record.** If you write everything down there will be less chance of misunderstanding in the future. Many contractual disputes arise because there is nothing in writing, or if there is, the details are ambiguous.
- 6. Fix the problem.** Tell the customer what solution you can offer and make sure they understand you. If the customer accepts this, act straight away to resolve the matter quickly and efficiently.

Don't be afraid of complaints. For each customer whose complaint you handle well, most will become loyal and recommend you to many other potential customers. A systematic approach will help you maintain and increase your business.

WHY YOU SHOULD ACT QUICKLY TO RESOLVE COMPLAINTS

There are a number of benefits to be gained when you take quick action to resolve complaints. These include:

Improved Relations with your Clients

The moment you act to resolve the problem, you indicate to your customer and potential customers that you care about their concerns and the standard of your work.

Even if you believe that talking to your customer will not solve the problem, it is beneficial to telephone your customer and discuss the matter. In doing so, you remind the customer that you are willing to take positive action to solve the problem. Taking this step early in the process eases tensions, laying the foundation for positive negotiations during the dispute resolution process should the matter proceed that far.

BSA has found that many complaints arise because of misunderstandings when owners and contractors do not communicate with each other about problems, contract variations and other important matters. Many problems are resolved simply through talking and listening to your customer.

When discussing the problem with your customer, seek to clearly identify the expectation of the customer. Try to reach an agreement so that the customer understands that the problem will be fixed/completed to an acceptable standard within an agreed time.

If you believe the complaint is not justified, or the customer's expectations are at odds with the specification for the work, you should sit down with your customer and calmly explain the situation.

❑ Improved Community Relations and Business Opportunities

By acting quickly to resolve the problem, you will improve the public's perception of your business and the building industry. You will also increase your business opportunities if you can avoid becoming involved in on-going disputes. Act quickly to resolve your complaint and you will open up business opportunities which might otherwise be jeopardised.

CUSTOMER COMPLAINTS - DOs AND DON'Ts

- ❑ DO try to understand your customer's point of view.
- ❑ DO record complaints, both verbal and written.
- ❑ DO what you have agreed to and act promptly.
- ❑ DO use complaints positively to avoid a repeat of the problem in the future.
- ❑ DO NOT make unrealistic promises.
- ❑ DO NOT rely on verbal commitments.

DEBT RECOVERY SYSTEM

It's important licensees understand how the Queensland Home Warranty Scheme works, what happens if BSA pays out an insurance claim on work you have performed, and what you should do if BSA seeks to recover monies from you.

For BSA to maintain a viable and effective insurance scheme it must recover debts from the party at fault. In 2006/07 BSA maintained a high level of recoveries collecting \$2.03 million.

The Home Warranty Scheme exists to cover consumers against a contractor's avoidance or inability to take responsibility for their work. Apart from claims paid under the "no fault" provision of the subsidence policy, the scheme does not protect licensees and gives no protection to a building contractor in respect of defective or incomplete work. The building contractor is not a beneficiary under the scheme and is legislatively and contractually responsible.

If a consumer makes a complaint about defective or incomplete work, BSA will investigate. If the work is found to be defective and the responsibility of the licensee, BSA will generally seek rectification of the defect by the licensee. If the licensee fails to rectify the consumer may be entitled to an insurance claim pursuant to the insurance policy.

If BSA pays an insurance claim the money will be recovered from the building contractor deemed to be at fault. Recovery deters licensees from ignoring their responsibility for carrying out defective work by holding them accountable for the work they perform. This approach also helps uphold industry standards.

For every claim paid under the scheme, BSA makes a determination from which party or parties recovery may be sought.

BSA recovers:

- ❑ claims made by the Queensland Home Warranty Scheme;
- ❑ the amount of Commercial and Consumer Tribunal (CCT) disciplinary orders;
- ❑ Magistrates Court fines;
- ❑ Legal Costs orders; and
- ❑ overdue Home Warranty Scheme insurance premiums

In the case of company debts, BSA can hold the company's directors and former directors liable for the debts of the company pursuant to s111C of the QBSA Act. This becomes necessary when the company becomes insolvent allowing BSA to recover funds from the directors.

In the majority of cases BSA attempts, through request and then official 'direction', to have the responsible contractor attend to the work.

If the contractor fails to comply with the request to rectify or complete the work, the matter is then considered as an insurance claim.

If BSA pays a claim and determines the building contractor is responsible, BSA will issue the building contractor with a notice of demand seeking payment. If this is ignored, BSA may commence legal proceedings through the CCT or the courts. While this allows the parties an opportunity for their "day in court", it can also be a costly and stressful process for all parties concerned.

Once a judgment ordering payment to BSA has been made, a number of enforcement options are available if payment is not forthcoming, including demerit points and bankruptcy proceedings which can result in a BSA licence being cancelled.

The following case shows how ignoring a BSA dispute can hurt you:

Mr Contractor was found to have caused defects and was directed to rectify within 28 days. Mr Contractor failed to rectify, the matter became an insurance claim and BSA paid \$4,700 to have the defect rectified. \$4,700 represented the more economical of two quotations provided by contractors to rectify the work.

Mr Contractor ignored BSA's letter of demand for payment of the \$4,700 and during a subsequent telephone call Mr Contractor alleged he could have completed the work for less than \$4,700. This was not a defence as Mr Contractor had ignored his opportunity to fix the defect.

Mr Contractor refused to pay the claim so BSA commenced legal action and obtained court judgment for \$5,800 including \$1,100 in legal costs and interest. Mr Contractor finally realised he faced the prospects of bankruptcy and licence suspension and paid the full amount of \$5,800. If he had rectified the defect at the outset, he most likely could have done the work for less money and less stress. Not only is he out of pocket, but the judgement debt also appears on his credit history and may affect his chances of obtaining future credit.

WHAT SHOULD YOU DO IF BSA SEEKS RECOVERY FOR AN INSURANCE CLAIM FROM YOU?

Do whatever you can to avoid being in this situation. If BSA issues you with a direction, rectify the defects within the specified time or seek a review of the decision in the CCT. The worst thing you can do is ignore the direction.

If you are the subject of a recovery action, contact BSA to discuss your options. Ignoring a letter of demand can make things worse for you.

Be open and honest about your financial situation. If you honestly believe you cannot afford to pay the claim BSA will ask you for a detailed account of your financial status.

Seek financial or legal advice from a qualified professional where necessary. Often an accounting or legal professional will provide you with logical options.

Don't become another statistic. If you are involved in a dispute with BSA, deal with the issue - don't ignore it. It will not go away and the cost to you will escalate as the matter progresses.

BUILDING AND CONSTRUCTION INDUSTRY PAYMENTS ACT 2004 (BCIPA)

The BCIPA provides an alternative for contractors, subcontractors, consultants and suppliers in Queensland to obtain payment for construction work carried out or the supply of related goods or services.

People taking advantage of the BCIPA will find that costly and lengthy disputes over payment or the unreasonable withholding of payments should be far less likely to occur.

The fact book 'BCIPA Adjudication Information Kit' is available from BSA Offices and the Building and Construction Industry Payments Agency website at www.bcipa.qld.gov.au.