

WHAT IS THE QUEENSLAND HOME WARRANTY SCHEME (QHWS)?

The Queensland Home Warranty Scheme is a not-for-profit statutory insurance scheme funded through premium payments and administered by the QBCC to cover homeowners for loss suffered if their contractor fails to complete contracted works or rectify defects.

The QBCC administers the scheme according to the terms and conditions set by state government legislation.

WHAT DOES IT COVER?

Residential Construction work in Queensland valued at more than \$3,300 must have cover taken out under the QHWS.

It's important to note the QHWS does not cover all building and construction work.

Definition of residential construction work

Residential construction work is the following building work valued at more than \$3,300:

- construction of a:
 - » residence that is a single detached dwelling or duplex
 - » multi-unit residential building no more than 3 storeys above a carpark
 - » roofed building related to a residence (e.g. private garage, shed or carport) on the site of an existing or proposed residence

- renovation, improvement or repair of common property or a living unit in an insurable multi-unit building, a residence or roofed building, that is:
 - » on or within the "building envelope" e.g. internal or external painting, kitchens, bathrooms
 - » attached or connected and requires building approval or a plumbing permit, e.g. decks, patios, water supply, sewerage and drainage
- construction or installation of a swimming pool or spa.

Certain types of building work are specifically excluded e.g. fencing, air conditioning, driveways, paths.

The 'A to Z guide of insurable work' helps make it easier for licensees to understand what is and is not covered. You can find this document and other information on the QHWS on the QBCC website.

MAKE SURE YOU KNOW WHAT IS COVERED BY HOME WARRANTY INSURANCE



You must pay a premium for home warranty insurance for multiple dwellings that are 3 storeys or less above a car park.

You do not pay a premium for home warranty insurance for multiple dwellings more than 3 storeys above a car park as home warranty insurance does not apply.

When is cover not required?

To avoid confusion and unnecessary premiums, it's crucial to understand what work doesn't require home warranty insurance.

Key areas of work that DO NOT require home warranty insurance are:

- Work in and on multiple-unit dwellings that have more than three-storeys above a car park
 - » These buildings are not considered residential construction work and are not covered
- Building work on the site of a:
 - » registered retirement village
 - » commercial or industrial premises
 - » group accommodation for persons with a disability
- Work for roofed buildings that aren't for residential purposes (e.g. farm sheds and horse arenas).

Who is responsible for taking out cover?

The licensed contractor must collect and pay the premium to the QBCC on behalf of the consumer (homeowner). The premium must be included in the contract price and collected as part of the deposit. The premium must be paid within 10 days of signing the contract and before work commences. Significant penalties may apply.

When can you make a claim?

The QHWS provides cover for both incomplete and defective building work.

If a licensed contractor cannot complete the work, the QHWS may refund the deposit if work has not started. If work has started, the QHWS may pay the difference in the cost to complete the work.

The QHWS also provides cover for structural and non-structural defects. A complaint for defective work must be lodged in the first instance.

Timeframes for making a claim

There are strict timeframes for making a claim.

Non-completion:

- 2 years from the day the work starts, or the contract was entered into if work has not started
- The claim must be lodged within 3 months after the day the contract ends.

Non-structural defects:

- 6 months from the day the work is completed
- A claim must be lodged within 7 months of the day the work is completed.

Structural defects:

- 6 years and 6 months from the day the contract was entered into
- A claim must be lodged within 3 months of noticing the defect.

Cost plus contracts

Cost plus contracts limit the protection offered under the QHWS and often lead to uncertainties regarding final project costs and an increased chance of a dispute occurring. The QBCC recommends avoiding cost plus contracts to mitigate these risks.

WHEN IS HOME WARRANTY INSURANCE COVER **NOT** REQUIRED?

 <p>Work in and on multiple unit dwellings that have more than 3 storeys above a car park</p>	 <p>Building work on the site of a commercial or industrial premises</p>
 <p>Residential work where the total value is less than \$3,300</p>	 <p>Work for roofed buildings that aren't for residential purposes</p>
 <p>Building work on the site of a registered retirement village</p>	 <p>Work on a guest house or boarding house e.g. Airbnb</p>