

# Building, extending & renovating a home


**A consumer guide**



**Government of South Australia**

Attorney-General's Department



A collection of architectural and design tools is arranged on a grey, textured surface. In the upper left, there are several pencils (some dark brown, some light wood), a pen with an orange barrel and silver tip, and two compasses. A small, light brown cardboard box is in the upper right. A piece of corrugated cardboard is visible on the right side. A yellow rectangular object is partially visible on the left. The text is centered in the lower half of the image.

The home you build or  
renovate should be a rewarding  
investment over the long term.

Read on for information about  
your rights and how you can  
exercise them during the  
building process.

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# Research & Planning

## When building, extending or renovating a home:

- be prepared to negotiate
- always use a licensed and reputable builder – find a licence holder at [cbs.sa.gov.au](https://cbs.sa.gov.au)
- don't be afraid to ask questions
- don't rush your decision making
- read all the paperwork before you sign
- get all quotes and agreements in writing.





# Before you start to build

## Location

Make a list of the locations that are within your price range and that appeal to you. Think about the facilities you need now and in the future. Consider the local services, such as transport, shops, parks, schools and if there are commercial properties nearby.



## Buying land

Before buying land, consider the availability and cost of connecting and maintaining services such as:

- water
- electricity
- gas
- telephone
- sewerage
- fire control.

Look at a range of blocks of land before you make a final decision. Compare prices, sizes, views and the location.

You will also need to consider:

- building and planning regulations
- trees – whether they can remain or be removed
- the slope – steep sites could increase building costs
- soil stability
- creeks, dams or watercourses on or near the site
- flood restrictions – this could affect finance and insurance
- site access for heavy machinery – such as bulldozers, bobcats and concrete trucks
- exact boundaries of the land – a registered surveyor can check and mark these out
- easements which may restrict what and where you can build
- the position of any pre-laid services – for example underground power.

## Cooling-off rights

If you buy land in South Australia you are entitled to a cooling-off period. You can use this time to reconsider the purchase and conduct further inspections.

The cooling-off period starts once you have signed a contract and received the vendor's statement (Form 1). The Form 1 provides you with a wide range of information about the land, including:

- encumbrances and easements
- orders, directions and agreements affecting the property
- mortgages and leases
- community and strata title information.

The cooling-off period will expire at the end of the second clear business day after you have received both the contract and Form 1.

Details of how you can cool-off are provided in the Form 1. You do not require any special wording for the notice and no reason has to be given.

A cooling-off period does not apply if you buy:

- in the name of a company
- after an auction, but on the same day as the auction.
- by assignment
- tender or option to purchase.



# Building options

There are a number of options to choose from when building a home. Take your time and compare the options. Always seek legal advice before entering into a contract.

## House and land packages

House and land packages can be offered as a complete deal. Project builders offer different services, pricing and timeframes.

For example, a developer owns the land and a project builder markets 'house and land' packages within that housing development. In some cases you might be able to purchase the land from a developer and use your own builder.

## Land now, home later

If you buy a block of land now and then build later, you can save more and have a reduced mortgage when the time comes to build. Check if there are any conditional clauses on your land contract that may specify a timeframe within which building work must start or be completed.

Remember that you will need to pay annual service fees for the block, even when there is no home on the land. These fees include council rates and water and sewerage fees.



## Buying off the plan

Buying off the plan involves paying a deposit for a home and then paying the balance on completion of the home.

You can choose from a wide range of layouts, aspects and internal finishes. Often, you can negotiate to choose floor coverings, taps, tiles or paint colours that are not in the schedule. You may initially be relying on an artist's impression of your future home and layout, but further down the track you will have access to architectural plans and details.

You will usually sign a basic domestic building contract which will include a description of the land.

Be aware that:

- It can be more risky if you cannot inspect the property that you are buying.
- There may be conditions that are difficult to identify clearly and are outside the builder's or developer's control, such as the position of underground power, storm water easements.

## Display homes

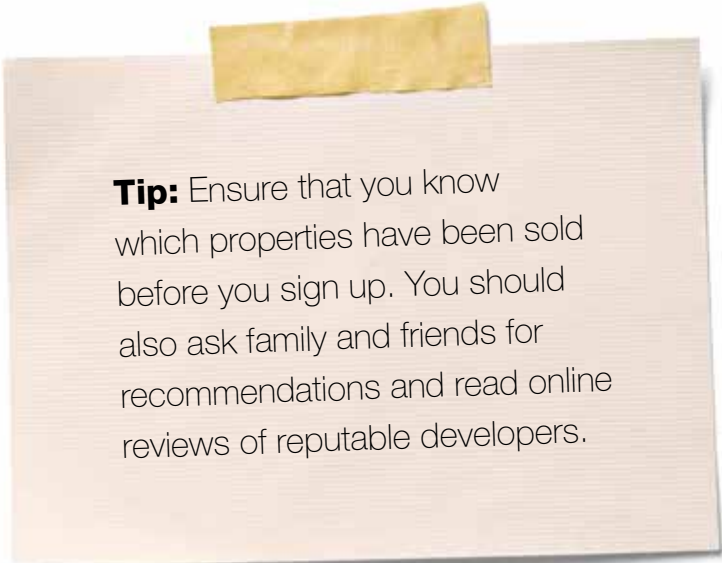
Most display homes are showcased in display villages where a range of different home designs and layouts are available for public viewing.

Display homes, project or 'spec' homes, are designed and built by project builders. Due to the high volume of homes they build, they can offer reasonable prices compared to custom built homes.

Once you've narrowed your choice down, look at the floor plans for the homes and compare room sizes to get a feel for whether your own furniture and lifestyle will suit the home.

Find out what is included in the home and determine whether the building company will allow any changes to the plan, fixtures or building materials. Obtain a written quote from the builder so that you are ready to negotiate with your bank or loan provider.

The builders you have chosen should now be asked to quote on building the house on your block of land. This is important as the price tag of display homes does not include site costs.



**Tip:** Ensure that you know which properties have been sold before you sign up. You should also ask family and friends for recommendations and read online reviews of reputable developers.



## Custom built homes

A custom built home can be built to your personal taste. Custom builders differ from project home builders as they tend to build only a handful of houses each year, which means they tend to be more expensive than project homes.

An architect or draftsman can help you design a home and draw up plans, or you can draw them up yourself. Alternatively, many builders provide architectural services.



**Tip:** Drawing the plans yourself is not recommended unless you know what you are doing. The plans, specifications and technical details will be used by the council to approve the project and by the builder to quote and build.

## Kit homes

Kit homes include the plans and components of a house delivered to your site, ready for you or a builder to construct. Everything you need to build the home can usually be delivered on one or two trucks – making it an option more common in country rather than city areas.

It is a good idea to talk to people who have already bought from the same kit home company and ask:

- how the home was assembled
- whether all the components were supplied
- what was not included
- what the quality was like
- what they had to provide themselves
- how easy it was to build
- what the quality of the instruction manual was like.

Before you commit to purchasing a kit home, get a copy of the inventory and building manual to read. Check if items are included, such as:

- footings
- slab and flooring
- wiring
- switches
- electrical accessories
- plumbing and fittings
- built-ins
- kitchens
- tiles
- paint.

A kit home company may offer to erect your home for you. Alternatively you may choose to erect the kit home yourself as an owner-builder, or contract with a properly licensed local builder. If you erect the kit home yourself you will need to appoint a registered building work supervisor to certify the work.

Whichever option you choose, make sure you obtain an independent assessment of the total cost of construction and follow the same guidelines as you would in building any type of home.

Remember, you are responsible for general insurance of the kit home once it leaves the factory.

## Transportable homes

Transportable homes are prefabricated and delivered as portable homes. Delivery and positioning is usually included in the contract price.

A number of transportable home builders offer the option of constructing the home on site, but this will depend on a number of factors such as site accessibility, transport and distance.

Clarify who will be responsible for the connection of services, termite protection and any additional work that may be needed to make the house meet council requirements.

## Owner-builder

Being an owner-builder means taking on responsibility for the entire building project. Owner-builders don't need to hold formal trade qualifications to perform building work, unless they perform specialist work like plumbing, gas fitting and electrical work. Licensed builders can be contracted to do some or all stages of building.

If you contract out any building work costing \$12,000 or more, your tradesperson must have a written contract with you. If council approval is required for your project they must also take out building indemnity insurance. This insurance can only be taken out by a person, business or company that holds a builders licence. Owner-builders can't take out building indemnity insurance. See our checklist on page 28 for helpful tips regarding insurance.

Before starting building work, check that the development work has been approved by your local council. Any queries regarding development approval or any conditions imposed should be clarified before starting the building work.

If you choose to be an owner-builder, your responsibilities will include:

- development approval from the local council
- provide plans, specifications, engineering and technical details to local council
- arrange public liability insurance
- arrange for power, water and toilet to the site
- manage quotes and contracts with tradespeople
- order and manage delivery of materials
- sight and inspect building insurance policies
- keep records of the project
- check building indemnity insurance has been lodged if you contract out any building work costing \$12,000 or more where council approval is required
- hire a supervisor or private certifier to sign the Statement of Compliance
- ensure you have appropriate insurance cover as you build.



# Building design & layout

## Drawings

Drawings are the visual instructions or plans given to the builder and local council detailing the measurements and features of the property being constructed.

## Copyright on existing house plans

Advertised house designs are generally protected by copyright. Anyone who uses the designs without the permission of the copyright owner could face legal action. This can also apply to a design you commissioned an architect or builder to produce.

Make sure your plan is compatible with your block of land. Many project builders offer home and land packages where the home designs have been specially selected to fit on the blocks available.

Any changes you make to the building design after the building work has started should be recorded in the contract. Be aware that any changes could be expensive and cause delays.

## Energy efficient homes

Building an energy efficient home offers a number of benefits:

- minimal heating and cooling required
- natural ventilation
- lower running costs
- cool in summer and warm in winter
- reduced greenhouse gas emissions into the environment.

Consider the natural features of your land, the design of your home and the aspect of your building site.

South Australian building rules include a range of energy efficient requirements, for example the installation of rainwater tanks and low emission water heaters.

There are nationally accredited professionals who are trained in environmental building techniques and are normally employed by builders that can help you design an energy efficient home.





# Selecting a builder

You will work closely with the builder you select, so choose one that you can have a professional and transparent relationship with. Price should not be the only factor when selecting a builder.

## **Choose a builder with a good reputation**

Ask friends, neighbours or family for recommendations of builders they would recommend and look around for building work you like.

To assess the quality of the builder's recent work, ask to see work they have recently completed. Ask the builder to provide you with referees so you can contact them to ask about the builder's reliability, standard of work and business ethics.



## Qualifications

Make sure the builder you select holds a current Building Work Contractor's Licence and their supervisor holds a Supervisor's Registration to carry out the building work you require.

You can check that the builder is appropriately licensed by visiting the public register on the Consumer and Business Services website [cbs.sa.gov.au](http://cbs.sa.gov.au).

In some cases your builder may need to engage subcontractors to assist with the building. These subcontracted tradespersons are also required to be licensed.

## Quotes

It's good to get more than one written quote from builders. Make sure your plans and specifications are clear. If your plans are yet to be approved, alterations to the plans may be needed.

Always ask for an itemised quote that includes prime cost items such as tiles, white goods or carpets.

Check that the cost of fixtures and fittings shown on the plans and specifications are included in the price. Clarify any extra items that might be needed to meet building site conditions.

Extras could include:

- a surcharge for building outside of the builder's normal geographical area
- site access problems for delivery of materials
- unusual footings
- extra long connections to drainage, water service or electricity
- engineering fees
- rock excavation
- drilling under roads for service connections
- clearances for overhead services
- special requirements to cover occupational health and safety or environmental legislation.

A quote is not a binding contract. It is an estimated cost of the building project.

**Tip:** Be wary of extremely low quotes. A very cheap quote could indicate that the builder is inexperienced, desperate for work or has left out certain items.

## Dealing with your builder

Your builder is responsible for building your home in line with the approved plans and contract documents. You are responsible for paying for the building work stated in the contract and to communicate any particular preferences, changes or concerns you have. Communicating freely and openly with your builder will help to prevent misunderstandings and disputes.




# Paperwork

## Council approval

Before building work starts you will need development approval through your local council. Your builder will usually do this for you, but you are responsible for making sure this is done. Building work must not start until council approval has been given.

## Insurance

For a new home, the builder is usually responsible for insuring the home until the building work is finished and the property is handed over to you. This is not usually the case for renovations to an existing home. Check the contract to see who is responsible for insuring the property. Any items owned by you at the building site are your responsibility to protect and insure.



**Tip:** Check whether you have public liability insurance that will cover you for any incidents that occur during the building process.



## Building indemnity insurance

When building work costs \$12,000 or more and council approval is needed, the builder must take out building indemnity insurance before starting work. The local council will need to see the policy is in place. Make sure you see the policy yourself before building work commences.

Building indemnity insurance will protect you if your builder disappears, becomes bankrupt or dies within five years from the date of completing the building work.

An owner-builder who sells the property must tell the purchaser if there is indemnity insurance in place.

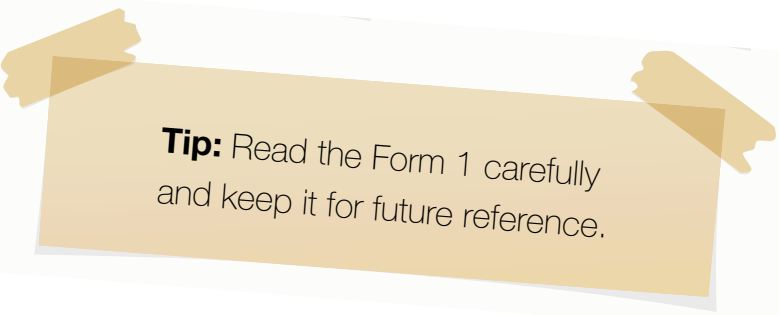
Builders are not required to take out building indemnity insurance when constructing multi-storey residential buildings where the building has more than three storeys and contains two or more separate dwellings.

## Building schedule

A building schedule details the items you have selected for your home. A provisional sum schedule states monetary allowances for the fittings or fixtures you have selected.

## Building contract rights and obligations (Form 1)

The Form 1 is given to you by your builder and provides information about your building work contract, cooling-off rights, warranty rights, building indemnity insurance, deposits and payments.



**Tip:** Read the Form 1 carefully and keep it for future reference.



**Tip:** Your builder must provide you with a copy of the certificate of insurance. Keep this for your records. See our checklist on page 28 for more tips about insurance.

# Contracts

A contract formally sets out the agreement between you and the builder. There must be a written contract for any building work costing \$12,000 or more. If the work is under \$12,000 a written contract is still recommended.

The contract will usually contain a number of documents, including the drawings and specifications.

The contract must:

- be in writing
- be legible
- set out all of the agreed terms in full
- include the name and licence number of the building work contractor
- include the names and licence numbers of the contractor's business partners
- be signed by you and the builder.

## Contract terms

Fixed price lump sum – a fixed price is nominated. It also lists items as being prime-costed or estimated which means prices that can go up or down according to the item's price at the time of purchase. The term may also allow for the price to vary according to agreed changes, for example, an additional row of built in cupboards wanted.

Cost-plus clause – the actual cost of the work is charged plus an agreed margin or percentage. In South Australia the percentage is limited to 15%.

Prime-cost items – includes the supply of particular items up to a specified dollar value, for example, kitchen stove or bathroom tiling. If the goods selected exceed the nominated value, the additional cost plus a surcharge (applied by the builder) may have to be paid.

Provisional sums – specifies 'best estimates' of some building works to be performed where the cost cannot yet be properly ascertained. For example, the costs of excavation could vary depending on whether large rocks are uncovered or the cost of footings could vary depending on the results of a soil report, if this hasn't yet been done. These estimates must be fair and reasonable. A builder can only charge the actual cost of these works plus an agreed margin in the contract, which is limited to 15%.

Rise and fall – states an agreed method of adjusting the costs to allow for variations in labour and material costs during the construction period. Words like 'estimate only' or 'this price may change' must be used next to the prices.





## Signing a contract

Before you sign any contract make sure all the documents relating to the contract are included and are completed.

Don't rely on verbal promises or agreements. Promises made by the builder should be clearly detailed in the contract. You should be aware that it can be costly to change specifications or requirements later – you should make sure you are happy with all details of the plans and specifications before you sign.

Read all documents carefully before signing. Ask your builder for clarification and for further advice seek legal advice or contact Consumer and Business Services.

Once you have signed the building contract it becomes a legally binding agreement. Both you and the builder should initial each page and any variations or additions.

## Deposit

There is a maximum amount a builder can take as a deposit:

- \$1,000 maximum deposit for a contract valued between \$12,000 up to \$20,000
- 5% of the contract price for contracts \$20,000 or more.

You can also be asked to pay for third party expenses in advance, for example planning approvals, building indemnity insurance or engineer and surveyor report.

## Cooling-off rights

When you sign a contract for a new home in South Australia, there is a cooling-off period

of 5 clear business days. You can opt out of the building contract during this period without penalty; however, you may still be liable for any materials or services supplied by the builder before you terminated the contract. Your cooling off period may be longer if the builder has failed to comply with some of the legal requirements for the contract, such as failing to supply you with a Form 1 notice about your rights and obligations or failing to take out a policy of building indemnity insurance.


Form 1 – Your Building Contract: Your Rights and Obligations, details your rights and obligations under the contract and how to serve a cooling-off notice.

If you wish to cancel, you must give your builder written notice of your intention before the cooling-off period expires. You must serve that notice on the builder either personally or by certified mail in an envelope addressed to the builder.

## Progress payments

Your builder is entitled to progress payments for when work is substantially complete and ready for the next stage. Your builder must ask for progress payments in writing, for example an invoice, and cannot ask for payments in advance for work that is not substantially complete.

The building contract will outline the terms of your progress payments. These payments are generally a percentage of the total contract price.



**Tip:** If you've borrowed money to build your home, your lending institution will generally arrange for progress payments to be made on your behalf.

## Contract variations

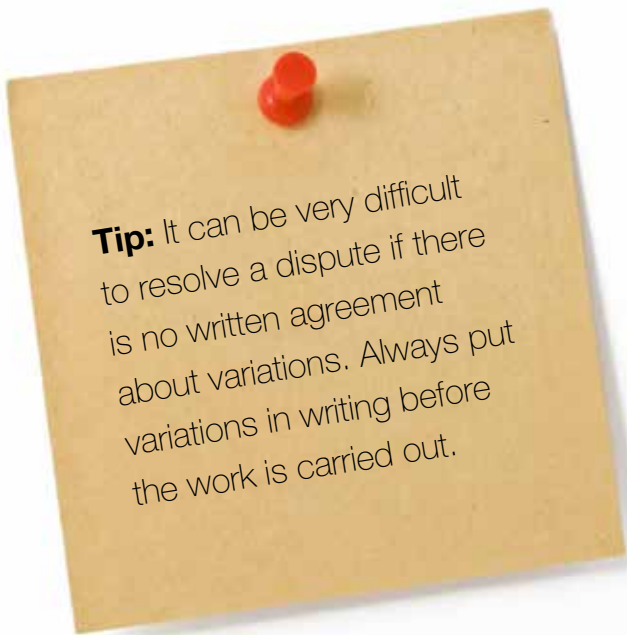
Variations to the contract should be agreed to by both parties, put in writing and signed (unless the contract allows for variations without your consent). The terms of the contract will set out whether the contract can be varied

Changes can affect the price and extend the time of the contract, but certain changes may not be able to be avoided, for example if there are unexpected requirements of the site. Check that your budget allows for variations and that your loan can be increased if necessary.

If a large cost increase is identified prior to work commencing, for example, increased costs relating to the buildings foundations (footings), most building contracts will allow for the contract to be terminated.

Even fixed price contracts can result in price increases if there are variations after building work has begun.

All variations should be signed by you and the builder (unless the contract allows for variations without your consent) and should be attached to your original contract.



**Tip:** It can be very difficult to resolve a dispute if there is no written agreement about variations. Always put variations in writing before the work is carried out.

## Start and finish dates

It is best to include a start and finish date in the building contract. Contracts with “rise and fall” clauses must specify a time for completion of the building work. A builder cannot claim for price increases past the agreed completion date unless:

- the contract allows for the end date to be extended
- the delay in completing the work was the fault of the owner or due to an unforeseen cause beyond the builder’s control
- the builder gave you written notice extending the end date and specifying the cause of the delay, as soon as reasonably possible after becoming aware of the delay, or
- the building work was completed as soon as reasonably possible in the circumstances.

## Completion

Your builder must complete your work within the time specified in the contract unless the contract provides for this date to be extended. It is common for contracts to include a range of reasons for extension, such as:

- the owner fails or delays giving instructions
- the builder carries out variations or additional works
- delays in council approvals
- bad weather
- vandalism or theft
- delays in getting materials that is beyond the control of the builder.

If your contract does not specify a time for completion, the builder must complete the work with ‘reasonable diligence’.

# The building process

## Inspections

Your builder is responsible for the quality of building work performed for you, by supervising and overseeing the project.

Your local council may carry out inspections and discuss building practices with your builder at various stages of the building work.

Many larger project builders will sub-contract work to other builders. Your building contract is between you and your principal builder, and not with any sub-contractor. Any concerns about work performed by a sub-contractor will need to be discussed with your principal builder.

On completion of the contract, the builder will certify that the work has been carried out to required standards.

You can engage an independent building consultant to carry out inspections at key stages in the building process on your behalf, for example when progress payments are due and at hand-over. Most builders are happy to cooperate, but it's best to discuss this with your builder.





## Terminating a contract


In extreme circumstances, the contract can be terminated before the building work is completed. For example, if the builder has not met their legal requirements. Terminating a contract is a very serious step and you should get legal advice before taking such action.

Give your builder written notice of your intention to terminate. Notice must be addressed to the builder and served personally or by certified mail.

If a contract has been terminated, you or the builder can apply to the Magistrates Court for an order.

For example:

- The builder may be ordered to return payment of a specified amount to you.
- You may be ordered to pay the builder for materials supplied or building work performed in relation to the contract.



**Tip:** Terminating a contract is a very serious step and legal advice is strongly recommended.

## Completion and hand-over

The builder will hand-over your home when it is built to a point of practical completion. This is when your house is complete except for any minor omissions or defects which do not prevent it from being used for its intended purpose.

The final payment, outlined in the contract, should only be made when practical completion occurs and hand-over is ready.

After hand-over most builders allow a maintenance period of 90 days for you to let them know about any minor defects in the property. These issues may not have been noticed at the practical completion stage or may have developed after you moved in. Owners are not limited to raising issues concerning defects within the first 90 days and in many circumstances the builder will have an obligation to repair defects for many years.

All registered workers who did plumbing, gas fitting or electrical work on your new home are required to provide a Certificate of Compliance, certifying that all works have been performed to relevant standards.

A two-part Statement of Compliance must be completed and signed by both you and the builder. Your builder certifies that the work has been carried out to relevant standards and you certify that the work performed is in line with the plans and specifications of the original development approval issued. The Statement of Compliance is then submitted to the local council.

Lock-up stage includes the floor, walls, roof, eaves, doors and windows, as well as some electrical, gas fitting and plumbing. Owners can arrange to finish the house, although certificates of compliance must be issued by licensed plumbers, gas fitters and electricians where necessary. A final certificate of completion must be submitted by a supervisor or private certifier.

## Warranties

Regardless of what your contract states, there are certain warranties included under the contract:

- the building work must be carried out properly to meet all statutory requirements, accepted trade standards and agreed plans and specifications
- materials supplied will be good and proper materials
- unless the contract states a time frame that the work will be completed, the work will be done with reasonable diligence.
- the building will be reasonably fit to live in
- the work and materials used will be fit for any purpose or result you specified.

If the building project doesn't comply with these warranties, discuss this with your builder. See the section on dealing with disputes for more information.

The statutory warranty passes onto the next owner of the house. The owner has up to five years from the date of completion to lodge an action for a breach of the statutory warranty conditions.

In addition to the statutory warranties, you may also be able to claim for up to ten years under the *Development Act 1993* for any defective work that does not comply with the Building Code. You may also have rights under the Australian Consumer Law that extend past the five year limitation of the statutory warranties.

If you are in dispute with your builder, you should act quickly to protect your rights and to prevent any further damage from occurring.

## Fencing

Consider the cost of fencing when working out a budget for building a new home.

If your land is in a housing estate, check your sales contract for fencing requirements. You may not be entitled to a payment towards the fencing costs from the developer if the neighbour's block is unsold. You might have to pay the developer or the neighbour for existing fencing.

If you want to build or replace a fence, the cost is generally shared equally between you and the neighbouring owner(s). If the neighbouring owner agrees to the work and cost it is best to put the details of this agreement in writing. If the owner doesn't agree you will need to give the owner a Notice of Intention with details of the work you propose. They can object to the proposal by giving you a Cross Notice. If a fencing dispute cannot be resolved, contact the Legal Services Commission for advice.

Council approval is usually needed to build a masonry fence higher than one metre, or any other type of fence higher than two metres, measured from the lower side.



## Retaining walls

If you need to build a retaining wall, either by cutting away or building up land, you will be responsible for soil retention. For advice about retaining wall liability issues contact the Legal Services Commission or your local community legal service. For structural advice, contact an engineer.

## Swimming pools

If you enter into a contract to have an onsite swimming pool or spa constructed, the builder must have a builder's licence. Check with your local council as there are strict safety standards and requirements for new swimming pools, for example, childproof fencing and skimmer boxes.

## Smoke alarms

All new homes and extensions must have 240 volt mains powered smoke alarms installed by a licensed electrician to protect the sleeping areas of the home.

## Solar panels

If you are looking to add solar panels and battery storage to your property, obtain a quote and discuss your options with an accredited installer. See list of accredited installers at [cleanenergycouncil.org.au](http://cleanenergycouncil.org.au).

Each quote should include:

- photovoltaic (PV) module or panel and mounting frame costs
- relevant specifications, location on the property and any relevant building approvals
- costs or associated fees, equipment requirements, and electricity or meter connection costs
- any associated requirements to connect the system to the electricity supplier or grid
- user manual and maintenance instructions
- proposed installation start and completion dates.

Your installer must be licensed. Search the licensing public register at [cbs.sa.gov.au](http://cbs.sa.gov.au).

Make sure the licence number and ABN or ACN are included in the invoices for identification purposes. Contractors or subcontractors must also be licenced.

If the installation does not include structural building work, the installer can hold either an electrical contractors licence or a building work contractor's licence.

If the installation includes structural building work the installer must hold a building work contractor's licence and the work must be supervised by a registered building supervisor.

Structural work includes:

- modifying or reinforcing roof framing
- integrating the solar panel system with a pre-existing structure
- erecting stand-alone structures.

Once installed the solar panels must be connected to the property's electricity grid. A traditional accumulation electricity meter needs to be replaced with an interval meter or smart meter.

An electrical certificate of compliance should be provided to you. If not provided, this could cause insurance issues if there is damage to the property.

If you have solar panels on your property that were installed before 30 September 2011 and you receive a 44c per kwh feed-in tariff, check with SA Power Networks before making any modifications to your PV system as they can affect eligibility for this tariff. Contact SA Power Networks on 1300 665 913 or at [seg@sapowernetworks.com.au](mailto:seg@sapowernetworks.com.au)

Obtain written confirmation of statements made by your installer, including performance claims, guarantees and warranties. You will be protected by these written warranties as well as consumer guarantees under the Australian Consumer Law (ACL).

Understand your options when considering solar panels and batteries for your home. Read more about solar photovoltaic systems and battery storage at [sa.gov.au](http://sa.gov.au)



# Building extensions

If an extension is the answer to your need for extra space, the building process will be similar to building a new home. The one key difference is the need to consider existing materials and finishes.



## Planning an extension

Adding an extension to your home can add value but be careful that the amount spent on the extension isn't more than the increase in value.

Before you decide to proceed with a building extension consider the current value of your property – this is listed on your council rates notice. Local real estate agents can also give advice on values in the area.

## Planning checklist

Early on in the process, you will need to:

- study the sketch or concept plan of your extension
- get advice from a building designer, architect, builder or engineer about the feasibility of your extension. This will include the practical/ structural issues and likely costs of the project
- get advice from your local council about any restrictions or limitations with your proposed extension
- get preliminary approval for finance
- consider the practical challenges for your family during construction
- decide whether to deal directly with a building designer, architect or builder to develop and prepare drawings and plans
- identify builders who may be suitable for the project
- check with your house insurance provider to confirm that your policy can be extended to cover the building additions.



## Building with or without plans

If you already have your own plans and specifications to build an extension, you can:

- request a quote from builders based on your plans, specifications and preliminary cost estimates. It's best to get three quotes, but be aware that some builders charge for written estimates.
- set a reasonable time for the quotes to be delivered
- consider the prices of all quotes and any variations from your plan and specifications
- contact your chosen builder and check they can sign a contract within the time frame you want.
- let the other builders know that they have not been successful.

If you don't already have plans:

- get ideas and quotes from a few builders based on what you would like to achieve from the extension
- consider the proposal that suits you best and negotiate a contract for the plans and or building work
- be aware of copyright issues when a builder prepares plans. If you don't end up using that builder, you may not be able to use the plans without their permission.

## Owner-builder extensions

Owner-builder projects can take longer and cost more than expected, unless you have significant building expertise.

If you choose to use subcontractors to assist with your project, they must obtain building indemnity insurance for contracts of \$12,000 or more.



# Building renovations

Upgrading or remodelling a home includes any improvements that don't add additional floor area to the home.

This may include:

- repainting
- roof restoration
- installing roller shutters
- replacing floor coverings
- re-tiling
- re-cladding
- window replacement.

You can choose to renovate your home by engaging a licensed building work contractor or by doing the renovation work yourself as an owner-builder.

Your financial and contractual obligations are similar to those with building a home (see page 13).





There could be some extra financial and legal requirements such as:

- council approvals
- installing 240 volt smoke alarms
- matching existing colours and finishes to things like bricks, roof tiles and cladding
- older, imperial-sized building products needing conversions to metric sized products
- upgrading existing electrical wiring, plumbing and gas fittings to meet current standards
- asbestos removal, or the need to work around asbestos.

For advice and information about asbestos visit [www.asbestos.sa.gov.au](http://www.asbestos.sa.gov.au)

## Engaging a licensed builder

If the builder will be performing work valued at less than \$12,000, a written contract is not mandatory but it is highly recommended to have a detailed written quote, at a minimum. The builder does not need to take out a policy of building indemnity insurance.

If the work is valued at \$12,000 or more, a written contract is required and there are limits on the amount of deposit that the builder can take (see p18). If council approval is also required, the builder must take out a policy of building indemnity insurance before starting the work.

If you intend to act as an owner-builder, you must have a private building surveyor or registered building work supervisor oversee the construction. The building work contractor performing any work costing \$12,000 or more must take out building indemnity insurance.

## Unsolicited sales

Unsolicited sales or a door-to-door sale is when a salesperson contacts you at home, over the phone or in a public place without warning. The types of services that are offered could include roof restoration, roller blind and shutter installations.

You have extra protections when you agree to buy a product or service from a door-to-door salesperson:

- there is a cooling-off period of 10 clear business days – you can cancel the contract during this time
- they must tell you about your cooling-off rights and give a form to use if you want to cancel the contract
- they cannot take any payment or provide any goods or services during the cooling-off period if the contract value is over \$500.

## Owner-builder renovations

Owner-builders have the same obligations when undertaking a renovation as they do when undertaking a new build. Please see page 10 for more information about your responsibilities.





# Building indemnity insurance checklist

**If building work on your property costs \$12,000 or more and requires local council approval, building indemnity insurance is required.**

This will protect you if the builder you engaged becomes bankrupt, disappears or dies and cannot complete your work or fix any defects under your five year statutory warranties.

Before commencing work on your property your builder must provide you and the local council or private certifier with a copy of the building indemnity insurance.

1. Ensure the names and licences of the builder or contractor match the insurance document.
2. If the name and builders licence do not match the insurance, ask your builder for an explanation. Personal names and builders licences may cause you issues if you try to access the insurance in the future.

**If no building indemnity insurance was provided:**

1. Ask your builder for a copy.
2. If the builder does not provide you with a copy, contact CBS on 131 882.

**If you have your building indemnity insurance certificate:**

1. Contact the insurance provider to confirm it is valid or you may be able to verify it on their website (see below).
2. If you can't confirm the insurance, contact CBS on 131 882.

If you are an owner-builder you do not require building indemnity insurance. If a builder or contractor asks you to fill out local council documents for the building work making it appear that you are an owner-builder to avoid extra costs, you will miss out on your insurance entitlement for the build. If you require further advice, contact CBS on 131 882.

You can easily check your building insurance at [qbe.com/au/builders-warranty/certificate-register](http://qbe.com/au/builders-warranty/certificate-register)

# Tips to avoid things going wrong

- Before approaching any builder, check they are licensed and have a good reputation.
- Get quotes from more than one builder and make sure they're itemised for what building products and services will be included.
- Read the contract before signing, and seek advice if there's anything you're unsure about.
- If either you or the builder want to make any changes to the contract, and you both agree to the changes, make sure the contract variations are put in writing and signed by both you and the builder.
- Check that your builder has taken out building indemnity insurance where required (see page 15 of this guide)
- Keep copies of all documents – e.g. quotes, contracts, building plans, insurance, receipts and email correspondence.
- Don't pay an excessive deposit amount or pay for work not yet completed.
- Keep free and open communication with your builder throughout the process, and raise any concerns as they arise.



# Dealing with disputes

Follow the advice below if you have a dispute with your builder.

## 1. Stay calm and talk to the builder

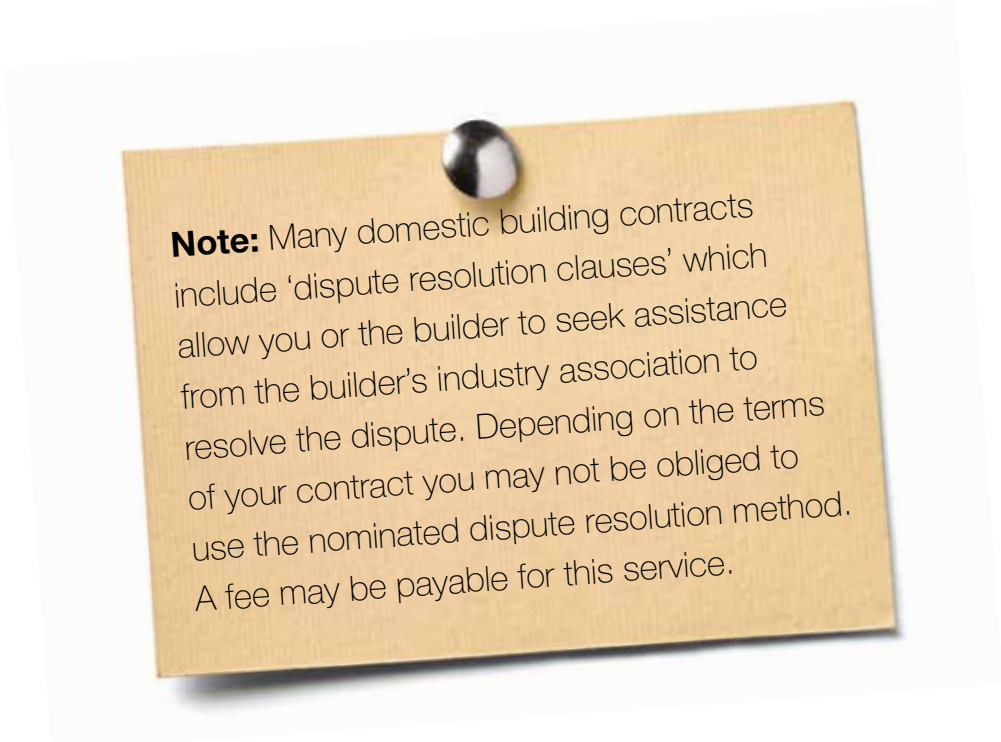
Politely explain the issue directly to your builder in the first instance.

Make a note of the date, time and person you spoke with, and keep a copy of any emails with the builder.

## 2. Write to the builder

If you've contacted the builder but not received a satisfactory response, write to the builder about the problem.

A sample letter of complaint to a builder or tradesperson is available from the SA.GOV.AU web page **disputes with a builder or tradesperson** which will help you include all the relevant information.



**Note:** Many domestic building contracts include 'dispute resolution clauses' which allow you or the builder to seek assistance from the builder's industry association to resolve the dispute. Depending on the terms of your contract you may not be obliged to use the nominated dispute resolution method. A fee may be payable for this service.

### 3. Get help from CBS

Contact CBS for advice if:

- writing to the builder has not resolved the issue
- you have not been able to contact the builder at all
- you hear the builder is in financial difficulty.

It will help to show CBS your attempts to contact the business by providing copies of emails, your letter of complaint, and a summary of phone calls (i.e. dates, times and who you spoke with).

CBS will review the matter and where appropriate a case officer will be assigned. Your case officer will contact you about whether any further information is required and will advise you of the next steps.

The builder needs to be willing, but many problems can be solved through this process. The CBS advice and dispute resolution service is free.

### 4. A conciliation conference may be arranged

If a solution isn't reached, CBS will consider the next best step which may include one of several conciliation options. Various circumstances will influence the best approach. One option that may be recommended is to arrange a compulsory conciliation conference. Both you and the builder must attend, either in person, by phone or video conference. The builder could be fined up to \$10,000 if they don't attend without a reasonable excuse. CBS will act as a neutral third party during the conference.

Any agreement reached will be put in writing. If the builder doesn't comply with all the terms of the agreement, either you or CBS can apply to the Magistrates Court to enforce it.

### 5. Taking court action

If you and the builder cannot agree on a solution, CBS may not be able to conciliate further.

You may choose to proceed with court action. This option is available at any time during the dispute.

See the [civil claims page](#) on the Courts Administration Authority website for more information about formal legal action.



# Contacts

## Consumer and Business Services

### Customer Service Centre

91 Grenfell Street, Adelaide SA 5000

GPO Box 1719, Adelaide SA 5001

**T** 131 882

[cbs.sa.gov.au](http://cbs.sa.gov.au)

### Energy Advisory Service

Level 8, 11 Waymouth Street, Adelaide SA 5000

**T** (08) 8204 1888 or 1800 671 907

(free call from fixed lines)

**E** [energyadvice@sa.gov.au](mailto:energyadvice@sa.gov.au)

[sa.gov.au/topics/energy-and-environment](http://sa.gov.au/topics/energy-and-environment)

## Legal Services Commission

### Legal Help Line

**T** 1300 366 424

[lsc.sa.gov.au](http://lsc.sa.gov.au)

## Translating and Interpreting Service (TIS)

**T** 131 450

[tisnational.gov.au](http://tisnational.gov.au)

## Clean Energy Council

**T** (03) 9929 4100

[cleanenergycouncil.org.au](http://cleanenergycouncil.org.au)

## Office of the Technical Regulator

Level 4, ANZ Building

11 Waymouth Street,

Adelaide SA 5000

**T** 8226 5500







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Attorney-General's  
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