



# DO YOU NEED A WRITTEN 'PROJECT' CONTRACT?

IT CAN BE EASY TO AVOID WRITING THE DETAILS OF PARTICULAR JOBS WHEN ALL YOU WANT TO DO IS GET IN, GET THE JOB DONE AND GET OUT; HOWEVER, AS **PAUL COTT** EXPLAINS, THAT ISN'T THE RIGHT OPTION.

**T**he issue of recording 'project details' in a written form is of little interest to some in the building industry; however, as a builder, the process is in fact critical for a number of reasons.

Of course, generally speaking, with any type of business dealing, at least the key terms of the dealing should be written down to avoid pitfalls down the track, chief among them being avoidance of disputes.

It is a fact of human nature that people will view a situation in a manner favourable to them, and of course, in a dispute involving events that may have occurred some months or even years previously, there is plenty of room for differences of opinion, and memories fade.

These differences of opinion can result in much stress, loss of time, productivity, and of course money.

## ESSENTIAL TO KNOW FOR BUILDERS AND OWNERS

Though a written contract is not actually required in some instances, in others the law requires it.

Broadly speaking, when work is done on a home such as the building of one from 'scratch', including associated work such as landscaping, paving, building of driveways, fences, retaining structures, garages, carports, workshops, pools and spas, demolition or removal of a home, and various other pieces of work such as site work, work to do with plans, and lighting, heating, ventilation, air-conditioning, water supply, sewerage and drainage, the Domestic Building Contracts Act applies to the work.

In addition, importantly, in cases of renovation, repair, alteration, extension or improvement of a home, the Act applies.

The critical consequence of the Act applying [note that as the name suggests, the Act only applies to domestic or home building work] is that in cases of work exceeding \$5000 in value, a written contract is required. Then the contract is termed a 'major domestic building contract'.

A copy of this contract must then be given to the owner within five days of the entry into the contract. A daily [for every day of non-compliance] penalty applies for a builder if this is not done.

Of course, there are works which are not covered, being exceptions to the law, as there often is.

In cases of work involving farm buildings, or work involving



business premises, buildings to house animals, specified design work, work involving the obtaining of foundations data, and transport of a home from one place to another [i.e. removal and transport of a 'transportable' or 'removable' home] the Act's requirements do not apply.

In addition, and commonly, where work is for only one type of work [and there is a long list of included works, such as electrical work, attaching of awnings, balustrades, security screens, and insect screens, glazing works, laying of floor coverings, painting and plastering works, specified types of plumbing work, enclosing a tennis court with a chain link fence, and finally, erection of a pole, antenna, mast, aerial or similar structures] a written contract is not required.

Less commonly, there is an exemption for types of work based on the particular type of premises, where parts of such premises are or can be lived in, such as prisons, schools, universities, and youth and community centres. Finally, works associated with subdivisions are excluded.

Note that it is critical for a builder to not enter into a major domestic contract as described if they are not registered.