



GLOSSARY OF TERMS



MASTER BUILDERS
SOUTH AUSTRALIA

Licence

Before any client begins the building process it is important to check the licence of the builder. All builders are required to have photo identification licence that states their name, licence number and what they are licensed to build in South Australia.

Documents

Questions that do arise during the building process can generally be answered by referring to the contract documentation.

Many people do not realise that included as part of the contract documentation are the following documents;

- Plans
- Specification
- Schedule of Finishes
- Engineers Footing Report

Plans

The plans detail what work is to be performed by the builder and generally shows the dimensions of the rooms and the house under construction. The plans will also include the sitting or positioning of the house on the block.

Any site works that have to be performed prior to building will be included in the plans

of the house. Naturally, if the builder holds the copyright of plans they remain the property of the builder and must not be used with any other builder.

Specifications

The specifications details exactly how the builder is going to perform the building work outlined in the plans. It is generally a document that describes and specifies the technical aspects of all building materials to be used in the construction of the home. For example, it lists the types of timbers that are going to be used and their stress grading. The specification is an essential document and the Council will require a copy of it before building approval is granted.

Schedule of Finishes

As the name implies, the Schedule of Finishes details exact style, colour, texture and brand of materials and fittings to be used in the home. The schedule will list the colour of paint to be used on the internal and external walls, what roof tiles have been selected, what bricks have been selected, the type and brands of taps etc. The Schedule is the document that sometimes gives rise to concern from homeowners and they should be completely familiar with the Schedule of Finishes as it will detail exactly how the job is going to be finished.

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Engineers Footing Report

The Engineers Footing Report is again another essential document that is required as part of the building process. Most Councils these days will insist upon a copy of the Engineers Footing Report to be lodged before building rules consent will be granted. The report details the foundation classification, footing sizes, footing layout and thickness of the slab required to support the particular house selected by the client. To compile the engineers footing report, the Engineer will visit the site in question and examine the soils on that block. The Engineer does this usually by drilling 2 or 3 boreholes over the proposed site where the house is to be constructed. This information will allow the Engineer to design a footing system to support the proposed dwelling.

The Engineers Footing Report also contains valuable information that the homeowner should be aware of if they are planning to undertake further work after taking possession of the completed project. Details on landscaping, perimeter paving, retaining walls etc; will be provided in the Engineers footing report. The Engineer will also give recommendations as to how storm water should be disposed of.

All of the documents listed, together with the actual signed Building Contract, make up the contract documents and need to be read and understood by all parties before work commences on a building project.

Plain English Documents

Master Builders SA provides for its members and consumers a standard set of plain English documents for the Specification, Schedule of Finishes and Building Contracts and recommends that owners become familiar with all of these documents before signing a contract build.

Warranties & Guarantees

It is important when signing a contract to build a home, extension or a renovation that the client of the builder understands the warranties and guarantees in the contract that cover construction, materials, appliances and fittings.

Building Indemnity

Under the current South Australian regulations, builders who enter into a building contract are required to take out what is called Building Indemnity Insurance on behalf of the home owner. Building Indemnity Insurance is designed to protect the homeowner in the event of death, disappearance or insolvency of the builder. It protects the homeowner during the construction but for a five-year warranty period following completion of their residential project.

A certificate of Building Indemnity Insurance must be lodged with the Council before construction period begins and the homeowner must retain the certificate or a copy for their personal files.

The Building Indemnity Insurance can be activated if during the construction period the builder is declared insolvent, dies or disappears. If a claim is made the homeowner will only be required to pay the contractual amount and the insurance company will arrange for the construction of the project to be completed and meet any additional costs above the contract sum for the building work.

The second component of Building Indemnity Insurance is the five-year warranty period that builder have to provide to their clients under the Building Work Contractors Act.

If during this five-year warranty period the builder dies, disappears or becomes insolvent the insurance company will meet any of the rectification costs of the building work if it can be traced back to a breach of the Statutory Warranties to a maximum figure of \$80,000.

Under the Building Work Contractors Act, builder are required to take out this policy of Indemnity Insurance to protect their clients if the contract is for residential building work, the contract value is more than \$12,000 and the project requires approval under the development act.

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Hand Over

At the completion of building works the owner and builder sign a Form 19A stating works are complete. At hand over when the builder has completed the project and all money has been paid according to the contract, the homeowner then becomes responsible for all service fees and insurances on the property.

The homeowner is entitled to receive all warranties and guarantees for fittings and appliances including white goods, taps etc.

A Certificate of Compliance for all plumbing, electrical work and a certificate or notice of the termite and pest treatment used to protect the property.

