

Building checklist – Dept of Fair Trading

Twelve important questions to ask a building contractor

1. What is your contractor licence number?

You should only deal with a contractor who is currently licensed by the Office of Fair Trading:

- go to our [online licence check](#) and look up the contractors details yourself; or
- call the Office of Fair Trading on 13 32 20 and one of our customer service officers will search the public register for you.

2. Where can I see examples of your work?

Ask the contractor for the addresses of previous houses they have renovated or built and ask the owners if they were satisfied with the results.

Some questions you can ask:

- Was the project finished on time?
- Did they stay close to the quoted costs?
- Was there proper supervision of the other tradespeople?
- Did any defective work get fixed promptly?
- Would they recommend the contractor?
- And importantly, was there good communication with the contractor?

3. What other jobs have you got on at the moment?

A contractor with a lot of work on may not be able to properly manage your job as well.

4. Who will supervise the work?

A contractor doing a large job may get a supervisor to manage the project.

Make sure the supervisor has:

- sufficient experience in the type of work you want done, and
- a current Supervisor's Certificate from the Office of Fair Trading.

5. Do you have proper insurance?

It is important to check the contractor has all the necessary insurance cover to protect you and your home if something goes wrong.

Go to the [Insurances](#) page for an explanation of the different issues and types of insurance:

- Home Warranty Insurance
- Builders All-Risk Insurance
- Public Liability Insurance
- Workers Compensation or WorkCover Insurance
- Kit homes and Insurance
- Contracts Insurance

6. How much deposit do you need?

The law specifies the maximum deposit you can be asked to pay:

- if the contract price is up to \$20,000, the maximum deposit is 10% of the contract price
- if the contract price is over \$20,000 you can't be asked to pay more than 5% of the contract price.

But, if the work needs to be covered by home warranty insurance, it is illegal for the contractor to take a deposit or progress payment until a certificate of insurance has been given to you.

Important. It is highly recommended that you check the validity of the insurance certificate given to you by contacting the insurance company shown on the certificate.

7. When can you start the work and how long will it take?

If you want the work done by a specific date, make sure the time frame provided in the contract:

- is realistic
- takes into account possible delays through bad weather or the late supply of materials
- has a start date and completion date.

Make sure you and the contractor are clear on what they consider 'complete'.

8. What sort of contract will be used?

If the cost of labour and materials is more than \$1,000, the law requires a written contract to be used.

Contracts are not only legal requirements, they will protect you if anything goes wrong.

Fair Trading Contracts

The Office of Fair Trading has produced a series of plain English contracts covering all types of building and renovating work. These are available from Fair Trading Centres, most post offices and some councils.

It's okay to use another contract as long as it contains certain elements. Go to the [Home building contracts](#) page for more information or download a copy of the [Home Building Contracts – Why you should use one](#) in PDF format (size: 52k).

9. How much will it cost?

Make sure:

- the contractor includes the total cost of the work in the contract
- estimated costs are clearly stated in the contract and are realistic
- you understand how and why costs may change and how the total cost can be affected (eg. some builders will specify the site cost in the contract as a 'provisionary cost item'. This means that this cost may change depending on what the builder's actual costs are in preparing the site. If the site is difficult to build on, or the builders hit solid rock, it will cost you more).

10. When are progress payments to be made?

Most building contracts have a fixed price and should provide for payments to be made for work done, not time on the job. Progress payments should be equal to the dollar value of work completed.

If you've borrowed to build or renovate, your bank or mortgage provider may want to inspect the work before each payment is made. You may want to have an architect or building consultant inspect the work at each stage to ensure it is being done properly and to contract specifications and drawings.

11. What happens if the work is defective?

This question will help you get a sense of how the builder is likely to deal with any complaints you may have about the work. You should know in advance what your options are if a dispute arises.

For more information, go to the [When things go wrong](#) page on Fair Trading website.

12. Who cleans the site?

Get this clear from the start so when work is completed, you are not left with a big mess, or a dangerous building site. Make sure an agreement about cleaning the site regularly is included in the contract.