



“Helping owner Builders since 1987”



Table of Contents

| | Page | | Page |
|--|-----------|--|-----------|
| INTRODUCTION | 4 | Module 5 | 24 |
| You Must Be Aware Of | 4 | 5.0 WALL AND ROOF FRAMING | 24 |
| THE BUSINESS PLAN | 4 | 5.1 Delivery Time | 24 |
| Module 1 | 5 | 5.2 The Carpenters | 24 |
| 1.0 ESSENTIAL PRELIMINARIES | 5 | 5.3 The Electrician | 25 |
| 1.1 Becoming an owner-builder | 5 | 5.4 The Plumber | 25 |
| 1.2 Owner-builder work | 5 | 5.5 Telecommunications | 26 |
| 1.3 Applying for an Owner-Builder Permit | 6 | Module 6 | 26 |
| 1.4 Applying for Development Consent | 6 | 6.0 LOCK-UP AND FIT-OUT | 26 |
| 1.5 Obtaining a Construction Certificate | 7 | 6.1 To Lock-up Stage | 27 |
| 1.6 Categories of Building Approval | 7 | 6.2 To Fit-out Stage | 27 |
| 1.7 Complying Development Approval | 7 | 6.3 Plasterboard Contractor | 27 |
| 1.8 Local Development Approval | 8 | 6.4 The Electrician | 28 |
| 1.9 Contracts | 8 | 6.5 The Plumber | 28 |
| 1.10 Essentials of a Contract | 8 | 6.6 The Carpenter | 28 |
| 1.11 Built-in Protection | 9 | Module 7 | 29 |
| 1.12 Deposits and Progress Payments | 10 | 7.0 FINISH TO WET AREAS | 29 |
| 1.13 Home Warranty Insurance | 10 | 7.1 The Bathroom | 29 |
| 1.14 Construction and Public Liability Insurance | 11 | 7.2 The Laundry | 30 |
| 1.15 Workers Compensation Insurance/Site Safety | 12 | 7.3 The Kitchen | 30 |
| 1.16 Occupational Health & Safety | 13 | Module 8 | 30 |
| 1.17 Asbestos | 13 | 8.0 PAINTING AND DECORATING | 30 |
| 1.18 GST and the ATO | 13 | 8.1 Doing It Yourself | 30 |
| Module 2 | 14 | 8.2 Hiring a Professional | 31 |
| 2.0 EFFECTIVE COST MANAGEMENT | 14 | 8.2 Insurance for Owner Builders | 31 |
| 2.1 The Design | 14 | Australian Owner Builder Assessment Test | 33 |
| 2.2 The Quantity Survey | 14 | Note: | |
| 2.3 Labour and Materials: | 15 | a) Australian Owner Builders Pty Ltd is assigned to assess all test papers associated with this course, and reserves the right the pass or fail student submissions. | |
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| 3.4 Rough Set-out | 21 | | |
| 3.5 Drainage Trenches | 21 | | |
| 3.6 Building Set-out | 21 | | |
| 3.7 Retaining Walls | 21 | | |
| 3.8 Temporary Site Services | 22 | | |
| Module 4 | 22 | | |
| 4.0 CONSTRUCTION STARTS | 22 | | |
| 4.1 Concrete Floor Slab: | 22 | | |
| 4.2 Concrete Strip Footings | 23 | | |
| 4.3 Building Materials | 23 | | |



Introduction

OWNER-builders without sufficient knowledge of building practices put themselves at risk. They may find their available funds used up prematurely and the result can be an unfinished project that may not have reached lock-up stage.

Such an extreme outcome can be avoided by:

- 1) A basic knowledge of the essential stages in residential construction, and
- 2) Adoption of an effective cost-management strategy.

Both are covered in this course.

Building practices are explained only to a level that will help the owner-builder to acquire a basic understanding of each stage of the work and to manage, co-ordinate and support the trades engaged.

However, owner-builders may, if they wish, undertake any physical work related to the construction other than plumbing, gas fitting, electrical, metal roofing, and most refrigeration and air-conditioning.

Cost management (Module 2) is presented in the form of a system comprising forecast and actual costs incorporating a method whereby a cost blow-out can be avoided. It is not essential that you use it, but you do need to pin down costs from the outset with written quotes for labour and material, and price lists of fittings and appliances.

Owner-building can be a rewarding experience, but it has its own “road rules” that have been drawn up in an attempt to protect all the parties involved. Whether your aim is to build a new house or add to an existing one, the rules are similar.

They include the need to put in place various insurances, to secure the required permits, to ensure the safety of the workplace (your building site), to comply with taxation laws, and, as far as possible, to run the project as if you were a professional builder through effective management of time, money, and tradespeople.

This course will take you through the various stages of managing the construction of a house or renovation, and will warn of the pitfalls. It will explain how to order materials and hire labour, and will lead you step-by-step along the path towards a project finished on time and within budget.

You Must Be Aware Of

- **Definition of an owner-builder.** An owner-builder is a person who does “owner-builder work” AND who is issued with a permit for that work.
- **Contractor Home Warranty Insurance.** Where the total cost of a contractor’s work exceeds \$12,000, each licensed contractor (builder or tradesperson) who contracts directly with an owner-builder to undertake residential building work must provide Home Warranty Insurance from an approved insurance provider before taking any money on the contract and before starting any work.
- **Owner-builder Warranty Insurance.** As an owner-builder, you are guaranteeing the work that you undertake and co-ordinate. This means that if you sell your home within SIX years of completion*, you must take out an Owner-Builder Home Warranty Insurance policy (immediately prior to the sale) to cover the new purchaser against defective or incomplete work. If you fail to take out this policy, the Contract of Sale can be voided by the purchaser prior to settlement AND you risk a substantial fine.

***NOTE:** The owner-builder’s Home Warranty Insurance policy period commences upon completion of the work, i.e. at the time of final inspection. If there was no final inspection, the policy period will be deemed to have commenced six months after the issue of the owner-builder permit.

- The need to CHECK if the trades you engage directly as contractors are licensed for the work being quoted.
- Other insurances. These include Builder’s All-Risk, Public Liability, Workers Compensation.
- The need to CHECK (if you are borrowing money), that you comply with the policies of your existing home insurer AND financial institution (when renovating).
- WorkCover legislation, including Occupational Health & Safety (OH&S) and how it affects the owner-builder. Contact your nearest WorkCover office.
- Contract requirements. Written contracts are required, by law, to be given by contractors for their residential building work (labour and materials valued over \$1000). This means that if the contractor charges, say, \$100 for his/her labour, the contractor will need an appropriate licence to do the work if the materials used for the work, though provided by the homeowner, are valued over \$900. Therefore, a number of contracts will be needed.



BuildSafe is an insurance brokerage specialising in the building industry.

We Offer:

- Owner Builder Construction Insurance
- Owner Builder Contracts
- Home Warranty for Owner Builders
- Home Warranty Insurance for Registered Builders
- Subcontractors Public Liability Insurance
- Professional Contracts & Specifications



"Helping owner Builders since 1987"

There is no classification called Renovator. All major projects requiring a permit, and carried out by a home owner, deem the home owner to be an OWNER BUILDER.

- New homes
- Extensions
- Renovations
- DIY

YOU ARE THE BUILDER and take on the same statutory responsibilities as a registered builder.

THE BUSINESS PLAN

IT is unwise to embark upon an Owner-Building project without a written plan of action. NOT only will your written plan remind you of the checkpoints you need to achieve as you progress, but will be useful when approaching a lender (Bank, Mortgage company etc) for a home loan.

Lenders often are wary of the perceived lack of security posed by owner-builders. A neatly typed plan of action, indicating that you understand the basics of managing such a project, will serve to reassure the loan authority that the project represents a sound investment.

The Business Plan need not contain great detail. But it should indicate to anyone who reads it that:

- You can find the time required to supervise, on and off site.
- You have a verified budget of anticipated costs.
- You have made preliminary inquiries of the availability of tradespeople required at every major stage of the work.
- You have working drawings, a Building Specification, and either a Quantity Surveyor's estimate or one you have compiled yourself based upon your own cost research.
- You have at least a basic understanding of building practices.

Once this owner-builder course has been worked through, and its critical recommendations understood, you will be better-placed to successfully complete your construction project.

Module 1

1.0 ESSENTIAL PRELIMINARIES

This Module covers the owner-builder's statutory obligations, applications and building approval certificates (e.g. Development Consent), WorkCover requirements, Occupational Health and Safety guidelines, Contracts and Insurance.

1.1 Becoming an owner-builder

To be an owner-builder in New South Wales, you must obtain an Owner-Builder Permit from the Department of Fair Trading. An owner-builder is any person (in possession of an Owner-Builder Permit) who takes on the job of doing or managing their own residential building project and performs the co-ordinating and contracting roles usually undertaken by a licensed builder.

Residential building work includes:

- (i) Construction of a dwelling (includes garage), and any prescribed structures when constructed for use in conjunction with a dwelling.
- (ii) Alteration or addition to a dwelling.
- (iii) Construction of a swimming pool.

1.2 Owner-builder work

You need an owner-builder permit to do owner-builder work. Owner-builder work is residential building work where:

- the market value of the labour and materials needed to complete the work is greater than \$5000, and
- the work requires prior development consent from your local council OR is a Complying Development*.

* Some smaller projects may be classified as a 'Complying Development'. If your plans meet the criteria set by your local council, you may be able to get a Complying Development Certificate. This means you will not need to make a Development Application or apply for a Construction Certificate.

The application fee for an Owner-Builder Permit is \$100 and is GST-exempt.

An Owner-Builder Permit is not a building licence. It is restricted to the one project specified in the application to build, and does not allow the holder to undertake electrical, plumbing, draining, gas fitting or air conditioning work. Such work must be undertaken only by a licensed tradesperson.



Module 1

1.3 Applying for an Owner-Builder Permit

An application for an Owner-Builder Permit may be made at any NSW Department of Fair Trading centre, or you may apply for the permit by mail to the Department of Fair Trading, P.O.Box 4004, Penrith 2750.

You may not obtain more than ONE Owner-Builder Permit within a period of FIVE years UNLESS you are adding to/improving the same property.

Only where the Director-General of Fair Trading is satisfied that special circumstances exist may you be granted a further Owner-Builder Permit for a different property within the five-year period.

You will need a certificate to show that you have completed an approved owner-builder education course if your job is valued over \$12,000, proof of ownership or long-term leasehold interest in the land that is the subject of the application, the Building or Development Application number issued by your local council, and a copy of the building plans as submitted to the council.

Only an individual (not a company or partnership) may become an owner-builder.

That person must provide:

- Their name and address.
- Proof of having completed an approved course of education in owner-building if the work is valued over \$12,000.
- Address of the proposed work.
- Description of the work.
- Building plans, site plans.
- Proof of age (18 years or over).
- Proof of having a legal interest in the land either as the sole owner, or part-owner with other individuals, or as a long-term leaseholder.
- Statement of intention to live in the residence in question, or in one dwelling of a dual occupancy.

Neither a building licence nor an owner-builder permit is required for work on your own property where the work does not need development approval or a complying development certificate OR if the reasonable cost of materials and labour does not exceed \$5000.

If a licensed builder wishes to be recognised as an owner-builder for work on his/her own place of residence, he/she may apply for an Owner-Builder Permit.

In such a case, the licensed builder is not required to arrange home warranty insurance, as would be the case if that builder were acting as a 'spec' builder or as a contractor to some other party.

Owner-builders are not obliged to arrange home warranty insurance UNLESS and until the property is sold within six (6) years of completion of the work.

An Owner-Builder Permit does not allow the holder to build multi-occupancy dwellings (flats, villa homes, town houses, units). But it does allow the building of a dual-occupancy (i.e. duplex, two dwellings in one building, or two separate dwellings on one lot).

Work by an Owner-Builder, whatever its nature, is restricted to the project that is the subject of the building application number issued by your local council and shown on the permit.

1.4 Applying for Development Consent

To obtain development consent for your owner-builder project, you need to lodge a Development Application (DA) with your council (if development consent is required in your case).

Once you have lodged the application, there will usually be a delay while your application's "notification period" runs its course. This time-delay is to enable occupants of nearby properties, if they wish, to lodge an objection to your proposal.

The council may advertise the proposal in newspapers, and may require erection of a sign (advising that a DA has been lodged) on site for the duration of the notification period. The council also may write directly to your neighbours to advise of the lodgment.

After the expiry of the notification period, the council will consider your application.



"Helping owner Builders since 1987"

Successful projects all require,

- Time – Time spent planning & researching
 - Enough time to complete the project
- Information – Planning & Statutory requirements
 - Products & services



Insurances for Renovators & Owner Builders

During Construction

■ Construction Risk Policy

- Public Liability
- Contract works

■ Public Liability for sub Contractors

Post Construction

■ Owner Builder Warranty

1.5 Obtaining a Construction Certificate

This is the granting of permission to build.

You may apply for a Construction Certificate at the same time as you make a Development Application to the council, and if this is the case the council itself will be the consent authority for the project.

If you apply for the Construction Certificate separately, you can choose to apply either to the council or to a private accredited certifier. Whoever you choose, that authority will issue the certificate and act as the consent authority, carrying out the normal periodic inspections of the work.

1.6 Categories of Building Approval

Three categories of development affect residential building work in NSW:

- Exempt Development
- Complying Development
- Local Development

Exempt Development:

- No approval required, provided that standards in the council's Development Control Plan are met.
- Not all councils have the same standards, and you should consult your council's Local Environmental Plan or its Development Control Plan to determine whether your project qualifies as exempt or not. Exempt Development usually includes minor structures such as small patios, pergolas, garden sheds of a certain size, and some minor interior alterations.
- Even if deemed an exempt development, the project still must comply with the Building Code of Australia and other specified development standards, such as compatibility with neighbourhood amenities.

Complying Development:

- If your project meets certain criteria in the council's Development Control Plan, you must apply for a Complying Development Certificate. You need not lodge a Development Application if you have a Complying Development Certificate.
- If a CDC is granted, it will include development consent and a Construction Certificate.
- You may obtain a Complying Development Certificate either from your local council or from a private accredited certifier of your choice.

Local Development:

- Includes all development that is not an Exempt Development or Complying Development, usually the majority of buildings.
- It requires lodgment of a Development Application to the local council, with full plans and specifications, and a statement of the environmental effects.
- Before building work can start, a Construction Certificate must be in force.
- Check (as with all categories of development) your local council's regulations and requirements, because they can vary.

1.7 Complying Development Approval

Apply either to your council OR to a private accredited certifier for a Complying Development Certificate. Normally issued within 7 days of submitting the application.

Two days prior to the construction work starting, you must notify the council of the date you plan to start, and, if the consent authority is not the council, inform the council of the identity of your chosen Principal Certifying Authority (PCA).

You should notify any adjoining owner(s) that work is about to commence, and be sure to have advised the council in writing that you are the owner-builder (i.e. give your permit number).

As the work proceeds, either the council or your PCA (whichever is the consent authority) will inspect the work in progress. Ask how many inspections will be required - some councils require more than others.

As the owner-builder, it is your responsibility to call for these inspections, notifying the council, or your PCA. Inspections are usually made within 48 hours of being requested.



Module 1

1.8 Local Development Approval

- Lodge a Development Application with the council only.
- Lodge a Construction Certificate application either with the council (separately or at the same time as the Development Application) OR with a private accredited certifier.

Issue of the Construction Certificate can be combined with issue of the Development Approval ONLY if you are using the council as the consent authority. The homeowner may choose whether to apply together or separately.

A Construction Certificate (issued by the council or a private accredited certifier — your choice) cannot be issued until a Development Application (if required) has been made and approved by the council.

Whoever you nominate as the consent authority (the council or a PAC), they will carry out all necessary inspections of the building work and will issue an Occupation Certificate upon satisfactory completion.

BASIX (The Building Sustainability Index) – for Development Applications

All applications for development approval in the Sydney metropolitan area need to know that, from 1st July 2004, a BASIX Certificate must be included with any proposal to build a new house or dual occupancy in any of the local government areas in the Sydney metropolitan area.

Other parts of the State will come under BASIX from 1st July 2005.

As part of the commitment to conserve scarce water resources and reduce greenhouse gasses on the climate, the government introduces BASIX to make sure new homes use less water and energy.

More information about BASIX is available on website at www.basix.nsw.gov.au.

SUMMARY: Some local councils have different permit requirements than others. First, have plans drawn. Second, take your plans to your own council for a preliminary consultation. You will be informed what steps to take next, i.e. whether or not you need Development Approval/whether or not your project is an Exempt proposal etc.

1.9 Contracts

Any residential building work performed by a contractor to the value of more than \$1000 must have a written contract arranged by the contractor.

This is the law. If the work is valued at \$1000 or less, you should still note all relevant details in writing so that any dispute with your contractor is minimised.

Contractor must give a Consumer Building Guide to the HomeOwner

From 16th February 2004, the licence holder must give to the homeowner a copy of the "Consumer Building Guide" published by the Office of Fair Trading. The guide briefly outlines the rights and obligations of the contractor and homeowner, and offers information on dispute resolution.

1.10 Essentials of a Contract

A contract for residential building work valued at more than \$1000 must be in writing and contain the following:

- The names of the parties. i.e. the homeowner and the licensed contractor as shown on the licence (make sure the contractor's name matches exactly the name on the licence and is not the name of anyone other than the licence holder).
- A checklist of 12 items as provided in Schedule 3 of the Home Building Regulation 2004:
- A caution about signing the contract if the consumer cannot answer yes to all items in the checklist;
- A note about the contractor's obligation to provide a certificate of home warranty insurance if the work is over \$12,000;
- An acknowledgment by the consumer that they have read and understood the 'Consumer Building Guide'.
- A clause that states that all plans and specifications for work to be done under the contract (including any variations to those plans) are taken to form part of the contract;
- A clause that states that any agreement to vary the contract or any plans and specifications must be in writing and signed by the consumer and contractor;



Renovations & Extensions

Your current Home & Contents policy may not cover you during extensive renovations if;

- a nominated value is exceeded
- you vacate the building
- you are removing external walls and roof
- you are removing internal load bearing structures

Always check your policy and if necessary contact your insurer for a written response.



Construction Works Insurance usually contains both

- Contract Works insurance & Public Liability insurance in a single policy
- Always check the policy includes both, as some policies may not include the Public Liability component.

- A clause that states that all work will comply with (a) the Building Code of Australia, to the extent required under the Environmental Planning and Assessment Act 1979, including any instrument made under that Act, and (b) all other relevant codes, standards and specifications that the work is required to comply with under any law, and (c) the conditions of any development consent or complying development certificate;
- A clause that the contract may limit the liability of the contractor for any failure to comply with the clause referred to immediately above if the failure relates solely to (a) a design or specification prepared by or on behalf of the owner (not by or on behalf of the contractor) or (b) a design or specification required by the owner, if the contractor has advised the owner in writing that the design or specification contravenes the clause referred to immediately above: and
- A conspicuous statement (in the case of a residential building contract) that a 5-day cooling-off period applies to contracts valued over \$12,000.
- The contractor's current (in force) licence number.
- The date and signatures of the parties.
- A sufficient description of the work to which the contract relates (ensure that the contract used by each trade contractor clearly nominates the work to be done by that contractor).

Building contracts should contain a full description of the work to be done. Plans, engineer's computations and any other relevant professional documentation should be included so that there is a proper understanding by both parties of what is expected.

- The contract PRICE, if known, must be prominently displayed on the front page. If the price is not known, or there may be a variation, the contract must contain a warning to that effect and an explanation of the variation provision (i.e. the Rise and Fall Clause). Where a contractor wants to charge by an hourly rate without indicating the number of hours, insist on at least an estimate.
- Any statutory warranties applicable to the work.
- Consumers entering into building contracts valued at over \$12,000 are entitled to a cooling-off period of 5 clear business days. The consumer may rescind the contract by written notice without penalty within 5 days after receiving a copy of the contract, or, if the consumer has not received a copy of the contract, within 5 days of becoming aware of their entitlement to receive a copy of the contract.

Where a licensed individual or partnership or company has another business or trading name, that business name may be included in the contract, together with the name shown on the license, if the business name is registered with the Office of Fair Trading as a business name and that all contractors/tradesmen must be licenced for that work.

Make sure you also check the following:

- If the value of any contractor's work is more than \$12,000, a Home Warranty Insurance certificate (provided to you by the contractor) must be attached. If it is not attached to the contract, there must be provision made that work will not start, and no deposit can be paid, until the insurance certificate is produced.
- The contractor must give a copy of the contract to the owner-builder within 5 clear working days of entering into the contract.
- The contract MUST NOT contain a compulsory arbitration clause. If it does, the Home Building Act voids it.

Ensure that the contract used by each tradesperson clearly nominates the work to be performed by that contractor.

NB An authorised officer can demand details of all tradesmen/contractors.

1.11 Built-in Protection

All residential building contracts contain further protection for the home owner in that the law implies statutory warranties into the contracts (even if they are not written in), for 6 years after completion of the work.

These statutory warranties are that:

- (a) the work will be performed in a proper and workmanlike manner;
- (b) all materials supplied by the licensee will be good and suitable for the purpose used and will be new unless otherwise stated;
- (c) the work will be done in accordance with home building and other relevant laws;



Module 1

- (d) the work will be done with due diligence and within the stipulated time, or, if no time is stipulated, in a reasonable time;
- (e) if the work is construction of, or alterations and additions to, a dwelling, the work will result in a dwelling reasonably fit for occupation; and
- (f) any materials used will be fit for the specified purpose or result.

If faults/defects become apparent after the completion of the work, it is the respective contractor's or supplier's responsibility to make good the fault or defect. Should any contractor or supplier fail to make good, the owner-builder may seek a referral to the Building Conciliation Service of the Consumer, Trader and Tenancy Tribunal - telephone **1300 135 399**.

Sometimes, unanticipated conditions will require a variation to the work. Such variations should be put in writing in the contract BEFORE extra work is carried out or extra materials purchased. If the proposed variations are not documented in advance, they can mount up and become uncontrollable, possibly leading to a dispute about exactly what variations had been agreed to.

READ ALL CONTRACTS CAREFULLY BEFORE SIGNING.

DO NOT SIGN AND OFFER A DEPOSIT until you, the owner-builder, have received a Home Warranty insurance certificate, if applicable, and checked that all other relevant insurances are in place for the period of the work project.

READ ALL RELEVANT BOOKLETS ON BEING AN OWNER-BUILDER ISSUED BY THE DEPARTMENT OF FAIR TRADING.

Note: The owner-builder takes responsibility for the aforementioned Warranties when they sell to a subsequent purchaser.

1.12 Deposits and Progress Payments

Note: If the contract value is over \$12,000, the contractor must not take ANY deposit UNLESS a home warranty insurance certificate has been given to the homeowner for that contractor's work.

The Home Building Act 1989 prescribes the maximum amounts of deposits permitted.

Where the contract price is any amount up to \$20,000, the contractor may only take a deposit of up to 10% of the contract price.

Where the contract price is more than \$20,000, the contractor must not take a deposit of more than 5% of the contract price. From then on, progress payments should merely reflect the value of the work done.

IMPORTANT: Pay only for work completed.

Some contractors may attempt to arrange terms whereby payments are to be made on the basis of weekly or other time periods. Such arrangements are not recommended. Ensure that your contract allows for progress payments only upon completion of the amount of work scheduled under the contract to be of equivalent value to the progress payment requested.

Make sure your contract documents the construction period — the quoted time that the work should take to complete. ALSO make allowance for unforeseen events, such as bad weather, delays in delivery of materials, strikes, etc.

A provisional sum might be allowed in the contract price for work that is difficult to estimate in value. An example is footings, where the contractor has to excavate prior to knowing exactly what category of ground will be encountered. The contractor cannot be blamed if, say, rock is encountered. The estimated price may have to be adjusted, using the provisional sum as the 'ballpark' figure.

1.13 Home Warranty Insurance

- a) The Home Building Act 1989 requires all contractors (including those engaged by the owner-builder) to provide a Home Warranty insurance certificate for any work valued at more than \$12,000 BEFORE ANY WORK COMMENCES, and prior to accepting any money on the contract.
- b) The Home Building Act 1989 also requires an owner-builder to purchase a Home Warranty policy IF and WHEN selling the property within SIX years of completion of the owner-builder work.

The latter policy is virtually the owner-builder's guarantee to any SUBSEQUENT PURCHASER



Public Liability Insurance

Covers third parties against personal or property damage for which the renovator or owner builder is legally liable.

- As the builder in control owner builders have a duty of care.
- Damage caused to third parties coming on site.
- Damage caused from the site to adjoining properties & individuals.



Public Liability Insurance

Personal or property damage arising out of acts by sub contractors WILL NOT BE COVERED.

Sub Contractors should provide their own policy to protect you and others from acts of negligence.

Insist on a copy of the subcontractors as a condition of securing the contract. No copy, No start.

Voluntary workers are NOT covered by the policy.

- Specialist cover is available at a cost.
- As there is no remuneration, voluntary workers are not covered by WorkCover.
- Ensure ALL voluntary workers are informed of their position.

of the property that the building works were performed satisfactorily and that they have passed an inspection by a qualified assessor (at the time of taking out the insurance policy). The Home Building Act 1997 provides that, where the same parties (ie the contractor and the consumer-homeowner) enter into two or more contracts to carry out work in stages (eg one contract to undertake the construction or installation work, the labour, and one contract to supply and deliver the materials), the contract price for the purposes of Home Warranty Insurance requirements will be the sum of all the contracts related to the one project.

Some people refer to this practice as 'splitting contracts'. However, all the contracts signed by the homeowner with the same contractor for various parts of the one residential building project are deemed to be the one contract. Where the sum total of the prices of those contracts is more than \$12,000, the contractor must arrange home warranty insurance for that contractor's work, which will be all the labour and materials provided by that contractor.

The Home Building Act does not apply to the sale of goods or the supply of materials alone. A supplier of building materials is not subject to the licensing or insurance requirements of the Act if that supplier does not also undertake, or is not formally connected to the person who contracts to undertake, any of the associated building work.

However, it is arguable that a contractor may be guilty of misleading and deceptive conduct or collusion in cases where the contractor:

- * Specifically recommends or refers the client to another party for another facet of the same project,
- * Uses the same or similar documentation or name as that of another party connected with the project, or
- * Is in any way associated with the party who supplies the materials or with another contractor engaged on the same project,

In a manner which leads the client or homeowner to believe that the parties are one and the same or connected to and responsible for each other.

Owner-builders also need to know that, when they sell the property in these circumstances, they must also include with the contract for sale a conspicuous note stating that (a) an owner-builder permit was issued in respect of work done in relation to the land, and (b) the work done under the permit was required to have home warranty insurance cover.

This note may be in the form of an attachment to the front of the contract for sale, or a term within the contract document which is made conspicuous to the prospective purchaser.

The owner-builder should discuss this matter with their conveyancing adviser.

If the property on which owner-builder work has been performed is sold LATER than six years after completion, no home warranty insurance policy is required to be provided by the owner-builder.

Both policies (a and b) are necessary -

- a) Must be provided by any contractor, to the owner, PRIOR to performing work valued at more than \$12,000, and
- b) Must be provided by the owner, to any subsequent purchaser, if the property is sold with SIX years of completion of the owner-builder work (either new residence or altered/extended residence).

The importance of Policy b should not be underestimated. If it is not provided to a prospective purchaser, he/she/they may withdraw from the Contract of Sale before settlement and the vendor would risk a substantial fine for breach of owner-builder regulations.

When applying for insurance (Policy b), the owner-builder's insurer will usually arrange inspection of the work by a qualified professional, at the owner-builder's expense.

For the compulsory Owner-Builder Warranty Insurance (if selling your owner-built or owner-builder renovated property within six years of completion of the work) contact BuildSafe on 1800 019 233. WARNING: Fines of up to \$22,000 can be levied and the Contract of Sale voided if you attempt to sell without this insurance policy in place.

1.14 Construction and Public Liability Insurance (BUILDERS ALL-RISK)

Construction insurance provides cover against events such as fire, malicious damage, storm, theft, wind and water damage. It would be wise to purchase a policy that also provides cover for demolition, clearance and removal of debris, and professional fees (architects, engineers) in the event of a major claim.



Module 1

Public Liability insurance covers third party injury and property damage experienced during the building project. The risks of being without Construction and Public Liability insurance are very high. With no insurance, as an owner-builder you could lose the entire project if someone sues you for damage caused to them by the owner-builder work. In any case, lending institutions would normally require such a policy to be in place before releasing loan funds.

These insurances may be available as a package Builders All-Risk policy. Make sure any contractors you use also have these types of insurance policies.

You therefore would be wise to take out a construction insurance policy and a public liability insurance policy well in advance of any work starting.

A major trap for owner-builders is under-insuring the project. Many believe that if they quote the total cost of the job on the low side, they will save money on the Construction Insurance premium.

This is not so. A cheap premium based on your estimated construction costs could leave you very short of the mark if your project has to be re-built in the event of a total loss due to fire or other catastrophe.

If you had estimated, say, \$110,000 building costs because you had calculated that you would save a professional builder's profit, the insurance company would be paying professional builder's price, say \$160,000, in the event of a total reconstruction.

This would mean that you were \$50,000 under-insured - and you would have to make up the shortfall to finance the project's re-building.

Select a construction insurance policy that covers you also for professional fees, (land surveyor, engineer, architect/building designer) etc that will be needed in the event of a total re-build caused, for example, by fire gutting the structure.

Always read the policy you are purchasing, and ask questions of the insurance agent if you are in doubt about extent of cover etc.

For Construction & Public Liability Insurance prior to starting your owner-builder project, and for complete peace of mind during construction, contact BuildSafe on 1800 815 566

1.15 Workers Compensation Insurance/Site Safety

Contractors engaged by the owner-builder may be regarded, in law, as employees for the purposes of workers' compensation.

It is a good idea to inquire about workers' compensation insurance cover. If a claim is lodged against the owner-builder, it is better to have cover than be without it because there are heavy fines for failing to have the right insurance.

If a worker is disabled in an accident whilst working on your project, you could be called upon to fund all medical expenses, loss of wages etc. This might continue on for years, and the final cost to the owner-builder can be imagined.

There is a standard workers compensation policy available that will ensure full coverage. This is the Minimum Premium General Workers Compensation Policy.

WorkCover NSW is the authority with responsibility for enforcing laws relating to Occupational Health & Safety, Workers' Compensation etc.

There are WorkCover NSW offices throughout the State. The organisation's inspectors work from these offices and will issue advice on safe work practices.

Owner-builders would be wise to contact WorkCover NSW early in the project. The inspectors have a wide knowledge of the law, and will be able to advise on building site safety.

The concerns you will have as an owner-builder are the same as those of a professional builder - matters such as injury, or death, of a worker or member of the public who could enter the work site.

Codes of Practice etc can be obtained from any WorkCover NSW office free or online at www.workcover.nsw.gov.au. Contact WorkCover NSW on 1310 50 (free call from Sydney).

Examples of subjects covered include:

1. The Building Industry Guide
2. Electrical Practices
3. Manual handling
4. Safe Work on Roofs
5. Excavation work



Workers Compensation Insurance

- Contractors may be regarded as employees.
- Owner Builders may face heavy fines of up to \$22,000 if uninsured.



Contract Works Insurance

Covers the property against loss from external forces or actions during construction.

- Fire
- Storm & tempest
- Water damage
- Theft
- Vandalism

1.16 Occupational Health & Safety

OH & S Regulations 2001, regard the owner-builder as the “controller” of the work site. This means that you must be sure that workers on site have undergone site-specific OH&S induction training.

For example, the owner-builder must ensure that all visitors and tradespeople have been advised of any site hazards, changes to site conditions (excavations, scaffolding), Codes of Practice, and should be informed of the nature of the site and the activities expected that might constitute a hazard to them during the building operations.

As an owner-builder, you are required to provide suitable amenities on site for the use of the trades you engage. There should be fresh drinkable water, a toilet (hired), and a safe, comfortable area where workers can take refreshment breaks.

1.17 Asbestos

Warning about Asbestos and Other Hazardous Products

When doing home building, renovations or work around the home, you may come into contact with asbestos and other hazardous products such as lead or certain solvents.

Asbestos and other hazardous products can cause serious injury, harm and even death in certain circumstances if safety precautions are not followed. For some hazardous product, such as asbestos, the law sets out who can do work involving these products and how to handle and dispose of the materials.

Products containing asbestos may include fibro or asbestos cement sheets used on the roof or walls or wet areas of a home, or as insulation material in the roof and around pipes.

It is, therefore, recommended that before you undertake the building, renovation or other work on your home, you contact WorkCover or the Department of Health or your local council for advice about the hazardous products that may be involved in the proposed work.

The WorkCover Assistance Service may be contacted on telephone **13 10 50** or website www.workcover.nsw.gov.au. For advice on the transport and disposal of asbestos products in New South Wales, contact the Department of Environment and Conservation Pollution Line on **13 15 55**.

You may also obtain the brochure Fibro and Asbestos – A renovator and Homeowner’s Guide from WorkCover or any Fair Trading Centre (telephone **13 32 20**).

1.18 GST and the ATO

Contracts issued by the contractors you engage should include GST in the total price quoted. It is the contractor’s obligation, not the owner-builder’s, to pay the GST to the Australian Taxation Office.

Beware of contractors who tell you they are GST-registered, but are not. They could charge GST on their labour, and pocket it for themselves.

Owner-builders are not required to submit Business Activity Statements regarding progress of the building project to the Tax Office, and cannot claim a refund of GST paid on the purchase of materials and services.

The owner-builder has no obligation to the ATO to report amounts paid to contractors. This is the contractors’ obligation during the normal course of their own Pay As You Go taxation responsibility.

Where to find out more:

Department of Fair Trading Centres (general information), your local council, government agencies, building centres, people who have already been owner-builders, private building certifiers, architects, draftspersons, building industry websites etc.

Discuss your plans with neighbours. They are entitled to object if they consider that your new building work will affect them.

Additional Reading. The following booklets are available from Department of Fair Trading centres:

Home Building and Renovating Builders and Tradespeople Becoming an owner-builder Fair Trading Centres

There are Fair Trading Centres at Albury, Armidale, Blacktown, Broken Hill, Coffs Harbour, Dubbo, Gosford, Grafton, Hurstville, Lismore, Liverpool, Newcastle, Orange, Parramatta, Penrith, Port Macquarie, Queanbeyan, Sydney, Tamworth, Tweed Heads, Wagga Wagga, Wollongong.

To contact any Fair Trading Centre, call 13 32 20.



Module 2

2.0 EFFECTIVE COST MANAGEMENT

This Module covers building design, cost management, hiring labour and ordering materials.

The prime objectives the owner-builder needs to achieve are:

- i) Completion within a reasonable time frame.
- ii) Good value for money spent.
- iii) The realisation of the financial objective of completing the project within the funds (and any loan funds) available.

2.1 The Design

Finding a creative, co-operative, building designer is the first step. It is suggested you do your own rough sketches of the type of house or renovation/addition you intend to build, showing suggested roof shape, room sizes, decking etc. Take this, with an accurate site plan, to your architect or draftsman, explain your “wish list”, nominate your budget limit, and ask for a preliminary drawing to be prepared.

Using this preliminary drawing, you can either approve the design, or discuss any changes required. Once you and your designer agree, he or she can get ahead with full working drawings — the building plans.

The person qualified to draw the plans can be of assistance in other ways. They can explain construction procedures, help with selection of materials, and might pass on to you the names of reliable local tradespeople.

The approved **finished plans** are vitally important. They will determine how much you will pay for the entire project, and are the basis for an accurate estimate of costs.

Note: Working drawings should include the electrical plan showing number and location of lights and power points. Preferably, the plans will be accompanied by a Building Specification, which usually is several pages long, and indicates materials to be used and procedures to be followed.

2.2 The Quantity Survey

YOU may attempt to estimate costs yourself. This will require careful study of the prices of materials and the cost of labour, and will take a great deal of your time.

Alternatively, you might prefer to take your building plans, and the Building Specification, to a Building Estimator/Quantity Surveyor in your area (check the Yellow Pages). For a fee, he or she will calculate material and labour costs, plus other expenses, using computer software, and probably will complete the mathematics in one twentieth the time it would take you to work it all out on paper. The choice, however, is yours. Some owner-builders would relish the task of calculating costs.

If you decide to use a professional, the **quantity survey** will give you a fairly accurate total (the Indicative Costs) of the amount of money you will need, and this should impress any lender being asked to grant a loan. Armed with a professionally-generated cost estimate, you will have much more chance of convincing the loans manager that you are a responsible, methodical borrower.

However, it is almost impossible, even for the professional estimator, to be 100 per cent accurate when calculating building costs. Inevitably, cost-related incidents will force changes, e.g. a rise in the price of some materials, small mistakes on site, and minor (or major) over-runs of labour time schedules.

Using a Quantity Surveyor/Estimator brings other benefits to the owner-builder because the really helpful professional ones will offer tips and re-assurances BEFORE construction starts.

Included at the rear of this course is a sample pro-forma estimating charting system — **Effective Cost Management for the Owner-Builder**, devised by quantity surveyor John Ruffle, FAIQS, FRICS. A complete version is available on our website: www.ownerbuild.com.au or by calling 1800 822 220. It is recommended that you use it in conjunction with the services of a Quantity Surveyor in your own locality.

The starting point is your Quantity Surveyor's (or your own) estimate, or Indicative Cost. If using the services of a quantity surveyor/estimator, he or she will calculate this Indicative Cost (IC) from your Building Plans and Building Specification document and supply to you the individual and total costs anticipated.

These estimated costs will appear in **Column A** of the system's checklist. The checklist allows you to compare your Quantity Surveyor's estimates with the quotations/prices you



Contract Works Insurance

Check your policy provides cover for,

- Demolition
- Clearing
- Professional fees,

Should you suffer a loss and have to claim.

BuildSafe products all carry the extra cover at no additional cost.



Construction Insurance

Realistic Cost Of Replacement

Ensure the sum insured meets the realistic cost of replacement.

What an industry professional would charge to complete the works.

Claims are paid as a percentage of the sum insured against the realistic cost of replacement.

receive. It also has the facility to warn you that costs might be running out of control so that you can put the budget brakes on before it is too late.

BuildSafe Independent Housing Group has available comprehensive Building Specification documents in booklet format, illustrated with diagrams from the Building Code of Australia. To order copies, call BuildSafe on 1800 019 233.

Cost Monitor Explained (Effective Cost Management)

Column A:

The Quantity Surveyor's, or your own, Indicative Cost (Column A on the system's **Cost Monitor**) lists all essential items in the construction process, code-numbered.

Costs for items named in Column A indicate to you and your lending authority how much the project is expected to cost. This is the preliminary estimate.

With Column A completed by yourself or your Quantity Surveyor, your next step, as the owner-builder, is to copy/transfer the estimated amounts from Column A to Column B.

Column B:

Copy the amounts in Column A to Column B in pencil. Pencil is used because as quotations and prices come in to you, these estimated amounts can be rubbed out and replaced in ink with the quotations you decide to accept.

Cost Monitor's checklists give you a yardstick to compare the professional estimates (given you are prepared to pay for the services of a Quantity Surveyor) in Column A with the written quotes for labour and/or materials that you receive from tradespeople and suppliers, and which you enter in Column B.

Since Column A tells you what should be charged by tradespeople and suppliers, it forms a standard by which you can judge the integrity, or otherwise, of the quotations you receive.

* The above is an outline only. The estimating charts alone will help if you decide to work out your own estimate based on the quotations (written) that you receive from tradespeople and suppliers.

It is worth remembering that although owner-builders usually try their utmost to build as economically as possible (and so they should), they often fail by refusing to "spend to save".

Using the services of a quantity surveyor/estimator will attract what at first seems a sizeable fee. However, paying a professional to do the overall estimate almost always saves money in the long run.

A professional estimate will impress your bank or other loan source. The banks will be more likely to lend money if they realise that estimated costs have been done by a professional, and presented in a business-like format.

A professional estimate is an investment in itself, and takes the stress away from the owner-builder who must inevitably guess the cost of some items — a dangerous practice because there are so many separate items that must be considered.

Professional builders use professional estimators; why should not you, as an owner-builder, do the same?

Once your detailed working drawings are available, take a copy of the plans, and the building specification, to an estimator.

The estimate, or bill of quantities, is your starting point. By calling for tenders from individual contractors and suppliers of materials, you will eventually come close to the estimate provided. As mentioned previously, even a professional estimate cannot be deady accurate, but acts as an indicator of what you should be paying.

If you decide not to employ a professional estimator, you should research prices of everything that will need to be bought, including labour. This is done by rigorous homework, many phone calls, and obtaining price lists from suppliers (i.e., bricks, timber, tiles, windows, doors etc), then listing them on your estimating chart.

2.3 Labour and Materials:

Obtain written quotes (at least three) from each of the main trade contractors involved, and from manufacturers/suppliers of windows, doors, bricks, and timber etc. You will need several prints of your building plans for them to quote from.

Send a copy of your plans to each tradesperson (concreter, carpenter, bricklayer, plumber, electrician) after phoning them to ask if they will be available and then await their quote.



Module 3

Remember, just because a tradesperson has quoted, and you have accepted, does not necessarily mean they will do the work when you want them to. You will need to stay in touch to emphasise that you are relying on them to fit in with the co-ordination of other trades.

In the meantime, obtain prices from manufacturers for items such as windows, doors, and roofing materials, and choose the bricks by name and colour from brickmakers' catalogues.

All this, of course, is exactly what a professional builder has to do (either using his own time, his staff's time, or the services of a quantity surveyor).

Leave items like dishwashers, clothes driers, hot water services until later. These can easily be added to the construction estimate once you have decided on brands and sizes. Also add in the cost (by quotation) of any heating and cooling.

When seeking prices for timber, you will notice a wide variety of quotes. This is merely the process of competition taking effect. From wherever you order timber, it usually is most cost-effective to order everything from one supplier/timber merchant.

Some timber yards will take your plans and calculate for you exactly what you will need — how many wall components (studs, top and bottom plates etc), and will do the same with all other materials.

Using one supplier should achieve for you the most effective quotation, because those who are tendering will know that they are competing with other tenderers for your business.

Order timber as early in the exercise as possible; to supply a "house lot" often will stretch a single supplier's stock levels, and you might have to wait.

Some Estimating

Rules of Thumb:

Bricks:

Laid as a single skin (brick veneer), count 50 bricks per square metre of wall area.

Cement:

Four bags of cement will be needed to lay 1000 bricks. Same amount of lime.

Sand:

One cubic metre of sand to lay 1000 bricks.

Mortar Colour:

Liquid colouring - 4 litres will colour enough mortar to lay 1000 bricks.

Brick Ties:

About 60 ties for 1000 bricks laid.

Concrete Slab:

Approximately \$40 per square metre (average preparation).

Concrete:

Varies, but approximately \$160 per cubic metre delivered ready-mixed.

NOTE: Deal only with tradespersons who are licensed by the Department of Fair Trading.

Module 3

3.0 SITE WORKS

This Module discusses works required on site prior to construction — land survey, building set-out, excavations, drainage, easements, site clearance and planning.

If the building site is not carefully prepared for the construction works, many problems will be encountered. There should be convenient access for delivery trucks, areas set aside for piling of sand, weatherproof storage of cement etc, and removal of trees (subject to council approval) that might interfere with the integrity of the proposed structure.

Site works for a residential dwelling are carried out more or less in the following sequence:

3.1 Soil Test:

The soil test is performed by a qualified engineer who will visit the site and drill for core samples. Since the ground is to be the foundation of your building, it is important to know its make-up — whether it is clay, rock, sandy loam, silt, or a combination.

The nature of the foundation encountered governs the design of the footings system nominated (usually either concrete strip footings or concrete floor slab).

This soil test will allow your building envelope to be classified as to its bearing capacity, and should, at the same time, highlight any drainage and/or construction problems.



"Helping owner Builders since 1987"

Example: Owner Builder Project

Materials & Services
\$200,000

Owner Builder labour cost
Nil

Sum insured
\$200,000

(Realistic cost of replacement)
Project quoted by builder
\$300,000

Sum underinsured
33% \$100,000

In the event of a claim for,
say **\$200,000**

Payout of 66% of the claim
\$132,000

Owner builder out of pocket
= \$68,000

Your Tear Out - Fast Track Application For Construction & Public Liability Insurance

Fill In - Fax Off - and we'll fix it! - BuildSafe Insurance Brokers Pty. Ltd. - Fax : 03 9773 6351

BuildSafe Building Insurances to deliver you an insurance package guaranteed to deliver the best industry cover, at the best possible price.

The package includes BuildSafe's Express Service to guarantee you the best service in the quickest time. BuildSafe Insurance Brokers P/L has been providing specialist insurance products, services and information streams to the building industry since 1987.

BuildSafe Building Insurances have developed, and are constantly expanding, the most comprehensive range of building insurance products available to the building industry today.

Protect yourself with:

- Vacant Land Insurance while waiting to start building
- Construction & Public Liability Insurance when you build
- Warranty Insurance when you sell
- Unoccupied Building Insurance while waiting to settle

Vacant Land Insurance

Prior to commencing works on the site your vacant land is still a risk. Un-invited persons can enter the vacant site and still injure themselves or items or fixtures on the land can still cause damage and injury to adjoining properties. Vacant Land Insurance will protect you against public liability claims from settlement until the commencement of works.



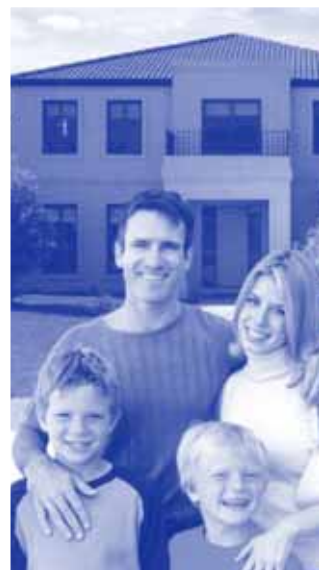
Construction & Public Liability Insurance

Owner builders, by taking out the permit, are deemed to be in control of site safety and the co-ordinating of workers. Uninvited guests or neighbours could sue you for hundreds of thousands of dollars if an injury or damage can be traced to your negligence. It is vital that you take out Public Liability Insurance to protect yourself and your assets against potentially huge claims.

Public Liability covers third party personal injury and property damage that occurs during the period of the policy for which the insured shall become legally liable.

Where workers are employed rather than subcontracted the owner builder should seek workers compensation cover. Public Liability does not satisfy workers compensation requirements.

Note: You are required to ensure that all subcontractors and specialist suppliers provide you with their own public liability insurance for damages or personal injuries they cause due to their negligence.



What Does Construction Insurance Cover?

Construction Insurance (also known as Contract Works, Material Damage or Construction Risk insurance) covers the main risks encountered during the building process. These include malicious damage or vandalism, theft, fire damage, storm, wind and water damage.

The **BuildSafe Building Insurances** policy includes, at no extra charge, an amount to cover demolition, removal of debris and professional fees that may leave you underinsured in the event of a major claim.

What About Extensions Or Renovations On A home Already Covered By Home & Contents Insurance?

It is vital that you check the specific policy wording of your Home & Contents Policy, as most insurers suspend the home insurance and public liability cover for renovation and extension work over a certain value or complexity.

This could affect the cover to the existing house for loss or damage as a direct result of the renovations or extensions. Public liability cover could also be affected. If you are renovating or extending you should check your current policy wording carefully. BuildSafe Building Insurances are able to cover both the existing home and the extensions or renovations under its Construction Risk policy.

How Do You Calculate The Right Amount Of Insurance?

This is known as the under-insuring trap. Do not try to save money by insuring your works for less than the actual replacement cost of a licensed builder carrying out the work. In the event of an indemnifiable

event under the policy, (an event that is insured), and it is found that the sums insured are less than 90 percent of the amount required to be insured, the amount recoverable by you under this policy will be reduced by such proportions as the sums insured bear to 90 percent of the amount required to be insured. E.g. Say a home is insured for \$60,000 rather than its replacement cost of \$120,000 and there is a loss of \$40,000.

The insurer will only be required to pay \$22,000 due to these provisions. This would be calculated as 55 percent of the loss due to the proportion of the \$60,000 insured to \$108,000 (90 percent of replacement cost). In the event of a total loss, the owner builder would have to pay \$60,000 towards the cost of rectification.

Is the building insured once completed and still vacant?

Your Construction & Public Liability cover will cease at the completion of the works. If the building remains unoccupied while waiting to move in or be sold or settled, it will NOT be insured and is at risk. BuildSafe Unoccupied Building Insurance will cover the building until the property is occupied by yourself, rented out or sold & settled. The cover is available in all Southern States. For further information contact BuildSafe Building Insurances.

Selling? Owner Builder Warranty

Homes can be sold, but State legislative requirements may necessitate you providing the purchaser with Warranty Insurance. The legislative requirements vary from state to state and due diligence is advised before entering a contract of sale. Further information is available from the relevant State bodies or by contacting BuildSafe Building Insurances. BuildSafe Owner Builder Warranty department will provide prompt service and competitive premiums when warranty cover is required.

The BuildSafe Express notification telephone number is 1800 019 233



Important Notice

Once your Construction & Public Liability Insurance has been confirmed and paid for, the policy will lie dormant until you notify BuildSafe Building Insurances of your starting date.

Upon notification BuildSafe Building Insurances will activate the policy from 4.00PM on the day before your designated starting date.



Owner Builder Construction Risk Contract Works/Broadform Liability Application Form

BuildSafe Insurance Brokers Pty Ltd
ABN 84 109 623 976 AFS Licence 279367



Please complete the form below and return to BuildSafe Insurance Brokers Pty Ltd, PO Box 2294, Carrum Downs, Victoria, 3201.
A consultant will contact you regarding any additional information and provide you with a quotation.

IMPORTANT INFORMATION

Pursuant to the provisions of the insurance Contracts Act

1. DUTY OF DISCLOSURE - YOUR DUTY OF DISCLOSURE

Prior to entering into a contract of general insurance you have a duty to disclose certain information. You have the same duty to disclose prior to renewing, extending, varying or reinstating a general insurance contract.

What you must tell us

When answering Our questions, and in providing other relevant information You must be honest and You have a duty under law to tell Us anything known to You, and which a reasonable person in the known circumstances would include. We will use this information to answers whether to insure you and anyone else to be insured under the Policy, and on what terms.

Who needs to tell us

It is important that you understand you are answering all our questions in this way for yourself and anyone else whom you want to be covered by the Policy.

If you do not tell us

If you do not answer the questions in this way, we may reduce or refuse to pay a claim, or cancel the Policy. If you answer our questions fraudulently, we may refuse to pay a claim and treat the Policy as never having worked.

Important

This duty of disclosure applies to all the people named on the Proposal Form. Please read the Policy wording carefully to ensure;

- You are aware of all the contractual rights and obligations;
- The Policy provides the cover You require; and
- You are aware of the limits regarding Policy coverage and what We will pay You under the Policy.

2. AVERAGE PROVISIONS

Where the policy contains an average clause, requires you to insure for the full replacement value. If you fail to do so, and you are underinsured, the Insurer will pay you less in the event of a claim, in proportion to the amount of under insurance. In particular, the Insurer will pay the proportion of your claim that the Sum Insured bears to 90% of the replacement value.

3. THIRD PARTY INTERESTS

You must inform us of the interests of all third parties (e.g. Financiers, lessors' etc) to be covered by this insurance. The Insurer will protect their interests only if you have provided details and they are noted on the Schedule.

4. SUBROGATION

We retain the right to recover any money paid under this Policy from any person whom You may be able to hold liable or responsible. If You have entered into any agreement with such a person having the effect of excluding or limiting Our rights in this regard You will have no cover under this Policy. We will have full discretion in the conduct, defence or settlement of any claim and to take any action in Your name. Any party entitled to cover under this Policy must not hinder these rights and must give all information and co-operation required by Us.

If We make any recovery as a result of such action You may only recover from Us any amount by which the amount recovered by Us exceeded that amount paid to You under the policy in relation to the loss.

Name of Insured/.....

Building Owner/s:.....

Address for Notices:.....

Post Code:.....

Home Phone:.....

Business Phone:.....

Mobile:..... Fax:.....

Email:.....

Site of Construction:.....

Period Of Insurance:.....

Post Code:.....



Please refer to the product disclosure statement and Financial Services Guide to ensure this product meets your needs. You can obtain these from our website or call our office and we will be happy to send them to you.

AOB Course - 19

BuildSafe Insurance Brokers Pty. Ltd., 5 Peninsula Blvd Seaford Vic 3198 – Telephone : 03 9773 6777
Fax : 03 9773 6351 – Interstate : 1800 019 233 – Email : info@buildsafe.com.au – Website : www.buildsafe.com.au

Construction Method And Materials Used:

Construction Works:

No. Stories:

Footings:

External Walls:

Frame Materials:

Roof Covering:

Garaging:

Floor Area:

Have the works commenced? YES NO

If Yes, please provide details:

Stage of works to complete:

Detailed explanation of why not insured prior to commencement:

.....

.....

.....

Cost to complete:

Estimated Value of completed work:

Estimated Start Date:

Estimated Completion Date:

Owner Declaration

Have you ever had insurance declined or cancelled by an insurer or had any special conditions imposed? YES NO

If Yes, Please provide details

.....

.....

.....

Have you ever had any claims in excess of \$2,000? YES NO

If Yes, Please provide details

.....

.....

Are there any matters, which you should reveal which may affect our decision to insure you? YES NO

If Yes, Please provide details

.....

.....

Is there any excavations more than 1.5 metres? YES NO

Is there any work on the boundary of the property? YES NO

Please do not sign this form until you have read and understood this declaration and all information contained on this form whether you have filled in the form yourself or it has been completed on your behalf.

If there is anything about which you are unsure please contact BuildSafe.

I/We, the owners named above

- Acknowledge that I/ we have read and understood the IMPORTANT MATTERS that you have put before me/us and the IMPORTANT INFORMATION.
- Declare that all information given in this Proposal Form and any attachments is true and correct.
- Understand that no insurance is in force until the Insurer has accepted this Proposal Form and issued a Certificate of Insurance.
- Undertake to ensure that all subcontractors or builders engaged by me/us have their own liability insurance.
- Authorise the Insurer to give to, or obtain from, other insurers or insurance reference bureaus, any information about these insurances or any other insurance of mine/ours including this completed Proposal Form and my/our claims history
- Understand that any statement made in this Proposal Form will be treated as statement made by all persons to be insured.

Signed for and on behalf of (the applicant/s)

Signed

Dated:

"We acknowledge that the personal information collected from me/us is collected for the purpose of processing this application, for the development of products and services, and to allow BuildSafe Insurance Brokers P/L to market products and services.

If I/we do not provide relevant information, I/we acknowledge that BuildSafe Insurance Brokers P/L may be unable to process my/our application. I acknowledge that information may be disclosed to:

- BuildSafe Insurance Brokers Pty Ltd, our intermediary
- Claims assessment participants (for instance an assessor, investigator and/or loss adjuster)
- Other reputable service providers (for instance mailing houses and
- Underwriters, who are responsible for all or part of the risk under a contract of insurance.

We acknowledge that I/we have rights to access my/our personal information held by BuildSafe Insurance Brokers P/L in accordance with the National Privacy Principles"

PLEASE NOTE:

A QUOTE IS VALID FOR 30 DAYS



“Helping owner Builders since 1987”

Insurance Difficulties

Your insurer may refuse to insure or ask you for more information to ascertain their risk if,

- Heritage listed property
- Kit home
- Project taking longer than 18 months
- Major excavations
- Removing load bearing walls
- Demolition
- Piling & shoring
- Project already started
- Previously insured or policy lapsed

3.2 Site Clearance:

The building envelope should be stripped of unwanted shrubs, trees (subject to council approval), long grass etc that could get in the way of the excavation contractor, set-out specialist, concreter, or bricklayer, with firm going provided for delivery trucks.

3.3 Land survey

If your block is sloping and/or undulating, it is advisable to pay for a land surveyor to plot its levels. This survey will produce a plan of contours of the land indicating slopes in all directions, and will be invaluable to your draftsman/designer, who will use the contours to help design the dwelling.

The same survey and map of contours will assist in calculating the extent of excavations required (cut and remove/cut and fill) to accommodate the building; it will provide a true record of boundaries, and also will assist in designing drainage runs (storm water and sewerage).

3.4 Rough Set-out

This can follow stripping from the site any interfering trees or shrubs, and other superfluous vegetation. Shrubs and long grass also would get in the way of the string lines for the building set-out. The rough set-out is done where significant excavations are required either for installation of a concrete slab floor, or where advantage is to be taken of the slope(s) to provide a split-level floor plan, or basement area.

The rough set-out need only be indicated by a series of wooden stakes to show the excavating contractor exactly where, and how deep, cuts/fills are to be made. However, even this rough set-out is best done by the land surveyor, because careless calculations at this stage could prove expensive — not enough, or too much, soil excavated will cost you money once construction gets underway.

3.5 Drainage Trenches

These can be dug by the contractor who excavates to the contour plan, or by the plumber and/or drainage contractor. Some plumbers are happy to do both the drainage excavations and the drainage connections (pipes). Others prefer to hand over drainage work to a specialist.

3.6 Building Set-out

The building set-out establishes precisely the building lines, taking into account the position of easements and boundary set-backs. Easements (land reserved for underground mains drainage pipes) can be either along the side of a block, at the rear, or both, and are shown, if they exist, on the Title to the Land. Usually they are along the rear fence approximately within a two-metre wide area. Construction over the easement, even of outbuildings, is strictly forbidden; it must be left clear to allow future maintenance work by the water/sewerage authority.

There are specialist firms who do building set-out work, usually for quite a small fee. Better to pay a specialist than attempt it yourself, because the set-out lines must be squared and perfectly positioned, true to the working drawings, and in accordance with easements and boundary set-backs.

The importance of the accuracy of the building set-out in the construction process cannot be over-emphasised.

The area for the concrete floor slab, or the concrete strip footings (if the house is to have a timber floor system) will be dug and poured to the building lines. The lines are indicated by string stretched between nails driven into the tops of wooden marker hurdles, put in by the set-out specialist.

The bricklayer and/or carpenter must be able to rely on the accuracy of the set-out. If the lines run out of true, so will the construction work that follows.

3.7 Retaining Walls

Retaining walls might be needed to hold back earth that has been excavated/cut to facilitate changed levels, i.e. a basement area. If they are, they will be shown as part of the working drawings on the building plan.

In most cases, retaining walls will be designed independently by a structural engineer. The engineer is usually commissioned by the architect/draftsman to supply detail drawings



Module 4

and computations to prove the integrity of certain critical parts of the structure, be they retaining walls or other load-bearing elements, i.e. columns, beams, lintels, trusses etc.

KNOWLEDGE: *Although minor changes may be made to the building plan during the work, i.e. a window size, or a room dimension (provided you advise your PCA), on no account should a structural engineer's design, for any part of the works (retaining walls or otherwise) be altered, adjusted or ignored unless changes are approved/re-designed by the engineer.*

3.8 Temporary Site Services

As the owner-builder, you will need to organise a temporary toilet and temporary electrical power pole/box, both usually hired from a specialist contractor for the duration of the works. The hirer arranges delivery and installation, and will collect the equipment once the project is finished.

SUMMARY of Module 3

Your tasks as the Owner-Builder -

- 1) Rough set-out for cut/fill excavation, if needed.
- 2) Organise a land survey if required (land surveyor).
- 3) Order building set-out (specialist contractor).
- 4) Contact plumber/drainage to plan trenches and outlets for storm water and sewer.
- 5) Order temporary site services (power, toilet etc).
- 6) **CHECK with your local council if your building site is in an area where protection measures must be taken against infestation by TERMITES.**

If termite protection is required, it is your duty, as the owner-builder, to select the method to be used and ensure it is installed. Consult a specialist pest control firm as early in the exercise as possible, because different systems require access at different stages of the building works.

Module 4

4.0 CONSTRUCTION STARTS

This module covers installation of the concrete floor slab or concrete strip footings/base brickwork, your concreter and bricklayer, workplace planning prior to erection of timber framing.

If your project is to have a concrete floor, a steel-reinforced slab, poured in one operation, incorporates both the internal floor system and the perimeter "footings" to bear the weight of the building. For a timber floor (brick veneer), the concrete footings are placed into perimeter trenches, then loaded with base brickwork built to floor level.

4.1 Concrete Floor Slab:

Preparing for, and placing, the concrete floor slab is a specialist operation. The owner-builder should call in a concreting contractor to excavate for edge and internal beams, fix formwork, position the waterproof membrane and the reinforcing steel as specified on the working drawings, advise the owner-builder to call for a STATUTORY INSPECTION, then, once approved, complete the slab to finished stage.

KNOWLEDGE: *As the Owner-Builder, you could perform a valuable task that contractors often do not attend to — curing of the concrete.*

Once the slab has firmed up to a stage where it can be walked on without damaging the surface, it is ready for curing. Cover it with black plastic sheet, holding down the edges with bricks.

If left in place (with formwork intact) for at least a week, this covering will greatly strengthen the concrete by retarding the drying-out process.

The longer concrete is cured (either by spraying it with water to keep it constantly damp, or by sealing it with plastic sheeting), the stronger it will be and the better it will resist cracking.

INSIST:

- That the concrete used, whether for a floor slab, strip footings, or a driveway, is **AIR-ENTRAINED** (containing an additive that increases penetrative flow, reduces the amount of surface bleed-water, and produces a stronger concrete).
- That the concrete, as it is placed/poured, be **MECHANICALLY VIBRATED**. Vibration is



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Contracts

All subcontractors and workers should be engaged under a contract and not employed at an hourly rate.

Paying an hourly rate could deem the owner builder or renovator as an employer.

- PAYE tax
- Workers compensation
- Sick leave
- Other benefits



Contracts

Contracts set out an agreement on the,

- Scope of works
- Price & Payment terms
- Special conditions
- Right to hold payment or recover costs for non performance.

done with a hand-held electric “poker” and ensures the concrete rids itself of air-voids, fills all spaces, and is denser/stronger when set.

- That slab formwork not be removed until one week’s curing has occurred.

4.2 Concrete Strip Footings

Again, a concreting contractor might be commissioned to excavate the trenches according to the working drawings, then place reinforcing steel and pour the concrete. Alternatively, an excavating contractor could be hired, with the owner-builder directing depths, widths and stepping of the trenches.

Either way, you (the builder) will be responsible for ensuring that trench bottoms are level, sides square, the bottom clear of excess water/sludge, and that reinforcing steel trench mesh is properly positioned.

Once trenches have been inspected and approved by your Principal Specifying Authority, concrete can be placed.

INSIST:

- That trenches are clean, square-sided, and firm on the bottom.
- That reinforcing steel trench mesh is free of rust, and held up on bar chairs to achieve at least 40mm cover of concrete top, bottom, and edges.
- That stepping of the footing follows brick courses, and is reasonably level (within 10mm).

The concrete strip footings should be allowed five days to gain strength before bricklaying commences.

4.3 Building Materials

Enough bricks, sand, and cement etc to build the base can now be delivered, unless there is sufficient space on site for more. If they are concrete bricks or blocks, they must be kept completely dry, and it will pay the owner-builder to ensure they are covered overnight.

Usually, the bricklayer will include in his quote all sand, cement and lime for the mortar. A water supply must be readily to hand. The bricklayer will bring his own labourer who will stack bricks close to the work, and keep up a supply of fresh mortar to the bricklayer.

KNOWLEDGE: *Poorly-proportioned mortar can weaken a brick wall by 25% to 35%. The materials should preferably be batched using a bucket or similar container when mixing, rather than gauged by shovelfuls. Some mortar mixes are suitable for clay bricks, some for concrete bricks/blocks, some for either clay or concrete.*

The bricklayer also will supply, erect and dismantle scaffolding, if it is required.

Arrangements with regard to payment should include a proper record of materials purchased by the bricklayer (sand etc). If this is not seen in writing, over-payment is more likely than under-payment!

Bricklayers usually charge per 1000 bricks laid. Therefore, an accurate record of the number of bricks ordered (and subsequently charged for as laid) must be kept. It is also common for extra to be charged for scaffolding work, and for rendering/bagging.

The bricklayer’s first task, with the owner-builder standing by, is to shoot levels to establish the finished height of the base brickwork. He and his labourer will do this using a laser or telescopic leveling instrument, but you need to indicate and approve of the proposed finished height of the subfloor.

The base brickwork (9-inch or a combination of 9-inch and attached piers, depending on the height required) is built on the strip footings, and proceeds to timber floor level. After this stage is completed, the bricklayer will leave the job, and will not normally be needed again until the carpenters have completed floor, wall and roof framing.

OWNER-BUILDER CHECK!

- CONCRETOR:
- That plastic sheeting remains in place for one week so that full DRYING of the concrete slab (where applicable) is completed
 - That the full complement of steel trench mesh (reinforcement) is used in concrete strip footings.
 - That all concrete is **MECHANICALLY VIBRATED** during placement.
- BRICKLAYER:
- That sufficient **VENTILATION** grilles are built into to base brickwork (under-ventilation of timber floors is vitally important).



Module 5

- How many bricks are actually laid, as opposed to broken or accidentally buried/lost. You will pay for these AS IF they were laid if a careful record is not kept.

SUMMARY of Module 4

Your tasks as the owner-builder -

- 1) For a concrete slab floor system - employ a specialist contractor.
- 2) For brick veneer with a timber floor system - organise excavation of trenches for strip footings and placement of concrete, plus steel reinforcement (trench mesh).
- 3) Order enough bricks for the base brickwork (to floor level).
- 4) Order sand, cement, lime etc (mortar), or agree that bricklayer does so.
- 5) Ensure that there is temporary power, water and toilet facilities IN PLACE on site.

Module 5

5.0 WALL AND ROOF FRAMING

This module explains which materials you need to have on site, and how to support the work of the framing carpenters to structural completion.

The assembly and erection of the wall and roof framing represents the critical structural element of your building, and is a job for the skilled carpenter. The importance of bracing of walls and roof, and the safe connection of the roof to the walls, cannot be over-emphasised.

5.1 Delivery Time

Once either the slab (concrete floor) or the base brickwork (timber floor) are completed, a substantial amount of materials will need to be delivered to the site.

In the case of a brick veneer house being built on a concrete slab floor, the carpenters are the first trade in once the slab has set, followed by the bricklayers. For a brick veneer with timber floor, it is the other way around.

Either way, you will need to organise delivery of the right materials at the right time, so as not to hold up the trades. (See Module 2, Ordering of Materials).

For a timber floor system using particleboard or plywood as the flooring surface, the first timber delivery should be of bearers, floor joists, and the flooring sheets. A day or two later (usually) all the remainder of the wall framing material will be required. (It might all be required on site all at once, but this depends on the space available. Ask the carpenters what they prefer).

Prefabricated wall frames are a second option. From your building plans, a fabricator will supply a quotation. And if you order both wall frames and roof trusses from the one company, you can expect a discount. Prefabricated frames will be delivered to the site and should be clearly marked as to what goes where.

If you order timber for the carpenters to build the frame on site, the components will comprise top and bottom plate material, studs, bracing pieces for the walls, and all roofing members if the roof is also to be "built up" by the carpenters.

However, roof trusses have almost superseded the traditional built-up roof, and if trusses are the method designed for your project, these will be required on site immediately after the wall framing is erected, unless the carpenters, for any reason, ask for them to be delayed.

Roof trusses are large heavy objects, and if they arrive on site too early, they will almost certainly be in the way of the trades. Normally they are delivered by a truck fitted with a crane, and are lifted in packs straight off the vehicle and up onto the tops of the completed wall frames where they can remain safely at rest until the carpenters are ready to raise them into position and fix them.

KNOWLEDGE: *Roof trusses are not a "short cut" to roof carpentry. They do save a great deal of labour, but are an engineer-designed factory-assembled product and are extremely strong. Their weight is designed to be carried entirely by the exterior walls, and they are never in load-bearing contact with interior walls.*

5.2 The Carpenters

The Carpenters would normally be on site when the first delivery of timber arrives. If your project uses a timber floor, the bricklayers will have built the floor piers some days previous. The carpenters' first task will be to fix the floor bearers to the brick piers and to the



Contracts

In New South Wales it is a requirement of the contractor to,

- be licensed and provide written contracts for work over \$1,000
- Provide warranty cover for works over \$12,000



Owner Builder Home Warranty

In New South Wales it is a requirement of the renovator or owner builder to:

- Provide home warranty insurance for any domestic building where major domestic building works over \$12,000 have been carried out in the previous 6 years.
- Includes renovation, extensions, new constructions & major landscaping works.

This still applies even where no building permit has been issued.

'attached' brick piers (part of the base brickwork), and then nail floor joists to the bearers. They will ensure that the floor joists are absolutely level before nailing and gluing the water-resistant particleboard or plywood flooring sheets to the joists.

The flooring sheets, once secured, provide a safe, level working platform on which will be assembled, and then erected, all the wall frames.

If your flooring is to be floorboards rather than sheeting, they will be fixed, room by room once the roof covering is in place (lock-up stage) to ensure they are protected from the weather.

If your floor is a concrete slab, only wall and roof framing (or trusses) will be required, because wall frames are fixed directly to the slab.

KNOWLEDGE: *Tongued-and-grooved floorboards should be stored in the partly-finished building (brick veneer complete, roofing on, windows in) for several days before being nailed down. This waiting period is to allow their moisture content to adjust to the interior conditions. If this is not done, they may warp after fixing.*

There is very little for the owner-builder to do at this stage, other than to ensure the carpenters have all the material they need. They will be working to the building plan, they have done it all before, and will not appreciate an Owner-Builder who fusses around them for the best part of the working day.

Ideally, the owner-builder (or a family member or friend) should be on site early in the day for about an hour, and again in the afternoon, just to check if everything is running smoothly. Sometimes, extra materials will have to be ordered, or there might be something missing from a delivered order.

Give the carpenters a phone number where they can contact you, or better still, authorise them at the outset to contact your timber supplier if they are short of anything essential, so that they can order it on your behalf.

Make sure, however, that you know what it is they have ordered. Most carpenters will make a written note of anything they had to obtain quickly and then hand to you the docket for record-keeping.

Wall frames and roof trusses can be fixed in position by professional carpenters in remarkably little time, depending of course on the size and complexity of the building.

Once the wall frames are erected, they will fit the window frames, which can be either pre-glazed or fitted with glass later. Usually they are ordered pre-glazed (take care to avoid breakages on site).

Once the frame, including the roof, is built, it is your duty to call for a frame inspection. Once approved, and not before, the roof can be loaded with the weight of its metal sheeting or its roofing tiles.

5.3 The Electrician

With the wall and roof framing up, and the roof covered, the next trade required on site is the Electrician to do the wiring "rough-in".

This cannot be done with plasterboard in place. The electrician will run all wiring and connections (including TV points) through the house, drilling holes in studs and top plates so that once the plasterboard is fixed and finished, all cabling will be hidden, but with vital ends poking out in the right places (for the attachment later of light switches and power points).

5.4 The Plumber

Also at bare frame stage, the Plumber will arrive to do his rough-in. For this he also notches and drills the frame where needed, and again will be working to the building plan.

Keep well out of the way of the various follow-on trades. They may not appreciate an over-attentive owner-builder, because they, as well as the carpenters, should know what they are doing and more than likely will need no instructions other than those written on the building plan and specification. Unless, of course, they ask, or you insist (you are entitled to).

KNOWLEDGE: *This is not to suggest that you should leave everything to your tradespeople. You are, after all, the Builder, and your job is to ensure that things have been done as they should have been. Good relations with the trades, however, is very important. Be reasonable and personable, but not condescending.*

The plumber also will be preparing to fix rain gutters to the roof fascias so that the roofing contractor can follow on with metal or tile coverings (the carpenters will have fixed the roofing battens).

Usually the plumber will have quoted to supply all his materials e.g. copper piping, connections, gutters and downpipes etc.



Module 6

5.5 Telecommunications

The telephone company also should be called in at bare frame stage to prepare your home for eventual connection to the telecommunications network. Do not forget to advise them when the frame is complete, because they cannot be expected to run their wiring through walls that are encased in plasterboard.

OWNER-BUILDER CHECK!

- CARPENTER:**
- That stumps (if used) are set into the ground STRAIGHT, and correctly spaced, according to the building plan.
 - That walls and roof have sufficient BRACING, either special-purpose light steel angle (walls and roof) or special-purpose Masonite or plywood sheeting (walls).
 - That window frames are correctly packed into the walls at the sides and are FLASHED around sides and under the sills.
 - That roof trusses bear directly down onto studs of exterior walls. If not, the exterior walls must be built with a DOUBLE TOP PLATE.
 - That the carpenters STRAIGHTEN the inside surfaces of all walls after erection. This is a standard procedure, but can be forgotten, or done carelessly. If not straightened properly, subsequent plasterboard will be out of true.
- ELECTRICIAN:**
- That the electrician places light switches and power points EXACTLY where you want them (per working drawings).
- PLUMBER:**
- That the plumber cuts NOTCHES in studs for in-wall piping only according to the minimum depth necessary. Over-notching weakens the structure.
 - That enough DOWNPIPES are fitted to drain your roof area efficiently (as per draftsman's roof plan).
 - That the building site is CLEARED of scattered rubble and timber/metal offcuts etc, preferably at the end of each day.

KNOWLEDGE: Timber wall framing (studs nailed to top and bottom plates), and roof framing, would have virtually no strength without frame-bracing. Ideally the brace should be at an angle of 45 degrees, but should not be lower than 45 nor greater than 60. Bracing owes its effectiveness to the triangle thus formed, the theory being that unless one of the members breaks, the triangular shape is unalterable.

SUMMARY of Module 5:

Your tasks as the owner-builder

- 1) Decide whether your carpenter will build the wall frames or you use prefabricated wall frames.
- 2) Order stumps/bearers/floor joists (timber floor). If particleboard floor sheeting, order sheets; if floorboards, order, but do not take delivery until lock-up stage.
- 3) Order roof trusses (or roofing timber). Call for delivery once wall frames are complete.
- 4) With frame complete, and with sisalation wrap fixed to outside of frame, call in electrician (rough-in).
- 5) Also call in plumber (rough-in) and fix rainwater gutters for roofer to work to.
- 6) Call in roofing contractor.
- 7) Insulation, i.e. batts, to walls and ceilings.

Module 6

6.0 LOCK-UP AND FIT-OUT

This Module explains what to look for as the building proceeds to lock-up and then fit-out stage, the work of the bricklayer, the plasterboard contractor, the electrician, plumber, and carpenters.

The work required to achieve lock-up includes the bricklayer (outer skin/veneer), the carpenter (external doors) and the glazier if windows are not pre-glazed. Final fit-out and fix will include plasterboard to walls and ceilings, the fitting and hanging of doors, architraves, skirting boards, electrical fit-off, plumbing fixtures, bathrooms, laundry, and kitchen; the latter three (wet areas) are covered in detail in Module 7.



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Owner Builder Home Warranty

Policies are available from BuildSafe Building Services.

A defects report from an approved building inspector must be provided before a policy can be issued.

Renovators & owner builders cannot sell buildings which are off the plan.



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6.1 To Lock-up Stage

Wall frames erected, roof or roof trusses up, window frames and exterior door frames fixed in position — now for the return of the Bricklayer.

He will complete the outer skin of brickwork — up to the eaves, around window frames and exterior doors.

More sand, cement and lime will be needed, as should a sufficient quantity of brick ties, and on hand by now (supplied either by the bricklayer or the owner-builder) should be all the steel angle/flat bar lintels (where the design requires it) to be built into the brickwork above openings (windows and doors).

The electricity meter box also should have been installed (by the electrician) so that the bricklayer can "brick it in".

Once all brickwork is finished to a dried and set stage, cleaning (unless the bricks are to be rendered or bagged, in which case there is no need) should proceed. Engage a specialist brick cleaning contractor. The job can be done by anyone with a nylon scrubbing brush, and a bucket of diluted hydrochloric acid (no stronger than 1 part acid to 10 parts water), but the amateur will take 40 times as long as the professional, and it is not comfortable work.

KNOWLEDGE: *Brick ties are an important component in the structure. Without them, the brick veneer is unstable, because they tie the brickwork to the timber frame. The bricklayer builds them in as he proceeds - one end sits in the wet mortar, and when the mortar has dried, the other end of the tie is screwed or hammered into the studs.*

INSIST:

- That mortar is of a suitable strength for the bricks used and that the mix remains consistent from start to finish.
- That brick ties are used in sufficient quantity and are correctly installed.
- That attached brick piers are bonded into the base brickwork.
- That an approved dampcourse is built into the brickwork at floor level.
- That droppings of wet mortar are NOT allowed to remain on the bottom plate of the wall frame, where they can promote dampness and, in due course, damage to the structure.

KNOWLEDGE: *In 1989 as a result of the Newcastle earthquake, 13 persons were killed. The inquiry that followed found that the majority were killed as a result of faulty masonry/brickwork, faulty installation of reinforcement/brick ties, or no reinforcement/brick ties installed at all.*

6.2 To Fit-out Stage

The owner-builder may now either insert insulation to the exterior walls and the ceiling space, or request that the supplier installs it.

Rockwool batts are recommended, because they give a higher insulating rating per thickness than any other material.

Placed into walls with 90mm studs (the standard), insulation batts 75mm thick not only provide a rating of between R2.0 and R2.3, but allow an air space between themselves and the sisalation pinned (by the carpenters) to the outside of the wall frame. This airspace improves the insulation factor and discourages condensation.

OWNER-BUILDER CHECK!

PLUMBER: • That roof flashings are in place around upstands (flues, vent pipes) so that rainwater cannot penetrate the building and damage plasterboard.

ELECTRICIAN: • That once fixed and finished (after plasterboard) and connected to the electricity supply, ALL light switches and power points are functioning.

6.3 Plasterboard Contractor

Plasterboard can now be fitted to walls and ceilings. Most contractors prefer to give a preliminary quotation off the plan (if at all), and then visit the building at lock-up stage to measure up for the number and size of sheets required.

From this measuring exercise, a firm quote can be given.

Fixing plasterboard is full-on manual work, and the owner-builder should keep out of the tradesmen's way. The sheets themselves are heavy and awkward to manoeuvre; good clear space is required by the men, and the work is noisy, hectic and messy.

No plasterer, however, can do a good job of fixing plasterboard to walls that are not straight.



Module 6

The carpenters should have straightened walls, but if they have not, it is likely that the plasterer will bang up the sheets anyway because he will assume they have been.

He can hardly be blamed for this - it comes down to you, the owner-builder to make sure everything is ready for the plasterer to start work before you call him in.

KNOWLEDGE: *It is details such as the straightening of interior wall surfaces and the supply of proper fixing for plasterboard that must be attended to by the owner-builder. If a trade turns up and cannot proceed because a previous trade was not supervised properly, disputes can arise and subcontractors might walk off the job, perhaps never to return.*

INSIST:

- That the carpenters inform you that every part of the framework is complete and READY for **1)** the electrician, **2)** the plumber, **3)** the plasterer.

As he works around the rooms, the plasterer will punch holes in the plasterboard sheets to allow him to pull through all electrical wiring that was clipped into position during the electrician's rough-in. Then, when the plasterboard is completely fixed and finished, the electrician will connect this wiring (now clearly exposed for him to see) to the switches and power points.

With sheets and cornices complete, the plasterer will then sand down all surfaces to a state where they are ready for painting (Module 8).

6.4 The Electrician

The electrician should now be called back to attend to all wiring ends and connect light fittings, switches, and power points. He will be installing, or will previously have installed, the meter box layout (fuses etc), but will not apply for a supply of electricity until later, after which the circuit will be tested for approval by the electricity supply authority.

Once the power is on, and all electrical outlets screwed and wired into place, the owner-builder should try out EVERY light switch and power point. A careless electrician can occasionally make a poor connection here and there, and if this is the case, the electrician will have to rectify the fault.

6.5 The Plumber

All outlets for taps, shower heads etc will be poking through the plasterboard/blue board/Villaboard ready for the plumber to fit the taps, seal them, and test that they are working efficiently.

The plumber will also, at this fit-out stage of his work, install the hot water service, washing machine, dishwasher, toilet pans, wash basins etc, and complete the gas fit-off.

Once this is done, you can apply to the gas supply authority to have your gas meter installed.

6.6 The Carpenter

The structural frame carpenter now becomes the fixing carpenter.

Once lock-up stage is reached, owner builders believe they are close to the end of the project. Unfortunately, there is a great deal of work to be done.

Architrave and skirting timber should now arrive on site, and be stacked inside. The carpenter might be asked to draw up a cutting list that you can use to order economical lengths.

He will cut and nail up the architraves around doorways and windows, and will do the same with the skirting boards.

He also will fit internal door jambs and frames, hang the doors, fit locks/latches and build/install stairs and steps.

Unless a separate contractor has been hired, the carpenter will fix and install kitchen/bathroom/laundry cupboards, vanity units, wardrobe shelving and fittings.

KNOWLEDGE: *It is a good idea, especially if the owner-builder plans to do the painting, to apply some paint BEFORE the fit-out-and-fix carpenter starts. Using a paint roller, quickly apply plasterboard sealer paint, then two top coats in the desired colour, only around edges such as door frames and the bottom of walls. These areas are where architraves and skirting boards will be attached. Part-painting first means no intricate "cutting-in" brushwork is needed, especially if time can be found also to paint the architraves and skirtings before they too are nailed up. After that, once the fix is complete, only touching-in around edges with a small art brush will be required.*



Australian Owner Builder Services

Established in 1987, Australian Owner Builders have been providing information and help for over 17 years.

We provide a voice for owner builders and renovators in the building industry.

- Club Membership
- Owner Builder Resource Centre
- FREE Advice
- Owner Builder Workshops



Essential Insurance

Crucial to the successful completion of any project is correct and sufficient insurance. While a major incentive of owner building is to save money the project may, in fact, cost you more should something go wrong without adequate cover. Important issues to consider are, Construction & Public Liability Insurance

- Arrange cover BEFORE you start the project.
- Ensure the cover is adequate to meet the realistic cost of replacement.
- If extending or renovating check your home & contents policy to confirm cover and arrange extra cover if required.
- Arrange contracts with all tradesmen, insist on a copy of their Public liability insurance and warranty of all works over \$12,000 BEFORE they start.

Your tradesman has no Public Liability insurance? BuildSafe can arrange immediately over the telephone.

Vic (03) 9773 6777
Interstate 1800 091 007



OWNER-BUILDER CHECK!

- That architraves and skirtings have been neatly mitered, joints flush and nails punched in, ready to be filled and sanded smooth at painting stage.
- That doors are hung with a suitable gap at the bottom to clear floor coverings (carpet, tiles, vinyl).
- That all doors, including cabinet doors and drawers, open and shut smoothly.

SUMMARY of Module 6:

Tasks for you as the owner-builder

- 1) Clean up site
- 2) Call back the bricklayer (all bricks required to finish the work should now be on site).
- 3) With brickwork complete, and the mortar set up, call in the plasterboard contractor to fix and finish all plasterboard sheets, walls and ceilings.
- 4) Ensure all fixing material (architraves, skirting boards, doors, locks and latches etc) is on site for fixing by the carpenter (after plasterboard is complete).
- 5) Call in the carpenter, electrician, plumber. All three can work together at this stage without getting in each other's way.
- 6) Kitchen cupboards, vanity units etc will now be secured in position.

Module 7

7.0 FINISH TO WET AREAS

Sealing of bathroom and other wet areas, floor and wall tiling, waterproofing of shower bases and spa plinths, kitchen taps, kitchen appliances, connections to waste outlets.

Carpenter, plumber and tiler layer all have work to do in these areas. They include bathrooms, toilets, laundry, and kitchen. Floors and walls have to be prepared for tiling, vanity units must be fitted, baths and showers installed, and edges, particularly around shower bases and spa plinths, must be sealed against the intrusion into the structure of moisture.

7.1 The Bathroom

Apart from fixing architraves and skirtings and hanging doors, the carpenter will fit the bath. Baths are manufactured with a rim, or lip around their perimeter. This lip must be housed into the wall studs by about 10mm, and the bath fitted into the timber framing.

The carpenter also will build a dwarf framed wall, just high enough to support the other edge of the bath. This dwarf wall usually will be tiled.

The carpenter will fix the bath horizontally level into the frame. Even so, bath water will drain into the outlet because the base of the bath is cast to a fall towards it.

Any vanity units also will be fixed in position by the carpenter.

The plumber usually sets in place the shower base, and he will have provided breeches for its taps and shower head. The tile-layer will tile around these, cutting holes in tiles to accommodate them.

Modern tile bases are moulded to form a flashing with the Villaboard tile backing to wall(s) and the tiles themselves as they overlap the rim of the base. However, where tiles do meet this lip, the lip of the bath, and/or the surface of a vanity unit, a flexible sealant should be used at the junction instead of tile grout.

This flashing of wet areas is particularly important if you have a timber floor. Moisture that penetrates joints will rot floor, skirting boards and even floor joists/bearers.

Usually, a specialist contractor will fit the shower screen after wall tiling is completed, and will seal the screen with silicon.

Floor tiles most often will be laid upon fibrous cement sheet, which is usually nailed to the floor surface. They can be adhered directly to structural particleboard flooring without the use of an under-sheeting, using a suitable adhesive which is rubberised, and which gives a slightly cushioned feel underfoot.

Floor tiles in wet areas should preferably be non-slip. The joints between sheets (floor or wall) should be properly sealed with a mastic or similar product, including around the edges abutting skirtings, and particularly around backing tiles above vanity units and the bath. Normal grout can crack and crumble away from these junctures.

Module 8

7.2 The Laundry

The same rules for waterproofing of edges apply. The plumber will be at work in the laundry, as will the tile-layer, and if there are cupboards, disappearing ironing boards and such, the carpenter will fit these.

7.3 The Kitchen

Modern kit-form kitchens have become popular because of their lower price, but often the one you really want will not quite fit your preferred layout, although adjustments can be made. Specialist kitchen companies will measure your kitchen, then custom-manufacture and install it.

Some carpenters also offer this service; if not, they will install units made off-site. This can be an advantage, because it might mean that the one carpenter (or team of two or three) could carry out every carpentry and joinery task for you.

In theory, if this is the case, each stage of the work will be done properly. No carpenter will do a rough job on the frame, for example, if it is he who has to follow on with the fit-out, then installation of the kitchen cupboards.

When ordering a kitchen layout, be sure to have settled on your choice of all appliances (dishwasher, oven, hotplates, fume extractor, sinks etc). Their measurements must be available to the kitchen manufacturer.

Naturally, as you hire essential specialist labour, you will talk to the tradesperson at some length beforehand, so that it is clear what you want, and expect. A good tradesman will help the owner-builder with technical queries. A bad one will not. Avoid the latter at all costs.

KNOWLEDGE: *Joints between tiles should not be less than 3mm wide because they expand with time, and can crack because of it. Wall tiling cannot be applied to ordinary plasterboard. There are two choices - a special water-resistant plasterboard (Blueboard) or Villaboard (fibrous cement sheet).*

SUMMARY of Module 7

Your tasks as the owner-builder

- 1) Think about effective flashing to tiled areas.
- 2) Call in floor and wall tiler.
- 3) With tiling finished, call back plumber and electrician to fit and test taps etc, electrical switches etc.
- 4) Think about painting - will you DIY or call in a professional?
- 5) Apply to your local council, or to your accredited certifier, for an Occupation Certificate.

Module 8

8.0 PAINTING AND DECORATING

This final Module discusses painting and decorating, which is as much a trade, in the right hands, as carpentry and plumbing. Will you do the painting yourself, or hire a professional?

Painting is an ancient trade, and was an honoured one in Europe in the Middle Ages. Apprenticeships with a Master were served for seven years or more. It still is a complete trade, but it is one occupied by a number of 'cowboys'. Owner-builders in NSW can do their own painting, or they can search for a professional. Those who take the DIY option should be aware it can be a long, hard road.

8.1 Doing It Yourself

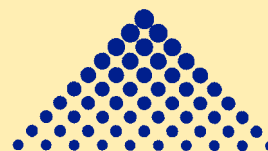
You might save money, but a new house with, say, eight rooms will soak up a great deal of paint, and a dedicated team effort is required to apply it. If you have family members and friends who will chip in, each concentrating on one room, each with a set of tools (eight paint rollers, eight sets of brushes, eight large drop-sheets, each with a step ladder, and so on) it can be done.

But it is a daunting task. All members of the team must be committed, and they must have the patience, time and energy to see things through to the end.

Plasterboard first must be given a coat of sealant. This is a special paint, although it looks and works up like any other. A tip is to have the sealant paint tinted at the shop to the same colour as the final coats.



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You will need to apply one coat of sealant paint, then two coats of the normal paint, waiting for each to become thoroughly dry before the next coat is applied.

Then comes the task of painting architraves and skirting boards, doors, window frames inside and out, and all other details of the interior. If any of these are in a different colour to the walls, some skilful “cutting-in” work will be required so that no blobs or smudges spoil the effect.

This part of the painting (contrasting colours) can take a very long time and about a quarter of the way through the job, you may wish you had hired a professional.

8.2 Hiring a Professional

When seeking a professional painter, you don’t want to end up with an amateur.

Study the Yellow Pages and your local newspaper for advertisements. Better still, ask around among tradespeople, even builders. They probably will recommend a reliable painting firm - one that has done work for them and proved to be satisfactory.

Painters will provide the manpower, speed, and quality finish that you need. They should/will do the job properly, and will have the equipment to cope with heights.

They also can obtain discounts on paint that the DIY enthusiast will never be offered. This is because they usually order from one supplier, and for performing that favour, the supplier will sell to them in quantity at a low price.

They also have the skills that come from their training and experience, and the stamina to keep going.

Obtain at least three quotes, but be wary of a quote that is appreciably lower than others. It could mean (although not necessarily) that you will get substandard work.

Ask for the names and phone numbers of a few previous customers, and ring them for an opinion.

The Education Division of Australian Owner Builders Pty Ltd sincerely hopes that you have enjoyed this 8-hour correspondence course.

As soon as you feel comfortable with your appreciation of the information delivered, contact our National Service Centre (1800 822 220) and we will mail or fax to you your Assessment Test.

There are 25 questions, the answers to which are embodied in these Course Notes. If you are unsure of the answer to any of the questions, simply refer to your notes. There is no time limit, and if you do not reach the required standard straight away, you will be advised which questions you did not answer correctly, and will be sent a RE-ASSESSMENT TEST, again to be completed at your leisure.

Australian Owner Builders Pty Ltd sends to you its Good Wishes for the success of your Owner-Builder project. GO TO IT and enjoy the experience!

Please take a moment to view the brochures and products enclosed in this course.

These sponsoring companies are proud to assist owner builders in achieving their goals by providing the best products and services to all clients.

Insurance for Owner Builders

Building costs have been historically high for some time now. As a result most owner builders or renovators take on a project to keep costs under control or simply to get more value for the hard earned dollars being spent.

The balancing act for most is how do I cut costs without cutting corners? More importantly, how do I ensure my project is sufficiently covered should something go wrong?

Why Do You Need Construction & Public Liability Insurance?

Owner builders, by taking out the control permit, can be deemed to be in control of

site safety and the co-ordinating of workers. Uninvited guests or neighbors could sue you for hundreds of thousands of dollars if an injury or damage can be traced to your negligence. It is vital that you take out Public Liability Insurance to protect yourself and your assets against potentially huge claims.

Public Liability covers third party personal injury and property damage that occurs during the period of the policy for which the insured shall become legally liable.

Where workers are employed rather than subcontracted the owner builder should seek workers compensation cover. Public Liability



Insurance For Owner Builders

does not satisfy workers compensation requirements.

Note: You are required to ensure that all sub-contractors and specialist suppliers provide you with their own public liability insurance for damages or personal injuries they cause due to their negligence.

What Does Construction Insurance Cover?

Construction Insurance (also known as Contract Works, Material Damage or Construction Risk insurance) covers the main risks encountered during the building process. These include malicious damage or vandalism, theft, fire damage, storm, wind and water damage.

The BuildSafe policy includes, at no extra charge, an amount to cover demolition, removal of debris and professional fees that may leave you underinsured in the event of a major claim.

What About Extensions Or Renovations On A home Already Covered By Home & Contents Insurance?

It is vital that you check the specific policy wording of your Home & Contents Policy, as most insurers suspend the home insurance and public liability cover for renovation and extension work over a certain value or complexity. This could affect the cover to the existing house for loss or damage as a direct result of the renovations or extensions. Public liability cover could also be affected. If you are renovating or extending you should check your current policy wording carefully. BuildSafe is able to cover both the existing home and the extensions or renovations under its Construction Risk policy.

How Do You Calculate The Right Amount Of Insurance?

This is known as the under-insuring trap. Do not try to save money by insuring your works for less than the actual replacement cost of a licensed builder carrying out the work. In the event of an indemnifiable event under the policy, (an event that is insured), and it is found that the sums insured are less than 90 percent of the amount required to be insured, the amount recoverable by you under this policy will be reduced by such proportions as the sums insured bear to 90 percent of the amount required to be insured.

E.g. Say a home is insured for \$60,000 rather than its replacement cost of \$120,000 and there is a loss of \$40,000. The insurer will only be required to pay \$22,000 due to these provisions. This would be calculated as 55 percent of the

loss due to the proportion of the \$60,000 insured to \$108,000 (90 percent of replacement cost). In this case, in the event of a total loss, the owner builder would have to pay \$60,000 towards the cost of rectification.

What about voluntary workers?

Voluntary workers ARE NOT covered by the policy. As there is no contract between you and the voluntary worker they are not sub-contractors and as they are not being paid, voluntary workers are not covered nor be registered by Workcare. As we all have family and friends prepared to lend a hand, our advice would be to inform them of exactly where they stand, to avoid disputes or bad blood should they be injured.

Is the building insured once completed and still vacant?

Very few insurers, including your BuildSafe policy, provide cover for completed, unoccupied buildings waiting to be sold or settled. Your BuildSafe Construction Risk Policy can be endorsed for up to 2 months cover on a vacant building subject to a monitored alarm system during construction. If you are going to need this protection you should consider building in the alarm system during construction. The endorsement can be arranged once the building is complete and does not have to be nominated from the start.

Is The Nature Strip Covered?

Yes. Your BuildSafe policy does cover public liability for your nature strip.

Selling Your Owner Built Home

All owner builders & renovators need to be aware that it is a requirement that when selling their property, they may be liable to provide the purchaser with **Owner Builder Warranty insurance**.

The **Home Building Act 1989** in New South Wales requires all owner builders who sell their property to obtain **Owner Builder Warranty Insurance**. The insurance is to cover the purchaser in the event of faulty workmanship. The period of warranty is for 6 years from the issuing of the **certificate of occupancy or certificate of final completion**. For example, if the property is sold 2 years after certificates were issued, warranty insurance would be required for the remaining 4 years. You will also be required to obtain a **Defect Inspection Report**, these are valid for 6 months.

A property can be sold at the point where **Certificate of Final Completion** has been issued and **Owner Builder Warranty Insurance** obtained. If you do not have the Warranty insurance you **CANNOT** sell the property

Owner Builder Warranty covers the purchaser, or any subsequent purchaser, of the property for the balance of the **6 year** period after the **Certificate of Final Completion** was issued.

Owner Builder Warranty is only required where the cost of the works is over **\$12,000**. Below this amount it is not legislative requirement, but you will still need to provide a **Defect Inspection Report**. Even if the original works did not require a permit the \$12,000 threshold still applies.

If **Owner Builder Warranty** is not obtained and your property is sold you risk fines and penalties of \$22,000. The prospective purchaser has the right to pull out of the sale agreement without any penalties. All deposits held will be refunded, in full, and you will have no recourse to sue.

In the event of a dispute both the vendor and the purchaser can be dis-advantaged. The vendor may have the sale fall through and have a judgement issued against them coupled with a fine. The purchaser may be left with no recourse to rectify faults under warranty and be forced to take expensive legal action to recover the costs.

Obtaining Owner Builder Warranty Insurance is a legal responsibility. As an owner builder/renovator it pays to be aware of all your liabilities, even if they are some way down the track.

Buildsafe Building Insurances have a range of insurance products. Please feel free any of the consultants, to discuss any questions you may have.

For a full list of Buildsafe services please call 1800 091 007 or visit the website at www.buildsafe.com.au