

1996

**THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY**

**BUILDING ACT 1972
BUILDING REGULATIONS (AMENDMENT)**

EXPLANATORY MEMORANDUM

Circulated by authority of

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Minister for the Environment, Land and Planning

OUTLINE

Part V of the *Building Act 1972* (the principal Act) provides for the application of statutory warranties and an insurance scheme to residential building work.

The principal Act was amended to provide that amounts and periods specified in Part V will be prescribed by Regulation. This amending Regulation will amend the Building Act Regulations to specify the amount and periods. The amounts and periods relate to the application of statutory warranties and an insurance scheme to residential building work.

Financial Implications

There are no financial implications.

REGULATION NOTES

Regulations 1, 2 and 3

Regulations 1, 2 and 3 deal with the commencement of the amending Regulations, the title of the principal Regulations and the insertion of the amendments into the principal Regulations.

Regulation 4

Section 58B of the principal Act outlines circumstances where statutory warranties and insurance do not apply. Regulation 4 will specify the purpose of paragraph 58B(c) and provides that statutory warranties do not apply if the cost of residential building work is to be less than \$5,000. This was the amount specified in the principal Act.

Regulation 5

Section 58C of the principal Act specifies statutory warranties that will be implied in a contract for the sale of a residential building or for residential building work for such period as is prescribed. Regulation 5 specifies that this period will be five years from the issue of the certificate of occupancy. This was the period specified in the principal Act.

Regulation 6

Section 58E of the principal Act specifies conditions that are to be observed to ensure that an insurance policy complies with statutory obligations. Regulation 6 provides that:

- (a) the minimum insurance cover for the purpose of paragraph 58E(1)(b) is to be \$85,000 in place of the \$50,000 that was specified in the principal Act;
- (b) where the builder is not the owner, the period of insurance after the issue of a certificate of occupancy for the purpose of paragraphs

58E(1)(c) and (d) is to be 5 years, which was the period specified in the principal Act;

- (c) the minimum period within which an insurance policy may require a claim to be made for the purpose of paragraph 58E(1)(j) is to be 90 days, which was the period specified in the principal Act;
- (d) the largest amount for which an insurance policy may provide that the insurer is not liable for the purpose of subsection 58E(2) is to be \$500, which was the amount specified in the principal Act; and
- (e) the sum that an owner may recover under paragraph 58E(7)(f), where the builder has become insolvent after a deposit has been made, is to be \$10,000, which is double the amount that was specified in the principal Act.