

Statutory Warranty NSW

In this article, we'll discuss the what is statutory warranties and their importance for builders and homeowners in NSW. With important changes to the Home Building Act, it's essential to understand your legal rights and obligations. As a construction lawyer with over a decade of experience, I'm here to help you navigate the complex legal landscape of residential building work.

What are Statutory Warranties?

Statutory warranties are legal obligations imposed by the [Home Building Act](#) that establish the rights and liabilities of parties involved in residential building work in New South Wales. They are designed to protect homeowners by ensuring that builders meet certain standards of quality and

Statutory Warranties and Building Contracts

Statutory warranties relate to building contracts in that they are incorporated into each contract by law, regardless of whether they are specifically written into the contract or not. The law requires that homeowners, builders, and trade persons involved in residential building work follow the terms and conditions of statutory warranties as set out in the Home Building Act. It is important to note that [construction contracts](#) are required for projects with a contract price over \$5,000 (including GST) and that the law considers building contracts to be the most important transaction between parties in a construction project.

Importance of Statutory Warranties for Builders and Contractors

Builders and contractors must be aware of statutory warranties because these warranties apply to all residential building work in New South Wales. There is no monetary threshold after which the warranties apply- they apply to ALL residential building work. Statutory warranties set out the rights and obligations of the parties involved in a construction project. As a builder or contractor, it is your responsibility to comply with these warranties, as they are set out by the law. Failure to do so may result in legal issues and financial penalties.

Moreover, homeowners are becoming more aware of their rights and are likely to seek legal advice if they feel that their statutory warranty rights have been breached. This can lead to disputes and legal battles, which can be costly for builders and contractors. Therefore, it is crucial to understand statutory warranties and comply with them to avoid potential legal issues and financial losses.

At Contracts Specialist, we have been advising builders and contractors on statutory warranty matters for over 10 years. If you need legal advice on statutory warranties, our experienced team is here to help.

You can be confident that you are getting
the right legal advice.

Although the warranties are not present or written into the contract, the law states that these agreements still apply.

The Office of Fair Trading of New South Wales says that a building contract is considered as the most important transaction between parties in a construction project.

Construction contracts are required if the contract price is over \$5,000 (including GST).

These are the descriptions of warranties by the contractor (and holder of a contractor licence) included in the [Home Building Act](#) – Statutory Warranties under Section 18B.

A. Work will be done with due care and skill, and in accordance with the plans and specifications set out in the contract.

[Learn More](#)

- Work must be performed with proper care and skill.
- Work must be performed according to plans and specifications indicated in the contract.
- This is interpreted in a case-to-case basis.
- This demands a period for work assessment.
- 'Workmanlike manner' may be limited based on the specified budget.

B. All materials supplied by the holder or person will be good and suitable for the purpose for which they are used and that, unless otherwise stated in the contract, those materials will be new

[Learn More](#)

- Construction work materials must be suitable for its right purpose
- Materials and supplies to be used for the construction project should be new- unless otherwise stated in the contract
- Also, the builders must also think about any representations made by the owner as to the planned use of work such as the works of the owner that may affect your scope of work.

C. Work will be done in accordance with, and will comply with, this or any other law

[Learn More](#)

Work is to be performed following the Home Building Act 1989 and other related laws in New South Wales.

D. Work will be done with due diligence and within the time stipulated in the contract, or if no time is stipulated, within a reasonable time

[Learn More](#)

- The work must be done in accordance with the set time frame clearly stated in the contract.
- If a timetable was not specified in the contract, the work must be done within an acceptable time, even if certain circumstances come up.

E. If the work consists of the construction of a dwelling, the making of alterations or additions to a dwelling or the repairing, renovation, decoration or protective treatment of a dwelling, the work will result, to the extent of the work conducted, in a dwelling that is reasonably fit for occupation as a

[dwelling](#).

[Learn More](#)

You can be confident that you are getting
the right legal advice.

- If the construction project is the building a residence, the end result must be an acceptable and good place to live in.
- It must be reasonably fit for occupation as a dwelling.

F. Work and any materials used in doing the work will be reasonably fit for the specified purpose or result, if the person for whom the work is done expressly makes known to the holder of the [contractor](#) licence or person required to hold a contractor licence, or another person with express or apparent [authority](#) to enter into or vary contractual arrangements on behalf of the holder or person, the particular purpose for which the work is required or the result that the owner desires the work to achieve, so as to show that the owner relies on the holder's or person's skill and judgment.

[Learn More](#)

This warranty applies to work and materials. Mainly, this is the same to (b) warranty which states that materials used must be new and good, but this warranty has more distinct specifications.

How Long Statutory Warranties Are in Effect?

Statutory warranties have different durations depending on the type of defect. Structural defects, which affect the safety and stability of the building, have a warranty period of 6 years from the completion of the work. On the other hand, non-structural defects, which affect the livability and functionality of the building, have a warranty period of 2 years from the completion of the work. It is important to note that the warranty period starts from the completion of the work and not from the date of the contract. Builders and contractors should be aware of these timeframes to ensure that they comply with the law and avoid any legal disputes with their clients.

Amendments to Home Building Act

In Home Building Amendment (Statutory Warranties) Act 2006, changes were made to the legislation such as including details regarding proceedings for breach of warranties.

To consult how these amendments apply to you and other concerns regarding statutory warranties, contact John Dela Cruz of Contracts Specialist. He can hear out your situation and look over your construction contract, so he can clearly tell you where you stand legally.

How Contracts Specialist Can Help You

[Contracts Specialist](#) has the experience and expertise to guide you in resolving your legal issue. You can consult any construction-related matter with us. Here is the process for us to help you move forward.

We will review and interpret construction contracts for you.

We can explain to you the rights and liabilities of each party based from NSW Home Building Act Statutory Warranties.

You can be confident that you are getting
the right legal advice.

We will ensure that your legal rights are enforced.

You can be confident that you are getting
the right legal advice.

Contracts Specialist is a Sydney-based construction law firm that deals with Building Disputes, Construction Contracts, Debt Recovery, and Security of Payment. With Contracts Specialist, you are ensured that you are in good hands.