

# **Northern Territory Owner-Builder Manual**

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**Northern Territory Government 2007**

## Introduction

On 21 December 2004, new provisions of the Northern Territory *Building Act 1993* relating to owner-builders were assented to and came into operation on 3 July 2006. They provide greater protection for consumers, building contractors and genuine owner-builders.

The provisions allow genuine owner-builders to build their own home or extend their own home on their own land. Genuine owner-builders are not in the business of building and are limited to building on one block of land in a six year period.

Limitations on owner-builder activity reinforce the distinction between owner-builders and registered building contractors who are allowed by law to carry out a business of constructing residential buildings. Various restrictions on owner-builder activity are enforced in nearly every other state or territory of Australia.

## What is the Owner-Builder Manual?

This Owner-Builder Manual has been produced to make prospective owner-builders aware of the risks and possible pitfalls of undertaking an owner-builder project and to assist them to understand the responsibilities and obligations of an owner-builder under Northern Territory law.

Future buyers of owner-built homes can be assured that the owner-builder was aware of and complied with regulatory requirements.

## Who Should Read this Manual?

Any land owner who plans to build **A HOUSE OR EXTEND A HOUSE** on his or her land and either carry out the building work personally, or coordinate the necessary tasks to construct the building is considered to be an owner-builder and should read this Manual.

Owner-builders are not in the business of building. When people say they intend to be an "owner-builder", this may mean different things to different people. There are three possible scenarios –

- you take on the role of the builder and build everything yourself without engaging tradespeople (except in areas where licensed tradespeople are required by law such as plumbers and electricians);
- you are the builder and do some of the work yourself and you will oversee the project through to completion, but will hire subcontractors or tradespeople to do part of the building work (for example framing or roofing); or
- the owner-builder is the construction manager, you organise all the materials and sub-contractors (including perhaps a registered building contractor) to create your home. You carry insurances, organise site management, and organise inspections of the progress of works.

In all cases, you are the responsible builder and you should read this Manual.

## What are the Key Points for an Owner-Builder?

From 3 July 2006, an owner-builder –

- ***is restricted to building or extending a house and associated building work (prescribed building work- see below) on the one parcel of land in any six year period (these building works may include more than one building and involve more than one building permit);***
- ***must obtain an Owner-Builder Certificate (see Page 12) from the Northern Territory Building Practitioners Board if intending to carry out prescribed building work valued over \$12,000;***
- ***must provide the Owner-Builder Certificate to a registered Building Certifier in order to obtain a Building Permit prior to commencing prescribed building work;***
- ***will be responsible for rectifying any non-compliant prescribed building work for ten years from the date of completion of building;***
- ***must obtain an Owner-Builder Home Building Certification Fund policy of insurance prior to commencing prescribed building work, protecting any future owners of the property against financial loss for a period of 10 years from date of completion of building, should the owner-builder fail to rectify non-compliant building work to the standards required by the Building Regulations ±; and***
- ***must, not later than 14 days after completion of building, make a legally-binding declaration stating that the building work has been carried out in accordance with the Building Permit.***

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±Note: the current HBCF scheme will be replaced by mandatory Home Warranty Insurance when relevant legislative provisions come into operation in 2008.

## What is “prescribed building work” for an owner-builder?

Prescribed building works are those that are covered under the *Building Act* and include any building works for or in connection with the following Building Code of Australia classes of buildings over the value of \$12,000 –

- (a) a **Class 1a** building which is a single dwelling being a **detached house** not located above or below another dwelling or another Class of building other than a private garage;
- (b) a **Class 10a** building (a non-habitable building) or **Class 10b** (structure on which a Class 1(a) or Class 10(a) building relies for structural integrity) that forms part of a Class 1a building - where it is constructed at the same time as the Class 1a building. For example –
  - 1 a garage attached to a Class 1a building.
  - 2 a verandah attached to a Class 1a building.
  - 3 a retaining wall that forms part of a Class 1a building.
- (c) a retaining wall (whenever constructed) that does not form part of a Class 1a building but on which the integrity of a Class 1a building depends.

## What is not “prescribed building work” for an owner-builder?

The following building works are excluded under the *Building Act* and do not require an owner-builder certificate (however, these exclusions DO NOT alter the requirement for a building permit) -

- (a) renovations or alterations to an existing Class 1a building (detached house) if there is no increase in the floor area of the building for example –
  - 1. *re-cladding of the roof or walls of a Class 1a building;*
  - 2. *replacement of windows in a Class 1a building;*
  - 3. *construction of new external openings in a Class 1a building;*
  - 4. *enlargement or enclosure of existing external openings in a Class 1a building*
  - 5. *internal renovation including upgrading kitchens and bathrooms.*
- (b) work for or in connection with the construction of a Class 10a or 10b building, which is either freestanding or that forms part of a Class 1a building if it is constructed at any time after the Class 1a building was constructed; or
- (c) a retaining wall that does not form part of a Class 1a building and on which the integrity of a Class 1a building does not depend.

*Please note:* Construction of duplexes, townhouses, flats or units require a *registered building contractor* and cannot be undertaken by an owner-builder.

## Things to consider before becoming an Owner-Builder

Many people wish to be more directly involved with the construction of their own home. There are many reasons for this; to satisfy a desire for self expression, or a belief that it may save money. Of course, whether you can do it yourself competently while actually saving money will depend on your level of competence in the many and varied tasks to be undertaken.

**Your dream home can become a nightmare if you do not plan correctly.**

Research, administration, organisation and communication skills are just as important as technical building skills for the owner-builder.

An owner-builder effectively assumes the responsibilities, risks and liabilities of a registered building contractor.

These risks can include:

### Financial risks

- Project cost increases as a result of poor estimating
- Rework due to faulty workmanship and/or non-compliance
- Variations from the original plans
- Loss by theft or fire on the site
- Site protection costs (security, safety)
- Occupational health and safety claims
- Adjoining property owner claims

### Quality risks

- Adequacy of drawings and specifications
- Standard of workmanship by others
- Compliance with regulations (building, occupational health and safety, etc)
- Technical ability to direct and assess workmanship.

### Time risks

- Identification and engagement of suitable tradespeople
- Coordination and continuity of work
- Completion of work.

### Future risks

- Cost of rectifying non-compliant building work within prescribed time period.

Many of these risks may influence the cost of building work.

The *Building Act* provides for the registration of building practitioners and this has many advantages to offer consumers. Risks are reduced where a registered building contractor, being a registered building practitioner, provides a building contract. Where the contract sum exceeds \$12,000 and the contractor is required to provide home warranty insurance, risks are further reduced.

Before deciding to become an owner-builder, ask yourself these questions:

*How much of your work and time can you dedicate to the project?*

*What is your knowledge of the building industry?*

*What is the condition of your health (eg no back problems)?*

*Are you willing to be called back by subsequent owners to rectify non-compliant building work?*

*If intending to use sub-contractors, are you qualified or capable to supervise ALL construction work, and have you the ability to co-ordinate the flow of work by sub-contractors to enable you to complete the project inside your time and cost schedule and the period allowed by the building permit to complete the work (2 years)?*

*Are you able to handle financial or contractual disputes and oversee sub-contractors?*

*What about your availability to be on-site to receive materials and ensure that they comply with specifications of required quantity and quality?*

*Do you have the ability to distinguish technically what is defective building work?*

*Are you aware of the occupational health and safety laws and requirements of WorkSafe NT for safety on any building site?*

*Do you have the experience to establish the value of work completed on the project to enable you to make accurate payments to sub-contractors?*

*Are you able to predict material and labour cost increases during the project, and will you have sufficient money left over to decorate your home?*

*Are you able to determine if your proposed home site contains reactive clay or problem soils?*

*Are you aware of time limits that apply to building permits?*

*Are you sure of the exact boundaries of your land as this is your responsibility? You may have to engage a licensed surveyor to check if the boundary pegs are in the correct place.*

*Are you aware of and able to make appropriate payments to all contractors and be aware of obligations of the Australian Taxation Office for taxation and superannuation requirements?*

*Are you aware of the new laws in the Northern Territory covering contractor payments [Construction Contracts (Security of Payments) Act and Regulations]?*

## Degree of Involvement of the Owner-builder

The intending owner-builder should consider their family's needs. The role of an owner-builder is demanding, especially if you have a full time job and a family to support and think about. A building program will need the full support and cooperation of your partner and family.

As an owner-builder you **have decided to take on all the tasks that a builder must do** to complete a successful construction project. You must allocate time almost every day to visit the site and keep activities to schedule, check occupational health and safety requirements, order materials, visit suppliers and hardware stores and make phone calls to remind tradesmen to advise you of delays or revised site timing schedules.

## OWNERBUILDERMANUAL

Calculate the absolute amount of time available to spare on the project. The cost of time spent on the project must be measured against money lost as foregone business earnings, time spent at your place of employment or with your family.

Unless you are confident that you can meet all of these and other competing requirements, you should seriously reconsider whether you should be an owner-builder. Registered building practitioners in the Northern Territory are equipped to provide all of these services and take all the responsibility for the construction and on-going satisfactory performance for your home.

You can find a registered building practitioner on the Department of Planning and Infrastructure web site [www.nt.gov.au/lands/building](http://www.nt.gov.au/lands/building) .

## Funding the Owner-builder Project

The owner-builder must be able to meet the cost of the building work and most will need to borrow money. Many first home owners have high expectations regardless of whether they can afford a large house with all “top of the range” appliances. However owner-builders should not overcommit to a large mortgage with the constant worry that a rise in interest rates will see them lose their dream home.

When approaching your bank or financial institution for a loan to build they will usually require the name of the builder, so as you are going to build it yourself as an owner-builder consider the following issues –

- Are you experienced enough to complete the project within budget?
- Is the house able to be sold if you run out of money before completion?

As the financial institution needs security on your home or proposed building project, the answer to these questions will affect the amount that is obtainable from these institutions:

The more experienced you are, the better chance you have of getting a loan.

### Applying for a bank loan

Financial institutions want to see a clear and realistic proposal, and the types of information they may wish to see will include:

- A list of the applicant’s assets (property owned) and their liabilities;
- Details of their cost of living;
- The applicant’s income and ability to make a financial contribution to the project.

Go prepared with the right information, as the financial institution will want to look at hard facts about the design costs, and drawings, detailed cost estimate of the project and verification of the building permit. Lenders claim that major problems encountered with owner-builders is the cost blowout – an underestimation of cost and overestimation of their own funds. The financial body may insist that a fixed percentage of the estimated total cost be set aside to cover unexpected contingencies. Applications are based on merit, and funds granted will need to be made available at pre-determined stages of the construction activity.

## Valuations

When you are building your own home organising finance is a complex task and the lender must be able to determine the final value of the completed property. When arranging a valuation, the lender will generally require the following information:

- As an owner-builder, an estimate of construction costs or, if using a sub-contractor builder, a contract, tender or quote;
- A written schedule of progress payments, to show how much money you will need as you build, and works the owner intends to complete for each stage. This will assist the lender in assessing your cash flow.
- Approved plans and specifications, and any conditions of approval. The Building Permit may also be required.
- Written details of work that is to be carried out by you as an owner-builder, friends, family or subcontractors. This should include all trades. Highlight any works to be carried out at no cost by you or at a discounted rate by you or your family and friends. You will also need to supply a complete costing of works to be subcontracted to qualified tradespeople and copies of written quotes to be provided.
- If doing the actual building work yourself, the lender will also require:
  - Written details of where you intend to buy the building materials, the credit terms available and copies of any trade labour cost quotes already arranged; and
  - Evidence of your savings required to fund construction to a stage when the lender will release the loan funds.

## Avoid cash-flow pitfalls

Lending institutions normally advance loan funds through progress payments during the course of construction. Generally speaking, four progress payments are made. However, the lender will only advance funds as a percentage against completed work done; i.e. permanent constructional improvements.

A common problem with owner-builders is that they spend what savings they have on wrong items at the wrong time (e.g. bathroom vanities and fittings, light fittings, curtains, windows etc. on sale) and then store them. When a valuer inspects the building work on behalf of the lender, he cannot take into consideration items purchased at a sale if they are stored in the garage and not erected on the building site. They also cannot recommend a further progress payment.

The owner-builder then has no funds to pay the tradesman to erect those materials and now has a lender that will not advance funds to replenish money already spent,

as the value is not in completed fixed work. This creates a cash flow dilemma and a stalemate and all work is stopped on the job while interest is still accruing daily with a monthly interest payment to be made, all while the borrower is still paying weekly rental for accommodation.

### Progress payments

An owner-builder is responsible for paying sub-contractors without delay when their work is completed. You should be aware of the *Construction Contracts (Security of Payments) Act* which commenced in the Northern Territory on 1 July 2005 and which covers construction contracts. Under this legislation, contractual provisions that delay or stop the movement of funds down the contracting chain are prohibited. Where there is no written contract, the legislation prescribes fair and reasonable payment terms.

In the event of a dispute, this legislation provides an effective and swift dispute resolution process with qualified experts registered to adjudicate disputes.

### Taxation for employees

The owner-builder may be liable for payments of tax for the wages paid to employees and subcontractors during the building project. You should contact the Australian Taxation Office to clarify your obligations for taxation or visit their website [www.ato.gov.au](http://www.ato.gov.au) for more information.

### Superannuation Guarantee

As an employer, the owner-builder may be required to make contributions to eligible employees, or otherwise required to make a superannuation guarantee charge. You should contact the Australian Taxation Office to clarify your obligations for superannuation or visit their website [www.ato.gov.au](http://www.ato.gov.au).

# Owner-Builder Certificate

## What is an Owner-Builder Certificate?

An owner-builder certificate is written consent from the Building Practitioners Board that enables you to obtain a building permit and carry out prescribed building work over the value of \$12,000 as an owner-builder on your own land. Obtaining an owner-builder certificate does not automatically guarantee that you will be issued with a building permit.

If the land is owned by more than one person, all the owners must apply for the owner-builder certificate.

## When is an Owner-Builder Certificate Required?

Landowners who intend to apply as an owner-builder for a building permit to carry out prescribed residential building work valued at over \$12,000 must provide an owner-builder certificate to a registered building certifier.

You will need to obtain an owner-builder certificate in order to obtain a building permit for any subsequent prescribed building work (valued over \$12,000) on the same property.

## When is an Owner-builder Certificate not required?

If you intend as an owner-builder to carry out prescribed residential building work valued at under \$12,000 you do not require an owner-builder certificate to obtain a building permit.

If you are a registered building contractor and own the land on which the prescribed building work is to be carried out, you do not require an owner-builder certificate to obtain a building permit.

## How long is an Owner-Builder Certificate valid for?

An owner-builder certificate is valid for three years from the date it is issued. The Building Practitioners Board may renew the certificate for a further period (not longer than three years) on an application by the owner-builder.

The Building Practitioners Board cannot grant an owner-builder certificate to a person who has already been granted an owner-builder certificate in respect of other land unless a period of six years has elapsed since that certificate was granted.

## Who is not eligible for an Owner-builder Certificate?

From 3 July 2006, you will not be able to obtain an owner-builder certificate if:

- The building work does not relate to a single dwelling;
- an owner-builder certificate has been issued to you within the last six years to carry out residential building work on **another** block of land owned by you;
- a co-owner of the land you wish to build on has been issued with an owner-builder certificate to carry out residential building work as owner-builder on another block of land he or she owns;
- you or a co-owner are a registered building contractor.

## What happens if I carry out residential building work without a Building Permit or an Owner-builder Certificate?

If you carry out prescribed building work valued at over \$12,000 without obtaining both an owner-builder certificate and a building permit, you are liable to be prosecuted by the Director Building Control. The maximum penalty for either offence is \$10,000.

## Do I need to be registered with the Building Practitioners Board?

You will not be registered as a building practitioner. However, you will be recorded with the Building Practitioners Board as an owner-builder and a record of your building activity will be kept on file. A record of the building project will be kept on the relevant Building Record also.

## What information may be required for an application?

You must complete the questions in the Owner-Builder Application Form available from the Building Practitioners Board (see page 14) or visit [www.nt.gov.au/lands/building/boards/bpb](http://www.nt.gov.au/lands/building/boards/bpb) . The Building Practitioners Board may request further information that is reasonably required to decide whether to grant an application.

## Who is eligible for an Owner-builder Certificate?

To be eligible for an owner-builder certificate you must:

- be an individual;
- be a titleholder of the land on which the residential building work is to occur; - should there be more than one titleholder, all names must appear on the owner-builder certificate;
- not have entered into an agreement to transfer ownership of the land to another person.

## Applying for an Owner-builder Certificate

To apply for an Owner-Builder Certificate, you must:

- Complete the Declaration found on page 27 of this document stating that you have read and understood this Manual;
- Obtain a copy of a Land Title Office Search (less than 28 days old) for the land on which the building activity is to take place;
- Complete the Owner-Builder Certificate Application Form available from the addresses below (please note that all co-owners of the land must sign the Application Form);

Send or deliver the completed application form, along with the signed Declaration and any other supporting documents and a (nonrefundable) application fee to (PLEASE REFER TO THE PAY SCHEDULE FOR CORRECT FEE AMOUNTS – This is located on our website [www.nt.gov.au/bpb/forms.shtml](http://www.nt.gov.au/bpb/forms.shtml))

The Registrar  
Building Practitioners Board  
NT Build  
12 Charlton Court  
WOOLNER

GPO BOX 1680  
DARWIN NT 0801

Telephone: (08) 8923 9309

Or visit [www.nt.gov.au/bpb](http://www.nt.gov.au/bpb)

# Preparing to Start Building Work

If you plan to carry out building work on your property as an owner-builder, you must comply with the requirements of building legislation including the *Building Act*, Building Regulations and the Building Code of Australia (which is adopted as part of the Regulations).

## Design Documentation

The standards controlling the detail of design and building construction in all States and Territories is the Building Code of Australia (BCA). The BCA addresses the technical provisions for the design and construction of buildings and structures. It is produced in two volumes – Volume 1 (commercial buildings) and Volume 2 (domestic buildings).

The BCA covers issues such as:

- Structure
- Fire resistance
- Access and egress
- Service and equipment
- Health and amenity of buildings
- Energy efficiency.

The BCA is a complex technical, performance-based document that requires a level of technical expertise to interpret. It is recommended that unless you have the appropriate technical skills, you engage an appropriately qualified draftsman or architect to produce your building design documentation.

A house plan properly drafted provides a full specification of the work to be performed, so a correctly detailed plan saves disputes and unnecessary direction, supervision and verbal instructions to contractors or trades people.

Plans prepared by architects and draftsmen will have copyright. A breach of copyright may also occur if copying a certain percentage of a plan. Some plans are also sold for individual use only.

If using an architect or a draftsman there are institutes such as the Royal Australian Institute of Architects or professional associations such as the NT Building Designers Association that can provide names of members.

Laws on energy efficiency for houses have applied from 1 January 2003, adopting provisions in the BCA. As these are minimum provisions there is still considerable scope for individuals to have a home designed and built incorporating design features that will exceed the minimum energy efficiency standards required. A lot of considerations that make a home more energy efficient add little to the building costs if they are incorporated into the design.

If you have queries relating to a domestic building or difficulties interpreting a provision of the BCA, you should talk to your building certifier.

Copies of the BCA and the Guide to the BCA can be ordered online via the Australian Building Codes Board On-Line Shop [www.abcb.gov.au](http://www.abcb.gov.au).

### Planning Considerations

Before any work starts, and before applying for a building permit, you may need to obtain a development permit from the Consent Authority to comply with the *Planning Act*.

The development approval process regulates the use and development of land by assessing proposals against Government planning schemes and planning legislation. It particularly examines the impact of the proposed development or use on the surrounding area, whereas the approval process under the *Building Act* focuses on the proposed structure and its safety.

### Obtaining a Building Permit

Part 6 of the *Building Act* states that anyone (including owner-builders) intending to undertake building work must obtain a building permit in respect of that work before commencing.

Once your design documentation is finalised, you should engage a private building certifier. The private building certifier will –

- check that the plans are in accordance with the Building Code of Australia and the Building Regulations;
- assess any special structural requirements;
- ensure that you have all the necessary documentation required by legislation before you are able to commence building.

A building certifier may require the applicant for the permit to provide additional information or documents or to amend the application. If that information is not provided by the applicant within a specified time, the building certifier may treat the application as having lapsed.

A building permit that is granted by a building certifier is valid for a period of 2 years from the date it was granted. Building work needs to be completed during this period unless an extension of time has been granted by the building certifier before the expiration of the building permit.

A private building certifier will charge a fee for the above service.

A list of current private building certifiers is available from the Department of Planning and Infrastructure website [www.dpi.nt.gov.au](http://www.dpi.nt.gov.au).

# Insurance

## Mandatory Insurance Requirements under the *Building Act*

### *Home Building Certification Fund (HBCF) Owner-Builder Insurance*

Before commencing building work, an owner-builder must obtain a Home Building Certification Fund Owner-Builder Insurance Policy as required by section 48L of the *Building Act* from the Territory Insurance Office.

This insurance policy must relate only to the building work to be carried out under the Owner-Builder Certificate as a discrete project and provide cover to future owners of the home for rectification of any non-compliant building work for a period of 10 years from the completion of building. This policy becomes active once the occupancy permit has been issued.

An owner-builder will not personally be able to make a claim on this insurance policy.

## Other recommended Insurances (not mandatory under the *Building Act*)

### *Public Liability Insurance*

Building sites are dangerous places. Public Liability insurance covers third party injury and property damage that occurs during the period of the policy.

### *Workers Compensation*

Owner-builders should take out a workers compensation insurance policy for the building activity. Any sub-contractors employed by an owner-builder may be deemed to be a worker of that owner-builder. This could include builders labourers, and some sub-contractors. Homeowners doing extensions or renovations may find that their normal domestic workers compensation policy does not cover building work.

Where tradespersons or contractors are employed to work on the property, such as plumbers, electricians, and builders, you should obtain from each one a confirmation of what their insurance covers prior to commencement on site. This could be a certificate of currency of an insurance company, or a photocopy of the policy itself.

### *Construction Insurance (also called Contractors All Risk Insurance)*

A building contractor's All Risk Policy covers the main risks during the building process – malicious damage, theft, vandalism, fire, storm, wind and water damage during the construction period. Some policies also include the costs of demolition of damaged work and professional fees in the event of a major claim.

Be aware that many domestic house and contents insurance policies do not cover building work and will only apply once the work is finished, and the building certifier has issued the necessary certificates. This is particularly important if an owner-builder is making an alteration to an existing building, as some policies may not cover the existing building during the construction period either.

Contractor policies for owner-builders are usually not renewable and the work must be fully completed within the policy period if the owner-builder wishes to be fully covered.

### *Key Person Insurance*

This policy covers sickness or death that will guarantee repayment of the loan should you meet with illness or accident.

### **Key Questions to Ask**

The owner-builder should contact insurance brokers or insurance companies for quotations and information. Some starting questions could include the following:

- What is the minimum coverage of a Public Liability policy? e.g. 5 million plus.
- Is the insured value the owner-builder construction price, or the full replacement value in the case of a total loss?
- Does the policy cover demolition costs in the event of major loss?
- Is adjacent property protection available with a contractor's policy?
- Does the policy cover existing structures on the property? Prior to starting building work you should advise your house and contents insurer, as your existing policy may cover minor renovation projects.
- Does the policy cover the owner-builder against negligence claims from contractors or tradesman killed or severely injured on the work site?
- If works have already commenced, is it still possible to obtain insurance?

### **Site Security**

Fencing the work site is a good form of "insurance" as it may stop theft, pilfering and vandalism of valuable building materials, and also keep out intruders for their own safety.

# Carrying Out Building Work

## Hiring subcontractors and tradespersons

By choosing to be an owner-builder, you forego the benefits of using an accredited building practitioner and you are responsible when selecting people to carry out work on your behalf.

### *Choosing tradespeople*

There is no occupational licensing of tradespeople in the building industry (except electricians and plumbers) in the Northern Territory, so ask for references from owners for whom they have worked. Ask the tradespeople pertinent questions such as:

*Do you belong to a building or trade association? Do*

*you hold any trade qualifications or licences? Can I*

*inspect recent examples of your work?*

*Are you familiar with the work that I want done and are you capable of doing the work competently?*

*When could you start?*

*How long do you think the job will take?*

*Can you give us an estimate of the cost of the job?*

*What are the terms of payment and at what stage?*

*Are you covered by insurance such as Workers Compensation, Public Liability or Income Protection?*

Electrical contractors must be licensed in the Northern Territory by the Northern Territory Electrical Workers and Contractors Licensing Board. More information can be obtained from the web site [www.electricallicensing.nt.gov.au](http://www.electricallicensing.nt.gov.au).

Plumbers and Plumbing Contractors must also be licensed by the Northern Territory Plumbers and Drainers Licensing Board. For more information, visit [www.nt.gov.au/plumbers](http://www.nt.gov.au/plumbers).

### *Hiring tradespeople*

Sub-contractors let out their services either by:

A price or quote for a pre-determined amount of work, which can cover materials and labour necessary for the job;

Or a cost plus deal; a set rate per hour of involvement with or without the materials;

Most tradespeople provide a tendered price or fixed quote, so the owner-builder knows the work will cost a fixed sum.

### *Getting quotes*

Obtain at least three written quotes from tradespeople, based on exactly the same description of the scope of work. This also includes clarifying what work and materials you expect the tradesperson to supply and what work and materials you might be supplying.

Compare quotes carefully to ensure that each contains details of the same work and materials. Do not always accept the cheapest quote as you need to weigh material content and labour and ability of the contractor to competently fulfil obligations. Examine the quote carefully to ensure that they cover everything that you want.

Should the quote be acceptable – ask for three references of completed work available for inspection and a contact for a job currently underway.

### *Co-ordinating sub-contractors*

A building project requires that one person must be responsible for management and coordination and that person needs to have a plan of action. An experienced builder has spent a life time perfecting job flow, costing and building site management. By comparison an owner-builder may be inexperienced and may make many mistakes.

Problems may arise, such as a tradesperson unable to perform a particular task on a scheduled date, materials not delivered on time, bad weather, orders partly filled, and so the schedule must be flexible. A common problem may be the availability of tradespeople, as they work around other commitments with building contractors.

- Select people you feel you may be able to work with;
- Ask what sort of lead time they require;
- Keep in touch to tell them when they are going to be needed (eg. One month before work starts);
- Make sure materials are on site ready for use when they arrive;

- Be realistic about your expectations of the progress;
- Be wary of paying for a stage too early until satisfied the required work is completed properly.

### *Occupational Health and Safety*

As an owner-builder you should know how occupational health and safety (OHS) legislation can affect your plans. Please refer to the *Work Health (Occupational Health and Safety) Regulations*, in particular Part II Construction Work. As an owner-builder intending to do work yourself, and also engaging independent tradespeople as required, you are responsible for ensuring your sub-contractors comply with minimum safety standards. In effect, you become the accountable person as you have primary control over the workplace, and therefore have the responsibility for health and safety.

You should ensure that you have appropriate workplace and public safety insurance policies in place.

When protection works are required, you may also be required to obtain insurance for adjoining property protection during construction.

## Works in Progress

An owner-builder must comply with the building permit and any conditions forming part of that building permit. Normally the building work must be completed within 24 months of issue of the building permit.

Any changes to the approved plans during the construction period may require the consent of the building certifier.

An owner-builder must not allow dust, fumes, noise, smoke, sewage or concentrations of water that occur in the course of building work to become a nuisance or a public health risk.

Noise has become an increasingly significant environmental issue.

## Inspection and Certification of Building Works

The building permit issued by the private building certifier must indicate the mandatory inspection stages which need to be adhered to before the building work is allowed to continue to the next stage. These stages include :

- Concrete pre-pour stage – prior to pouring the footing, ground floor slab, and any other in-situ concrete building element;

## OWNERBUILDERMANUAL

- Frame stage – prior to covering the framework for any floor, wall, roof or other building element;
- Block wall stage – prior to pouring of any reinforced masonry or block wall;
- Wet area stage – prior to covering any water-proofing in any wet area; and
- Final stage – after the building work has been completed and prior to any occupation permit being issued.

You must notify your building certifier at the appropriate time so that the mandatory inspections can be carried out.

Should the private building certifier find something that does not comply with the relevant building permit, the Building Act or the Regulations, he/she may direct you to carry out work so that the building work complies. Other building work will not be able to proceed until you have complied with this direction.

A private building certifier will not issue a final inspection certificate until:

- the building work is complete and complies in all material respects with the Regulations; and
- directions (if any) given by the private building certifier under the Act have been complied with.

## Written Contracts

Should you decide that you are unable to complete the building project as an owner builder, you may wish to engage a registered building contractor residential (restricted) or (unrestricted) for any of your building works over \$12,000. The registered building contractor must enter into a written contract with you (section 48B of the *Building Act*). The contract must contain certain minimum mandatory clauses including:

- the name of the builder and the builders registration number;
- any deposit to be a maximum 5%;
- work stages and amounts for progress payments;
- the full extent of works; and
- a dispute management process.

A contract will be limited to a single building project.

If you do decide to engage a registered building contractor, you must notify the building certifier in writing within 14 days after engaging the building contractor.

You must provide evidence that a contract has been entered into and evidence that the required policy of insurance has been obtained (section 48J of the *Building Act*).

# Completion of Building Work

## Occupancy Permit

Once the building work is complete and the final stage inspection has been Completed, you may apply to the building certifier for the occupancy permit.

A building certifier will not grant an occupancy permit unless the application for the permit has:

- a builder's declaration in the approved form (see section 69 of the *Building Act*);
- a copy of each certificate relied on under section 40 of the *Building Act*;
- a copy of each inspection certificate issued by the building certifier;
- a certificate of compliance for electrical works if any;
- a copy of each relevant planning or other prescribed consent, report or approval, if any; and
- a copy of any other prescribed certificates such as -
  - o glazing certification,
  - o termite management system.

The period within which a building certifier shall decide an application for an occupancy permit is 20 days commencing from the day on which the application for the occupancy permit is lodged with the building certifier.

The building certifier is required to provide a copy of an occupancy permit to the Director, Building Control within 7 days of issue. This is placed on the building record.

# Relevant Building Legislation:

## ***Building Act 1993***

### ***Building Amendment Act 2004***

### ***Building Amendment Act 2005***

#### Section 48D

##### **Owner-builders to hold certificate**

This section of the Act specifies that a person must not commence or continue to carry out prescribed residential building work over the prescribed value (\$12,000) on land that he or she owns unless the person is an owner-builder (ie. holds an owner-builder certificate). The maximum penalty for breaching this requirement is \$10,000.

#### Section 48E

##### **Application for owner-builder certificate**

This section of the Act specifies how a person may make application to the Building Practitioners Board for an owner-builder certificate to carry out building work on land that he or she owns. If the land is owned by more than one person, all the owners must apply for the owner-builder certificate.

A person making a false declaration in an application for an owner-builder certificate will face a maximum penalty of \$10,000.

#### Section 48F

##### **Granting of owner-builder certificate**

This section specifies that the Building Practitioners Board, if satisfied that the applicant for an owner-builder certificate is the owner of the land, has read and understood this Manual and has not entered into an agreement to transfer ownership of the land to another person, it must grant the applicant an owner-builder certificate. It also provides that if there is more than one applicant (co-owners of the land), only one person is required to read this Manual.

#### Schedule 3

##### **Common provisions relating to permits, &c**

##### Clause 3 Form of Application

This clause specifies that an application for a building permit must be in the approved form, contain the information required by the form and be accompanied by the documents, if any, prescribed for the purposes of this clause (reg.6 specifies the documents to accompany an application).

#### Section 48L

##### **Owner-builder home warranty insurance**

This section specifies that an owner-builder must not commence or continue to carry out building work permitted under the owner-builder certificate unless the owner-builder has a policy of insurance as required by this section. The maximum penalty is \$10,000.

The policy of insurance must –

- (a) relate only to the building work to be carried out under the owner-builder certificate as a discrete project;
- (b) provide, as a minimum, cover of a type and on conditions as specified in the Regulations that will indemnify a future owner of the building against financial loss if the owner-builder fails, because of his or her death, disappearance or insolvency, to carry out the building work to the standard required by the Regulations; and
- (c) contain a statement by the insurer that the policy is a policy of insurance required by this section.

The policy of insurance must provide continuing cover for (b) for a prescribed period (6 years) from completion of the building works.

This section does not apply if the value of the building work is less than \$12,000.

### Section 48G

#### **Building work to be certified**

This section requires that an owner-builder must, not later than 14 days after carrying out the building work permitted under the owner-builder certificate, make a declaration required under section 69(1) of the *Building Act* (see below).

The maximum penalty for not making this declaration is \$10,000.

### Section 69

#### **Declaration to accompany application**

This section requires that a building certifier shall not grant an occupancy permit unless the application for the permit is accompanied by a declaration in an approved form stating that the building work to which it relates has been carried out in accordance with the building permit. The maximum penalty is \$10,000.

The building certifier is not required to inquire whether a person who gives a declaration is the person who carried out the building work.

The person making the declaration is legally bound by this declaration and will be held responsible for the building work.

## Useful Contacts

Information about this Manual:	Building Advisory Services Dept of Planning and Infrastructure GPO Box 1680 Darwin NT 0801 Ph: 899 98961 <a href="http://www.nt.gov.au/lands/building">www.nt.gov.au/lands/building</a>
Building Act and Regulations:	Building Advisory Services Dept of Planning and Infrastructure <a href="http://www.nt.gov.au/lands/building">www.nt.gov.au/lands/building</a>
Building Practitioner Registration:	Building Practitioners Board Registrar Ph: (08) 8923 9309 <a href="http://www.nt.gov.au/bpb">www.nt.gov.au/bpb</a>
Building Standards:	Australian Building Codes Board 1 300 857 522 <a href="http://www.abcb.gov.au">www.abcb.gov.au</a>
Contractor Payments:	NT Build 1300 795 855 <a href="http://www.ntbuild.com.au">www.ntbuild.com.au</a>
Occupational Health and Safety:	NT Work Safe 1800 019 115 <a href="http://www.worksafe.nt.gov.au">www.worksafe.nt.gov.au</a>
Electrical Licensing:	Electrical Safety Unit (08) 8981 5435 <a href="http://www.electricallicensing.nt.gov.au">www.electricallicensing.nt.gov.au</a>
Insurance:	Insurance Council of Australia <a href="http://www.ica.com.au">www.ica.com.au</a>  Territory Insurance Office 1300 301 833 <a href="http://www.tiofi.com.au">www.tiofi.com.au</a>
Plumbing Licensing:	Plumbers and Drainers Licensing Board (08) 8999 8972 <a href="http://www.nt.gov.au/lands/building/boards/plumbers">www.nt.gov.au/lands/building/boards/plumbers</a>
Taxation and Superannuation:	Australian Taxation Office Ph: 13 28 66 <a href="http://www.ato.gov.au">www.ato.gov.au</a>

# OWNERBUILDERMANUAL

## OWNER BUILDER DECLARATION

### OWNER BUILDER DETAILS:

Name:

\_\_\_\_\_

Address:

\_\_\_\_\_

Phone No.:

Email:

\_\_\_\_\_

### DETAILS OF BUILDING WORK:

Address:

Lot No.:

\_\_\_\_\_

\_\_\_\_\_

Type of Work:

(eg new house, extension to house)

\_\_\_\_\_

### DECLARATION:

I ..... declare that I am an owner-builder as set out in the *Building Act* and that –

- (a) I have read the information in the Northern Territory Owner-Builder Manual; and
- (b) I understand the obligations, risks and responsibilities as the owner **and** the builder under the *Building Act*, the Building Regulations and other relevant Acts and Regulations related to the management and carrying out of building work.

#### SIGNED:

Owner: Signature of Owner .....

AT: ..... on .....day of ..... 20...

#### BEFORE:

Witness\*: Signature of Witness .....

Print Name .....

*\*Any person over the age of 18 may witness this declaration.*