

FACT SHEET

DOMESTIC SHED AND GARAGE (CLASS 10A BUILDING WORK)

MARCH 2010

If you are an owner-builder, shed retailer or building surveyor you need to be aware of your role and responsibilities when involved in the construction of a domestic shed or garage.

A recent investigation conducted jointly by the Building Commission and the Plumbing Industry Commission has revealed some shed companies are trying to get around the rules by telling consumers to become owner-builders when applying for a building permit and are then using or arranging for unlicensed or unregistered tradespeople to do the work.

If you are constructing a shed or garage you need to be aware of and comply with the following:

- Most domestic sheds and garages require a building permit. Some sheds and garages with a floor area of less than 10 m² may be exempt;
- If a building permit is required and the building work including supply and installation costs more than \$5000, unless you are an owner-builder, you must use a registered building practitioner to carry out the work;
- A major domestic building contract must be entered into with the registered builder for work over \$5000;
- If the cost of the work (including labour and materials) exceeds \$12,000 the builder is required to provide domestic building warranty insurance;
- The installation of roof sheeting, flashings, guttering and downpipes on a shed, regardless of scale, must be carried out by a registered or licensed plumbing practitioner if it is connected to a stormwater collection or disposal system; and
- If the value of the roof plumbing work exceeds \$750 a compliance certificate is required from a licensed plumbing practitioner.

INFORMATION FOR CONSUMERS/OWNER-BUILDERS

Building a shed may seem like a straightforward task but you must be aware of the rules with regard to this type of building and comply with them. Entering into arrangements with shed retailers who suggest that you become an owner-builder but manage the project for you (i.e. organising builders and plumbers) – may be putting you at risk.

Things you should look out for include:

- Shed companies insisting you be an owner-builder. **Be aware that as an owner-builder if you sell your property within 6½ years of completion of the work you must have the building inspected and provide a report to the purchaser. You are also responsible for providing warranty insurance to the new owner if you sell within 6 years of completion of the work.**
- Companies that split their quotes or insist you pay for other trades separately from supply of the shed kit. **If the company supplies the material and arranges the other trades and the total cost of the work is more than \$5000, they must be registered building practitioners.**
- Companies revising down your quote to under \$12,000 so they do not have to provide you with domestic building warranty insurance.
- Work where the cost of roof work, including labour and the material cost is more than \$750, ensure a plumbing compliance certificate is supplied
- Connection of downpipes from the roof to water tanks and the stormwater drainage system must also be done by a licensed plumber and a certificate of compliance should be provided; ascertain if this is included in any quote.

Make sure only registered building practitioners and licensed or registered plumbers are working on your shed. This protects you and ensures the work is to a high standard.

INFORMATION FOR SHED RETAILERS

Businesses that only sell kit sheds or materials to the public and do not assist with or arrange in any way the construction of the shed do not have any responsibilities relating to its construction.

However, if as a retailer you intend to offer your clients the option of assisting with construction you have to comply with the relevant legislation.

If you are providing or arranging building or installation services of domestic sheds and garages please remember you are required by law to:

- Ensure a building permit has been obtained, if required, prior to commencing work;
- Use only registered building practitioners to undertake work valued over \$5000;
- Provide a major domestic building contract for work over \$5000;
- Provide domestic building warranty insurance for work exceeding \$12,000; and
- Ensure the installation of shed roof and guttering, regardless of scale, is carried out by a registered or licensed plumber and if the value of the roof work exceeds \$750 a compliance certificate is obtained.

If you do not comply with legislation or try to circumvent it by improperly nominating, or persuading, an owner to be an owner-builder to enable a building permit to be issued, you may be prosecuted in a magistrates court where you may be fined and incur costs.

INFORMATION FOR BUILDING SURVEYORS

The investigation has revealed that some shed retailers are acting as an agent for the owner or otherwise getting owners to obtain building permits as owner builders; but are then arranging, managing or otherwise carrying out the building work for the owner without being registered.

This has included cases where the company supply the shed kit, but then arrange each trade separately and request that the owner pay each trade individually; often these are listed as separate items on the customer quote.

In some cases, the value of the shed has been revised to just below \$12,000 so the owner does not need to apply for a certificate of consent to be an owner builder from the Building Commission and warranty insurance does not need to be supplied.

In many of these instances, and particularly where the shed company has acted as agent to obtain the building permit, the owner is not aware they were an owner builder or that they had taken on all associated risks and responsibilities of the builder.

While the Building Act 1993 and the Building Regulations 2006 provide detail of how a building surveyor should assess building permit applications, the Commissions suggest that when applications for a Class 10a building are received, surveyors should consider:

- Ascertaining from the owner builder who arranged or who is actually carrying out the building work;
- If the value of work is over \$5000, and the work is being managed, or arranged, or carried out, by the shed company, ensure their builder registration details are provided in the application;
- For work valued >\$12000 that is being managed, or arranged, or carried out, by the shed company, request proof of builders warranty insurance; and
- For any roof plumbing work where the value including materials and labour is estimated at more than \$750, sight the plumbing compliance certificate before issuing the certificate of final inspection.