



# INFORMATION SHEET

## Workplace Services

Date: 14 February 2018  
Reference: NFSREG1252

### **New Strata Laws – obligations for builders and developers**

Changes to strata laws have seen new requirements being placed on builders and developers involved in the construction of new strata buildings. The underlying reason for this new scheme is to provide additional protection for residents/consumers by allowing for the early rectification of defective building work in new high-rise strata buildings.

Contracts entered into (or works commenced) after 1 January 2018 are required to comply with the new laws.

From this date, if you are a developer or builder involved in the construction of new strata developments of 4 or more storeys you are required to comply with the new laws. Large fines apply for any breach.

### **The changes**

Developers will be required to carry out mandatory inspections on all strata developments to identify any defective building work. Developers are also required to lodge a Building Bond (**Bond**) with NSW Fair Trading (**Fair Trading**) equal to 2% of the contract price. The contract price is the total price that is paid for all of the contracts that are used for the building work.

The Bond can be used to pay for the cost associated with the rectification of any defective building work identified during the mandatory inspections up to the maximum 2% of the contract price.

The building bond must be lodged before an occupation certificate is issued for any part of a building for which the building work was done.

### **The building bond and inspection regime**

#### **Registering on the portal**

Fair Trading has developed an online portal that has to be used to comply with the new laws. It can be accessed here: <https://reg.force.com/StrataBondDeveloper>. It is known as the Strata building bond and inspection scheme online portal (**SBBIS Online Portal**).

A strata developer has to register through the online portal. After creating an account on the portal, developers can upload and save documents as they become available. They must upload a range of information about the project including the strata plan number, the street address of the building and the name and address of the principal certifying authority for any building work.

Developers can then submit the lodgement form, required documents, information and payment to the Building Bond Secretary for approval. (The Building Bond Secretary is NSW Fair Trading, on behalf of the

Secretary of Department of Finance, Services and Innovation.) At this stage the developer must also ensure that it has provided the builder's professional and contact details, including a valid email address.

A builder also has to register so that they can search the online portal for all the projects they are involved with and to make sure their own details are correct. They will be sent notifications for the interim and final report to the email address provided by the developer.

Builders are able to check their involvement with all the projects they have been connected to by developers and to dispute them if necessary. Builders can also check the progress of the SBBIS. This allows for builders to plan for any rectification of defective building work that may be required after the interim report is issued for all projects they are involved in.

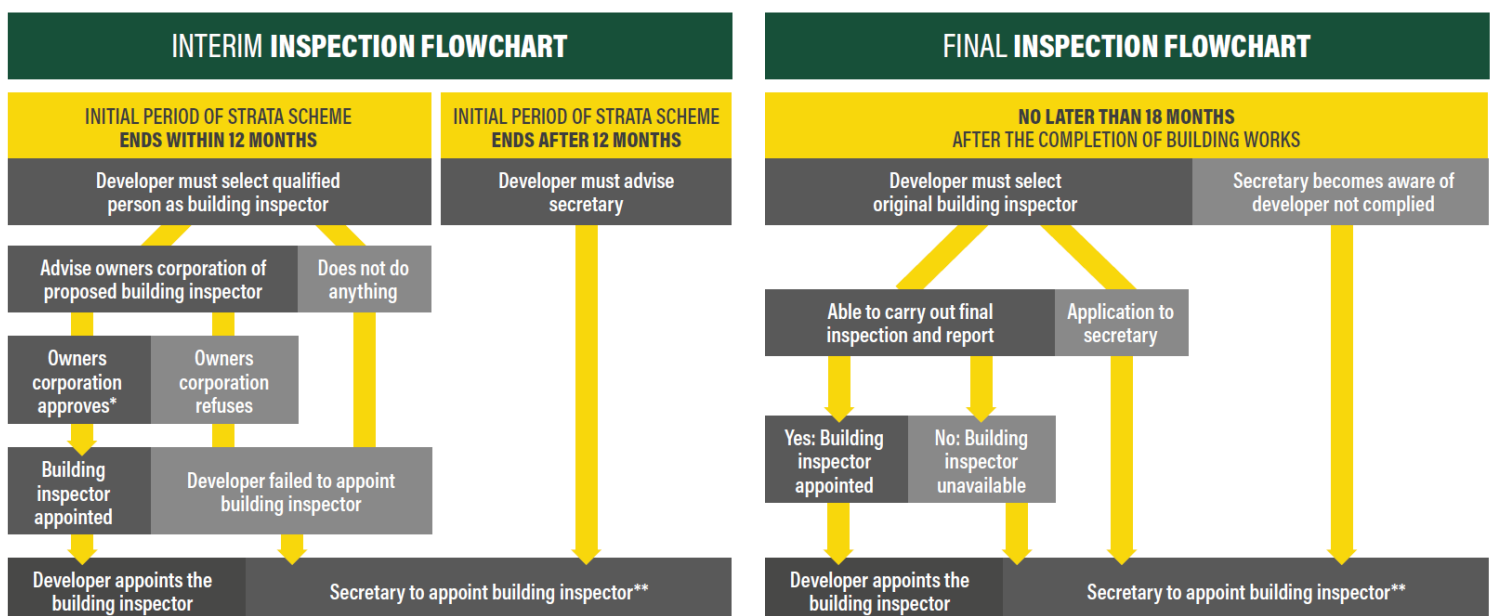
### The role of inspectors

A developer has to appoint and pay for an independent strata building inspector, who then has to be approved by the owners corporation. An inspector has to complete an interim inspection and produce a report. The inspector must produce this report between 15 and 18 months after the occupation certificate is issued.

The final inspection must be completed and the report uploaded to the online portal between 21 and 24 months after the occupation certificate is issued.

An inspector must be a member of a strata inspector panel. Please note that despite HIA being listed by Fair Trading as a body entitled to establish a strata inspector panel, HIA currently has no plans to establish a strata inspector panel.

### Flow charts of the inspection process



**For further information call the HIA Member line on 1300 650 620**