

APPENDIX A
(This Appendix forms an integral part of AS 2870-1988)

TABLE A1
CLASSIFICATION OF DAMAGE WITH REFERENCE TO WALLS

Description of typical damage and required repair	Approximate crack width limit (see Note 1)	Category and damage degree (see Note 2)
Hairline cracks.	< 0.1 mm	0 Negligible
Fine cracks which do not need repair.	< 1 mm	1 Very slight
Cracks noticeable but easily filled. Doors and windows stick slightly.	< 5 mm	2 Slight
Cracks can be repaired and possibly a small amount of wall will need to be replaced. Doors and windows stick. Service pipes can fracture. Weathertightness often impaired.	5 to 15 mm (or a number of cracks 3 to 5 mm in one group)	3 Moderate
Extensive repair work involving breaking-out and replacing sections of walls, especially over doors and windows. Window and door frames distort Walls lean or bulge noticeably (see Note 3), some loss of bearing in beams. Service pipes disrupted.	15 to 25 mm but also depends on number of cracks	4 Severe

TABLE A2
CLASSIFICATION OF DAMAGE WITH REFERENCE TO CONCRETE FLOORS

Description of typical damage	Approximate crack width limit in floor	Change in offset from a 3 m straight edge centred over defect (see Note 5)	Category and degree of damage
Hairline cracks, insignificant movement of slab from level.	< 0.3 mm	< 8 mm	0 Negligible
Fine but noticeable cracks. Slab reasonably level.	< 1.0 mm	< 10 mm	1 Very slight
Distinct cracks. Slab noticeably curved or changed in level.	< 2.0 mm	< 15 mm	2 Slight
Wide cracks. Obvious curvature change in level.	2 to 4 mm	15 to 25 mm	3 Moderate
Gaps in slab. Disturbing curvature or change in level.	4 to 10 mm	> 25 mm	4 Severe

NOTES:

- Crack width is the main factor, which may be supplemented by others, in assessing category of damage.
- In assessing the degree of damage, account shall be taken of the location in the building or structure where it occurs, and also of the function of the building or structure.
- Local deviation of slope, from the horizontal or vertical, of more than 1/100 will normally be clearly visible. Overall deviations in excess of 1/150 are undesirable.
- Account should be taken of the past history of damage in order to assess whether it is stable or likely to increase.
- The straight edge is centred over the defect, usually a crack, and supported at its ends by equal height spacers. The change in offset is then measured relative to this straight edge.

NOTE

This document provides guidelines for HGF staff when assessing complaints.

There may be individual cases for which these guidelines cannot be used. In general, owners are not entitled to claim under the Guarantee for items which they could have reasonably been expected to have noticed prior to purchase. Tolerances referred to are not applicable if alternative tolerances are specified in the contract provided that at all times construction is in accordance with relevant building regulations and standards.

The standards and tolerances in this brochure are intended to show the minimum level of workmanship acceptable to Housing Guarantee Fund. Any work not meeting the standards and tolerances will be considered a defect.

It must be remembered that having established that a defect existed, HGF would then refer to the relevant legislation to assess whether the claim was valid. This would include checking whether

- the homeowner signed a contract with an HGF-Approved builder
- the homeowner gave notice of the defect in the correct way and within the time limit allowed
- the defect met the limits of claims under the legislation. In the case of the House Contracts Guarantee Act 1987, the claim must meet the time and dollar limits. For claims lodged under the House Builders' Liability Provisions of the Local Government Act 1958, more than 12 months after the Certificate of Occupancy, the defect must be defined as a 'Major Defect'. For more information see back page.

APPLIANCES

Defects occurring in appliances within the manufacturer's warranty period will be covered by the guarantee if not honoured by the manufacturer.

BRICKWORK

Brickwork Distress

Where distress is rated at Category 3 or more (ie. cracks of more than 5 mm; refer AS2870.1 - 1988 Residential Slab & Footings, Part 1: Construction and Commentary) immediate rectification works will be required.

If distress is rated at less than Category 3, the defect may be monitored for a period of time (to be determined by HGF). If, at the end of the monitoring period, the distress rating is still less than Category 3, then for contracts signed prior to 1 May 1988, HGF would reject the claim if no bad workmanship of the builder exists.

For contracts signed on or after 1 May 1988, the builder may be asked to fix if the cost to fix falls within the dollar and time limits of the House Contracts Guarantee Act 1987.

Bed joints and perpends

Bed joints and perpends should be kept to approximately 13mm but must not exceed 15mm for bed-joints or 18mm for perpends.

Brickwork Facing

Bricks will be laid with brick face outwards. Brick faces will be cleaned and free of excess mortar.

Brick Sills

Obvious distortion or stress of a window frame sill or of a brick sill is a defect where such distortion is caused by lack of sufficient initial clearance between the window frame and the brick sill.

Mortar

Mortar will be mixed in accordance with Victorian Building Regulations or Building Code of Australia, as applicable (eg for houses, the minimum mortar mix is 10:1:1) Mortar will not be etched more than 3 mm deep into mortar face after cleaning.

CONCRETE PAVING

Concrete paving is not covered by the guarantee unless contained within the boundaries of the structure itself (ie under verandahs or carport/ garages which are included in the contract).

For verandahs and garages, carports, patios, etc; any cracking of concrete floors will be considered a defect if the builder did not make allowance for shrinkage or general movement of the concrete (ie slip joints around verandah posts, control joints, isolation joints etc.)

Uncontrolled cracking or crazing of covered verandahs, patios, garages, carports, etc. will be considered a defect.

CONCRETE SLAB DISTRESS

Where distress is rated at Category 3 or more (ie. cracks of more than 2mm; refer AS2870.1 - 1988 Residential Slab & Footings, Part 1: Construction and Commentary), immediate rectification works will be required.

If distress is rated at less than Category 3, the defect may be monitored for a period of time (to be determined by HGF). If, at the end of the monitoring period, the distress rating is still less than Category 3, then for contracts signed prior to 1 May 1988, HGF would reject the claim if no bad workmanship of the builder exists. For contracts signed on or after 1 May 1988, the builder may be asked to fix if the cost to fix falls within the dollar and time limits of the House Contracts Guarantee Act 1987.

CONDENSATION

Condensation on walls, windows and in bathrooms is usually caused by conditions beyond the builder's control and will not be considered a defect. Roof condensation may be considered a defect if caused by incorrect positioning of sarking, insulation, insulation or vapour barrier.

Dampproof courses

To be in accordance with the Victorian Building Regulations or Building Code of Australia, as applicable.

Flashings

Sills, heads and jambs of all windows, doors and other openings shall be effectively flashed or sealed or otherwise designed to weatherproof the building.

DOORS

Door handles and latches

Door handles and latches will operate as intended by the manufacturer.

Doors and door frames

Unless specified in the contract, or where an increased clearance is required for:

- removable toilet doors;
- return air ventilation for ducted heating or air-conditioning units; or
- inlet ventilation to rooms where the only ventilation is provided by ventilated skylights

A maximum gap of 3mm will be allowed between the top and sides of the door and the door frame and a maximum gap of 20 mm between the bottom of the door and the top of any finished floor covering.

Doors and windows which bind or jam as a result of the builder's work, will not be considered major defects for contracts signed prior to 1 May 1988. For contracts signed on or after 1 May 1988, doors and windows which bind or jam, as a result of the builder's work, may be considered defects providing the claim meets the time and dollar limits of the Act.

Warpage of internal doors will not exceed 6mm over the door's length.

EXTERNAL WALL CLADDINGS

Claddings will be supplied and installed in accordance with the manufacturer's recommendations and data sheets.

FIREPLACES

Fire-box and flue

The failure of a fire-box or flue to perform will be considered a defect if it can be attributed to the builder's design or construction.

Smoking fireplaces

Smoking fireplaces will be considered a defect if caused by builder-supplied design and/or construction.

FIXING

Gaps between mouldings, and between mouldings and other fixtures which exceed 1 mm and appear within the first 12 months will be considered defects. After the first 12 months a gap of more than 2 mm is a defect.

FLOOR AND WALL TILING

Tiling will be considered defective where:

- a. the builder supplied and laid the tiles, and
 - (i) any of the materials are defective, and/or
 - (ii) the application of adhesive, tiles or backing sheet is not carried out in accordance with manufacturer's instructions, and/or
 - (iii) there are defective works beneath the tiling system.
- b. the owner supplied the tiles and the builder laid the tiles and carried out all preparatory works, and
 - (i) any materials not supplied by the owner are defective, and/or
 - (ii) application of adhesive, tiles or backing sheets is not carried out in accordance with manufacturer's instructions, and/or
 - (iii) there are defective works beneath the tiling system.
- c. the owner supplied and laid the tiles and the builder carried out all preparatory works other than the tile laying, and there are defective works beneath the tiling system (e.g. faulty stud work and trimming, nogging work, or concrete slab failure.)

Where the owner installs backing sheets, it is the owner's responsibility to ensure that the sheet has been installed in accordance with the manufacturer's instructions and that the framing is satisfactory for the fixing of the sheets.

Tiling & Major Defects

For contracts signed before 1 May 1988, in the 'major defects' category of the guarantee the claim must meet the above criteria and a substantial area of the tiling works must be defective before a 'major defect' exists; generally speaking more than 10% of the tiling system must be defective. This applies to both wall and floor tiling.

There are exceptions - for example where almost all the wall tiling in a shower recess is defective, and this tiling represents less than 10% of the total tiled wall area of the bathroom or ensuite, it will be a major defect. For contracts signed after 1 May 1988, cracked, loose or drummy tiles will be considered a defect if occurring within the first 12 months provided the cause is attributable to the builder. After the first 12 months and subject to the above, these items will only be considered a defect if more than 10% of the tiled area is affected.

Tile matching

Where tile matching is no longer possible, HGF will take a reasonable approach and where possible, suggest that a slightly different tile be used provided that the tile separation joint can be isolated by means of, say, being hidden behind the aluminium channel of the shower screen.

Cracked, loose or drummy floor tiles

Where a complaint relates to cracked, loose or drummy floor tiles, supplied and laid by an owner, on a concrete slab provided by the builder, HGF will bear the cost of investigating the matter to determine if the tile cracking is caused by slab cracking. If the slab is defective the builder will be liable to rectify the cause and consequential damage (see **Concrete Slab Distress**). If the method of tiling application, adhesive and/or bedding used is not in conformity with manufacturer's instructions then the builder's liability extends to that of slab rectification only. If the slab distress has resulted from the actions of a person other than the builder ie watering, trees etc, the complaint may be rejected.

Shower bases

Shower bases which crack, leak or don't perform as intended will be considered defective and covered by the Guarantee. If the defective shower base has resulted from the actions of the owner or occupier, the complaint will be rejected.

FLOORING

Gaps in Exposed Flooring

A total measurement of gaps between four consecutive boards in timber strip flooring of more than 3mm is a defect in areas other than those which

may be affected by direct sunlight. For a claim where most of the timber floor area is tight, but gaps greater than the maximum allowed are visible in areas affected by direct sunlight; the gaps are not a defect.

Particleboard Flooring

Particleboard flooring will be installed in accordance with the manufacturer's recommendations and data sheets.

Nail popping

If in timber floors nail heads can be detected through floor coverings or nail popping is clearly visible in exposed flooring, this will only be considered a defect if occurring within the first 18 months.

Squeaking floors

Squeaking floor caused by timber shrinkage is not a 'major defect' for contracts signed before 1 May 1988. For contracts signed on or after 1 May 1988, if floor squeaks in high pedestrian traffic areas within the first 18 months then a defect exists. After 18 months, squeaking floors will not be considered a defect unless caused by bad workmanship of the builder. Normal timber shrinkage is not considered to be bad workmanship of the builder.

Timber floor levels

Generally, the floor is to be within + or - 10mm of level over the entire floor and at all times, within + or - 5mm of level over any 3 metre length.

FOOTINGS POLICY

Apart from legislative exclusions contained in the House Contracts Guarantee Act 1987, a builder may not be required, under the Company Rules, to rectify defects caused by foundation movement, where the following circumstances exist:

The builder obtained, from a suitably qualified engineer, a footing design appropriate to the conditions of the site and ensured that the engineer's design was adhered to.

HANDOVER ITEMS

Items accepted, in writing, by owners at handover (ie items accepted on a signed Practical Completion sheet) will not subsequently be considered as defects. This normally refers to incomplete or substandard works and defects in prime cost items such as baths, basins, appliances, tiling and laminated bench tops, which the owner could reasonably have been expected to have noticed at handover.

LYCTUS BORER

Evidence of Lyctus borer will not be considered a defect.

PAINTING

Painted or stained surfaces should last externally 2 years and internally 3 years. Clear coatings should last externally 1 year and internally 2 years, all subject to normal conditions.

Coatings used are to be suitable for the relevant conditions and are to be applied in accordance with recognised trade practices and to manufacturers' instructions.

PLASTER

Plaster works will conform with the manufacturer's recommendations and data sheets.

Plaster Peaking or Jointing

If plaster peaking or jointing is obvious in normal daylight conditions, it will be considered a defect. CSIRO Report No L8 'Illumination and decoration of flat surfaces' will be used as a guide.

Plaster Cracking

- (a) Hairline cracking is not a defect. Cracking at plaster joints is a defect.
- (b) Diagonal cracking, except for hairline cracking, will be considered a defect and the cause will be investigated.

Nail Popping in Plaster

For contracts signed before 1 May 1988, nail popping in plaster walls and ceilings will be considered a defect in the first 12 months only. For contracts signed on or after 1 May 1988, nail popping will only be covered by the guarantee after the first 12 months if evidence exists that such is caused by bad workmanship. Normal timber shrinkage is not considered to be bad workmanship of the builder.

ROOFING

Roof Tiling

Installation will be in accordance with manufacturer's recommendations and data sheets.

Roofing Iron

Installation will be in accordance with manufacturer's recommendations and data sheets.

Chipped Roof Tiles

Chipped tiles will be considered a defect if tile surface or edges are cracked or sheared and/or if surface chipping is obvious from the ground or normally from windows overlooking the roof.

Roof Pointing

If pointing becomes dislodged or washes out, it will be a major defect. Minor cracking of pointing is not a defect.

Undulating roof lines

For contracts signed before 1 May 1988, undulating roof lines or roof sagging, noticed within the first 12 months from the Certificate of Occupancy, is a defect. If noticed after the first 12 months will be considered a major defect if 30mm or more deflection over 3 metres can be shown.

For contracts signed after 1 May 1988, undulating roof lines or roof sagging will be considered a defect at anytime within the Guarantee Period if the cost to fix falls within the time and dollar limits of the House Contracts Guarantee Act 1987. If truss beams become loose or if roof undulation results from an uneven plane to the top of rafters (caused by builder aligning bottom edge of rafters) then this will not be considered a defect.

SOLAR WATER HEATERS

Shall be installed in accordance with the manufacturer's recommendations and data sheets.

SPOUTING

Spouting will be sized and graded in accordance with Standards Australia's 'Design and Selection of Metal Rainwater Goods' and will not hold more than 15 mm of water and will not leak at joints.

STRAIGHTNESS/PLUMBNESS OF WALLS

Generally walls are to be within + or - 5mm from the vertical over any 3 metre height.

TERMITES (WHITE ANTS)

Evidence of termites will not be considered a defect in areas not designated by local councils as termite areas.

In termite-designated areas, evidence of termites will be considered a defect if the builder did not spray or treat the ground and obtain a relevant certificate or provide physical barriers as requested.

TIMBER

Timber sizes and spacings must comply with AS 1684-1979 or AS 1720-1988. Refer Timber Promotion Council Framing Manual (edition current at time of construction).

Timber shrinkage and splitting

Up to 8% cross-sectional shrinkage will be accepted for unseasoned timber. For seasoned timbers, a maximum of 3% cross sectional shrinkage will be accepted.

WATER HAMMER

Water hammer will be considered a defect where caused by incorrectly attached water pipes. But if the noise is discernible only through use of electric solenoid taps (washing machine and dishwasher taps), the complaint will not be considered a defect.

WATER LEAKS

For contracts signed before 1 May 1988, water leaks, except those caused by persons other than the builder, will be considered defects in the first 12 months.

For contracts signed on or after 1 May 1988, water leaks, except those caused by persons other than the builder, may be considered defects at any time within the guarantee period depending on the cost to rectify. Roofs, flashings, skylights, window frame joints or window seals which leak under normal weather conditions for the particular terrain, will be considered a defect at any time in the guarantee period.

LIMITS ON CLAIMS

There are different limits on claims according to the legislation in operation at the time the building contract was signed.

Building contracts signed before 1 May 1988:

House Builders' Liability Provisions of the Local Government Act 1958 for houses constructed by HGF-Approved Builders.

When construction is completed

Any defects noticed up to 12 months after the date of the Certificate of Occupancy will be covered, provided either HGF or the builder has received notice in writing of the defects no later than 18 months from the date of the Certificate of Occupancy. A maximum of \$28,800 may be claimed during this time.

Defects noticed more than 12 months after the date of the Certificate of Occupancy and before the end of the 6 Year Guarantee Period can only be covered by the Guarantee if they can be defined as 'Major Defects'. Either HGF or the builder must receive notice in writing of the defects no more than three months after they were first noticed.

Major defects are generally defects which affect the structural integrity of a house, or defects which make the house uninhabitable: for example the failure of framework or footings; water leaks; or the failure of a septic system. A maximum of \$12,000 may be claimed during the Major Defects period of the Guarantee.

Note: Reference in the Standards and Tolerances to 'the first 12 months' for contracts signed before 1 May 1988, means the 12 month period after the date of the Certificate of Occupancy.

Building contracts signed on or after 1 May 1988:

House Contracts Guarantee Act 1987 for houses and most home improvements by HGF-Approved Builders; and some owner-built houses which have been sold at least once.

During construction

If a building contract (for either a new home or extension/renovation) is not completed due to walkaway or financial failure of the builder then: the homeowner must, within six months, both legally terminate the contract with the builder and contact the Housing Guarantee Fund. HGF will assess the claim and, providing it's valid, meet any extra costs of having the job completed (maximum claim \$40,000).

When construction is completed

For the first three months all valid claims for bad workmanship are covered provided that:

- the claim relates to construction defects of the dwelling and the defect is notified within three months of the dwelling first being occupied, or
- the claim relates to the improvement of a dwelling and the defects is notified within three months of the work being completed.

After the first three months, defects costing more than \$100 per defect to rectify are covered provided that:

- the claim relates to construction defects and the defect appears within one year of the dwelling first being occupied, or
- the claim relates to the improvement of a dwelling and the defect appears within one year of the work being completed

For the balance of the guarantee period, the builder is liable for defects costing more than \$500 per defect to rectify where:

- the defect is notified by the owner within six months of becoming aware of it.

In all cases, notification must be made either direct to the builder, either orally or in writing, or to HGF in writing.

An Important note

Where a homeowner signs a contract of sale for a house and land package with someone other than an HGF-Approved Builder (eg. a developer), the guarantee covers defective work, within the limits described above. The guarantee may not cover the home owner if the house is left unfinished. A maximum of \$40,000 may be claimed during the 7 Year Guarantee period.