

**Engagement of Contractors Policy**

**Large Project Works**

**Date Approved by:** Angela Goulding (Chairperson)

**Date for Review:** July 2018

**Version Control:** 1.

**Record of Policy Review:**

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| ***Date Policy was Issued*** | ***Date of* *Review*** | ***Reason for Review*** | ***Additional Comments*** |
| 31.07.2017 |  |  | Policy now covers new legislation.  |

**Introduction**

This policy is to ensure **WADDI HOUSING and Advancement Corp. Ltd (herein referred to as ‘WHAACL’)** engages contractors who will provide good quality work and services in accordance with the NSW FACS AHO Standards for New Supply, New Acquisition and Repairs and Maintenance (July 2014).

**Purpose**

The purpose of this policy is to set guidelines to ensure that:

* The selection of licensed contractors is undertaken in a fair and equitable manner.
* Conflicts of interest or pecuniary interest do not arise within the organisation.
* Contractors are working within the appropriate standards and quality of work as per the NSW FACS AHO Standards, Building Code of Australia and other relevant standards and legislation.
* Competitive quotations from contractors for responsive and planned maintenance are obtained.
* Appropriate systems for ordering and approving responsive and planned maintenance are in place.
* Tenants are given the opportunity to provide feedback on the satisfactory of works carried out.
* There is a system for regularly reviewing contractors on their reliability and the quality and costing of works.

The policy applies to Board members, staff, volunteers and engaged contractors.

**Choosing a builder or tradesperson**

Under the NSW Fair Trading licencing, only a builder or tradesperson who is properly trained and has the relevant experience to do the work may be licensed. Any person who carries out residential building work over $5,000 in labour and materials without an appropriate licence is breaking the law and could be prosecuted.

Specialist tradespeople who carry out any of the following must be licensed regardless of the cost of the work:

* electrical wiring
* plumbing, draining and gas fitting work
* air conditioning and refrigeration work (except plug-in appliances).

Any potential builder or tradesperson will be asked to provide a copy of their licence as part of the selection criteria. Licensing protects the organisation in:

* dealing with a legitimate business
* ensuring the tradesperson has the right qualifications for the job
* enjoying better consumer protection
* protecting the organisation from unqualified and unlicensed ‘handyman’ businesses.

By law, all builders and tradespeople must display their licence number on any advertisement for their services.

**Selection of Contractors**

The **‘WHAACL’** will develop a Contractors Register of approved and preferred tradespeople for a range of services through a selection criteria process.

Depending on the nature of the works required, the **‘WHAACL’** may call for Expressions of Interest from local contractors to be considered for the Contractors Register. The Board will be responsible for approving, reviewing and monitoring the Contractors register.

Contractors must meet the following selection criteria to be considered:

* Holds a valid licence with the NSW Fair Trading;
* Be competitively priced;
* Be equipped to complete required works; and
* Be reliable (references should be checked wherever possible prior to using tradespeople);

It will be the responsibility of the WHAC Co-ordinator to include the following details:

* Name of the business
* Address of the business
* ABN/ACN number
* Contact person and number of the business
* The licence number and expiry date
* Licenced work details i.e. specialised – electrical, plumbing, general
* Confirmation of details of any insurances held, including workers compensation and public liability insurance
* Date when approved to the register

The Contractors Register will be reviewed by the Board annually based on survey feedback from tenants and other financial factors.

**Job Request**

The WHAC Co-ordinator will develop a simple job request and should be in line with the Asset Maintenance Schedule and Asset Management Plan. It can also provide an opportunity to obtain feedback from the Local Council inspector and other tradespeople to ensure the requested work was undertaken correctly.

The job request should:

* Identify the property where the work is to be completed;
* A contact number and name of the tenant or who will be onsite for access;
* Be as specific as possible to the work that needs to be completed;
* List the brand names and models of all fittings, tiles, appliances, etc.
* Include everything that has been requested via a tender document;
* Attach design plans, if any;
* Indicate if you want the tradesperson to take responsibility for cleaning the site. A good builder or tradesperson will always clean the site but it can be done internally to save money.

**Quotations/Tendering**

Where works are estimated to be less than $1,000, the WHAC Co-ordinator will not be required to obtain written quotes from tradespeople. It will be up to the digression of the CEO to engage a tradesperson to undertaken necessary works.

Where works are estimated to be of greater value than $1,000 the WHAC Co-ordinator will be required to obtain three written quotes (where possible) and provide to the Board for approval. The benefit of receiving at least three written quotes is to:

* Ensure each quote can be compared equally
* Provide each contractor with the same information.

Written quotations should include:

* All work to be done
* All materials to be used; and
* Reflect the necessary specifications and materials are in accordance to AHO Standards

Confidentiality and privacy principles will be observed during the selection process. This includes:

Non-disclosure to any tenderer of the identity of any other party involved in the tender process.

No information will be provided to the tenderers of the nature of any other tenders received for the work, particularly the amount tendered.

The WHAC Co-ordinator will manage all tender processes and provide a report with a recommendation to the Board.

All large project works will require a building contractor to be appointed to undertake supervision of the project in-conjunction with the WHAC Co-ordinator and Chairperson.

**Changing Requirements of Quotations**

Changing requirements before the quote is finalised is OK as long as the changes are provided to each person preparing a quote so they can adjust the final price.

Changing requirements after the contract is signed may cause difficulties and should be fully discussed with the contractor.

**Variations**

Variations at any stage to your specifications, unforeseen problems, changes by council, or other causes may affect the final price of the works. For example, there may be rock beneath the surface which needs to be removed. To do this, the builder may need to hire someone to use a jackhammer to break up the rock.

All variations to the contract must be in writing and signed by both parties.

**Contract essentials**

By law, your chosen builder or tradesperson must give you a written contract if

* the contract price is over $5,000 (including GST), or
* the contract price is not known, is for the provision of labour and materials by the contractor the reasonable market cost of which is more than $5,000 (including GST).
* Jobs worth between $5,000 and $20,000 require a ‘small job’ contract with minimum basic information, while building jobs worth more than $20,000 must be covered by more extensive written contracts.

**Small jobs contracts**

Under the NSW Fair Trading, any residential building work worth between $5,000 and $20,000 must be covered by a ‘small jobs’ contract. The written contract must be dated and signed by, or on behalf of each party. It may specify that work be paid for at regular intervals.

It must contain:

* the parties' names, including the name of the holder of the contractor licence as shown on the contractor licence
* the number of the contractor licence
* a description of the work
* any plans or specifications for the work
* the contract price if known.
* a 'quality of construction' clause that states the work will comply with
i) the Building Code of Australia, to the extent required under the Environmental Planning and Assessment Act 1979
ii) all other relevant codes, standards and specifications that the work is required to comply with under any law
iii) the conditions of any relevant development consent or complying development certificate.
* a clause that states that the contract may limit the liability of the contractor for failure to comply with the above work compliance clause if the failure relates solely to:
i) a design or specification prepared by or on behalf of the home owner (but not the contractor) or
ii) a design or specification required by the home owner if the contractor has advised the home owner in writing that they go against the 'work compliance clause'.

**Records**

For each contractor, **‘WHAACL’** will maintain records of:

a complete and signed copy of the prescribed registration and review form (including details as required under section Confirmation of Details above)

signed agreement and acceptance of the prescribed protocols;

all payments made to contractors and the details of the works involved;

copies of all relevant insurances, particularly in relation to expiry dates of such;

any reviews conducted of contractors work.

**Maintenance Orders**

All maintenance work orders will be issued by **‘WHAACL’** in writing and will include:

specific nature of required works;

premises access arrangements;

date for completion of works;

authorising signature of relevant staff member.

**Variations to orders**

Tradespeople cannot vary the orders given by **‘WHAACL’**  without the approval of the CEO. Any such approval must be noted and authorised on **‘WHAACL’** copy of the relevant work order.

**Outstanding & overdue orders**

**‘WHAACL’**  will regularly review all building and maintenance work that has not been completed by the due date. Where such is confirmed,

**‘WHAACL’**  will contact the tradesperson and ascertain the reasons for non-completion and, where necessary, will negotiate an extension of time with the contractor.

**Checking and payment for works**

Wherever possible, all work completed of less value than $1,000 should be signed off by the WHAC Co-ordinator after discussions with the tenant to determine if works were satisfactory.

All work completed of value more than $1,000 will be reviewed by the WHAC Co-ordinator prior to sign off and payment.

Major works should be checked by a suitably qualified building consultant or the building supervisor.

All works, regardless of the value of the work, must be checked by the WHAC Co-ordinator prior to payment.

Where smaller maintenance works are not being regularly checked and where payment has been made, WHAC Co-ordinator will undertake random inspections of 10% of all such paid works each quarter. Such checks will reflect the varied works and tradespeople used during that period.

Payment of approved works will occur within 14 days of the receipt of invoice.

**Review**

The continued use of tradespeople will be based on an ongoing review of their performance which will consist of an assessment of their capacity to continue to meet the required criteria outlined above.

Feedback from a building consultant or the building supervisor.should be sought during any process of reviewing the performance of tradespeople.