GUIDANCE NOTE

Victorian Building Reforms — First Resort Home Warranty Scheme

Impact on the ABIC MW 2018 H Vic and ABIC SW 2018 H Vic Contracts

Issued: August 2026

Disclaimer
This guidance note is general information only. It does not constitute legal advice and should not be relied upon as a substitute for legal advice about your particular circumstances. The publishers have prepared this note in good faith to assist parties to ABIC MW 2018 H Vic and ABIC SW 2018 H Vic contracts who may be affected by the Victorian building reforms commencing 1 July 2026. However, the publishers do not warrant or guarantee the accuracy or completeness of the information in this note and accepts no liability for any loss or damage arising from reliance on it. Parties should seek their own independent legal advice about their specific contract and circumstances.

What you need to do if you've signed a Victorian ABIC contract on or after 1 July 2026

The Australian Institute of Architects and Master Builders Australia Ltd have jointly prepared this guidance note. This guidance note is issued to owners and builders who are parties to an ABIC MW 2018 H Vic (Major Works Contract for Housing in Victoria) or ABIC SW 2018 H Vic (Simple Works Contract for Housing in Victoria) that was executed (signed) on or after 1 July 2026.

The purpose of this guidance note is to explain, in plain language:

- the Victorian building reforms that commenced on 1 July 2026, in particular the new First Resort Home Warranty Scheme; and
- how those reforms affect the ABIC MW 2018 H Vic and ABIC SW 2018 H Vic contracts, which were drafted under the previous insurance regime and contain references and mechanisms that are now out of date.

This note also provides practical guidance on the steps that owners and builders should take while the contracts remain in their current form.

If your contract was signed on or after 1 July 2026, you should complete the following process:

1. Read this Guidance Note to understand what the changes mean for you under the contract you have signed.
2. Seek legal advice to prepare an amendment to your contract that addresses the legislative changes that came into effect from 1 July 2026. To assist you, we have provided a summary of the changes needed to the MW 2018 H Vic and the SW 2018 H Vic versions at **Attachment A** which can be incorporated into the amendment. Please check the Schedule 1 *Contract Information* to ensure correct details are used and referenced in the amendment.
3. The parties should be aware of their rights and obligations under the Victoria Building Reforms and further information is contained in this Guidance note and general guidance provided by the Building and Plumbing Commission and Consumer Affairs Victoria.

2. The Victorian Building Reforms

2.1 Replacement of the old domestic building insurance regime

Before 1 July 2026, Victorian law required builders to take out *domestic building insurance* from a private insurer before commencing residential building work over a certain value. That insurance was obtained under a Ministerial Order made under section 135 of the *Building Act 1993* (Vic). The builder would receive a certificate of currency from the insurer and provide it to the owner prior to payment of the deposit.

That regime has now been replaced. With effect from 1 July 2026, the *Building Legislation Amendment (Buyer Protections) Act 2025* inserted a new Part 9A into the *Building Act 1993* (Vic). Part 9A establishes a new statutory insurance scheme for domestic building work, which is called the **First Resort Home Warranty Scheme**.

The old provisions in Division 3 of Part 9 of the Building Act (sections 135 to 137E), which governed the former domestic building insurance regime, no longer apply to contracts entered into from 1 July 2026.

2.2 The Building (Statutory Insurance Scheme) Regulations 2026

The *Building (Statutory Insurance Scheme) Regulations 2026* (Vic) commenced on 1 July 2026. These Regulations set out important details about how the new scheme works, including:

- when domestic building work is taken to have started;
- the types of domestic building work to which the scheme applies (generally, residential building work with a contract price of $20,000 or more, but not apartment buildings over 3 storeys);
- the types of assistance available to owners (for both incomplete work and defective or non-compliant work);
- exclusions and limitations on claims (including a cap of $400,000 per home, and a cap of 30% of the contract price for completion assistance); and
- the process for making a claim, including the requirement to give the builder a complaint notice before lodging a claim.

Further information can be found here: [Better domestic building insurance | vic.gov.au]

2.3 The role of the Building and Plumbing Commission (BPC)

The new statutory insurance scheme is administered by the Building and Plumbing Commission **(BPC)**.

Under the new scheme, the BPC's role includes:

- collecting insurance premiums from builders;
- issuing a "**notice of cover**" to the owner and the builder under section 137T of the Building Act, confirming that home warranty cover is in place; and
- administering claims made by owners under the scheme.

2.4 From "last resort" to "first resort"

Under the old regime, domestic building insurance was a "*last resort*" scheme. That meant an owner could generally only make a claim if the builder had died, disappeared, or become insolvent. If the builder was still trading (even if the work was defective), the owner could not claim on the insurance.

The new First Resort Home Warranty Scheme is a "**first resort**" scheme. This means that an owner may claim directly for defective, incomplete, or non-compliant domestic building work **without** first having to prove that the builder has died, disappeared, or become insolvent. The owner must follow the prescribed claims process (including giving the builder a complaint notice), but does not need to wait for, or prove, a builder insolvency event before seeking assistance under the scheme.

The First Resort Home Warranty Scheme automatically applies to eligible domestic building contracts from their date of execution, regardless of whether the builder has paid the insurance premium. This means that lost deposits of up to 5% are covered by the statutory insurance.

3. Impact on Your Contract

The ABIC MW 2018 H Vic and ABIC SW 2018 H Vic contracts were originally drafted by reference to the old home warranty insurance regime. As a result, if you have executed one of these contracts on or after 1 July 2026, it contains several references and mechanisms that are now out of date. Below is a summary of the key issues and how affected provisions should be read in light of the new law.

3.1 References to the old insurance regime

The contracts refer to a private insurer "policy" or "Certificate of Currency", to a "Ministerial Order", and to "section 135" of the *Building Act 1993*. These references are now outdated. They should be read as referring to the new statutory insurance scheme administered by the BPC under **Part 9A** of the *Building Act 1993*.

3.2 The defined term "warranty insurance"

The contracts define "*warranty insurance" as domestic building warranty insurance required by a Ministerial Order under section 135(1) of the Building Act. This definition is outdated. It should now be read as referring to statutory insurance cover under Part 9A of the *Building Act 1993* — that is, the cover provided through the First Resort Home Warranty Scheme.

3.3 Schedule 10 (warranty/insurance certificate)

Schedule 10 of the contract is headed "Warranty insurance certificate" (or similar). It was designed to be completed with details of a certificate issued by a private insurer, including the insurer's name and signature.

Under the new regime, there is no private insurer certificate. Instead, the BPC issues a "notice of cover" under section 137T of the *Building Act 1993* once it has accepted the builder's insurance premium. Schedule 10 is therefore now redundant. Instead, the builder should obtain the notice of cover and provide a copy to the owner.

3.4 Payment preconditions (first progress payment and deposit)

The contracts contain preconditions for the making of the first progress payment by the owner, and for the payment of any deposit. Under the original drafting, these preconditions were tied to evidence of the old-style home warranty insurance policy.

These preconditions should now be understood as requiring the builder to have obtained and provided BPC's notice of cover issued under section 137T of the *Building Act 1993* before such payments are made or required.

3.6 Updated Domestic Building Contracts Checklist

The Domestic Building Contracts Checklist that forms part of these contracts (required under section 31(1)(r) of the *Domestic Building Contracts Act 1995*) has been updated by Consumer Affairs Victoria with effect from 1 July 2026 to reflect the new First Resort Home Warranty Scheme.

The updated checklist includes revised wording about the $20,000 threshold, the premium payment obligation, and the notice of cover. The updated checklist should be used for contracts entered into from 1 July 2026.

4. What You Should Do

4.1 Contracts withdrawn from sale

Both the ABIC MW 2018 H Vic and the ABIC SW 2018 H Vic contracts have been withdrawn from sale by the Australian Institute of Architects and the Master Builders Australia pending publication of fully updated versions that comply with the 1 July 2026 reforms. If you have already executed one of these contracts on or after 1 July 2026, the guidance below applies to you.

4.2 For builders

- Pay the applicable home warranty insurance premium to the BPC within 10 business days of the contract being signed, or before starting the building work, whichever happens first. This is a legal obligation under section 137O of the *Building Act 1993* and failure to comply is an offence.
- Once you receive the notice of cover from the BPC, provide a copy to the owner as soon as practicable.

4.3 For owners

- Do **not** make the first progress payment until you have received a copy of the notice of cover from the BPC confirming that home warranty cover is in place for your building work.
- If you have not received a notice of cover, ask your builder whether they have paid the insurance premium to the BPC and request a copy of the notice of cover once issued.

4.4 Updating your contract

Because the legislation itself (Part 9A of the Building Act 1993 and the *Building (Statutory Insurance Scheme) Regulations* 2026) applies automatically to eligible contracts from 1 July 2026, the outdated terms in your contract do not:

- relieve a builder of the statutory obligation to obtain statutory insurance cover under the First Resort Home Warranty Scheme; or
- deprive an owner of the statutory entitlement to the benefit of the First Resort Home Warranty Scheme.

However, because the contract's own internal wording may not fully align with the new regime, parties may wish to formally update their contract by entering into a deed of amendment. A formal amendment is not strictly required for the statutory scheme to apply to the parties, but doing so can help avoid ambiguity within the contract itself.

4.5 Seek independent legal advice

If you are uncertain about your rights or obligations under your contract, or about how these reforms affect your specific circumstances, you should seek independent legal advice from a solicitor experienced in Victorian domestic building law.

ATTACHMENT A

SUMMARY OF CHANGES: SW H Vic

ABIC SW 2018 H Vic		
Clause	**Change Required**	**Action required:**
Table of contents – E11	Replace clause heading	Delete ‘Home Warranty insurance’ and replace with ‘First Resort Home Warranty Scheme’.
Table of contents – Schedule 10	Delete reference to Schedule 10 because no longer required	Delete table of contents entry to ‘Schedule 10’.
Checklist	Replace checklist with updated version	Delete checklist and replace with the updated Checklist **attached**.
Schedule 10	Delete Schedule because no longer required	Delete Schedule 10 in its entirety.
Clause E11	Clause requires update to include new and corrected references to legislation and authority	1. Heading title must read ‘First Resort Home Warranty Scheme’ 2. Delete .1 in its entirety and replace with ‘If the **works* are domestic building work to which the statutory insurance scheme applies under Part 9A of the **Building Act*, the contractor must pay the applicable insurance premium to the **BPC* before the earlier of: a. 10 **business days* after the day on which the contract is entered into; or b. the domestic building work starts.’ 3. In .2, delete first paragraph and replace with ‘If **subclause E11.1** applies, unless and until a notice of cover is issued by the **BPC* under Section 137T of the **Building Act* for the domestic building work under this contract,’ 4. Delete 3 in its entirety.

		5. Insert new .3 'If **subclause E11.1** applies, the contractor must provide to the owner and the architect a copy of the notice of cover within 5 **business days* after the notice is issued by the **BPC*. 6. Insert new.4 'The **parties* acknowledge that the **First Resort Home Warranty Scheme* is administered by the **BPC* and operates independently of any rights or remedies arising under this contract. 7. Insert new .5 'Nothing in this contract limits or excludes: a. the operation of Part 9A of the **Building* Act; b. the powers of the **BPC*; c. an entitlement of the owner under the **First Resort Home Warranty Scheme*; or d. any statutory rights, remedies or obligations arising under the **Building* Act.'
M14 Contractor's obligation during and after defects liability period	Amend to reflect new and correct references under the legislation	Replace .3 with 'The contractor remains responsible for compliance with any **rectification order* issued by the **BPC* irrespective of the expiry of the defects liability period.'
N16 Payment of **deposit*	Amend clause 2.b to include correct references under the legislation	Delete words in sentence after '**Section E'** and replace with '(other than insurance required under the **First Resort Home Warranty Scheme*, if applicable).
P4 Legal Rights	Amend clause to reflect new and correct references under the legislation	Delete .1 and replace with 'Nothing in this contract limits the rights of the owner or the powers of the **BPC* to investigate defects, issue **rectification orders* or administer the **First Resort Home Warranty Scheme*.' Delete .2 and .3 and replace with: '.2 When a **party* makes an application to the **BPC*, the contract's dispute resolution processes as set out in **clauses P2** and **P3** are suspended pending the outcome of the **BPC* process.'

S1 Definitions	Insert and amend definitions to reflect new and corrected references under the legislation	1. Before '*Building Act*', insert a new definition: '*BPC* means the Building and Plumbing Commission established under the **Building Act.'* 2. Before '*GST'* insert a new definition: '*First Resort Home Warranty Scheme* means the statutory scheme established under Part 9A of the **Building Act,* administered by the **BPC,* applying to eligible domestic building work where the relevant building contract is entered into on or after 1 July 2026, as amended or replaced from time to time'. 3. Before '*relevant authority*' insert a new definition: '*rectification order* means an order issued by the **BPC* under the **Building Act* requiring defective, incomplete or non-compliant building work to be rectified.' 4. Delete '*warranty insurance'* in full.

SUMMARY OF CHANGES: MW H Vic

ABIC MW 2018 H Vic		
Clause	**Change Required**	**Action required:**
Table of contents – E12	Replace clause heading	Delete ‘Home Warranty insurance’ and replace with ‘First Resort Home Warranty Scheme’
Table of contents – Schedule 10	Delete reference to Schedule 10 because no longer required	Delete tables of contents entry to ‘Schedule 10’
Checklist	Replace checklist with updated version	Delete checklist and replace with the updated Checklist **attached**.
Schedule 10	Delete Schedule because no longer required	Delete Schedule 10 in its entirety.
Clause E12	Clause requires update to include new and corrected references to legislation and authority	1. Heading title must read ‘First Resort Home Warranty Scheme’ 2. Delete .1 in its entirety and replace with ‘If the **works* are domestic building work to which the statutory insurance scheme applies under Part 9A of the **Building Act*, the contractor must pay the applicable insurance premium to the **BPC* before the earlier of: a. 10 **business days* after the day on which the contract is entered into; or b. the domestic building work starts.’ 3. In .2, delete first paragraph and replace with ‘If **subclause E12.1** applies, unless and until a notice of covers is issued by the **BPC* under Section 137T of the **Building Act* for the domestic building work under this contract,’ 4. Delete .3 in its entirety. 5. Insert new .3 ‘If **subclause E12.1** applies, the contractor must provide to the owner and the architect a copy of the notice of cover within 5 **business days* after the notice is issued by the **BPC*. 6. Insert new .4 ‘The **parties* acknowledge that the **First Resort Home Warranty Scheme* is administered by the **BPC* and operates independently of any rights or remedies arising under this contract.

		7. Insert new .5 ‘Nothing in this contract limits or excludes: a. the operation of Part 9A of the *_Building_ Act; b. the powers of the *_BPC_; c. an entitlement of the owner under the *_First Resort Home Warranty Scheme_; or d. any statutory rights, remedies or obligations arising under the *_Building_ Act.’
M17 Contractor’s obligation during and after defects liability period	Amend to reflect new and correct references under the legislation	Replace .3 with ‘The contractor remains responsible for compliance with any *_rectification order_ issued by the *_BPC_ irrespective of the expiry of the defects liability period.’
N17 Payment of *_deposit_	Amend clause 2.b to include correct references under the legislation	Delete words in sentence <u>after</u> ‘**Section E**’ and replace with ‘(other than insurance required under the *_First Resort Home Warranty Scheme_, if applicable).’
P5 Legal rights	Amend clause to reflect new and correct references under the legislation	Delete .1 and replace with: ‘Nothing in this contract limits the rights of the owner or the powers of the *_BPC_ to investigate defects, issue *_rectification orders_ or administer the *_First Resort Home Warranty Scheme_. Delete .2 and .3 and replace with: ‘.2 When a *_party_ makes an application to the *_BPC_, the contract’s dispute resolution processes as set out in **clauses P2**, **P3** and **P4** are suspended pending the outcome of the *_BPC_ process.’

S1 Definitions	Insert and amend definitions to reflect new and correct references under the legislation	1. Before ‘*Building Act*’ insert a new definition: ‘*BPC* means the Building and Plumbing Commission established under the **Building Act.*’ 2. Before ‘*GST’* insert a new definition: ‘*First Resort Home Warranty Scheme* means the statutory scheme established under Part 9A of the **Building Act,* administered by the **BPC,* applying to eligible domestic building work where the relevant building contract is entered into on or after 1 July 2026, as amended or replaced from time to time’. 3. Before ‘*relevant authority*’ insert a new definition: ‘*rectification order* means an order issued by the **BPC* under the **Building Act* requiring defective, incomplete or non-compliant building work to be rectified.’ 4. Delete ‘*warranty insurance’* definition in full.

Checklist:

Approved Domestic Building Contracts Checklist

Section 31(1)(r) of the *Domestic Building Contracts Act 1995*

This checklist must be included in major domestic building contracts entered into from 1 July 2026 in substantially the same form or to the same effect as follows.

Before signing this legally binding contract, check this list:

If the cost of the domestic building work under this contract is more than $20,000 and the home is up to 3 storeys, you will be covered by the First Resort Home Warranty Scheme also known as Home Warranty Insurance. The builder has to pay an insurance premium to the Building and Plumbing Commission within 10 business days of this contract being signed or before the building works starts, whichever comes first. The Building and Plumbing Commission will give you a copy of the notice of insurance cover after the builder pays the insurance premium, so that you know it's been paid. Have you read about what Home Warranty Insurance will and won't cover you for, on www.bpc.vic.gov.au ?	Yes	☐	No	☐
If this contract is conditional upon you receiving written approval for finance, have you obtained such approval?	Yes	☐	No	☐
Have you appointed a private building surveyor or has a municipal building surveyor been engaged? (Note: If not, you will need to choose and engage a building surveyor before your building work starts so that a building permit can be issued for your building work.)	Yes	☐	No	☐

If you answer 'NO' to any of the following questions that apply to your building project, you are not ready to sign the contract:*

Have you had this contract long enough to read and understand it?	Yes	☐	No	☐
Have you been provided with evidence that the builder named in this contract is registered with the Building and Plumbing Commission?	Yes	☐	No	☐
Are the price and progress payments clearly stated?	Yes	☐	No	☐
Do you understand how the price is calculated and may be varied?	Yes	☐	No	☐
Has the builder assessed the suitability of the site for the proposed works? If tests are necessary, have they been carried out?	Yes	☐	No	☐
If a deposit is payable, is it within the legal limit? The maximum under the *Domestic Building Contracts Act 1995* is: 1. 10% if the price is less than $20,000, or 2. 5% if the price is $20,000 or more.	Yes	☐	No	☐

Is the work shown and described clearly in the contract, plans and specifications and any other relevant documents (such as engineering computations or soil report)?	Yes		No	
Are your special requirements or standards of finish included in the plans and specifications?	Yes		No	
Are the commencement date and completion date clearly stated or capable of being worked out?	Yes		No	
Do you understand the procedure for extensions of time?	Yes		No	
Are any 'provisional sums' or 'prime cost items' clearly stated in the schedules and understood by you?	Yes		No	
Do you understand the procedure for variations of plans and specifications?	Yes		No	
Do you understand the circumstances in which you can end the contract?	Yes		No	
Did your builder give you a copy of the Domestic Building Consumer Guide?	Yes		No	
If yes, insert the date on which you were given a copy of this guide dd/mm/yyyy				
Have you read the Domestic Building Consumer Guide and the related information at **consumer.vic.gov.au/buildingguide**?	Yes		No	

I/we have read and completed this checklist:

Signature/s	
Date dd/mm/yyyy	

NOTE: *This checklist does not form part of the contract.*
NOTE: *Not all of these questions will apply to a domestic building contract that covers a limited scope of work, for example, a contract that is limited to the preparation of building plans and specifications*