

MASTER GUARANTEE POLICY

Master Plumbers, Gasfitters & Drainlayers NZ Inc (the **Society**) provides the Consumer with a 12 month guarantee covering advance payment protection and substandard workmanship. Payments under the Guarantee are capped. Part A covers payment protection against a loss of an advance payment in respect of a Member's liquidation or bankruptcy and is limited to a maximum of \$15,000, including GST. Part B covers substandard workmanship claims under this Guarantee and is limited to a maximum of \$15,000 including GST. The Guarantee applies only in respect of residential plumbing, gasfitting and drainlaying work carried out by a financial Member of the Society and his, her or its licensed plumbers, gasfitters or drainlayers.

Part A: Advance Payment Protection

Under this Part A, the Consumer is protected from loss of an advance payment to a Member for Labour, materials and products where the Member is unable to fulfill its contractual obligations due to liquidation or bankruptcy.

The Guarantee covers:

- Incomplete plumbing, gasfitting or drainlaying works performed on residential premises by a licensed tradesperson of a Member for a Customer to the value of the amount prepaid by the Consumer to a maximum of \$15,000 (including GST) where the Member has ceased trading, and/or is in liquidation or bankruptcy.
- Replacement (if necessary) and installation of any product purchased by the Member from pre/part payment made by the Consumer that has not been installed or where these services cannot be provided by the Member.
- For full details see the full terms and conditions.

The claim for advanced payment protection:

- must be filed with the appropriate fee, form and other supporting documentation including the Consumer's creditor claim (see below);
- the Consumer (creditor) must have filed a claim with the Official Assignee (bankruptcy or Summary Instalment Order or No Asset Procedure¹ of a sole trader) or the liquidator (for a company) and received the distribution to creditor's advice issued by the bankruptcy administrator or the liquidator;
- is subject to verification of liquidation or bankruptcy by the Society with the Ministry of Business, Innovation, and Employment; and
- Is net of any payments received from the bankruptcy administrator or liquidator in respect of the service or contract for which the consumer has lodged a claim under this Guarantee.

For more detail and other requirements, see the full terms and conditions.

¹ It is unlikely that a creditor will have to file a claim in respect of a person who has entered into a "No Asset Procedure" because debtors entering this procedure will have no realisable assets and no means to pay any money back to creditors.

PART B: Workmanship Cover

Under this Part B, the Consumer is protected from substandard workmanship by a financial Master Plumber member and his, her or its licensed plumbers, gasfitters and drainlayers.

The Guarantee covers

- Substandard plumbing, gasfitting or drainlaying works performed on residential premises by a Member or a licensed tradesperson of a Member for a Customer, irrespective of whether the contract was completed, to be remedied by either the original Member or an alternative Member as determined by the Society in its complete discretion.
- Plumbing, gasfitting or drainlaying works held by the Society (in its complete discretion) as being below the standard expected of a Member.
- Plumbing, gasfitting or drainlaying works performed by a Member, including roofing installation and roofing repair work performed by a Member.
- Labour Costs, up to the value of \$15,000 (including GST) and Product Costs, up to the value of \$5,000 (including GST). Together, the Labour Costs and Product Costs shall not exceed \$15,000 (including GST).
- Plumbing, gasfitting or drainlaying works performed on residential premises.
- Unpaid contracts where the amount unpaid relates solely to the specific work in dispute to a total value of \$15,000 including GST.
- For full details see the full terms and conditions.

The Guarantee does not cover:

- Products installed by Members that are faulty or defective through no fault of the Member (for example, products with manufacturing faults).
- Products not purchased or supplied by the Member.
- Plumbing, gasfitting or drainlaying works performed by a Member who has ceased trading or who has sold their business.
- Unpaid contracts, except as specified above or other pricing/payment disputes or claims.
- A claim where further plumbing, gasfitting or drainlaying works are performed or alterations or an attempt at remedial action are subsequently carried out.
- The cost of materials or products where there is a failure reasonably covered by the product supplier or manufacturer.
- Any occurrence that would normally be covered by usual householder's insurance, professional indemnity, public liability insurance held by the Member or any other forms of insurance.
- Disputes under the Construction Contracts Act 2002
- Any claims that have already been lodged with the Disputes Tribunal or a Court, as these are already subject to legal process.
- Other exclusions as specified in the full terms and conditions.

Investigation and Remedial Work Costs: Substandard Workmanship

Where a claim is accepted under the Guarantee under Part B (as per the terms and conditions) investigation and remedial costs are met by the Society up to the value specified above. The Guarantee applies for a period of 12 months from the date of invoicing for the work. The onus of proof of invoicing rests with the Consumer.

If a claim under Part B does not fall within the Guarantee but is within a period of 12 months from the date of invoicing for the work, the Complaints Investigation Process can be used under which the Society undertakes to use its best endeavours to facilitate a satisfactory outcome for the Consumer.

Fees

A non-refundable administration fee of \$50 (including GST) is payable by the Customer at the time a claim is made under the Guarantee. However, in cases where the complaint relates to Substandard Workmanship a further sum of \$200 (including GST) is payable by the Customer at the time the claim is lodged. This is to cover investigation costs. If such a claim is subsequently determined by the Society to come under the Guarantee this amount is refunded (both the \$50 and the \$200). In the event that a site visit is not required, or if a Consumer withdraws their complaint before the site visit has occurred, the Society may, at its discretion, determine that all or part of the \$200 fee be refunded.

Lodging a Claim

All claims brought under the Guarantee must be brought within 12 months from the date of invoicing for the Work which is the subject of the claim.

A claim must be lodged with Master Plumbers, Gasfitters & Drainlayers NZ Inc., P.O. Box 6606, Marion Square, Wellington 6141, using the prescribed form.

The claim form can be downloaded from the national office website:
(www.masterplumbers.org.nz/master-guarantee).

A complaint will be acknowledged within five working days of receipt.

Claim Process

When an appropriately documented formal complaint is received the Society will acknowledge the claim, inform the local Association or Branch and request that an investigation is undertaken

Claims under Part A of the Guarantee should enclose a copy of the claim filed with the Official Assignee (bankruptcy or Summary Instalment Order or No Asset Procedure of a sole trader) or the liquidator (of a company) and a copy of the distribution to creditors advice issued by the bankruptcy administrator or the liquidator. The Ministry of Business, Innovation and Employment's online Insolvency and Trustee Service (**ITS**) provides information on personal bankruptcies and company liquidations including how to file a claim.

A copy of the invoice must be provided along with the contract if one has been formally entered into.

If the claim falls within the scope of Substandard Workmanship (Part B of the Guarantee) and its terms and conditions and is accompanied by the required fee, it will be considered by the Society. The Society will appoint an Assessor either through its local Association or Branch or directly, who will make arrangements for an inspection and site meeting with both parties. This will be arranged as soon as is reasonably possible which is largely dependent on the availability of an Assessor.

Following the site visit the Assessor will prepare an Inspection Report outlining the findings. Copies of the report relating to complaints about substandard work will be provided to both the consumer and the Member but this does not apply to Advance Payment Protection claims.

If the claim is upheld and the report findings require remedial work to be undertaken by the Member, the local Association will inform the Member accordingly and arrange for the work to be done by that person. Under the Guarantee the Society will ensure the remedial work is done, using an alternative Member if appropriate, to the extent of the maximum value up to \$15,000 (including GST), at no cost to the Consumer.

If the claim is not upheld the Consumer and the Member will be advised accordingly and the claim will be closed.

Disciplinary Action

Any disciplinary action against a Member will be considered and determined by the Disputes Committee of the Society's Board or by the Chief Executive Officer of the Society under delegation from the Board.

Full Terms and Conditions

The full Terms and Conditions of the Guarantee are attached.

MASTER GUARANTEE

Workmanship Cover and Advance Payment Protection

Terms and Conditions

The Master Guarantee issued by Master Plumbers, Gasfitters & Drainlayers NZ Inc (the **Society**) and its constituent Associations or Branches is subject to the terms and conditions set out below:

1. In these Terms and Conditions, unless the context otherwise requires:

Act means the Plumbers, Gasfitters, and Drainlayers Act 2006.

Consumer means a person who enters into a contract for Work performed, or to be performed, by a Member.

Labour Costs means the labour costs relating to the Residential Work.

Licensed Tradespersons means all employees and contractors of Members who:

- in respect of plumbing services, hold either a current practicing licence or a provisional licence under section 8 of the Act;
- in respect of gasfitting services, hold either a current practicing licence, a provisional licence, or an employer licence under section 9 of the Act;
- in respect of drainlaying services, hold either a current practicing licence or a provisional licence under section 10 of the Act; and
- have been granted an exemption to perform any plumbing, gasfitting, or drainlaying services under section 12 of the Act.

Member means a Master Plumber member of the Society as defined in the Rules. For the guidance of Master Plumber Customers Members can either be a company or other corporate body, or an individual.

Product Costs means the cost of replacing Products damaged as a result of Substandard Work or as a result of remedying Substandard Work, but excludes defective products where the Consumer or Member is able to seek a remedy (either by replacement or repair of the Product) from the manufacturer / Product supplier.

Products means all plumbing (including roofing materials), drainlaying and gasfitting products supplied by the Member and installed into the Consumer's residence as a result of Work.

Residential means a place of residence designed for people to live in, or an area occupied by private residence(s).

Residential Work means plumbing, gasfitting or drainlaying services carried out on, at or in residential premises by a Member or a Licensed Tradesperson of a Member for a Customer.

Rules means the rules of the Society.

Substandard Workmanship means, in the context of the Work provided, Workmanship not of an acceptable quality in the opinion of the Society, but excludes the installation of products:

- (a) defective as a result of manufacturer / product supplier error; or
- (b) not purchased or supplied by the Member.

Workmanship means workmanship of any Work.

1.1 For the avoidance of doubt, any reference to:

- (a) **plumbing work**, includes roofing installation and roofing repair work; and
- (b) **products**, in respect of plumbing work, includes roofing materials.

2. The liability of the Society under this Guarantee is in two Parts. Part A covers payment protection against a loss of an advance payment in respect of a Member's Work in the event of a liquidation or bankruptcy of a Member and is limited to \$15,000 (including GST). Part B covers Substandard Workmanship claims under this Guarantee and is limited to a value of not more than \$15,000 (including GST).

3. This Guarantee applies to Residential Work only and is conditional on the Member having registered all its Licensed Tradespersons with the Society. The Guarantee does not cover Work undertaken by a Member's employees or contractors who are not Licensed Tradespersons, such as labourers or unskilled or unlicensed tradespersons. The cover for Substandard Workmanship under Part B of the Master Guarantee Policy is limited to labour costs only to the value of \$10,000 (including GST) and \$5,000 (including GST) for replacement of Products.

4. Where a Consumer is dissatisfied with the standard of Workmanship and provides a written complaint using the Society's appropriate form and pays the required fee, the Society will investigate and provide to the Consumer a written assessment of the quality of Workmanship and advice as to whether or not further Work is required to complete or remedy unsatisfactory Work. The Society will use its best endeavors to facilitate a solution with its Member to achieve a satisfactory outcome for the Consumer. If this is not achieved the Society will in good faith, consider whether or not disciplinary action against its Member is justified and may in its discretion take such action. If the complaint is upheld the Society may in its discretion seek to have any Substandard Workmanship remedied by the original contractor or another nominated Member as per this Guarantee. If the complaint is not upheld the Society will inform the Consumer and the Member of

the outcome and the complaint will be closed. The decision of the Society is final and no further appeals will be considered.

5. This Guarantee does not extend to:
 - (a) Occurrences which would be indemnified under usual householder's insurance, professional indemnity, public liability insurance held by the Member or any other forms of insurance;
 - (b) Unpaid contracts, except where the amount unpaid relates solely to the specific work in dispute, or other pricing/payment disputes or claims;
 - (c) Products in respect of Workmanship claims where there is a failure in the Product that is reasonably covered by the supplier or manufacturer of the Product;
 - (d) Products not purchased or supplied by the Member;
 - (e) Disputes under the Construction Contracts Act 2002; and
 - (f) Any claims that have already been lodged with the Disputes Tribunal or a Court or an Insurance Company or any other instance of disputes resolution, as these are already subject to legal and or other resolution processes, even when such claims have lodged and subsequently withdrawn from these legal or resolution processes.

6. The Advance Payment Protection plan to cover loss consequent on the liquidation or bankruptcy of the Master Plumber covers Workmanship, materials and Products paid for in advance by the Consumer to the Member. The Member must have ceased trading. The Consumer (creditor) must have filed a claim with the Official Assignee (bankruptcy or Summary Instalment Order or No Asset Procedure of a sole trader) or the liquidator (of a company) and received the distribution to creditors advice issued by the bankruptcy administrator or the liquidator.

7. The Society will have the same rights to claim in the insolvency as are held by the Consumer.

8. The Guarantee does not cover Work or alterations carried out subsequently by other parties to the original Member's work to complete or extend the original project scope.

9. Any claim under this Guarantee must be brought within 12 calendar months from the date of invoicing the Work. The Society's Guarantee is available only to the original Consumer who engaged a financial Member of the Society and not to any subsequent purchaser of the property.

10. This Guarantee does not extend to claims arising from unsuccessful identification of the source of leaks, blockages or other similar faults. Roof leaks and blocked drains may require several attempts to resolve and as such are not covered by this Guarantee.

11. Any claim under this Guarantee shall include such supporting documentation as the Society shall reasonably require including a copy of the contract if one has been formally entered into.

12. Inspection Report findings and any recommendations provided are the opinions of the Society's Assessor/s and/or the Disputes Committee of the Society's Board made to the best of their knowledge, experience and on information supplied by both parties. The Report findings and any recommendations are to be used only by the consumer for the purposes of this complaints procedure and may not be relied upon by any other person or used for any other purpose. Neither the Society's Assessor/s nor the Society's Board, its Disputes Committee or its employees accept any liability for the opinions provided therein. If as a consequence of the consumer using these materials in an unauthorised way the Society or any such other person suffers a cost, loss or liability the consumer will to the fullest extent indemnify that person for that cost, loss or liability.