



D28 Indemnity Insurance and Construction Industry Training Board Levy (CITB Levy)

What is Building Indemnity Insurance and why is it required?

Building Indemnity Insurance applies to domestic building work and **protects the building owner (and any future owner)** from the non-completion of the building work and/or failure to fix the work by the contractor if they die, disappear or become insolvent, within five years from the date of completion.

Warranty insures the owner (either the original owner or subsequent owners) against:

- Non completion of the building contract due to death, disappearance or insolvency of the builder; and
- Failure of the builder to correct faults, which are deemed by law to be the builder's responsibility, for a nominated warranty period. These contingencies are poor workmanship, faulty design and inadequate or unsuitable materials, and is only triggered by the death, disappearance or insolvency of the builder during the construction phase.

Who is responsible to take out the insurance?

Building Contractors **must** take out indemnity insurance where the domestic building work requires Council Approval and is \$12,000 and over in value.

Building Contractors must give a copy of the Certificate of Insurance to the building owner (ie. the consumer or client) before any work begins.

What do I do when I obtain a copy of the certificate?

The owner of land on which domestic building work is to be performed must ensure that a copy of a certificate of insurance in relation to that work is lodged with Council.

When does it need to be lodged with the Council?

1. If a domestic building work contract for building work has been entered into **before the lodgement of an application for building rules consent**; or
2. If a domestic building work contract for building work has **not** been entered into before the lodgement of an application for building rules consent, the certificate must be lodged **on or before the giving of notice of commencement of the building work**
3. If the domestic building work is to be performed by a builder on the builder's own behalf, **at the same time as the application for building rules consent is lodged.**

Owner builders

If you contract out any portion of the building work costing \$12,000 or more, the contractor who is engaged **must** take out Building Indemnity Insurance. It is important to note that Building Indemnity Insurance can only be taken out by a person, business or company that holds a builder's license. Owner-builders cannot obtain Building Indemnity Insurance.

Building Contracts for demolitions over \$12,000 are exempt as per the Contractor's Act.

Do I need indemnity insurance for a domestic demolition?

No. This is exempt under the Contractor's Act.

What is the Construction Industry Training Board (CITB) Levy?

The Construction Industry Training Board (CITB) was created at the request of the SA building and construction industry and is established by an Act of Parliament known as The Construction Industry Training Fund Act 1993 "The Act". It is an industry owned and led, non-Government agency responsible for supporting the South Australian building and construction industry by providing leadership in training and skills development for its workforce. The CITB collects a levy of 0.25% (1/400th) of the value of Building and Construction work in South Australia over \$40,000.

How do I make a CITB payment?

Payment must be made to the Construction Industry Training Board. A receipt of payment must be supplied with Development Application to Council.

When do I need to pay the CITB levy?

Where the estimated value of building or construction work exceeds \$40,000 the project owner is required to **pay the Construction Industry Training Board Levy before Development Approval can be issued.**

Construction Industry Training Board

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