



Certification of Building Indemnity Insurance

Division 3 of Part 5 of the *Building Work Contractors Act 1995* requires a policy of insurance for all domestic building work valued at \$12,000 or more. Regulation 21(2) of the Development Regulations 1993 requires the owner of land on which domestic building work is to be performed to ensure that a copy of a certificate of insurance in relation to that work is lodged with the relevant authority. Under Regulation 21(3) domestic building work must not commence unless or until a copy of a certificate of insurance in relation to that work has been lodged in accordance with subregulation (2).

The insurance certificate must be provided at the time an application for provisional building rules consent is lodged if a domestic building work contract for that building work has already been entered into. It must also be provided at the time an application for provisional building rules consent is lodged if the domestic building work is to be performed by a builder on the builder's own behalf.

Some builders are experiencing delays in obtaining indemnity insurance policies as required under the *Building Work Contractors Act 1995*. The Minister for Consumer Affairs has indicated that he will grant exemptions from the requirement on individual building projects, as a temporary measure to allow builders to continue building in the short term while they sort out their insurance. Builders will need to satisfy the Minister that they have alternative financial safeguards in place and that the exemption in the circumstances would not have a substantial effect on consumer protection. The Minister is publishing notices of exemptions in the Government Gazette.

Where the insurance certificate is required to be lodged with the application, Councils and private certifiers may not issue a provisional building rules consent if the application is not accompanied by a copy of the certificate of building indemnity insurance or a copy of the gazetted exemption for that building project.

Unless specifically required to be lodged with the application, a copy of the certificate of building indemnity insurance or a copy of the gazetted exemption for that building project must be provided on or before the giving of notice of commencement of the building work under regulation 74. This would include any domestic building work valued at \$12 000 or more where a domestic building work contract is entered into after the application was lodged.

It is the owner's responsibility to ensure the certificate is provided. Owner builders will therefore need to lodge certificates they obtain from any contractors carrying out part of the building work valued at \$12 000 or more.

For further information regarding this notice, please contact the undersigned, telephone 8303 0669, or Carolyn Wigg, telephone 8303 0670.

Further information

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