

BUILDING CERTIFIERS'

GUIDE TO BSA

INSURANCE & OWNER-BUILDER

REQUIREMENTS

FOR

RESIDENTIAL CONSTRUCTION

BSA's OFFICES

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Gold Coast Office

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Robina 4230
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Mackay 4740
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INTRODUCTION

This guide has been produced with the aim of assisting building certifiers to more easily understand the requirements of the *Queensland Building Services Authority Act 1991* (the Act) in relation to development approval of residential construction work.

BUILDING WORK REGULATED BY THE ACT

Section 42(1) of the Act states that a person must not carry out or undertake to carry out **building work** unless that person holds a contractor's licence of the appropriate class.

Division 2—Residential construction work

9 Definitions for div 2

In this division—

“**associated building work**” see section 12.

“**primary building work**” see section 11.

“**related roofed building**” means a building, other than a residence, that—

- (a) has a roof that is designed to be—
 - (i) part of the structure of the building; and
 - (ii) impervious to water or wind; and
- (b) is on the site of a residence or proposed residence, or proposed to be on the site of a residence or proposed residence; and
- (c) is used, or proposed to be used, for a purpose related to the use of the residence, or proposed residence.

Example of related roofed building—

A private garage, shed, carport, toilet building or change room on, or proposed to be placed on, the site of an existing or proposed residence.

“**residence**” means a building or part of a building fixed to land and designed to be used for residential purposes, whether or not it is part of commercial or industrial premises, but does not include the following—

- (a) a boat, caravan, mobile home, motor vehicle, tent, trailer, train or another similar thing;
- (b) a building designed as a temporary building, including, for example, a demountable building.

10 Classification as residential construction work

For the Act, schedule 2, definition “residential construction work”, the following is classified as residential construction work—

- (a) primary building work;
- (b) associated building work.

11 Meaning of “primary building work”

(1) Subject to subsection (3), for section 10(a), building work mentioned in subsection (2) is “**primary building work**” if it is—

- (a) carried out by a building contractor under a contract; and
- (b) for a residence or a related roofed building; and
- (c) of a value of more than \$3 300.

(2) For subsection (1), the following is the building work—

- (a) construction of the residence or related roofed building;

- (b) building work that affects the structural performance of the residence or related roofed building;
 - (c) building work for relocation or replacement of a roof, wall, internal partition, floor or foundation;
 - (d) building work for replacement or refitting of fixtures or fittings in a bathroom or kitchen in the residence or related roofed building;
 - (e) building work for an unenclosed, elevated platform or verandah, including a deck, attached to a residence;
 - (f) building work that increases the covered floor area of the residence or related roofed building;
 - (g) building work for installation or repair of the primary water supply to, or sewerage or drainage for, the residence or related roofed building.
- (3)** The following is not primary building work, but may be associated building work—
- (a) fencing;
 - (b) landscaping;
 - (c) painting;
 - (d) installation, renovation, repair or replacement of any of the following—
 - (i) air-conditioning;
 - (ii) driveways, paths or roads;
 - (iii) units for heating water regardless of the source of energy for heating, and including units for heating swimming pools;
 - (iv) refrigeration;
 - (v) roller shades and shutter screens;
 - (vi) security doors and grills;
 - (vii) solar power units and associated electrical components;
 - (viii) swimming pools, or spas that are not part of a bathroom;
 - (ix) water tanks that are not part of a primary water supply for the residence or related roofed building.

12 Meaning of “associated building work”

(1) For section 10(b), “**associated building work**” is the following building work that is not primary building work, but is other building work carried out under a contract that includes primary building work (the “**other building work**”)—

- (a) if the primary building work under the contract is for a residence, other building work for anything on the site of the residence, but only if the other building work is for residential purposes;
- (b) if the primary building work is for a related roofed building, other building work on the site of the residence or proposed residence for which the related roofed building is to be used, but only if the other building work is for residential purposes.

(2) Despite section 5, work mentioned in section 5(1)(b), (q), (r), (w), (z), (zb), (zg) or (zk) is building work that is associated building work if it is other building work.

Section 42(6) of the Act removes the requirement for Owner-Builders to hold a contractor’s licence.

Owner-builders are required under Section 44 of the Act and associated Regulations to apply for a permit to perform **domestic building work**. The only exception is if the value of that work is less than \$6,600.00, in which case it is exempt from the requirement to obtain a permit.

ROLE OF ASSESSMENT MANAGERS AND QBSA ACT

Section 68(2) of the Act states:

“(2) an assessment manager must not, under the *Integrated Planning Act 1997*, issue a development approval for building work in respect of **residential construction work** unless –

- (a) the assessment manager has written information from the authority showing that the appropriate insurance premium has been paid; or
- (b) the applicant produces satisfactory evidence that no insurance premium is payable.”

In relation to (a), the written information from BSA will be in the form of:

- 1) Confirmation of Insurance letter, or
- 2) Certificate of Insurance

In relation to (b), this would normally be in the form of an owner-builder permit unless the work is excluded from the definition of building work.

Description of Residential Construction Work

All licensees must effect BSA insurance if performing any of the following work of a value of more than \$3,300.00.

DESCRIPTION OF INSURABLE RESIDENTIAL CONSTRUCTION WORK	
Insurable Buildings	Replacements and Extensions to Insurable Buildings
<ul style="list-style-type: none"> • Houses • Duplexes • Townhouses • Villa Units • Units up to 3 storeys including residential /commercial mixed construction • Related roofed buildings e.g. Carports, Garages, Gazebos, Pool houses, Sheds. 	<ul style="list-style-type: none"> • Work that affects structural performance of an insured building • Relocation of: • Roofs • Walls • Internal Partitions • Floors • Foundations • Replacement or re-fitting of a bathroom or kitchen

*** Notes:**

- Units are only insurable if the building does not exceed 3 storeys in height above a car park. Only the residential component of a mixed residential/commercial construction is insurable.
- Contractors are not required to pay insurance if working as a sub-contractor or for an owner-builder.

Exclusions from Insurable Work

13 Building work that is not classified as residential construction work

Each of the following is not classified as residential construction work—

- (a) building work on, or on the site of, a building or proposed building that is or forms part of any of the following—
- (i) a multiple dwelling of more than 3 storeys;
 - (ii) a backpacker's accommodation, boarding house, caravan park guest house, holiday accommodation, hostel, hotel, lodging house or motel;
 - (iii) a correctional centre, lockup, prison, reformatory or watch-house;
 - (iv) a hospital, nursing home or other health care building;
 - (v) an orphanage or children's home;
 - (vi) a retirement village under the *Retirement Villages Act 1999*;
 - (vii) an educational institution;
 - (viii) group accommodation for persons with a physical or mental disability;
 - (ix) commercial or industrial premises, if the building or proposed building—

(A) also serves the commercial or industrial purpose carried on at the commercial or industrial premises; and

(B) is the only residential unit in the premises;

Example of subparagraph (ix)(B)—

A caretaker's flat on industrial premises constructed for a caretaker responsible for the care or security of the premises or goods on the industrial premises.

- (b) building work carried out by a building contractor for a person—
- (i) who is the holder of an owner-builder permit covering the work; or
 - (ii) who should have obtained an owner-builder permit to carry out the work;
- (c) loading, unloading or transporting a building that, if it were fixed to land, could be a residence, or a related roofed building, regardless of whether the transport is within the boundaries of land where the building is located or otherwise;
- (d) off-site prefabrication of the whole of a building that could be a residence, or a related roofed building, whether or not the building is in its final form or in parts;
- (e) loading, unloading or transporting a completed prefabricated building that could be a residence or a related roofed building, whether the building is transported whole or in parts, regardless of whether the transport is within the boundaries of land where the building is prefabricated, or to be located, or otherwise.

Example of a building transported in parts—

A building is too large to be transported as a completed unit, and is transported on 3 trucks, then joined together on the land where it is to be used.

(2) In this section—

“completed prefabricated building” includes a prefabricated building—

- (a) that has not been placed on land where it is to be used; or
- (b) to which services have not been connected, including, for example, electricity or plumbing and drainage.

How is BSA Insurance Paid?

Payment of insurance by contractors is as easy as a phone call. Contractors simply call BSA Phone Pay on 1300 366 050 and use their licence number and PIN to access an operator. A PIN must be obtained in the first instance by phoning 3247 5850.

No paperwork is involved and payment is either by direct debit or credit card. Confirmation of Insurance can be mailed or faxed to the building certifier or contractor. If a contractor does not want to use Phone Pay, they can complete an Insurance Notification Form and personally lodge it at a BSA office or to BSA via the mail. There are delays associated with personal and mail lodgements.

BSA no longer conducts an agency through local governments. No building certifiers are authorised to collect Insurance monies on BSA's behalf.

Any Phone Pay enquiries, including PIN requests, should be directed to 3247 5850.

OWNER-BUILDER REQUIREMENTS

Permit Issue:	The BSA may, upon application by the owner of the land, and payment of the appropriate fee (determined under regulations), issue a permit allowing the owner to carry out Domestic Building Work on that land.
Permit Requirement:	A permit is required for work valued at \$6,600.00 and over. For work over \$11,000.00 in value, the applicant must complete an "owner-builder course" approved by the BSA. These courses are provided by most TAFE institutions and several private providers. Contact BSA for further information.
Work Value:	When calculating the value of building work, the owner-builder applicant must include the cost of materials and the cost of labour as if a licensed contractor performed the work.
Permit Term:	There is no expiry term attached to an owner-builder permit.
Limits:	Owners are permitted to carry out Domestic Building Work once every 6 years if the work relates to a different site. No limit exists where work is carried out on the same site.
Definition of Domestic Building Work:	Domestic Building Work is defined by the <i>Queensland Building Services Authority Act 1991</i> (the Act) as "..... work related to a home or an associated building" (including swimming pools).
Exclusions:	(a) An owner-builder cannot carry out work that is related to a multiple dwelling, and work for which a fire protection licence is required unless the person holds the appropriate licence, or the value is less than \$1,100.00; and work which requires an occupational licence unless the person holds the appropriate licence. (b) There is no requirement to hold an owner-builder permit where the total value of the Domestic Building Work is less than \$6,600.00.
Ownership:	Where the land is owned jointly or in common by two or more persons, the application must be made jointly by all those persons. The applicant must have completed the specified course of instruction and, where there are two or more applicants, at least one of those persons must complete the course.
Conditions:	All relevant legislation and Local Government requirements must be complied with.
Land Title:	The owner-builder work is noted on the land title for 7 years from the date the permit is issued.
Sales:	Where the owner-builder wishes to sell the property within 6 years from the date of the completion of the work, all prospective purchasers must be notified in writing the work was performed under an owner-builder permit and is not covered by insurance under the Act.

FOR MORE INFORMATION – REFER TO THE NEAREST BSA OFFICE

BSA INSURANCE OVERVIEW

What is the BSA Insurance Scheme?

The BSA Insurance Scheme is a Statutory Scheme established by the Queensland Government to provide protection to consumers for insurable residential construction work of a value of more than \$3,300.00.

What does it cover?

It provides protection against:

- non-completion of the work covered by the contract
- defective construction
- subsidence or settlement of the building.

How does it work?

The cover provided by the Insurance Scheme assists consumers when:

- a) During the course of the contract
 - The contractor becomes bankrupt or goes into liquidation
 - The contractor fails to complete the contracted works for reasons that are not the consumer's fault.
- b) After completion of the work
 - The contractor fails to fix defects that have been the subject of a BSA direction, or, for various reasons (e.g. bankruptcy or liquidation, left the country, or deceased), can't attend to rectification.
 - The building suffers from the effects of subsidence or settlement.

Amount of Cover

The Scheme provides for replacement value of the work up to a maximum of \$200,000.00.

Period of Cover

Non-completion Cover is provided for 2 years (from the date of payment of the insurance premium or the date of entering into the contract whichever is the earlier).

Defective Construction Cover is provided for 6½ years, (subject to certain policy conditions)

Settlement & Subsidence Cover is provided for 6½ years, (subject to certain policy conditions)

Additional Benefits

If a claim is approved, the policy also provides for the following losses:

- Reasonable cost of alternative accommodation
- Any furniture removal and storage costs necessarily incurred.

N.B. Conditions and monetary limits apply.

When does Cover Commence?

Cover commences from the date of payment of the insurance premium, or the date of entering into the contract (whichever is the earlier).

How can premiums be paid?

Contractors can effect insurance by telephoning BSA Insurance Phone Pay on 1300 366 050 or by calling at any BSA office. If contractors are unsure of how to use Phone Pay the enquiry number is 3247 5850.

Who pays the Premium?

The Insurance Scheme is financed by payment of a single premium which must be paid by the contractor. The development manager must sight a BSA "Confirmation of Insurance" letter before development approval is granted.

What is the cost of the Insurance?

The premium is calculated at \$6.40 per \$1,000.00 of contract value or part thereof, subject to the following minimum and maximum premiums:

Contracts of \$20,000.00 or less = \$128.00 minimum

Contracts of \$200,000.00 or more = \$1,280.00 maximum

(Refer to Premium Table)