



# Building licences

## Frequently asked questions

### What types of building work can I contract for?

You must have a building work contractor licence if you intend to carry out building work in South Australia. This includes work you do yourself and arranging for work to be done by other licence holders.

Your licence will have one or more conditions that state the type of work you can contract for.

Your licence may also have certain limitations about:

- the height of buildings you can work on
- the value of contracts you can enter into
- requirements to work in partnership with another person.

It is a criminal offence to contract for building work that is not listed on your licence. You must comply with all limitations on your licence.

### Do I need to be licensed if I am a sub-contractor?

You must have a building work contractor licence if you sub-contract for work from other licensed builders.

You do not need a licence if you are an employee.

### Do I need a supervisor for my building licence?

You must hold a supervisor registration for your contractor licence, or nominate another person to supervise your licence. The approved supervisor must properly supervise all of your building work.

This supervisor registration must cover the same type of work you contract for.

It is a criminal offence to contract for building work if you do not have a registered supervisor.

### Who or what needs to be licensed?

It is important that you have the right licence for your business structure.

CBS can issue licences for:

- individuals (**sole traders** and **partnerships**)
- corporate entities (**companies**).

You may need to confirm your type of business structure with your accountant before applying for a licence since certain rules apply. For example, a trustee must be licensed if your business structure is a **trust**. The table below demonstrates who should be licensed for different entities.

Business structure	Applicants' role	Licence holder
Sole trader	John Citizen is a sole trader who owns a registered business name John's Repair Services	John Citizen
Partnership	John Citizen & Joe Citizen are partners in a business and both own the business name J&J Repairs	John Citizen Joe Citizen
Company	John & Joe Citizen are Directors of a company called Citizen Repairs Pty Ltd	Citizen Repairs Pty Ltd
Trust	John Citizen is the trustee of the Citizen Family Trust	John Citizen
Trust	Citizen Repairs Pty Ltd is the trustee for the Citizen Brothers Family Trust	Citizen Repairs Pty Ltd

If you want to change your business structure, you should contact CBS beforehand because you may need to change your licence.

## Do I have to display my licence number?

If you hold a building licence in South Australia, you will have a licence number that starts with the letters 'BLD'.

You must display your licence number on:

- any contract for **domestic building work**
- any advertisements.

If you are the principal contractor on a building site, you must also include your licence number on the required signage.

If you do not display your licence number, a maximum penalty of \$5,000 applies.

## What money can I require to be paid for domestic building work?

You cannot ask for payment under a **domestic building work contract** valued at \$12,000 or more or a **preliminary work contract**, unless the payment is:

- for third party services, for example surveying
- re-payment for building indemnity insurance you have purchased
- a progress payment for work you have already completed
- a maximum deposit of \$1,000 for works valued less than \$20,000 or
- a maximum deposit of 5% of the contract value for works valued \$20,000 or more.

A maximum penalty of \$5,000 applies if you break this law.

## Do I need building indemnity insurance?

You need building indemnity insurance for **domestic building work** if:

- your contract price is \$12,000 or more, and
- you require planning approval.

When you apply for planning approval, you must provide a copy of the insurance certificate to the building owner and the local council or accredited professional.

A maximum penalty of \$20,000 applies if you start building work without building indemnity insurance.

**Criminal penalties apply for forged or false certificates.**

## What warranties apply to domestic building work contracts?

Under South Australian law, every **domestic building work contract** has certain implied warranties.

These include that:

- the building work will follow trade standards and the agreed plans and specifications
- the materials will be 'good and proper'
- the building work will follow all legal requirements
- if the contract does not specify a completion time, it must be performed with reasonable diligence
- that the house will be fit for people to live in
- the building will be suitable for any specified purpose that you were

specifically made aware of by the owner.

Legal proceedings can be brought against you if you breach any of the above warranties. This can occur up to five years after the works are completed.

## Definitions

Company	A <b>company</b> is a type of business structure where the business is a separate legal entity, and has the same rights as a natural person, can incur debt and be sued.
Domestic building work	<b>Domestic building work</b> means any building work on a house, including: <ul style="list-style-type: none"><li>• air-conditioning</li><li>• electrical</li><li>• excavating or site filling</li><li>• gas fitting</li><li>• insulation</li><li>• painting</li><li>• plumbing</li><li>• solar panels</li><li>• works on a swimming pool or spa.</li></ul>
Domestic building work contract	<b>Domestic building work contract</b> means a contract for domestic building work (explained above).
Partnership	A <b>partnership</b> is a type of business structure where two or more people jointly carry on a business (other than through a company).
Preliminary work contract	<b>Preliminary work contract</b> means a contract that is: <ul style="list-style-type: none"><li>• related to a domestic building work contract, and</li><li>• provides for ancillary works before that domestic building work contract.</li></ul>
Sole trader	A <b>sole trader</b> is a type of business structure where you are an individual legally responsible for all aspects of your business, including finances and day-to-day business decisions.
Trust	A <b>trust</b> is a type of business structure where a person (the trustee) holds assets and operates the business for the benefit of others (the beneficiaries).