

## FACT SHEET

### OWNER BUILDERS

#### What is an owner Builder?

An owner builder is an individual who takes on the job of managing their own residential building project and performs to coordinating and contracting roles usually undertaken by a licensed builder and holds an owner builder permit for that work.

#### What is owner builder work?

Owner builder work is generally any work (including supervision and co-ordination) involved in the construction of, or alternations, repairs or additions to, a dwelling (which includes a house, terrace, town-house, garage, swimming pool and certain other structures and improvements).

#### Owner builder responsibilities

The owner-builder has a number of responsibilities including:

- Being able to understand the plans for the proposed work
- Obtaining all necessary council and authority approvals for the work.
- Obtaining the required insurances, eg workers compensation, public liability, home owner warranty (where applicable)
- Ensuring any contractor engaged is appropriately licensed and insured to do the work contracted for.
- Arranging for required inspections during the building stages.
- Overseeing and supervising all tradespeople
- Ensuring that all relevant laws are complied with
- Providing a safe work environment
- Comply with any work cover requirements and Occupational Health and Safety

- Warrant that the work and materials will be fit for the purpose and that the work results in a dwelling fit for occupation.
- Risks of an owner builder
- Owner builders must carry out domestic building work in compliance with the relevant building acts and regulations within their state or territory.

#### Financial risks

- Project cost increases as a result of poor estimating and sequencing of trades
- Additional work due to faulty workmanship and non-compliance
- Variations from the original plans.
- Loss by theft or fire on the site.
- Site protection costs (security, safety)
- Occupational health and safety claims
- Adjoining property owner claims

#### Quality Risks

- Adequacy of drawings and specifications
- Standard of workmanship by others
- Compliance with regulations (building OW&S)
- Technical ability to direct and assess workmanship

#### Time risks

- Identification and engagement of suitable tradespeople
- Coordination, continuity and completion of work

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### Future risks

- Cost of providing insurance to prospective purchases and claims by new purchaser within required statutory time period

### Illegal use of License:

It is an offence for the holder of an owner builder permit to:

- Knowingly engage an unlicensed contractor (where a license class exists)
- Lend your permit to another person
- Refuse to disclose to an authorized officer If you don't want the responsibility of being an owner builder, you should be wary of a builder who suggests you obtain an owner builder permit while they do all the building work for you.

This may be a tactic where the builder is evading responsibility, is unlicensed, or is unable to get necessary insurance.

Insurances that every builder owner should consider –

### Home warranty insurance

In many jurisdictions, each licensed contractor (builder, tradesperson or project manager) who contracts directly with an owner builder to undertake residential building work must provide home warranty insurance providers when the total contract sum exceeds a certain amount.

### Workers compensation insurance

Owner builders should take out a worker's compensation insurance policy and ensure that they are fully covered in respect of persons they engage to carry out work. Any contractors engaged by an owner builder may be deemed to be a worker of that owner builder.

### Contract works insurance

This insurance should be obtained by builders and trade contractors. It is for the homeowners protection and covers loss or damage to materials and work. If the builder or trade contractor does not have this type of insurance, the homeowner may risk inconvenience, time delays and disputes if materials are damaged or stolen.

### Public liability insurance

If you intend to be an owner builder or to contract out any type of building work (for which you remain responsible for coordinating), it is strongly recommended that you take out a public liability insurance policy. This covers you if a family member or member of the public is injured as a result of the building work. You could be liable because you own the property.

### Helpful owner builder links:

[NSW Fair Trading](#)  
[Victorian Building Authority](#)  
[Queensland Building & Construction Commission](#)  
[South Australian Government](#)  
[Western Australia Department of Commerce](#)  
[Tasmanian Government Workplace Standards](#)  
[ACT Environment and Sustainable Development](#)  
[Northern Territory Builders Practitioners Board](#)

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