

Thursday, 1 December 2005

HIH SURCHARGE BURDEN REMOVED

Consumer Affairs Minister, Karlene Maywald, today announced the removal of the HIH surcharge on licence fees for builders under the *Building Work Contractors Regulations 1996*.

“The surcharge was put into place to set up an assistance scheme for those builders and consumers affected by the collapse of the HIH Insurance Group.”

“The removal of the surcharge will result in a reduction of about 15% of the licence fee, which is excellent news for the building industry”, Minister Maywald said.

“The HIH Assistance Scheme was established by charging a surcharge on all building license fees following the collapse of the insurance giant in March, 2001. Under the compensation scheme, the state government took responsibility in acting as the insurer to honour any of HIH building indemnity insurance policies.

“This levy removal will reduce the burden of existing regulations on the licensees by reducing the license fees,” Minister Maywald said.

“The building industry suffered a major blow when HIH collapsed leaving many builders with no building indemnity insurance. A builder must take out a building indemnity insurance policy for all building work valued at more than \$12,000 and where council approval is required. This policy protects consumers against faulty or incomplete building work where the builder dies, disappears or becomes insolvent during the building process.

“Many builders were left high and dry when they could not get the required building indemnity insurance.

“Funds in excess of \$3.4 million were raised with this levy protecting builders and consumers. Over \$2.2 million has been paid out to claims made against the fund.

“Treasury initially contributed \$1 million to the fund with industry providing further input through the additional surcharge,” Minister Maywald said.

“By law, a contractor must provide certain warranties when they perform domestic building work. Claims against these warranties can be made up to 5 years after completion of the building work. Consumers can only claim against the building indemnity insurance if the work did not meet statutory warranty requirements and the builder dies, disappears or becomes insolvent.

“This time period has now come to a close for those affected by the HIH collapse

“It’s therefore necessary to review the scheme to ensure those consumers who needed to make a claim have done so, and also to allow those who still have statutory warranties to claim against the fund.

“The HIH Assistance Scheme has sufficient funds to pay all current and future claims,” Minister Maywald said.

The Office of Consumer and Business Affairs (OCBA) administers the HIH Assistance Scheme.

For more information about the HIH Assistance Scheme or the requirements of building indemnity insurance telephone (08) 8204 9777 or 131 882 (regional areas) or visit www.ocba.sa.gov.au.

APPLICATION FOR A LICENCE AND PERIODIC FEE

NATURAL PERSON	Current	Without surcharge
any building work	\$341	\$293
light commercial / industrial and residential	\$341	\$293
residential building work	\$341	\$293
other specified building work	\$170	\$147
BODY CORPORATE		
any building work	\$759	\$652
light commercial / industrial and residential	\$759	\$652
residential building work	\$759	\$652
other specified building work	\$384	\$331