

Council Building and Construction Projects



This fact sheet is designed to assist councils meet their CITF levy obligations under the provisions of the Construction Industry Training Fund Act 1993 (the Act) and the Construction Industry Training Fund Regulations 2008 (Regulations).

The CITF levy is payable on all 'building or construction' work valued over \$40,000, carried out in South Australia at a rate of 0.25% of the estimated project value including GST.

The most relevant parts of the Act and Regulations are:

- > Part 4-Levies
- > Section 24-Liability of project owner to pay levy
- > Schedule 1-Building or construction work under the Act
- > Schedule 1A-Value of building or construction work
- > Regulation 2-Building or construction work-Schedule 1-Maintenance
- > Regulation 14-Building or construction work-Schedule 1A (inclusion of GST)

Please note that the list at Schedule 1 is indicative rather than exhaustive. This means that if a specific activity is not listed, that does not necessarily mean the item is not covered by the levy.

Most aspects of council building activity would be classified as building or construction work under the Act and therefore will require payment of the levy.

LEVY FACT SHEET

Council Building and Construction Projects



Council work undertaken by contractors

When a council engages a contractor to carry out 'building or construction work' on behalf of the council, then pursuant to section 24(5) of the Act, it will be taken as a condition of contract (between the council and the contractor) that the contractor will pay the levy. The contractor would be considered the project owner.

Council work undertaken by council employees

When council employees carry out 'building or construction work', with the exception of repairs and maintenance (see below), the council will pay the levy. The council would be considered the project owner.

Repairs and maintenance

A repair means to restore an item to its earlier condition without changing the nature of it. It is not necessary to use the same materials or that the item be restored exactly to its original state. The primary determining factor is that the item is in need of repair.

Maintenance work is best described as work of a preventative nature, that is, work carried out before an item is in need of repair.

Repairs and maintenance for the purposes of the CITF Act are generally considered 'building or construction work' (Schedule 1 and Regulation 12 respectively).

Exclusion for repair and maintenance work undertaken by council using their own employees

Under Schedule 1, section 2 of the Act, maintenance or repair work is not considered 'building or construction work' under some circumstances. Council maintenance or repair work carried out by council employees is considered excluded from 'building or construction work' under this section as the principal business activity...of the employer (council)...does not constitute 'building or construction work'.

2—Exclusions

The following do not constitute building or construction work for the purposes of this Act:

(a) *maintenance or repair work carried out—*

- (i) *by a self-employed person for his or her own benefit; or*
- (ii) *by an employee for the benefit of his or her employer, where the principal business activity of the self-employed person, or the employer (as the case may be) does not consist of building or construction work;*

(b) *the construction, alteration, repair, demolition or removal of a fence on (or on the boundary of) agricultural land;*

(c) *work directly associated with the care, conservation or rehabilitation of agricultural land, or of land that has been agricultural land;*

(d) *any other kind of work excluded from the operation of this Act by regulations prescribed for the purposes of this provision.*

Councils can use the tables on the following pages to assist them in determining when the levy is payable and who should pay the levy.



Some examples of when the levy is payable or exempt for council works

Type	Description	Building or construction or maintenance or repair	Levy payable if value of work is greater than \$40,000 ¹	
			By council employee *	By contractor #
Buildings or structures	Demolition or construction	Building or construction	Yes	Yes
	General repairs, general maintenance, re-painting, re-tiling, re-carpeting	Maintenance or repair	No	Yes
	Cleaning of windows, gutters, building exterior etc	Neither	No	No
Road Construction	Re-constructing a road Constructing a road Sealing an existing unsealed road	Building or construction	Yes	Yes
Road Repair	Re-sheeting an unsealed road Re-sealing an existing sealed road Filling in potholes / cracks	Repair/ Maintenance	No	Yes
Landscaping, parks and gardens	Construction of a new garden including landscaping, excavation, and irrigation	Building or construction	Yes	Yes
Site work	Excavation, site preparation, backfilling, compacting, pile driving, laying pipes and cables in, on or above the ground	Building or construction	Yes	Yes
Railway, tram, busway, aircraft runway, harbour or marina including dredging, dam, weir, water and gas collection, conveyance and storage	All building or construction activities (Schedule 1)	Building or construction	Yes	Yes
	Maintenance or repair work	Maintenance or repairs	No	Yes
Electrical, mechanical services, air conditioning, lifts and escalators	Installation and all building or construction activities	Building or construction	Yes	Yes
	Servicing and testing	Maintenance or repairs	No	Yes
Fencing on agricultural land		Neither	No	No
Tree pruning, mowing, pest and weed control, stump removal		Neither	No	No

¹ Levy amount is 0.25% of estimated project value including GST

* Council must pay the levy

If council does not pay the levy then it "will be taken to be a condition of any contract..." that the contractor pay the levy [Section 24 (5)] and the levy must be paid before the contractor starts onsite [Section 24 (2)(b)]

Detailed examples of when the levy is payable or exempt for council road works

Type	Description	Building or construction or maintenance or repair	Levy payable if value of work is greater than \$40,000 ¹	
			By council employee*	By contractor #
Re-Sheeting	Applying a layer of metal to an existing unsealed road including grading	Maintenance or repairs	No	Yes
Sealing a road	Changing an unsealed road to a sealed road	Building or construction	Yes	Yes
Re-Sealing a road	Apply a spray layer of bitumen and gravel to an existing sealed road	Maintenance or repairs	No	Yes
Road Re-construction	Stripping back an existing sealed road to clay substrate. Building a new road with changed characteristics load weighting, widths, camber, drainage, curbing	Building or construction	Yes	Yes
Road Construction	Building a new road where no sealed road existed	Building or construction	Yes	Yes
Road Repair	Filling in potholes/ cracks	Maintenance or repairs	No	Yes
Pavement construction	Building a new section of pavement including excavation, compaction, and laying	Building or construction	Yes	Yes
Pavement Repair	Repairing an existing section of pavement without changing its characteristics	Maintenance or repairs	No	Yes
Installing Safety Barriers	Installing safety barriers to roads curvatures	Building or construction	Yes	Yes

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