

20% DEPOSITS ARE NOW LAWFUL A WIN FOR THE CABINET MAKING INDUSTRY of WA

In 2018, the CMAWA met with the then Minister for Commerce, the Hon Bill Johnston MLA in relation to difficulties experienced by cabinet makers with the HBCA (Home Building Contracts Act).

In particular - restricted deposits of 6.5% and
- inability to claim progress payments

The Minister then asked the Department of Mines, Industry Regulation and Safety (DMIRS) to investigate options to address these concerns in the Cabinet Making Industry. CMAWA and DMIRS worked together, and pursued the consultative process required to achieve a positive outcome for the Cabinet Making Industry of WA.

The increase in the allowable deposits to 20% where 50% of the work is done offsite, has now been legislated, and Cabinet Makers can lawfully charge this amount. It is of note, that there has never been, any other successful amendment of the current Act.

This is a partial resolution, and CMAWA still need to pursue other areas of concern such as allowable progress payments for work completed but not yet installed.

Many key people were involved in this project, but credit must go to our members, as they took the time to provide comments and responses to the survey conducted in December 2018 by DMRIS to improve its understanding of the industry, and the issues it faced.

The survey responses identified –

- * That deposits and progress payments were a contentious issue for Cabinet Makers, and
- * that there was a high level of non-compliance with the Act.

A Cabinet Making Industry Specific Consultation Paper was formulated from the (90% CMAWA Member), survey responses. This was to obtain comment on the proposed options for change, and to give opportunity for stakeholders to put forward any alternative views and options. The information was then used to draft an amendment to the act and presented to the Minister to pass as law.

This is a win for the Cabinet Making Industry of Western Australia.

It was the Cabinet Making Industry that pursued this issue through the CMAWA for many years. An issue Cabinet Makers struggled with, and an issue other groups did nothing to address.

We trust other construction trades may benefit from this journey, but on this occasion, it is the CMAWA members who have effected change in the Industry.

I thank all our members, past, long standing, and current, for your continued membership and support.

Ugo De Laurentis,
President
The Cabinet Makers Association of WA Inc.

Increase to Deposits for Cabinetry Work

An initiative of the CMAWA and a major win for the Cabinetry Industry of WA. The WA Government has increased the maximum allowable deposit a cabinetmaker can charge a homeowner when carrying out cabinetry work.

Effective from 27 May 2020, the *Home Building Contracts Regulations 1992* were amended to allow builders and cabinetmakers to claim a 20% deposit from homeowners where:

- (a) a home building contract is entered into for cabinetry work; and
- (b) the value of the off-site work performed under the contract is more than 50% of the total amount payable under contract.

What is Cabinetry Work? Cabinetry work includes:

- ☑ The manufacture and installation of kitchen, bathroom, laundry and other custom-made cabinets and fitments; and
- ☑ The refurbishment or repair of kitchen, bathroom, laundry and other fitted cabinets and fitments.

However, cabinetry work will not include, the purchase and installation of off-the shelf cabinets.

What is Off-Site Work? Off-site work, in the context of home building work, means work performed at a place that is not the place at which the home building work is to be finally installed or constructed under the contract.

Deposits otherwise remain unchanged

For all other home building work, the maximum allowable deposit otherwise remains at 6.5% for works between the value of \$7,500 and \$500,000.

The new prescribed maximum allowable deposit limit means that cabinet makers can now legally charge a deposit of up to 20% in home building work contracts where the cabinetry work is predominately undertaken in a factory.

Notice to Homeowner to be updated

As a result of the changes the 'Notice to Homeowner' is to be updated. Cabinet Makers should endeavour to immediately revert to the new amended notice(Schedule 1) so there is no misunderstanding with their clients, the home owners.

CMAWA is currently taking steps to update our contracts and we maintain our communication with the Department of Mines, Industry Regulation and Safety to ensure that a practical and educational approach to compliance is taken regarding the use of the updated notice.

Here is the link to Home Building Contracts Regulations 1992 where the new prescribed deposit limit and Schedule 1 can be located:

https://www.legislation.wa.gov.au/legislation/statutes.nsf/main_mrtitle_1587_homepage.html



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