



Increased Deposits for Cabinetry Work

From 27 November 2020, the amended Notice to Home Owner (**as attached**) must be used as it has been updated to reflect the changes enabling increased deposits to be claimed for cabinetry work. Master Builders recommends that this is stapled over the existing Notice to Homeowner for contracts that have not already been updated.

What changes were made to deposit requirements?

Changes were made to the *Home Building Contracts Amendment Regulations 2020* (the Amendment Regulations) which were passed by the Governor on 27 May 2020 and commenced operation.

The Amendment Regulations have updated the *Home Building Contracts Regulations 1992* to allow cabinet makers to charge a 20 per cent deposit where the value of off-site cabinetry work is more than 50 per cent of the total contract price.

Previously, Section 10(1)(a)(i) of the *Home Building Contracts Act 1991* (the HBC Act) allowed 'builders' (which also includes cabinet makers and other tradespersons) to charge clients a maximum of 6.5 per cent deposit on any home building work contract between the value of \$7,500 and \$500,000. Section 10(1)(a)(ii) of the HBC Act allows for the prescribing of a different maximum allowable deposit amount for work of a 'prescribed kind,' such as trade work.

What is cabinetry work?

For the purposes of this prescribed maximum allowable deposit limit, cabinetry work is defined as:

- 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;

But

- Does not include the purchase and installation of off-the-shelf cabinets;
- 'Off-site work,' in respect to 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.

The new prescribed maximum allowable deposit limit means that cabinet makers can charge a deposit of up to (but not exceeding) 20 per cent in home building work contracts if the cabinetry work is predominately undertaken in a factory.

Why is an updated Notice to Home Owner required?

NOTE: This document and the information contained within it does not constitute legal or other professional advice. All readers should seek advice specific to their individual business circumstances.

The Amendment Regulations has amended Schedule 1 of the Regulations, which is the notice that builders must give owners prior to them signing a contract for home building work, to indicate that an exception to the maximum allowable deposit of 6.5 per cent in the case of cabinetry work. Regardless of whether the work is cabinetry work or not, from 27 November 2020, all builders and contractors undertaking home building work between \$7,500 and \$500,000 in value must provide their clients with the updated notice **(attached)**.

MBA is currently in the process of amending its residential construction contracts and can provide you with guidance in relation to the process for amending a contract in the meantime.

Should you require legal advice on these matters, please contact our Legal Advice Line on 1300 651 959 (free for members).

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