
CMAWA e-News updates May 2018

Home Building Contracts Act 1991

Home Building Contracts Regulations 1992

Updates from the EO

As mentioned in our last eNews update, we have been proactively seeking assistance from senior members of the Building Commission and Government Officials regards to the longstanding issues raised by the CMAWA in relation to constraints for our Industry such as progress payments and deposits. While we have been advised that a review of the Act is not an immediate priority for the Building Commission, they are continuing to look for opportunities wherever possible to progress reforms to this area.

Hon Bill Johnston MLA Minister for Mines and Petroleum; Commerce and Industrial Relations; Electoral Affairs; Asian Engagement has invited the CMAWA for a meeting to discuss our concerns. This meeting is scheduled for 31st May.

Until such time as we can give you further information we are governed by the current Act. I realise you are all familiar with its contents but for those who want a refresher, I have listed below an overview on the key guidelines. Should you have any queries or require a complete copy of the Act please do not hesitate to contact me on 0439 944 660.

Regards Sheila Payne, Executive Officer

Home Building Contracts Act 1991

The Act is designed to help avoid disputes between you and your client. It ensures that both parties understand the details of the agreement and prohibits certain unfair practices.

Under the Act a 'builder' is any person (s) who carries on a business which perform home building work or associated work for others. That person may or many not be a registered builder.

If you avoid the Act, you can be fined up to \$10,000 for attempting to avoid your responsibilities. Making any agreement or arrangement to evade or counteract the Home Building Contracts Act is prohibited.

Copies of the Home Building Contracts Act 1991 and the Home Building Contracts Regulations 1992 are available on the State Law Publisher website www.slp.wa.gov.au or contact the Building Commission on 1300 489 099 or bcinfo@dmirs.wa.gov.au

Schedule I Home Building Contracts Regulations 1992

The Notice for the Home Owner is a requirement under the Home Building Contracts Act 1919 which applies to parties entering a 'home building work contract' being a contract for the performance of 'home building work or associated work' where the value of the fixed price contract is between \$7500 and \$500,000.

Before the home building work contract is signed by the owner, the Act requires the builder to provide the owner with a copy of this notice which summarises the requirements of the Act.

Home indemnity insurance is compulsory for associated work if that work is under a contact that includes construction or renovation of a residence and the total cost of all the building work is above \$20,000.



Key Points to the Home Building Contracts Act 1991

- The Act regulates contracts between any person undertaking home building or associated work for a home owner where the value of the fixed price contract is between \$7500 and \$500,000
- The Act requires you and your client to enter into a written contract to avoid costly disputes and protect your rights and those of your client
- When disagreements can't be resolved, the Building Disputes Committee is available to achieve a quick and inexpensive solution.
- The Act doesn't apply if for sub-contractors doing work for a builder who is in turn building a house for a client
- The Act includes the installation of fixtures in the house or elsewhere on the property and when you are dealing directly with the home-owner.
- The Contract must be in writing and contain all the term, conditions and provisions of the agreement and signed/dated by both parties. Failure to do so can result in the client being able to terminate the contract at any time and a potential fine against you.
- The Contract must be fair and "Rise and Fall" clauses that make the client responsible for increases in the cost of labour and materials are prohibited. You may be fined up to \$10,000 for including a "Rise and Fall" clause.
- Deposits are a maximum of 6.5% of the total cost of the work. This is the only payment you can demand before work commences. If you ask for a higher deposit, the client can terminate the Contract at any time before the work is completed and a penalty of up to \$10,000 may apply.
- Progress payments can only be claimed for work already completed or materials already supplied to the client, this is classed as a genuine progress payment. Penalties may apply of up to \$10,000 if you claim more than the value of work completed and the client can terminate the contract at any time.
- The Notice for the Homeowner document must be given to the client before the contract is signed. Failure to do so can result in a penalty of \$2000

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