

ANNUAL REPORT | 2009»2010
GROWTH REFLECTS INDUSTRY STRENGTH



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ABOUT THE COMMISSION

The Building Commission is a self-funded statutory authority established under the *Building Act 1993* (Building Act) to regulate Victoria's building control system. Its mission is to ensure the amenity, safety, health and sustainability of Victoria's built environment. The Commission achieves its mission by bringing vision and innovation, as well as leading regulation to the Victorian building industry. It administers building legislation, regulates building practices, advises the Victorian Government and provides services to industry and consumers. The Commission supports four statutory bodies under the Building Act:

- **Building Advisory Council** – responsible for advising the Minister for Planning on the administration of the Building Act and the *Building Regulations 2006* (the Regulations).
- **Building Appeals Board** – responsible for determining appeals, disputes and assessing modification and compliance requests relating to building legislation arising under the Building Act or the Regulations, and including appeals against decisions of the Building Practitioners Board
- **Building Practitioners Board** – responsible for registering building practitioners and regulating their conduct and ability to practice
- **Building Regulations and Advisory Committee** – responsible for the accreditation of building products and providing advice on building regulatory matters.

The Building Act and associated legislation sets out Victoria's building control system, including the registration and regulation of building practitioners, standards in construction and building maintenance, protection of the health and safety of building users and oversight of the building and occupancy permit system.

VISION

The Commission is a leading regulator of the built environment. It is focused on an innovative, sustainable, accessible and responsive building industry, fostered through collaborative partnerships between government and industry stakeholders.

ROLE

The Commission's primary role is to regulate for a safe, liveable and sustainable built environment. It does this by bringing vision and innovation as well as leading regulation to the Victorian building industry. It oversees building legislation, regulates building practices, advises government and provides services to industry and consumers.

VALUES

The Commission is proud of having an organisational culture that is values driven, relevant, responsive and delivers results. Its values are:

- Future focus
- Achieving together
- Inspiring excellence
- Respecting individuals
- Ensuring trust.

STRATEGY

The Commission's 2009–10 Business Plan reflected the overarching goals outlined in the organisation's five-year Corporate Plan (2007–12). This plan focuses on economic, social and environmental outcomes while emphasising the Commission's regulatory responsibility. Over the five-year period the Commission aims to achieve:

Regulatory excellence – by delivering effective and responsible industry governance.

Industry responsibility – by supporting government and stakeholders to transform the industry.

Environmental best practice – by ensuring a sustainable built environment.

Community accountability – by ensuring safe building services for the community.

The Commission's five-year Corporate Plan is available on the Building Commission website: www.buildingcommission.com.au

STAKEHOLDERS

The Commission acts on behalf of the Minister for Planning to regulate the building industry for the Victorian community. Its other key stakeholders include Registered Building Practitioners, peak industry bodies and associated industry groups, the broader building and construction industry, local, State and Commonwealth Government agencies and authorities and the Victorian community.

PEOPLE

The Commission employs 115 people in its Melbourne head office and its regional offices in Ballarat, Sale and Wangaratta. It aims to achieve a diverse, ethical and effective workforce, and is committed to creating a safe, positive workplace that promotes life balance.

OVERVIEW OF 2009–10

The building industry in Victoria experienced a year of unprecedented activity in 2009–10. A record total of 113,670 building permits were issued, with a value of \$23.9 billion – 24 per cent higher than the 2008–09 financial year and 17 per cent above the previous record of \$20.4 billion in 2007–08. Employment in the sector subsequently reached record levels.

This result is in complete contrast to the anticipated slowing of building activity due to the global financial crisis. Victoria's building practitioners seized the opportunity presented by this high level of activity, which was particularly strong in the domestic, public building, hospital/healthcare and industrial sectors. Growth was strongest in Rural Victoria although it extended across the whole of the State.

With such high levels of activity, Victoria's building industry continued to offer strong and rewarding prospects across a range of career pathways. Building practitioner registrations increased by four per cent to 24,199.

The rapidly changing nature of the industry, particularly in the area of sustainability, highlighted the importance of ongoing learning by practitioner. It was pleasing to see that participation in voluntary Continuing Professional Development (CPD) grew at a record rate. The number of Registered Building Practitioners (RBP) undertaking CPD leapt 241 per cent to 8,540. This is an outstanding result for practitioners who managed to find the time to upskill and in doing so improve their profession during the State's busiest levels of building permit activity on record.

The Commission promoted building careers to schools and the industry throughout the year with the focus on the internship program for building surveyors. The program, funded jointly by Regional Development Victoria under the 'Make Your Career Happen in Provincial Victoria' initiative and the Commission, has assisted 10 regional councils to support a two-year building surveying internship program. The program is conducted with assistance from key industry stakeholder groups, including the Victorian Municipal Building Surveyors Group, the Municipal Association Victoria and the Australian Institute of Building Surveyors. The program will help respond to the demand for building surveyors, particularly in Victoria's regional areas, which are experiencing record levels of building permit activity and growth.

Environmental best practice for the built environment continued to be a focus of the Commission and the State Government in 2009–10. This required regulatory reform, industry and consumer education and continuing stakeholder engagement to maintain the momentum towards a sustainable built environment. The Commission actively partnered with the Australian Building Codes Board (ABCB) on developing and implementing upgraded energy efficiency provisions in the BCA 2010 and supported work by the Department of Planning and Community Development (DPCD) for reform of the 5 Star Standard and the national adoption of 6 Star from May 2011. Project partnerships and strong ties with the Green Building Council of Australia were important in increasing practitioner and consumer knowledge of environmental best practice for the built environment.

Throughout 2009–10 the Building Commission worked to enhance its business processes. The alignment with the Plumbing Industry Commission under one roof at the 5 Star Green Star Goods Shed North in Docklands is testimony to this. The co-location at the Goods Shed North from 7 December 2009, allows for a more effective deployment of shared corporate services, greater workplace efficiency and productivity, and gains in health and amenity for employees. Financial modelling has shown the co-location will deliver significant savings on a net present value basis over our 15-year lease.

As part of the alignment, the two Commissions worked to replace their existing registration systems with a more cost-effective and efficient online application called *eToolbox*, which was launched in July 2010. For RBPs *eToolbox* provides the ability for registration renewal, voluntary CPD reporting, maintenance of contact information and lost or stolen registration cards re-ordering 24 hours a day.

The Commission continued to ensure it met the evolving needs of the industry and the broader community. This was demonstrated through significant regulatory reforms that improved the operation of the Regulations. Working closely with DPCD, the Commission also supported the Victorian Government's ongoing response to the 2009 bushfires with the introduction of regulations for private bushfire shelters. The Commission also continued to respond directly to a number of the Royal Commission's recommendations.

Maintaining high consumer confidence in the Victorian building industry continued to be a Commission priority. An important part of achieving this objective was the ongoing auditing program to ensure compliance and deliver consumer safeguards. The Commission conducted 586 investigations, 46 domestic building site audits and 135 office audits of building practitioners to ensure adherence to the requirements of the Building Act and the Regulations. Along with 300 site inspections of class 10A sheds, this constitutes approximately 630 files checked.

The Building Practitioners Board also heard and completed 60 Inquiries in relation to 199 investigated sites in Victoria.

I would like to acknowledge the expert advice and valuable input of the Building Advisory Council, the Building Appeals Board, the Building Practitioners Board and the Building Regulations Advisory Committee. The services and dedication of the Boards contributed to the success of the Commission and I look forward to working with them throughout the next year.

A record-breaking year speaks volumes in terms of the workload the Victorian building industry, the Boards and the Commission staff have sustained. I thank you all.

I am confident that the Building Commission is well-positioned and ready to meet the emerging needs and requirements of consumers and the building industry for many years to come.

OUTLOOK FOR 2010–11

The strong level of building permit activity in 2009–10 provides a solid base moving into the new financial year. Importantly, the most recent pulse^o Building Industry Economic Survey indicates there is already at least nine months' work on most of Victoria's building practitioners' books.

Now, more than ever, builders need to consider the important role they can play in educating the community about the cost and environmental benefits of applying green building practices. In doing so, they will not only be providing Victorian building owners with energy and water cost savings, they will be contributing to a long-term sustainable built environment for future generations.



TONY ARNEL LFRAIA
BUILDING COMMISSIONER

ACCOUNTABLE OFFICER'S DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present the Building Commission's Annual Report for the year ending 30 June 2010.

Yours sincerely



TONY ARNEL LFRAIA
BUILDING COMMISSIONER

Full disclosure of the Commission's financial position is included in the financial statements and notes to the financial statements.

PERFORMANCE

For the financial year to 30 June 2010, the Building Commission's total income increased by \$3.5M to \$28.6M from the 2008–09 figure of \$25.1M. This was primarily due to the net effect of:

- A significant increase in general building permit levy revenue of \$3.2M to \$15.5M (an increase of 26%), as a result of the increase in building activity to \$23.9 billion.
- Building Advice and Conciliation Victoria (BACV) building permit levy revenue also increased by \$1.5M to \$7.5M (an increase of 23%) due to the jump in building activity.
- A decrease in interest income of \$0.2M reflective of lower interest rates achieved on cash and investment holdings.
- A decrease in other income of \$1.0M primarily due to grants received in 2008–09 relating to reimbursement of Building Commission costs associated with its bushfire recovery response.

The Commission's surplus net result at \$1.2M is up \$2.0M from 2008–09, consistent with the net effect of the movements in total income and total expenses under the Commission's Reserves and Expenditure Policy. The net result was \$1.1M higher than that forecast in the Commission's 2009–10 mid-year revised budget and reflected the effects of record levels of building activity and the associated building permit levy revenue.

As a self-funding statutory body, the surplus net result for 2009–10 assists with offsetting the deficit net results incurred in 2007–08 and 2008–09 of (\$1.8M) and (\$0.8M) respectively.

The Commission's working capital surplus and cash/investment positions are strong at \$3.0M and \$7.8M respectively. This is in line with the Building Commission's reserves and expenditure policy which is supported by the Building Advisory Council. This outcome was achieved through proactive monthly and quarterly financial management of expenditure. A three year financial plan was finalised to June 2013.

The Commission continued to focus on a strong financial governance framework, supported by a proactive independent Internal Audit Committee. The Commission's Financial Code of Practice and Audit Committee Charter are published on the Commission's website.

The BACV building permit levy funds the BACV functions established under the *Domestic Buildings Contracts (Conciliation and Dispute Resolution) Act 2002*. As part of the dispute resolution functions of the BACV, the Building Commission is allocated a portion of the levy to fund its role in the dispute resolution process and takes that income to account when received. The Building Commission provides services in relation to BACV disputes arising from building permits issued in the past. As such the Building Commission will in the future incur costs to service BACV disputes in relation to past building permits, including the cost of inspection reports and case administration.

The BACV provision is the estimated net present value of those future costs to service those disputes relating to past building permits issued. The value of the BACV Provision as at 30 June 2010 is \$3.3M.

The Commission created a provision for product research grants for bushfire recovery of \$0.4M in 2009–10. The grants will provide research and development for manufacturers of products related to BAL FZ under the new bushfire construction standard (AS 3959–2009).

Internal and external audit findings have presented no significant weaknesses in internal financial controls or business risk management practices.

EXPENSES

Total expenses from transactions and other economic flows were up \$1.5M from 2008–09 to \$27.4M in 2009–10. Major contributors to the \$1.5M increase in total expenses from transactions and other economic flows included the net effect of:

- Increased employee benefit costs, reflecting increases under the Commission's Enterprise Bargaining Agreement (EBA) 2006 (+\$0.8M)
- Decreased legal costs from compliance activities, building dispute resolution and regulatory development (-\$1.0M).
- An increase in the annual BACV Provision adjustment (+\$0.5M).
- Increased depreciation and amortisation primarily due to the move to the Goods Shed North (+\$0.5M).
- Increased accommodation costs (+\$0.6M) primarily reflecting lease break on levels 27 and 39 at Casselden Place and relocation expenses.
- Decreased expenditure on special projects primarily reflecting the level of expenditure on bushfire recovery response costs incurred in 2008–09 (-\$0.7M).
- Provision for product research grants for bushfire recovery (+\$0.4).
- Increase in corporate services expenses (+\$0.3M) primarily reflecting increased IT support, as a result of the relocation.
- Loss on disposal of assets following the move from Casselden Place (+\$0.1M).

The Building Commission was in the middle of a five year lease at Casselden Place, which started on 11 August 2007, when the Commission co-located with the Plumbing Industry Commission to the Goods Shed North on 7 December 2009. The Building Commission secured assignment of lease arrangements for Casselden Place to the Department of Human Services with minimal make good and lease break costs. The Building Commission's costs for the Goods Shed North fit-out (aimed at achieving a 5 Star Green Star Office Interiors as Built rating) totalled just under \$4.2M, which was fully funded by the Building Commission. Financial modelling has shown the co-location of the two Commissions at the Goods Shed North will deliver significant savings on a net present value basis over the 15 year lease.

The Commission's Reserves and Expenditure Policy directs additional revenue into operating expenditure on building industry research and the development of Commission services to the industry and consumers when revenue is sufficient to do so. The policy also permits cutbacks in project expenditures during periods of economic downturn and reduced revenue.

OUTLOOK

The Building Commission's 2010–11 Annual Budget and Three Year Financial Plan has forecast that building activity will achieve \$22 billion for 2010–11, an 8 per cent decrease on the \$23.9 billion achieved in 2009–10. However this reflects a 14 per cent increase from the \$19.3 billion of building activity, achieved in 2008–09.

The forecast for 2010–11 reflects a return to more normal levels of building activity, following the effects felt in the building industry across 2008–09 and 2009–10, initially by the global financial crisis then followed by the Federal and State Government stimulus packages, and the First Home Owners Grant in conjunction with low interest rates. Building activity over the remainder of the financial plan is also forecast to achieve \$22 billion in 2011–12, and 2012–13.

SUMMARY OF COMMISSION'S FINANCIAL PERFORMANCE OVER THE PAST FIVE YEARS

Item	2009–10	2008–09	2007–08	2006–07	2005–06
General Building Permit Levy	\$15.5M	\$12.3M	\$13.0M	\$10.8M	\$9.9M
BACV Building Permit Levy	\$7.5M	\$6.1M	\$6.4M	\$5.3M	\$5.0M
Building Practitioner Registrations	\$2.2M	\$2.2M	\$2.2M	\$2.0M	\$1.8M
Owner-Builder Certification Fees	\$0.8M	\$0.7M	\$0.8M	\$0.9M	\$1.0M
Total Income	\$28.6M	\$25.1M	\$24.6M	\$20.8M	\$19.5M
Total Expenses	\$26.6M	\$25.5M	\$24.2M	\$20.6M	\$18.6M
Net Result from Normal Operations	\$2.0M	(\$0.5M)	\$0.4M	\$0.2M	\$0.9M
BACV Provision Expense	\$0.8M	\$0.3M	\$2.2M	\$0.0M	\$0.0M
Net Result	\$1.2M	(\$0.8M)	(\$1.8M)	\$0.2M	\$0.9M
Total Assets	\$19.8M	\$18.2M	\$17.0M	\$16.8M	\$16.1M
Accumulated Surplus	\$3.4M	\$2.2M	\$3.0M	\$3.0M	\$3.0M
BACV Reserve	\$0.0M	\$0.0M	\$0.0M	\$1.8M	\$1.6M
BACV Provision	\$3.3M	\$2.5M	\$2.2M	\$0.0M	\$0.0M
Net increase / (decrease) in cash and cash equivalents	(\$1.6M)	(\$1.6M)	(\$0.8M)	(\$1.4M)	\$1.9M

BUILDING ADVISORY COUNCIL CHAIR'S REPORT

Under the Building Act, the Building Advisory Council (BAC) is responsible for advising the Minister for Planning on the administration of the Building Act, issues relating to the building permit levy and the impact of other regulations on the building regulatory system established under the Building Act. The BAC represents the Victorian building industry and acts as a forum for current building issues. The expert representatives on the BAC ensure that it has the specialist knowledge required to undertake its role. The BAC carefully reviews critical industry issues, so that it can provide the highest quality Ministerial advice.

In 2009–10 the BAC:

- continued to consider significant industry issues
- worked with DPCD and Skills Victoria to understand the current skill shortages and forecast demand and supply in the Victorian labour market as it relates to the building industry and programs are in place to address these issues
- spent considerable time providing advice to the Minister with respect to the issues associated with owner builders and issues surrounding mid-rise housing
- continued to monitor and consider options for the development of sustainability measures in the existing building stock
- with the assistance of the Building Commission, instituted a building industry economic quarterly survey to assist in providing advice to the Minister with respect to existing and anticipated conditions in the building industry
- continued to monitor the significant and constantly shifting issue of professional indemnity and domestic building insurance issues
- monitored and assisted, where possible, in the development of industry standards for private bushfire shelters
- continued to monitor and advise on the implementation of the *Occupational Health and Safety Act 2004*

- proved an effective vehicle for communication of issues between all the organisations represented on the BAC
- continued to review and monitor:
 - the Building Commission's research program
 - the financial management of the Building Commission
 - the five-year Building Commission Corporate Plan
 - the Building Act
- endorsed reports from the Building Commission on:
 - owner-builder activity
 - pulse⁹ research on practitioner and consumer satisfaction levels
 - the Building Commission's 2010–11 annual budget.

DAVID BLANCHE CHAIR,
BUILDING ADVISORY COUNCIL

BUILDING APPEALS BOARD CHAIR'S REPORT

Under the Building Act, the Building Appeals Board is responsible for determining appeals, disputes and requests for modifications (a decision that a provision in the building regulations does not apply to a particular building) as well as compliance applications. The Board also plays a role as the review body under Part 14 of the *Residential Tenancies Act 1997*.

The Board has a wide jurisdiction on building matters and is made up of highly experienced members of the industry, supported by community representatives. The industry and the community receive an excellent service from Board members who devote significant time away from their professional occupations to their work for the Board. Members are selected for their experience and general knowledge of the building industry, which enables the Board to bring accumulated individual expertise to its decision-making role. During 2009–10, the Board recruited three new members to serve first terms. A number of existing members, including the chair, were reappointed by the Minister to serve subsequent three year terms.

To continue to improve processes, the Board undertook further changes to working practices and administrative support. The Board received briefings from the Building Commission in relation to statutory developments that affect its work, for example on the Building Code of Australia, the revisions to building standards relevant to bushfire protection, and potential changes to the *Residential Tenancies Act 1997*. The Board worked closely with the Commission during the year to provide determinations under section 160A of the Building Act in relation to the performance requirements introduced for private bushfire shelters. The Board also considered applications in relation to alternative building solutions for residential construction in bushfire prone areas.

Throughout the year the Board met in full session each month to review past cases and anticipate future trends. The Board discussed with and provided comment to the Building Commission, the Building Regulation Advisory Committee and the Building Practitioners Board on issues including the professional standards applying to building practitioners, the effectiveness of regulations and guidelines, and the operation of specific aspects of the regulatory system, including protection work and the requirements for qualification for building practitioners. This review process ensures that Board members sitting in Panels on a weekly basis can provide an effective, efficient and consistent decision-making forum, which industry stakeholders can rely on for cost effective adjudication.

The Board continued to operate efficiently throughout the year, offering applicants for appeals a first hearing within ten weeks of the appeal in the majority of cases. Modification requests in most cases were considered within five weeks.

A new Hearing Administration System is currently being developed to facilitate a further improvement in the quality of service offered by the Board. The Board recognises the commitment of the Building Commission to deliver a new, web-enabled application management system, which will support continued efficient processing of increased numbers of appeals. Work continued during the year on the development of detailed technical specifications for the system, which will allow on-line submission and viewing of appeal documents.

It is a privilege to serve with a group of Board Members who offer the industry such a high level of service and commitment to quality and I would like to thank all present and past Board members for their contribution during the year.

PETER LAVIS CHAIR,
BUILDING APPEALS BOARD

BUILDING PRACTITIONERS BOARD CHAIR'S REPORT

Under the Building Act, the Building Practitioners Board is responsible for administering the Victorian building practitioner registration system. The Board registers practitioners and supervises the conduct of Registered Building Practitioners (RBPs) and manages the issuing of Certificates of Consent to owner-builders. The Board is made up of representatives of the industry and the community who aim to enhance competency and compliance within the building industry.

In 2009–10, the Board:

- oversaw a 3.7 per cent increase in RBP registrations from 23,334 in 2008–09 to 24,199
- recruited and inducted several co-opted members to assist with the increased workload of registration application assessments and Inquiries
- issued 9,973 Certificates of Consent for owner-builders
- continued to operate the practitioner disciplinary system, making decisions on complaints about practitioners, holding inquiries and applying appropriate penalties
- made improvements to review processes for complaints about practitioners to ensure swifter consideration at Inquiry
- maintained its support for voluntary CPD initiatives.

The number of completed Inquiries was the second highest amount heard by the Board in a financial year. While it is regrettable that the Board should need to apply disciplinary sanctions, the number of such actions remains small in relation to the total number of active practitioners in Victoria. In a number of cases the Inquiry findings represented the final stage of a thorough and comprehensive complaint, investigation and Inquiry process going back over several years.

Throughout the year the Board continued to adapt its approach to changes in the industry, the expectations of practitioners and their representatives at Inquiry. The number of complaints being made to the Board, while small as a proportion of the projects undertaken in Victoria, is expected to continue to rise as a consequence of the high volume of building activity in the State, and the Board is committed to working with the Building Commission to ensure that such complaints can be managed with reasonable dispatch. The Board continues to give priority to dealing with cases of poor conduct that it considers present the greatest level of risk to consumers and the public.

The Board is aware of its role as custodian of good standards in the Victorian building industry and the need for the industry to see the Board as encouraging professional improvement. I was pleased to accept appointment as Chair, while the Board also welcomed Mr Graeme Geary as a newly appointed building surveyor member during the year. I am grateful to those existing members who chose to re-apply for further terms on the Board. I also wish to record the Board's thanks to the past Chair, Kim Lovegrove for his contribution to the work of the Board since 2007, and to Geoff Hoare who served in an acting capacity as Chair for the Board for several meetings in Mr Lovegrove's absence.

BILL RUSSELL CHAIR,
BUILDING PRACTITIONERS BOARD

BUILDING REGULATIONS ADVISORY COMMITTEE CHAIR'S REPORT

Under the Building Act, the Building Regulations Advisory Committee (BRAC) is responsible for advising the Minister for Planning on draft building regulations and accrediting new building products, construction methods and components or systems connected with building work.

The BRAC is made up of building industry representatives as prescribed in the Building Act.

In 2009–10, the BRAC:

- recommended the adoption and implementation of the Building Code of Australia (BCA) 2010, including amendments to the Victorian variations, for commencement on 1 May 2010
- considered reports and made recommendations to DPCD that facilitated improvements to Parts 1, 4, 7, 8, 12, and 16 of the Regulations
- commented on a number of proposed amendments and new Australian Standards for adoption in the BCA
- considered and approved applications for the accreditation of building products, construction methods or designs, components or systems connected with building work for use in Victoria which included:
 - Masterwall – reinforced polystyrene wall cladding system
 - Wildfire Safety Bunkers – private bushfire shelters
- monitored research projects into building legislation matters, including:
 - private bushfire shelters
 - balcony and deck failures
 - drought related cracking of buildings.
- examined reports and commented on:
 - proposed increase in fees regulations
 - public safety on building sites
 - balcony and deck failures
 - underground rain water tanks
 - accessibility proposals relating to new dwellings
 - maintenance of essential safety measures
 - proposed Building Act Amendment to increase some penalties
 - further regulation amendments to bushfire provisions
 - fire sprinklers water efficiency project
 - coroners findings related to a fire above a pizza shop
 - code of practice for local law harmonization
 - caravan park regulations
 - rooming house standards
 - national standard for private bushfire shelters
 - Mandatory Disclosure of energy efficiency for residential buildings
 - proposed changes to *Metropolitan Fire Brigades Act 1958* and *Country Fire Authority Act 1958*
 - contribution to Growth Areas Authority Infrastructure.

- considered reports and findings of post incident analysis fire reports from five significant building fires that occurred across the state
- monitored, considered and discussed the Regulations.

I would like to thank all members for their support, dedication and commitment.

TONY ARNEL CHAIR,
BUILDING REGULATIONS ADVISORY COMMITTEE

A strong corporate governance framework ensures efficiency, accountability and transparency to our stakeholders.

The Building Commission employs a strong corporate governance framework to ensure it:

- effectively meets its objectives
- is efficient and transparent in its operations
- is accountable for its decisions
- complies with relevant Acts and Regulations.

RESPONSIBLE MINISTER

The responsible Minister is the Hon Justin Madden MLC, Minister for Planning.

FUNCTIONS, POWERS AND DUTIES

The Commission is a statutory authority established under the Building Act. The Commission derives its operational powers from the Building Act, the Regulations and other legislation, including the *Building and Construction Industry Security of Payment Act 2002* and *Domestic Building Contracts Act 1995*. The Commission's principal functions and duties are contained within the Building Act and the Regulations. The Commission derives operational revenue primarily from levies imposed on building permits under the Building Act and the registration of building practitioners.

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team is responsible for the Commission's strategic direction and its organisational effectiveness. It consists of:



TONY ARNEL

Building Commissioner and Plumbing Industry Commissioner

B Arch, M Urban Planning, LFRAIA, FAICD, FIPAA, MPIA

Responsibilities include:

- Building Commissioner and Plumbing Industry Commissioner
- Reporting to the Minister for Planning
- Administration of the building and plumbing regulatory systems in Victoria.

Industry representations and professional affiliations include:

- Founding Directorship and current Chair of the Green Building Council of Australia
- Chair of the World Green Building Council (since September 2008)
- Chair of the Building Regulations Advisory Committee
- Board member of the World Green Building Council (since 2007)
- Board member of the Australian Building Codes Board
- Board member of the Building Advisory Council
- Board member of the Plumbing Industry Advisory Council.

SARAH MCCANN-BARTLETT

Deputy Building Commissioner and Plumbing Industry Commissioner

BA, BCom, Grad Dip (Marketing), MBA, FAICD

Responsibilities include:

- Strategic projects
- Operational oversight
- Stakeholder relations
- Corporate legal services
- Executive office.

Sarah plays a critical role in the strategic direction of the Commissions. She recently led the Commissions' response to the 2009 Victorian bushfires and the alignment between the Building Commission and Plumbing Industry Commission, including the development of the shared services group. Sarah provided executive sponsorship to the development of the 2007–2012 Corporate Plan and the development and implementation of *eToolbox*. Prior to joining the Building Commission, Sarah managed the Woolmark Company's North American operations.

PAUL CRAPPER

Chief Financial Officer & Director Marketing and Business Services, Building Commission and Plumbing Industry Commission

BBus (Acc), FCPA, FAICD

Responsibilities include:

- Financial management
- Corporate and business planning
- Marketing and public relations
- Risk management and quality assurance
- Industry statistics and measurement
- Facilities, fleet management and purchasing.

Industry representations and professional affiliations include:

- Member of RMIT's School of Property, Construction and Project Management Advisory Committee
- Audit Committee member of both the Green Building Council of Australia and the World Green Building Council.

During his 13 years with the Building Commission and since his appointment as a Director in September 2001, Paul has ensured the Building Commission, and more recently the Plumbing Industry Commission, maintains high levels of corporate governance, financial accountability and transparency. Over the last two years, Paul jointly led the Goods Shed North design, fit-out and the relocation of the two Commissions to Docklands.

Paul is a Chief Financial Officer and corporate services specialist with experience across both the private and public sectors in finance and accounting, strategic management of resources, financial control and compliance, business planning, risk management and the delivery of a broad range of corporate services.

MURIEL MARCZYNSKI

Director, People and Culture & Information Management, Corporate Services, Building Commission and Plumbing Industry Commission

BA (Bus Management), Grad Dip (Industrial Training), MA (Education, Leadership & Man), Cert IV Assessment and Training.

Responsibilities include:

- Organisational development
- Workforce strategy
- Performance management
- Employee and industrial relations
- Learning and development
- Information and Records Management.

As Director, People and Culture & Information Management, Muriel plays a critical role in the strategic direction of the Commission's workforce management and information and technology platform. Providing high-level advice and support to the Commission's Executive Leadership Team, she partners with core business managers to drive and deliver corporate objectives. Muriel has extensive experience in building organisational capability and cultural alignment, with over 18 years experience in private and public sector organisations. Over the last two years, Muriel jointly led the Goods Shed North design, fit-out and the relocation of the two Commissions to Docklands.

JEFF CALDERBANK

Director – Industry & Regulatory Compliance, Building Commission

Dip (Fraud Control) Grad Cert (Management) Grad Cert (Fraud Inv) Cert IV Assessment & Training

Responsibilities include:

- Support to the Building Practitioners Board and the Building Appeals Board
- Practitioner assessment and registration
- Complaints and assessments
- Audits and investigations
- Levy and data collection
- Prosecutions and Inquiries.

During his four years with the Building Commission, Jeff has played a key role in the areas of practitioner compliance and enforcement. Jeff has taken the lead in building and maintaining key relationships within the industry to ensure more favourable outcomes for consumers and practitioners alike. He has also been responsible for a shift in the compliance processes within the Building Commission to promote an educative focus aimed at enhancing awareness for all stakeholders.

DENNIS HOGAN

Director – Regulatory Development, Building Commission
 Grad Dip Bld Surv, MAIBS, RBP reg. BS-1422 & BS-1420

- Responsibilities include:
- ▣ Advice on building legislation and regulatory development
 - ▣ Support to the Building Advisory Council and Building Regulations Advisory Committee
 - ▣ Technical and research services
 - ▣ Sustainability and developing industry initiatives
 - ▣ Leadership of the bushfires technical team.

During his nine years with the Building Commission Dennis has played a key role in managing the development of building regulations, providing advice to industry on interpretation and implementation, and managed the area of research into building matters. Prior to commencing with the Commission, Dennis had in excess of 20 years experience in municipal building surveying and 14 years in the construction industry.

**Dennis Hogan commenced as Acting Director – Regulatory Development on 16 March 2009 and was appointed Director on 8 October 2009.*

SHAYNE LA COMBRE

Director – Plumbing Industry Commission
 MPPM, BBus (Man), LLB,
 Grad Dip (Legal Practice), Adv Cert (Man),
 Cert of Proficiency (Plumbing)

- Responsibilities include:
- ▣ Practitioner licensing and development
 - ▣ Compliance and technical services
 - ▣ Investigations
 - ▣ Regulatory development.

Industry representations and professional affiliations include:

- ▣ Chair of the National Plumbing Regulators Forum (NPRF) since March 2010
- ▣ Chair of the NPRF Licensing and Education Advisory Committee
- ▣ Member of the Plumbing and Gasfitting Occupations Regulator Working Group
- ▣ Member of the Refrigeration and Air Conditioning Mechanics Regulator Working Group.

Shayne was appointed in November 2005 to manage the Plumbing Industry Commission’s core functions. A second-generation plumber, Shayne has extensive industry experience, having worked for the Gas and Fuel Corporation for 19 years as well as several private energy corporations. His career experience includes roles with Standards Australia and Energy Safe Victoria. Shayne provided executive sponsorship to the development and implementation of *eToolbox*.

JEFF NORTON

Director – Strategic Projects, Building Commission
 BTRP (Melb), Grad Cert Management, FAICD

- Responsibilities include:
- ▣ Support projects demonstrating sustainable leadership in collaboration with key stakeholders
 - ▣ Promote sustainable building
 - ▣ Provide up to date building controls for the benefit of the community.

Industry representations and professional affiliations include:

- ▣ A Director on NATSPEC – Construction Information Systems Ltd.

During his 10 years with the Commission, Jeff has played a key role in insurance issues following the collapse of HIH Insurance and implementing energy efficiency reforms for building in Victoria. Jeff works closely with a wide spectrum of industry stakeholders in the field of sustainability including the Green Building Council of Australia. Jeff has 17 years experience in the Victorian and Australian building industry.

OPERATIONAL MANAGEMENT TEAM

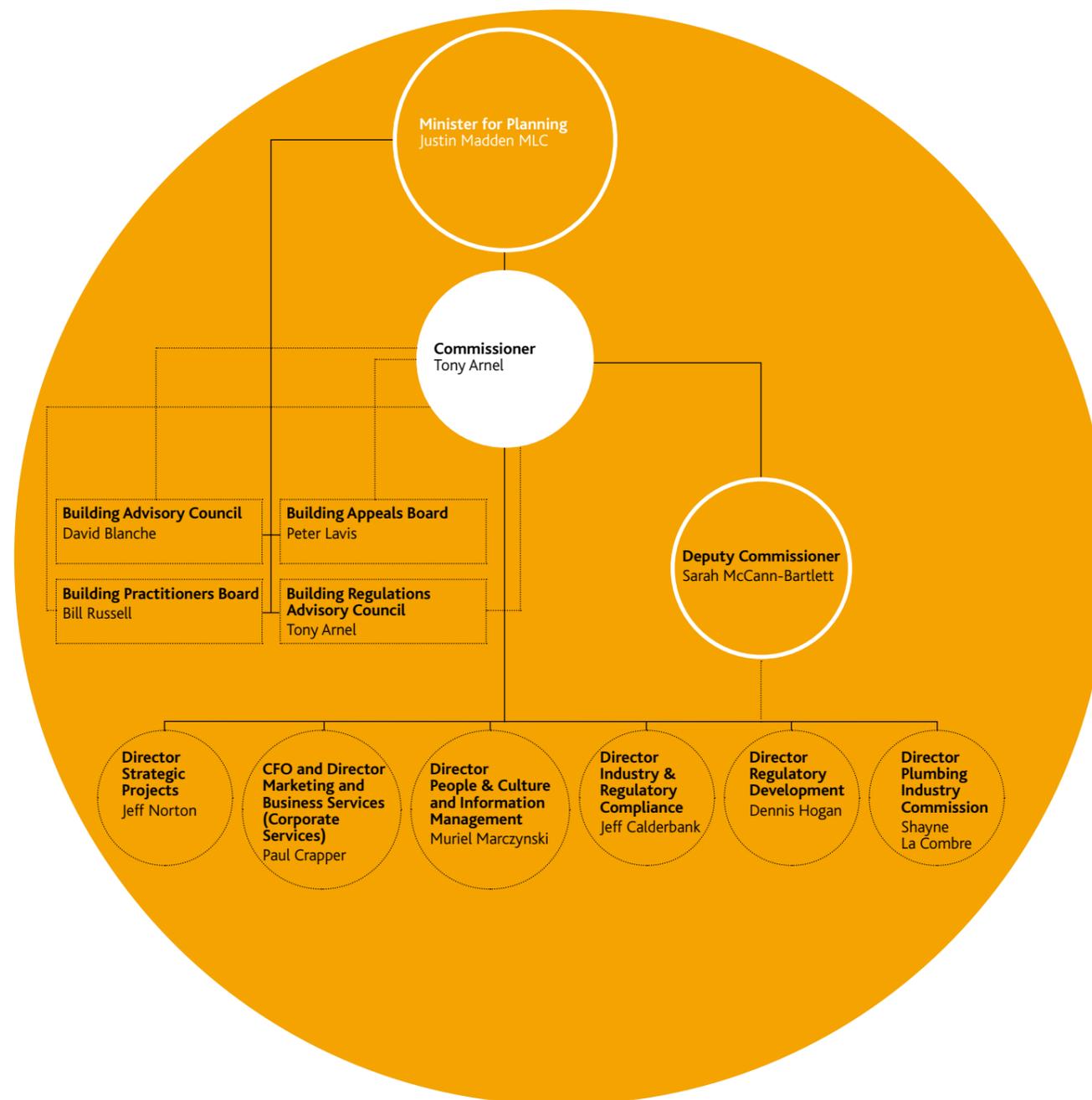
The Executive Leadership Team is supported by the Operational Management Team, which is responsible for the both the Building and Plumbing Industry Commission’s operational management direction.

Both Commissions are serviced by a Corporate Services division. Corporate Services consists of staff with expertise in information technology, people and culture, marketing and public relations, facilities management, finance management, purchasing and industry measurement.

BUILDING COMMISSION STAFF

- Manager, Board Support – Peter Beckford
- Manager, Information Management – Mark Cilia
- Manager, Audit & Investigation – Jeff Douglas
- Manager, Building Innovation Sustainability – Rob Enker
- Manager, Case Administration Unit – Terry French
- Corporate Planner, Finance & Business Services – Kathy Gray
- Project Manager, Industry Measurement – Joanne Kalker
- Manager, Marketing and Public Relations – Anne Pavey
- Manager, Levy and Building Information – Geoff Sanguinetti
- Manager, Accounting, Finance & Business Services – Nadine Ford-Seager
- Manager, Technical and Research Services – John Shaw*
- * John Shaw commenced as Manager, Technical and Research Services on 11 January 2010.*
- Manager, People and Culture – Robyn Horskins*
- * Robyn Horskins commenced as Manager, People and Culture on 3 May 2010.*

ORGANISATIONAL STRUCTURE 30 JUNE 2010



CORPORATE AND BUSINESS PLANNING

The 2007–12 Corporate Plan continues to provide strategic direction for both the Building Commission and the Plumbing Industry Commission.

Environmental scanning exercises based on the Corporate Objectives formed part of the development of the 2010–11 business plans for both Commissions during 2009–10. A continued focus on measuring, monitoring and reporting of the critical operational activities and projects provides valuable information on the progress achieved by the Commissions' in achieving their strategic direction.

Preparation for the development of the 2012–17 Corporate Plans has commenced with the development of a Strategic Planning Framework, which will be implemented over the next two years. The Framework highlights the interrelationships between all areas of the Commissions businesses and consists of organisation wide plans. The integrated plans include the annual and three year financial management plans, risk management, quality assurance, human resources, stakeholder management and corporate support plans such as the IT strategy. The framework will become a key resource for the development of the new Corporate Plans, which will formally commence in 2011.

RISK MANAGEMENT

In 2009–10, the Commission continued to enhance its Risk Management Framework.

The Commission's Risk Management Framework, which is consistent with the Victorian Government Risk Management Framework and includes a Business Risk Management Policy and Strategy, is tailored around a quarterly review of the business risks identified by the Executive Leadership Team. The Commission's risk evaluation/analysis criteria and definitions of risk likelihood and consequence are based on the Australian Standard on Risk Management AS/NZS ISO 31000:2009. The Commission's Business Risk Matrix has been developed from this and subsequently forms the basis for the Commission's Audit Committee, internal auditors and insurer to assess areas of risk exposure for the Building Commission and its ability to manage or mitigate business risks.

The Victorian Managed Insurance Authority (VMIA) 2009 Risk Framework Quality Review (RFQR), which is a combination of self-assessment and independent review of the quality, comprehensiveness and maturity of the Commission's risk management framework, gave the Commission a 'very good' rating. The rating puts the Building Commission in the top departments/agencies within the Victorian Government in respect to risk management performance.

The Commission's internal audit conducted in May/June 2010 by internal auditors Grant Thornton again focused on a business risk audit methodology and supported the Commission's 2009–10 risk attestation.

RISK ATTESTATION

I, Tony Arnel, certify that the Building Commission of Victoria has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal controls system is in place that enables the Executive Leadership Team to understand, manage and satisfactorily control risk exposures.

TONY ARNEL LFRAIA
BUILDING COMMISSIONER

The Audit Committee agrees that this attestation is consistent with the Committee's understanding of the Building Commission's risk management policies and processes, based on the evidence, reports and communications provided to the Committee throughout the year.

MARK ANDERSON CHAIR,
AUDIT COMMITTEE

QUALITY ASSURANCE

The Commission has maintained its AS/NZS ISO9001:2000 Standard following the surveillance audit conducted in October 2009. This recognises the Commission's compliance with the internationally recognised accreditation standard. The Commission's 10 internal auditors have also conducted audits of its business units throughout 2009–10. In addition, the Commission instigated a quality management systems review in March and April 2010 by the Australian Productivity Council, which enabled the Commission to make enhancements to its quality management system and internal audit processes.

AUDIT COMMITTEE AND ANNUAL INTERNAL AUDIT FOR 2009–10

The primary purpose of the Commission's independent Audit Committee is to ensure the Commission has strong corporate governance and is open and accountable in its decision-making, the management of its operation and the stewardship of its funds. Major duties and responsibilities of the Audit Committee within its charter are to:

- ▣ review the scope of the internal audit plan and program, and the effectiveness of the function
- ▣ discuss with the external auditor the scope of the audit and the planning of the audit
- ▣ critically analyse and follow up any internal or external audit reports that raise significant issues relating to risk management, internal control, financial reporting and other accountability or governance issues
- ▣ examine the risk exposure of the Commission by determining if management has appropriate risk management process and adequate management information systems
- ▣ monitor governance, transparency, accountability and related party transactions by overseeing the Commission's performance
- ▣ review and recommend for adoption the Commission's draft annual financial report.

Members of the Commission's Audit Committee during 2009–10 were:

- ▣ Mr Mark Anderson (Chairperson) – Chief Executive Officer, Doutta Galla Aged Services Limited
- ▣ Ms Fiona Bennett – Company Director, Hills Industries Ltd, Company Director, Alfred Health, Company Director, Boom Logistics Ltd.
- ▣ Ms Jennifer Cunich – Executive Director, Property Council of Australia (Victoria) and Audit Committee representative of the Building Advisory Council.

The Audit Committee meets at least quarterly. During 2009–10, all members attended on a regular basis and remained independent of the Commission, consistent with Guideline 3 of the Financial Management Compliance Framework of the Department of Treasury and Finance.

Meetings have included presentations by both the internal and external auditors and reviews of the Commission's operations, five-year corporate plan, annual business plan and budget, risk management and quality assurance processes. Internal auditors Grant Thornton (Chartered Accountants) completed the Commission's annual internal audit in May 2010. Grant Thornton reported no significant weaknesses in the internal financial controls and business risk management practices of the Commission.

The 2009–10 internal audit examined:

- ▣ assessment of the Commission's responses to previous internal and external audit reports
- ▣ income generation
- ▣ payroll
- ▣ plant, equipment and software
- ▣ risk management and framework compliance
- ▣ credit card usage and controls
- ▣ Disaster Recovery Plan (DRP), policies and procedures
- ▣ Audit Committee best practise.

The level of non-audit services of the Commission's external auditor, the Victorian Auditor-General, is compatible with maintaining auditor independence.

COMPLIANCE WITH FINANCIAL MANAGEMENT ACT 1994

Financial and tax compliance audits by the Commission's internal auditors Grant Thornton during 2009–10 found no significant non-compliance issues in relation to the *Financial Management Act 1994*, the Directions of the Minister for Finance or Federal and Victorian Government tax legislation.

DETAILS OF CONSULTANCIES OVER \$100,000

Consultancies over \$100,000	Description	Total	Outstanding commitments
Firm			
Maddocks	Legal advice	\$141,249	Nil
Michael Green P/L	Legal advice	\$187,045	Nil
Russell Kennedy P/L	Legal advice	\$165,553	Nil
Exova Warrington	Fire safety/engineering advice	\$162,155	Nil

DETAILS OF CONSULTANCIES UNDER \$100,000

In 2009–10, the total for the 17 consultancies engaged during the year, where the total fees payable to the consultants was less than \$100,000, was \$468,622.

MAJOR GOVERNMENT CONTRACTS

The Commission adheres to the government’s policy of disclosing contracts greater than \$10 million under the *Financial Management Act 1994*. In 2009–10, the Commission had no contracts above \$10 million.

BUILDING ACT 1993

The Commission is not a property owner; therefore, disclosure for the building maintenance requirements of the Building Act is not required.

NATIONAL COMPETITION POLICY

The Commission complies with the principles of the National Competition Policy. Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages these businesses may experience, simply as a result of government ownership, should be neutralised. The Commission continues to implement and apply this principle in its business undertakings.

FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* allows the public a right of access to documents held by a government agency. The Building Commission is an agency for the purposes of Freedom of Information and is required to comply with the procedures under which members of the public may gain access to information held by agencies.

During 2009–10, the Commission received 24 requests for access to documents under the *Freedom of Information Act*. Of these requests, access was granted in full to two requests, one request was withdrawn, one request resulted with access being granted outside the Act, one resulted with non-disclosure due to statutory exemptions and in one case there were no documents discovered. Fourteen requests resulted with the documents being partially disclosed due to statutory exemptions and four were not yet finalised at the time of reporting. One internal review was requested, and the original decision was confirmed.

The Building Commissioner is the Principal Officer for Freedom of Information. All requests for access to documents under the *Freedom of Information Act 1982* should be made in writing to the Manager, Legal Services, Building Commission, PO Box 536 Melbourne 3001. Requests can also be made online by visiting the Freedom of Information Online, Victoria website at www.foi.vic.gov.au. The fee for a request is \$23.90.

PRIVACY

The Commission and its associated statutory bodies remain committed to protecting the confidentiality of personal information and handling personal information, in accordance with the *Information Privacy Act 2000*. Compliance with the *Information Privacy Act 2000* is consistent with the government’s commitment to protecting the privacy rights of Victorians. The Building Appeals Board and the Building Practitioners Board each maintain a public register, being a register of proceedings and determinations and a register of building practitioners respectively.

The current Website Privacy Statement, the Recruitment Privacy Statement and the Privacy Policy are available on the Commission’s website.

WHISTLEBLOWERS PROTECTION

The *Whistleblowers Protection Act 2001* facilitates the making of disclosures about improper conduct by public bodies and public officials and contains provisions for protection of those who come forward with a disclosure. It also provides for the investigation of disclosures that meet the definition, as contained in the Act, of a public interest disclosure.

The Ombudsman’s Office is responsible for providing guidance on whistleblower issues. The Office determines which disclosures warrant investigation. The Building Commission is committed to the aims and objectives of the *Whistleblowers Protection Act 2001*. It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

The Commission supports the making of disclosures that reveal:

- ▣ corrupt conduct
- ▣ conduct involving a substantial mismanagement of public resources
- ▣ conduct involving a substantial risk to public health and safety, and safety of the environment.

The Commission will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosures. The Commission conducts its investigations in accordance with the Ombudsman’s Guidelines produced under the *Whistleblowers Protection Act 2001*. For an online copy of the Guidelines, visit the Ombudsman Victoria website at www.ombudsman.vic.gov.au and follow the links to Whistleblowers Guidelines.

During the year the following occurred under the *Whistleblowers Protection Act 2001*:

	2009–10	2008–09
Protected disclosures made	0	0
Disclosures referred to the Ombudsman for determination as to whether the matter was a public interest disclosure	0	0
Disclosure matter referred to the Commission by the Ombudsman	0	0
Disclosed matters referred by the Commission to the Ombudsman for investigation	0	0
Investigations of disclosed matter taken over by the Ombudsman	0	0
Requests made under section 74 of the <i>Whistleblowers Protection Act 2001</i> to the Ombudsman to investigate a disclosed matter	0	0
Disclosed matters the Commission declined to investigate	0	0
Disclosed matters that were substantiated on investigation	0	0
Recommendations made by the Ombudsman under the <i>Whistleblowers Protection Act 2001</i> that related to the Commission.	0	0

ENVIRONMENT POLICY AND ENVIRONMENTAL IMPACTS

Through the Victorian Government's *Our Environment Our Future – Sustainability Action Statement*, the Building Commission continues to make a commitment to reduce environmental impacts through adopting an environmental policy, setting key objectives and developing an action plan.

As part of its commitment to sustainability, the Commission continues to support and participate in the Victorian Government's *ResourceSmart* program, which aims to help government departments and statutory authorities achieve more sustainable practices.

In January 2009, the Commission completed an environmental policy that addressed operational aspects including all metropolitan locations, agency activities, building practitioners, consumers, staff and the delivery of services.

Goods Shed North

The Goods Shed North is the first Victorian heritage-listed building to achieve a 5 Star Green Star (for office design) rating. The move to the Goods Shed North saw the Building Commission, the Plumbing Industry Commission and VicUrban operate from the one building.

The project used a selection of environmentally sustainable materials and central elements to maintain existing symmetry and structure and be an achievable example of adaptive re-use and sustainable design, with the aim of gaining a 5 Star "Office Interiors as Built" Green Star rating.

The *ResourceSmart* program combines key facets of the Building Commission's core business including the role that building practitioners, consumers and regulations play and the impact internal staff have on the environment. Since 2006 the Building Commission is proud to have achieved the following:

INTERNAL ENVIRONMENT

Office and Staff

- Incorporated environment and sustainability issues into the corporate plan and business plan where appropriate.
- (Fittings and lamps) where appropriate in 2008.
- Formed an internal *ResourceSmart* team in December 2008 to promote green issues and develop the team's scope of activities and responsibilities and hold monthly meetings.
- Incorporated *ResourceSmart* into online induction program for new starters.

- Carried out collection and recycling of printer cartridges by Planet Ark since September 2008.
- Launched online forum/blog "Going Green" via intranet to raise awareness of green issues in December 2008.
- Purchased 20 per cent of electricity as GreenPower from 2008, and 25 per cent from March 2009.
- Sent all non-working equipment to auction for reuse or recycling as part of procurement policy.
- Introduced waste minimisation and recycling program to the Building Commission from May 2007 and raised recycling rate to 75 per cent.
- Reused or recycled 100 per cent of mobile phones and provided information and education to staff on appropriate usage and recycling of mobile phones.
- Introduced 100 per cent recycled paper for office use in 2008.
- Introduced public transport incentives for staff in the form of an annual ticket options (i.e. bulk purchase of Met cards in Melbourne).
- Awarded 5 Star Green Star for office design for Goods Shed North building.
- Included water capture, recycling and reuse opportunities in the design and development of the Goods Shed North including an 85,000 litre water harvesting tank for toilet flushing.
- Installed energy Star rated dishwashers, toilets and fittings in Goods Shed North to obtain 5 Star Green Star Rating.
- Ensured materials used in the Goods Shed North were environmentally sustainable with eco-preferred content, recycled content and minimised volatile compound and PVC content where possible.
- Commissioner Tony Arnel, awarded 2010 Australian Institute of Architects' inaugural national Leadership in Sustainability Prize.

EXTERNAL ENVIRONMENT

Building Practitioners

- Introduction of the Building Code of Australia 2010 on 1 May 2010, including increases in energy efficiency in the built environment, including communication regarding changes to natural lighting and glazing.
- Announcement, communication, education and promotion of the 5 Star building standard from June 2003 and 5 Star Alterations and Additions from May 2008.
- Ongoing support to World Green Building Council (WGBC) and the Green Building Council of Australia (GBCA). Commissioner Tony Arnel is chairman of the WGBC and the GBCA, and the CFO of the Commission, Paul Crapper, sits on the Audit Committee's of both the GBCA and the WGBC.
- 5 Star audits completed by the compliance division of the Building Commission.

Consumers and Community

- Introduction of the Building Code of Australia 2010 on 1 May 2010, including increases in energy efficiency in the built environment, including communication regarding changes to natural lighting and glazing.
- Launch of Make Your Home Green online resource (average of 2,000 unique visits per month).
- Creation of dedicated sustainability section on the Building Commission website.
- Regular media releases promoting sustainability in the built environment.
- Participation and promotion of sustainability via consumer seminars and expos.
- Production and distribution of literature on sustainability, including water saving options.

VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003

The Commission was not required to implement the *Victorian Industry Participation Policy Act 1993* in 2009–10. Government agencies are only required to apply the Victorian Industry Participation Policy for tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria. The Commission had no tenders over these amounts.

EMPLOYMENT AND CONDUCT PRINCIPLES

The Commission is part of the Victorian public sector; all employees are required to abide by the Code of Conduct for the Victorian Public Sector. The Code of Conduct is designed to help employees understand the responsibilities and obligations associated with working in the public sector. This includes the responsibility of ensuring the Commission and the public sector are perceived positively by stakeholders and the community.

The Code of Conduct provides employees with guidelines to ensure behaviour is consistent with the Victorian public sector values of Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership, and Human Rights. When employees are appointed, they are advised of the requirement to declare any potential conflicts of interest to ensure these are managed appropriately. All members and executives of the statutory bodies administered by the Commission sign a Declaration of Pecuniary Interest.

OCCUPATIONAL HEALTH AND SAFETY

The Commission is committed to providing all employees with safe and healthy working environments that comply with legislative requirements in respect to Occupational Health and Safety (OH&S). The Commission's OH&S Policy aims to:

- highlight the responsibilities of the Commission and its employees in ensuring a safe and healthy workplace
- ensure health and safety is integrated into all facets of operations and activities
- promote a proactive health and safety management philosophy based on effective communication and consultation, the systematic identification, assessment and control of hazards and the encouragement of innovation.

GIFTS, BENEFITS AND HOSPITALITY POLICY

The Commission has a gifts and favours policy that ensures the Commission has an open and transparent framework for managing the receipt of gifts, favours and hospitality. This policy is consistent with Victorian Public Sector guidelines with the Commission complying with the Victorian Public Sector's annual attestation process.

WORKFORCE DATA

As at 30 June 2010 the Commission employed 115 employees (108 full-time equivalent employees). This figure excludes seven employees on maternity leave.

Corporate Services provides services to both the Building Commission and Plumbing Industry Commission in areas including finance, business services, corporate and business planning, information management, records management, risk management, marketing and public relations and human resources.

The Commission is committed to equal employment access and the increased representation of women in building related professions. The high percentage of female employees at the Commission can be attributed to flexible work options including part-time employment, working from alternative locations and flexible hours.

See tables on the following page for further details.

DIVERSITY

The Commission values diversity in the workforce and the community. All new employees participate in a comprehensive induction program, which includes education in the Managing Equity Diversity Policy. This policy is also accessible to all employees via the Intranet.

The Commission continues to build its language register first established in 2002–03. This provides a list of staff with bilingual skills to improve communication with the Victorian community. Professional interpreters and a portable hearing augmentation service are also available on a case-by-case basis.

The Commission employed two employees in 2009–10 with disabilities through disability employment agencies. The Commission has also commenced development of a Disability Action plan.

YOUTH ACTION

In 2009–10, the Commission continued its commitment to trainee roles in building surveying functions through the one-year graduate program. This program is in its 15th year. In late 2009, the graduate trainee was successful in obtaining a further 12 month contract with the Commission to continue with the program.

MERIT AND EQUITY

The Commission follows the *Public Administration Act 2004* to ensure that its conduct is based on merit, fairness, equality and avenues for redress against unreasonable treatment. Similarly, all staff are expected to act with impartiality, integrity, accountability and provide responsive services.

MULTICULTURAL VICTORIA ACT 2004

The Building Commission is not required to report on the *Multicultural Victoria Act 2004* in 2009–10. Only government departments are required to report to the Minister.

WORKFORCE DATA

Occupational and base salary standards	2009–10	2008–09	2007–08	2006–07
Level				
Executives and managerial	7 (6%)	5 (4%)	6 (5%)	5 (4%)
Executives				
E01–03 of Victorian Government Sector (Band E01, \$231,098 – \$336,719 (Band E02, \$159,024 – \$253,369) (Band E03, \$127,721 – \$177,382)				
Professional	13 (11%)	13 (11%)	12 (11%)	15 (13%)
(Band 6, \$78,310 – \$103,009) (Band 5, \$60,283 – \$79,598)				
Associate professional	51 (44%)	50 (43%)	49 (43%)	43 (38%)
(including technical) (Band 5, \$60,283 – \$79,598) (Band 4, \$48,285 – \$63,795)				
Administrative/secretarial/customer service	43 (37%)	45 (39%)	46 (40%)	50 (44%)
(Band 3, \$40,970 – \$51,856) (Band 2, \$32,703 – \$45,184)				
Trainee	1 (1%)	2 (2%)	1 (1%)	1 (1%)
(Band 1, \$29,032 – \$32,775)				
Total head count	115	115	114	114
Equivalent full-time (EFT)	108.2	107.8	109.3	110.1

Source: Building Commission

The Building Commissioner and Executive Leadership Team's performance is evaluated on a six monthly basis, in accordance with the Commission's Annual Executive Performance and Development Plan process.

Gender profile	2009–10	2008–09	2007–08	2006–07
Female	66 (57%)	70 (61%)	63 (55%)	62 (54%)
Male	49 (43%)	45 (39%)	51 (45%)	52 (46%)
Total head count	115 (100%)	115 (100%)	114 (100%)	114 (100%)

Source: Building Commission

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SUMMARY OF SIGNIFICANT CHANGES TO FINANCIAL POSITION

- The 2009–10 financial year saw a significant increase in building activity in Victoria as a result of Federal and State Government stimulus packages to counter the effects of the global financial crisis (particularly in relation to building activity for public buildings), and the favourable effects on domestic building activity from First Home Owners Grants and lower interest rates in the first half of 2009–10. Building activity in 2009–10 achieved \$23.9 billion, up 24 per cent from the \$19.3 billion achieved in 2008–09 and up 17 per cent from the record of \$20.4 billion achieved in 2007–08.
- The Building Commission relocated to the Goods Shed North at 733 Bourke Street in Docklands along with the Plumbing Industry Commission on Monday 7 December 2009 under a 15 year lease. The Building Commission's cost for the Goods Shed North fit-out (aimed at achieving a 5 Star Green Star Office Interiors as Built rating) totalled just under \$4.2M, which was fully funded by the Building Commission. Financial modelling has shown the co-location of the two Commissions at the Goods Shed North will deliver significant savings on a net present value basis over the 15 year lease.
- The Building Commission's five year lease on levels 27 and 39 of Casselden Place in the Melbourne CBD was assigned to the Department of Human Services on Monday 21 December 2009, with a negotiated minimal make good and only two and half months of lease break (a positive result given the effects on the Prime and A grade office accommodation market by the global financial crisis).
- In addition to the Commission's investment in its relocation to the Goods Shed North, the Commission also made a major investment of \$0.8M in 2009–10 in the *eToolbox* licensing and registration system jointly developed with the Plumbing Industry Commission.
- The Building Commission's total income increased in 2009–10 by \$3.5M to \$28.6M (2008–09 \$25.1M). This was primarily due to the net effect of:
 1. A significant increase in general building permit levy revenue of \$3.2M to \$15.5M (an increase of 26%), as a result of the increase in building activity reported earlier.
 2. Building Advice and Conciliation Victoria (BACV) building permit levy revenue also increased by \$1.5M to \$7.5M (an increase of 23 per cent) due to the jump in building activity.
 3. A decrease in interest income of \$0.2M reflective of lower interest rates achieved on cash and investment holdings.
 4. A decrease in other income of \$1.0M primarily due to grants received in 2008–09 relating to reimbursement of Building Commission costs associated with its bushfire recovery response.
- Total expenses from transactions and other economic flows were up \$1.5M to \$27.4M from the 2008–09 figures. Operating costs during 2009–10 included regulatory development activities, practitioner registration, compliance activities, building dispute resolution and reduction strategies within the Building Advice and Conciliation Victoria function, building industry research, informing consumers and industry, sustainable building and energy efficiency projects, internal systems improvements, bushfire recovery and rebuilding response projects, and local government consultation.
- Major contributors to the \$1.5M increase in total expenses from transactions and other economic flows included the net effect of:
 1. Increased employee benefit costs, reflecting increases under the Commission's Enterprise Bargaining Agreement 2006 (+\$0.8M)
 2. Decreased legal costs from compliance activities, building dispute resolution and regulatory development (-\$1.0M).
 3. An increase in the annual BACV Provision adjustment (+\$0.5M).
 4. Increased depreciation and amortisation primarily due to the move to the Goods Shed North (+\$0.5M).
 5. Increased accommodation costs (+\$0.6M) primarily reflecting lease break on levels 27 and 39 at Casselden Place and relocation expenses.
 6. Decreased expenditure on special projects primarily reflecting the level of expenditure on bushfire recovery response costs incurred in 2008–09 (-\$0.7M).
 7. Provision for product research grants for bushfire reconstruction (+\$0.4).
 8. Increase in corporate services expenses (+\$0.3M) primarily reflecting increased IT support as a result of the relocation.
 9. Loss on disposal of assets following the move from Casselden Place (+\$0.1M).
- The Commission's surplus net result at \$1.2M is up \$2.0M from 2008–09, consistent with the net effect of the movements in total income and total expenses under the Commission's Reserves and Expenditure Policy. The net result was \$1.1M higher than that forecast in the Commission's 2009–10 mid-year revised budget and reflected the effects of record levels of building activity and the associated building permit levy revenue.
- As a self-funding statutory body, the surplus net result for 2009–10 assists with offsetting the deficit net results incurred in 2007–08 and 2008–09 of (\$1.8M) and (\$0.8M) respectively.
- Total asset holdings rose by \$1.6M. The major reasons for this were the net effect of increases in plant and equipment and intangible assets (+\$3.6M) relating to the Goods Shed North relocation and the development of *eToolbox* offset by a decrease in cash and cash equivalents and other financial assets of (-\$1.6M) and a decrease in receivables reflecting building permit receivables net of 2008–09 receivables associated with Grants relating to the Bushfire recovery response (-\$0.4M).

- The Commission continued to focus on a strong financial governance framework, supported by a proactive independent Internal Audit Committee. The Commission's Financial Code of Practice and Audit Committee Charter are published on the Commission's website.
- There have been no events subsequent to the balance day, which may have an effect in subsequent years.
- Full disclosure of the Commission's financial position is included in the Financial Statements and Notes to the Financial Statements.

PROVISION AND RESERVES

- As the Building Commission is a self-funding statutory body under the Building Act, the Building Commission's Building Advisory Council supported Reserves and Expenditure Policy requires the Commission to hold sufficient retained earnings, working capital and cash/ investments to protect the Building Commission against a sustained downturn in the Victorian building industry.
- The BACV building permit levy funds the BACV functions established under the *Domestic Buildings Contracts (Conciliation and Dispute Resolution) Act 2002*. As part of the dispute resolution functions of the BACV, the Building Commission is allocated a portion of the levy to fund its role in the dispute resolution process and takes that income to account when received. The Building Commission provides and will in the future provide services in relation to BACV disputes arising from building permits issued in the past. As such the Building Commission will in the future incur costs to service BACV disputes in relation to past building permits, including the cost of inspection reports and case administration. The BACV provision is the estimated net present value of those future costs to service those disputes relating to past building permits issued. In the last 18 months, the Commission has implemented an on-site conciliation process aimed at identifying and resolving cases that can be better dealt with through a conciliation process rather than a formal inspection report process. It is expected that the on-site conciliation initiative will be very beneficial in the orderly resolution of matters and the reduced future cost of providing this service has been estimated and factored into the BACV provision estimate. The value of the BACV Provision as at 30 June 2010 is \$3.3M.
- The Commission has expensed \$0.4M in 2009–10 in order to raise a provision for product research grants for bushfire recovery. The grants will provide research and development funding for manufacturers of products related to BAL-FZ under the new bushfire construction standard (AS 3959–2009) to enable these products to become more commercially available to bushfire effected regions. Following preparatory analysis in the final quarter of 2009–10, these grants will be made in the first quarter of 2010–11.

SUMMARY OF COMMISSION'S FINANCIAL PERFORMANCE OVER THE PAST FIVE YEARS

Item	2009–10	2008–09	2007–08	2006–07	2005–06
General Building Permit Levy	\$15.5M	\$12.3M	\$13.0M	\$10.8M	\$9.9M
BACV Building Permit Levy	\$7.5M	\$6.1M	\$6.4M	\$5.3M	\$5.0M
Building Practitioner Registrations	\$2.2M	\$2.2M	\$2.2M	\$2.0M	\$1.8M
Owner-Builder Certification Fees	\$0.8M	\$0.7M	\$0.8M	\$0.9M	\$1.0M
Total Income	\$28.6M	\$25.1M	\$24.6M	\$20.8M	\$19.5M
Total Expenses	\$26.6M	\$25.6M	\$24.2M	\$20.6M	\$18.6M
Net Result from Normal Operations	\$2.0M	(\$0.5M)	\$0.4M	\$0.2M	\$0.9M
BACV Provision Expense	\$0.8M	\$0.3M	\$2.2M	\$0.0M	\$0.0M
Net Result	\$1.2M	(\$0.8M)	(\$1.8M)	\$0.2M	\$0.9M
Total Assets	\$19.8M	\$18.2M	\$17.0M	\$16.8M	\$16.1M
Accumulated Surplus	\$3.4M	\$2.2M	\$3.0M	\$3.0M	\$3.0M
BACV Reserve	\$0.0M	\$0.0M	\$0.0M	\$1.8M	\$1.6M
BACV Provision	\$3.3M	\$2.5M	\$2.2M	\$0.0M	\$0.0M
Net increase / (decrease) in cash and cash equivalents	(\$1.6M)	(\$1.6M)	(\$0.8M)	(\$1.4M)	\$1.9M

CONSULTANCIES

The total value of business related consultancies undertaken by the Commission was \$1,124,624. They were directed towards such matters as:

- Legal advice – building industry related and general.
- Design of the Goods Shed North, the Commission's new premises
- Economic analysis/business impact assessments.
- Research and development.

Consultancies over \$100,000	Description	Total	Outstanding commitments
Firm			
Maddocks	Legal advice	\$141,249	Nil
Michael Green P/L	Legal advice	\$187,045	Nil
Russell Kennedy P/L	Legal advice	\$165,553	Nil
Exova Warrington	Fire safety/engineering advice	\$162,155	Nil

Consultancies under \$100,000	No.	Total Value
	17	\$468,622

BUILDING PERMIT LEVY – GENERAL LEVY

- The General Building Permit Levy is the Commission's major source of revenue. The levy is payable at the rate of 0.064 cents in the dollar on the value of building work requiring a building permit. The levy is not payable on an application for a building permit if the cost of building work is \$10,000 or less. It is collected on a monthly basis through the building surveyor who issues the building permit. From 1 August 1997, the levy is payable on all Victorian and local government projects.
- The amount of general building permit levy collected for the 2009–10 financial year decreased by 26 per cent to \$15.5M. This amount was well above the budget projections.

BUILDING PERMIT LEVY – BACV LEVY

- On 11 June 2002, the passing of the *Domestic Buildings Contracts (Conciliation and Dispute Resolution) Act 2002* in State Parliament resulted in the introduction of the Building Advice and Conciliation Victoria (BACV) building permit levy, which represents a further 0.064 cents in the dollar of building permit levy on the value of building work requiring a building permit over \$10,000. Effective 1 January 2005, the Commission retains 50 per cent of the BACV building permit levy as revenue, whilst 50 per cent of the levy is payable on a monthly basis to the Domestic Builders Fund administered by Consumer Affairs Victoria (previously 56.6 per cent to the Commission and 43.4 per cent to Consumer Affairs Victoria). The total amount collected and subsequently paid to Consumer Affairs Victoria (including interest) for 2009–10 was \$7.5M.

DOMESTIC BUILDING INDEMNITY FUND

- On 8 June 2001, the passing of the *House Contracts Guarantee (HIH) Act 2001* in State Parliament resulted in the introduction of the HIH building permit levy, which represents a further 0.032 cents in the dollar of building permit levy on the value of domestic building work requiring a building permit over \$10,000. The additional building permit levy is payable on a monthly basis to the Domestic Building (HIH) Indemnity Fund administered by the Victorian Managed Insurance Authority (VMIA). The HIH building permit levy was repealed on 30 June 2010. The total amount collected and subsequently paid to VMIA for 2009–10 was \$4.6M.

BONDS AND GUARANTEES

- Relevant building surveyors when issuing building permits for demolition, removal or re-erection of a building, must under Section 22 of the Building Act, require the applicant to lodge either a monetary bond or bank guarantee with the Commission until completion of the project.
- During 2009–10, 147 bonds and 2 guarantees were lodged with the Commission in respect of projects. At 30 June 2010, the Commission held \$1.9M in bonds and guarantees in respect of 443 outstanding projects. The Commission follows up outstanding projects with the relevant building surveyors annually.

UPDATED FEES AND CHARGES

BAB application for Class 1 or 10 appeal or dispute	\$163.10
BAB application for Class 1 or 10 appeal or dispute (protection work)	\$271.80
BAB application for Class 1 or 10 modification	\$97.85
BAB application for referrals (all classes)	\$217.50
BAB application for Class 2–9 appeal or dispute	\$271.80
BAB application for Class 2–9 appeal or dispute (protection work)	\$543.10
BAB application for Class 2–9 modification	\$217.50
BAB application by a building practitioner	\$271.80
BAB application for fast track appeals (section 147 appeals only) (in addition to appeal lodging fee)	\$435.00
Application to BRAC for an accreditation product or building system	\$1,631.00

PRIVATE INTERESTS

In accordance with government requirements, private interest declarations for the year ended 30 June 2010 have been made by relevant staff of the Commission. No senior officer held shares as a nominee, or beneficially in a statutory authority or subsidiary.

BOARD AND COMMITTEE FEES BY EACH BOARD AND COMMITTEE FOR 2009–10

(NOTE: RE VCEC RECOMMENDATION 9.5)
The total cost of board and committee fees for each of the 4 independent Boards and Committees associated with the Building Act and the Commission's Audit Committee for the 2009–10 financial years are as follows:

□ Building Advisory Council:	\$2,205
□ Building Practitioners Board:	\$212,551
□ Building Appeals Board:	\$275,479
□ Building Regulations Advisory Committee:	\$11,631
□ Audit Committee:	\$10,004

Total cost of Board and Committee Fees: \$511,870

The funding allocated to each board and committee from the Building Administration Fund is sufficient to ensure its effective operation and decision making and is managed within the Building Commission's financial management and budgetary processes in full consultation with the chairperson of each board and committee.

Major Expenditure on Special Projects including Research (Over \$100,000)
 (Note: Re VCEC recommendation 10.3)

Project	Value	Project Description
Consumer Information	\$130,276	Development and printing of consumer information brochures covering the building regulatory environment
Communications	\$140,489	Stakeholder communications in relation to the regulatory environment
Insites Magazine	\$140,548	Development, printing and publication of the Commission's quarterly information magazine to all registered building practitioners in Victoria
Building Industry Sponsorship	\$208,894	Sponsorship of peak industry body initiatives and awards
Building Policy Unit	\$300,000	Funding following VCEC recommendations to transfer building policy functions to the Department of Planning & Community Development
Compliance Issues Management	\$405,335	Compliance issues management and compliance audit projects
Bushfire Royal Commission	\$415,011	Preparation and response to the Bushfire Royal Commission. This has been largely recovered from the Victorian Managed Insurance Authority (VMIA)
Economic analysis/business impact assessments	\$523,304	Economic analysis and business impact assessments and projects associated with the Commission and the building industry
Sustainability and Building Energy Efficiency	\$604,260	Further development of the domestic building regulations and research into the regulation of commercial green buildings
Bushfire Recovery Response	\$1,132,661	Standards, information, product research, development and testing and BAL assessment project in response to the Feb 2009 Victorian Bushfires
TOTAL EXPENDITURE:	\$4,000,778	

AUDITOR-GENERAL'S REPORT



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Commissioner, Building Commission

The Financial Report
 The accompanying financial report for the year ended 30 June 2010 of the Building Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Accountable Officer's and Chief Finance & Accounting Officer's Declaration has been audited.

The Commissioner's Responsibility for the Financial Report
 The Building Commission is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the Financial Management Act 1994. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
 As required by the Audit Act 1994, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report
 This auditor's report relates to the financial report published in both the annual report and on the website of the Building Commission for the year ended 30 June 2010. The Building Commission is responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Building Commission web site.

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Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Building Commission as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
18 August 2010


D D R Pearson
Auditor-General

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Auditing in the Public Interest

ACCOUNTABLE OFFICER'S AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION FOR THE YEAR ENDED 30 JUNE 2010

We certify that the attached financial statements for the Building Commission have been prepared in accordance with Part 4.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2010 and financial position of the Building Commission as at 30 June 2010.

We are not aware of any circumstance, which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 17 August 2010.



TONY ARNEL
BUILDING COMMISSIONER/
ACCOUNTABLE OFFICER
MELBOURNE
17 AUGUST 2010



PAUL CRAPPER
CHIEF FINANCIAL OFFICER AND DIRECTOR
OF MARKETING & BUSINESS SERVICES/
CHIEF FINANCE & ACCOUNTING OFFICER
MELBOURNE
17 AUGUST 2010

COMPREHENSIVE OPERATING STATEMENT
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Notes	2010 \$	2009 \$
Income from transactions			
Building permit levies	2(a)	23,029,438	18,376,682
Building practitioner registrations		2,215,181	2,196,121
Cooling tower registrations		144,157	137,617
Owner builder certification fees		797,270	742,234
Modifications & appeals		263,128	252,427
Prosecutions	2(b)	156,128	203,108
Interest income		350,714	559,664
		26,956,016	22,467,853
Other income	2(c)	1,614,515	2,590,470
Total income from transactions		28,570,531	25,058,323
Expenses from transactions			
Employee benefit expenses	3.1(a)	9,729,052	8,953,279
General administration expenses	3.1(c)	9,246,975	10,973,123
Accommodation expenses	3.1(d)	1,988,584	1,382,713
Corporate services expenses	3.1(e)	2,897,603	2,614,347
Depreciation & amortisation	3.1(f)	1,369,425	899,323
Board and committee fees	3.1(g)	517,145	451,032
Grant - Australian Building Codes Board		239,276	242,401
Audit fees	3.1(h)	17,160	14,200
Provision for product research grants for bushfire recovery	3.1 (i)	375,000	–
BACV provision	3.1 (j)	811,000	300,000
		27,191,220	25,830,418
Net result from transactions (net operating balance)		1,379,311	(772,095)
Other economic flows included in net result			
Net loss from sale of non financial assets	3.2(a)	189,511	76,874
Total other economic flows included in net result		189,511	76,874
Comprehensive income		–	–
Total comprehensive income		–	–
Net result		1,189,800	(848,969)
Comprehensive result – total change in net worth		1,189,800	(848,969)

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET AS AT 30 JUNE 2010

	Notes	2010 \$	2009 \$
Assets			
Financial assets			
Cash and cash equivalents	15(a)	5,467,132	7,065,945
Receivables	4	4,104,139	4,505,842
Other financial assets	5	2,300,000	2,300,000
Total financial assets		11,871,271	13,871,787
Non financial assets			
Inventories		64,345	77,335
Prepayments		92,304	103,266
Plant and equipment	6	5,711,535	2,177,728
Intangible assets	7	2,021,449	1,931,147
Total non financial assets		7,889,633	4,289,476
Total assets		19,760,904	18,161,263
Liabilities			
Payables	8	1,292,782	3,399,708
Other liabilities	9	2,797,243	2,101,159
Security deposits	10	1,793,525	1,793,525
Deferred revenue	11	1,040,805	1,022,862
Provisions	12	6,215,851	4,413,111
Total liabilities		13,140,206	12,730,365
Net Assets		6,620,698	5,430,898
Equity			
Contributed capital	13	3,260,987	3,260,987
Accumulated surplus	14	3,359,711	2,169,911
Net worth		6,620,698	5,430,898
Commitments for expenditure	17		
Contingent liabilities and assets	19		

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

	Notes	Equity at 1 July 2009 \$	Total comprehensive result \$	Equity at 30 June 2010 \$
For the financial year ended 30 June 2010				
Contributed Capital	13	3,260,987	–	3,260,987
		3,260,987	–	3,260,987
Accumulated surplus	14	2,169,911	1,189,800	3,359,711
		2,169,911	1,189,800	3,359,711
Total equity at the end of the financial year		5,430,898	1,189,800	6,620,698

	Notes	Equity at 1 July 2008 \$	Total comprehensive result \$	Equity at 30 June 2009 \$
For the financial year ended 30 June 2009				
Contributed Capital	13	3,260,987	–	3,260,987
		3,260,987	–	3,260,987
Accumulated surplus	14	3,018,880	(848,969)	2,169,911
		3,018,880	(848,969)	2,169,911
Total equity at the end of the financial year		6,279,867	(848,969)	5,430,898

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Receipts from customers		41,783,211	34,788,488
Interest received		363,735	568,804
Goods and Services Tax recovered from the ATO		1,605,435	1,368,378
Total receipts		43,752,381	36,725,670
Payments to suppliers and employees		(40,247,023)	(35,189,236)
Payments of grants – Australian Building Codes Board		(239,276)	(242,401)
Total payments		(40,486,299)	(35,431,637)
Net cash flows from / (used in) operating activities	15(b)	3,266,082	1,294,033
Cash flows from investing activities			
Purchase of other financial assets		–	(500,000)
Payments for intangibles		(775,768)	(1,054,125)
Payments for purchase of plant and equipment		(4,247,070)	(1,484,346)
Proceeds from sale of plant and equipment		157,943	225,129
Net cash flows from / (used in) investing activities		(4,864,895)	(2,813,342)
Cash flows from financing activities			
Receipts of security deposits		653,800	715,500
Payments of security deposits		(653,800)	(826,800)
Net cash flows from / (used in) financing activities		–	(111,300)
Net increase/(decrease) in cash and cash equivalents		(1,598,813)	(1,630,609)
Cash and cash equivalents at the beginning of the financial year		7,065,945	8,696,554
Cash and cash equivalents at the end of the financial year	15(a)	5,467,132	7,065,945

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

The financial report is a general purpose financial statement of the Building Commission which has been prepared in accordance with the *Financial Management Act 1994*, and applicable Australian Accounting Standards including interpretations (AASs). AAs includes Australian equivalents to International Financial Reporting Standards.

In complying with AAS, the entity has, where relevant, applied those paragraphs applicable to non-profit entities.

The annual financial statements were authorised for issue by the Commissioner of the Building Commission on 17 August 2010.

1.2 BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid. These financial statements are presented in Australian dollars, the functional and presentation currency of the Building Commission. The financial statements have been prepared on a historical cost basis except for the revaluation of certain non-current assets and financial instruments. Cost is based on fair values of the consideration given in exchange for assets.

In the application of AAS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concept of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented for the year ended 30 June 2009.

1.3 SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

'Transactions' and 'other economic flows' are defined by the Australian system of government finance statistics: concepts, sources and methods 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; and fair value changes of financial instruments.

The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into, financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 REPORTING ENTITY

The financial statements cover the Building Commission as an individual reporting entity. The Commission is a self funded statutory authority established under the *Building Act 1993*. Its principal address is:

Building Commission
Goods Shed North
733 Bourke Street
Docklands VIC 3008

1.5 INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured. Revenue is recognised for each of the Commission's major activities as follows:

(a) Building permit levy (general and BACV)

Building permit levy receipts are brought to account in the month of issue of the building permit.

(b) Building Practitioner Registrations

Yearly registration renewal fees received throughout the year are recognised as income on a pro-rata basis. Registration fees received relating to the subsequent year are recognised at year-end as deferred revenue (note 11).

(c) Cooling tower registrations, modifications and appeals, miscellaneous revenue and proceeds from sale of fixed assets

Cooling tower registrations, modifications and appeals and miscellaneous revenue are brought to account when earned. Proceeds from sale of fixed assets are recognised upon signing the contract of sale.

(d) Prosecutions

Prosecutions revenue recognises prosecution fines and costs payable to the Building Commission as a result of legal action taken by the Commission against building practitioners in the Magistrates Court.

(e) Sundry revenue

Sundry revenue recognises Building Practitioners Board (BPB) fines and costs payable to the Building Commission as a result of action taken by the BPB against registered building practitioners at BPB hearings.

(f) Grant revenue

Grant revenue is recognised upon receipt of the grant.

(g) Owner-builder certification fees

Owner-builder certification fees are recognised upon receipt of the application for certification. From 14 June 2005 a certificate of consent must be obtained for domestic building work to be undertaken by an owner-builder valued in excess of \$12,000, in order to obtain a building permit. The cost of an owner-builder certificate of consent is \$76.85 and this allows an owner-builder to build one home every three years in the State of Victoria.

(h) Interest Income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset

1.6 EXPENSES FROM TRANSACTIONS

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

(a) Depreciation and amortisation

Depreciation and amortisation are generally calculated on a straight line basis at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The estimated useful lives, residual values and depreciation/amortisation method are reviewed at the end of each annual reporting period.

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation of an intangible non-produced asset with a finite useful life is not classified as a transaction and is included in the net result as an other economic flow. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation and amortisation expense:

	2010 Rate	2009 Rate	Useful Life
Motor vehicles	10%	10%	2 years*
Furniture and fittings	15%	15%	6 years
EDP equipment	33.3%	33.3%	3 years
Office machines and equipment	10%	10%	10 years
Computer software	33.3%	33.3%	3 years

* 10% depreciation rate reduces the value of motor vehicles to their expected trade value after two years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Employee benefits

Employee expenses include superannuation expenses, which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans. In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Employer superannuation expenses in relation to employees who are members of defined benefit superannuation plans are described below.

State superannuation – defined benefit plans

The amount recognised in the comprehensive operating statement in relation to employer contributions for members of defined benefit superannuation plans is simply the employer contributions that are paid or payable to these plans during the reporting period. The level of these contributions will vary depending upon the relevant rules of each plan, and is based upon actuarial advice.

The Department of Treasury and Finance (DTF) in their Annual Financial Statements, recognise on behalf of the State as the sponsoring employer, the net defined benefit cost related to the members of these plans. Refer to DTF's Annual Financial Statements for more detailed disclosures in relation to these plans.

The amount recognised in the comprehensive operating statement in respect of defined benefit superannuation plans represents the accrual of benefits during the reporting period. Note 3.1(b) provides further details.

(c) Operating leases

Operating lease payments, including any contingent rentals, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(d) Bad and doubtful debts

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Those written off unilaterally and the allowance for doubtful receivables, are classified as other economic flows

1.7 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

(a) Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical assets and intangible assets.

(b) Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

(c) Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- inventories
- financial assets.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

1.8 FINANCIAL ASSETS

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as interest bearing liabilities on the balance sheet.

(b) Receivables

Receivables consist predominantly of debtors in relation to goods and services, accrued investment income and GST input tax credits recoverable and are carried at amounts receivable. The collectability of debts is assessed on an ongoing basis and specific provision is made for any doubtful accounts where there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less an allowance for impairment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Other Financial Assets

Investments, generally comprising of amounts on deposit, are brought to account at cost. Interest revenue is recognised when the interest is earned. The Commission classifies its investments as held to maturity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. The Commission assesses at each balance date whether a financial asset or group of financial assets is impaired.

Held to maturity investments

Where the Commission has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

1.9 NON FINANCIAL ASSETS

(a) Inventory

Materials and stores are valued at the lower of cost and net realisable value.

(b) Plant and Equipment

Plant, equipment and vehicles are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

(c) Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Commission.

1.10 OTHER NON FINANCIAL ASSETS

(a) Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

1.11 LIABILITIES

(a) Payables

Payables consist predominantly of accounts payable and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Commission prior to the end of the financial year that are unpaid, and arise when the Commission becomes obliged to make future payments in respect of the purchase of those goods and services. Payables are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

Interest bearing liabilities

Interest bearing liabilities are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest rate method.

Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is a material increase in the likelihood that the guarantee may have to be exercised, then it is measured at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by the State Government by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the Commission in the event of default.

The Commission has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts at 30 June 2010 and at 30 June 2009.

Provisions

Provisions are recognised when Commission has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

(b) Employee benefit provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the report date

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits. These liabilities are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability – unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Commission does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value—component that the Commission expects to settle within 12 months; and
- present value—component that the Commission does not expect to settle within 12 months

Non-current liability – conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Commission recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

1.12 TAX STATUS

The activities of the Commission are exempt from Federal income tax and the State's Tax Equivalent system. The Commission is registered for GST and payroll tax.

1.13 COMMITMENTS

Commitments are disclosed at their nominal value and exclusive of the GST payable.

1.14 LEASES

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases

Operating Leases

(i) Commission as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 EQUITY

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

1.16 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

1.17 ROUNDING OF AMOUNTS

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.18 GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- α where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or
- α for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1.19 EVENTS AFTER REPORTING DATE

Assets, Liabilities, income or expenses arise from past transactions or other past events.

Where the transactions result from and agreement between the Commission and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date of the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date and which may have a material impact on the results of subsequent years.

1.20 AASs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new AASs have been published that are not mandatory for 30 June 2010 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Commission of their applicability and early adoption where applicable.

As at 30 June 2010, the following standards and interpretations (applicable to the Commission) had been issued but were not mandatory for financial years ending 30 June 2010. The Building Commission has not, and does not intend to, adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.20 AASs ISSUED THAT ARE NOT YET EFFECTIVE (CONTINUED)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
AASB 2009–5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009–8 Amendments to Australian Accounting Standards – group cash settled share-based payment transactions [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	No impact. AASB 2 does not apply to government departments or entities; consequently this standard does not apply.
AASB 2009–9 Amendments to Australian Accounting Standards – additional exemptions for first-time adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
Erratum General Terminology changes	Editorial amendments to a range of Australian Accounting Standards and Interpretations	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009–10 Amendments to Australian Accounting Standards – classification of rights issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Jan 2010	No impact. The Commission does not issue rights, warrants and options, consequently the amendment does not impact on the statements.
AASB 2009–13 Amendments to Australian Accounting Standards arising from interpretation 19 [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19.	Beginning 1 Jul 2010	The Commission does not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 19 and related amendments have no impact.
AASB 124 Related party disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jul 2011	Preliminary assessment suggests that impact is insignificant. However, the Commission is still assessing the detailed impact and whether to early adopt.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
AASB 2009–12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jul 2011	AASB 8 does not apply to the Commission, therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009–14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement	Beginning 1 Jul 2011	Expected to have no significant impact
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 financial Instruments: recognition and measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009–11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

2. INCOME FROM TRANSACTIONS

		2010 \$	2009 \$
(a) Building permit levies			
Building permit levy – General levy	(i)	15,480,054	12,320,085
Building permit levy – BACV levy	(ii)	7,549,384	6,056,597
		23,029,438	18,376,682

(i) Building permit levy – General levy

The general building permit levy is calculated based on 0.064 cents in every dollar of the cost of building work for which a building permit is sought.

(ii) Building permit levy – BACV levy

The Building Advice and Conciliation Victoria (BACV) building permit levy is calculated based on 0.064 cents in every dollar of the cost of building work for which a building permit is sought and funds the Building Advice and Conciliation Victoria functions established under the *Domestic Buildings Contracts (Conciliation and Dispute Resolution) Act 2002*. The Act became effective on 1 July 2002. The Commission collects the levy and for the period July 2009 – June 2010 retains 50% of the BACV levy as revenue with the remaining 50% being payable to Consumer Affairs Victoria (CAV). The statement of cash flow includes a cash inflow at 100% of the levy collected by the Commission and the corresponding payment to CAV as an outflow from operating activities.

		2010 \$	2009 \$
(b) Prosecutions			
Prosecutions revenue		156,128	203,108
		156,128	203,108

(c) Other income

Other income is comprised of:

		2010 \$	2009 \$
Permit fees		24,705	217,582
Publications		11,311	8,056
Fines		41,285	125,687
Inspection fees		13,364	15,000
Accreditation fees		4,893	1,538
Freedom of Information fees		702	436
Miscellaneous revenue		161,826	511,597
Grants related to Bushfire Response		–	1,163,574
Building Surveying Internship Grant		55,000	30,000
Grant – Review Commercial Builders Insurance		102,500	–
Recovery of costs		1,198,929	517,000
		1,614,515	2,590,470

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

3. EXPENSES FROM TRANSACTIONS

3.1 EXPENSES FROM TRANSACTIONS

		2010 \$	2009 \$
(a) Employee Benefits			
Salaries and related on costs		8,766,161	8,041,938
Superannuation	(b)	962,891	911,341
		9,729,052	8,953,279

(b) Superannuation

Contributions to superannuation plans are expensed in the year they are paid or become payable. No amount is recognised in relation to the net surplus or deficit of each plan. Refer Note 1 for the Commissions accounting policy regarding superannuation.

Employees previously employed by the Commission of Infrastructure have retained access to schemes operated by the Government Superannuation Office ie Revised, New and Vicsuper Pty. Ltd. The Commission contributed between 9% and 14% to these schemes in 2010.

Employees who commenced employment with the Commission since 1 July 1994 have had access to Vicsuper and the Lifetrack Superannuation Fund, as well as Choice of Fund super options from 1 July 2008 onwards. These funds are accumulation schemes and do not have an unfunded liability. The Commission contributed a minimum of 9% to these schemes in 2010. The following contributions were made during the year to the various schemes:

	2010 \$	2009 \$
Defined benefit plans:		
State Superannuation Schemes Revised & New	36,055	31,292
Other		0
Defined contribution plans:		
Vicsuper	561,389	549,185
Other superannuation funds	141,159	111,270
Salary sacrifice – superannuation:		
Vicsuper	161,380	198,782
Other superannuation funds	62,908	20,812
	962,891	911,341

No contributions were outstanding at 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

3. EXPENSES FROM TRANSACTIONS (CONTINUED)

3.1 EXPENSES FROM TRANSACTIONS (CONTINUED)

(c) General administration expenses

General administration costs comprise:

	2010 \$	2009 \$
Travelling and subsistence	419,368	247,510
Office requisites, printing and stationery	378,815	495,942
Minor asset purchases	142,449	32,914
Books and publications	64,040	45,170
Postage and courier	116,399	141,686
Motor vehicles	175,063	160,087
Human resources investment	379,139	322,580
Incidental expenses	415,643	517,683
Legal expenses	1,634,890	2,672,098
Hire of agency staff	717,900	882,835
Special project expenditure	4,469,680	5,143,491
Insurance	140,424	102,359
Fringe benefits tax	169,241	185,907
Bank charges	23,924	22,861
	9,246,975	10,973,123

(d) Accommodation charges

The Commission's accommodation charges primarily relate to its accommodation at Casselden Place, 2 Lonsdale Street, Melbourne for the period 1 July 2009 to 31 March 2010 and Goods Shed North 733 Bourke Street, Docklands from 1 December 2009 to 30 June 2010.

(e) Corporate services charges

These payments reflect amounts paid to external information technology support companies, building practitioner registration renewal outsourcing providers and external providers of building practitioner registration assessments, building practitioner compliance assessments, BACV inspections and BACV conciliations.

(f) Depreciation and amortisation expense by class of assets

	2010 \$	2009 \$
Motor vehicles	82,245	75,279
Furniture and fittings	346,154	204,245
EDP equipment	228,242	167,281
Office machines and equipment	6,108	4,892
Computer software	685,466	447,626
Make Good Provision	21,210	–
	1,369,425	899,323

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

3. EXPENSES FROM TRANSACTIONS (CONTINUED)

3.1 EXPENSES FROM TRANSACTIONS (CONTINUED)

(g) Board and committee fees

Board fees comprise sessional payments, on-costs, travel and incidental expenses of the following boards and committees:

Building Advisory Council
Building Practitioners Board
Building Appeals Board
Building Regulations Advisory Committee
Audit Committee

(h) Auditors remuneration

Apart from the fee of \$14,415 (2009 – \$14,200) for the audit of the accounts, the Commission paid \$2,745 for an additional fee incurred for the 2007–08 financial year audit.

(i) BACV Provision

The Commission has expensed \$811,000 during the 2010 financial year in relation to increasing the BACV Provision to recognise the Commission's liability in servicing future BACV dispute claims. The BACV provision is the estimated net present value of those future costs to service those disputes relating to past building permits issued. The Building Commission conducted an actuarial review in 2010 financial year in order to more accurately estimate the net present value of the future costs related to building disputes under BACV. In the last 18 months, the Commission has implemented an on-site conciliation process aimed at identifying and resolving cases that can be better dealt with through a conciliation process rather than a formal inspection report process. It is expected that the on-site conciliation initiative will be very beneficial in the orderly resolution of matters and the reduced future cost of providing this service has been estimated and factored into the BACV provision estimate.

(j) Provision for product research grants for bushfire recovery

The Commission has committed \$375,000 for product research grants for bushfire recovery. The grants provide research and development funding for manufacturers of products related to BAL-FZ under the new bushfire construction standard (AS 3959–2009) to enable these products to become more commercially available to bushfire affected regions.

3.2 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

(a) Loss from sale of fixed assets

A loss on sale of fixed assets of \$189,511 (2009 – \$76,874) resulted from the proceeds of \$157,943 (2009 – \$255,129) after deducting the equipment's written down value of \$347,454 (2009 – \$302,003).

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

4. RECEIVABLES

		2010 \$	2009 \$
Current			
Contractual			
Building permit levy receivables	(i)	3,062,302	2,740,162
Sundry debtors – prosecutions	(ii)	119,571	191,935
Other sundry debtors	(iii)	427,926	1,134,148
		3,609,799	4,066,245
Statutory			
GST clearing account		494,340	439,597
		4,104,139	4,505,842

(i) Receivables comprise primarily building permit levy receipts in relation to permits issued prior to 30 June 2010 and unpaid at that date. The average credit period is 30 days and the balance is non interest bearing.

(ii) Sundry debtors – prosecutions of \$119,571 (2009 – \$191,935) represents revenue owing at 30 June, 2010 of \$328,749 (2009 – \$310,068), less a provision for doubtful debts of \$209,178 (2009 – \$118,133). A provision for doubtful debts, allows for fines and costs which may be commuted to community based orders and other penalties, and which may be paid by instalment. The level of the provision for doubtful debts reflects all prosecutions where no money has yet to be received by the Court for payment to the Building Administration Fund.

(iii) Other sundry debtors of \$427,926 (2009 – \$1,134,148), represents sundry revenue owing at 30 June 2010 of \$503,452 (2008 – \$1,134,148), less a provision for doubtful debts of \$75,526 (2009 – \$0). The level of the provision for doubtful debts reflects all BPB fines and costs where no money has yet to be received by the Commission for payment to the Building Administration Fund.

(a) Movement in the Allowance for doubtful debts

		2010 \$	2009 \$
Balance at beginning of the year		118,133	120,233
Increase/(decrease) in allowance recognised in comprehensive operating statement		166,571	(2,100)
Balance at the end of the year		284,704	118,133

(b) Ageing analysis of receivables

Refer note 16 for the ageing analysis of receivables

(c) Nature and extent of risk arising from receivables

Refer note 16 for the nature and extent of risks arising from receivables

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

5. OTHER FINANCIAL ASSETS

Other financial assets comprise:

	2010 \$	2009 \$
Term deposit – current	2,300,000	2,300,000
	2,300,000	2,300,000

The Commission has reclassified a portion of cash balances in order to specifically allocate cash to fund the BACV Provision. The term deposit is interest bearing with a maturity date of 15 March 2011.

(a) Ageing analysis of other financial assets

Refer note 16 for the ageing analysis of other financial assets

(b) Nature and extent of risk arising from other financial assets

Refer note 16 for the nature and extent of risks arising from other financial assets

6. PLANT AND EQUIPMENT

Classification by Public Administration Purpose Group – Carrying Amounts

	2010 \$	2009 \$
Sub-classification by nature		
Plant, equipment and vehicles		
Cost	8,022,499	6,022,810
less Accumulated Depreciation	2,310,964	3,845,082
Net carrying value of plant and equipment	5,711,535	2,177,728

(a) Property plant and equipment – movement by class of assets

	2010 \$	2009 \$	2010 \$	2009 \$
Opening balance	2,177,728	1,447,082	2,177,728	1,447,082
Additions	4,247,070	1,484,346	4,247,070	1,484,346
Make Good Asset Addition	318,150	–	318,150	–
Disposals	(347,454)	(302,003)	(347,454)	(302,003)
Depreciation expense	(683,959)	(451,697)	(683,959)	(451,697)
Closing balance	5,711,535	2,177,728	5,711,535	2,177,728

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

7. INTANGIBLE ASSETS

	2010 \$	2009 \$
Computer software		
Cost	4,559,713	4,209,967
less Accumulated Amortisation	2,538,264	2,278,820
Net Carrying Value of Intangible assets	2,021,449	1,931,147

(a) Intangible assets – movement by class of assets	Computer software		Total	
	2010 \$	2009 \$	2010 \$	2009 \$
Opening balance	1,931,147	1,324,648	1,931,147	1,324,648
Additions	775,768	1,054,125	775,768	1,054,125
Disposals	–	–	–	–
Amortisation expense	(685,466)	(447,626)	(685,466)	(447,626)
Closing balance	2,021,449	1,931,147	2,021,449	1,931,147

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

8. PAYABLES

	2010 \$	2009 \$
Current		
Contractual		
Sundry creditors and accruals	1,292,782	3,399,708
	1,292,782	3,399,708

Terms and conditions of payables vary according to particular agreements with these parties. The average credit terms for payables are 30 days and the balance is non interest bearing.

(a) Maturity analysis of contractual payables

Refer note 16 for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Refer note 16 for the nature and extent of risks arising from contractual payables.

9. OTHER LIABILITIES

		2010 \$	2009 \$
Current			
Domestic Building List	(a)	139,732	129,721
HIH clearing	(b)	893,680	650,377
BACV clearing	2(a)(ii)	1,365,191	1,052,398
Cooling towers registration clearing	(c)	398,640	268,663
		2,797,243	2,101,159

(a) Domestic building list

This represents the amount owed to the Domestic Building List (which operates under the jurisdiction of the Department of Justice) under section 200(5) (b) of the *Building Act 1993*. During 2009/2010, the sum of \$1,995,355 (2009 – \$1,307,374) was paid to the Domestic Building List. The Building Commission partially funds the operation of the Domestic Building List, which resolves contract disputes involving building practitioners registered with the Building Commission. The statement of cash flow includes a cash inflow at 100% of the building practitioner registrations collected by the Commission and the corresponding payment to the Domestic Building List as an outflow from operating activities.

(b) HIH clearing

Estimated additional building permit levy collected for the HIH rescue package fund established by State Parliament on 8 June 2001, calculated at the rate of 0.032 cents in every dollar of the cost of domestic building work for which a building permit is sought, payable to the Domestic Building (HIH) Indemnity Fund administered by the Housing Guarantee Fund Ltd.

The statement of cash flow includes a cash inflow at 100% of the levy collected by the Commission and the corresponding payment to the Housing Guarantee Fund Ltd. as an outflow from operating activities.

(c) Cooling towers registration

This represents the amount owed to the Department of Human Services, in respect to cooling tower registrations collected by the Building Commission under the *Building (Legionella) Act 2000*, based on a memorandum of understanding associated with respective functions to be carried out under the Act. The statement of cash flow includes a cash inflow at 100% of the cooling tower registrations collected by the Commission and the corresponding payment to the Department of Human Services as an outflow from operating activities. The Commission ceased all functions in respect to cooling tower registrations on the 1st of January 2010.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

10. SECURITY DEPOSITS

	2010 \$	2009 \$
Current		
Security deposits	1,793,525	1,793,525
	1,793,525	1,793,525

Security deposits comprise bonds lodged under Section 22 of the *Building Act 1993* to secure complete and satisfactory completion of building works. A further \$98,500 (2009 – \$93,500) was held in bank guarantees at 30 June 2010.

(a) Ageing analysis of security deposits

Refer note 16 for the ageing analysis of security deposits

(b) Nature and extent of risk arising from security deposits

Refer note 16 for the nature and extent of risks arising from security deposits.

11. DEFERRED REVENUE

Deferred revenue comprises:

	2010 \$	2009 \$
Current		
Registration fees paid in respect of the 2010 year	1,040,805	1,022,862
	1,040,805	1,022,862

12. PROVISIONS

		2010 \$	2009 \$
Current provisions			
BACV provision	12(b)	829,000	680,000
Annual leave entitlements	12(a)	886,464	864,805
Unconditional long service leave entitlements	12(a)	965,437	806,813
Provision for contract bonuses	12(a)	119,251	79,909
Provision for product research grants for bushfire recovery	12(c)	375,000	–
Total current provisions		3,175,152	2,431,527
Non-current liabilities			
BACV provision	12(b)	2,482,000	1,820,000
Conditional long service leave entitlements	12(a)	240,549	161,584
Make Good provision	12(d)	318,150	–
Total non-current provisions		3,040,699	1,981,584
Total provisions		6,215,851	4,413,111

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

12. PROVISIONS (CONTINUED)

	2010 \$	2009 \$
12 (a) Employee Benefits and related on-costs		
Current employee benefits		
Annual leave entitlements	762,878	743,918
Unconditional long service leave entitlements	830,842	725,577
Provision for contract bonuses	110,970	69,820
Non-current employee benefits	1,704,690	1,539,315
Long service leave entitlements	207,014	139,057
Total employee benefits	1,911,704	1,678,372
Current on-costs	266,462	212,212
Non-current on-costs	33,535	22,527
Total on-costs	299,997	234,739
Total employee benefits and related on-costs	2,211,701	1,913,111

12(b) BACV Provision

The Building Advice and Conciliation Victoria (BACV) building permit levy, funds the BACV functions established under the *Domestic Buildings Contracts (Conciliation and Dispute Resolution) Act 2002*. As part of the dispute resolution functions of the BACV, the Building Commission is allocated a portion of the levy to fund its role in the dispute resolution process and takes that income to account when received. The Building Commission provides and will in the future provide services in relation to BACV disputes arising from building permits issued in the past. As such the Building Commission will in the future incur costs to service BACV disputes in relation to past building permits, including the cost of inspection reports and case administration. The BACV provision is the estimated net present value of those future costs to service those disputes relating to past building permits issued.

The Building Commission conducted an actuarial review in 2010 financial year in order to more accurately estimate the net present value of the future costs related to building disputes under BACV. In the last 18 months, the Commission has implemented an on-site conciliation process aimed at identifying and resolving cases that can be better dealt with through a conciliation process rather than a formal inspection report process. It is expected that the on-site conciliation initiative will be very beneficial in the orderly resolution of matters and the reduced future cost of providing this service has been estimated and factored into the BACV provision estimate.

	2010	2009
(b) Movement in provisions		
Opening balance	2,500,000	2,200,000
Additional provision recognised	811,000	300,000
Closing balance	3,311,000	2,500,000
Current (Note 12)	829,000	680,000
Non Current (Note 12)	2,482,000	1,820,000
Closing balance	3,311,000	2,500,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

12. PROVISIONS (CONTINUED)

(c) Provision for product research grants in bushfire recovery

The Commission has committed \$375,000 for product research grants for bushfire recovery. The grants provide research and development funding for manufacturers of products related to BAL-FZ under the new bushfire construction standard (AS 3959-2009) to enable these products to become more commercially available to bushfire affected regions.

(d) Make Good Provision

Under the Goods Shed North lease agreement, the Commissions agreed to bring the leased property back to its original condition, obligating future costs to dismantle and remove the office fit out and restore the Goods Shed North to its original condition. Under AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" it is generally accepted that this liability is recognised at the commencement of the lease, rather than at the end of the lease when the work is done. It is at the commencement that the partitioning or other fit out causes change to the floor and ceiling to necessitate the make good costs being incurred.

13. CONTRIBUTED CAPITAL

	2010 \$	2009 \$
Balance at beginning of financial year	3,260,987	3,260,987
Closing balance at end of financial year	3,260,987	3,260,987

The Building Commission deemed all of its retained surplus at July 2001 of \$2,937,908 as forming part of contributed capital to comply with Urgent Issues Group Abstract 38 Contributions by Owners Made to Wholly-Owned Public Sector Entities and Accounting and Financial Reporting Bulletins No. 39 Accounting for Contributed Capital and No. 40 Establishment of Opening Balances and Formal Designation for Contributed Capital.

The balance of the contributed capital represents net assets transferred by the Victorian Government as at 1 July 2000 from the former Commission of Planning and Development to establish the Commission.

14. ACCUMULATED SURPLUS

	2010 \$	2009 \$
Balance at beginning of financial year	2,169,911	3,018,880
Net result for the period	1,189,800	(848,969)
Closing balance at end of financial year	3,359,711	2,169,911

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

15. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

The Cash Flow Statement includes cash on hand and investments in market, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

	2010 \$	2009 \$
Cash	1,467,132	1,170,024
Investments – current	4,000,000	5,895,921
Cash at the end of the financial year	5,467,132	7,065,945

(b) Reconciliation of net result for the period to net cash flows from operating activities:

	2010 \$	2009 \$
Net result for the period	1,189,800	(848,969)
Non-cash movements:		
Depreciation and amortisation	1,369,425	899,323
Loss on sale of equipment	189,511	76,874
Movements in assets and liabilities :		
Increase/(decrease) in payables	(2,106,926)	1,874,456
(Increase)/decrease in inventory	12,990	(2,436)
(Increase)/decrease in receivables	401,703	(940,799)
Increase/(decrease) in other liabilities	696,084	(99,813)
Increase/(decrease) in employee benefits	298,590	57,525
Increase/(decrease) in provisions	1,186,000	300,000
Increase/(decrease) in deferred revenue	17,943	14,220
(Increase)/decrease in prepayments	10,962	(36,348)
Net cash from /(used in) operating activities	3,266,082	1,294,033

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16. FINANCIAL INSTRUMENTS

(a) Financial Risk Management objectives and policies

The Commission's principal financial instruments comprise cash assets, term deposits, receivables and payables.

The Commission's activities expose it primarily to financial risks of changes in interest rates. The Commission does not enter into derivative financial instruments to manage exposure to interest rate risk.

The policies for managing each of these risks are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

The carrying amounts of the Commission's contractual financial assets and financial liabilities by category are in the Table (b) below.

(b) Categorisation of financial instruments

	Contractual Financial assets/liabilities designated at fair value through profit/loss	Contractual Financial assets – loans and receivables	Contractual Financial liabilities at amortised cost	Total
2010				
Contractual financial assets				
Cash and cash equivalents	–	5,467,132	–	5,467,132
(i) Receivables				
Sale of goods and services	–	4,104,139	–	4,104,139
Other receivables				
Term deposits	–	2,300,000	–	2,300,000
Total Contractual financial assets	–	11,871,271	–	11,871,271
Contractual financial liabilities				
Payables & other liabilities				
Supplies & services	–	–	1,292,782	1,292,792
Amounts payable to government and agencies	–	–	2,848,195	2,848,195
Security Deposits	–	–	1,793,525	1,793,525
Total contractual financial liabilities	–	–	5,934,502	5,934,502
2009				
Contractual financial assets				
Cash and cash equivalents	–	7,065,945	–	7,065,945
(i) Receivables				
Sale of goods and services	–	4,505,842	–	4,505,842
Other receivables				
Term deposits	–	2,300,000	–	2,300,000
Total Contractual financial assets	–	13,871,787	–	13,871,787
Contractual financial liabilities				
Payables & other liabilities				
Supplies & services	–	–	3,399,708	3,399,708
Amounts payable to government and agencies	–	–	2,101,159	2,101,159
Security Deposits	–	–	1,793,525	1,793,525
Total contractual financial liabilities	–	–	7,294,392	7,294,392

Note:

(i) The amount of receivables disclosed here exclude statutory receivables (i.e. Amounts owing from Victorian Government and GST input tax credit recoverable).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

The Commission's exposure to interest rate risk and the effective weighted average interest rate for each class of financial instrument is set out below:

(d) Credit risk

The credit risk on financial assets of the Commission which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts. The Commission minimises concentrations of credit risk by undertaking transactions with unrelated debtors. The Commission is not materially exposed to any individual debtor.

Credit risk arises from the financial assets of the Commission, which comprise cash and cash equivalents, trade and other receivables and other financial assets. Exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to the Commission. Credit risk is measured at fair value and is monitored on a regular basis.

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Commission's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Currently, the Commission does not hold any collateral as security nor credit enhancements relating to any of its financial assets. As at the reporting date, there is no event to indicate that any of the financial assets were impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

Ageing analysis of contractual financial assets	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1–3 months	3 months – 1 year	1 – 5 years	
2010							
(i) Receivables							
Sale of goods and services	4,104,139	3,883,012	13,447	13,951	43,837	137,542	12,350
Other receivables							
Term deposits	2,300,000	2,300,000	–	–	–	–	–
Total	6,404,139	6,183,012	13,447	13,951	43,837	137,542	12,350
2009							
(i) Receivables							
Sale of goods and services	4,505,842	4,302,360	46,780	11,355	79,932	65,415	–
Other receivables							
Term deposits	2,300,000	2,300,000	–	–	–	–	–
Total	6,805,842	6,602,360	46,780	11,355	79,932	65,415	–

Note:

(i) Ageing analysis of financial assets excludes the types of statutory financial assets (e.g. Amounts owing from Victorian Government and GST input tax credit recoverable).

(e) Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due. The Commission operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16. FINANCIAL INSTRUMENTS (CONTINUED)

Maturity analysis of contractual financial liabilities	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	5+ years
2010							
Payables & other liabilities							
Supplies & services	1,292,782	1,292,782	1,292,782	–	–	–	–
Amounts payable to government and agencies	2,848,195	2,848,195	2,848,195	–	–	–	–
Security Deposits	1,793,525	1,793,525	1,793,525	–	–	–	–
Total	5,934,502	5,934,502	5,934,502	–	–	–	–
2009							
Payables & other liabilities							
Supplies & services	3,399,708	3,399,708	3,399,708	–	–	–	–
Amounts payable to government and agencies	2,101,159	2,101,159	2,101,159	–	–	–	–
Security Deposits	1,793,525	1,793,525	1,793,525	–	–	–	–
Total	7,294,392	7,294,392	7,294,392	–	–	–	–

(f) Market risk

The Commission's exposures to market risk are primarily through interest rate risk. Exposure to interest rate risk is insignificant and might arise primarily through the Commission's cash and cash equivalents and other financial assets. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16. FINANCIAL INSTRUMENTS (CONTINUED)
Interest rate exposure of financial instruments

	Weighted average interest rate %	Carrying amount \$	Interest rate exposure \$		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2010					
Financial assets					
Cash & cash equivalents	4.68%	5,467,132	4,000,000	1,467,132	–
Receivables		4,104,139	–	–	4,104,139
Term deposits	2.90%	2,300,000	2,300,000	–	–
Total financial assets		11,871,271	6,300,000	1,467,132	4,104,139
Financial liabilities					
Payables & other liabilities					
Supplies & services		1,292,782	–	–	1,292,782
Amounts payable to government and agencies		2,797,243	–	–	2,797,243
Security Deposits		1,793,525	–	–	1,793,525
Total financial liabilities		5,883,550	–	–	5,883,550
2009					
Financial assets					
Cash & cash equivalents	3.00%	7,065,945	5,895,921	1,170,024	–
Receivables		3,965,349	–	–	3,965,349
Term deposits	3.00%	2,300,000	2,300,000	–	–
Total financial assets		13,331,294	8,195,921	1,170,024	3,965,349
Financial liabilities					
Payables & other liabilities					
Supplies & services		3,399,708	–	–	3,399,708
Amounts payable to government and agencies		2,101,159	–	–	2,101,159
Security Deposits		1,793,525	–	–	1,793,525
Total financial liabilities		7,294,392	–	–	7,294,392

Sensitivity disclosure analysis and assumptions

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Commission believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of +2% and 2% in market interest rates (AUD) from year-end rates of 3.00% for cash and cash equivalents, and 3.00% for other financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

16. FINANCIAL INSTRUMENTS (CONTINUED)

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Building Commission at year-end, if the above movements were to occur.

Market risk exposure – Interest rate

	Carrying amount \$	Interest rate risk \$			
		-2% (200 basis points)		2% (200 basis points)	
		Net Result	Equity	Net Result	Equity
2010					
Contractual Financial assets					
Cash and cash equivalents	5,467,132	(109,343)	0	109,343	0
Other financial assets	2,300,000	(46,000)	0	46,000	0
Total impact		(155,343)	0	155,343	0
2009					
Contractual Financial assets					
Cash and cash equivalents	7,065,945	(141,319)	0	141,319	0
Other financial assets	2,300,000	(46,000)	0	46,000	0
Total impact		(187,319)	0	187,319	0

(g) Net fair values

The net fair value of on-balance sheet assets is not materially different to the carrying value of the financial assets.

17. LEASING COMMITMENTS

Lease commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities payable are as follows:

	2010 \$	2009 \$
Non cancellable operating lease		
Not later than one year	714,807	1,161,448
Later than one year but not later than 5 years	2,859,228	2,758,224
Later than 5 years	6,731,099	3,447,780
Total lease commitments	10,305,134	7,367,452

The lease commitments noted above relate to the Commission's accommodation at the Goods Shed North, 733 Bourke Street, Docklands.

The Building Commission moved to the Goods Shed North in Melbourne's Docklands on 7 December 2009 under a 15 year lease. The Building Commission assigned its lease for level 27 and level 39 of Casselden Place as permitted under its lease agreement to the Department of Human Services from December 2009.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

18. SUBSEQUENT EVENTS

No events have occurred since balance date.

19. CONTINGENT LIABILITIES

No contingent liabilities existed as at 30 June 2010.

20. RELATED PARTY

As a result of Australian Accounting Standard AASB 124, the Plumbing Industry Commission is considered a related party to the Building Commission and \$3,261,566 was received on normal business terms by the Building Commission during 2009 – 2010 including an amount of \$98,460 as reimbursement for the time the accountable officer spent on Plumbing Industry Commission business activities.

There were no other related party transactions.

21. RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

(1) The persons who held the positions of ministers and accountable officers in the Department are as follows:

The Hon. Justin Madden MLC
Minister for Planning

Tony Arnel
Building Commissioner/Accountable Officer

Amounts relating to the Minister are reported in the Financial Statements of the Commission of Premier and Cabinet.

(2) Remuneration received or receivable by the Accountable Officer in connection with the management of the Commission during the reporting period was in the range:

2010 – \$300,000 – \$309,999
(2009 – \$290,000 – 299,999)

No retirement benefits were paid/payable to the Accountable Officer during the year.

(3) There were no loans to responsible persons in existence as at 30 June 2010.

(4) There were no transactions between responsible persons or entities associated with responsible persons and the reporting entity during the 2009/2010 financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

22. REMUNERATION OF EXECUTIVES

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

There was an addition of one executive officer during the 2009/2010 financial year, due to the return of an executive officer that was seconded to Sustainability Victoria in the 2008/2009 financial year.

Income Band	Total remuneration		Base remuneration	
	2010 No.	2009 No.	2010 No.	2009 No.
\$120 000 – 129 999			1	1
\$130 000 – 139 999	1	1	1	1
\$140 000 – 149 999	1	1		2
\$150 000 – 159 999	2	2	3	
\$160 000 – 169 999	1			1
\$170 000 – 179 999		1		
\$180 000 – 189 999			1	
\$190 000 – 199 999	1			
Total numbers	6	5	6	5
Total amount	\$950,620	\$765,310	\$896,811	\$721,990

APPENDIXES

APPENDIX 1

BUILDING ADVISORY COUNCIL MEMBERS AND ATTENDANCE

Council members as at 30 June 2010	Meetings attended (% of total rostered)
David Blanche (Chair) , Managing Director, Property Consultant Services Pty Ltd	100%
Karen Alcock , Director, McAllister Alcock Architects Pty Ltd. Nominated by Royal Australian Institute of Architects, Victorian Chapter	91%
Tony Arnel , Commissioner, Building Commission and Plumbing Industry Commission	91%
Jennifer Cunich , Executive Director, Property Council of Australia, Victoria Nominated by Property Council of Australia, Victorian Division	64%
Dr David Cousins , Commissioner, State Services Authority Appointed as a consumer advocate	55%
Glenn Driscoll , Director, Reddo Nominated by Australian Institute of Building Surveyors, Victorian Chapter	82%
Dr Emad Gad , Associate Professor, Faculty of Engineering & Industrial Sciences, Swinburne University of Technology – Institute of Engineers Australia. Appointed as an person experienced in the industry	82%
Gil King , Executive Director, Housing Industry Association, Victoria Nominated by Housing Industry Association, Victorian/Tasmanian Division	91%
Brian Welch , Executive Director, Master Builders Association of Victoria Nominated by Master Builders Association of Victoria	45%

APPENDIX 2

BUILDING APPEALS BOARD MEMBERS AND ATTENDANCE

Board members as at 30 June 2010	Meetings attended (% of total rostered)
Peter Lavis , (Chair) Manager, Commercial Division Victoria and Tasmania Australia Post	91%
Ari Akritidis , Akritidis Group Building Consultants Core member as a building surveyor	72%
Michael Almonte , Construction Manager, Shell Core member as a building surveyor	97%
Paul Bailey , CH Group Pty Ltd Core member as a building surveyor	90%
David Barber , Fire Engineer, ARUP Fire Core member as an engineer (fire safety)	43%
Eric Braslis , Director, Planning and Environment, Hobsons Bay City Council Core member as a town planner	94%
Maria Caccaviello , Matcac Constructions Core member as a builder (domestic)	78%
John Clampett , Building Compliance Manager, Engineering and maintenance, Crown Melbourne Ltd. Core member as engineer (fire safety) & building surveyor	100%
Elizabeth Coe , Director, Umow Lai & Associates Core member as an engineer (electrical)	81%
Peter Collina , (Deputy Chair) Building and Development Consultant Core member as an engineer (structural)	92%
Stuart Collinson , Director, Collinson Fogarty Laws Building Surveyors Core member as a building surveyor	88%
Tony De Domenico , Executive Director, Urban Development Institute of Australia, VIC division Core member as a consumer advocate	86%
Dang Hodinh , Regional Director Southern, Lincolne Scott Core member as an engineer (mechanical)	70%
William (Patrick) Irwin , Associate Director, Irwin Consult Pty Ltd Core member as an engineer (structural)	81%
Maureen Jackson , Associate Director, Davis Langdon Core member as a planner	69%
Jillian Johnston , Partner, Johnston Construction Lawyers Core member as a lawyer	83%
Michael Kerr , Rider Levett Bucknall Core member as a quantity surveyor	73%
Stephen Kip , SKIP Consulting Pty Ltd Core member as an engineer (fire safety)	91%
Warren Knight , Manager, Building Certification and Inspections, City of Melbourne Core member as a building surveyor	81%
Aileen McFadzean , Legal representative/consumer advocate/access consultant, Blind Citizens Australia Core member as a consumer advocate	91%

APPENDIX 2

BUILDING PRACTITIONERS BOARD MEMBERS AND ATTENDANCE

Board members as at 30 June 2010	Meetings attended (% of total rostered)
Natasha Palich , Sense Architecture Core member as an architect	93%
Michael Peck , Managing Director, Michael Peck and Partners Pty Ltd Core member as an architect	97%
Leslie Schwarz , Director, LMS Lawyers Core member as a lawyer	97%
Mark Selby-Hele , Managing Director, MKH Industries Pty Ltd / Aged Care Development Core member as builder (commercial) *Appointed to the BAB June 2010	100%*
Bryan Thomas , Rigby Cooke Lawyers Core member as a lawyer	94%
Geoff Woolcock , MBA Building Services Pty Ltd Core member as a building surveyor	100%
Mathew Wright , Fire Safety Program Leader, Structural Fire Safety, CFA Core member as engineer (fire safety) / building surveyor	91%
Joe Zita , Director, Approval Systems Core member as building surveyor *Appointed to the BAB June 2010	100%*

APPENDIX 3

BUILDING PRACTITIONERS BOARD MEMBERS AND ATTENDANCE

Board members as at 30 June 2010	Meetings attended (% of total rostered)
Bill Russell (Chair) Director, Russel Harvey & Co *Appointed Chair April 2010	100%
Tony Abbruzzese , CNC Homes Pty Ltd Nominated by the Housing Industry Association	83%
Rohan Bennett , Partner – Phillips Fox Solicitors Nominated as independent Legal representative	92%
Graeme Geary , Municipal Building Surveyor, Cardinia Shire Nominated by the Australian Institute of Building Surveyor * Appointed to the Board February 2010	100%*
Geoff Hoare , Director, Graph Designs Nominated by the Building Designers Association Victoria	92%
Carolyn Lloyd Appointed as an independent consumer representative	67%
Jenifer Nicholls , Department of Human Services Nominated by the Architects Registration Board of Australia	83%
Nick Pateras , Managing Director, Belmore Homes Nominated by the Master Builders Association of Victoria	92%
Geoff Tucker , Director, No Fuss Events Nominated by the Hire and Rental Association of Victoria	50%
Ron Wakefield , Head of School, RMIT School of Property, Construction and Project Management Nominated by Engineers Australia	83%

APPENDIX 4

BUILDING REGULATIONS ADVISORY
COMMITTEE MEMBERS AND ATTENDANCE

Board members as at 30 June 2008	Nominated Body	Meetings attended (% of total rostered)
Tony Arnel	Building Commissioner (Chair)	58%
Ross Boreham *Appointed July 2009	Property Council	81%*
Jarrold Edwards	Minister administering the <i>Country Fire Authority Act 1958 and Metropolitan Fire Brigades Act 1958</i>	75%
Victoria Hamer *Appointed July 2009	Australian Institute of Architects	81%
Angela Jurjevic *Appointed May 2010	Minister administering the <i>Project Development and Construction Management Act 1994</i>	100%*
Warren Knight	Melbourne City Council	75%
Robert Marsicovetere *Appointed October 2009	Australian Institute of Building Surveyors	88%*
John Prendergast	Municipal Association of Victoria	83%
David Robertson	Institute of Engineers Australia, Victoria Division	92%
Bob Seiffert	Consumer representative	75%
Melissa Chandler	Australian Institute of Building Surveyors, Victorian Chapter	92%
Bronwyn Weir	Legal practitioner	92%
Ruth Wilson	Minister's appointment with building industry experience	50%
Geoff Woolcock	Master Builders Association of Victoria	100%

5 Star standard

A regulatory requirement for new houses and apartments in Victoria to be built to a 5 Star energy efficiency standard, plus either a rainwater tank or a solar hot water system.

6 Star standard

Announced as the new regulatory requirement for new houses and apartments in Victoria to be built to a 6 Star energy efficiency standard. This is to come into effect on 1 May 2011.

Accessibility

The ease of public access to a building, specifically for people with a disability or mobility impairment.

Appeals

A re-hearing by the Building Appeals Board of decisions made by persons or bodies having the power to decide certain matters under the Building Act.

Australian Building Codes Board (ABCB)

A joint initiative of all levels of government, including representatives from the building industry, established by an inter-governmental agreement. The Board is responsible for developing and managing a nationally uniform approach to building requirements through the Building Code of Australia.

Building Act 1993 (Building Act)

The *Building Act 1993* (VIC) provides for the regulation of building and building standards in Victoria. The Building Act also establishes the Building Commission.

Building Advisory Council (BAC)

A senior industry-based advisory group that advises the Minister for Planning on the administration of the Building Act and *Building Regulations 2006*.

Building Appeals Board (BAB)

An independent statutory body established under the Building Act that provides an independent process for determining modification requests, appeals and disputes about the applicability of building regulations and protection work issues.

Building Code of Australia (BCA)

A set of building codes referenced by the *Building Regulations 2006*, containing technical provisions for the design and construction of buildings and other structures.

Building permit activity

The total value of building permit approvals over a defined time period.

Building Practitioners Board (BPB)

An independent statutory body established under the Building Act that oversees the quality and standard of professional services in the Victorian building industry.

Building Regulations Advisory Committee (BRAC)

A committee of building industry representatives established under the Building Act.

Certificate of Consent

Written approval from the Building Practitioners Board that enables an owner-builder to obtain a building permit.

Continuing Professional Development (CPD)

Encourages ongoing learning to improve the knowledge and skills of Registered Building Practitioners.

Cooling tower system

One or more self-contained structures sharing the same water used for cooling purposes.

Energy efficiency

To use less energy to achieve the same or greater output.

Green Building Council of Australia (GBCA)

A national initiative with a broad membership base of industry, Government and education providers, which aims to define and develop an environmentally sustainable property industry in Australia and to promote green building practices, technologies and operations.

Inquiry

A formal Board hearing held by the Building Practitioners Board into the conduct and/or ability to practice of a Registered Building Practitioner.

Life balance and wellbeing

The provision of flexible working options to enable employees to better meet competing priorities of work and non-work responsibilities.

Modifications

A formal request to the Building Appeals Board for a provision of the regulations to either apply or not apply in relation to a building or land.

Owner-builder

A person who carries out domestic building work on his or her own land, who is not in the business of building.

Registered Building Practitioner (RBP)

A person who carries out work in the business of building who is registered with the Building Practitioners Board.

Visitability

The ease of public to visit a building, specifically for people with a disability or mobility impairment.

World Green Building Council (WGBC)

The World Green Building Council is a peak global not-for-profit organisation working to transform the property industry towards sustainability through its members – national Green Building Councils.

The 2009–10 Annual Report of the Building Commission is prepared in accordance with all relevant Victorian Legislation. This index has been prepared to facilitate clarification of the Commission’s statutory disclosure requirements.

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FIVE YEAR STATISTICAL SUMMARY

NOTES

	2009-10	2008-09	2007-08	2006-07	2005-06
Regulatory Excellence					
BAB modifications heard	1366	1328	1,948	2,012	1,917
BAB appeals and disputes heard	333	316	264	185	165
Industry Responsibility					
Research <i>*Increases in 2009-10 due to research involved in bushfire related issues such as private bushfire shelters and flame-zone windows.</i>	\$816,370*	\$139,069	\$232,450	\$216,000	n/a
New building practitioner registrations	865	924	2,068	1,557	1,264
Total building practitioner registrations	24,199	23,334	22,410	20,998	20,123
Practitioner participants in the voluntary CPD program	8,540	2,500	2,254	5,896	1,770
Building permits by number	113,670	98,113	105,793	100,969	98,292
Building permits by value	\$23.9B	\$19.3B	\$20,400M	\$16,714M	\$15,613M
Environmental Best Practice					
5 Star energy efficiency site inspection audits	n/a	70	171	165	n/a
Councils 5 Star energy efficiency compliance	n/a	20	27	n/a	n/a
Distinct visits to Make Your Home Green online portal <i>*extrapolated estimate</i>	22,992*	91,193	28,850 May-June 08	n/a	n/a
Community Accountability					
Domestic builder office audits	135	137	210	170	159
Domestic builder site audits	46	37	217	167	167
Audits of Municipal Building Surveyors	26	19	44	31	n/a
Audits of Private Building Surveyors <i>*Introduced in 2009-10</i>	11*	n/a	n/a	n/a	n/a
Complaints received about building practitioners	629	560	506	451	538
Investigations conducted into building practitioners	586	630	595	477	395
Prosecutions completed	42	48	20	16	22
BPB inquiries completed	60	77	52	33	38
Registrations suspended	2	3	2	4	3
Registrations cancelled	4	4	3	3	3
Total fines awarded against building practitioners	\$387,150	\$251,340	\$145,935	\$178,631	\$106,531
Owner-builder permits	24,386	23,700	26,277	26,436	27,581
BACV inspections undertaken by the Building Commission	385	514	432	285	273
BACV disputes resolved successfully	91%	92%	1.67% July-Sep 07	54%	83%
Publications distributed	228,002	368,121	626,551	515,000	367,310
Website visits <i>*extrapolated estimate</i>	517,764*	800,578	783,702	610,000	604,251
Consumers highly or very highly satisfied with the quality of their building work	89%	91%	92%	92%	93%
Cooling towers registered	4,876*	5013	5,032	5,215	5,471
<i>*At 31 December 2009. Registration taken over by Department of Health from 1 January 2010.</i>					
Our People					
Total head count	115	115	114	114	111
Percentage of female employees	57%	61%	55%	54%	55%
Percentage of male employees	43%	39%	45%	46%	45%
Learning and development hours per employee	15.19	19	25	22	21
Financial Performance					
Total income	\$28.6M	\$25.1M	\$24.6M	\$20.8M	\$19.5M
Total expenses	\$26.6M	\$25.6M	\$24.2M	\$20.6M	\$18.6M
Net operating surplus from normal operations	\$2.0M	\$(0.5M)	\$0.4M	\$0.2M	\$0.9M
BACV Provision Expense	\$0.8M	\$0.3M	\$2.2M	\$0	\$0
Net result for the period	\$1.2M	\$(0.8M)	(\$1.8M)	\$0.2M	\$0.9M
Total assets	\$19.8M	\$18.2M	\$17.0M	\$16.8M	\$16.1M
Total liabilities	\$13.1M	\$12.7M	\$10.7M	\$8.7M	\$8.1M

TBC2003_VETRO DESIGN



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Annual Reports are available on
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