

25 October 2016

The Hon Richard Wynne MP  
Minister for Planning  
1 Spring Street  
MELBOURNE VIC 3000

Dear Minister

**RE: STATEMENT OF EXPECTATIONS FOR THE VICTORIAN BUILDING AUTHORITY**

Thank you for your letter dated 24 July 2016 outlining your Statement of Expectations (SOE) for the regulation of building and plumbing practitioners by the Victorian Building Authority (VBA).

This letter confirms the VBA's commitment to demonstrating good regulatory practice and outlines our plans for achieving the performance improvements outlined in your SOE.

**Improving the administration and enforcement of regulation**

The VBA acknowledges the significant contribution that the building and plumbing industry makes to the Victorian economy and the jobs market, and we confirm our commitment to building consumer and industry confidence through efficient and effective regulation.

The Board and the CEO continue to build organisational effectiveness and efficiency by:

- ensuring the organisation is focused on its core regulatory role;
- enhancing our systemic and risk-based approach to regulatory functions;
- investing more in VBA staff training to increase our compliance and enforcement capability; and
- continuing to focus effort to where it maximises public health and safety while minimising unnecessary burden on the industry and the community.

The VBA has expended significant effort in strengthening relationships with our key building and plumbing stakeholders with a focus on our core regulatory role. We have established regular communication with building and plumbing practitioners, industry and consumers and publish information about the outcome of our regulatory activities, including prosecutions and disciplinary inquiries.

## Performance Improvements

The VBA's Annual Plan 2016-17 identifies activities we are undertaking to develop our reputation and ability as an effective and efficient regulator as we strive to deliver best practice regulation in Victoria.

### *Risk based strategies*

The VBA has made progress in enhancing and implementing risk-based strategies to ensure a targeted approach to regulation in which our effort is focused on maximising our impact in areas that pose the highest risk to health and safety while minimising costs to businesses and the community.

We have established a Practitioner Intelligence Team, introduced a proactive inspections regime and continued our program of plumbing and building audits and investigations. The VBA uses risk based approaches in aspects of its work but this will be further refined and implemented with the development of the VBA's inaugural Regulatory Approach. The VBA is in the process of consulting with our building and plumbing stakeholders on its draft Regulatory Approach.

The Regulatory Approach is the VBA's overarching policy on how we regulate and will provide a framework through which we can deliver good regulatory practice and performance improvements once implemented in 2016-17.

### *Demonstrating good regulatory practice*

Changes to the VBA's powers and functions under the *Building Act 1993* are aimed at restoring confidence and ensuring that all buildings are built to the required standard. These changes took effect on 4 July and 1 September 2016.

The VBA commenced a significant program of work, overseen by our Board and Executive Leadership Team, to ensure effective delivery of the reforms.

To ensure that the transition was as smooth as possible a range of new policies and procedures were developed through extensive stakeholder consultation. These are supported by an ongoing communication strategy for practitioners, industry bodies, consumers and staff of the VBA. We look forward to reporting to you on the implementation of the legislative reforms.

### *Continued implementation of VAGO recommendations*

Implementing the findings and recommendations in the Victorian Auditor-General's Office (VAGO) 2015 audit of Victoria's Consumer Protection Framework for Building Construction has been a focus for the VBA to ensure it meets government and community expectations.

The VBA has accepted all recommendations and has diligently worked through their implementation. The recommendations covered a wide range of the VBA's operations, and some of the significant initiatives include, implementation of a new Monitoring and Evaluation Framework aimed at measuring output and effectiveness, improving our complaints management process, and undertaking risk-based performance audits.

The VBA has scheduled an internal audit to review implementation of these recommendations. We will shortly provide a report to you and VAGO on the details of the work undertaken and efforts to embed the VAGO recommendations into the VBA's business as usual processes and procedures.

In addition, the VBA understands that it does not work alone and has established statements of intent or memoranda of understanding with regulatory partners and other agencies, including Consumer Affairs Victoria, Victoria Police, the Australian Bureau of Statistics, the EPA and WorkSafe. The VBA has also agreed a statement of intent with the Municipal Association of Victoria and a number of local councils have now signed up to the statement.

### *Improved business systems*

As part of the VBA's commitment to delivering services to Victorians in an efficient and effective manner, we have commenced the process of upgrading our information communications technology systems through a business systems transformation program. A tender was undertaken and a supplier has been appointed. Over the next 12 months, systems will be delivered to support the VBA regulation of owner builders, complaints management and plumbing compliance certificates.

The implementation of new systems will enable the VBA to more efficiently deliver its services and provide improved data capture and reporting to aid better monitoring and evaluation and support evidence based decision making for

risk-based strategies and future legislative reforms. Where possible, our new systems will enable building and plumbing practitioners and consumers to deal with the VBA, and access its services, on line.

#### *Transparency and accountability*

Transparency and accountability is a key driver for the VBA. The continued implementation and refinement of the stakeholder engagement and communication strategy is critical for the implementation of the changes to the VBA's powers and functions under the *Building Act 1993*. It will also inform DELWP's work on the sunseting of both the *Building Regulations 2006* and the *Plumbing Regulations 2008*.

A key element for the successful implementation of the range of changes was the VBA's stakeholder engagement strategy, which enabled the VBA to communicate the changes while receiving and responding to feedback. The VBA will continue to consult with building and plumbing stakeholders through a variety of forums, including the VBA's Stakeholder Reference Groups which provide the VBA the opportunity to provide information on its strategies and programs of work and receive input and feedback direct from stakeholders.

#### **Reporting**

I look forward to working with you to implement the performance improvements identified in your SOE and report on the VBA's progress in line with our annual report on operations.

If you have any queries, please contact Marlo Baragwanath, Director Office of the CEO on 9618 9101 or [marlo.baragwanath@vba.vic.gov.au](mailto:marlo.baragwanath@vba.vic.gov.au).

Yours sincerely



Brian Welch  
**Chief Commissioner**  
**Victorian Building Authority**

