

VBA prosecutes man for leaving homeowners high and dry

The Victorian Building Authority (VBA) has prosecuted a man for arranging building work without insurance, in breach of Section 136(2) of the *Building Act 1993*, leaving the homeowners high and dry.

The man pleaded guilty and was fined \$10,000 in the Ringwood Magistrates Court on 24 September for managing domestic building work under a major domestic building contract without insurance.

The VBA's Chief Executive Officer, Sue Eddy, said the regulator takes its role to maintain the integrity of the building industry extremely seriously.

"We will always use the powers available to us to protect consumers. Anyone carrying out building work needs to know their legal obligations regarding building contracts."

"These laws are designed to protect property owners and maintain proper standards in the building industry," Ms Eddy said.

The man entered into a major domestic building contract with the homeowners in 2015 after their house was destroyed by fire. The contract included the purchase and relocation of a dwelling from regional New South Wales to a property in Northern Victoria.

The building work was carried out between May 2016 and October 2017 by a registered builder who was sub-contracted by the man. The building work was defective and to such a low standard that it left the dwelling uninhabitable.

Although the man did not carry out the defective building work himself, it was due to the fact that he was the builder who managed and arranged the carrying out of the building work by subcontracting the builder, that the obligation to take out insurance rested with him.

The owners became concerned as they had paid \$162,650 under the contract and received a further invoice for \$20,240 on 13 June 2017. At this point building work slowed and defects became apparent.

An inspection report was commissioned by the owners, which provides a costing estimate for rectification and completion at \$157,820.

The owners commenced proceedings at the VCAT against both the man and the sub-contracted builder and a settlement was reached.

As part of the prosecution sentencing submission, the VBA submitted that the sentence imposed should reflect the court's denunciation of the offending which had a huge mental and financial impact on the victims.

The VBA also submitted that although the court might be satisfied that the man will not reoffend, there remained an element of general deterrence to deliver a message to the wider community that people cannot undertake this sort of building work in breach of the requirements of the Building Act.

Ms Eddy said that the Building Act includes broad powers for the VBA to take action against anyone who breaks the law.

"The obligations on builders for carrying out building work are clearly stated in the Building Act. There is no excuse for breaking the law. We won't hesitate to take all necessary action to hold you accountable for wrongdoing."

"The outcome of this case should send a clear message to practitioners that if they do the wrong thing there will be serious consequences," Ms Eddy said.