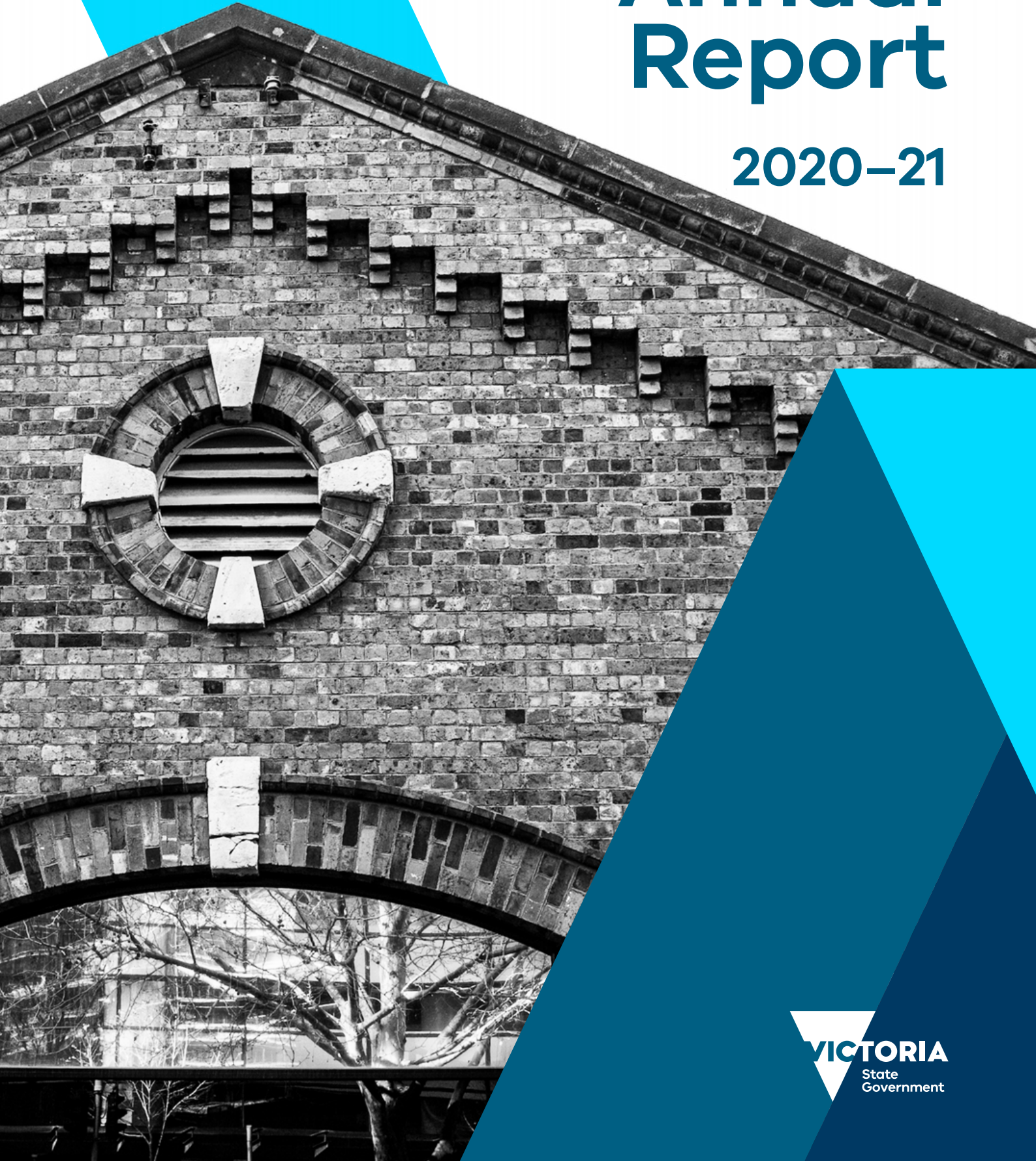


Annual Report

2020–21



About this report

Welcome to the annual report for the Victorian Building Authority (VBA) for the year ending 30 June 2021.

This annual report describes the activities undertaken and the impacts achieved to contribute towards the VBA being recognised as a trusted and effective regulator. It is prepared in accordance with the *Financial Management Act 1994* (FMA), relevant Australian Accounting Standards (AAS) and Interpretations, Standing Directions and Financial Reporting Directions (FRDs).

Cladding Safety Victoria Annual Report

On 1 December 2020, the Victorian Government passed the *Cladding Safety Victoria Bill 2020*, formally separating Cladding Safety Victoria (CSV) from the VBA and establishing it as the responsible authority for delivering the Cladding Rectification Program.

CSV has prepared an annual report providing information on its activities and programs. The CSV annual report can be found on the [CSV website](#).

Aboriginal acknowledgement

The VBA respectfully acknowledges the Traditional Owners and custodians of the land and water upon which we rely. We pay our respects to their Elders past, present and emerging. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life.

We embrace the spirit of reconciliation, working towards equality of outcomes and an equal voice.

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Authorised by the
Victorian Building Authority
733 Bourke Street
Docklands VIC 3008

Available online at www.vba.vic.gov.au.

Responsible body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Building Authority's annual report for the year ending 30 June 2021.

A handwritten signature in white ink, appearing to read 'Michelle McLean', is positioned above a horizontal white line.

Michelle McLean

Chief Commissioner
Victorian Building Authority

16 September 2021



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1. OVERVIEW

Snapshot as at 30 June 2021



123,330

BUILDING PERMITS
REPORTED

**\$41.9
billion**



TOTAL COST OF BUILDING
WORKS IN VICTORIA

25,489

'NATURAL PERSONS'
BUILDING
PRACTITIONERS

701

'NATURAL PERSONS'
BUILDING
SURVEYORS

11,165

COMPANY BUILDING
PRACTITIONERS

29,674

PLUMBING
REGISTRATIONS
AND LICENCES

435,379

COMPLIANCE
CERTIFICATES
LODGED BY
PLUMBERS

4746

OWNER-BUILDER
CERTIFICATES
OF CONSENT ISSUED

490

INSPECTIONS
WITHIN STATEWIDE
CLADDING AUDIT



13,083

PERMITS
INSPECTED

Education and engagement

22,756

RESPONSES TO
TECHNICAL
QUERIES



21,033

INDIVIDUALS INFORMED
ACROSS VBA'S SOCIAL
MEDIA CHANNELS



10,973

PARTICIPANTS IN
47 WEBINARS



727

PARTICIPANTS IN
BUILDING SURVEYORS'
CONFERENCE



2,281,529

VISITS TO VBA WEBSITE

33,718

COVID-19 HOTLINE
CALLS ANSWERED



\$600k+

COVID-19 FEE EXEMPTIONS
FOR BUILDERS AND
PLUMBERS



6 CADETS

COMMENCED BUILDING SURVEYOR CAREER
PATHWAYS PROGRAM

The Chief Commissioner and Chief Executive Officer's report

Two words come to mind when we reflect on 2020–21 – unprecedented and extraordinary. We have all heard those two words time and time again, but they perfectly sum up a year where every Victorian experienced change.

Although the construction industry largely managed to avoid shutdown, it was still heavily impacted by the COVID-19 pandemic. Like most industries, construction had to adjust the way it operated, with on-site safety protocols, modified caps on workers and the resetting of timelines.

As Victoria grappled with the pandemic, the Victorian Building Authority (VBA) continued to carry out its regulatory duties, working in partnership with industry groups, practitioners, unions and government agencies to keep the building and plumbing industries operating and Victorians safe.

We responded to the many challenges posed by the COVID-19 restrictions by quickly pivoting regulatory operations towards the online delivery of functions and services. In August, the VBA launched virtual plumbing audits, getting more inspectors back at work after restrictions had significantly disrupted inspection activity throughout August and September.

In addition, VBA supported those practitioners out of work by offering fee relief for those on JobKeeper and JobSeeker. Close to 3000 building and plumbing practitioners accessed the scheme, collectively saving more than \$600,000, easing some of the financial stress they had endured throughout the year.

Despite the constraints caused by the pandemic, the VBA actually scaled up its regulatory operations to ensure that we could continue to deliver on the Victorian Government's *Statement of Expectations* for the VBA. This work was underpinned by our Building System Technology Roadmap, which is generating significant momentum as we move forward as a leading, trusted and capable regulator. It is also making for a more user-friendly experience for consumers.

We are lifting the standard and creating a level playing field for the building surveying profession by providing more certainty on acceptable behaviours and practices, with the commencement of the Code of Conduct for Building Surveyors on 1 January. The development of the Code is a first for Victoria and was a key recommendation of the Building Confidence Report. The Code clearly sets out examples of inappropriate conduct and establishes eight key areas of professional conduct that building surveyors in Victoria must follow.

The building surveying profession was further supported through the launch of the Women in Building Surveying and Building Surveyor Career Pathways Program, and the Building Surveyors' Conference, which hosted a record 727 people.

We're proud of the work we did in educating practitioners and consumers this year. We launched our Practitioner Education Series, which continues to be a huge success. For consumers, our new home renovation essentials online hub went live in February, providing potential home renovators with a guide to help get them through what can be a confusing process without the right knowledge.

We also endorsed registered training organisations to deliver approved swimming pool and spa barrier inspection courses, to help meet the demands of the state-wide pools and spas registration reforms.

There is no doubt that the significant investment in improving our operations and business continuity program, along with an increase in audit and inspection functions to ensure that we met government expectations, resulted in a significant investment by the VBA in the safety of all Victorians. It was achieved without a corresponding increase in revenue, however, leading to an \$18.2 million loss in 2020-21.

The government's approach to non-compliant combustible cladding achieved some major milestones in 2020-21. Cladding Safety Victoria formally became its own organisation after its initial setup under the VBA. The government's decision in February to ban the use of flammable external wall cladding in Victoria was a major step in protecting Victorian consumers.

The building regulatory framework faced a once-in-a-generation review and reform through the work of the Building System Review Panel. We were at the table for these discussions, and took the opportunity to influence changes both at a national and state level, based on evidence and our knowledge of the system.

We also took the opportunity to engage widely on a new *VBA Strategic Plan 2021-26*. The Strategic Plan will guide and focus the VBA on key areas to lift our effectiveness as a regulator and support a sustainable building and construction industry over the coming years.

In conclusion, we cannot underestimate the impact of the COVID-19 pandemic on the building industry and the VBA as the regulator. We are immensely proud of how the organisation responded in maintaining and enhancing our regulatory functions during very challenging times. We could not have done this without the willingness and adaptability of all VBA people, and we thank them for their great efforts over the year.



Michelle McLean
Chief Commissioner



Sue Eddy
Chief Executive Officer

About the VBA

The VBA is an authority established under the *Building Act 1993*.

Purpose

The VBA regulates the building and plumbing industries – protecting the community and empowering practitioners to ensure the achievement of efficient and competitive building and plumbing industries in Victoria.

Vision



Trusted as a firm but fair regulator that acts in the interests of all Victorians.



Respected for our knowledge and expertise by industry, co-regulators and the community.



Transparent in the way in which we regulate, how we communicate, how we target the use of our resources and in our results.



Responsive to new and emerging issues through a risk-based regulatory approach, research and innovation.

Outcomes

The VBA's *Outcomes and Performance Framework* outlines our outcomes:



Victoria's buildings are safe and well-built.



Regulation supports a thriving building industry and economy.

Objectives

The VBA's *Corporate Plan 2018–22* outlines our strategic objectives:

1. **Protect our community**
2. **Respond to risks and concerns**
3. **Empower industry, practitioners and consumers**
4. **Influence industry and key decision-makers**
5. **Improve our culture and capability**

Values

The VBA's values encompass and reflect the values of the Victorian Public Sector: Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership and Human Rights.

The VBA expresses these values through the way in which we work with all Victorians. We call this the VBA Values in Action.



We problem solve



We work as one



We deliver

To find out more about our functions under the *Building Act 1993*, the *Building and Construction Industry Security of Payment Act 2002* and the *Domestic Building Contracts Act 1995*, see [Building regulatory framework](#).

Our services and regulatory functions

- ▶ Responding to public enquiries about the building and plumbing industries
- ▶ Registering, licensing and disciplining plumbers
- ▶ Registering and disciplining building practitioners
- ▶ Overseeing the security of payment processes
- ▶ Issuing owner-builder certificates of consent
- ▶ Providing expert technical advice and informed solutions to industry
- ▶ Keeping Victorians safe by undertaking inspections, investigations and audits to enforce compliance with relevant legislation
- ▶ Performing functions of a Municipal Building Surveyor (MBS) when declared by the Minister, under the Act and under other legislation
- ▶ Working with other agencies and regulators to ensure practitioner compliance and protect consumers
- ▶ Publishing data for building and plumbing practitioners to boost transparency and inform government and industry decision-making
- ▶ Undertaking and promoting research
- ▶ Developing and delivering education material for industry and consumers to promote compliance
- ▶ Collecting building permit data and levies and issuing building permit numbers
- ▶ Overseeing the work of building practitioners and plumbers and Victoria's building permit system
- ▶ Promoting the resolution of consumer complaints about work carried out by building practitioners and plumbers
- ▶ Participating in national and state forums on building reforms and the development of national building and plumbing standards

Manner of establishment

The VBA is an authority established under the *Building Act 1993*.

Relevant Minister

The responsible Minister from 1 July 2020 to 30 June 2021 was the Hon. Richard Wynne MP, Minister for Planning.

2. YEAR IN REVIEW



VBA colleagues meet
virtually in a COVID-19
environment (2021)

Year in review

The building sector remained critical to Victoria's economic output as the state responded to the impacts of the COVID-19 pandemic.


The VBA has played an important role in the industry's growth, in collaboration with other government agencies, peak bodies, unions, co-regulatory partners and practitioners.

Victoria's cost of building works increased from \$39.1 billion in 2019-20 to \$41.9 billion in 2020-21.


Victoria's building industry recorded the highest level of permit approvals in the last two decades. Building permit approvals totalled 123,330 in 2020-21, 18 per cent more than the previous financial year (104,560) and 13 percent more than 2018-19 (109,396). The largest increase in approvals was in regional Victoria.

The Victorian Government's \$5.3 billion Big Housing Build saw planning and pre-construction work to build more than 1000 social and affordable homes and create more than 4000 jobs, get underway in Ascot Vale, Ashburton, Flemington, Hawthorn, Richmond and West Heidelberg.

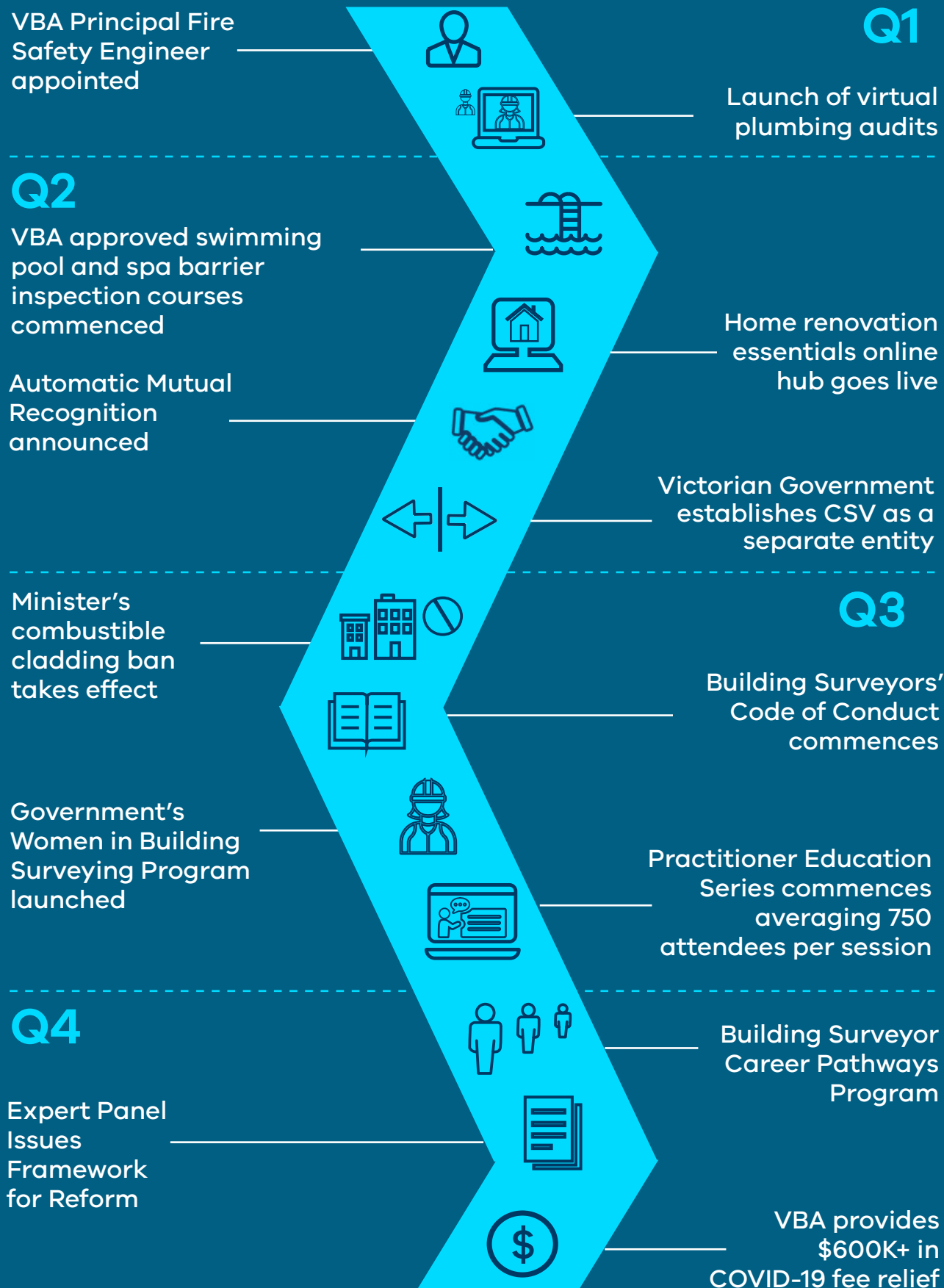
The Federal Government's HomeBuilder Grant Scheme further supported industry, generating more than 35,000 applications from Victoria, with the majority being for new builds (more than 29,000).



In the context of an unpredictable year, the VBA's role as an effective regulator has supported the construction industry to deliver the highest level of permit approvals in the last two decades.



Highlights of the year



Building activity snapshot

It was a busy and demanding twelve months for the construction sector, which operated with disruption. The industry supported the Victorian economy and allowed work on the state's vital infrastructure projects to continue. Through its safety and assurance programs, the VBA played a critical role in supporting the continued operation of the building industry throughout 2020–21.

After a slow start to 2020–21, the building sector responded strongly to government stimulus. Although some parts of the sector, such as commercial and retail, experienced significant declines, the building industry remained an important contributor to Victoria's economy.

The cost of works in the commercial sector (30.7 per cent decrease) and retail (18.2 per cent decrease) both fell sharply. The growth in the domestic sector, however, was strong, with a 16.4 per cent increase in cost of works.

The population shift away from Melbourne was reflected strongly in the state's building activity, with a 31.7 per cent increase in permits across rural Victoria (33.5 per cent increase in cost of works).

The Gippsland region showed the strongest growth, recording a 39 per cent increase in permits (44 per cent increase in cost of works). This was indicative of a shifting population and reconstruction following the 2019–20 bushfires. A total of 616 sites were damaged by bushfire, with 167 of the affected sites applying for and obtaining a building permit number from the VBA.

Compliance and enforcement

The VBA is responsible for monitoring and enforcing compliance in the building and plumbing industries.

The VBA's risk-based approach to compliance and enforcement prioritises enforcement action where there is the greatest risk to the safety of the Victorian community.

Proactive inspection and audit program

Despite a decrease in the number of site inspections conducted as part of the Proactive Inspection Program (PIP), due to the impact of COVID-19 restrictions, the VBA achieved the target of inspecting 10 per cent of building permits.

The PIP is an early-intervention initiative involving teams of experienced building inspectors, building surveyors and licensed plumbers. These teams inspect building and plumbing works under construction to identify, resolve and reduce non-compliant work in Victoria.

The Stage 4 restrictions significantly disrupted inspection activities throughout August and September 2020, with only 25 per cent of inspectors in the field, resulting in 1430 fewer inspections than planned. Inspections continued to be hindered in October and November. The VBA increased its field presence as the risk presented by COVID-19 decreased.

The VBA continues to refine the PIP to focus its effort on inspecting higher-risk building work. This refined approach worked, as the VBA was able to identify more non-compliance across the program. Increased collaboration with practitioners resulted in more timely rectification by builders and plumbers where non-compliance was detected.

Findings and insights from the VBA PIP are now regularly shared with industry to highlight emerging trends and areas for early intervention, with an interactive website and detailed reports issued quarterly.

In 2020–21, VBA inspectors found that builders are working to improve their competency. The inspectors reported a tangible reduction in the numbers of compliance risks, indicating that once issues are raised, practitioners are not only remedying the issue on that site but also correcting their practices on the next job.

In 2020–21, the VBA inspected 13,083 permits (10.6 per cent of permits reported), across the state, covering 3510 builders and 345 building surveyors. During 2020–21, the VBA sent 3437 notifications to practitioners, requiring a response to the compliance risks identified.

In August 2020, the VBA released guidelines on the conduct and use of Remote Video Inspections (RVIs), while outlining principles and considerations to support industry to establish RVI procedures within existing business practices.

Adopting the guidelines, the plumbing audit program completed over 700 virtual audits in the first 10 weeks of operation during Victoria's Stage 4 restrictions and has continued to use RVIs to conduct a range of audit activities.

The use of RVIs has allowed the plumbing audit program to keep monitoring safety and compliance issues across Victoria during COVID-19 restrictions. This led to an overall reduction in outstanding rectification notices, leading to better safety outcomes for consumers.

In 2020–21, the VBA carried out 1898 virtual plumbing audits, resulting in 158 rectifications.

Prosecutions and disciplinary actions

The VBA continued to prosecute practitioners for non-compliance throughout 2020–21. However, there were notable changes in the numbers of prosecutions able to be progressed as a result of delays to court processes impacted by COVID-19. Details of completed disciplinary and prosecution actions can be found in Appendix 3 and on the VBA's online [discipline register](#).

Building practitioner discipline

In 2020–21, the VBA disciplined building practitioners under the show cause process, for matters other than non-compliant combustible cladding, in 78 cases.

In the period, 33 building practitioners had their registration either suspended or cancelled by the VBA, including five practitioners whose work demonstrated a blatant disregard for, or systematic inability to comply with, the regulatory regime. A further seven building practitioners had their registration suspended over solvency concerns, while the VBA issued four show cause notices to practitioners arising from greater scrutiny over illegal phoenixing activity.

More than \$435,000 in discipline penalties and fines were issued in 2020–21.

In 25 cases, disciplinary action was taken against builders who had failed to notify the relevant building surveyor on completion of mandatory notification stages of building work. Monetary penalties of more than \$80,000 were issued for these types of disciplinary matters. Five of the disciplinary actions were against builders in breach of dispute resolution orders issued by Domestic Building Dispute Resolution Victoria (DBDRV). These builders had their registration suspended pending compliance with the rectification orders.

Plumbing practitioner inquiries

The plumbing inquiry process was shifted to online hearings in 2020–21. New decision makers were also appointed to reduce timeframes and increase efficiencies.

In 2020–21, the VBA conducted 43 plumbing inquiries. One plumber was fined more than \$16,000 and disqualified for three years for repeatedly using unlicensed employees and not providing compliance certificates or plans. Another plumber was suspended for 12 months, while seven plumbers were ordered to undergo further training and assessment. Fines ranging from \$330 to \$16,500 were imposed, with a total of \$82,000 fines issued.

The long running case involving Nickolaos Andriotis concluded in September 2020. Mr Andriotis' application for mutual recognition as a domestic builder was first refused by the Building Practitioners Board (BPB) in 2015 on character grounds. On appeal, the High Court determined that the BPB does not have the discretion to refuse a mutual recognition application on character grounds. The matter was remitted back to the Administrative Appeals Tribunal (AAT) for a rehearing. Mr Andriotis failed to comply with the AAT's orders resulting in the AAT dismissing Mr Andriotis' application. The matter is now closed and the VBA is not required to grant a registration to Mr Andriotis.

COVID-19 pandemic

The VBA collaborated with other departments and agencies to support the Victorian Government's COVID-19 response. This included assisting the Department of Jobs, Precincts and Regions (DJPR) and the Department of Environment, Land, Water and Planning (DELWP) with site surveillance and intelligence on compliance in the construction sector during Victorian lockdowns.

The VBA CEO remained an active participant in the Building and Construction Industry Taskforce. That Taskforce continued to revise industry COVIDSafe Guidelines to reflect lessons learnt and changing risks, while supporting the industry to remain operational as much as possible.

The VBA supported a Department of Health and Human Services (DHHS) COVID-19 industry support line, providing guidance to practitioners, taking 33,718 calls in 2020–21.


The building industry played a critical role in the effort to contain the spread of COVID-19, avoiding any major outbreaks within its workforce, while promoting the public health messaging that guided Victoria out of lockdown and back to work.

The VBA provided more than \$600,000 in fee relief to close to 3000 building and plumbing practitioners.


Proactive regulation through education

The statutory functions of the VBA include the provision of information, advice and training. In 2020–21, the VBA supported compliance and improved regulation by providing education and training to practitioners and inspectors.

In March 2021, the VBA launched the Practitioner Education Series webinars, providing practitioners an opportunity to gain valuable learnings from subject matter experts. *Performance Solutions – Ensuring Design Success* was presented by VBA's Principal Fire Safety Engineer Dr Weng Poh, with 823 attendees.



Practitioner describes the masterclass as the best they had attended in their 23-year career in the building industry.



Site Inspections and Enforcement, presented by Building Confidence Report (BCR) co-author Bronwyn Weir, was another popular segment of the series, with 1172 participants.

The VBA hosted six webinars as part of the series, with attendance numbers totalling more than 4500. Recordings available on the VBA's website and YouTube channel were accessed more than 1600 times.

The VBA also hosted a series of eight free Gas Safety Webinars throughout May and June, in partnership with Master Plumbers and Energy Safe Victoria. These webinars gave practitioners expert advice on the latest gas safety practices to support compliance and safeguard consumers. Total attendance exceeded 2000.

The VBA continued its investment in the training and development of its building and plumbing inspectors. The program is supported by training from industry partners Australian Institute of Building Surveyors (AIBS), Australian Institute of Weatherproofing, the Plumbing Industry Climate Action Centre and legal firms.

This year, 23 education sessions were delivered to inspectors, covering enforcement powers, adult change facilities, external wall systems, various topics related to fire safety equipment and systems, mechanical ventilation and waterproofing. This training improves competence and enhances procedures and consistent decision making.

Throughout 2020–21 the VBA hosted 47 education webinars, that were attended by 10,973 people.

Practitioner licensing and registration

There was significant growth in the numbers of building and plumbing practitioners over the year. The number of building practitioners (up by 3.3 per cent) and plumbing practitioners (up by 4.1 per cent) increased over the year.

The VBA further supported close to 3000 building and plumbing practitioners by providing more than \$600,000 in fee relief for those on JobKeeper or JobSeeker payments, to enable them to maintain their registration. This saved plumbers up to \$357 and building practitioners up to \$985. The fee relief program supported close to 2000 building practitioners, waiving more than \$430,000 in registration fees. The program also supported over 680 plumbers, with more than \$190,000 in savings.

The *Professional Engineers Registration Act 2019* came into effect on 1 July 2021, requiring engineers providing professional structural, civil, electrical, mechanical and fire safety engineering services to register with the Business Licensing Authority (BLA).

In a first for Victoria, this co-regulatory scheme will be jointly administered by the engineering profession. Government engineering associations will administer assessment schemes approved by the BLA to verify the qualifications and experience of professional engineers. Registered professional engineers providing services in the building industry are required to have their registration endorsed by the VBA.

The successful implementation of the new registration scheme came on the back of strong collaboration and a long, robust process that started in late 2019. The VBA kept industry updated throughout this process, while successfully transferring the data of more than 3500 engineers to the BLA.

The VBA worked closely with the Department of Justice and Community Safety (DJCS) and Consumer Affairs Victoria (CAV) to produce a Code of Conduct for Professional Engineers, that was released on 1 July 2021. This new Code will complement the new co-regulatory scheme.

Work preparing for the implementation of trades registration continued throughout 2020–21. The VBA supported DELWP to review and draft the regulations, ahead of their release, and in planning registration processes and procedures in preparation for applications from carpenters, which will be the first trade group to be registered.

To assist building practitioners and plumbers in becoming registered with the VBA, two animations were released on social media demonstrating a simple step-by-step process. These two animations were viewed more than 7000 times in 2020–21.

The State Building Surveyor

Co-regulation with building surveyors

The VBA sees its success as tied to that of building surveyors. That's why the VBA continues to invest in its relationship with building surveyors by supporting their important role in public safety through the building approvals process.

A record 727 practitioners gathered virtually to hear industry experts discuss emerging trends and take part in interactive forums at the VBA's Building Surveyors' Conference in March. The theme of the conference was 'reset and rebuild', with presenters discussing the need to prepare for a fundamentally different new normal.

Among the 25 speakers at the two-day event were:

- Hon. Richard Wynne, the Minister for Planning and the Minister for Housing
- Dame Judith Hackitt, who led the UK's Independent Review of Building Regulations and Fire Safety, commissioned following London's Grenfell Tower tragedy
- Professor Peter Shergold AC, the Chancellor of Western Sydney University.

Highlight discussions included the role of practitioner competence and regulatory responsibility and the importance of regulation in gaining public trust.

Code of Conduct for Building Surveyors

The BCR recommended that a Code of Conduct for Building Surveyors (the Code) be introduced to clarify and reinforce the public interest outcomes that building surveyors are required to achieve. In 2019–20, the VBA worked closely with stakeholders to develop the Code for Victoria – it was the first Code issued based on the national model.

The Code came into effect on 1 January 2021. The VBA ran an educational campaign, including a suite of video and social media content to assist industry in understanding the impact of the Code on their practices. This video content received more than 9000 views. The campaign also included an expert panel discussion in November 2020, with 297 building surveyors in attendance.

Nine Code of Conduct breaches were identified in 2020–21 as a result of detailed assessment of consumer complaints. All were considered to present a low compliance risk with further education provided to the relevant practitioners.

Building Surveyors Career Pathways

The VBA partnered with the Victorian Managed Insurance Authority (VMIA) and DBDRV to launch the inaugural Building Surveyor Career Pathways Program in February 2021. This followed the State Government's announcement in January 2021 to fund 40 roles to train female building surveyors in local government.

This program is open to recent graduates and final year students undertaking building surveying qualifications. In 2021, six cadets commenced the program and will spend six months in each organisation over an 18-month period, gaining invaluable skills and knowledge, learning while contributing to the vital work of each organisation.

Bushfire response

The State Building Surveyor led the VBA's response to the 2020 bushfires, which included the development of information sharing agreements with councils, supporting free consultancy services by private building surveyors and participating in more than 200 bushfire response meetings for communities affected by the bushfires.

The VBA partnered with councils to deliver secondary impact assessments and most recently assisted with the development and implementation of the bushfire exemptions, which streamline the construction and use of temporary homes pending approvals for permanent housing.

Stakeholder engagement

To successfully fulfil its role, the VBA must have productive working relationships with its stakeholders.

The VBA was in dialogue with building industry stakeholders regularly to address issues including:

- responding to emerging risks associated with asbestos, including proposals for asbestos tagging and a voluntary notification of demolition process
- education for fire safety engineers
- complaints about creaking in tall buildings
- compliance with structural requirements for seismic loads and emergency response issues
- mitigation of self-harm risks at high risk carparks.

Protecting and informing consumers

In fulfilling its functions under legislation, the VBA regularly partners with government agencies to run consumer-focused campaigns to help inform and educate consumers.

The VBA partnered with the Australian Competition and Consumer Commission (ACCC) to provide information to consumers about product recalls concerning wood heaters in caravans.

The VBA also worked closely with Energy Safe Victoria (ESV) to assist in policy development relating to the phase out of open flued space heaters. The Victorian Government's decision to phase out these products at the point of sale will be implemented through education and enforcement when the reforms commence in 2022.

In November 2020, the VBA launched an online hub for home-owners, providing information about what's involved with building your own home and what steps to take to ensure a smooth, cost-effective and safe process.

The VBA developed a suite of education resources on essential safety measures (ESMs). Three podcasts were released, directed at building owners and managers, providing an overview of the legislation relating to ESMs and compliance and enforcement issues. The podcasts received more than 1100 listens.

In October, the VBA hosted two ESM webinars, which were highly popular with 976 attendees. New guidelines were also published on roles and responsibilities for ESM maintenance to improve consumer and industry knowledge.

Safety warnings were issued regarding the servicing of wood heaters, gas heaters in caravans, balcony maintenance, gutter and drainpipe maintenance and fire season preparedness.

The VBA also issued warnings about outsourcing websites offering services by unregistered builders and plumbers, urging consumers to check registration or licence details on the VBA's easy to use 'find a practitioner' tool.

The commencement of new pool and spa registration and inspection requirements was delayed, allowing consumers and councils additional time to implement changes, given the impact of the COVID-19 pandemic.

The VBA delivered an education campaign for owners on the importance of compliance with the new registration and inspection requirements, and endorsed three registered training organisations to deliver the swimming pool and spa barrier inspection course, with 43 practitioners undertaking the course.

The VBA also registered 49 pool safety building inspectors.

Statewide Cladding Audit

Inappropriate use of non-compliant combustible cladding on multi-storey buildings is a national and international issue. The issues are complex and debilitating for the owners and occupiers of affected buildings. The Victorian response remains the most proactive and most advanced in reducing the risks of non-compliant combustible cladding. These activities are aimed to reduce the risk associated with these products and ultimately safeguard the Victorian public.

Since December 2017, the VBA has led the Statewide Cladding Audit (SCA) on behalf of the Victorian Government. The audit focuses primarily on reducing the fire safety risk of buildings with combustible material such as rendered Expanded Polystyrene (EPS) and Aluminium Composite Panels (ACP) with a polyethylene core. In 2020–21, the audit:

- conducted 490 inspections of buildings deemed in scope of the program
- convened independent expert Advisory Reference Panels (ARP), which determined a risk rating for 276 buildings.

The ARP's risk ratings help councils triage cladding rectification priorities.

To further support councils, the VBA published the Cladding Acquittal Guidelines and Enforcement Guide. Specifically designed for municipal building surveyors (MBSs), these guides enable MBSs to acquit buildings consistently from the audit, providing industry and consumers with certainty about rectification standards.

Through a series of ministerial declarations, the VBA performs functions of an MBS for 332 of Victoria's highest-risk buildings with non-compliant combustible cladding. The VBA continues to work closely with councils, Cladding Safety Victoria (CSV) and other Victorian Government organisations to improve the safety of buildings and acquit them from the audit.

The Stage 4 restrictions significantly disrupted non-compliant combustible cladding inspections of occupied premises. Between 6 August and 19 October, 33 inspections were completed, compared to 211 inspections in 2019–20. Inspectors who lived in regional areas conducted inspections in regional areas only. Metropolitan-based inspectors turned their efforts from physical building inspections to desktop assessments and remote kerbside visual inspections. A total of 469 desktop assessments and 231 kerbside inspections were conducted during this time.

On 1 February, the Minister for Planning announced a ban on the use of flammable ACP and EPS as external wall cladding on all future multi-storey developments in Victoria. The ban supports the cladding rectification program to minimise the risk these products pose to Victorians. The ban has changed building practices across the industry.

One of the VBA's legislative functions is to conduct and promote research relating to the regulation of the building and plumbing industries in Victoria. As part of fulfilling this function, the State Building Surveyor hosted the NSW Building Commissioner in April for a briefing with VBA management and Commissioners. The VBA shared knowledge of the SCA Program, latest research, and the VBA's approach to risk profiling, industry intelligence and regulatory response.

Cladding related discipline

In 2020–21, the VBA commenced 29 disciplinary actions against building practitioners involved in the design approval or construction of approximately 460 buildings with combustible cladding issues.

When considering practitioners for investigation and inquiry, the VBA directed its resources to the most serious examples of alleged non-compliance or misconduct. The VBA issued 20 decisions in disciplinary actions arising from combustible cladding issues during 2020–21. Some practitioners sought review of the VBA's decisions in the Victorian Civil and Administrative Tribunal (VCAT). Those cases were still ongoing as at 30 June 2021.

CSV

CSV was initially established as a business unit within the VBA during 2019–20. From 1 December 2020, reforms were made formally separating CSV from the VBA, establishing it as a separate authority responsible for delivering the Cladding Rectification Program.

The VBA continues to work closely with CSV to support owners through cladding rectification. This includes regular meetings and data sharing to inform CSV funding decisions and monitor the progress of rectification works.

Policy development and reform activities

National reform activity

In 2020–21, the VBA provided advice into the Australian Building Codes Board's (ABCB) proposed implementation of the Building Confidence Report (BCR) recommendations. The VBA worked closely with DELWP on preparing 10 Victorian submissions to ABCB's discussion papers on the BCR recommendations that were released for public consultation in 2020–21.

Expert Panel leading the Building System Review

In 2020, the Victorian Government established an Expert Panel to undertake a comprehensive review of Victoria's building system. The Expert Panel is chaired by the Commissioner for Better Regulation, Ms. Anna Cronin.

Throughout 2020–21, the VBA provided key information, data and insights to inform the Expert Panel of the key issues in the building system and opportunities for improvements.

In late 2020, the Panel submitted a suite of early reform initiatives to the Minister for Planning. The VBA is directly involved in implementing two of these initiatives:

- supporting industry compliance through updated practice notes and proactive inspection reports
- strengthening the role of the State Building Surveyor and building surveyors.

The Panel issued its Framework for Reform Discussion Paper in May 2021. The VBA engaged directly with the Panel during its development and proceeded to develop a detailed submission in response to proposals for reform in June 2021.

Legislative reforms

On 1 December 2020, amendments to the *Building Act 1993* took effect including:

- new financial probity requirements aimed at combating illegal phoenixing activity
- the abolition of the Building Advisory Council
- new functions for the Building Regulations Advisory Committee including changes to product accreditation powers
- new powers for the VBA to immediately suspend the licence or registration of a plumber on public interest grounds.

On 11 December 2020, Commonwealth and State Governments agreed to automatic recognition of occupational registrations across all Australian jurisdictions. The VBA has taken a leading role across state and territory building regulators in readiness for this change, and continues to prepare for implementation of trades registration reforms in 2022, both of which will dramatically increase the VBA's registration and regulatory activities.

National Construction Code reforms

Following leadership from Victoria over many years, the April meeting of national building ministers agreed to include new mandatory accessibility standards for houses in the National Construction Code (NCC).

The Liveable Housing Design Guidelines silver standards will ensure basic accessibility features are included in all newly constructed homes and apartments. This will allow everyone a greater choice of where they live and easier access to support within buildings.

Accessibility in the built environment means designing and building homes, and commercial buildings that are suitable for any occupant, regardless of their age or ability.

Under the changes, new homes will be required to include features such as step free entry, ground level accessible toilets and structural reinforcements to support grab rail installation in bathrooms.

Following further advocacy from the Victorian Government and the VBA, the national building ministers also resolved to amend the NCC to reduce the lead content of plumbing products in contact with drinking water from 4.5 per cent to 0.25 per cent.

These significant changes provide important improvements to amenity and life safety.

Collaborative research

The VBA is required under the *Building Act 1993* to conduct or promote research relating to the regulation of the building industry and the plumbing industry in Victoria and to report on the outcomes of this research in the annual report.

The VBA conducts its own research, and partners with leading, reputable and prominent research institutions and consortiums to undertake research, to inform regulatory decision making and government policy.

The research activity led by the VBA in 2020–21 can be found on pages 33–41 of this annual report.

3. OUR PERFORMANCE



VBA plumbing inspector
wearing VBA hard hat
and vest (2019)

Regulatory activity

The following information provides an overview of the VBA's core regulatory functions.

TABLE 1: BUILDING AND PLUMBING REGISTRATION AND LICENSING ACTIVITY

Building practitioner				Plumbing practitioner			
	Company		Natural person			2020–21	2019–20
	2020–21	2019–20	2020–21	2019–20			
Registration applications received	1,614	1,706	2,861	2,412	Registration or licensing applications received	2,937	3,411
Registration applications finalised	1,567	1,815	2,821	2,262	Registration or licensing applications finalised	2,801	3,366
Number of practitioners as at 30 June	11,165	10,533	25,489	24,683	Number of registered/licensed plumbers as at 30 June	29,674	28,493
Number of registrations as at 30 June				Number of registration and licences as at 30 June			
Builder – Commercial	2,651	2,478	5,804	5,691	Drainage work	22,166	21,583
Builder – Demolisher	166	155	422	400	Fire protection work	954	865
Builder – Domestic	10,001	9,271	16,757	16,261	Gas fitting work	20,255	20,112
Building Inspector	41	45	768	727	Irrigation (non-agricultural) work	22,937	22,356
Building Surveyor (limited)	16	16	188	159	Mechanical services work	15,705	15,654
Building Surveyor (unlimited)	93	92	513	538	Refrigerated air-conditioning work	2,092	2,051
Draftsperson	178	176	2,467	2,436	Roofing (stormwater) work	22,118	21,596
Engineer	155	165	3,478	3,239	Sanitary work	22,864	22,195
Erector or Supervisor (temporary structures)	7	7	97	107	Type B gas fitting work	636	656
Quantity Surveyor	15	15	148	147	Water supply work	23,193	22,514
Project Manager (domestic)	0	0	30	22			
Owner-builder activity							
						2020–21	2019–20
Owner-builder certificates of consent issued						4,746	4,470

TABLE 2: BUILDING AND PLUMBING ACTIVITY

Building		Plumbing			
	2020–21	2019–20		2020–21	2019–20
Building permits reported	123,330	104,560	Compliance certificates lodged by licensed plumbing practitioners	435,379	423,875
Building permits reported – cost of works (\$ billion)	41.9	39.1	Plumbing modification declarations ¹	79	111
Building permit numbers issued	125,462	108,444			
Building permit numbers issued – cost of works (\$ billion)	41	46.2			
Temporary structure occupancy permits issued	102	50			
Technical advice ² – email enquiries	6,769	4,472	Technical advice ³ – email enquiries	2,678	1,864
Technical advice – telephone enquiries	7,444	8,415	Technical advice – telephone enquiries	5,865	8,241
Attendees at Building Surveyors’ Conference	727 ⁴	688			
Delivery of seminars: • National Construction Code (NCC) 2019 (Volumes 1 and 2, Building Code of Australia (BCA))	No roadshows held this financial year	1 seminar (847 participants) ⁵	Delivery of seminars: • NCC 2019 (Volume 3, Plumbing Code of Australia (PCA))	No roadshows held this financial year	1 seminar (322 participants)
• Performance solutions	2 webinars (861 participants)	2 webinars (313 participants)	• Essential Safety Measures	2 webinars (976 participants)	N/A
• Registration information for aspiring practitioners	22 webinars (768 participants)	10 webinars (237 participants)	• Carbon monoxide and gas safety (jointly delivered with Energy Safe Victoria (ESV) and Master Plumbers Association)	8 webinars (2061 participants)	6 webinars (1402 participants)
• Code of Conduct for Building Surveyors’ Expert Panel Discussion	297 participants	N/A	• Changes to Gasfitting Standards Webinar Series (delivered with ESV)	6 webinars (1217 participants)	N/A

1. New Plumbing Regulations 2018 removed the need to apply for modifications for installation of sanitary drains to service more than one dwelling if specific requirements are met, reducing the number of modification applications.
2. The VBA saw an increase in email inquiries and a decrease in telephone inquiries due to the VBA technical phone lines being inactive for a period due to COVID-19 restrictions.
3. As above.
4. All 727 attendees participated virtually.
5. The VBA delivered 18 seminars on the NCC 2019 from April to July 2019 in Melbourne and regional Victoria, with the final seminar in July 2019 attracting many participants. Further, in March 2020, the VBA planned to assist the Australian Building Codes Board (ABCB) deliver seminars on NCC 2019 Amendment 1. However, these were cancelled the day before due to COVID-19 restrictions.

TABLE 2: BUILDING AND PLUMBING ACTIVITY (CONTINUED)

Practitioner education series (Webinars) ⁶		
	2020–21	2019–20
Performance Solutions – Ensuring Design Success	823 participants	N/A
Bushfire Audit findings	698 participants	N/A
Conflicts of interest during design	754 participants	N/A
Site inspections and enforcement	1172 participants	N/A
Practitioner insights for cladding rectification	672 participants	N/A
Practical application of maintenance determinations and schedules	674 participants	N/A

6. The Practitioner Education Series webinars were launched in March 2021. As this is a new initiative, no data is available to publish for 2019–20.

TABLE 3: BUILDING AND PLUMBING COMPLIANCE ACTIVITY (INSPECTIONS, AUDITS, AND INVESTIGATIONS)

Building			Plumbing		
	2020–21	2019–20		2020–21	2019–20
Building Audit Program (BAM)			Plumbing Audit Program (PAP)		
Building audits completed:			Plumbing audits and drain inspections completed	7,901	9,810
• Energy efficiency audits (dwelling) ⁷	169 ⁸	974	Plumbing audits and drain inspections completed as a percentage of lodged compliance certificates	1.77%	2.2%
• Building audits (permits)	394	193 ⁹			
• Building permit levy audits	14	33 ¹⁰			
Building investigations completed			Plumbing investigations completed		
Building practitioner investigations completed	348 ¹¹	386	Plumbing practitioner investigations completed	848	868
Proactive Inspections Program (PIP) (building and plumbing)¹²					
Building permits inspected	13,083 ¹³	14,155 ¹⁴			
Building permits inspected as a percentage of building permits reported (Target: 10%)	10.6% ¹⁵	13.5%			
Statewide Cladding Audit¹⁶					
Building inspections for cladding	490	632			
Audits completed	276	373			

7. Audits conducted as part of the 'as-built' compliance energy efficiency project.

8. The energy efficiency project concluded on 31 July 2020.

9. In 2019–20, the VBA refocused its audit efforts on more complex activities that presented the highest risk to the community. The audits included assessments of performance solutions.

10. As a result of legislative reforms in 2019–20 regarding the building permit and levy regime, there was a shift in the focus of audits towards the implementation of the reforms and supporting practitioners. Audit activity during the period focused on the reassessment of cost of works and cladding rectification levy.

11. The VBA's risk-based regulatory model resulted in a focus on more complex and high-priority building and cladding investigations. In addition, COVID-19 restrictions resulted in a delay in finalisation of some matters.

12. The PIP number incorporates proactive plumbing inspections carried out by plumbing auditors. In previous annual reports, this was reported separately, however this has been consolidated to reflect the nature of the program and will be the first year that data is being reported at the aggregate level.

13. New measure reported for 2020–21. The VBA reported on building sites inspected in the 2019–20 Annual Report. The Minister's Statement of Expectation requires the VBA to report on permits inspected, which is a higher number than building sites as most commercial sites have multiple permits.

14. New measure reported for 2020–21. For comparative purposes 2019–20 result published.

15. The decrease in the percentage of building permits inspected was due to the impact of COVID restrictions.

16. In 2020–21, the Statewide Cladding Audit program saw a decrease in site inspections due to the impact of COVID-19 restrictions.

TABLE 4: BUILDING AND PLUMBING ENFORCEMENT ACTIVITY

Building			Plumbing		
	2020–21	2019–20		2020–21	2019–20
Building enforcement			Plumbing enforcement		
Building practitioner disciplinary hearings held by the BPB	3	0 ¹⁷	Plumbing inquiries	43	42
Show cause notices issued ¹⁸	133	98			
Prosecutions completed ¹⁹	21	31	Prosecutions completed ¹⁹	6	17
Building prosecutions commenced, but not completed as at 30 June ²⁰	36	50	Plumbing prosecutions commenced, but not completed as at 30 June ²¹	5	10

TABLE 5: BUILDING AND PLUMBING COMMUNITY ACTIVITY

Building			Plumbing		
	2020–21	2019–20		2020–21	2019–20
Building complaints received	1,798	1,685	Plumbing complaints received	1,721	1,861

17. Due to membership vacancies in 2019–20, the BPB was unable to finalise any matters.

18. Show cause notices issued include those issued on cladding matters.

19. The Victorian magistrates' courts continue to be impacted by the COVID-19 pandemic. This resulted in longer than usual adjournment times during FY20–21. The use of WebEx hearings when courts reopened following several weeks' closure, further reduced the number of criminal matters being heard and determined. This list does not include prosecutions commenced by the VBA which were subsequently withdrawn.

20. As above.

21. As above.

Research

Why the VBA conducts and participates in research

The VBA has a statutory function to conduct or promote research relevant to the regulation of the building and plumbing industries.

The VBA's research program continued to grow during 2020–21.

Research provides valuable information, intelligence and insights that help inform regulatory decision making. It also provides evidence to influence improvements to the building regulatory system, leading to practical, real-life solutions for the community.

The VBA's research projects, and partnerships with leading reputable and prominent research institutions and consortiums, are designed to help improve the building system. The data and evidence collected through research assists the VBA to identify gaps and tailor regulatory interventions to fix them, enhance practitioner competencies and improve outcomes for the community, while supporting innovation and improvements in the industry.

The VBA's research program is overseen by the VBA Board's Research and Innovation Committee, which reports regularly to the VBA Board on all research-related matters.

Major research program activity in 2020–21 included five managed research projects (where the VBA undertook or commissioned research) and four sponsored research projects (where the VBA collaborated or sponsored research). The COVID-19 pandemic caused some delays to, or reprioritisation of, several research projects. The VBA continues to monitor the progress of these projects closely.

Research grant program

The VBA initiated an exciting new grant program to support research that contributes to, and fosters a better understanding of, issues relevant to the regulation and performance of the building and plumbing industries in Victoria. The VBA invited Australia's brightest minds at Australian educational institutions to partner with the VBA through research grants focusing on research to make buildings safer, improve the competency of practitioners, and support a technologically advanced building industry.

This new program recognises the unique abilities of education institutions to provide academic expertise and rigorous research. It is intended to boost the VBA's research capabilities by backing academic researchers to find new and innovative solutions to challenges and help provide the evidence base to inform regulatory decisions and improvements to the building regulatory system.

Applications for research grants opened in December 2020 and closed in February 2021, with 56 applications received from 17 educational institutions across Australia. The VBA Board decided on these applications in June 2021. Successful grant recipients will be announced in early 2021–22 with commencement of research soon after.

Confidence in the VBA and the regulatory system

Fire safety of rendered EPS in EIFS on Class 2 to 9 buildings* of Type A or Type B construction**

What we did and why

The VBA has heard differing opinions from the building industry on fire behaviour and risks associated with the use of rendered Expanded Polystyrene (EPS) (with fire retardant) in exterior insulation finishing systems (EIFS) on Class 2 to 9 buildings of Type A or Type B construction.

The VBA engaged the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to conduct a literature review of EPS in EIFS and insulated sandwich panels (ISPs) on Class 2 to 9 buildings of Type A or B construction. The literature review identified, among other things, the lack of publicly available test or other evidence about the facade fire spread performance of this product when installed in Australia in Class 2 to 9 buildings of Type A and Type B construction.

The VBA subsequently commissioned an independent full-scale fire test to test the fire spread performance of EPS (with fire retardant) in EIFS on Class 2 to 9 buildings of Type A or Type B construction.

The test was conducted in accordance with AS 5113:2016 Classification of external walls of buildings based on reaction-to-fire performance – External Wall (EW) test.

What we found

The rendered EPS (with fire retardant) in EIFS as tested, failed to meet the AS5113 EW classification acceptance criteria. The test results provide a clear indication that the use of rendered EPS (with fire retardant) in EIFS would result in rapid vertical fire spread and pool fires when exposed to a large fire source, such as from a window opening or an external fire source.

What difference this made

The test results validate the careful approach taken to date by the Statewide Cladding Audit and its risk mitigation strategies to protect occupants.

The findings of the literature review and facade test informed a VBA Industry Update on the fire safety of rendered EPS (with fire retardant) in EIFS on Class 2 to 9 buildings of Type A and Type B construction. The VBA directly shared the Industry Update, literature review and test reports with key industry and government stakeholders, and with industry and practitioners more broadly through its State Building Surveyor's Technical Update in December 2020.

The VBA disseminated updated information to building occupants through the VBA's Cladding FAQs, guidance on maintenance of Essential Safety Measures – including the In Safe Hands podcast.

The Minister for Planning announced a prohibition on the use of external wall cladding products ACP and EPS for any building work in connection with buildings of Type A or Type B construction, effective 1 February 2021. The VBA prepared and published an Advisory Note about this prohibition.

** Class 2 to 9 buildings are multi-storey residential buildings, office or other commercial buildings, factories, warehouses, and public buildings such as hospitals and schools.*

*** A building's construction 'Type' describes the level of fire resistance that certain parts of buildings need to have. There are three Types of construction (A, B and C), which are determined by the building's use (for example, its building class) and the number of storeys in the building. Type A buildings have the highest risk and are required to be the most fire resistant. Type C buildings have a lower risk and are generally the least fire resistant.*

Routine servicing of wet fire protection equipment

What we did and why

Wet fire protection equipment (such as hydrants, hose reels, sprinklers and pump sets) are a part of the essential safety measures (ESMs) in Class 2 to 9 buildings that keep occupants safe in case there is a fire. The equipment needs to be well maintained over its lifetime to ensure it operates effectively if there is a fire emergency. Routine servicing of wet fire protection equipment must be carried out by appropriately qualified licensed or registered plumbing practitioners.

From different industry views, the VBA found that it needed more information about how many people are needed to carry out routine servicing of wet fire safety systems and how many people were carrying out this work outside the regulatory scheme. The VBA began a research project to estimate the demand and capacity for this work in Victoria. The VBA also looked at whether there was potential for market disruption if unregulated individuals cannot or do not transition into the regulatory scheme.

What we found

There were an estimated 3.9 million buildings in Victoria as at February 2020. The research estimated that 5.5 per cent of these buildings (213,000 buildings) are Class 2 to 9 buildings and of these, 184,000 contain units of in-scope wet fire protection equipment that require routine servicing.

The research estimated approximately 1.8 million hours per year are required to service Class 2 to 9 buildings in Victoria that contain in-scope equipment (sprinklers, hydrants, hose reels and pump sets) in line with regulatory requirements. The research also estimated that currently licensed and registered plumbing practitioners had a capacity of approximately 1.7 million hours per year to perform routine servicing of fire protection equipment (at February 2020) with the assumption that a proportion of their time is also spent on other plumbing or fire protection work.

The research found that (at February 2020) there may be an insufficient number of registered or licensed plumbing practitioners to service hydrants within Class 2 to 9 buildings in Victoria. For sprinklers, pump sets and hose reels, there appeared to be a sufficient number of registered or licensed plumbing practitioners to perform the required routine servicing of wet fire protection equipment.

What difference this made

The research delivered a comprehensive database of Victorian buildings as at February 2020. This database has helped validate and provide useful insights for the VBA's regulatory activities. The database has also provided a rich source of data to shape the VBA's Data Strategy and Building System Technology roadmap and drive better integration of data within the VBA and across the building system.

While the VBA introduced restricted classes pathways (in April 2020) for those who carry out routine servicing of wet fire protection systems, the results from this research will help inform longer-term options for those who continue to do this work outside the regulatory scheme. The modelling in this research will enable the VBA to refresh the estimates and analysis from time to time as it continues to monitor compliance in this area.

The VBA has shared the research with the expert panel for the Building System Review and Department of Environment, Land, Water and Planning (DELWP) to inform their considerations for reform to the building regulatory system.

Monitoring and remediation solutions for combustible cladding on buildings (in progress)

What we did and why

The Statewide Cladding Audit continues to identify residential and public-use buildings with combustible cladding. The Victorian Government's Cladding Rectification Program aims to reduce the risks of combustible cladding on residential apartments and public buildings. Cladding Safety Victoria (CSV) works with owners and owners' corporations to help them rectify non-compliant combustible cladding. CSV also funds rectification works on buildings found to have high-risk cladding to ensure that they are safe to occupy over the long term.

The VBA is looking for other cost effective solutions to make these buildings safe for use while waiting for rectification, or as a longer-term solution.

The VBA has continued to support two cooperative research centre projects that are exploring potential monitoring and remediation solutions for combustible cladding on buildings.

What we have achieved so far

The VBA's involvement in these projects provides an opportunity to help improve public safety by finding cost-effective solutions to reduce fire safety risks or help fix the combustible cladding problem.

The VBA is collaborating with leading researchers and industry experts in the field and sharing its regulatory expertise in the development of potential solutions. Two potential solutions are an autonomous monitoring and detection system and a fire-retardant membrane that can be applied to combustible cladding.

Safe (or safer) building and plumbing work with fewer major defects

Indoor mould and moisture damage in residential buildings (in progress)

What we did and why

Mould in buildings is an indicator of the presence of an underlying moisture problem, which can occur because of water ingress through defective cladding, a plumbing failure or due to a lack of management of water vapour. Condensation in buildings is linked to negative impacts on human health and amenity, as well as building structural integrity.

Water damage routinely tops the list of defects encountered in buildings and in complaints to the VBA, claims to the VMIA and disputes to DBDRV.

To help the VBA understand the scope and causes of this problem and to identify opportunities for improvement or reform, the VBA commenced a scoping study to obtain baseline data on indoor mould and moisture damage in residential buildings in Victoria.

What we have achieved so far

The VBA partnered with VMIA and Victoria University to undertake this research. The research examines VMIA's accepted claims against domestic building insurance, overlaid with building information from the VBA.

Due for completion in 2021–22, the research has provided early indicators, patterns and clusters of problematic building work that could result in indoor mould. Further analysis of these patterns and clusters will provide insight into practitioner (and tradesperson) competency or skills gaps and identify other potential underlying causes to this problem.

The VBA used these early insights to inform its proactive inspections and other regulatory interventions. Further insights from this research will present improvement opportunities for building design, construction, certification, legislation and regulatory oversight, and inform future research activity on indoor mould.

Reducing improper service penetrations through behavioural intervention (in progress)

What we did and why

Through the VBA's proactive inspections and statewide cladding audits, the VBA identified frequently occurring service penetrations (plumbing, electrical, gas) that can compromise the fire safety of internal walls in Class 2 to 9 buildings.

The VBA partnered with BehaviourWorks Australia, a leading behaviour change research enterprise at Monash University, to find out how improper service penetration of fire and smoke walls can be reduced through behavioural insights.

What we have achieved so far

Due for completion in 2021–22, the research analyses what drives these behaviours and the types of interventions that could make a difference.

The VBA has engaged extensively with a wide range of stakeholders to create a shared understanding of the behaviours that lead to improper service penetrations. Through a literature review and dialogues with stakeholders and the VBA, BehaviourWorks Australia identified the following three key themes:

- the 'design and construct' model has implications for behaviour
- ambiguous regulation and guidelines may exist
- knowledge gaps may drive behaviour.

Key stakeholders shared what they know about these themes and how target groups could be reached. They also suggested ways to promote 'good' behaviours that will lead to correct work practices. The VBA listened to stakeholders and used their insights.

BehaviourWorks Australia has worked closely with a target audience of practitioners and industry stakeholders to understand drivers and barriers to desirable behaviours. From these discussions, BehaviourWorks Australia has proposed several behavioural interventions, which will need to be tested before implementation.

The final stage of the research will establish the benefits of these proposed interventions to industry.

Skilled and competent practitioners

Improving the education and professional competency of fire safety engineers

What we did and why

Fire safety engineers play a vital role in ensuring the fire safety of buildings. The VBA supported the Professionalising Fire Safety Engineering research project run by The Warren Centre for Advanced Engineering at the University of Sydney to lift the standards of fire safety engineers.

What we found

The Warren Centre research has introduced new thinking on fire safety reforms, and registration, competency and education of fire safety engineers at a state and national level.

The Warren Centre released nine research reports under this project, with the final three released in 2020–21:

- Professional Development Report – the report identifies the resources required from tertiary educational institutions and others to supply an adequate number of graduates in fire safety engineering to meet the requirements of The Warren Centre’s proposed professional framework. It assembles a set of recommendations on competencies, education and career pathways, as well as professional development.
- Accreditation and Regulatory Reform Report – the report argues for consistent registration of fire safety engineers across Australia, and a co-regulatory model for professional accreditation (through competency assessment by professional bodies) and permission to practices (through registration by State/Territory Governments).
- Final report – the report presents 30 recommendations, a suggested timeframe for implementation and a pragmatic plan to transition from the current state of fire safety engineering design in Australia to meet the Building Confidence Report recommendations and improve public safety.

What difference this made

The nine reports identified shortcomings in the education, competencies, accreditation and registration of fire safety engineers.

The final report calls for substantial reforms to existing frameworks including the clear recognition and accreditation of the fire safety engineer as the professional responsible for delivering the design of the fire safety strategy for a building. The benefits of such reforms include improved competencies, culture and ethics for industry professionals, improved safety of buildings for occupants, fire authorities and the general community, and national consistency in regulations.

The research reports have progressively been shared with government, regulators, professional and industry associations and practitioners to improve the education, roles and competencies of fire safety engineers. The research reports have also been shared with the Expert Panel for the Building System Review in Victoria, and with the New South Wales Government to inform its reform program for design (including fire safety design) practitioners.

The VBA developed strong networks with industry and research partners through this collaboration. The VBA continues to engage with industry, professional associations, government and other regulators to promote improvements to the regulatory framework for fire safety engineering.

The regulation and education of building surveyors in Victoria (in progress)

What we did and why

To effectively administer the registration scheme for building surveyors in Victoria, the VBA must have confidence that available building surveying qualifications deliver graduates who can competently apply the National Construction Code (NCC) and broader regulatory framework when performing building surveying statutory functions.

To increase regulatory understanding, the VBA commenced initial research on the education of building surveyors. This initial research indicated there was insufficient publicly available information about the content and adequacy of building surveying qualifications to broaden the VBA's understanding or give the VBA the assurance that these qualifications meet current and future needs.

The VBA has since undertaken research on the development of the regulatory scheme for building surveyors in Victoria and how this may have influenced the content of building surveying qualifications.

What we have achieved so far

The research has provided insight into how the regulation and registration of building surveyors have evolved over time. The research has also examined the higher education and vocational training sectors' development of building surveying qualifications and the industry associations' accreditation processes for these qualifications.

The research has identified the enrolment and completion rates for building surveying qualifications, the different pathways taken for registration as building surveyors in Victoria and the rates of successful or unsuccessful registration outcomes for building surveyors. An initial finding from this research is that the rate of successful registration outcomes for building surveyors is lower when compared to other registration categories.

The VBA has discussed these initial findings with key industry stakeholders and engaged with them on future directions and next steps for this research. The research will inform ongoing discussions about reforms to strengthen the building surveying profession, including professional education or training needs for building surveyors both at the state and national levels.

Technologically advanced and innovative industry

Building 4.0 Cooperative Research Centre (in progress)

What we did and why

The VBA is participating in the seven-year Building 4.0 Cooperative Research Centre (CRC), an industry-led research initiative co-funded by the Federal Government.

Building 4.0 CRC commenced in 2020–21 and aims to address long-standing systemic problems in the construction industry, including stagnating productivity, limited digitisation or adoption of advances in manufacturing technology, and poor knowledge transfer. The VBA is supporting the CRC as its program streams (sectoral, digital and building transformation streams) are aligned to its research focus and will help drive digital adoption and systemisation of the industry.

What we found

By participating in Building 4.0 CRC, the VBA is working closely with industry and research leaders who have advanced digital and technological expertise.

The VBA has worked closely with Building 4.0 CRC researchers, industry and other partners to develop two projects of mutual benefit that focus on accelerating adoption of digital and new technologies, increasing the digital competencies of practitioners and automation of building processes:

ePlanning and eApprovals (scoping study)

This project examines how to integrate existing planning, regulation and policy into new digital building platforms. This will facilitate digital automatic workflows for checking and compliance testing through the submission of a digital twin, substantially accelerating the time taken to gain pre-construction approvals and improving quality assurance. It will deliver a review of existing initiatives and technologies, and a roadmap for implementation including education and training to encourage industry uptake. The project is due for completion in late 2021.

Automated tracking of construction materials for improved supply chain logistics and provenance (scoping study)

This project examines emerging tracking technologies (sensors, visual tracking, information systems, data collection) for building-industry appropriateness, with the aim of implementing automated and secure material and assembly tracking for material provenance and compliance. It will deliver a review of the state-of-the art industry technologies and case studies for material provenance and supply chain efficiency, and a scalable roadmap for implementation of sensor tracking including data integration with digital twin to achieve improved quality assurance and regulatory compliance. The project is due for completion in 2022.

Digital twin initiative

What we did and why

The VBA partnered with Land Use Victoria (within DELWP), Development Victoria, Brimbank City Council and Office of Projects Victoria on a digital twin initiative that aimed to develop a protocol and platform for an end-to-end digital development process (from planning, approval, occupancy, operation and maintenance, renewal to retirement).

What we found

The project delivered a proof of concept that incorporates planning and building 'rules' into an automated approvals platform with digital twin visualisation. Now called eComply, the proof of concept uses the Small Lot Housing Code to show how 'rules-as-code' can operate – using a 'rules engine' to automatically assess building design/plans against appropriate planning and building rules. The digital twin component of the 'rules engine' visualises the approved design within a development area.

What difference this made

The VBA's participation helped the regulator learn from and better understand digital twin technology and accelerate our journey towards digitalisation of building information. The eComply proof of concept shows the potential opportunity for the end-to-end digitalisation of the built environment through digital technology, which could deliver significant benefits to the building and construction industry and the Victorian economy.

Further development of the project (led by Land Use Victoria) has now been incorporated within the Victorian Government's Digital Twin Victoria program.

Modernising digital transformation

The last 12 months underscored the importance of digital capacity and accelerated the move to an online service provision. The VBA is making sure it keeps pace with that change by modernising its digital experience.

In 2020–21, the VBA commenced the Building System Technology (BST) roadmap. The BST is an important project and signifies a turning point in the VBA's commitment to improving services for practitioners and consumers.

The BST transformation includes the introduction of online exams, which will make it quicker and easier for practitioners to complete exams. The new secure portal is expected to benefit about 2000 practitioners every year.

The VBA partnered with Services Victoria to commence the implementation of a digital licence card for practitioners. This will also benefit consumers, who will gain access to real time information on the status of a licence.

The VBA enhanced its building stock database for Victoria. Enhancements have included connecting geospatial data, specific industry data sets and the VBA data about buildings. These integrated data sets have enabled the VBA to further target its regulatory activity.

The VBA has also developed a case system to support the implementation of the Building Surveyor Code of Conduct. This system allows tracking and reporting of matters from a secure system and will help with supporting Building Surveyors to comply with the Code.

The BST project is a first of its kind for the VBA, and brings data to the forefront of everything the regulator does. It is helping to drive smarter regulation, with a dedicated data strategy, expanding the sources of information and data streams to enable better outcomes for Victorians. These data sources will continually evolve and improve over time and will provide greater clarity over practitioner risk.

These enhancements will be critical to the successful delivery of future policy reforms.

Project Management Office

In 2020–21, the Project Management Office (PMO) established in-house projects delivery capability to deliver the new digital channels targeting improved customer experience. A feature of the system in development is to provide one login for all users and practitioners, making it easier for the industry and Victorians to deal with the VBA.

Online exams

In June 2021, the VBA launched online exams, allowing some building practitioners applying for registration to complete exams digitally. The portal is secure and easy to use, increasing flexibility for practitioners by reducing travel and supervision time, resulting in a more accessible and efficient exam process.

The new online exams are for registration in:

- Domestic Builder Unlimited
- Domestic Builder Limited to Carpentry Work
- Building Inspector (Pool Safety).

Security of payment

The *Building and Construction Industry Security of Payment Act 2002* (SoP Act) provides mechanisms for building practitioners and subcontractors to obtain payment for work undertaken or for the supply of related goods and services. The security of payment process helps protect construction industry subcontractors and ensure they are paid promptly for their work.

This work is crucial to ensuring contractors have working capital so they can participate fully in the industry.

Adjudication applications

The security of payment adjudication process is managed by Authorised Nominating Authorities (ANAs), authorised to perform this service by the VBA. It provides a fast and inexpensive adjudication service for claimants (those owed payment) to recover payment from respondents (those owing payment) without the need for lawyers.

Compared with 2019–2020, the number of adjudication applications in 2020–21 decreased by 33 per cent.

Between 2016–17 and 2019–20, applications were increasing gradually year on year in response to a change in current circumstances and a general increase in awareness across industry of the security of payment framework. However, in 2020–21, the significant decrease in adjudication activity was likely due to disruptions in the construction industry and changes in behaviours as a result of the COVID-19 pandemic.

In 2019–20, the VBA began collating data about the registration status of parties to adjudication applications. The data helps the VBA understand who is using the SoP Act, as well as how many practitioners are not paying. Data for 2020–21 showed 17 per cent of claimants and 37 per cent of respondents were registered building practitioners (RBPs).

Evidence suggests that industry practitioners are using the SoP Act more effectively.

For example, analysis of 2020–21 adjudication applications indicates:

- the percentage of applications not proceeding to an adjudication determination was the same as 2019–20 (38 per cent)
- subcontractors continue to be the most prevalent users of the adjudication process, with 51 per cent of claimants trade subcontractors and 23 per cent major subcontractors
- adjudication applications are predominately brought against head contractors (67 per cent) and developers (27 per cent)
- the largest claim was brought by a head contractor for more than \$38 million against a developer.

Claim amounts

During 2020–21, most claims (89 per cent) were for amounts less than \$500,000. Larger value claims were predominantly brought by head contractors and major contractors, with these larger value claims accounting for 88.7 per cent of the total amounts claimed in 2020–21.

The data indicates companies of all sizes are using the SoP Act, although claims are predominantly brought by subcontractors.

TABLE 6: SECURITY OF PAYMENT

	2020–21	2019–20
Number of adjudication applications	370	551
Total value of amounts claimed (\$ million)	220	333
Number of matters adjudicated	241	314
Total value of adjudicated amounts (\$ million)	79	126

Internal review

The review process provides a way for a practitioner directly affected by a VBA decision to seek an independent review of a 'reviewable decision'. The internal review process is an important safeguard under the *Building Act 1993*.

The internal review process considers internal reviews of building registration decisions and disciplinary decisions made by the VBA. Internal reviewers are functionally separate from the registration and disciplinary processes.

Reviewers may consider new information not previously available to the primary decision-maker. In some instances, practitioners engage legal representation, raise legal issues or otherwise respond to the VBA for the first time at the internal review stage.

The internal review process is quicker and less expensive than review applications to VCAT.

The process also enables the VBA to identify ways to improve its registration and disciplinary processes.

The number of reviews of discipline decisions has increased moderately, however several of these matters involved multiple sites, with multiple allegations for each site. This represents a significant increase in workload compared to prior years.

Internal reviews of infringement notices are a separate process, and are carried out under the *Infringements Act 2006*. All infringement internal reviews conducted in 2020–21 relate to plumbing offences.

TABLE 7: INTERNAL REVIEWS

Internal reviews	2020–21	2019–20
Internal reviews received for registration decisions	106	112
As a proportion of registrations refused	23%	21%
Completed within 28 days:		
Affirmed ²²	76	87
Amended ²³	0	1
Substituted ²⁴	22	28
Total registration reviews completed	98	116
Internal reviews received for disciplinary decisions	22	20 ²⁵
As a proportion of show cause decisions	22%	23%
Completed within 28 days:		
Affirmed	3	4
Amended	13	13
Substituted	2	4
Total disciplinary reviews completed	18	21
Internal reviews completed for infringement notices	36	0 ²⁶
Total internal reviews completed	152	137²⁷

22. Affirmed is when a VBA decision remains unchanged.

23. Amended is when some changes are made to the original VBA decision.

24. Substituted means when the VBA's original decision is replaced with a different decision.

25. Includes 16 reviews for 'show cause' decisions and four reviews for immediate suspension decisions.

26. The current process for issuing infringement notices commenced in 2019–20. No internal reviews were conducted in 2019–20 for these matters.

27. Approximately six per cent of internal review applicants sought further review to VCAT in 2019–20.

Financial summary

TABLE 8: VBA FIVE-YEAR FINANCIAL SUMMARY

	2020–21 ²⁸	2019–20 ²⁹	2018–19	2017–18	2016–17
	\$ million	\$ million	\$ million	\$ million	\$ million
Building permit levies	39.8	44.7	39.3	37.6	31.9
Cladding rectification levy ³⁰	20.4	19.3	N/A	N/A	N/A
Practitioner registration and licences	12.0	11.7	10.8	10.1	8.6
Plumbing compliance certificates	16.0	15.1	14.8	12.5	12.3
Other income	52.1	56.6	20.7	8.8	3.3
Total income	140.3	147.4	85.6	69.0	56.1
Total expenses	124.5	101.0	77.8	63.2	53.2
Other income flows	0.0	0.1	0.3	(1.3)	1.4
Net result	15.8	46.5³¹	8.1	4.5	4.3
Current assets	55.5	110.5	60.0	51.3	45.3
Non-current assets	17.7	22.4	11.9	8.0	9.4
Total assets	73.2	132.9	71.9	59.3	54.8
Current liabilities	38.6	27.7 ³²	21.2	18.3	18.3
Non-current liabilities	8.7	11.5 ³³	4.0	2.5	2.6
Total liabilities	47.3	39.2	25.2	20.8	20.9
Net assets	25.9	93.7³⁴	46.7	38.5	33.9
Net increase/(decrease) in cash and cash equivalents	(55.6)	55.9	20.6	(9.1)	(1.2)

28. Includes CSV net result of \$34.1 million for five months prior to its separation from the VBA on 1 December 2020.

29. Includes former VBA business unit, CSV, established on 16 July 2019.

30. Includes cladding rectification levy \$20.4 million (2019–20: \$19.3 million).

31. Includes CSV net result \$44.5 million.

32. Last year's figure was revised from \$28.1 million to \$27.7 million.

33. Last year's figure was revised from \$11.1 million to \$11.5 million.

34. Includes CSV cash and cash equivalents \$51.6 million.

Current year – Financial review

Overview

In 2020–21, the VBA recorded a net result of \$15.8 million surplus, which is \$30.7 million lower than 2019–20. This net result was underpinned by an overall 5 per cent (\$7.1 million) reduction in income and an 23 per cent (\$23.4 million) increase in expenses.

The decrease in income was driven by a reduction in the collection of general and DBDRV building permit levies (\$4.9 million) and reduced grant income from the Department of Environment, Land, Water and Planning (DELWP) (\$4.8 million).

On the costs side, the main drivers were linked to the expansion of regulatory functions. Employee costs were up \$11 million, as the VBA expanded its regulatory functions to deliver on the Victorian Government's *Statement of Expectations* for the VBA. This included improving the administration and enforcement of regulation, delivering the state-wide cladding audit and related cladding tasks, proactive inspection of building and plumbing work, greater use of data and information and introducing technology to better enable regulatory action.

The VBA is also working with government and scaling up to prepare for implementation of new policy initiatives (for example, trades registration) necessary to provide an effective and comprehensive regulatory function to the building and plumbing industry. This has required the recruitment of new executives and senior personnel to expand the VBA's technical capabilities and investment in large-scale digital transformation.

COVID-19

Direct COVID-19 costs incurred during the year were \$1.82 million and the VBA supported practitioners by providing over \$0.6 million fee relief due to COVID-19 impacts.

Cladding Safety Victoria

The Financial statements reflect the trading results of the former Cladding Safety Victoria (CSV) business unit, until CSV was established as a separate entity on 1 December 2020 and its net assets of \$83.6 million were transferred to the new entity.

The Cladding Rectification Levy came into effect on 1 January 2020. The VBA continues to collect and transfer the levy to CSV on a monthly basis. In 2021, the levy increased by \$1.0 million to \$20.3 million and DELWP provided a grant of \$35.6 million, down from \$39.4 million.

Business unit performance

While the net result for the VBA is a \$15.8 million surplus, the divisional performance has identified a number of challenges that management is addressing:

TABLE 9: BUSINESS UNIT FINANCIAL INFORMATION – CLADDING RECTIFICATION PROGRAM AND REGULATORY

	Cladding rectification program	VBA regulatory	Total
Total revenue	55.9	84.3	140.3
Total expenses	21.9	102.5	124.4
Comprehensive result	34.0	(18.2)	15.8

When compared to the previous year, the VBA's regulatory revenue decreased by \$4.4 million while costs increased by \$15.8 million. Management initiated a \$6 million expenditure reduction program and is working with the Victorian Government on longer term options, including resetting the current fee structure to ensure long term financial sustainability.

Financial position – Cash holdings

Following the transfer of \$83.6 million to CSV, cash holdings at the end of the year were \$52.6 million. With balance sheet liabilities totalling \$47.3 million, the VBA is in a good position in the immediate term.

Disclosure of grants and transfer payments

Total grants payments made and payable by VBA were \$6.7 million in 2020–21.

One grant was made to the Department of Industry, Science, Energy and Resources for \$1.0 million (\$1.3 million in 2019–20) for Victoria's 2020–21 funding contribution to the ABCB.

The ABCB is a Council of Australian Government (COAG) standards writing body that is responsible for the development of the NCC. The ABCB is a joint initiative of all three levels of government in Australia. It was established by an Intergovernmental Agreement, first signed by the Commonwealth, states and territories on 1 March 1994, and has undergone several updates since. The ABCB is a regulatory reform vehicle for COAG, and reports to the Federal Government minister and state and territory ministers responsible for building and plumbing regulatory matters, also known as the Building Ministers' Forum.

A total amount paid and payable of \$1.5 million went to DELWP for the VBA's contribution to Building Policy Unit funding.

A research grant payment of \$200,000 was paid in June 2021 to Flame Security Investments.

4. GOVERNANCE



VBA meeting room

VBA governance structure

VBA Board

The VBA Board is responsible for the governance and strategic management of the VBA. This includes responsibility for:

- overseeing the delivery of the VBA's functions, objectives and performance
- setting goals and the overall strategy of the VBA
- establishing appropriate and effective financial governance and oversight arrangements, including the regular review of the effectiveness of those arrangements
- overseeing the VBA's system for internal control, risk management, auditing and legal compliance
- selecting and appointing the CEO
- shaping strategic policies for the VBA, subject to any delegation of this responsibility to the CEO.

Appointing the VBA's first female Chief Commissioner

On 1 October 2020, Michelle McLean was appointed as the Chief Commissioner by the Victorian government, making her the first female chair of the VBA Board. Ms. McLean's appointment has been pivotal in supporting a refresh of the VBA's strategic direction and regulatory agenda.

Effective 19 February 2021, Natalie MacDonald resigned from the VBA Board. During 2020–21, all other board appointments were unchanged. Details about Board members can be found on the VBA website.

The composition of the VBA Board meets the Victorian Government policy for gender diversity, with a strong representation of women.

For information about the terms of appointment for VBA Board members, visit [Public Board Appointments Victoria](#).

Board Committees

The VBA Board was supported by four Committees:

- Audit and Risk Committee (ARC)
- People and Culture Committee (PCC)
- Research and Innovation Committee (RIC)
- Cladding Rectification Committee (CRC).

Audit and Risk Committee

Assisting the VBA Board to fulfil its governance and oversight responsibilities, the Audit and Risk Committee (ARC) independently reviews and assesses the effectiveness of the VBA's systems and controls for financial management, performance and sustainability, including risk management.

The ARC's key responsibilities are to:

- review financial management and compliance with applicable laws and regulations, including reviewing annual Financial statements and the report of operations
- review and oversee internal audit, including strategic and annual internal audit planning, reviewing internal audit reports, advising on the appointment of the internal auditor, and meeting with the internal auditor
- ensure the development and maintenance of an organisational culture that is positive, inclusive, enriching, and consistent with the VBA's values and aspirations for performance.

People and Culture Committee

The PCC assists the VBA Board to fulfil its governance and oversight responsibilities by:

- ensuring compliance with the Victorian Government Public Entity Executive Remuneration (GPEER) Policy
- assisting the Board in determining policy and practice for executive remuneration and individual remuneration packages for executives, taking account of Victorian GPEER rules and guidance
- reviewing and advising the Board regarding the CEO's remuneration package
- reviewing the CEO's performance and providing regular feedback to the CEO through the Chief Commissioner
- reviewing and supporting the CEO's management of executive performance across the VBA
- reviewing and supporting the CEO's monitoring of executive development and succession planning, including the identification and development of future leaders
- monitoring development and maintenance of a positive culture and adherence to shared values, including in relation to customer service, professional and determined regulation, continuous learning and purposeful collaboration within and outside the VBA.

Research and Innovation Committee

The RIC assists the Board by:

- overseeing development of the VBA's research capability
- ensuring that research conducted, or promoted, by the VBA is aimed at developing a strong evidence base that informs improvements to the functioning of the building and plumbing regulatory system
- maintaining a focus on innovation, including in emerging technologies
- identifying and assessing new and emerging issues relevant to building and plumbing work (including innovations in materials and practices, risks, harm, causes and unintended consequences) and the regulation of the building and plumbing industries.

Cladding Rectification Committee

The CRC assisted the Board by developing:

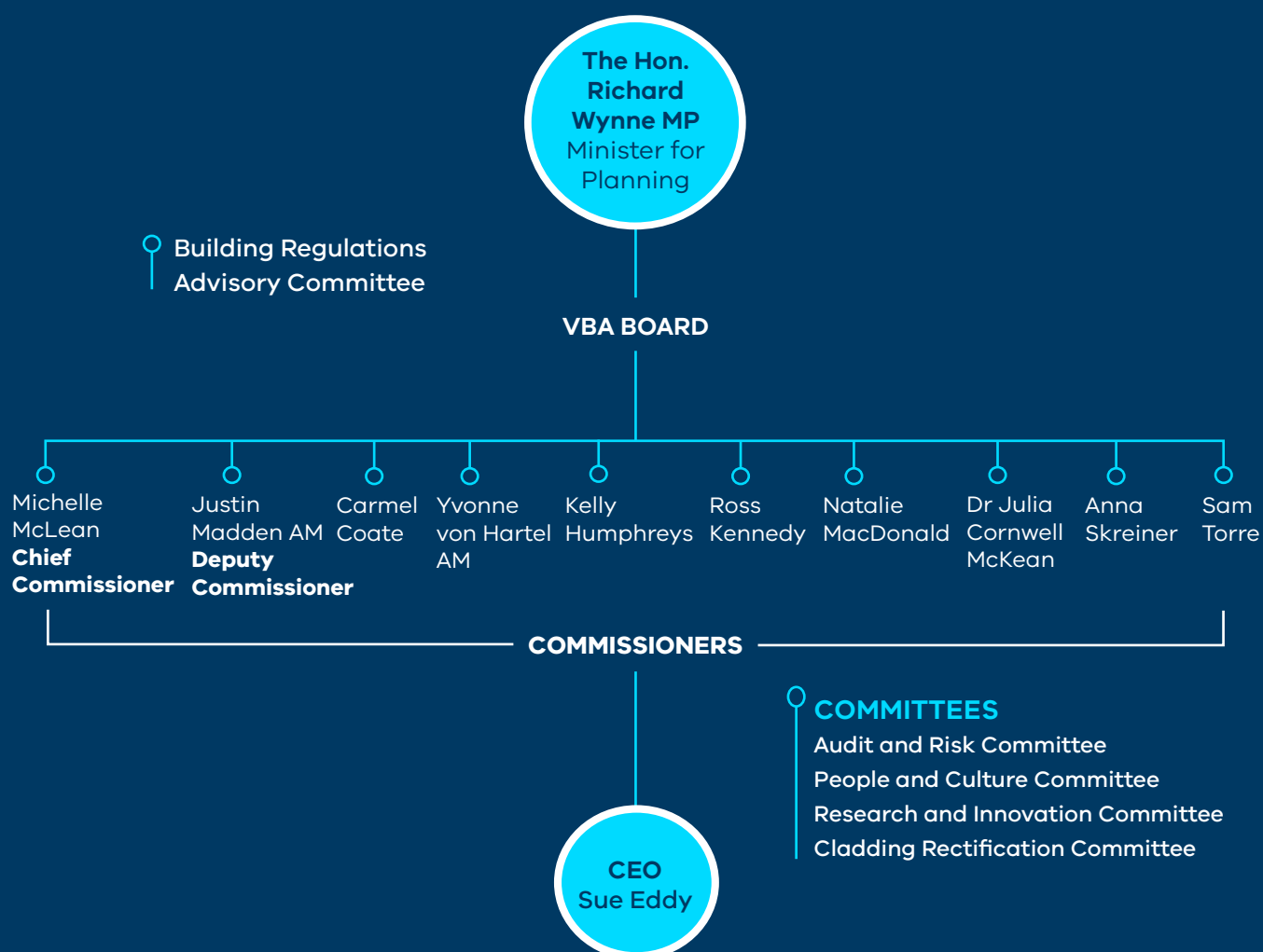
- an annual operational plan for Cladding Safety Victoria
- the Cladding Rectification Authority budget and funding allocation
- operational policies on rectification.

The Committee considered strategic risks and mitigation measures related to cladding rectification, and monitored financial management policies, processes and outcomes, including in relation to procurement.

The Cladding Rectification Committee was replaced by the Cladding Committee after it was authorised by the VBA Board at the March 2021 Board meeting.

GOVERNANCE STRUCTURE AS AT 30 JUNE 2021

VBA governance chart



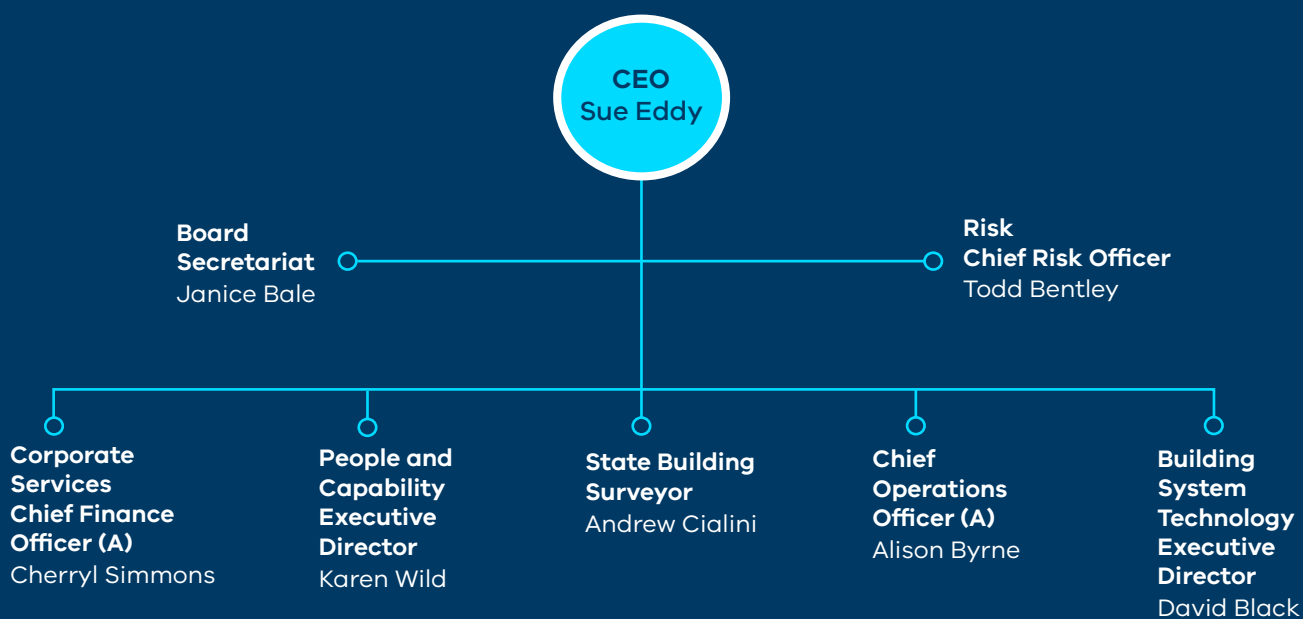
5. OUR PEOPLE



VBA staff member
(2019)

ORGANISATIONAL STRUCTURE
AS AT 30 JUNE 2021

Organisational chart



Enhancing our technical capabilities

To ensure that the VBA continues to improve as a modern and effective regulator, we are recruiting leaders who can instil their knowledge in the VBA's people and the wider industry.

The VBA's technical capabilities expanded in 2019 with the appointment of Andrew Cialini as the State Building Surveyor. The VBA has continued to make key appointments over the last 12 months, hiring some of the best and brightest technical and strategic experts.

Appointing the Executive Director, Building System Technology

The Building System Technology (BST) function is a new division within the VBA responsible for the delivery of a large-scale digital transformation uplift.

David Black joined the VBA as the Executive Director of BST in August 2020.

With a remit that includes the VBA Project Management Office, Information Technology and Data Office, this role is responsible for laying the groundwork for a more robust technology platform and contemporary digital road map that will underpin and support the VBA's primary regulatory function.

Appointing the Principal Fire Safety Engineer

The appointment of the VBA Principal Fire Safety Engineer, Dr Weng Poh, in August, bolstered the skills of the Office of the State Building Surveyor (OSBS).

As Principal Fire Safety Engineer, Dr Poh advises the VBA on a range of strategic issues relating to fire safety in the building and plumbing industries, including regulatory frameworks, practitioner competencies and key stakeholder relationships.

Appointing the Chief Risk Officer

Dr Todd Bentley was appointed as VBA Chief Risk Officer in March. Dr Bentley is highly experienced in the areas of assurance, governance, safety, systems design, and systems thinking.

In this newly created role, Dr Bentley works with all areas of the VBA to continue to build the capacity of the VBA as a risk-based regulator, and to make risk management an inherent part of VBA culture.

Appointing the Principal Structural Engineer

In May 2021, the VBA appointed experienced engineer, Dr Baher Zaghlool, to the position of Principal Structural Engineer.

As Principal Structural Engineer, Dr Zaghlool is working to expand and enhance the structural engineering expertise within OSBS. In this role he assists with responding to industry needs and helps shape and implement future industry reforms.

Appointing the Chief Data Officer

Adrian Cimati joined the VBA as Chief Data Officer in June 2021. This key leadership role is responsible for leading data management practices in the VBA and working with external parties in information exchange for the benefit of the building system in Victoria.

Workforce

Supporting our people through the pandemic

The VBA continued to provide critical oversight functions throughout the pandemic. This could not have happened without the dedication and commitment of the VBA's people, who ensured that regulatory functions were performed, and Victoria's building and construction industry could continue to operate.

The VBA continued to provide flexible working arrangements to meet the restrictions imposed as a result of the COVID-19 pandemic. To support the physical and psychological safety of its people, the VBA championed a multifaceted, and where appropriate, targeted approach to health, safety and wellbeing, including:

- enhanced safe working protocols for field employees, including mandatory training on infection prevention and control, and training on the correct use of personal protective equipment
- adopting the Industry Guidelines on the management of COVID-19 on construction sites and developing the VBA COVIDSafe Plan
- providing frontline workers with training in conflict management and resolution to support their ability to manage and resolve any conflict they may encounter in the course of their duties.

VBA ENGAGE provides tools and resources to support employees to manage their emotional and physical health, develop new skills and capabilities, and create and maintain strong connections to work colleagues.

The program is available to all VBA employees (permanent employees and contractors) and consists of webinars hosted by external experts, activities to engage at an individual and team level, and a library of resources – ensuring VBA staff become more resilient, connected, creative and empowered.

In response to the uncertainty created by Stage 4 restrictions, the VBA introduced VBA ENRICH to help support its people through lockdown.

VBA ENRICH encouraged VBA employees to reflect on how we are feeling, and to acknowledge that it was OK to feel that way.

VBA ENRICH let people know that it is OK to be confused, angry, anxious or afraid. It provided resources, workshops and opportunities for all VBA employees to manage their individual wellbeing, safety and health, as well as that of their loved ones.

The **VBA ENRICH** program provided resources and tools, including one-on-one psychology sessions, resilience and mental health psychology webinars and complimentary access to the not-for-profit Smiling Mind app.

Our people strategy

Building Surveyor Career Pathways Program

Building surveyors play an integral role in the building process. There is an emerging shortage of building surveyors in Victoria and of those in the profession, nearly half are aged over 50.

In response, the VBA partnered with VMIA and DBDRV to develop the Building Surveyor Career Pathway Program.

The Building Surveyor Career Pathways Program provides a solid foundational understanding of the building and construction regulatory and consumer protection framework. The program represents a unique opportunity for building surveyors early in their careers to apply their academic knowledge to real-life scenarios, whilst gaining in-demand employment skills and experience.

In January 2021, six cadets were accepted to the program, following a competitive recruitment process that attracted over 90 applications. The cadets will spend six months in each organisation over an 18-month period, gaining invaluable skills and knowledge, learning and contributing to the vital work of each organisation.

Improving inclusion and enhancing diversity

Victoria's *Gender Equality Act 2020*, which came into effect on 31 March, is landmark legislation that aims to achieve gender equality across the Victorian public sector and through the service delivery of the public sector across the Victorian economy. Through its regulatory role, the VBA champions the advancement of minority groups in society. Within the VBA, the aim is to create a safe and inclusive workplace for everyone.

The VBA has completed a Workforce Gender Audit to inform the development of a Gender Equality Action Plan.

Three VBA female managers were successful in securing development scholarships from Women and Leadership Australia, as part of the Female Leaders in the Victorian Public Sector program, further demonstrating the VBA's commitment to advancing the careers and professional opportunities of women.

Each is participating in an extensive program of leadership development at the level appropriate for their current role and future aspirations. They are engaged in a comprehensive program of facilitated and self-directed learning over a four to seven-month period depending on the program, with webinar-based, virtual workshops.

The courses provide an opportunity for VBA women to transform their leadership skills, whilst building powerful peer connections across the public sector.

Talent development program

The VBA has been building a fit-for-purpose talent development program.

In June 2021, 41 VBA staff members completed an assessment through Development Dimensions International. The data generated from these assessments is providing the VBA with a clear view of the skills and attributes required for its workforce into the future, integrating it into new position descriptions and critical success factors for recruitment. It is also enabling the VBA to focus its education expenditure on areas where gaps may be appearing.

VBA enterprise agreement

The VBA consulted with its people and the Community and Public Sector Union throughout 2020–21 to negotiate a new VBA enterprise agreement. Some of the benefits under the new VBA agreement include annual pay increases, a new mobility payment, increased overtime rates and night shift allowances, and more parental leave. The new VBA Agreement came into effect in the first quarter of 2021–22.



6. OTHER DISCLOSURES

Two fittings sitting upon plumbing plans

Local Jobs First

No VBA procurement activities or projects were undertaken at or above the respective expenditure disclosure thresholds identified in the Local Jobs First policy.

Government advertising expenditure

No VBA advertising campaigns were undertaken at or above the expenditure disclosure threshold of \$100,000 for total media spend.

Social procurement implementation

The VBA has established a social procurement strategy to define objectives, capability to implement and approaches that will be taken to achieve objectives.

The VBA Social Procurement Objectives are:

- opportunities for Victorian Aboriginal people
- opportunities for Victorians with disability
- women's equality and safety
- supporting safe and fair workplaces
- environmentally sustainable outputs.

The strategy aims to provide opportunities for Victorian Aboriginal people and Victorians with disabilities by identifying contracts that would have interest from these communities. It also encourages early engagement to improve participation, targets approaches that ensure access to bidding is culturally appropriate and uses supplier-established public registers to directly or indirectly procure from social enterprises, Australian disability enterprises and Aboriginal businesses.

To meet the Supporting safe and fair workplaces objective, the VBA supports the Victorian Government's Supplier Code of Conduct for the minimum expectations for labour and human rights, and seeks to increase supply chain opportunities for suppliers that provide safe and fair workplaces for all workers.

The VBA has an objective to promote women's equality and safety. This will be promoted through the identification of professional services where women's equality is traditionally considered underrepresented and developing selection criteria for new contracts that include assessment of female representation in leadership and project teams.

All individual procurement activities undertaken in 2020–21 fell within the below threshold band of Victoria's Social Procurement Framework where social procurement approaches are encouraged but not mandatory.

Consultancy expenditure

Details of consultancies (valued at \$10,000 or more)

In 2020–21, the VBA paid \$1,030,053.27 (excl. GST) to 24 consultancies where fees payable were \$10,000 or more. Information about individual consultancies is on the VBA website.

Details of consultancies less than \$10,000

In 2020–21, the VBA paid \$44,057.63 (excl. GST) to 12 consultancies where fees payable were less than \$10,000.

Disclosure of major contracts

The VBA adheres to the Victorian government's policy of disclosing contracts worth \$10 million or more, in accordance with the *Financial Management Act 1994*. In 2020–21, the VBA had no contracts worth \$10 million or more.

Information and communication technology expenditure

In 2020–21, the VBA's information and communication technology (ICT) expenditure totalled \$19.0 million, compared to a total of \$12.3 million for 2019–20.

TABLE 10: DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

All operational ICT expenditure (\$ million)	
Business-as-usual ICT expenditure (total)	15.0
ICT expenditure related to projects to create or enhance ICT capabilities (\$ million)	
Non-business-as-usual ICT expenditure	4.0
Operational expenditure	1.9
Capital expenditure	2.1
Total ICT expenditure (\$ million)	19.0

ICT expenditure refers to the VBA's costs in providing business-enabling ICT services within the reporting period. It comprises business-as-usual (BAU) ICT expenditure and non-BAU ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the VBA's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

Freedom of information

The *Freedom of Information Act 1982* (FOI Act) allows the public right of access to documents held by the VBA, including those provided to it by an external organisation or individual. The FOI Act also allows the VBA to refuse access, either fully or partially, to certain information such as cabinet, law enforcement and legal documents, and personal and in-confidence information.

Processing time for information requests is usually 30 days, which may be extended by the VBA to 45 days or, if the applicant agrees, for longer. Section 16 of the FOI Act requires the VBA to make the maximum amount of information available 'outside the Act.' To make available information outside of the formal FOI process under the FOI Act, the VBA must first identify another legal basis for the disclosure of that information. The *Building Act 1993* contains limited provisions expressly enabling the VBA to do this.

Proactive release

In October 2020, the VBA implemented a proactive release policy designed to improve responsiveness for consumers.

The proactive release policy falls outside of the FOI Act application, meaning the information can be processed without referral to the FOI team and not subject to the mandatory timeframes under the FOI Act.

Documents available through the proactive release policy as at 30 June 2021:

- rectification notices
- plumbing compliance certificates
- certificates prepared by the VBA
- builder's insurance information
- plumbing audit and inspection reports
- building practitioner or plumber business contact details.

Making a request

From 1 July 2021, the fee payable for an application under the FOI Act is \$30.10. Additional access charges may apply for particularly labour-intensive, time-consuming or voluminous searches. The VBA can also waive fees and charges in certain circumstances, such as demonstrated financial hardship.

Review of a request

Applicants can request a review of a VBA decision by contacting the Office of the Victorian Information Commissioner (OVIC) within 28 days.

FOI statistics and timeliness

In 2020–21, the VBA received 562 FOI requests – 486 of these were deemed valid requests. The VBA finalised 547 applications for 2020–21, including 77 applications outstanding from the previous year. A total of 16 applications remained active for the start of 2021–22. Most requests were made by property owners and those requests were mostly for practitioner insurance details, plumbing compliance certificates, contact information, and investigation and complaint files.

Of the 547 FOI applications finalised by the VBA in 2020–21:

- 512 matters were finalised within 30 days
- 14 matters were finalised between 31 and 45 days
- 21 matters were finalised after more than 46 days.

VCAT appeals

During 2020–21, eight complaints relating to VBA FOI decisions were taken to VCAT for review. The matters were not heard during 2020–21 and remained open at the start of 2021–22. This was an increase from the two appeals lodged in 2019–20.

TABLE 11: FOI APPLICATIONS PROCESSED IN 2020–21

	Matters finalised	Remaining matters
Released in full	165	-
Released in part	112	-
Denied in full	19	-
Released outside the FOI Act	189	-
No documents could be found	26	-
Transferred to another agency	-	2
Withdrawn	26	-
Not proceeded with	10	-
Not processed	0	-
Not yet finalised ³⁵	-	16
Total	547	18

35. 'Not yet finalised' means the request was not completed as at 30 June 2021.

Compliance with the Building Act 1993

The VBA owns regional offices in Ballarat, Bendigo, Morwell and Wangaratta. The VBA conducts annual inspections of these buildings and provides reports to senior management to ensure compliance with building standards and regulations.

This internal control system allows the VBA to satisfactorily undertake building maintenance and manage risks.

The VBA conducted no major projects or works valued at greater than \$50,000 on VBA-owned buildings in 2020–21.

Competitive neutrality policy

Fair competition between public and private businesses is supported by the competitive neutrality policy. The VBA continues to comply with competitive neutrality, which provides government businesses with a tool to enhance their decision-making capability on resource allocation. This policy does not override other policy objectives of government and exists to improve service provision efficiency. The VBA's compliance with competitive neutrality is governed by the competition principles agreement and competition and infrastructure reform agreement.

Compliance with the Public Interest Disclosures Act 2012

The VBA does not tolerate improper conduct by employees or reprisals against those who come forward to disclose such conduct. The VBA is committed to ensuring transparency and accountability in its administrative and management practices, and supporting disclosures that reveal corrupt conduct, conduct involving substantial mismanagement of public resources, or conduct involving substantial risk to public health and safety or the environment.

To put these principles into action, the VBA established Safe2Speak, an independent service through which employees can anonymously report unacceptable conduct. Managers and supervisors are trained in their obligations to encourage employees to speak up and to support them when they do.

Safe2Speak received 14 reports in 2020–21. Seven reports were managed as human resources matters and six did not provide enough information, related to other organisations, or raised administrative rather than integrity issues. Preliminary enquiries into these reports established that no misconduct was involved.

The VBA takes all reasonable steps to protect people who make disclosures and will afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

IntegrityVBA provides an independently managed complaint resolution service available online or by telephone, 24 hours a day, seven days a week.

Reporting procedures

Reports of unacceptable conduct may be made to Safe2Speak. However, the matter will be referred to the Independent Broad-based Anticorruption Commission (IBAC) if it is considered to constitute a public interest disclosure.

Contact Safe2Speak via:

Phone: 1300 304 550

Web: safe2speakvba.stoplinereport.com

Email: safe2speak@stopline.com.au

Post: VBA Safe 2 Speak c/o Stopline, Locked Bag 8, Hawthorn, VIC 3122

Contact IntegrityVBA via:

Phone: 1300 304 564

Email: integrity@vba.vic.gov.au

Contact IBAC via:

Phone: 1300 735 135

Web: ibac.vic.gov.au/reporting-corruption/report

In addition to Safe2Speak or approaching IBAC directly, employees can report unacceptable conduct to:

- any member of the Executive Leadership Team
- Special Advisor, Integrity
- a director, manager or supervisor
- People and Capability business partners.

Compliance with the *Disability Act 2006*

The VBA's responsibility to support, promote and adjust its workplace to ensure people with a mental, physical or intellectual disability are respected and can do their job effectively and safely has remained a high priority.

Reporting procedures

The VBA continues to support and implement systems and processes that enable and encourage people with a disability to interact with the regulator, whether they be building practitioners, consumers or members of the public. Information about VBA services is readily available through accessible information on the VBA website. People with hearing impairments can access the VBA customer service centre through teletype (TTY) facilities. The VBA also makes reasonable adjustments for building practitioners undertaking assessments.

An accessible work environment

The VBA complies with the *Disability Act 2006* during the entire employment cycle, from attraction and recruitment to onboarding and exiting. The implementation of screen and text size requirements, availability of ergonomic equipment and accessible facilities form part of these provisions. These capabilities were enhanced during the mandatory work from home periods during 2020–21, with VBA employees able to access ergonomic equipment to suit their home office requirements.

Providing accessible information

The VBA website remains the primary portal for conveying information to practitioners, consumers and members of the public. It aims to provide clear and accessible information that is available at any time. Governing this expectation of accessible web design is the VBA's compliance with W3C's Web Content Accessibility Guidelines 2.0 at Level AA. The VBA's practice also conforms to the Victorian government's accessibility standard. The website features information on how callers may contact the VBA using the National Relay Service and TTY support service, if they are vision or hearing impaired.

An equal exam setting

Developing and enhancing the professional development of Victoria's building practitioners is integral to the VBA's operations. The VBA ensures reasonable adjustments are available to meet practitioners' needs, including during the industry the exam process.

Office-based environmental impacts

COVID-19 had a significant impact on all aspects of the VBA office-based environment. While no environmental targets were set for 2020–21, energy consumption, landfill waste, paper use, travel and greenhouse gas emissions were all reduced. Also, the VBA reduced its office footprint through the non-renewal of a CBD lease.

Energy use

Energy consumption reduced in comparison to 2019–20. The GSN office remained operative even though most employees worked remotely. The discontinuation of a CBD tenancy also contributed to the overall reduction of energy usage.

TABLE 12: ENERGY USE

Indicator	2020–21	2019–20
E1 Total energy usage segment by primary source (MJ)		
Electricity (MJ) – excluding green power	1,378,368	1,786,208
Natural gas (MJ)	0	0
Green power (MJ)	0	0
LPG (MJ)	0	0
E2 Total greenhouse gas emission from energy consumption (tonnes CO2-e)		
Electricity (tonnes CO2-e) – excluding green power	449	582
Natural gas (tonnes CO2-e)	0	0
Green power (tonnes CO2-e)	0	0
LPG (tonnes CO2-e)	0	0
E3 Percentage of electricity bought as green power	0	0

Waste and recycling

Waste and recycling volumes were greatly minimised due to employees working from home during COVID-19 restrictions and the VBA's digitisation initiatives. In conjunction with GSN building management, an improved waste and recycling management system was implemented in January 2021 which provides a more accurate assessment of waste and recycling.

TABLE 13: WASTE AND RECYCLING

Indicator	2020–21	2019–20
Ws1. Total units of waste disposed of by destination (kg/yr)		
Landfill (kg)	1,037	8,331
Comingled recycling (kg)	93	1,795
Paper and card (kg)	1,023	2,753
Secure documents (kg)	12,880	22,820
Organics	22	N/A ³⁶
Ws2. Total units of waste disposed of per FTE by destination (kg/FTE)		
Landfill (kg/FTE)	2	18
Comingled recycling (kg/FTE)	0	4
Paper and card (kg/FTE)	2	6
Secure documents (kg/FTE)	27	49
Organics (kg/FTE)	0	N/A
Ws3. Recycling rate (%)	8	10
Ws4. Greenhouse gas emissions associated with waste (tonnes CO2-e)	4.36	21

36. Organic waste data was unavailable for 2019–20 due to inconclusive information available from the waste contractor for our tenancies.

Paper use

The ongoing transition to digital processing and employees continuing to work remotely resulted in a significant reduction in paper usage.

TABLE 14: PAPER USE

Indicator	2020–21	2019–20
P1. Total units of A4 equivalent copy paper used (reams)	208	3,754
P2. Units of A4 equivalent copy paper used per FTE (reams/FTE)	0.44	8
P3. 75–100% recycled content	100	83
P4. 50–74% recycled content	0	0
P5. 0–49% recycled content	0	17

Waste and recycling

Water consumption data is not available for the GSN as there are no separate water meters for each tenancy.

Travel and transport

The VBA fleet consists of a total of 81 vehicles: 43 are fuelled by unleaded petrol and 38 are hybrid vehicles. Total distance travelled decreased due to restricted movement as a result of the COVID-19 pandemic.

TABLE 15: TRAVEL AND TRANSPORT

Indicator	2020–21	2019–20
T1. Total energy consumption by fleet vehicles (MJ)		
Unleaded	2,364,545	2,897,484
Hybrid	757,126	1,109,973
T2. Total distance travelled consumption by fleet vehicles (km)		
Unleaded	379,971	606,784
Hybrid	67,574	413,327
T3.a Total greenhouse gas emissions from fleet vehicles (tonnes CO₂-e)		
Unleaded	166	265
Hybrid	19	117
T3.b Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO₂-e)		
Unleaded	0.17	0.26
Hybrid	0.02	0.12
T4. Total distance travelled by air (km)	11,976	109,489

Greenhouse gas emissions

Emissions resulting from key activities were significantly lower in 2020–21, including emissions from energy use, air travel and waste disposal. These reductions were a result of workplace and operational changes due to COVID-19 restrictions.

TABLE 16: GREENHOUSE GAS EMISSIONS

Indicator	2020–21	2019–20
G1. Total greenhouse gas emissions associated with energy use (tonnes CO₂-e) [Note: This includes office-based data only]	449	582
G2. Total greenhouse gas emissions associated with vehicle fleet (tonnes CO₂-e)	185	382
G3. Total greenhouse gas emissions associated with air travel (tonnes CO₂-e)	2.33	17.5
G4. Total greenhouse gas emissions associated with waste disposal (tonnes CO₂-e) [Note: This includes office-based data only]	4.36	21
G5. Total greenhouse gas emissions offset purchased (tonnes CO₂-e)	0	0

Greener procurement

The VBA's main areas of procurement are contractors and goods and services. Examples of how the VBA incorporated environmental considerations into procurement decision-making include:

- considering environmental impacts as part of our evaluation report checklist when procuring goods and services
- selecting vendors that disclose environmental practices.

Availability of other information

In compliance with the requirements of the Standing Directions, the VBA has retained details of the items listed below. This information is available on request, subject to the provisions of the FOI Act. You may request information on the following items:

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- b) details of shares held by a senior officer as a nominee or held beneficially in a statutory authority or subsidiary
- c) details of publications produced by the VBA about the VBA, and how these can be obtained
- d) details of changes in prices, fees, charges, rates and levies charged by the VBA
- e) details of any major external reviews carried out on the VBA
- f) Details of major research and development activities undertaken by the VBA
- g) details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- h) details of major promotional, public relations and marketing activities undertaken by the VBA to develop community awareness of the organisation and our services
- i) details of assessments and measures undertaken to improve the occupational health and safety of staff
- j) a general statement on industrial relations within the VBA, and details of time lost through industrial accidents and disputes
- k) a list of major committees sponsored by the VBA, the purposes of each committee, and the extent to which their purposes have been achieved
- l) details of all consultancies and contractors, including–
 - consultants contractors engaged
 - services provided
 - expenditure committed for each engagement.

This information is available on request by sending an email to foi@vba.vic.gov.au, calling 1300 815 127 or writing to:

Freedom of Information Officer
Victorian Building Authority
PO Box 536
Melbourne VIC 3001

VBA's Financial Management Compliance Attestation Statement

I, Michelle McLean, on behalf of the Responsible Authority, certify that the Victorian Building Authority has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

A handwritten signature in black ink, appearing to read 'Michelle McLean', is positioned above a horizontal blue line.

Michelle McLean
Chief Commissioner
Victorian Building Authority
15 September 2021

7. FINANCIAL STATEMENTS

Photo of Financial
statements being
calculated

Declaration in the Financial statements

The attached Financial statements for the Victorian Building Authority (VBA) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of the VBA as at 30 June 2021.

At the time of signing, we are not aware of any circumstances which would render any particulars included in the Financial statements to be misleading or inaccurate.

We authorise the attached Financial statements for issue on 16 September 2021.



Michelle McLean
Chief Commissioner
Victorian Building Authority
Melbourne



Sue Eddy
Chief Executive Officer
Victorian Building Authority
Melbourne



Cheryl Simmons
Acting Chief Finance Officer
Victorian Building Authority
Melbourne



Independent Auditor's Report

To the Board of the Victorian Building Authority

Opinion	<p>I have audited the financial report of the Victorian Building Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration in the financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
21 September 2021



Paul Martin
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(\$'000)

	Notes	2021	2020
Continuing operations			
Revenue and income from transactions			
Levies, fees and fines revenue	2.1	90,201	92,632
Grant income	2.2	49,513	53,773
Interest income	2.3	341	566
Other income		255	450
Total revenue and income from transactions		140,310	147,421
Expenses from transactions			
Employee costs	3.1	79,103	68,100
Board and committee costs		1,304	893
Interest expense	7.2.2	276	387
Supplies and services	3.2	32,014	23,699
Grant payments	3.3	6,704	2,236
Depreciation and amortisation	5.3	5,075	5,691
Total expenses from transactions		124,476	101,006
Net result from transactions (net operating balance)		15,834	46,415
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.1	1	111
Total other economic flows included in net result		1	111
Net result from continuing operations	9.10	15,835	46,526
Other economic flows – other comprehensive income:			
Items that will not be classified to net result			
Changes in asset revaluation surplus	9.2	40	-
Total other economic flows – other comprehensive income		40	-
Comprehensive result		15,875	46,526

The comprehensive operating statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE 2021

(\$'000)

	Notes	2021	2020
Assets			
Financial assets			
Cash and deposits	7.3	52,617	108,199
Receivables	6.1	1,509	1,559
Total financial assets		54,126	109,758
Non-financial assets			
Property, plant and equipment	5.1	10,330	15,258
Intangible assets	5.2	7,427	7,138
Other non-financial assets	6.5	1,380	764
Total non-financial assets		19,137	23,160
Total assets		73,263	132,918
Liabilities			
Payables	6.2	16,316	6,013
Contract liabilities	6.3	7,085	6,955
Interest-bearing liabilities	7.1	6,890	10,511
Employee-related provisions	3.1.1	9,557	9,563
Other provisions	6.4	1,598	1,586
Security deposits	9.9	2,491	2,374
Other liabilities	6.6	3,377	2,232
Total liabilities		47,314	39,234
Net assets		25,949	93,684
Equity			
Accumulated surplus		25,546	78,835
Asset revaluation reserve	9.2	403	363
Contributed capital		-	14,486
Net worth		25,949	93,684

The balance sheet should be read in conjunction with the accompanying notes.

STATEMENT IN CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(\$'000)

	Notes	Asset revaluation reserve	Accumulated surplus	Contributed capital	Total
Balance at 1 July 2019		363	32,309	14,486	47,158
Net result for the year		-	46,526	-	46,526
Balance at 30 June 2020		363	78,835	14,486	93,684
Balance at 1 July 2020		363	78,835	14,486	93,684
Net result for the year		-	15,835	-	15,835
Transfer from accumulated surplus		-	(69,124)	69,124	-
Administrative restructure-net assets transferred	4	-	-	(83,610)	(83,610)
Net increase/(decrease) as a result of revaluation	9.2	40	-	-	40
Balance at 30 June 2021		403	25,546	-	25,949

The statement of changes in equity should be read in conjunction with the accompanying notes.

CASHFLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(\$'000)

	Notes	2021	2020
Cash flows from operating activities			
Receipts			
Receipts from customers		90,782	97,612
Interest received		341	566
Receipts of security deposits		779	772
Goods and services tax recovered from the ATO		6,240	4,041
Grants received from State Government		49,513	53,773
Total receipts		147,655	156,764
Payments			
Payments of grants		(6,704)	(2,236)
Payments of lease interest		(276)	(387)
Refunds of security deposits		(661)	(695)
Payments to suppliers and employees		(101,720)	(92,389)
Total payments		(109,361)	(95,707)
Net cash flows from operating activities	7.3.1	38,294	61,057
Cash flows from investing activities			
Payments for property, plant and equipment		(815)	(1,600)
Proceeds from sale of property, plant and equipment		73	-
Payments for intangible assets		(2,389)	(1,419)
Net cash flows from/(used in) investing activities		(3,131)	(3,019)
Cash flows from financing activities			
Repayment of leases		(2,338)	(2,179)
Cash transferred on activities transferred out – machinery of government changes	4	(88,407)	-
Net cash flows from/(used in) financing activities		(90,745)	(2,179)
Net increase/(decrease) in cash and cash equivalents		(55,582)	55,859
Cash and cash equivalents at the beginning of financial year		108,199	52,340
Cash and cash equivalents at the end of financial year	7.3	52,617	108,199

The cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial statements

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Note 1. About this report

These annual Financial statements represent the audited general purpose Financial statements for the VBA as an individual reporting entity and includes the Building Appeals Board (BAB) and the Building Practitioners Board (BPB) run-off period, involving the finalisation of existing matters, for the financial year ended 30 June 2021. The Financial statements reflect the trading results of the former Cladding Safety Victoria (CSV) business unit until CSV was established as a separate entity on 1 December 2020, and its net assets were transferred to the new entity (see Note 4. for further details).

The VBA is a statutory authority established on 1 July 2013 under the *Building and Planning Legislation Amendment Act 2013* incorporating the former Building Commission and Plumbing Industry Commission.

Its principal address is:
Victorian Building Authority
733 Bourke Street
Melbourne VIC 3000

A description of the nature of the VBA's operations and its principal activities is included in the report of operations which does not form part of these Financial statements.

Compliance information

These general-purpose Financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS), which include Interpretations issued by the Australian Accounting Standards Board (AASB). In particular, the statements are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these Financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

To gain a better understanding of the terminology used in these Financial statements, a glossary of technical terms and style conventions can be found in Notes 9.12 and 9.13.

These annual Financial statements were authorised for issue by the VBA's Chief Commissioner, Chief Executive Officer and Acting Chief Finance Officer on behalf of the Board of the VBA on 16 September 2021.

Basis of preparation

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.

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the Financial statements and estimates are disclosed in the notes.

These Financial statements are presented in Australian dollars and are prepared in accordance with the historical cost convention except for non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

COVID-19 impact on the Financial statements

The COVID-19 pandemic has had a significant impact on the economy, financial markets, consumer confidence, and business across many sectors.

The financial impact on the VBA is summarised as follows:

- The VBA's primary source of revenue, building permit levies, saw an overall decline compared to the previous year. Whilst some classes of building activity performed strongly throughout the pandemic, the increased activity did not reach the level of activity in the previous year where there was an unusual surge in building permits issued prior to cladding levy exemptions being announced.
- Performance in each of the building sectors varied. Building permit levy was impacted by lower spend in the single dwelling housing sector despite the strong activity in this sector versus the prior year, lower demand for apartments, and lower activity in the commercial office, retail and industrial sectors.

The VBA incurred COVID-19 related expenditure of \$1.82 million during the financial year.

Going concern

These Financial statements have been prepared on a going concern basis. While building permit levies and the extent of the impact on future building permit levies and other revenue remains uncertain, management continues to closely assess the trend and risks. The VBA continue to explore opportunities to improve operating cashflows.

Comparative amounts

Where the presentation or classification of items in the financial statement changes, the comparative amounts are also reclassified unless it is impractical to do so.

Note 2. Funding delivery of our services

As Victoria's principal regulator for building and plumbing, the VBA regulates for a quality-built environment in Victoria. The VBA contributes to public health, safety and amenity by overseeing compliance with regulations, legal requirements, professional standards and encouraging continuous improvement. We do so in the interests of consumers and industry participants for the benefit of all Victorians. CSV, was a business unit within the VBA until 30 November 2020, and has been established by the Victorian Government to provide support and guidance to building owners and occupants of buildings with combustible cladding, particularly where rectification work is required to reduce risks to an acceptable level. As of 1 December 2020, CSV was separated from the VBA under a restructure of administrative arrangement.

This section of the Financial statements identifies the funding sources that enable the VBA to achieve these objectives.

Structure

- 2.1 Levies, fees and fines revenue
- 2.2 Grant income
- 2.3 Interest income

Revenue and income that fund delivery of our services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.1 LEVIES, FEES AND FINES REVENUE

(\$'000)

Revenue from contracts with customers	2021	2020
Building-permit levy – general levy ^(a)	26,450	29,732
Building-permit levy – DBDRV levy ^(b)	13,307	14,999
Building-practitioner registration fees ^(c)	4,547	4,345
Building-corporate registration fees ^(d)	1,571	1,653
Building-prosecutions and inquiry fines ^(e)	840	613
Building-owner builder certification fees ^(f)	526	474
Building-modifications and appeals (BAB services) fees ^(g)	125	225
Cladding rectification levy ^(h)	20,351	19,304
Plumbing-compliance certificates fees ⁽ⁱ⁾	16,054	15,141
Plumbing-registration and licence fees ^(j)	5,910	5,661
Plumbing-examination fees ^(k)	228	404
Plumbing-prosecutions and inquiry fines ^(l)	292	81
Total building levies, fees and fines revenue	90,201	92,632

Notes:

(a) Building permit levy – general levy

The general building permit levy is calculated based on 0.064 cents in the dollar of the cost of building work for which a building permit is sought. Building permit levy – general levy revenue is brought to account upon issue of the building permit number (i.e. at point in time).

(b) Building permit levy – DBDRV levy

The Domestic Building Dispute Resolution Victoria (DBDRV) building permit levy is calculated based on 0.064 cents in the dollar of the cost of building work for which a building permit is sought and funds the DBDRV functions under the 'Domestic Building Contracts Act 1995'. The amount disclosed represents the VBA's share of the DBDRV levy. Consumer Affairs Victoria (CAV) is also legally entitled to a portion of the levy. Building permit levy – DBDRV levy revenue is brought to account upon issue of the building permit number (i.e. at point in time).

(c) Building-practitioner registration fees

Yearly registration renewal fees received throughout the year are recognised as revenue on a pro-rata basis. Registration fees received relating to the subsequent year are recognised at year-end as contract liabilities (i.e. over time). This amount disclosed represents the net amount of VBA share after 50 per cent of the total building-practitioner registration fees being allocated to the DBDRV to fund its functions under the 'Domestic Building Contracts Act 1995'. CAV is also legally entitled to a portion of the income.

- (d) *Building-corporate registration fees*
Yearly registration renewal fees received throughout the year are recognised as revenue on a pro-rata basis. Registration fees received relating to the subsequent year are recognised at year-end as contract liabilities (i.e. over time). This amount disclosed represents the net amount of VBA share after 50 per cent of the building corporate registration fees being allocated to the DBDRV to fund its functions under the 'Domestic Building Contracts Act 1995'. CAV is also legally entitled to a portion of the income.
- (e) *Building-prosecutions and inquiry fines*
Prosecutions and inquiry fines represent prosecution fines and costs payable to the VBA as a result of legal action taken by the VBA against building practitioners in the Magistrates' Court of Victoria and County Court of Victoria. The amount is recognised when the fines are issued (i.e. at point in time).
- (f) *Building-owner-builder certification fees*
Owner-builder certification fees received are recognised upon receipt of the application for certification (i.e. at point in time).
- (g) *Building-Modifications and appeals fees*
(BAB services) Modifications and appeals fees received are recognised as revenue upon receipt (i.e. at point in time).
- (h) *Cladding rectification levy*
The cladding rectification levy came into effect on 1 January 2020 and is calculated based on the rates and cost of building works for which a building permit number is sought. The cladding rectification levy applies to Building Code of Australia classes 2 to 8 building works located in the metropolitan area that are \$0.8 million or more. Cladding rectification levy revenue is brought to account upon issue of the building permit number (i.e. at point in time). Building works on Commonwealth Crown Land retain the current exemption from any building permit levy, including the cladding rectification levy.
- (i) *Plumbing-compliance certificates fees*
Compliance certificates fees received are recognised upon receipt of the application for certification (i.e. at point in time).
- (j) *Plumbing-registration and licence fees*
Plumbing registration fees are for a triennium ending three years from the date paid. Fees received are recognised as revenue on a pro-rata basis. Plumbing registration fees received relating to the subsequent years are recognised at year-end as contract liabilities (i.e. over time). Annual licence renewal fees received throughout the year are recognised as revenue on a pro-rata basis. Licence fees received relating to the subsequent year are recognised at year-end as contract liabilities (i.e. over time).
- (k) *Plumbing-examination fees*
Plumbing examination fees are recognised as revenue upon receipt (i.e. at point in time).
- (l) *Plumbing-prosecutions and inquiry fines*
Prosecutions and inquiry fines represent prosecution fines and costs payable to the VBA as a result of legal action taken by the VBA against plumbing practitioners in the Magistrates' Court of Victoria and County Court of Victoria. The amount is recognised when the fines are issued (i.e. at point in time).

AASB 15 Revenue from contracts with customers

Performance obligations and revenue recognition policies

The core principle of AASB 15 is, an entity recognises revenue at the point in time when control of a good or service transfers to the customer, for an amount that reflects the consideration the entity expects to be entitled in exchange for those goods when, or as, the performance obligations for the sale of goods and services to the customer are satisfied. Revenue is also recognised over time when the customer simultaneously receives and consumes the services as it is provided. For contracts that permit the customer to request a refund, the revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on historical data. For consideration received in advance of recognising the associated revenue from the customer, it is recorded as a contract liability i.e. deferred revenue.

Application of AASB 15

Levies, fees and fines are transactions that the VBA has determined to be classified as revenue from contracts with customers in accordance with AASB 15, specifically, VBA has applied the exemption available under paragraph Aus 8.1 and Aus 8.3 and has treated levy as licences and not taxes, in line with AASB 15. The VBA's levies, fees and fines revenue is recognised as and when the enforceable rights and obligations between the VBA and applicants arise from statutory requirements even though no contractual relationship exists. The service is delivered to its customers i.e. applicants, and is measured as the amount the VBA expects to be entitled to. Any fee waivers or refunds arising are recognised as a reduction in the amount of revenue recognised. Where revenue has been received for services to be delivered in the following years, these amounts are deferred as a contract liability, refer Note 6.3.

2.2 GRANT INCOME

In the financial year ended 30 June 2021, the Department of Environment, Land, Water and Planning (DELWP) provided grants of \$48.99 million (2020: \$53.77 million) to enable the VBA to conduct a statewide audit of buildings with combustible cladding, to increase its inspection and enforcement regime, and continue to support cladding rectification.

(\$'000)

	2021	2020
DELWP		
Statewide Cladding Audit	8,540	9,540
Inspections and enforcement	4,450	4,450
CSV cladding rectification	35,634	39,420
Energy efficiency audit	105	363
7 Star policy and program support	266	-
	48,995	53,773
Non-DELWP		
Better approvals for regulators program	518	-
Total grant income	49,513	53,773

AASB 1058 Income of not-for-profit entities and interpretation

AASB 1058 Income of not-for-profit entities clarifies the income recognition requirements that apply to not-for-profit entities. Under the AASB 1058 income recognition model, the entity first determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'. This occurs where grants and contracts do not contain performance obligations that are sufficiently specific, as a result income is recognised when VBA has an unconditional right to receive cash which usually coincides with receipt of cash, in accordance with AASB 1058.

Application of AASB 1058

As the existing VBA grants are non-enforceable and there is no performance obligation sufficiently specific, the VBA recognises its grant income under Note 2.2 on receipts, in accordance with AASB 1058.

2.3 INTEREST INCOME

(\$'000)

	2021	2020
Interest on bank deposits and investments	341	566
Total interest income	341	566

Interest income includes interest received on bank deposits and central banking system deposits. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Note 3. The cost of delivering services

This section provides an account of the expenses incurred by the VBA in delivering services. In section 2, the funds that enable the provision of services were disclosed and in this note the costs associated with provision of services are recorded.

Structure

- 3.1 Employee costs
- 3.2 Other operating expenses
- 3.3 Grant payments

3.1 EMPLOYEE COSTS

(\$'000)

	Notes	2021	2020
Salaries and wages, annual leave and long service leave		58,576	52,104
Superannuation expense – defined contribution and benefit	3.1.2	5,011	4,117
Staff-related expenses		1,500	1,229
FBT		51	93
External staff		13,965	10,557
Total employee costs		79,103	68,100

Employee expenses include all costs related to employment including wages and salaries, fringe benefit tax, leave entitlements, termination payments and WorkCover premiums.

Staff-related expenses includes other costs related to employment including recruitment, training, study assistance and learning and development.

The amount recognised in the comprehensive operating statement in relation to superannuation corresponds to employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The VBA does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual Financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the state as the sponsoring employer).

3.1.1 EMPLOYEE-RELATED PROVISIONS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

(\$'000)

	2021	2020
Current provisions		
Annual leave		
Unconditional and expected to settle within 12 months	1,048	1,233
Unconditional and expected to settle after 12 months	3,189	2,801
Long service leave		
Unconditional and expected to settle within 12 months	221	225
Unconditional and expected to settle after 12 months	2,240	2,696
Provisions for on-costs		
Unconditional and expected to settle within 12 months	215	237
Unconditional and expected to settle after 12 months	930	906
Total current provisions	7,843	8,098
Non-current provisions		
Employee benefits	1,457	1,254
On-costs	257	211
Total non-current provisions	1,714	1,465
Total provisions	9,557	9,563

Reconciliation of movement in on-cost provision

(\$'000)

	2021
Opening balance	1,354
Additional provisions recognised	662
Additions due to transfer in	13
Reductions arising from removal of obligation	(12)
Reductions arising from payments/other sacrifices of future economic benefits	(627)
Unwind of discount and effect of changes in the discount rate	12
Closing balance	1,402
Current	1,145
Non-current	257

Wages and salaries, annual leave and sick leave:

Liability for wages and salaries (including non-monetary benefits, annual leave and on-costs), is recognised as part of the employee benefits provision as 'current liabilities', because the VBA does not have an unconditional right to defer settlement of these liabilities.

The liability for salaries and wages is recognised in the balance sheet at remuneration rates which are current at the reporting date. As the VBA expects the liabilities to be wholly settled within 12 months of the reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the VBA does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised as it is taken.

The provision for employee benefits includes the following labour on-costs; superannuation, payroll tax and WorkCover.

Unconditional long service leave is disclosed as a current liability; even where the VBA 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 long service leave liability are measured at:

- undiscounted value – if the VBA expects to wholly settle within 12 months
- present value – if the VBA does not expect to wholly settle within 12 months.

Conditional long service leave 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 long service leave is measured at present value.

Any gain or loss following revaluation of the present value of non-current long service leave 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' in the net result.

3.1.2 SUPERANNUATION CONTRIBUTIONS

Employees of the VBA are entitled to receive superannuation benefits and the VBA contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

The defined benefit liability is recognised by the DTF as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the VBA.

(\$'000)

	2021	2020
Defined benefit plans:		
State Superannuation Fund	21	6
Defined contribution plans:		
VicSuper	1,770	1,672
Other	3,220	2,439
Total	5,011	4,117

Note:

The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

3.2 OTHER OPERATING EXPENSES

(\$'000)

	2021	2020
Supplies and services:		
Accommodation and utilities	1,829	2,095
Payment to DELWP for building policy	1,681	1,475
Legal fees	1,711	1,982
Technical contractors (panels)	588	413
IT services and records management expenses	4,905	2,369
Consultants ^(a)	15,042	8,945
General office expenses	2,551	2,010
Printing and stationery	707	803
Motor vehicles and travel expenses	239	610
Insurance premiums	2,055	1,745
Regulatory events, seminars and meetings	119	167
External audit fees	67	62
Internal audit fees	265	337
Short term lease rental expense	4	41
Low value assets lease expense	-	11
Minor assets	251	634
Total other operating expenses	32,014	23,699

Note:

(a) Includes CSV expenditure of \$10.58 million (2020: \$5.67 million).

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed. The following lease payments are recognised on a straight line basis:

- Short term leases – leases with a term less than 12 months
- Low value leases – leases where the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date) are recognised in the period in which the event or condition that triggers them occurs.

3.3 GRANT PAYMENTS

(\$'000)

	2021	2020
Australian Building Codes Board	1,043	1,304
CSV grant payments to owners corporations	5,661	932
Total grant payments	6,704	2,236

Grant payments are contributions of the VBA's resources to another party for specific purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grant payments can be specific purpose which are paid for a particular purpose and/or have conditions attached regarding their use.

Grant payments are recognised as an expense when they are paid or become payable.

Note 4. Restructure of administrative arrangements

In accordance with FRD 119A, DELWP being the portfolio department for VBA, CSV, was the conduit of transfer of capital to the newly formed entity CSV, as a result of the *Cladding Safety Victoria Bill 2020* which was passed on 4 November 2020, under which CSV was established as a separate body corporate and transferred the responsibility for overseeing the rectification program from VBA. This transfer was completed on 1 December 2020.

The net assets transferred were accounted through issued capital.

(\$'000)

The following assets and liabilities were transferred to CSV as at 1 December 2020:	
Assets	
Cash	88,407
Other financial assets	20
Property, plant and equipment	434
Work in progress includes intangibles	608
Right of use assets	1,524
Total assets	90,993
Liabilities	
Employee benefits	(940)
Other liabilities	(4,648)
Leased liabilities	(1,795)
Total liabilities	(7,383)
Net assets transferred	(83,610)

(\$'000)

The comprehensive result for the period ended 1 July 2020 to 30 November 2020:	
Cladding levy revenue	20,351
Grant Income	35,633
Total revenue and income	55,984
Total expenses	21,901
Comprehensive result	34,083

Note 5. Key assets available to support output delivery

The VBA controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the VBA to be utilised for delivery of those outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 8.3 in connection with how those fair values were determined.

Structure

- 5.1 Property, plant and equipment
- 5.2 Intangible assets
- 5.3 Depreciation and amortisation

5.1 PROPERTY, PLANT AND EQUIPMENT

(\$'000)

	Gross carrying amount	Accumulated depreciation	Net carrying amount
2021			
Land at fair value	910	-	910
Buildings at fair value	680	-	680
Buildings-right-of-use at fair value	11,472	(5,272)	6,200
Plant, equipment and motor vehicles at fair value	7,946	(5,649)	2,297
Plant, equipment and motor vehicles-right-of-use at fair value	321	(78)	243
	21,329	(10,999)	10,330
2020			
Land at fair value	946	-	946
Buildings at fair value	655	(26)	629
Buildings-right-of-use at fair value	13,338	(3,182)	10,156
Plant, equipment and motor vehicles at fair value	8,751	(5,311)	3,440
Plant, equipment and motor vehicles-right-of-use at fair value	116	(29)	87
	23,806	(8,548)	15,258

A full valuation of VBA's land and buildings was performed by the Valuer-General Victoria (VGV) as at 30 June 2021. Land and Buildings are recognised at fair value per the Valuer-General Victoria (VGV) as at 30 June 2021.

5.1 (a) TOTAL RIGHT-OF-USE ASSETS: BUILDINGS, PLANT, EQUIPMENT AND VEHICLES

The following tables are subsets of buildings, plant and equipment by right-of-use assets.

(\$'000)

	Gross carrying amount	Accumulated depreciation	Net carrying amount
2021			
Building – right-of-use	11,472	(5,272)	6,200
Plant, equipment and vehicles-right-of-use	321	(78)	243
Net carrying amount	11,793	(5,350)	6,443
2020			
Building – right-of-use	13,155	(2,999)	10,156
Plant, equipment and vehicles-right-of-use	116	(29)	87
Net carrying amount	13,271	(3,028)	10,243

(\$'000)

	Buildings at fair value	Plant, equipment and vehicles at fair value
Opening balance – 1 July 2020	10,156	87
Additions	-	259
Disposals	-	(26)
Revaluations	-	-
Machinery of government – transfer out	(1,524)	-
Reclassification	(30)	(14)
Depreciation	(2,402)	(63)
Closing balance – 30 June 2021	6,200	243
Opening balance – 1 July 2019 ^(a)	11,289	-
Additions	1,866	116
Disposals	-	-
Depreciation	(2,999)	(29)
Closing balance – 30 June 2020	10,156	87

Note::

(a) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 along with the transfer from finance lease assets (recognised under AASB 117 at 30 June 2019) to right-of-use assets (recognised under AASB 16 at 1 July 2019), and leasehold improvements net carrying amount of \$151,000.

Initial recognition: Items of property, plant and equipment (PPE) are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of restructure of administrative arrangement are transferred at their carrying amount.

Right-of-use asset acquired by lessee initial recognition and measurement

The VBA recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date
- any initial direct costs incurred
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Subsequent measurement: PPE as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised in Note 5.11 by asset category. In addition, for right-of-use assets, the net present value of the remaining lease payments is often the appropriate proxy for fair value of relevant right-of-use assets.

VBA depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation as required by Financial Reporting Direction (FRD) 103I *Non-Financial Physical Assets*. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Non-specialised land and non-specialised buildings are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria (VGV) to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation was 30 June 2021.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

A full revaluation of VBA's land and buildings was performed by the Valuer-General Victoria (VGV) as at 30 June 2021 in accordance with the requirements of FRD 103I. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2021.

For all assets measured at fair value, the current use is considered the highest and best use.

Vehicles are valued using the current replacement cost method and the associated depreciation is adjusted. The VBA acquires new vehicles and at times disposes of them before the end of their economic life. Refer to Note 5.3 for relevant depreciation rates.

Refer to Note 8.3 for additional information on fair value determination of property, plant and equipment.

5.1.1 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT

(\$'000)

	Land at fair value	Buildings at fair value	Plant, equipment and motor vehicles	Total
2021				
Balance at the beginning of the year	946	10,785	3,527	15,258
Additions	-	-	815	815
Disposals/retirements	-	-	(187)	(187)
Revaluations ^(a)	(36)	76	-	40
Machinery of government – transfer out	-	(1,524)	(434)	(1,958)
Reclassification	-	(30)	(25)	(55)
Depreciation	-	(2,427)	(1,156)	(3,583)
Balance at the end of the year	910	6,880	2,540	10,330
2020				
Balance at the beginning of the year	946	11,944	2,774	15,664
Additions	-	1,866	1,831	3,697
Disposals/retirements	-	-	(111)	(111)
Revaluations	-	-	-	-
Depreciation	-	(3,025)	(967)	(3,992)
Balance at the end of the year	946	10,785	3,527	15,258

Note:

(a) A full valuation of VBA's land and buildings was performed by the Valuer-General Victoria (VGV) as at 30 June 2021. Land and Buildings are recognised at fair value per the Valuer-General Victoria (VGV) valuation as at 30 June 2021.

5.2 INTANGIBLE ASSETS

(\$'000)

Computer software		
	2021	2020
Net carrying amount		
Balance at the beginning of the year	7,138	7,419
Additions	2,389	1,418
Machinery of government – transfer out	(608)	-
Amortisation	(1,492)	(1,699)
Balance at the end of the year	7,427	7,138

Initial recognition

Intangible assets include purchased and internally generated intangible assets, and are initially recognised at cost when the recognition criteria in AASB 138 Intangible Assets is met. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. 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.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale
- (b) an intention to complete the intangible asset and use or sell it
- (c) the ability to use or sell the intangible asset
- (d) the intangible asset will generate probable future economic benefits
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of between three and seven years.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

Significant intangible assets

The VBA has capitalised software development expenditure for the development of its Building Activity Management System. The carrying amount of the capitalised software development expenditure is \$3.5 million (2020: \$3.5 million). Its useful life is seven years and will be fully amortised in 2026.

5.3 DEPRECIATION AND AMORTISATION

(\$'000)

	Notes	2021	2020
Buildings	5.11	2,427	3,025
Plant, equipment and motor vehicles	5.11	1,156	967
Intangibles (amortisation)	5.2	1,492	1,699
Total depreciation and amortisation		5,075	5,691

All buildings, plant and equipment and other non-financial physical assets, other than land, that have finite useful lives are depreciated.

Depreciation is 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. Estimated useful lives for the different asset classes for current and prior years are as follows:

Asset	Useful life
Buildings	40 years
Buildings – right-of-use	5 years
Motor vehicles owned	3 to 5 years
Motor vehicles – right-of-use	3 to 6 years
IT equipment	3 years
Office machines and equipment	10 years
Software and intangibles	3 to 7 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Indefinite life assets: Land that is considered to have an indefinite life is not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment of property, plant and equipment: The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB136 *Fair Value Measurement*, with the consequence that AASB136 does not apply to such assets that are regularly revalued.

The assets concerned are tested as to whether their carrying value exceeds their 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 it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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.

Note 6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the VBA's controlled operations.

Structure

- 6.1 Receivables
- 6.2 Payables
- 6.3 Contract liabilities
- 6.4 Other provisions
- 6.5 Other non-financial assets
- 6.6 Other liabilities
- 6.7 Maturity analysis of contractual financial liabilities and other liabilities

6.1 RECEIVABLES

(\$'000)

	Notes	2021	2020
Contractual			
Plumbing inspections		38	16
Other sundry receivables		289	283
Total contractual receivables		327	299
Statutory			
Building Practitioner Board fines and costs		2,304	1,880
Other sundry receivables		577	385
GST input tax credit recoverable		916	1,212
Total statutory receivables		3,797	3,477
Allowance for impairment losses of receivables	8.1.3	(2,615)	(2,217)
Total receivables		1,509	1,559
Represented by			
Current receivables		1,509	1,559

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The VBA holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measures at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. The VBA applies AASB 9 *Financial Instruments* for initial measurement of the statutory receivables. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about the VBA's impairment policies, the VBA's exposure to credit risk, and the calculation of the loss allowance are set out in Note 8.1.3.

6.2 PAYABLES

(\$'000)

	2021	2020
Contractual		
Supplies and services	7,906	5,765
Cladding rectification levy payable to CSV	8,743	-
Total contractual payables	16,649	5,765
Statutory		
Fringe Benefits Tax payable	18	27
Other taxes payable	(351)	221
Total statutory payables	(333)	248
Total payables	16,316	6,013
Represented by		
Current payables	16,316	6,013
Non-current payables	-	-

Contractual payables include accounts payable. Accounts payable represent liabilities for unpaid goods and services provided to the VBA prior to the end of the financial year and are measured at amortised cost. They arise when the VBA becomes obliged to make future payments in respect of the purchase of those goods and services.

Statutory payables include payables such as Fringe Benefits Tax and other taxes payable. These are recognised and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. For post COVID-19 restrictions, suppliers' payments terms were 10 business days in accordance with government policy.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements. As they are not legislative payables, they are not classified as financial instruments.

6.3 CONTRACT LIABILITIES

(\$'000)

	2021	2020
Opening balance brought forward	6,955	6,676
Add: Payments received from performance obligations yet to be completed during the period	10,666	11,204
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(10,536)	(10,925)
Total contract liabilities	7,085	6,955
Represented by		
Current contract liabilities	5,758	5,691
Non-current contract liabilities	1,327	1,264

Contract liabilities (deferred revenue) represent consideration received in advance from customers as follows:

Practitioner registration fees (building and plumbing) and licence fees (plumbing) and building permit levy

Yearly registration and licence renewal fees received throughout the year are recognised as revenue on a pro-rata basis. Plumbing registration is recognised over a period of three years from the date paid. Registration and licence renewal fees received relating to the subsequent years are recognised at year-end as contract liabilities. Building permit levies received, relating to 1 July 2021, are recognised at year-end as contract liabilities.

6.4 OTHER PROVISIONS

(\$'000)

	2021	2020
Current provisions		
Onerous contracts	936	936
Total current other provisions	936	936
Non-current provisions		
Make-good provision	662	650
Total non-current other provisions	662	650
Total other provisions	1,598	1,586

Other provisions are recognised when the VBA 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time, value of money and risks specific to the provision.

Reconciliation of movements in other provisions

(\$'000)

	Make-good	Onerous contracts	Total
2021			
Opening balance	650	936	1,586
Additional provisions recognised	12	-	12
Closing balance	662	936	1,598
Current	-	936	936
Non-current	662	-	662
Total other provisions	662	936	1,598

When some or all the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

Make-good provision

Under the Goods Shed North lease agreement, the VBA agreed to bring the leased property back to its original condition, requiring future costs to dismantle and remove the office fit-out at the end of the lease. Under AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the VBA has recognised this liability at the commencement of the lease, rather than at the end of the lease when the make-good work will be done.

Onerous contracts:

An onerous contract is considered to exist when the unavoidable cost of meeting the contractual obligations exceeds the estimated economic benefits to be received. Provision is made to account for obligations arising from onerous contractual conditions.

6.5 OTHER NON-FINANCIAL ASSETS

(\$'000)

	2021	2020
Current other assets		
Prepayments	1,380	764
Total current other assets	1,380	764
Total other non-financial assets	1,380	764

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

6.6 OTHER LIABILITIES

(\$'000)

	2021	2020
Domestic building list clearing	762	399
HIH clearing	8	8
DBDRV clearing	2,598	1,814
Unclaimed monies	9	11
Total other liabilities	3,377	2,232

6.7 MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES AND OTHER LIABILITIES^(a)

(\$'000)

2021	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months – 1 year	1–5 years
Payables ^(b)						
Supplies and services	16,649	16,649	16,484	235	(70)	-
Security deposits ^(c)	2,491	2,491	-	-	-	2,491
Amounts payable to government and agencies	3,377	3,377	3,377	-	-	-
Total	22,517	22,517	19,861	235	(70)	2,491
2020	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months – 1 year	1–5 years
Payables ^(b)						
Supplies and services	5,765	5,765	5,783	(31)	13	-
Security deposits ^(c)	2,374	2,374	-	-	-	2,374
Amounts payable to government and agencies	2,232	2,232	2,232	-	-	-
Total	10,371	10,371	8,015	(31)	13	2,374

Note:

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

(b) The carrying amounts disclosed exclude statutory amounts (for example, GST payables).

(c) Security deposits are bonds paid by consumers for relocatable homes. Building permits lapse after two years so it is expected deposits are refunded within the two-year period. However, building permits can be extended for completion of work, and there are instances of work taking an extended period of time to reach completion.

Note 7. How we financed our operations

This section provides information on the sources of finance utilised by the VBA during its operations, along with interest expenses and other information related to financing activities of the VBA.

This section includes disclosures of balances that are financial instruments (such as interest-bearing liabilities and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosures.

Structure

- 7.1 Interest-bearing liabilities
- 7.2 Leases
- 7.3 Cashflow information and balances
- 7.4 Commitments for expenditure

7.1 INTEREST-BEARING LIABILITIES

(\$'000)

	2021	2020
Current interest-bearing liabilities		
Lease liabilities ^(a)	1,883	2,441
Total current interest-bearing liabilities	1,883	2,441
Non-current interest-bearing liabilities		
Lease liabilities ^(a)	5,007	8,070
Total non-current interest-bearing liabilities	5,007	8,070
Total interest-bearing liabilities	6,890	10,511

Note:

(a) Secured by the assets leased. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

All interest-bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the VBA has categorised its interest-bearing liabilities as financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest-bearing liabilities. The VBA determines the classification of its interest-bearing liabilities at initial recognition.

Maturity analysis of interest-bearing liabilities

(\$'000)

2021	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1–3 months	3 months – 1 year	1–5 years
Lease liabilities	6,890	7,197	171	341	1,534	5,151
Total	6,890	7,197	171	341	1,534	5,151
2020	Carrying amount	Nominal amount	Less than 1 month	1–3 months	3 months – 1 year	1–5 years
Lease liabilities	10,511	11,205	277	555	2,497	7,876
Total	10,511	11,205	277	555	2,497	7,876

7.2 LEASES

The VBA leases various properties and motor vehicles. The properties' lease contracts are typically made for fixed periods of five years with an option to review the lease after that date. Lease payments are renegotiated every five year to reflect market rentals. The motor vehicles lease contracts with Vicfleet are made for fixed period between three to six years.

7.2.1 RIGHT-OF-USE-ASSETS

Right-of-use assets are presented in Note 5.1(a).

7.2.2 AMOUNTS RECOGNISED IN THE COMPREHENSIVE OPERATING STATEMENT

The following amounts are recognised in the comprehensive operating statement relating to leases:

(\$'000)

	2021	2020
Interest expense on lease liabilities	276	387
Expenses relating to short term leases	4	41
Expenses relating to leases of low value assets	-	11
Total amount recognised in the comprehensive operating statement	280	439

7.2.3 AMOUNTS RECOGNISED IN THE CASHFLOWS STATEMENT

The following amounts are recognised in the cashflows statement for the year ending 30 June 2021 relating to leases.

(\$'000)

	2021	2020
Total cash outflow for leases	2,338	2,179

For any new contracts entered into, the VBA considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the VBA assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the VBA and for which the supplier does not have substantive substitution rights
- the VBA has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the VBA has the right to direct the use of the identified asset throughout the period of use
- the VBA has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee

Lease liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable, or the VBA incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amount expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest accrued. It is remeasured to reflect any reassessment or modification, or if there are changes in subsequent fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or the comprehensive operating statement if the right of use asset is already reduced to zero.

Short-term leases and leases of low value assets

The VBA has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

The VBA presents right-of-use assets as building and 'motor vehicles' unless they meet the definition of investment property, in which case they are disclosed 'investment property' in the balance sheet. Lease liabilities are presented as 'Interest bearing liabilities' in the balance sheet.

7.3 CASH AND DEPOSITS

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

(\$'000)

	2021	2020
Total cash and deposits disclosed in balance sheet	52,617	108,199
Total cash and deposits	52,617	108,199

7.3.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

(\$'000)

	2021	2020
Net result for the year	15,835	46,526
Non-cash movements		
Depreciation and amortisation of non-current assets	5,075	5,691
Net gain/(loss) on disposal of property, plant and equipment	(1)	(111)
Movements in assets and liabilities:		
(Increase)/decrease in receivables	50	4,126
Increase)/decrease in prepayments	(637)	1,191
Increase/(decrease) in contract liabilities	129	280
Increase/(decrease) in payables	16,910	915
Increase/(decrease) in provisions	933	2,439
Net cash flows from operating activities	38,294	61,057

Restructuring of administrative arrangements: The cash transferred related to CSV is reflected as part of the financing activities in the cash flow statement.

7.3.2 NON-CASH INVESTING AND FINANCING ACTIVITIES

(\$'000)

	2021	2020
Additions to the right-of-use assets	-	1,866
Transfer out leases to CSV	(1,795)	-
Total non-cash investing and financial activities	(1,795)	1,866

7.4 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(\$'000)

Nominal amounts 2021	Less than 1 year	1–5 years	5+ Years	Total
Capital expenditure commitments payable	-	-	-	-
Other commitments payable	-	-	-	-
Total commitments (inclusive of GST)	-	-	-	-
Less: GST recoverable	-	-	-	-
Total commitment (exclusive of GST)	-	-	-	-

Nominal amounts 2020	Less than 1 year	1–5 years	5+ Years	Total
Capital expenditure commitments payable	-	-	-	-
Operating and lease commitments payable ^(a)	15,727	550	-	16,277
Total commitments (inclusive of GST)	15,727	550	-	16,277
Less: GST recoverable	(1,430)	(50)	-	(1,480)
Total commitment (exclusive of GST)	14,297	500	-	14,797

Note:

(a) Other commitments payable less than one year noted above in FY20 were related to the CSV cladding rectification program.

Note 8. Risks, contingencies and valuation judgements

The VBA is exposed to risk from its activities and external factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the Financial statements. This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the VBA related mainly to fair value determination.

Structure

- 8.1 Financial instruments specific disclosures
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination

8.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the VBA's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132.

Categories of financial assets Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the VBA to collect the contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

The VBA recognised the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables).

Categories of financial liabilities Financial liabilities at amortised cost

Are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the comprehensive operating statement over the period of the interest-bearing liability, using the effective interest rate method. The VBA recognises the following liabilities in this category:

- payables (excluding statutory payables)
- interest-bearing liabilities
- security deposits.

Derecognition of financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the VBA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the VBA has transferred its rights to receive cash flows from the asset and either–
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the VBA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the VBA's continuing involvement in the asset.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

The carrying amounts of the VBA's contractual financial assets and financial liabilities by category as follows:

8.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

(\$'000)

	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2021				
Contractual financial assets				
Cash and deposits	52,617	-	-	52,617
Receivables ^(a)	-	327	-	327
Total contractual financial assets	52,617	327	-	52,944
Contractual financial liabilities				
Payables	-	-	16,649	16,649
Amounts payable to government and agencies	-	-	3,377	3,377
Interest-bearing liabilities	-	-	6,890	6,890
Security deposits	-	-	2,491	2,491
Total contractual financial liabilities	-	-	29,407	29,407

(\$'000)

	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2020				
Contractual financial assets				
Cash and deposits	108,199	-	-	108,199
Receivables ^(a)	-	299	-	299
Total contractual financial assets	108,199	299	-	108,498
Contractual financial liabilities				
Payables	-	-	5,765	5,765
Amounts payable to government and agencies	-	-	2,232	2,232
Interest-bearing liabilities	-	-	10,511	10,511
Security deposits	-	-	2,374	2,374
Total contractual financial liabilities	-	-	20,882	20,882

Note:

(a) The total amounts disclosed here exclude statutory amounts (for example, amounts owing from statutory levies and GST input tax credit recoverable and taxes payables).

8.1.2 FINANCIAL INSTRUMENTS – NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

(\$'000)

	Net holding gain/(loss)		Total interest income/(expense)		Total	
	2021	2020	2021	2020	2021	2020
Contractual financial assets						
Cash and deposits	-	-	341	566	341	566
Impairment of receivables ^(a)	-	-	-	-	-	-
Total contractual financial assets	-	-	341	566	341	566
Contractual financial liabilities						
Interest-bearing liabilities	-	-	(276)	(387)	(276)	(387)
Total contractual financial liabilities	-	-	(276)	(387)	(276)	(387)

Note

(a) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

8.1.3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The VBA's principal financial instruments comprise cash assets, receivables (excluding statutory receivables), payables (excluding statutory payables) and lease liabilities. 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, with respect to each class of financial asset, financial liability and equity instrument above, are disclosed in Note 8.1.

The main purpose in holding financial instruments is to prudently manage the VBA's financial risk within government policy parameters. The VBA uses different methods to measure and manage the risk to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Board.

The VBA's main financial risk is cash flow interest rate risk. The VBA does not enter into derivative financial instruments to manage exposure to interest rate risk.

Financial instruments – Credit risk

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

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

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

Provision for impairment of contractual financial assets is recognised when there is objective evidence that the VBA will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transactions expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Currently, the VBA 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.

Credit quality of contractual financial assets that are neither past due nor impaired

(\$'000)

2021	Financial institutions (A+ credit rating)	Government agencies (triple-A credit rating)	Other (min triple-B credit rating)	Total
Cash and deposits	52,617	-	-	52,617
Receivables ^(a)	-	-	327	327
Total contractual financial assets	52,617	-	327	52,944

2020	Financial institutions (AA – credit rating)	Government agencies (triple-A credit rating)	Other (min triple-B credit rating)	Total
Cash and deposits	108,199	-	-	108,199
Receivables ^(a)	-	-	299	299
Total contractual financial liabilities	108,199	-	299	108,498

Note:

^(a) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.**Impairment of financial assets under AASB 9**

VBA records the allowance for expected credit loss (ECL) for the relevant financial instruments applying the AASB 9 ECL approach. AASB 9 impairment assessment includes the VBA's contractual receivables, statutory receivables and its investment in debt instruments.

Other financial assets mandatorily measured or designated at fair value through the net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was nil.

Contractual receivables at amortised cost

VBA applies the AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about the risk of default and expected loss rates. The VBA has grouped contractual receivables on shared credit risk characteristics and days past due and selected the expected credit loss rate based on the VBA's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year. The impact of COVID-19 does not have a material effect on estimates included in calculation, such as provision and expected credit loss.

On this basis, the VBA determines the closing loss allowance at the end of the financial year as follows:

(\$'000)

30 June 2021	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate	12%	12%	13%	14%	100%	
Gross carrying amount of contractual receivables	306	136	57	208	2,524	3,231
Loss allowance	37	17	8	29	2,524	2,615
30 June 2020	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate	18%	20%	21%	23%	100%	
Gross carrying amount of contractual receivables	11	134	28	371	2,096	2,640
Loss allowance	2	27	6	86	2,096	2,217

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

(\$'000)

	2021	2020
Balance at beginning of the year	(2,217)	(1,718)
Increase in provision recognised in the net result	(398)	(499)
Balance at end of the year	(2,615)	(2,217)

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment loss is classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

VBA's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Financial instruments – Liquidity risk

Liquidity risk arises when the VBA would be unable to meet its financial obligations as they fall due. The VBA operates under the Victorian Government's fair payments policy of settling financial obligations within 30 days and, in the event of a dispute, makes 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 VBA's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in the face of the balance sheet.

The VBA's exposure to liquidity risk is deemed insignificant based on its significant cash investments.

Financial instruments – Market risk

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

The carrying amount of financial assets and financial liabilities that are exposed to interest rates are disclosed under the 'Interest rate exposure of financial instruments' table below.

Financial instruments – interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The VBA does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The VBA has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

The VBA manages interest rate risk by mainly undertaking fixed rate financial instruments with relatively even maturity profiles. The VBA also holds floating rate financial instruments, such as cash at bank.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the VBA's sensitivity to interest rate risk are set out below:

Interest rate exposure of financial instruments

(\$'000)

Interest rate exposure					
2021	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits	0.35%	52,617	-	52,617	-
Receivables ^(a)	-	327	-	-	327
Total financial assets		52,944	-	52,617	327
Financial liabilities					
Payables:					
Supplies and services	-	16,649	-	-	16,649
Amounts payable to government and agencies	-	3,377	-	-	3,377
Security deposits	-	2,491	-	-	2,491
Interest-bearing liabilities:					
Lease liabilities	3.69%	6,890	6,890	-	-
Total financial liabilities		29,407	6,890	-	22,517

(\$'000)

Interest rate exposure					
2020	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits	0.5%	108,199	-	108,199	-
Receivables ^(a)	-	299	-	-	299
Total financial assets		108,498	-	108,199	299
Financial liabilities					
Payables:					
Supplies and services	-	5,765	-	-	5,765
Amounts payable to government and agencies	-	2,232	-	-	2,232
Security deposits	-	2,374	-	-	2,374
Interest-bearing liabilities:					
Lease liabilities	3.65%	10,511	10,511	-	-
Total financial liabilities		20,882	10,511	-	10,371

Note:

(a) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

Interest risk sensitivity

(\$'000)

2021	Interest rate		
	Carrying amount	-50 basis points ^(a)	+50 basis points
		Net result	Net result
Contractual financial assets			
Cash and deposits	52,617	(263)	263
Total Impact	52,617	(263)	263

2020	Interest rate		
	Carrying amount	-50 basis points ^(a)	+50 basis points
		Net result	Net result
Contractual financial assets			
Cash and deposits	108,199	(541)	541
Total impact	108,199	(541)	541

Note:

(a) To align with the current market conditions, a revised market interest rate at +/- 50 basis points was applied in the interest risk sensitivity assessment during the financial year 2021.

8.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Quantifiable contingent liabilities

(1) Quantifiable claims

(\$'000)

	2021	2020
Quantifiable claims ^(a)	1,890 to 2,823	770 to 987

Note:

(a) Quantifiable claims include those which may arise from legal proceedings and disputes. The amounts are estimates pending finalisation of cost orders.

Apart from the above, a number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided for directors and administrators; and
- unclaimed monies which may be subject to future claims by the general public against the state.

8.3 FAIR VALUE DETERMINATION

Significant judgement: Fair value measurements of assets and liabilities.

This section sets out information on how the VBA determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the VBA.

The following assets and liabilities are carried at fair value:

- land
- buildings
- plant and equipment.

In addition, the fair values of other assets and liabilities that are carried at amortised cost also need to be determined for disclosure purposes.

The VBA determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the Financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The VBA determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is the VBA's independent valuation agency. The VBA, in conjunction with Valuer-General Victoria (VGV), monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

8.3.1 FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The VBA currently holds a range of financial instruments that are recorded in the Financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full in the ordinary course of business.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables for supplies and service
Receivables	Amounts payable to government and agencies
	Interest-bearing liabilities
	Security deposits

None of the VBA's financial instruments are recorded at fair value post initial recognition.

The carrying value of those financial instruments measured at amortised cost approximates their fair value.

8.3.2 FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS

Fair value measurement hierarchy

(\$'000)

	Carrying amount	Fair value measurement at end of reporting period using:		
	as at 30 June 2021	Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Non-specialised land	910	-	910	-
Total of land at fair value	910	-	910	-
Buildings at fair value				
Non-specialised buildings	6,880	-	680	6,200
Total of buildings at fair value	6,880	-	680	6,200
Plant, equipment and vehicles at fair value	2,540	-	-	2,540
Total plant, equipment and vehicles at fair value	2,540	-	-	2,540

(\$'000)

	Carrying amount	Fair value measurement at end of reporting period using:		
	as at 30 June 2020	Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Non-specialised land	946	-	946	-
Total of land at fair value	946	-	946	-
Buildings at fair value				
Non-specialised buildings	10,785	-	629	10,156
Total of buildings at fair value	10,785	-	629	10,156
Plant, equipment and vehicles at fair value	3,527	-	-	3,527
Total plant, equipment and vehicles at fair value	3,527	-	-	3,527

Note:

(a) Classified in accordance with the fair value hierarchy. There have been no transfers between levels during the period.

Reconciliation of Level 3 fair value movements

(\$'000)

2021	Plant & equipment & vehicles	Buildings
Opening balance	3,527	10,156
Transfers in/(out) of Level 3	(434)	(1,524)
Purchases/(sales)	628	-
Depreciation	(1,156)	(2,402)
Reclassification	(25)	(30)
Impairment loss	-	-
Closing balance	2,540	6,200

(\$'000)

2020	Plant & equipment & vehicles	Buildings
Opening balance	2,774	
Adoption of AASB 16	-	11,289
Transfers in/(out) of Level 3	-	-
Purchases/(sales)	1,720	1,866
Depreciation	(967)	(2,999)
Impairment loss	-	-
Closing balance	3,527	10,156

The valuation of land and building as at 30 June 2021 represents a best estimate of the impact of COVID-19 using Information available to the valuer at the time of preparing VBA's Financial statements regarding the condition existing at the reporting date. In the event that the impact is more severely prolonged than anticipated, this may impact the fair value of the assets.

Description of significant unobservable inputs to Level 3 valuations

2020 and 2021	Valuation technique	Significant unobservable inputs
Buildings – right-of-use	Market approach	Discount rate
Motor vehicles	Depreciation replacement cost	Useful life of vehicles
Plant and equipment	Depreciation replacement cost	Useful life of plant and equipment

Significant unobservable inputs have remained unchanged since June 2020.

Note 9. Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 9.1 Other economic flows included in net result
- 9.2 Reserves
- 9.3 Responsible persons
- 9.4 Remuneration of executives
- 9.5 Related parties
- 9.6 Remuneration of auditors
- 9.7 Subsequent events
- 9.8 Australian Accounting Standards issued that are not yet effective
- 9.9 Security deposits
- 9.10 Business unit financial information – Cladding Rectification Program and Regulatory
- 9.11 Contributions by owners
- 9.12 Glossary of technical terms
- 9.13 Style conventions
- 9.14 Other accounting policies

9.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/(loss) on non-financial assets includes unrealised and realised gain/(loss) from revaluation, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

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	2021	2020
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property, plant and equipment	1	111
Total net gain/(loss) on non-financial assets	1	111

9.2 RESERVES

(\$'000)

	2021	2020
Asset revaluation surplus ^(a)		
Balance at the beginning of financial year	363	363
Revaluation increments/(decrements)	40	-
Balance at the end of financial year	403	363
Net changes in reserves	40	-

Note:

(a) The asset revaluation reserve arises on the revaluation of land and buildings. The land and buildings owned by the VBA were revalued in 2020–21. Previous revaluation was conducted in 2015–16.

9.3 RESPONSIBLE PERSONS

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

Minister	
The Hon. Richard Wynne MP, Minister for Planning	1 July 2020 – 30 June 2021
Governing Board	
Michelle McLean, Chief Commissioner	1 October 2020 – 30 June 2021
Justin Madden AM, Deputy Chief Commissioner	1 October 2020 – 30 June 2021
Justin Madden AM, Chief Commissioner	1 July 2020 – 30 September 2020
Yvonne Von Hartel AM, Commissioner	1 July 2020 – 30 June 2021
Kelly Humphreys, Commissioner	1 July 2020 – 30 June 2021
Carmel Coate, Commissioner	1 July 2020 – 30 June 2021
Dr Julia Cornwell McKean	1 July 2020 – 30 June 2021
Ross Kennedy	1 July 2020 – 30 June 2021
Anna Skreiner	1 July 2020 – 30 June 2021
Salvatore Torre	1 July 2020 – 30 June 2021
Natalie MacDonald	1 July 2020 – 19 February 2021
Accountable Officer	
Sue Eddy, CEO and Accountable Officer	1 July 2020 – 30 June 2021

Remuneration of responsible persons

The responsible persons received remuneration for the financial year ended 30 June 2021. The number of responsible persons, excluding the minister, whose total remuneration in connection with the affairs of the VBA as shown in the following bands, was:

	2021	2020
Income band (\$)	no.	no.
10,000 – 19,999	-	4
20,000 – 29,999	1	2
30,000 – 39,999	7	3
40,000 – 49,999	2	2
70,000 – 79,999	-	-
430,000 – 439,999	-	-
440,000 – 449,999	1	1
Total number of responsible persons	11	12
Total remuneration received, or due and receivable by responsible persons from the VBA services for the financial period:	805	741

9.4 REMUNERATION OF EXECUTIVES

The number of executive officers, other than ministers and the Accountable Officer, and their total remuneration during the reporting period, are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories:

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased

Other long-term benefits include long service leave, other long service benefits or deferred compensation

Termination benefits include termination of employment payments, such as severance packages.

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Remuneration of executive officers	Total remuneration	
	2021	2020
(including key management personnel (KMP) disclosed in Note 9.5)		
Short-term employee benefits	3,261	2,546
Post-employment benefits	242	303
Other long-term benefits	79	74
Termination benefits	6	212
Total remuneration	3,588	3,135
Total number of executives^(a)	14	16
Total annualised employee equivalents^(b)	8	10

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties (Note 9.5) disclosure below.

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period. Figures represent current executive officers as at 30 June 2021.

9.5 RELATED PARTIES

The VBA is a wholly owned and controlled entity of the State of Victoria.

Related parties of the VBA include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- The Minister and his close family members.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

During the financial year, the VBA had transactions with other government-controlled entities and these transactions were undertaken in the ordinary course of operations.

The VBA received grants from DELWP for \$48.99 million (2020: \$53.77 million) – refer to Note 2.2 grant income.

The VBA oversees the collection of the cladding rectification levy on behalf of CSV. The amount of cladding rectification levy payable to CSV totalling \$8.74 million (2020: \$nil) – refer to Note 6.2 Payables.

Other amount payables to government-controlled entities including Consumer Affairs Victoria's share of the building levy and domestic building practitioner registration fees of \$3.36 million and the Department's policy function support contribution of \$740,287.

The VBA made payments to other government-controlled entities for:

(\$'000)

Government-related entities	2021	2020
CSV ^(a)	34,142	-
Consumer Affairs Victoria ^(b)	16,182	19,369
Department of Environment, Land, Water and Planning ^(c)	913	1,681
Victorian Managed Insurance Authority ^(d)	2,240	115
Other departments and agencies ^(e)	2,667	2,497
Total aggregate transactions	56,144	23,662

Notes:

(a) This represents the remittance of cladding levy to CSV.

(b) This represents Consumer Affairs Victoria's share of the building levy and domestic building practitioner registration fees.

(c) Supports the policy function of the Department and other miscellaneous services

(d) Includes in the FY20-21, the insurance premium pre-paid for 2021-22 of \$nil (2020: \$115k).

(e) For the provision of goods and/or services.

Key management personnel (KMP) of the VBA include responsible persons as outlined in Note 9.3 and senior executives of the VBA as indicated below:

VBA	
Alison Byrne, Executive Director Operations	1 July 2020 – 30 June 2021
Andrew Cialini, State Building Surveyor	1 July 2020 – 30 June 2021
Karen Wild, Executive Director People and Capability	1 July 2020 – 30 June 2021
Garry Button, Chief Finance Officer	1 July 2020 – 8 December 2021
David Black, Executive Director Building System Technology	3 August 2020 – 30 June 2021
Todd Bentley, Chief Risk Officer	1 March 2021 – 30 June 2021
Ian Shinkfield, Chief Finance Officer	11 January 2021 – 30 June 2021
Cherryl Simmons, Acting Chief Finance Officer	9 December 2021 – 10 January 2021; 24 May 2021 – 30 June 2021
CSV	
Dan O'Brien, Chief Executive Officer	1 July 2020 – 30 November 2020
Jodee Cook, Chief Operating Officer	1 July 2020 – 30 November 2020
Ashley Hunt, Executive Director Program Delivery	1 July 2020 – 30 November 2020
John Kent, Director Stakeholder Engagement	1 July 2020 – 30 November 2020
Rebecca Thistleton, Director Policy and Communications	1 July 2020 – 30 November 2020
Luke Exell, Director Legal and Commercial	1 July 2020 – 30 November 2020

The compensation detailed below excludes the salaries and benefits the portfolio minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

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Compensation of KMP	2021	2020
Short-term employee benefits	4,003	3,224
Post-employment benefits	295	354
Other long-term benefits	89	86
Termination benefits	6	212
Total	4,393	3,876

Remuneration of staff who have acted in the executive position (KMP) for over two months has been included in the table above.

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of Victorian Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public, for example, stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the VBA, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

9.6 REMUNERATION OF AUDITORS

(\$'000)

	2021	2020
Victorian Auditor-General's Office		
Audit or review of the Financial statements	67	62
Total remuneration of auditors	67	62

9.7 SUBSEQUENT EVENTS

COVID-19 effects on reporting forecasts

Economic uncertainty created by the ongoing impact of COVID-19 means actual economic events and conditions in the future may be materially different from those estimated by the VBA at the reporting date. As government responses continue to evolve after the reporting date, it is challenging to reliably estimate the potential impact of the COVID-19 pandemic on the VBA, its operations, future results and financial position.

VBA enterprise agreement

The VBA enterprise agreement 2020 covers the terms and conditions of employment for all VBA employees, excluding executive officers. The VBA agreement was approved by the Fair Work Commission on 12 July 2021 and came into effect on 19 July 2021. The VBA has accounted for the post year end approval as an adjusting post balance date event by recognising the necessary backpay of \$2.11 million as part of the year end liability. No other matters or circumstances have arisen since the end of the financial year that significantly affected or may affect the operations of the VBA, its operations or the state of affairs of the VBA in future financial years.

9.8 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised Australian Accounting Standards (AAS) have been published which are not mandatory for the 30 June 2021 reporting period. DTF assesses the impact of all these new standards and advises the VBA of their applicability and early adoption where applicable.

- *AASB 2020–1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

- *AASB 2020–6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.

The standard is not expected to have a significant impact on the VBA.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2020–21 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on the VBA reporting:

- *AASB 2020–3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
- *AASB 2020–8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- *AASB 2020–9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
- *AASB 2021–2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.*

9.9 SECURITY DEPOSITS

Under section 22 of the *Building Act 1993* and regulation 323 of the *Building Regulations 2006*, the relevant building surveyor may issue a building permit with a condition that a bond or guarantee be deposited to be held by the VBA until building works are completed. Payments are recognised as a liability at the time the deposit is received by the VBA. The liability is measured at carrying value.

9.10 BUSINESS UNIT FINANCIAL INFORMATION – CLADDING RECTIFICATION PROGRAM AND REGULATORY

This note outlines the net operating result of the cladding rectification program and the regulatory business of the VBA. As disclosed in Note 4, the Cladding Rectification Program, which was transferred to a new entity CSV on 1 December 2020, contributed a surplus of \$34.083 million for the five months to 30 November 2020 to the VBA's results for the year. The regulatory operations of the VBA incurred a net deficit of \$18.248 million, which meant that the VBA as an entity reported a net surplus of \$15.835 million for the year ended 30 June 2021.

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2021	Cladding Rectification Program ^(a)	Regulatory	Total
Levy, fees and fines revenue	20,351	69,850	90,201
Grant income	35,633	13,880	49,513
Interest income	-	341	341
Other income	-	255	255
Total revenue and income	55,984	84,326	140,310
Total expenses	21,901	102,574	124,475
Comprehensive results	34,083	(18,248)	15,835
Total cash and cash equivalents at end of the year	-	52,617	52,617

Notes:

(a) This represents five monthly comprehensive result from the Cladding Rectification Program before its transfer to CSV, a new entity from 1 December 2020.

(\$'000)

2020	Cladding Rectification Program	Regulatory	Total
Levy, fees and fines revenue	19,304	73,328	92,632
Grant income	39,420	14,353	53,773
Interest income	-	566	566
Other income	-	450	450
Total revenue and income	58,724	88,697	147,421
Total expenses	14,171	86,724	100,895
Comprehensive results	44,553	1,973	46,526
Total cash and cash equivalents at end of the year	51,570	56,629	108,199

9.11 CONTRIBUTIONS BY OWNERS

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the department.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to, or distributions by, owners 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. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

9.12 GLOSSARY OF TECHNICAL TERMS

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

Interest-bearing liabilities

Interest bearing liabilities may consist of public borrowings raised through Treasury Corporation Victoria, lease liabilities and other interest bearing arrangements.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability 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 instrument or, where appropriate, a shorter period.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans and defined contribution superannuation plans.

Ex gratia expenses

Ex gratia expenses mean the voluntary payment of money or other non-monetary benefit (for example, a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of Financial statements comprises:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its Financial statements in accordance with paragraph 41 of AASB 101.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes or other compulsory levies and user charges.

Infrastructure systems

Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, ports, utilities and public transport assets owned by the state.

Intangible produced assets

Refer to produced assets in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance lease repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes the unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Leases

As conveyed in a contract, or part of a contract, the right of use of an underlying asset for a period of time in exchange for consideration.

Net result from transactions/ net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- (a) gains and losses from disposals, revaluation and impairments of non financial physical and intangible assets;
- (b) fair value changes of financial instruments and agricultural assets; and
- (c) depletion of natural assets (non-produced) from their use or removal.

Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows – other comprehensive income include:

- (a) changes in physical asset revaluation surplus;
- (b) share of net movement in revaluation surplus of associates and joint ventures; and
- (c) gains and losses on remeasuring available for-sale financial assets.

Payables

Includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

Public financial corporation sector

Public financial corporations are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (for example, taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (for example, water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Receivables

Includes amounts owing from government through appropriations receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the VBA.

Taxation income

Taxation income represents income received from the state's taxpayers and includes:

- (a) payroll tax, land tax and duties levied principally on conveyances and land transfers fair value changes of financial instruments and agricultural assets depletion of natural assets (non-produced) from their use or removal;
- (b) gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- (c) insurance duty relating to compulsory third party, life and non-life policies;
- (d) insurance company contributions to fire brigades;
- (e) motor vehicle taxes, including registration fees and duty on registrations and transfers;
- (f) levies (including the environmental levy) on statutory corporations in other sectors of government; and
- (g) other taxes, including landfill levies, licence and concession fees.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in 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 (for example, assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

9.13 STYLE CONVENTIONS

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

9.14 OTHER ACCOUNTING POLICIES

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In the latter case, GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that were recovered from, or paid to, the taxation authority, are presented as an operating cash flow.

Equity

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are recognised as equity transactions and, therefore, do not form part of the income and expenses of the VBA.

Additions to net assets that 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. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

8. APPENDICES

View of
streetscape
Village Street,
Docklands
VIC (2021)

Appendix 1

Disclosure index

The annual report of the VBA is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the VBA's compliance with statutory disclosure requirements.

To refer to the relevant requirements for the corresponding disclosure requirements, click on the corresponding page references.

Legislation	Requirement	Page reference
Report of operations		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	11
FRD 22I	Purpose, functions, powers and duties	10–11
FRD 22I	Key initiatives and projects	13–26
FRD 22I	Nature and range of services provided	11
Management and structure		
FRD 22I	Organisational structure	53
Financial and other information		
FRD 10A	Disclosure index	134–135
FRD 12B	Disclosure of major contracts	58
FRD 15E	Executive officer disclosures	144
FRD 22I	Employment and conduct principles	139
FRD 22I	Occupational health and safety policy	136
FRD 22I	Summary of the financial results for the year	45
FRD 22I	Significant changes in financial position during the year	46
FRD 22I	Major changes or factors affecting performance	46
FRD 22I	Subsequent events	126
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	59
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	61
FRD 22I	Statement on National Competition Policy	61
FRD 22I	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	61
FRD 22I	Details of consultancies over \$10,000	58
FRD 22I	Details of consultancies under \$10,000	58
FRD 22I	Disclosure of government advertising expenditure	58
FRD 22I	Disclosure of ICT expenditure	59
FRD 22I	Statement of availability of other information	66
FRD 24D	Reporting of office-based environmental impacts	63–65
FRD 25D	Local Jobs First	58
FRD 29C	Workforce data disclosures	141–143
SD 5.2	Specific requirements under Standing Direction 5.2	3

Legislation	Requirement	Page reference
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	67
SD 5.2.3	Declaration in report of operations	3
Financial statements		
Declaration		
SD 5.2.2	Declaration in Financial statements	67
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	77
SD 5.2.1(a)	Compliance with Standing Directions	67
SD 5.2.1(b)	Compliance with Model Financial Report	134
Other disclosures as required by FRDs in Notes to the financial statements^(a)		
FRD 11A	Disclosure of ex gratia expenses	Nil
FRD 21C	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	121, 124
FRD 103I	Non-financial physical assets	89, 118
FRD 110A	Cash flow statements	75
FRD 112D	Defined benefit superannuation obligations	85
FRD 114C	Financial instruments – general government entities and public non-financial corporations	106–109

Note:

(a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are in the nature of disclosure.

Legislation		
<i>Freedom of Information Act 1982</i>		59
<i>Building Act 1993</i>		61
<i>Public Interest Disclosures Act 2012</i>		61
<i>Disability Act 2006</i>		62
<i>Local Jobs Act 2003</i>		58
<i>Financial Management Act 1994</i>		77

Appendix 2

People data

Occupational health and safety

The VBA management's Occupational Health and Safety Committee (OHS) met bimonthly to contribute to the health and safety program at the VBA and help improve safe practices in all VBA teams.

The VBA provided staff with additional support to work safely in the COVID-19 environment. This included infection control training facilitated by healthcare professionals, training on the correct use of PPE, and a COVIDSafe induction for those returning to the office.

The VBA commissioned an independent review of its injury management and approach to workers compensation that resulted in numerous improvements including the introduction of a 24/7 triage injury management service. As the regulator of the construction industry, it is appropriate that the VBA adopts total recordable injury frequency rate (TRIFR), the measure most used in the industry to evaluate safety success. This enables the VBA to benchmark its safety outcomes against industry and public administration using Safe Work Australia's performance by industry figures.

OHS at the VBA

Table 17 shows an increase in injuries in 2020–21. The injuries were predominantly minor musculoskeletal in nature.

A review of safety risks in FY2019–20, highlighted issues associated with remote work, working alone and psychological safety. In 2020–21, the VBA implemented additional control measures to further minimise risk in this area, including:

- working from home risk assessment tool as part of the electronic onboarding of new starters to facilitate early interventions
- an improved injury management and prevention system with online incident reporting, 365/24/7 injury triage service and online systematic incident investigation process.

The VBA also implemented an improved COVIDSafe plan that can quickly flex to changes in the COVID-19 environment, to better protect its employees, their families and the community.

An increase in the number of reported hazards and near misses allowed the VBA to be more proactive in improving safety for its employees and contributed to early intervention that reduced injury rates. A focus on reporting for all events and near misses, including those of a psychological nature continues to ensure that all improvement opportunities are identified and implemented.

TABLE 17: PERFORMANCE AGAINST OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT MEASURES

Measure	Key performance indicator	2020–21	2019–20
Incidents and injuries ³⁷	Number of incidents	12	19
	Incident rate per 100 FTE (%)	2.38	4.6
	Number of incidents requiring first aid and/or further medical treatment	10	5
	Number of injuries	10	3
	Injury rate per 100 FTE (%)	1.79	1.0
	Total recordable injury frequency rate (TRIFR)	3.27	2.9
	Medical treated injury frequency rate (MTIFR)	0.82	2.9
	Lost time injury frequency rate (LTIFR)	2.45	0.0
Claims	Number of standard claims ³⁸	5	3
	Rate per 100 FTE (%)	1.3	0.8
	Number of lost time claims	4	3
	Rate per 100 FTE (%)	0.97	0.8
	Number of claims exceeding 13 weeks	0	3
	Rate per 100 FTE (%)	0	0.8
Fatalities	Fatality claims	0	0
Claim costs	Average cost per standard claim (\$)	1,511	23,359
Return to work (RTW)	Percentage of claims with RTW plan <30 days	22	0
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans (signed by CEO or equivalent)	Evidence in place	Reviewed and revised
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	Evidence in place	Reviewed and revised
Consultation and participation	Evidence of agreed structure of: <ul style="list-style-type: none"> designated workgroups (DWGs) health and safety representatives (HSRs) issue resolution procedures (IRPs) 	Evidence in place Evidence in place Evidence in place	7 DWGs 10 HSRs Achieved
	Compliance with agreed structure on DWGs, HSRs, and IRPs	Evidence in place	Achieved
	Number of OHS Committee meetings ³⁹	6	8

37. Incidents and injuries include all recordable work-related incidents and near misses, reported by VBA employees and contractors.

38. Data sourced from the VBA's WorkCover insurer, Allianz, on behalf of the Victorian WorkCover Authority and refers to accepted claims only.

39. The VBA OHS Committee meets approximately every six weeks, but if there is no quorum, then the meeting may be postponed until the following period.

TABLE 17: PERFORMANCE AGAINST OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT MEASURES (CONTINUED)

Measure	Key performance indicator	2020–21	2019–20
Risk management	Percentage of internal audits/inspections conducted as planned (%)	100	100
	Percentage of reported incidents investigated (%) ⁴⁰	22	26
	Number of improvement notices issued across the VBA by WorkSafe Inspector	0	0
	Percentage of issues identified and actioned arising from:		
	• internal audits (%)	100	100
	• HSR provisional improvement notices (PINs) (%)	N/A ⁴¹	0
Training	• WorkSafe notices (%)	N/A ⁴²	0
	Percentage of managers and staff that have received OHS training:		
	• induction (%)	100	100
	• management training (%)	100	84
	• contractors and temporary (%)	100	100
	Percentage of HSRs trained:		
	• upon acceptance of role (initial training) (%)	N/A ⁴³	100
	• retraining (annual refresher) (%)	N/A ⁴⁴	100

40. This measure relates to incidents investigated internally and concluded as part of standard procedures. Incidents on sites of other organisations are not investigated because the VBA has no management or control on those sites.

41. No HSR PINs received.

42. No WorkSafe notice received.

43. No new HSRs during the period.

44. No HSRs opted to undertake refresher training during the period.

Staff learning and development programs and participants

The VBA continued to strengthen the technical skills of its people, supporting staff to undertake tertiary qualifications in building and construction disciplines. The VBA also supported members of the inspections team to enhance their technical capability, enabling them to carry out a broader range of building and plumbing inspections.

Online training has become an increasingly important component of the VBA's learning and capability building toolbox. In 2020–21, more than 12,000 individual training elements were completed by VBA staff.

The following table outlines some key programs in 2020–21.

TABLE 18: LEARNING AND DEVELOPMENT PROGRAMS AND PARTICIPANTS

VBA learning and development programs	Participation 2020–21
Continuous professional development and trade upskilling	<p>80 participants engaged in trade specific qualification training for building and plumbing technical classes, legal services and IT:</p> <ul style="list-style-type: none"> • access to AIBS online for 60 technical staff • conflict resolution strategies for 22 field staff • Authorised Officer – Powers under the Act for field staff • fatigue management for 43 field staff • Trade courses: <ul style="list-style-type: none"> - Back flow: 5 - TMV: 5 - Cert IV in Plumbing: 1
Higher Education/ Trade Support	Supported the continued education of six staff completing Building Surveyor qualifications
COVID-19 health and safety	All staff completed infection control training, either face-to-face with healthcare professionals, or online; and those returning to the office received a GSN COVIDSafe Induction.
Safety Training	Safety tips – 9 subjects, 3500+ completions. First Aid – 8 courses, 40+ attendees
Manager support	60+ managers attended industry and public sector conferences.

Public sector values, employment and conduct principles

All VBA policies and procedures are consistent with the public sector values and employment principles set out in the *Public Administration Act 2004*. The VBA has updated employment policies to ensure alignment with the Victorian Public Sector Commission (VPSC) common policies.

The VBA is committed to applying merit and equity principles when appointing staff. The selection processes ensure applicants are assessed and evaluated fairly and equitably based on the key selection criteria and other accountabilities without discrimination.

The VBA provided guidance and training to its employees to ensure they understand how to avoid and declare conflicts of interest and the process and procedures for declaring offers of gifts.

Employees are correctly classified in workforce data collections.

There were no instances of industrial action or dispute.

Workforce inclusion

The VBA's organisational values (we problem-solve, we work as one and we deliver) highlight the sense of inclusiveness in all VBA practices, and continue to be embedded in everything the VBA does. The VBA creates an inclusive culture where equal opportunity and diversity are valued.

At 30 June 2021, 48 per cent of the VBA identified as women and 51 per cent identified as men. Less than 1 per cent of the VBA self-identified. The VBA executive is made up of 53 per cent women and 47 per cent men.

Comparative workforce data

TABLE 19: DETAILS OF EMPLOYMENT LEVELS IN JUNE 2021

The following table discloses the headcount and FTE of ongoing, fixed term and casual employees of the VBA (excluding CSV) employed in the last pay period of June 2021.

	All employees ⁴⁵		Ongoing ⁴⁶		Fixed-term and casual			
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	
Demographic data	Gender							
	Women	230	224	160	18	172.6	52	51.4
	Men	246	245	200	3	202.2	43	42.8
	Self-described	2	2	2	-	2	-	-
	Age							
	15–24	11	11	9	-	9	2	2
	25–34	118	116.2	91	5	94.3	22	21.9
	35–44	136	133.8	93	8	98.9	35	34.9
	45–54	129	127	107	6	111	16	16
	55–64	75	74.2	55	1	55.8	19	18.4
	65+	9	8.8	7	1	7.8	1	1
Classification data	VPS 1–6 grades							
	VPS 1	2	2	-	-	-	2	2
	VPS 2	77	75.3	64	4	66.4	9	8.9
	VPS 3	55	53.8	41	4	44	10	9.8
	VPS 4	79	78	60	3	62	16	16
	VPS 5	155	153	133	7	138.1	15	14.9
	VPS 6	67	65.9	49	3	51.3	15	14.6
	Senior employees							
	Senior Technical Specialists (STS)	25	25	15	-	15	10	10
	Executives	18	18	-	-	-	18	18
Total employees		478	471	362	21	376.8	95	94.2

45. This table excludes people engaged as contractors.

46. Ongoing employees include people engaged on an open-ended contract of employment, and executives engaged on a standard executive contract who were active in the last full pay period of June each year.

Comparative workforce data

TABLE 20: DETAILS OF EMPLOYMENT LEVELS IN JUNE 2020

The following table discloses the headcount and FTE of ongoing, fixed-term and casual employees of the VBA (excluding CSV) employed in the last pay period of June 2020.

	All employees ⁴⁷		Ongoing ⁴⁸			Fixed-term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Demographic data	Gender						
	Women	203	198	133	17	145	53
	Men	211	210	166	2	168	43
	Self-described	-	-	-	-	-	-
	Age						
	15–24	6	6	2	-	2	4
	25–34	102	101	68	2	69	32
	35–44	113	111	74	8	80	31
	45–54	118	116	99	6	103	13
	55–64	67	67	51	1	52	15
Classification data	65+	8	8	5	2	7	1
	VPS 1–6 grades						
	VPS 1	-	-	-	-	-	-
	VPS 2	66	64	31	5	34	30
	VPS 3	53	52	40	5	44	8
	VPS 4	71	70	55	2	56	14
	VPS 5	135	134	116	4	119	15
	VPS 6	62	61	45	3	47	14
	Senior employees						
	Senior Technical Specialists (STS)	16	16	12	-	12	4
	Executives	11	11	-	-	-	11
Total employees		414	408	299	19	313	96

47. This table excludes people engaged as contractors.

48. Ongoing employees include people engaged on an open-ended contract of employment, and executives engaged on a standard executive contract who were active in the last full pay period of June each year.

TABLE 21: ANNUALISED TOTAL SALARY, BY \$20,000 BANDS, FOR EXECUTIVES AND OTHER SENIOR NON-EXECUTIVE STAFF

The following table discloses the annualised total salary for senior employees of the VBA (excluding CSV), categorised by classification. The salary amount is reported as the full-time annualised salary.

Income band (salary)	Executives (TRP)	STS (base salary plus super)
< \$160,000	-	-
\$160,000–\$179,999	-	7
\$180,000–\$199,999	-	10
\$200,000–\$219,999	2	4
\$220,000–\$239,999	3	4
\$240,000–\$259,999	2	-
\$260,000–\$279,999	1	-
\$280,000–\$299,999	1	-
\$300,000–\$319,999	2	-
\$320,000–\$339,999	1	-
\$340,000–\$359,999	2	-
\$360,000–\$379,999	2	-
\$380,000–\$399,999	-	-
\$400,000–\$419,999	1	-
\$420,000–\$439,999	1	-
\$440,000–\$459,999	-	-
Total	18	25

Executive officer data

An executive officer is defined as a person employed as a public sector body head or other executive under part 3, division 5 of the *Public Administration Act 2004*.

TABLE 22: EXECUTIVE PROFILE⁴⁹

Income band (salary)	2020–21				2019–20			
	Men	Women	Self-described	Vacancies	Men	Women	Self-described	Vacancies
CEO	-	1	-	-	-	1	-	-
Executive officers	8	9	-	-	3	7	-	3
Total	8	10	-	-	3	8	-	3

TABLE 23: RECONCILIATION OF EXECUTIVE NUMBERS

Income band (salary)		2020–21	2019–20
Add	Executives with total remuneration over \$100,000	19	10
	Vacancies	-	3
	Executives with total remuneration below \$100,000	-	0
	Accountable officer (CEO)	1	1
Less	Separations	(2)	(3)
Total executive numbers at 30 June		18	11

49. All figures show employment levels at the last full pay period in June 2021 and the corresponding period in 2019–20.

Appendix 3

Prosecution and practitioner discipline outcomes

Prosecutions and plumbing disciplinary proceedings are usually open to members of the public. As such, the outcomes of these proceedings are a matter of public record in the absence of an order to the contrary. In addition, under section 197(f) of the *Building Act 1993*, one of the functions of the VBA is to provide information to consumers on building practitioners and plumbers. To enable consumers to make informed choices when engaging building and plumbing practitioners, the VBA publishes the outcomes of prosecutions and disciplinary proceedings on its website, including a summary of its prosecution and disciplinary outcomes for 2020–21.

The information contained in Appendix 3 is current as at 30 June 2021. A sanction imposed following prosecution or disciplinary proceedings may be subject to review and conditions.

For full details and the current status of sanctions, please refer to the VBA website.

TABLE 24: PROSECUTION OUTCOMES 2020–21 – BUILDING⁵⁰

Building – Individuals				
Accused name	Description of matter	Result	Fine (\$)	Date of outcome
Daniel AGOSTINO	Conducted construction of a pool deck without a permit.	Without conviction, fined \$1200 ordered to pay VBA costs of \$600.32	1,200	03/03/2021
Justin BARBER	Carried out building work without a building permit, carried out domestic building work without the requisite insurance in place, and not being registered in a category or class while making representations that he was a builder who was able to carry out domestic building work.	Convicted, fined of \$4000 and ordered to pay VBA costs of \$546	4,000	23/11/2020
Daryl COLE-SINCLAIR	Accepted appointment as Building Surveyor and issued building permits whilst suspended.	Without conviction, fined \$5000 and ordered to pay VBA costs of \$716.15	5,000	21/01/2021
David COX	Former registered builder suspended in 2001 carried out building and plumbing work at a domestic premises inc. kitchen, bathroom, laundry renovation to the value of \$39,000.	Without conviction, fined \$3000	3,000	23/02/2021
Nicholas FLORIO	Carried out domestic building work when not covered by the required insurance.	Without conviction, fined \$10,000 and ordered to pay VBA costs of \$423	10,000	24/09/2020
Brett HUXTABLE	Carried out building work without a building permit, carrying out domestic building work whilst not registered as a domestic builder and without the requisite insurance in place.	Without conviction, fined \$5000 and ordered to pay VBA costs of \$712.86	5,000	16/10/2020
Mark JORGENSEN	Carried out building works when unregistered and uninsured and with altering the application for building permit to lower the quote from \$26,000 to \$15,000 and removed name of builder from the application.	Convicted, fined \$6000 ordered to pay VBA costs of \$537.29	6,000	28/01/2021
Paul KEEBLE	Carried out building work without a building permit.	Without conviction, enforceable undertaking to be of good behaviour for 12 months, ordered to pay \$1000 into the Court Fund and VBA costs of \$523	1,000	22/10/2020

Building – Individuals				
Accused name	Description of matter	Result	Fine (\$)	Date of outcome
Richard LEW	Held out to be a qualified builder and conducted a home renovation without permit, registration and insurance.	Convicted and fined \$1500	1,500	03/03/2021
Antonio LORICCHIELLA	Conducted protection works without ensuring contract of insurance was in force before and within 12 months after the work.	Without conviction, fined \$400 and ordered to pay VBA costs of \$553.46	400	17/02/2021
Mahmoud OMAR	Carried out domestic building work whilst not registered as a domestic builder and without the requisite insurance in place.	Convicted, fined \$2000 and ordered to pay VBA costs of \$544	2,000	23/11/2020
Steven PICKSTONE	Failed to comply with a building order regarding a pool safety barrier.	Without conviction ordered to pay VBA costs of \$543.45	-	03/02/2021
Valerie RIVELLI	Failed to comply with a building order (subsequently complied with).	Without conviction, ordered to pay VBA costs of \$535	-	23/11/2020
Adam SKRZYPCZYK	Entered into a Major Domestic Building Contract when not registered, contract did not comply with DBCA, excessive deposit. Performed faulty home improvement work that caused rain damage to the complainant's home.	Convicted and fined \$1500	1,500	17/12/2020
Christos TRAPETSAS	Held himself out to be a registered practitioner while his registration was suspended.	Enforceable undertaking to be of good behaviour for six months – without conviction – VBA costs of \$423	-	03/02/2021
Kristian WHEELER	Director of company that undertook building works, had a co-director who was licensed but at time of build the accused was sole director.	Without conviction, enforceable undertaking to be of good behaviour for 12 months	-	15/04/2021

50. These prosecutions relate to breaches of the 'Building Act 1993' and 'Domestic Building Contracts Act 1995'. Further information about prosecution outcomes can be found on the VBA website. There were two prosecutions that proceeded by way of diversion. These are not listed in the table as it is the court's practice not to keep records of matters that have been subject to a completed diversion plan. Prosecutions which were commenced by the VBA and subsequently withdrawn, have not been included in this list.

TABLE 25: PROSECUTION OUTCOMES 2020–21 – BUILDING – COMPANIES⁵¹

Building – Companies					
Accused name	A.C.N.	Description of matter	Result	Fine (\$)	Date of outcome
Hazel Aslan Pty Ltd	608 396112	Undertook building works without protection insurance.	Without conviction, fined \$1800, to pay victim \$200 for compensation	1,800	04/03/2021
Skilled Investments Pty Ltd	168 791 741	Carried out second phase of building work without a permit.	Without conviction, fined \$4000 and ordered to pay VBA costs of \$579.45	4,000	28/01/2021
Westmount Road Developments	614 321 489	Carried out building work without a building permit.	Without conviction, enforceable undertaking to be of good behaviour for 12 months (bond), ordered to pay \$500 into the court fund	-	22/10/2020

51. These prosecutions relate to breaches of the 'Building Act 1993' and 'Domestic Building Contracts Act 1995'. Further information about prosecution outcomes can be found on the VBA website. This list does not include prosecutions commenced by the VBA which were subsequently withdrawn.

TABLE 26: PROSECUTION OUTCOMES 2020–21 – PLUMBING⁵²

Plumbing – Individuals					
Accused name	Description of matter	Result	Fine (\$)	Date of outcome	
Steve AZZOPARDI	Carried out plumbing work, in the class of water supply, when not licensed or registered in that class.	Without conviction, enforceable undertaking to be of good behaviour for six months and required to pay VBA costs of \$423	-	24/08/2020	
Ryan BARNES	Undertook plumbing work when not licensed or registered, installed gas heater.	Undertaking to be of good behaviour for 12 months, pay restitution to the victims totalling \$1950 and pay the VBA \$4000 in lieu of a fine and costs	-	27/5/2021	
Ahmad HEIDARI	Carried out plumbing work in the class of roofing (stormwater), when not licensed or registered in that class.	Convicted, fined \$1000 and ordered to pay VBA costs of \$423	1,000	13/11/2020	
Clinton HUTCHISON	Undertook plumbing work, servicing of air conditioning unit, when not licensed or registered.	Without conviction, fined \$250	250	20/04/2021	
Robert KEENAN	Performed mechanical services work and installed heating system when not registered or licensed to do so.	Without conviction fined \$1000 and ordered to pay VBA costs of \$423	1,000	10/12/2020	
Brendan ROBERTS	Carried out plumbing work, in the class of roofing (stormwater) when not licensed or registered in that class and carrying out building work without a building permit.	Convicted, fined \$5000 and ordered to pay VBA costs of \$589.65. On appeal to the County Court – conviction overturned. Fined \$5000 plus VBA costs of \$589.65 and counsel costs of \$1500	5,000	11/11/2020	
Kyaw ZAR	Carried out plumbing work when not registered or licensed to do so.	Without conviction, fined \$500	500	05/12/2020	

52. Further information about prosecution outcomes can be found on the VBA website.

TABLE 27: PLUMBING INQUIRIES OUTCOMES 2020–21⁵³

Accused name	Accreditation no.	Description of matter	Result	Fine (\$)	Date of inquiry
Steve ANGELODEMOU	45278	Failed to comply with a rectification notice within a timeframe prescribed and had lodged a compliance certificate which contained a misstatement of fact.	Fined: \$4956.60 (30 PU); Costs: \$234; and Publication order granted	4,956	25/06/2021
Daniel BIRD	107439	Carried out gasfitting work that did not comply with the Act and Regulations.	Fined: \$2478.30 (15 PU); Costs: \$117.00; practitioner to undertake further training in course, Install and commission Type A gas appliances (CPCPGS3061A) within 12 months from 1 February 2021; and Publication order granted.	2,478	29/01/2021
Enio CENTOFANTI	27084	Permitted or directed another person to carry out plumbing work that was defective in workmanship.	Fined: \$4956.30 (30 PU); Order that practitioner's next five compliance certificates in gas unit installation be audited; and Publication order granted	4,956	28/09/2020
Michael CERRITELLI	51893	Carried out plumbing work in the classes of mechanical services and gasfitting work when not licensed or registered in those classes.	Fined: \$2643.52 (16 PU); Costs: \$72.00; and Publication order granted	2,644	18/11/2020
Steven FILIPOVIC	40224	Carried out and/or had allowed others to carry out roofing work that did not comply with the Act or Regulations, had failed to lodge compliance certificate within five days, had lodged compliance certificates containing misstatement of facts as well as failed to comply with rectification notice issued by the VBA.	Fined: \$6608.80 (40 PU); Costs: \$467.50; Suspension of Licence 21 days from the day of hearing pending completion of core competency units for roofing; and Publication order granted	6,609	02/06/2021
Daniel Gregory BLAKEY	102263	Carried out specialised plumbing work without licence or registration, and that he had also carried out specialised plumbing work which was not compliant with the Act and/or Regulations.	Fined: \$1982.64 (12 PU); Costs: \$78.00; and Publication order granted	1,983	20/05/2021

Accused name	Accreditation no.	Description of matter	Result	Fine (\$)	Date of inquiry
John GREVILLE	106538	Carried out plumbing work in the class of roofing that did not comply with the Act and Regulations. It was further alleged and substantiated that the practitioner had signed and lodged a compliance certificate which contained a misstatement of fact.	Reprimand; Fined: \$1652.20 (10 PU); Costs: \$116.88; and suspend reg. and licence in roofing (stormwater) until training completed in Fabricate and Install roof drainage components (CPCPRF3022A), Fabricate and Install external flashings (CPCPRF3023A) and Cut and Join sheet metal (CPCPCM2048A); and Publication order granted	1,652	01/12/2020
Adam HOLLAND	33683	Carried out plumbing work in the class of roofing that did not comply with the Act and Regulations and had lodged a compliance certificate which contained a misstatement of fact.	Fined: \$826.10 (5 PU); Costs: \$72.00; Order that practitioners complete further training in installation and fabrication of external flashings (CPCPRF3023A) within 12 months; Order that next five compliance certificates practitioner lodges in respect of roofing be audited by the VBA; and Publication order granted	862	18/11/2020
Timothy JANE	49860	Carried out mechanical services work when not licensed or registered in that class.	Fined: \$1321.76 (8 PU); Costs: \$467.60; Practitioner to complete core competency units applying to all plumbing classes, namely (i)BSBSMB401A – Establish Legal and Risk Management requirements of a small business, (ii) CPCPCM4011A – Carry out work-based risk control, processed and (iii) CPCPCM4012A – Estimate and cost work; and Publication order granted	1,322	13/04/2021
Shameer KHAN	112952	Directed another person to carry out unregistered drainage and water supply work, that he had failed to lodge a compliance certificate within five days and failed to lodge the altered sanitary drain plans with the water authority before the compliance certificate was lodged.	Fined: \$16,522.00 (100 PU); Costs: \$234.00; Plumbing licence in all classes suspended for 12 months; and Publication order granted	16,522	29/04/2021

Accused name	Accreditation no.	Description of matter	Result	Fine (\$)	Date of inquiry
Mark KIDD	43278	Carried out roofing work that did not comply with the Act and Regulations, failed to comply with a VBA rectification notice within a timeframe prescribed and had lodged a compliance certificate containing a misstatement of fact.	Fined: \$10,739.30 (65 PU); Costs: \$234; Practitioner to complete competency in CPCPRF3022A – Fabricate and install roof drainage components and CPCPRF3023A – Fabricate and install external flashings (or the gazetted equivalent) within 12 months failing which the practitioner's plumbing licence will be suspended; and Publication order granted	10,739	25/06/2021
John MARTIN	20229	Carried out and had allowed others under his direct supervision to carry out plumbing work in the class of gas-fitting and mechanical services, that did not comply with the Act and Regulations. It was further alleged and substantiated that the practitioner had signed a compliance certificate stating that work was carried out under his supervision, when the supervised person was not authorised to carry out the work.	Reprimand; Fined: \$8261.00 (50 PU) Costs: \$116.88; Order that the practitioner's next five compliance certificates in gas-fitting work be audited by the VBA; and Publication order granted	8,261	01/12/2020
Thomas MCNIVEN	103447	Carried out gas-fitting work that did not comply with the Act and Regulations and failed to provide a compliance certificate within five days of completion of the plumbing work.	Reprimand; Fined: \$4956.30 (30 PU); Costs: \$106.25; Order that practitioner complete further training in CPCPGS3049A and CPCPGS3061A within 12 months; Order that practitioner's next five compliance certificates in gas unit installation be audited; and Publication order granted	4,956	29/10/2020
Kane MIOS	105337	Failed to lodge a compliance certificate within five days of completion of plumbing work and had lodged a compliance certificate which contained a misstatement of fact. Further, it was alleged and substantiated that the practitioner had carried out plumbing work in a class he was not licensed in, when a compliance certificate was required to be lodged for the work.	Fined: \$2973.96 (18 PU); Costs: \$78.00; and Publication order granted	2,974	13/01/2021

Accused name	Accreditation no.	Description of matter	Result	Fine (\$)	Date of inquiry
Phillip MORTON	45201	Carried out roofing work when not licensed or registered in that class.	Fined: \$4130.50 (25 PU); Costs: \$155.84; and Publication order granted	4,131	07/01/2021
Peter MUNNERLEY	34097	Failed to comply with a rectification notice within the time required.	Fined: \$1652.20 (10 PU); Costs: \$106.25; and Publication order granted	1,625	29/10/2020
Mahmoud OMAR	107896	Covered the pipes and pipework prior to an inspection by the Authority and failed to provide a compliance certificate within five days of completion of the plumbing work.	Fined \$826.10 (5 PU); Order that practitioner's next five compliance certificates in sanitary drainage be audited; and Publication order granted	826	28/09/2020
Mahmoud OMAR	107896	Covered the pipes and pipework prior to an inspection by the VBA at four different sites and failed to provide a compliance certificate within five days of completion of the plumbing work with respect to one of the four sites.	Fined: \$1652.00 (10 PU); and Publication order granted	1,652	13/01/2021
Adam Peter LENNOX	103229	Carried out roofing work that did not comply with the Act and Regulations and failed to comply with a rectification notice issued by the VBA.	Fined: \$6608.80 (40 PU); Costs: \$936.00; Undertake further training CPCPRF3022A – Fabricate and install roof drainage components (or the gazetted equivalent) within 12 months, failing which the practitioner's plumbing licence will be suspended; Order that the practitioner's next five compliance certificates in roofing be audited by the VBA; and Publication order granted	6,609	15/06/2021
Andrew SHIPP	44325	Carried out plumbing work in the class of roofing which did not comply with the Act and Regulations, that he permitted/directed another person to carry out plumbing work that was defective in workmanship, lodged a compliance certificate which contained a misstatement of fact and failed to comply with a rectification notice issued by the VBA.	Reprimand; Fined: \$6608.80 (40 PU); Costs: \$72.00; Order that the practitioner's next five compliance certificates in roofing be audited; and Publication order granted	6,609	18/11/2020

Accused name	Accreditation no.	Description of matter	Result	Fine (\$)	Date of inquiry
Andrew SKEATS	103367	Covered the pipes and pipework prior to an inspection by the VBA at three different sites.	Fined: \$991.32 (6 PU); Costs: \$117.00; and Publication order granted	991	29/01/2021
Daniel Thomas SMOLENAARS	38176	Directed/permitted another person to carry out unregistered Type A appliance servicing work that was also defective in workmanship. Further, the practitioner had signed and lodged three compliance certificates which contained misstatements of facts.	Fined: \$9913.20 (60 PU) Costs: \$467.50; and Publication order granted	9,913	21/05/2021
Rick TONNA	35677	Directed or permitted another person to carry out unregistered mechanical services work.	Fined: \$1652.20 (10 PU); Costs: \$78.00; and Publication order granted	1,652	16/12/2020
Terry WATSON	114196	Failed to lodge compliance certificates for plumbing work carried out across five different sites on a number of occasions, failed to offer below ground drainage work for the inspection by the Authority and directed other persons to carry out defective plumbing work on his behalf.	Costs: \$468.00; Plumbing licence in all classes suspended for 12 months effective from 16/6/2021, on the condition that the practitioner does not breach any requirement under the Act during the period of the suspension; and Publication order granted	16,522	16/06/2021
Mark WILLACH	37169	Carried out plumbing work in a class he was not licensed in, when a compliance certificate was required to be lodged for the work.	Reprimand; Costs: \$117.00; Disqualification from holding licence for three years in all plumbing classes; Disqualification from holding registration for three years in all plumbing classes, unless previous Inquiry Order dated 11/12/2019 complied with; and Publication order granted		04/02/2021
David WURLD	44710	Failed to arrange for drainage inspection before drainage work had been covered on six occasions across six separate sites.	Reprimand; Fined: \$4956.60 (30 PU); Costs: \$117; and Publication order granted	4,957	04/02/2021

53. In seventeen out of the 43 plumbing disciplinary inquiries finalised by the VBA during 2020–21, orders were made by the delegate hearing the matter prohibiting the publication of the outcome. Outcomes for these matters are, therefore, not included in this table.

TABLE 28: BUILDING PRACTITIONER DISCIPLINE OUTCOMES 2020–21⁵⁴

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision ⁵⁵
John Peter ADAMS	DB-U 9463	Carrying out building work without a permit on a renovation project in Box Hill South.	Penalty \$4000 and reprimand	4,000	15/10/2020
Darryn BASS	DB-U 18486	Practitioner holding office in a company that is in external administration.	Cancellation and immediate suspension of DB-U registration	-	15/06/2021
Matthew BORRACK	DB-L 20943	Not a fit and proper person to practise as a building practitioner – relevant conduct includes failing to comply with obligations at one site relating to the construction/ installation of a swimming pool, building without a permit and without the required insurance, demanding money when it could not be claimed and unprofessional conduct in seeking a retrospective cure for defaults by relying on a false document.	Cancellation of DB-L registration, penalty \$10,000 and reprimand	10,000	14/10/2020
Rudolf BOSCOLO	BS-U 1471	Failing to call for any of the mandatory inspections required by the building permit in respect of the construction of a swimming pool and safety barrier.	Penalty \$4000 and reprimands	4,000	06/05/2021
Anthony BUGEJA	BS-U 1023	Issuing a building permit for a swimming pool and safety barrier in circumstances where practitioner ought not to have been satisfied that the work would comply; suffer the production of documents purporting to have been executed by a registered building practitioner when in fact they had not been.	Partial suspension of BS-U registration for 120 calendar days, penalties \$5000, complete training course, reprimands	5,000	18/03/2021
Kenneth BURGE	BD-U 1023	Carrying out building work (demolition) other than in accordance with the Act, the building regulations and the building permit.	Penalty \$2000 and reprimand	2,000	14/12/2020
Gavin CASEY	BS-U 1501	Issuing building permits allowing non-compliant use of combustible cladding for external walls. Subject to VCAT review.	Penalty \$8261	8,261	22/06/2021

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Paul CASSAR	BS-U 22903	Issuing building permits with respect to proposed developments at five sites in Mickleham without having ensured the payment of the applicable Community Infrastructure Levy.	Reprimands (practitioner paid levy personally).	-	22/07/2020
Jeremy CONTI	BS-U 26220	Issuing building permit without justification and performing work other than in a competent manner, or to a professional standard, in relation to the construction of a swimming pool and associated safety barriers at four sites.	Penalties \$2250 and reprimands	2,250	12/04/2021
Anthony DAVIS	CB-U 2790	Failing to notify the relevant building surveyor of the completion of each mandatory notification stage specified in the building permit, building contrary to permit by constructing the building work in the wrong location and not as per plans.	Penalties \$6000 and reprimands	6,000	31/07/2020
Jeremy DAWSON	DB-U 67715	Failing to call for a mandatory inspection (frame – commercial) required by the building permit in respect of the construction of 39 warehouses.	Reprimand and penalty \$2000	2,000	16/04/2021
Gary DEAN	BS-U 1111	Issuing building permits and occupancy permits allowing non-compliant use of combustible cladding for external walls at four sites. Subject to VCAT review.	Suspension of BS-U registration for five months, reprimand and penalty \$32,000	32,000	06/05/2021
Glenn DRISCOLL	BS-U 1587	Issuing building permits and occupancy permits over six sites (including four allowing non-compliant use of combustible cladding for external walls and some without appropriate performance solutions in relation to fire resistance, weatherproofing or structural integrity). Subject to VCAT review.	Suspension of registration for eight months and penalties \$28,000	28,000	01/12/2020
Jarrad DUNSTONE	CB-L 43139	Practitioner holding office in a company that is in external administration.	Condition imposed on CB-L registration	-	16/06/2021

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Luke ELLIOT	DB-U 9552	Failing to comply (through company) with dispute resolution order made by Domestic Building Dispute Resolution Victoria by failing to make payment of monies to the site owners.	Suspension of DB-U registration for three years and reprimand	-	01/04/2021
Viviana FLOREANCIG	BS-U 14812	Issuing building permits and occupancy permits allowing non-compliant use of combustible cladding for external walls at five sites. Subject to VCAT review.	Suspension of BS-U registration for two months and penalties \$9913.20	9,913.20	22/06/2021
Russell FOGARTY	BS-U 1245	Issuing building permits and occupancy permits allowing non-compliant use of combustible cladding for external walls at three sites.	Registration condition for two years – no building permits for Class 1a(b), Class 1b, and Class 2–9 buildings, penalties \$24,782, complete training course and reprimands	24,782	09/03/2021
Mark FOWKES	BD-L 23093	Failing to notify the relevant building surveyor of the completion of each mandatory notification stage, at three sites.	Penalties \$6000 and reprimands	6,000	29/10/2020
Clem GIAMBATTISTA	BS-U 16908	Issuing building permits allowing non-compliant use of combustible cladding for external walls. Subject to VCAT review.	Penalty \$8261	8,261	22/06/2021
Dean GIAMMARINO	BS-U 14716	Issuing building permits and occupancy permits allowing the use of non-compliant combustible cladding for external walls at multiple sites. Subject to VCAT review.	Suspension of BS-U registration for two months, reprimand and penalties \$19,500	19,500	04/06/2021
Jonathan GRIMA	DB-U 21422	Failing to build as per permit by demolishing a chimney not included in endorsed plans, failing to notify relevant building surveyor of three mandatory notification stages.	Penalties \$4500 and reprimands	4,500	16/11/2020
Daniel GROLLO	BD-L 31914; CB-U 2187	Practitioner holding office in a company that is in external administration.	Condition imposed on registrations – no permits without consent of Authority	-	28/05/2021

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Rached HACHOUCH	BS-U 28986; IN-U 28517	Issuing building permit without justification and performing work other than in a competent manner or to a professional standard and negligent in respect of the installation and inspection of a swimming pool safety barrier.	Reprimands, penalties \$2400, complete training course and condition imposed on registration that until training is completed cannot accept any appointments and/or issue building permits for pools and safety barriers	2,400	13/05/2021
Phillip HAMENCE	DB-L 33190	Carrying out building work without a permit; managing/arranging building work without the required insurance; performing work other than in a competent manner or to a professional standard though failures to progress and manage works, site abandonments, defective work, demanding payments to which not entitled, discourtesy; misleading documents; pattern of incompetent conduct – all over five sites – not a fit and proper person to practise.	Cancellation of DB-L registration. Disqualification from any class/category of registration for three years (statutory maximum), aggregate penalties \$15,000 and reprimands	15,000	10/09/2020
Andrew HOLLOWAY	DB-U 12881	Failing to call for a number of mandatory inspections (foundation; sub-floor frame and frame) required by the building permit in respect of additions and alterations to a detached dwelling.	Reprimands and penalty \$2000	2,000	07/05/2021
Derek HUMMER	IN-L 18617	Performing work other than in a competent manner or to a professional standard by issuing certificates of compliance when structure not approved under the building permit, failing to identify non-compliant work at frame stage, and failing to identify and report inadequate surface drainage.	Penalties \$9000 and reprimands	9,000	16/10/2020
Daniel JURIC	BS-U 31016	Not fulfilling functions as relevant building surveyor; unprofessional conduct at multiple sites predominantly relating to swimming pool and safety barrier works: failures to take timely and appropriate actions for lapsed permits; failures to cause mandatory inspections/issue certificates of final inspection; issued building permits when could not have been satisfied works would comply.	Partial suspension, ongoing registration conditions prohibiting new appointments and inspections involving swimming pool and safety barrier works and restricting practice to work only as an employee building surveyor, six directions to do specified things concerning subject sites, requirement to complete course of training CPCCBS6003 and 31 reprimands	-	03/09/2020

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Nick KARANTONIS	DB-U 8095	Performing work other than in a competent manner or to a professional standard by tiling, and thereby loading, the roof without obtaining confirmation from the relevant building surveyor (in the absence of a mandatory inspection of the framework) that the structure was sufficient.	Penalties \$3000 and reprimands	3,000	08/10/2020
Lukas KELLY	BS-L 42775; IN-U 38524	Performing work other than in a competent manner or to a professional standard over seven sites, including serious life and safety issues and/or systemic and serious failings of the practitioner's fundamental professional obligations as a private building surveyor and building inspector; not a fit and proper person to practise.	Cancellation of both BS-L and IN U registrations and disqualification for three years (statutory maximum) or until specified re-education occurs, penalties \$15,000	15,000	28/07/2020
Lee LEO	DB-U 45007	Failing to call for mandatory inspections required by the building permits in respect of a six-townhouse development and associated garages.	Penalty \$6000 and reprimand	6,000	11/06/2021
Simon MATTISKE	BS-L 37806; IN-U 1384	Not a fit and proper person to practise as a building practitioner – relevant conduct includes purporting to issue building permits and otherwise perform functions of a building surveyor while suspended.	Cancellation of BS-L and IN-U registrations and disqualification from any class/category of registration for three years (statutory maximum)	-	08/10/2020
Arron MCDERMOTT	BS-L 34264	Performing work other than in a competent manner or to a professional standard in failing to take timely or appropriate action concerning building work which practitioner had been told did not accord with the building permit.	Penalty \$1500 and reprimand	1,500	26/10/2020
Ritchie MERRITT	DB-U 3523; CB-U 7144	Failing to notify the relevant building surveyor of the completion of each mandatory notification stage.	Penalty \$1500 and reprimands	1,500	20/08/2020
Steven MURPHY	BD-M 33506	Failing to call for mandatory inspections required by the building permit in respect of the demolition of a dwelling.	Penalty \$3000 and reprimand	3,000	29/06/2021

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Obaid NAQEBULLAH	CB-L 30394; CB-U 57999; DB-U 29802	Installing combustible cladding materials contrary to the specifications in the architectural drawings endorsed in the building permit and not installing specified internal wall and ceiling plaster. Subject to VCAT review.	Suspension of CB-L, CB-U and DB U registrations for three months, penalties \$20,000 and reprimands	20,000	10/08/2020
Leonard NELSON	BS-U 1330	Issuing building permits and occupancy permits allowing the non-compliant use of combustible cladding for external walls at five sites. Subject to VCAT review.	Suspension of BS-U registration for 12 months, reprimand and penalties \$33,000	33,000	15/04/2021
Rhiannon PAYNE	BD-L 47917	Failing to call for two mandatory inspections (completion of precautions and final) required by the building permit in respect of the demolition of a dwelling.	Penalty \$3000 and reprimand	3,000	30/06/2021
Vladica PETROVIC	DB-M 29798	Carrying out building work being the construction of a dependent person's unit prior to the issue of a building permit or the procurement of insurance, performing work other than in a competent manner or to a professional standard by performing a major domestic building contract without insurance and without properly supervising work, and by demanding monies when not entitled. Subject to VCAT review.	Partial suspension of DB-M registration for nine months – no new projects for practitioner or his company Natina Homes & Developments Pty Ltd, disqualification from obtaining registration in any new class or category during the partial suspension period, penalties \$13,000 and reprimand	13,000	05/05/2021
Christopher PETTY	DB-U 17305	Practitioner holding office in a company that is in external administration.	Cancellation and immediate suspension of DB-U registration	-	15/06/2021
Peter PHILLIPS	BS-U 1575	Issuing building permit approving use of a wall system for external walls using timber framing without having sufficient documentation.	Penalty \$3000 and reprimand	3,000	31/03/2021
Simon PITARD	DB-U 29823; CB-U 37056	Installing combustible cladding materials at one site contrary to the specifications in the architectural drawings endorsed in the building permit.	Suspension of DB-U and CB-U registrations for two months and penalties \$14,869.60	14,869.60	27/05/2021

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Daniel POYNTON	DB-U 47573	Carrying out building work not in accordance with a building permit; failure to comply with direction to fix building work, performing work other than in a competent manner or to a professional standard in demanding progress payments not payable.	Penalty \$2750 and reprimands	2,750	09/12/2020
Paul RAPTOPOULOS	BS-U 1101	Issuing building permits and occupancy permits, in relation to five residential developments and one childcare centre development, allowing non-compliant use of combustible cladding for external walls. Subject to VCAT review.	Suspension of BS-U for 14 months, penalties \$20,000 and reprimand	20,000	29/03/2021
David RATCLIFFE	DB-U 18867	Assaulting party associated with building site (unprofessional conduct). Subject to VCAT review.	Partial suspension of registration for three months (no new projects for practitioner or practitioner's companies)	-	13/04/2021
Bill ROMANOVSKI	BS-U 15181	Issuing building permits allowing non-compliant use of combustible cladding for external walls. Subject to VCAT review.	Penalty \$8261	8,261	22/06/2021
Brendan ROUTLEY	CB-L 45284	Failing to notify the relevant building surveyor of the completion of each mandatory stage (4 instances at one site).	Penalties \$6000 and reprimands	6,000	16/09/2020
Orlando SANDNER	DB-U 8148	Failing to notify the relevant building surveyor of the completion of each mandatory stage (3 sites).	Penalties \$6000 and reprimands	6,000	06/07/2020
Raman SHAQIRI	BD-L 32296; DB-U 31360	Causing demolition of historic hotel building without a building permit; failing to comply with stop work order; failing to ensure that demolition work conducted according to regulations; unlawfully disposing of demolition materials including asbestos, breaching abatement notice; unprofessional conduct; not a fit and proper person.	Cancellation of BD-L and DB-U registrations. Disqualification from registration in any category for three years (statutory maximum), reprimand	-	30/11/2020

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Michael SHAW	BS-U 1165	Issuing building permits and occupancy permits allowing non-compliant use of combustible cladding for external walls at three sites. Subject to VCAT review.	Suspension of BS-U registration for 14 months, penalties \$6000 and reprimand	6,000	08/12/2020
Patti SMITH	BS-U 1280	Issuing a building permit when the practitioner should not have been satisfied that work would comply, unprofessional conduct, in respect of a site at Bayswater.	Reprimand, and requirement to complete training course	-	04/01/2021
Dennis SMITH	DB-L 32535	Practitioner in breach of dispute resolution order made by Domestic Building Dispute Resolution Victoria.	Partial suspension of DB-L registration for six months.	-	23/02/2021
Nicholas SNART	BS-U 18065	Issuing building permits and occupancy permits allowing non-compliant use of combustible cladding for external walls at multiple sites. Subject to VCAT review.	Suspension of BS-U registration for two months, reprimand and penalties \$9000	9,000	04/06/2021
Bruce THOMAS	EF 14064	Performing work other than in a competent manner or to a professional standard, unprofessional conduct with respect to practitioner's fire engineering design work in 2004 for an apartment building by failing to consider, properly or at all, the proposed use of non-compliant combustible cladding (aluminium composite panels), failing to consider combustible cladding being configured vertically and thereby a non-compliant fire risk, failing to consider how the deletion of sprinkler protection satisfied performance requirements given the proposed use of combustible cladding, etc.	Suspension of EF registration for six months, penalties \$12,000, reprimands	12,000	16/06/2021
Ross THOMSON	BS-U 1290	Issuing a building permit for the construction of a swimming pool and safety barrier when practitioner did not have sufficient information to estimate the cost of the subject works, could not have been satisfied that an owner-builder certificate of consent had been issued and could not have been satisfied of compliance with building regulations.	Penalty \$1500 and reprimands	1,500	18/01/2021

Disciplinary outcomes – Individuals					
Name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Timothy TRICKEY	DB-U 12663	Practitioner holding office in a company that is in external administration.	Condition imposed on DB-U registration	-	15/06/2021
Jim TSAGANAS	BS-U 1329	Issuing building permits and occupancy permits allowing the non-compliant use of combustible cladding for external walls of two buildings. Subject to VCAT review.	Suspension of BS-U registration for 9 months, penalties \$14,000 and reprimands	14,000	04/08/2020
Ronald VAN PELT	DB-U 7020; CB-U 2075	Practitioner holding office in a company that is in external administration.	Cancellation and immediate suspension of DB-U and CB-U registrations		15/06/2021
Philip WATT	BS-U 1301	Issuing a building permit when practitioner could not have been satisfied that it would be consistent with the relevant planning permit.	Penalty \$4000 and reprimand	4,000	09/09/2020
Garry WILSON	CB-U 58045	Failing to notify the relevant building surveyor of the completion of each mandatory stage.	Penalties \$3000 and reprimand	3,000	10/07/2020
Rong ZHENG	DB-M 29072	Practitioner in breach of dispute resolution order made by Domestic Building Dispute Resolution Victoria.	Partial suspension of the DB-M registration for three years	-	30/06/2021

54. This list includes matters where a disciplinary outcome was imposed by the VBA during 2020–21.

55. The date of decision shown is the date the decision was made by the VBA's original decision maker or, where the practitioner sought an Internal Review, the date of any subsequent decision by the VBA's internal reviewer.

TABLE 29: DISCIPLINARY OUTCOMES – COMPANIES

Disciplinary outcomes – Companies					
Company name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision ²⁷
Adaptive Constructions Pty Ltd	CDB-U 59886	Carrying out building work (demolition of a carport attached to a dwelling) without a permit, demolishing without appropriate precautions.	Reprimand, penalty \$5000.00 and complete training course	5,000	30/04/2021
Amville Constructions Pty Ltd	CDB-U 52430	Practitioner in breach of dispute resolution order made by Domestic Building Dispute Resolution Victoria.	Partial suspension CDB-U registration for three years and reprimand	-	13/05/2021
Billings Long Pty Ltd	CDB-U 53956	Failing to call for a mandatory inspection required by the building permit in respect of alterations and additions to an existing dwelling.	Reprimand and penalty \$2000	2,000	30/04/2021
Black Rock Builders Pty Ltd	CDB-U 52578	Carrying out building work (demolition) before a building permit had been issued. (Practitioner mistakenly believed building permit would have been issued).	Penalties \$10,000	10,000	14/05/2021
Buildko Pty Ltd	CCB-L 59773; CDB-U 59772	Failing to pay an adjudicated amount due under the <i>Building and Construction Industry Security of Payment Act 2002</i> .	Suspension of CCB-L and CDB-U registrations for one month and reprimand	-	28/06/2021
Carbonlite Enterprises Pty Ltd	CDB-U 52684	Failing to call for mandatory inspections required by the building permit (before placing a footing and before pouring an in situ reinforced concrete member specified in the permit) for the extension of a dwelling and garage.	Reprimand and penalty \$3000	3,000	19/04/2021
Gallery Homes Pty Ltd	CDB-U 53131	Failing to call for a mandatory inspection (completion of framework) required by the building permit in respect of the construction of a new dwelling and garage.	Reprimand and penalty \$2000	2,000	07/05/2021
James Robert Homes Pty Ltd	CDB-U 49971	Practitioner in breach of dispute resolution order made by Domestic Building Dispute Resolution Victoria.	Partial suspension of CDB-U registration for up to two years	-	16/09/2020
JG King Pty Ltd	CDB-U 49366	Failing to call for a mandatory inspection required by the building permit for the construction of a single-storey dwelling and garage.	Penalty \$2000	2,000	15/06/2021
Jovann Enterprise Pty Ltd	CDB-M 48362	Practitioner in breach of dispute resolution order made by Domestic Building Dispute Resolution Victoria.	Partial suspension of CDB-M registration for five months. The partial suspension ended after two months upon practitioner complying with dispute resolution order	-	08/10/2020

Disciplinary outcomes – Companies					
Company name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Lachlan Fleming Constructions Pty Ltd	CDB-U 51859	Failing to call for a mandatory inspection (completion of framework) required by the building permit for the construction of a multi-residential development.	Reprimand and penalty \$2000	2,000	14/05/2021
Lolan Building Services Pty Ltd	CDB-M 48401	Failing to call for a mandatory inspection (completion of framework) required by the building permit for the construction of a multi-residential development.	Reprimand and penalty \$6000	6,000	25/06/2021
Matvik Homes Pty Ltd	CDB-U 49861	Failing to call for a mandatory inspection (prior to placing a footing) required by the building permit in respect of the construction of a single-storey dwelling with associated garage.	Reprimand and penalty \$3000	3,000	08/06/2021
Nyerse Constructions Pty Ltd	CDB-U 49308	Failing to call for mandatory inspections required by the building permit in respect of the installation of a swimming pool and safety barrier.	Reprimand and penalty \$2000	2,000	22/04/2021
Oz Pools Pty Ltd	CDB-L 58334	Failing to call for mandatory inspections required by the building permit in respect of the construction of a swimming pool and safety barrier.	Reprimand and penalty \$3000	3,000	05/05/2021
Reef Pools Warrandyte Pty Ltd	CDB-L 49164	Company practitioner with no nominee director (individual practitioner with corresponding registration).	Suspension of CDB-L registration for three years or until company has a nominee director (CDB-L registration immediately suspended)	-	26/11/2020
Ridgecon Pty Ltd	CDB-U 62445	Company practitioner with no nominee director (individual practitioner with corresponding registration).	Cancellation of CDB-U registration and penalty \$5000	5,000	11/03/2021
RMDBuilt Pty Ltd	CDB-U 58380	Carrying out building work before a building permit had been issued and carry out building work other than in accordance with permit.	Penalty \$3000 (reducible to \$2000 if nominee director completes course – Apply legal requirements to building and construction projects – by 28 April 2022), reprimand	3,000	08/04/2021
Value Build Pty Ltd	CDB-U 49640	Failing to call for mandatory inspections required by the building permit in respect of the construction of a new two-storey building.	Reprimand and penalty \$1000	1,000	30/04/2021
Vatt Construction Pty Ltd	CDB-U 57932	Failing to call for a mandatory inspection (before placing a footing) required by the building permit in respect of the construction of three double-storey dwellings, one triple-storey dwelling, garages and retaining walls.	Reprimand and penalty \$3000	3,000	16/04/2021

TABLE 30: DISCIPLINARY OUTCOMES – BUILDING PRACTITIONERS BOARD (BPB)

Company name	Registration no.	Conduct	Result	Penalty (\$)	Notice of decision
Anastasios GALANOS	BS-U 16541	Performing work other than in a competent manner or to a professional standard in multiple respects concerning permitted building work which resulted in a failed excavation and damage to adjoining properties; and failing to provide all required documents to the relevant council.	Reprimand. Building Practitioners Board costs of \$10,000	10,000	30/11/2020
David MADEIRA	BS-U 27484	In contravention of regulation 1502(a) of the Building Regulations 2006, between 2013 and 2015 the building practitioner failed to ensure that another registered building practitioner (a former employee), who arranged building inspections on his behalf, followed the established policy and procedure in relation to trainee inspectors, which prohibited them from carrying out inspections without proper supervision.	Fine \$1000	1,000	30/11/2020
Gary GOMMERS	BS-U 1419	In contravention of regulation 1502(a) of the Building Regulations 2006, 46 inspections were performed, between 2013 and 2015, by a trainee inspector (not being registered under Part 11 of the <i>Building Act 1993</i>) at sites for which the practitioner was responsible as the appointed relevant building surveyor.	Fine \$5000	5,000	30/11/2020
Con NICOLAS	EF 17951	Performing work other than in a competent manner or to a professional standard with respect to practitioner's fire engineering design work by failing to identify and assess the use of aluminium composite panels (non-compliant combustible cladding) and proposing non-compliant alternative performance solutions.	Suspension of EF registration for six months, fine \$11,945 (statutory maximum). Building Practitioners Board costs of \$50,000	61,945	28/11/2020

Appendix 4

Glossary

Australian Building Codes Board (ABCB)

The ABCB addresses issues relating to safety, health, amenity and sustainability in the design and performance of buildings through the National Construction Code (NCC) (see below) and the development of effective regulatory systems and appropriate non-regulatory solutions, including product certification systems. The Building Ministers' Forum (see below) appoints the Chair and industry Board members

Authorised Nominating Authorities (ANAs)

ANAs are authorised by the VBA to manage the adjudication process under the SoP Act. The VBA oversees ANA activities and performance. The functions of an ANA include nominating adjudicators for the purposes of the SOP Act, receiving and referring adjudication applications to adjudicators and reporting to and providing information to the VBA

Building Act 1993

Governs building and plumbing activity in Victoria and sets out the legislative framework for the regulation of building construction, building standards and the maintenance of specific building safety features

Building Activity Management System (BAMS)

The VBA's online portal for collecting levy and building permit data

Building and Construction Industry Security of Payment Act 2002 (SoP Act)

The SoP Act provides mechanisms for subcontractors to be paid for work undertaken or for the supply of related goods and services. The VBA is responsible for administering the SoP Act and monitors the operation of the SoP Act

Building Code of Australia (BCA)

The BCA comprises Volumes One and Two of the NCC and prescribes the technical provisions for the design and construction of buildings and other structures

Building Ministers' Forum

Made up of Commonwealth, state and territory government ministers with responsibility for building and construction, oversees policy and regulatory issues affecting Australia's building and construction industries

Building practitioner

They include building surveyors, building inspectors, quantity surveyors, engineers engaged in the building industry, draftspersons (building design – architectural, interior, services), commercial builders, domestic builders, demolishers and erector or supervisor (temporary structures – Class 1 and 2)

Building Regulations 2018

The Building Regulations 2018 (the Regulations) came into effect on 2 June 2018. The Regulations are a subordinate legislation of the *Building Act 1993* and contain, among other things, requirements relating to building permits, building inspections, occupancy permits, enforcement, and maintenance of buildings. The Regulations adopt the Building Code of Australia (BCA), which is part of the National Construction Code

Certificate of accreditation

A certificate issued by a state or territory accreditation authority stating that the properties and performance of a building material or method of construction or design fulfil specific requirements of the BCA

Chief Commissioner

The key appointee of the VBA's Board of Commissioners which is responsible for the governance and strategic management of the VBA to ensure its effectiveness as a regulator

Cladding

Non-loadbearing covering to a frame. Also called external cladding or wall cladding

Cladding Safety Victoria (CSV)

A Victorian Government entity set up in 2019–20 as a business unit within the VBA to support and guide owners and occupants of buildings with combustible cladding, particularly where rectification work is required to reduce risks to an acceptable level

Code of Conduct for Building Surveyors

Following extensive public and industry consultation, the VBA developed a Code of Conduct to establish principles and rules for professional conduct of building surveyors across Victoria

Combustible

Combustible as determined by Australian Standard 1530.1 Methods for fire tests on building material, components and structures, Part 1: Combustibility test for materials

Combustible cladding

Building cladding that has been deemed combustible according to the above

Competitive neutrality

Requires government businesses to ensure, where services compete or potentially compete with the private sector, any advantage arising solely from government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned

Compliance

Achievement of stated performance or prescriptive criteria in a regulation or other statutory requirement, usually signified by a compliance or approval certificate

Cooperative research centres (CRCs)

Key bodies for Australian scientific research which emphasise collaborative arrangements to maximise the benefits of research through an enhanced process of utilisation, commercialisation and technology transfer

Fire safety systems

Systems designed and installed by fire safety engineers to ensure a building is as fire-safe as possible. Systems can be classified as active (such as smoke alarms and sprinklers) or passive (such as self-closing or smoke-sealed doors)

Freedom of Information (FOI)

Documents held by the VBA, including those provided to us by third parties, may be accessed by the public in certain circumstances. The *Freedom of Information Act 1982* sets out the process by which the public can gain access to, and the VBA can disclose, documents

Internal review

The process which gives an 'affected person' the right to seek review of a 'reviewable decision' – such as building registration and disciplinary decisions – made by the VBA under the *Building Act 1993*. Internal review is only available to a person who is directly affected by the decision

Municipal building surveyor (MBS)

Someone appointed, employed or nominated by a council to issue building permits, carry out inspections of buildings and building work and issue occupancy permits and temporary approvals

National Construction Code (NCC)

Published by the ABCB, the NCC comprises the BCA (Volumes One and Two), the Plumbing Code of Australia (PCA) (Volume Three) and other onsite construction requirements as directed by the Building Ministers' Forum

Natural persons

Human beings, as distinct from artificial persons or corporations recognised by law (such as companies)

Non-compliance

Failure to achieve the performance or prescriptive criteria demanded by a regulation or other statutory requirement which may lead to non-approval of a project or item and, in extreme cases, to demolition

Occupational health and safety (OHS)

OHS is concerned with the safety, health and welfare of people while at work. Also commonly referred to as health and safety, workplace health and safety, occupational health or occupational safety

Owners corporation

An organisation that manages the common property of a residential, commercial, retail, industrial or mixed-use property development. Formerly known as a body corporate

Plumbing inquiries

Disciplinary proceedings into the conduct of plumbing practitioners commenced by the VBA and heard before a panel

Plumbing practitioner

A person registered or licensed to carry out at least one class or type of plumbing work

Plumbing Regulations 2018

The Plumbing Regulations 2018 commenced on 18 November 2018, replacing the Plumbing Regulations 2008. The Regulations cover the following aspects of plumbing work in Victoria: define the scope of work for all classes of plumbing work and specialised plumbing work, set out the qualification and experience eligibility requirements for registration and licensing in each class of plumbing work and specialised plumbing work, set fees payable for registration and licensing applications and the price of a compliance certificate, and set out additional technical requirements with which work performed in specified classes of plumbing must comply, including some variations from the requirements in the PCA

Private building surveyor

Private building surveyor means a building surveyor registered under Part 11 other than a municipal building surveyor, an officer or employee of the Crown or a public authority or a building surveyor authorised under section 191, 192 or 221 – in his or her capacity as such a municipal building surveyor, officer, employee or authorised building surveyor

Proactive Inspections Program (PIP)

An early intervention initiative that identifies and reduces noncompliant building and plumbing work in Victoria

Procurement

The process of finding and agreeing to terms and acquiring goods, services or works from an external source, often via a tendering or competitive bidding process

Ream

500 sheets of A4 paper

Research

With a statutory function to conduct or promote research relevant to the regulation of the building and plumbing industries, the VBA's research program helps us better understand major regulatory issues and consumer needs, and how regulatory interventions can be shaped to improve public safety and amenity in the industry

Relevant building surveyor

In relation to an application to, or permit, approval, inspection, direction, notice or order issued or given by, a municipal building surveyor, means the municipal building surveyor:

- in relation to an application to, or permit, approval, inspection, direction, notice or order issued or given by, a private building surveyor, means the private building surveyor
- in relation to the carrying out by the Authority of the functions of a municipal building surveyor or a function specified in section 205P, means the Authority
- in relation to the carrying out by a building surveyor authorised under section 191, 192 or 221 of the functions of a municipal building surveyor, means the authorised building surveyor.

Show cause

The process through which the VBA holds to account the performance of building practitioners, protects consumers from building malpractice and makes sure building practitioners comply with relevant legislation. The show cause process initiates disciplinary action against registered practitioners. Breaches of legislation by people other than registered practitioners are dealt with by criminal prosecution

State Building Surveyor

An authoritative industry leader for building surveyors and building practitioners across Victoria. The role supports the industry change required to ensure buildings are consistently well-built, safe and fit-for-purpose

Statewide Cladding Audit (SCA)

A thorough Victoria-wide examination – established by the Victorian Government and carried out by the VBA – to identify and audit buildings with combustible cladding. The scale of the task means that this work in total is expected to take at least five years

Temporary structure

A booth, tent, marquee or other temporary enclosure – whether or not a part of the booth, tent, marquee or enclosure is permanent – or a seating structure, whether or not enclosed, including a mobile seating structure

Find out more

More definitions of building and plumbing industry terms are available in the new [Construction Dictionary](#) developed by Standards Australia in partnership with the ABCB. The dictionary combines terms and definitions from the NCC, Australian (and joint AS/ NZS) Standards, and Handbook 50:2004 Glossary of Building Terms. It aims to assist industry, government and consumers to understand the range of terminology used to describe the same or similar terms and processes across Australia.

Appendix 5

Abbreviations and acronyms

AAS	Australian Accounting Standards	DHHS	Department of Health and Human Services
AAT	Administrative Appeals Tribunal	DJCS	Department of Justice and Community Safety
ABCB	Australian Building Codes Board	DJPR	Department of Jobs, Precincts and Regions
ANA	authorised nominating authority	DWGs	designated workgroups
ARC	Audit and Risk Committee	DBDRV	Domestic Building Dispute Resolution Victoria
ARP	advisory reference panel	EAP	employee assistance program
ATEN	Australian Technical Evaluation Network	ECL	expected credit loss
BAB	Building Appeals Board	EIFS	Exterior Insulation Finishing Systems
BAMS	Building Activity Management System	EOI	expression of interest
BAU	business as usual	EPS	Expanded Polystyrene
BCA	Building Code of Australia	ESM	essential safety measure
BCR	Building Confidence Report	ESV	Energy Safe Victoria
BMF	Building Ministers' Forum	EW	External Wall
BPB	Building Practitioners Board	FAQs	Frequently Asked Questions
BPN	building permit number	FIT	Fire Industry Training
BCR	Building Confidence Report	FOI	Freedom of Information
CAV	Consumer Affairs Victoria	FMA	<i>Financial Management Act 1994</i>
CEO	Chief Executive Officer	FPAA	Fire Protection Association Australia
CFA	Country Fire Authority	FRD	financial reporting direction
CLO	customer liaison officer	FRV	Fire Rescue Victoria
CO2-e	carbon dioxide equivalent	FTE	full-time equivalent
COAG	Council of Australian Government	GSN	Goods Shed North
CRC	Cooperative Research Centre	GST	Goods and Services Tax
CRL	cladding rectification levy	HIA	Housing Industry Association
CSIRO	Commonwealth Scientific and Industrial Research Organisation	HSR	health and safety representative
CSV	Cladding Safety Victoria	IBAC	Independent Broad-based Anticorruption Commission
Cth	Commonwealth		
DELWP	Department of Environment, Land, Water and Planning		

ICT	information and communication technology	PMO	Project Management Office
IPM	independent project manager	PPE	personal protective equipment
IRP	issue resolution procedure	PTEU	Plumbing and Pipe Trades Employees Union
ISP	Insulated Sandwich Panels	RIC	Research and Innovation Committee
kg	kilogram	RICS	Royal Institute of Chartered Surveyors
km	kilometre	RBP	registered building practitioner
LGA	local government area	RTW	return to work
LGBTI	lesbian, gay, bisexual, transgender, and/or intersex	RVI	remote video inspection
LPG	liquefied petroleum gas	SCA	Statewide Cladding Audit
LSL	long service leave	SOE	<i>Statement of Expectations</i>
LTIFR	lost time injury frequency rate	SoP	security of payment
LUV	Lands Use Victoria	SPASAVic	Swimming Pool and Spa Association of Victoria
MAV	Municipal Association of Victoria	WFH	work from home
MBA	Master Builders Association of Victoria	STS	senior technical specialist
MBS	municipal building surveyor	TBC	to be confirmed
MTIFR	medically treated injury frequency rate	TRIFR	total recordable injury frequency rate
MJ	megajoule	TMV	thermostatic mixing valve
N/A	not available	TTY	teletype
NCC	National Construction Code	UK	United Kingdom
NFIA	National Fire Industry Association	VAGO	Victorian Auditor-General's Office
OHS	occupational health and safety	VBA	Victorian Building Authority
OSBS	Office of the State Building Surveyor	VCAT	Victorian Civil and Administrative Tribunal
OVIC	Office of the Victorian Information Commissioner	VMBSG	Victorian Municipal Building Surveyors Group
PA	<i>Public Administration Act 2004</i>	VMIA	Victorian Managed Insurance Authority
PAC	Plumbing Advisory Committee	VPSC	Victorian Public Sector Commission
PCA	Plumbing Code of Australia		
PID	<i>Public Interest Disclosure Act 2012</i>		
PII	professional indemnity insurance		
PIN	provisional improvement notice		
PIP	Proactive Inspections Program		

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