

# Annual Report

2022/23



# Acknowledgements

## 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 and present. We recognise and value the ongoing contribution of Aboriginal peoples and communities to Victorian life.

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

## About this report

Welcome to the Annual Report for the Victorian Building Authority (VBA) for the year ending 30 June 2023. The Annual Report 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).

## 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 2023.

## VBA's Financial Management Compliance Attestation

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.



### Michelle McLean

Chief Commissioner  
Victorian Building Authority  
Melbourne  
19 September 2023

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1/

# Messages & Highlights



## Industry snapshot

### We Regulate

**528,106**

Compliance certificates lodged by plumbers

**105,514**

Building permits reported

**8,233**

Building permits inspected

**7,422**

Plumbing audit and drainage inspections

**4,815**

Owner-builder certificates of consent issued

**3,389**

Notifications sent to practitioners to address compliance risks

**110**

Building Surveyor audits

### We Educate

**11,151**

Attended a Practitioner Education Series webinar

**89%**

Practitioner satisfaction with webinar content

**44**

Practice Notes published

**9**

Research projects underway or completed in 2022-23

**7**

Technical Bulletins published

### We Engage

**4.2 million**

Visits to VBA website

**1.5 million**

Reach of email communications to keep industry informed

**14,108**

Building technical queries responded to

**10,987**

Plumbing technical queries responded to

**16%**

Increase in engagement across VBA's social media channels

# About the VBA

## Vision

Our Vision is:  
*Safeguarding  
Victoria's  
Future.*

## Outcomes

Our vision is supported by three public value outcomes, which describe the positive impact we are committed to deliver for Victoria and which underpin our strategic objectives and priorities over the next five years:

- **Safe and resilient buildings**
- **Communities reach their potential**
- **Confident and thriving industry.**

## 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**

## Strategic direction

Our strategic direction is made up of five pillars that flow from our vision, outcomes and values to guide our strategic focus for the next five years. In a dynamic sector, the pillars provide a steady compass for us to navigate complexity and move forward with positive impact for the Victorian community.

1

### A trusted regulator

We're a proactive regulator delivering positive outcomes for Victorians. Our starting point is that individuals want to do the right thing. We deliver sophisticated and targeted enforcement that results in behavioural change. We do this through proportionate regulatory responses and providing authoritative guidance and advice.

**"Fair, firm, fast"**

2

### A knowledge-led organisation

We're a data-driven, evidence and intelligence-led organisation. We create and share knowledge and learn from others to continuously improve our work. The research and data we collect and analyse translates into practical, real-life solutions, facilitates industry innovation, and helps inform government policy.

**"Information, intelligence, insights"**

3

### A strength-based workplace

We're one cohesive and diverse organisation and are serious about talent and flexibility. Our people are the foundations of our adaptable, strength-based culture, and are empowered to build their own career pathways and maximise their positive impact for Victorian communities.

**"One voice, one VBA"**

4

### A forward-thinking business

We're a contemporary and resilient organisation that looks to the future. Our robust risk management, financial administration and digital infrastructure are sustainable, adaptable and future-ready. By looking to the future, we drive our performance and design our organisation to get there.

**"Future ready"**

5

### An effective connector

We have a unique line of sight to Victoria's building industry. We use the deep and diverse expertise at the VBA to engage with consumers, government, other regulators and industry to strengthen Victoria's building system. Together, we span boundaries, work towards shared outcomes and amplify our positive impact.

**"Bringing people and thinking together"**



# Our services and regulatory functions

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Registering, licensing and disciplining plumbers</li> <li>• Registering and disciplining building practitioners</li> <li>• Responding to public enquiries about the building and plumbing industries</li> <li>• Overseeing the security of payment processes</li> <li>• Issuing owner-builder certificates of consent</li> <li>• Providing expert technical advice and informed solutions to industry</li> <li>• Keeping Victorians safe by undertaking inspections, investigations and audits to enforce compliance with relevant legislation</li> </ul> | <ul style="list-style-type: none"> <li>• Performing functions of a Municipal Building Surveyor (MBS) when declared by the Minister, under the Act and under other legislation</li> <li>• Working with other agencies and regulators to ensure practitioner compliance and protect consumers</li> <li>• Publishing data for building and plumbing practitioners to boost transparency and inform government and industry decision-making</li> <li>• Undertaking and promoting research relevant to the regulation of the building and plumbing industries</li> </ul> | <ul style="list-style-type: none"> <li>• Developing and delivering education material for industry and consumers to promote compliance</li> <li>• Collecting building permit data and levies and issuing building permit numbers</li> <li>• Overseeing the work of building practitioners and plumbers and Victoria's building permit system</li> <li>• Promoting the resolution of consumer complaints about work carried out by building practitioners and plumbers</li> <li>• Participating in national and state forums on building reforms and the development of national building and plumbing standards</li> </ul> |
|--|---|--|

## Manner of establishment

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

## Responsible Minister

The responsible Minister from 1 July 2022 to 4 December 2022 was the Hon. Lizzie Blandthorn MP, Minister for Planning. The responsible Minister from 5 December 2022 to 30 June 2023 was the Hon. Sonya Kilkeny MP, Minister for Planning.

# The Chief Commissioner's Report

**This year, the VBA worked with other parts of government to develop assistance measures for consumers impacted by builder insolvency and continues to place the consumer at the heart of what we do.**

This Victorian Building Authority's (VBA) Annual Report outlines the achievements of the Authority during what was a challenging year for the building and plumbing industry, and for many Victorians in the domestic housing market.

The cost of building works increased by 4.7 per cent compared to the previous year, creating an increasingly difficult operating environment for building and plumbing practitioners. This was reflected in the insolvency of a number of construction companies, which had a profound impact on many people in the community seeking to build a home for their families, as well as on the livelihoods of building practitioners, their contractors and suppliers. In light of this, the VBA worked with other parts of government to develop assistance measures for consumers impacted by builder insolvency and continues to place the consumer at the heart of what we do.

Despite industry and internal challenges, I am proud of how the VBA remained focused during this period on delivering effective regulation of the building and plumbing industries, to keep Victorians safe. Our aim is to help maintain confidence in the industry, sustain employment and economic activity, and protect the health and safety of Victorians.

This was the first full year where the VBA's strategic plan, *Vision27*, was in effect, and the VBA had strong achievement against all parts of the strategy. Of course, a strategy must be sufficiently flexible to accommodate a dynamic environment, and effective organisations will always be prepared to reflect on areas of emphasis. At the VBA, we have been particularly focused on two key pillars of our strategy, namely continuing to evolve as a trusted regulator and on building a strength-based workplace.

To support the delivery of ongoing and evolving functions, the VBA Board has provided oversight of the development of strategies and approaches that build confidence in the VBA, to benefit consumers and practitioners, while aligning with government expectations and the *Building Act 1993*.

We have focused the organisation on providing effective regulation that ensures practitioners are appropriately skilled and qualified through a robust licensing and registration framework. Through inspections and audits, we continued to place emphasis on ensuring construction work meets high and lasting levels of quality, to minimise any potential harm to the community.



**Michelle McLean**  
Chief Commissioner

This year, the VBA conducted more than 500 investigations to determine if building and plumbing practitioners are complying with the relevant legislation and we have not hesitated to take disciplinary action where practitioners have been found to have done the wrong thing.

At the same time, we have sought to introduce efficiencies into the regulatory regime. Our digital renewal program now includes more online exam options, a new Channel Management System for voice calls and emails, a new plumbing practitioner and licensee search function, a pilot of new online interactive forms, and a portal for building practitioners.

***“At the VBA, we have been particularly focused on two key pillars of our strategy, namely continuing to evolve as a trusted regulator and on building a strength-based workplace.”***

The VBA remained committed to being a strength-based workplace and recognises that our people are the foundations of our culture. Through investing in the technical skills and regulatory capabilities required to lead and regulate a dynamic building industry, we are maximising our positive impact for Victorian communities and working as one.

As we look forward to the coming year, some important government reforms that will reshape the building regulatory landscape in Victoria will start to evolve. Of note is the creation of the statutory role of the State Building Surveyor, which will be empowered to issue binding determinations, and the establishment of a Building Monitor to represent and advocate for consumers and make recommendations for improvements to regulation of the industry.

Finally, I would like to thank everyone at the VBA for their enthusiasm in embracing challenging and complex work, being adaptable and embracing the VBA's new strategic vision. The achievements outlined in this report would not have been possible without the commitment of our teams and on behalf of the VBA Board I would like to express my gratitude for the work they do.



# The Chief Executive Officer's Report

**The VBA is currently working to finalise a new Regulatory Policy Statement that clearly outlines our aims and approaches to regulating Victoria's building and plumbing industries.**

Victoria's construction industry has faced its fair share of challenges in recent years and the impact on consumers from the recent collapse of some volume builders has been profound. These pressures have been amplified by the fact that industry is also adjusting to significant cost inflationary pressures as well as the introduction of new technologies.

Although I am new to the CEO role at the VBA, I have been working on building policy issues for some time. The Government has prioritised reform of the building regulatory system following the Statewide Cladding Audit and through the establishment of an Expert Panel on building reform.

In my former role as Chair of the Expert Panel, it was a privilege to work with so many insightful stakeholders from industry, trades and the professions who are so committed to making sure that the regulatory system is improved. Their forward thinking and focus on pragmatism is highly valued and reflected in the Panel's recommendations to the Government.

During this period, I also had the opportunity to work closely with many staff at the VBA and have been impressed with the skills and experience of its people. Despite many upheavals over the last few years, the VBA has been quietly delivering improvements in its operations.

Underpinning Victoria's building system reform are the findings from the Stage One report from the Expert Panel, which made 16 recommendations to Government, with three key themes:

- Improving accountability across the building system.
- Improving oversight of building and plumbing activity and,
- Boosting consumer protection.

*The Building Legislation Amendment Bill*, which passed in June 2023 enacted many recommendations of the Panel's work. These included:

- Establishing a Building Monitor to identify emerging consumer issues at a systemic level.
- Strengthening the building approvals process and the creation of a building manual.
- The creation of the statutory powers of the State Building Surveyor, who will be empowered to issue binding determinations, as needed and,
- Expanding the categories of building practitioner that will be registered, to achieve greater national consistency.



**Anna Cronin**  
Chief Executive Officer



These key reforms are focused on improving consumer outcomes so that people can feel confident – when they buy a home or invest in building in Victoria – that they meet relevant compliance standards.

From our side of the reform process, the VBA is currently working to finalise a new Regulatory Policy Statement that clearly outlines our aims and approaches to regulating Victoria's building and plumbing industries.

The Regulatory Policy Statement will encapsulate our refreshed regulatory approach to ensure that it is balanced, fair, consistent and proportionate, while emphasising the need for the VBA to be a proactive, responsive, effective and credible regulator. The fundamental goal of the VBA's activity – to improve consumer outcomes – will be a clear point of emphasis.

It's my job to ensure that VBA staff are trained and enabled to make the decisions which regulators need to make – sensibly, consistently and expeditiously, informed by risk experience and expertise.


In recent months, a lot of work has been undertaken at the VBA to refresh our approach and there's a real appetite to improve what we do to meet the expectations of our stakeholders. The VBA is now a flexible workplace, aiming to modernise and strengthen our staff capabilities and renew our culture, with improvements in staff well-being and satisfaction as our key priorities.

***“The Regulatory Policy Statement will encapsulate our refreshed regulatory approach to ensure that it is balanced, fair, consistent and proportionate, while emphasising the need for the VBA to be a proactive, responsive, effective and credible regulator.”***

As a regulator, our work requires judgement, and not everything is black and white. We are determined to deliver better consumer outcomes through boosting the effectiveness of our regulatory activities, which involves improving the VBA's decision-making framework as well as delivering improvements in staff capability.

I would like to recognise Dr Todd Bentley, who as Acting CEO steered the VBA through the first half of this calendar year and who established the framework for implementing the Government's reform agenda.

I look forward to leading such a dedicated team of professionals who make a real difference to Victoria's liveability, built environment and future prosperity.



# The State Building Surveyor's Report

**A strong theme emerged from the work the VBA did this year – we worked together with industry to have a positive impact on their practice.**

As Victoria's building and plumbing regulator, the VBA has a role in ensuring practitioners understand how to do things correctly, and in discouraging risky, harmful or illegal behaviour in the building and plumbing industries.

A strong theme emerged from the work the VBA did this year – we worked together with industry to have a positive impact on their practice.

In May 2023, the National Construction Code (NCC) 2022 was adopted in part in Victoria, and included a transition for energy efficiency, liveable housing and condensation management, which is currently proposed to be adopted on 1 May 2024.

The VBA prepared our people and building and plumbing practitioners for the most significant amendments to the NCC since its inception in 1996. Guidance materials enabling practitioners to better navigate NCC 2022 were published and shared with practitioners and consumers ahead of their adoption in Victoria.

To supplement this, the VBA hosted the NCC Roadshow in September and October 2022. The Roadshow comprised 15 in-person events held across the state to deliver important information about NCC 2022, with 3,000 practitioners attending. The VBA continues to provide guidance to practitioners and work collaboratively with industry to ensure these changes are understood and adopted in work practices via our Practitioner Education Series and regularly updated Practice Notes.

The VBA inspected 8,233 building permits as part of its flagship Proactive Inspections Program (PIP) and conducted 7,422 plumbing audits and drainage inspections as part of the Plumbing Audit Program (PAP). Our risk-based approach to identifying sites for inspection led to 3,389 notifications sent to building and plumbing practitioners to rectify non-compliant work. This ensures consumers are not out of pocket, as practitioners are required to promptly rectify non-compliant work, maintaining the integrity of the built environment.

***"The VBA continues to provide guidance to practitioners and work collaboratively with industry to ensure NCC changes are understood and adopted in work practices."***

The heavy rainfalls and flooding experienced in October 2022 impacted 63 local government areas and one alpine resort, and resulted in damage to residential property and community facilities. In our role as regulator, the VBA acted as a key connector between industry, government and local councils to hear about the local impacts of this natural disaster and what preliminary issues had arisen. We continue to work with government, and provide building surveyors with the knowledge they need to make decisions about the best path forward for impacted property owners.

To support higher standards in building surveying, with a focus on upholding professional standards and acting in the public interest and with integrity, the Code of Conduct for Building Surveyors continues to be applied. In 2022-23, 86 Code of Conduct breaches were recorded, compared to 54 last year. Most breaches relate to code 2.5 – *'When performing statutory functions, ensure all decisions and resulting enforcement actions are reasonable, fair and appropriate'*. In many cases, the VBA has taken an educative approach to non-compliances, however adherence to the Code is an area the VBA is committed to improving through collaboration with the building surveying profession.

Legislative reforms that will reshape the regulatory landscape in Victoria were passed in June 2023, with a key focus on consumer protection. The *Building Legislation Amendment Act 2023* creates several provisions, which have not yet taken effect, but will impact our industry. These include the creation of the statutory State Building Surveyor, establishment of a Building Monitor to advocate for consumers and the creation of a building manual. These reforms build upon recommendations from Stage One of the Building System Review's final report and the VBA will provide updates on the implementation of these provisions.

The VBA knows there is a challenge with detached permits and the difficulty some Victorians face in finding a private building surveyor or municipal building surveyor to take over statutory oversight of their building project when the original surveyor's registration has been suspended or cancelled.

A range of initiatives has been introduced to address this. These include a pilot program with more than 30 open permits, where the VBA's building surveyors have reviewed permit files and recommended a pathway forward for consumers. Work is also ongoing to prepare for the implementation the VBA Statutory Manager function, which seeks to address the most challenging detached permits for resolution. Developing a roadmap for assessing current detached permits, reducing future risks and establishing a program to ensure improved management of old permits, improved building permit documentation and business continuity planning by building surveyors are additional streams of work in this important area that our teams will continue to progress.



**Andrew Cialini**  
Victorian State Building Surveyor

## Highlights

### Q1

- VBA begins NCC Roadshow and delivered 15 in-person events across Victoria
- Building inspectors and registered plumbers, except those in high-risk classes become eligible to participate in Automatic Mutual Recognition
- NCC 2022 was published

### Q2

- VBA acts as a key connector between industry, government and councils to assist communities impacted by flood and storm events
- Established Industry Harms Consultative Committee
- Commenced plumbing Online Exams trial







- VBA celebrated International Women's Day
- Published research report examining indoor mould and moisture damage
- Launched passive fire protections defects communications campaign
- Building Reform Expert Panel's final report on Stage One of the review of the building system was released

Q3

- A record 30,942 plumbers licensed or registered in Victoria
- NCC 2022 was adopted, in part, in Victoria
- New Channel Management System implemented
- Piloted Online Interactive Forms for building practitioners

Q4

# Financial summary

Table 1: VBA five-year financial summary

	2022–23 \$ million	2021–22 \$ million	2020–21 <sup>1</sup> \$ million	2019–20 <sup>2</sup> \$ million	2018–19 \$ million
Building permit levies	44.8	42.8	39.8	44.7	39.3
Cladding rectification levy	–	–	20.4 <sup>3</sup>	19.3	N/A
Practitioner registration and licences	22.4	13.5	12.0	11.7	10.8
Plumbing compliance certificates	19.1	17.8	16.0	15.1	14.8
Other income	27.4	16.7	52.1	56.6	20.7
<b>Total income</b>	<b>113.7</b>	<b>90.8</b>	<b>140.3</b>	<b>147.4</b>	<b>85.6</b>
<b>Total expenses</b>	<b>105.3</b>	<b>98.2</b>	<b>124.5</b>	<b>101.0</b>	<b>77.8</b>
Other income flows	0.5	0.2	–	0.1	0.3
<b>Net result from continuing operations</b>	<b>8.9</b>	<b>(7.2)</b>	<b>15.8</b>	<b>46.5<sup>4</sup></b>	<b>8.1</b>
Current assets	62.5	43.0	55.5	110.5	60.0
Non-current assets	16.7	17.9	17.7	22.4	11.9
<b>Total assets</b>	<b>79.2</b>	<b>60.9</b>	<b>73.2</b>	<b>132.9</b>	<b>71.9</b>
Current liabilities	32.5	29.1	38.6	27.7 <sup>5</sup>	21.2
Non-current liabilities	16.6	12.7	8.7	11.5 <sup>6</sup>	4.0
<b>Total liabilities</b>	<b>49.1</b>	<b>41.8</b>	<b>47.3</b>	<b>39.2</b>	<b>25.2</b>
<b>Net assets</b>	<b>30.1</b>	<b>19.1</b>	<b>25.9</b>	<b>93.7<sup>7</sup></b>	<b>46.7</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>20.1</b>	<b>(13.1)</b>	<b>(55.6)</b>	<b>55.9</b>	<b>20.6</b>

<sup>1</sup>The prior year results included CSV net result of \$34.1 million for five months prior to its separation from the VBA on 1 December 2020.

<sup>2</sup>Includes former VBA business unit, CSV, established on 16 July 2019.

<sup>3</sup>Includes cladding rectification levy \$20.4 million (2019–20: \$19.3 million).

<sup>4</sup>Includes CSV net result \$44.5 million.

<sup>5</sup>Revised in the prior year from \$28.1 million to \$27.7 million.

<sup>6</sup>Revised in the prior year from \$11.1 million to \$11.5 million.

<sup>7</sup>Includes CSV cash and cash equivalents \$51.6 million.

# Current year – financial performance and business review

## Overview

The VBA has continued to improve its financial position as a result of effective fiscal management and the receipt of grant income to support new Government initiatives.

The comprehensive operating result for the VBA in 2022-23 was a surplus of \$8.9 million, which includes a net \$11.2 million received for government funded programs. If excluded, this results in the underlying VBA regulatory function delivering an operating deficit of \$2.3 million.

VBA regulatory functions income for 2022-23 increased by \$13.8 million, as a result of increased collections of general and Domestic Building Dispute Resolution Victoria (DBDRV) building permit levies of \$2 million due to higher cost of works.

Plumbing compliance certificate income increased by \$1.3 million, and new Building Practitioner Registration Fees, which commenced on 2 May 2022, contributed to the increase of \$8.9 million.

Interest income increased \$1.5 million due to higher interest rates during the year.

Grant income received from the Department of Energy, Environment and Climate Action (DEECA) (formerly known as Department of Environment, Land, Water and Planning (DELWP)), on behalf of the Victorian Government totalled \$23 million, an increase of \$11.1 million compared to the previous year.

Total expenditure for 2022-23 was \$105.3 million, compared to \$98.2 million for the previous year.

The increase was attributable to employee benefits, investment in IT on new digital systems, and the commencement of new government programs.

### Financial position – cash holdings

Cash holdings at the end of the year were \$59.7 million, primarily driven by an increase in receipt of funding for new government programs worth \$111 million. With Balance sheet assets totalling \$79.2 million, and liabilities of \$49.1 million from increased Payables and Contract Liabilities, VBA has sufficient cash to meet its short-term liabilities and continues to explore opportunities to improve its financial sustainability for the longer term.

### Contributions, Transfers and Research Grant Payments

The VBA contributed \$1 million to the Department of Industry, Science, Energy and Resources, as Victoria's contribution to the Australian Building Codes Board (ABCB) on behalf of the Victorian Government.

In addition, the VBA contributed \$1.6 million to DEECA, formerly DELWP Building Policy Unit.

The VBA paid \$0.18 million in grants to four universities under its Research Grant Program to support research that will help provide an evidence base to inform regulatory decisions and influence improvements to the building regulatory system and quality of the built environment in Victoria.

The VBA continued to collect and transfer the Cladding Rectification Levy to CSV monthly. In 2022-23, the levy paid to CSV was \$92.0 million, compared to \$78.3 million paid in the previous year.

The VBA also collected a portion of building permit levies and domestic building registration fees to fund services by DBDRV, costs relating to the Victorian Civil and Administrative Tribunal (VCAT) under its Building and Property List, and other costs for administration of the *Domestic Contracts Act 1995*. These funds are transferred to CAV every month to administer under its Domestic Builders Fund. For 2022-23, \$20.2 million was transferred to CAV for this purpose.

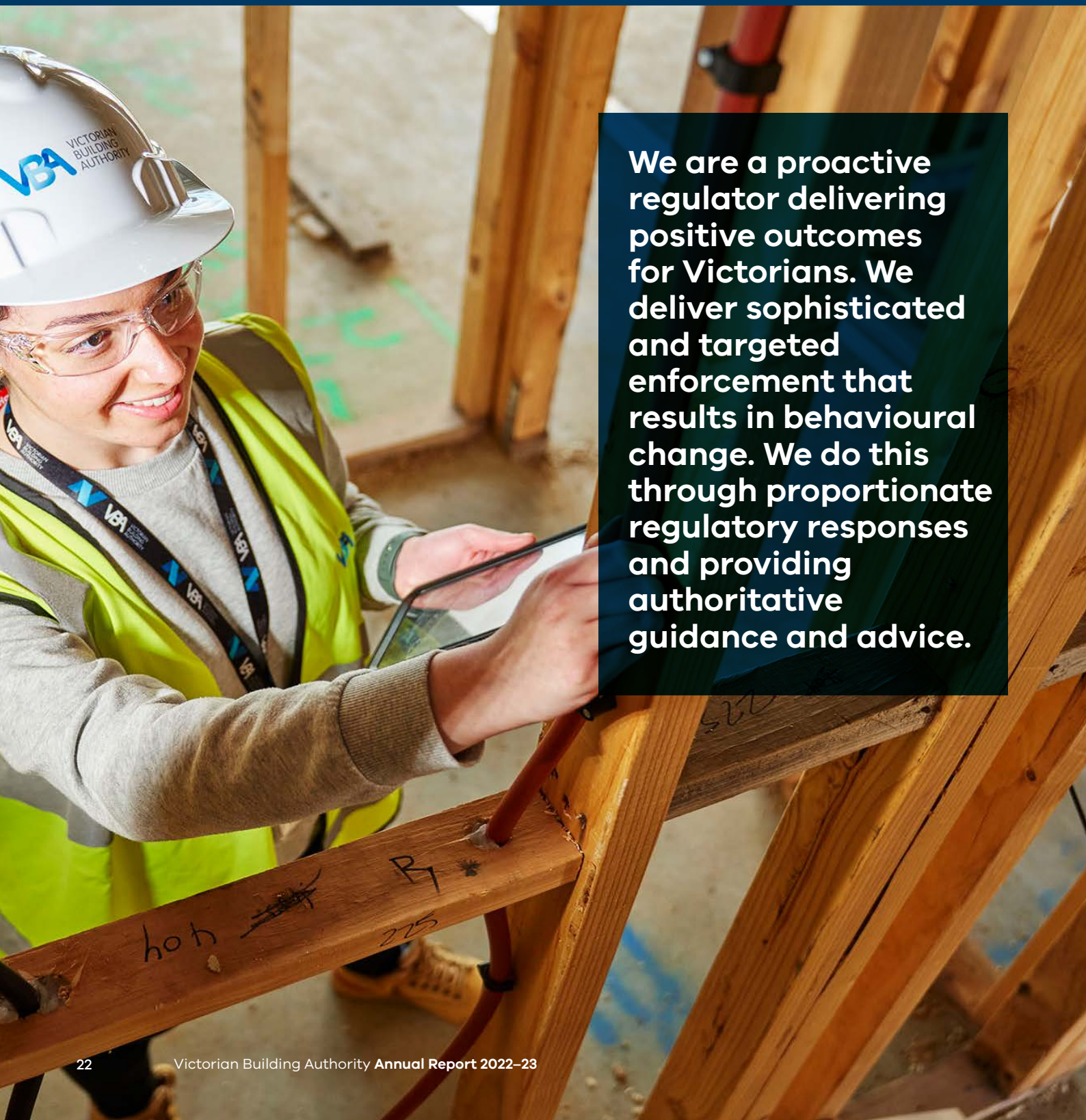


# 2/ Performance





# The VBA as a Trusted Regulator



**We are a proactive regulator delivering positive outcomes for Victorians. We deliver sophisticated and targeted enforcement that results in behavioural change. We do this through proportionate regulatory responses and providing authoritative guidance and advice.**

## Proactive regulation to enhance community safety

The Proactive Inspections Program (PIP) and the Plumbing Audit Program (PAP) focus on the identification and rectification of non-compliant building, plumbing and drainage works on site.

The VBA's Inspection Services team includes highly skilled and experienced registered building inspectors, building surveyors and licensed plumbers. This team undertakes a large volume of inspections and audits of both domestic and commercial building sites.

The most prevalent non-compliant areas identified by Inspection Services were consistent across the year and the VBA continues to work with industry stakeholders to consider options that may assist practitioners to reduce areas of non-compliance. Building non-compliances related to timber framing, waterproofing and external weatherproofing, fire separations and wall cladding and footings and slabs were among the most prevalent. General gas installation, sanitary plumbing systems and roof drainage systems were among the most prevalent plumbing non-compliances identified.

By proactively inspecting building and plumbing work during construction, the VBA engages with industry to build trust, educates building and plumbing practitioners as the construction industry evolves and ensures practitioners meet their obligations and functions under the *Building Act 1993* and Regulations.

The VBA publishes quarterly PIP reports that empower and educate both practitioners and consumers, supporting a robust and high-quality construction sector. The reports are available on the VBA website: [vba.vic.gov.au/plumbing/proactive-inspections-program/quarterly-reports](http://vba.vic.gov.au/plumbing/proactive-inspections-program/quarterly-reports).

In 2022-23, the VBA inspected 8,233 building permits, or 7.67 per cent of all permits issued this financial year. The VBA has adopted a greater focus on a harms-based approach to inspections activities. The VBA identifies harms in the built environment and focuses its resources on activities and behaviours that pose the greatest harm, or risk of harm, in accordance with our risk appetite and other risk management strategies.

As a result, 3,389 notifications were sent to 1,602 practitioners, requiring compliance risks to be addressed. The VBA conducted 7,422 plumbing audits and drain inspections as part of PAP, with 2.1 per cent of lodged compliance certificates inspected in 2022-23.

The use of technology in plumbing audits continued an expansion to the capability of the PAP. This complements the work VBA plumbing auditors do on the ground, with site visits still necessary for a range of works, including roofing, drainage and carbon monoxide testing. Where suitable, the VBA continued to undertake virtual plumbing audits, with 738 carried out in 2022-23.

The VBA does not use technology for roof plumbing, as the works for inspection are too extensive to be covered by remote viewing and it would present an unacceptable safety risk to ask a plumbing practitioner to work across/around an unprotected roof while being directed to point the camera in certain areas. Technology has not and is not being used for any building inspections undertaken by the VBA.

## Building Surveyor Audit Program

The Building Surveyor Audit Program (BSAP) is a regulatory initiative that identifies and reduces non-compliant building work in Victoria. The program involves the review of building and occupancy permit documentation for work in Victoria and uses an intelligence-led, risk-based regulatory model to target areas that generate the highest risks to industry and consumers.

The BSAP conducted 110 desktop documentation building audits in 2022-23, which focused on compliance with the NCC volume 1 and 2 and the AS-1926 series for swimming pools. The audits identified documentation and compliance gaps with application of the NCC references to Australian Standards, which have been detailed in BSAP public reports, Class 10b Swimming Pools, Volume 1 Class 2-9 buildings and BSAP Class 1a. The reports are available on the VBA website: [vba.vic.gov.au/about/vba-reports](http://vba.vic.gov.au/about/vba-reports). These findings have informed the VBA and industry of education priorities, especially in documentation standards, which was included as part of a Practitioner Education Series webinar in December 2022, *Swimming Pool Compliance*.

## Holding practitioners to account

The VBA is responsible for monitoring and enforcing compliance with the *Building Act 1993* (the Act) and associated regulations and guidelines, including the National Construction Code and Code of Conduct for Building Surveyors in Victoria. The Act provides various enforcement tools to be used where individuals or companies fail to comply with its requirements. The VBA's enforcement decisions are made according to the Compliance and Enforcement Policy. The VBA also publishes a biannual Compliance and Enforcement Report that is designed to give industry, practitioners and the community an insight into our activities. The reports are available on the VBA website: [vba.vic.gov.au/about/vba-reports](http://vba.vic.gov.au/about/vba-reports).

The Compliance and Enforcement function includes Complaints, Investigations, Prosecutions, Statutory Referrals, Terminations, Transfer of Functions, Levy Audits, the Building Activity Team, Practitioner Intelligence Unit, Building Practitioner Discipline and Plumbing Inquiries.

In 2022-23, the VBA continued to refine its intelligence-led approach, noting that regulating tens of thousands of practitioners and their activities every year is a challenge. The use of established and new sources of data and intelligence to identify practitioners of interest enabled us to take a risk-based approach to our compliance and enforcement activities. The VBA's profiling activities led to increased inspections or audits on work performed by those perceived high-risk practitioners, who may pose a disproportionate risk to consumers.

The use of a multi-disciplinary inspection team of subject matter experts from across the VBA was piloted this year. This team included building inspectors, plumbing inspectors, building auditors, investigators, building surveyors and structural and fire safety engineers. The pilot program intended to test an inspection approach aimed at identifying serious non-compliances at key stages of building on several class 2 building sites, and to ensure those issues were rectified before being transferred to purchasers. The VBA is reviewing the learnings from this work to inform future activities.

The VBA received 1,746 plumbing complaints and 1,791 building complaints in 2022-23. The number of plumbing complaints has increased by 21 per cent compared to last year, while building complaints reduced by three per cent compared to last year. One of the reasons for the increase in plumbing complaints has been consumers seeking plumbing compliance certificates after building work on their site ceased as a result of builder insolvency.

Referrals for investigation continue to decline due to a pre investigation process that facilitates earlier complaint resolution. This process sees early intervention by a plumbing investigator and engagement with the practitioner to achieve rectification without the necessity for investigation. The most common plumbing work complaints related to failure to receive a compliance certificate, roofing and storm water drainage.

One hundred and fifty-one building complaints were escalated for investigation or practitioner discipline this year, compared to 188 last year, as a greater emphasis was placed on early education and warnings to prevent repeat conduct. The most common building work complaints related to frame or structure, roofing and footings.

The VBA conducts investigations to determine if there is sufficient evidence to prove that a person has contravened relevant legislation. Referrals for investigation may be received as an escalated complaint, as an internal referral or from external agencies. Enforcement actions include warnings, issuing rectification notices, referrals for disciplinary inquiry and referral for prosecution. The VBA issues infringement notices to licensed plumbers for breaches of the Act, which informs the number of penalty units that may be issued for identified breaches.

The VBA continued to address a large volume of investigation and discipline cases throughout the year, prioritising those matters which raised the most serious risks to the community. Positive progress has been made throughout the year to reduce the number of backlogged cases, which are expected to be finalised by 2024.

At the end of 2022-23, 341 plumbing investigations were completed during the year and 212 building investigations were completed. The most common plumbing work investigated was drains not being available for inspection at the agreed time, non-compliant plumbing work, and plumbing work being undertaken by unregistered or unlicensed people. Building without a permit, unregistered or uninsured people undertaking building work and protection work not being completed as required were among the most common types of building work investigated.

The VBA may file charges against a person or body corporate for breaches of the Act and regulations. A VBA prosecution is a criminal proceeding that is heard in the Magistrates' Court of Victoria. In 2022-23, the VBA completed four plumbing prosecutions.



Plumbing Inquiries are disciplinary proceedings into the conduct of licensed or registered plumbing practitioners, commenced by the VBA and heard before a VBA delegate. Thirty Plumbing Inquiries were held in 2022-23, and disciplinary outcomes ranged from a reprimand and monetary penalty to cancellation of a plumbing registration or licence for up to three years.

The VBA also takes disciplinary action against registered building practitioners through its practitioner discipline function. This formal disciplinary action process commences with a show cause notice, which provides procedural fairness to practitioners and affords them the opportunity to respond in writing or orally. Following this response, a decision to take disciplinary action is subject to both internal review and review in the Victorian Civil and Administrative Tribunal (VCAT).

Taking a risk-based approach to discipline, some disciplinable matters, typically less serious and first-time conduct, are resolved by giving a caution. The conduct of concern is detailed in the caution letter to the practitioner, and in a letter of advice to the person who raised the concern. Practitioners are advised that cautions will inform the VBA's approach to subsequent conduct of concern.

In 2022-23, 130 show cause notices were issued and 119 discipline decisions issued (across all streams of building discipline, including cladding). These included 18 cancellations of registration and 16 suspensions of registration. Sixty-four monetary penalties were imposed, valued at \$385,034.

## Building permit activity

In 2022-23, 105,514 building permits were issued in Victoria, with a total cost of works valued at almost \$48 billion. While the number of building permits issued for new builds reduced year-on-year by 12 per cent to 62,334, overall cost of works increased more than five per cent. This underscored the challenges faced by industry this year, including increased material and labour costs and supply shortages.

Building activity in hospital/healthcare (14 per cent), public buildings (three per cent) and retail (two per cent) sectors increased as work returned to pre-pandemic levels. This reflects the high public investment and pipeline of major projects underway across Victoria.

In regional Victoria, 36,332 building permits were issued, a decrease of 14 per cent compared to a year ago. Of the five regional areas, the South-West had the highest number of building permits approved, with 10,433. In metropolitan Melbourne, 69,182 building permits were approved, which represented an 11 per cent reduction compared to a year ago, however cost of works increased eight per cent.

The VBA publishes a range of datasets and statistics about our Building Permit Activity Data, which can be found at [vba.vic.gov.au/about/data](https://vba.vic.gov.au/about/data).

## Victoria's world-leading response to combustible cladding

There is nothing the VBA takes more seriously than the safety of the Victorian community, and this includes the risk posed to occupants and the wider community by the presence of combustible cladding on buildings.

In response to the recommendation in the Victorian Cladding Taskforce interim report, the VBA was appointed to lead the Statewide Cladding Audit (SCA) in December 2017.

The purpose of the SCA was to identify the possible use of combustible cladding material, specifically expanded polystyrene (EPS) and aluminium composite panels (ACP) for further assessment by municipal building surveyors in councils. For a limited number of buildings, the VBA is performing the municipal building surveyor (MBS) function on behalf of councils by way of Ministerial Declaration.

The scope of the SCA was focused on residential apartment buildings, short stay accommodation and vulnerable persons for buildings constructed and occupancy permits issued between March 1997 and 30 June 2018 for the following building classifications:

- Class 2 buildings of three or more storeys (residential apartments); or
- Class 3 buildings of three or more storeys (Hotels, Motels and Student accommodation); or
- Class 9 buildings of two or more storeys (Hospitals, Schools and Aged Care facilities).

All remaining SCA building stock data was transferred to CSV on 16 June 2023.

The VBA continues to perform the MBS function for 332 buildings considered higher risk. Of these, 143 have no outstanding cladding enforcement as these buildings have had cladding risks rectified or deemed a low and acceptable risk.

Whilst undertaking SCA cladding inspections the VBA has not only discovered risks associated with combustible cladding, but also unmaintained, defective fire and building safety measures, water damage and mould. Routinely inspecting, testing and maintaining the operation of a building's safety features is critical to occupant safety. For the 332 buildings for which the VBA is delegated as the MBS, we work collaboratively with owners and owners' corporations to action and resolve identified safety risks. The safety of building occupants and adjoining properties is paramount.

## Cladding enforcement

Practitioners who have approved or installed non-compliant or unauthorised combustible cladding have been subject to disciplinary action by the VBA. This year, the VBA commenced five disciplinary actions against building practitioners who had been involved in the design, approval or construction of buildings with combustible cladding issues at nine sites.

The VBA issued 16 decisions in disciplinary actions arising from combustible cladding issues during 2022-23. Some practitioners sought review of the VBA's decision in the Victorian Civil and Administrative Tribunal (VCAT). Those cases were still ongoing as at 30 June 2023.

## Contributing to building reforms

The VBA contributes to the Victorian Government's building reforms, aimed at providing stronger protections for Victorians who are building or renovating their homes and reshaping the Victorian building system to deliver safe, compliant and durable buildings. In March 2023, the *Building Reform Expert Panel's final report on Stage One* of the review of the building system was released. The VBA is working with the Department of Transport and Planning and other stakeholders to implement the reforms to address key issues identified in Stage One and will continue to work with the Expert Panel in its work on reforming the building industry.

The reforms offer greater protections to consumers and will result in an overall improvement in the building industry's standards. Legislative amendments to the *Building Act 1993* introduced in early 2023 will improve oversight of building construction, increase accountability for all construction industry participants and improve consumer confidence. These reforms introduce a statutory role of the State Building Surveyor, new or changed categories of registration, improved information sharing arrangements and building manuals for higher risk buildings.

Building on this ongoing reform program, additional reforms announced in May 2023 will enable the VBA to have additional regulatory powers to ensure builders are meeting their obligations under the Act, particularly those related to taking out domestic building insurance prior and upon collection of deposits. This however is subject to the introduction of further legislative amendments.

The reform package is an opportunity for the VBA to support the effective delivery of changes that will drive improvements to industry practices and rebuild consumer confidence in the building and plumbing industry in Victoria.

## AMR, Establishing the OSBS and Building Approvals

In the 2022-23 Victorian Budget, the Victorian Building Authority (VBA) was provided with funding over two financial years to introduce measures to strengthen the building approvals process and establish the Office of the State Building Surveyor (OSBS). Funds were received to implement automatic mutual recognition (AMR) for 2022-23. These work streams will help ensure practitioners are constructing buildings that are consistently well-built, safe and fit for purpose.

In Establishing the OSBS, the VBA has expanded the volume of technical education material and advice provided to practitioners. This included publishing Practice Notes and expansion of the Practitioner Education Series webinars, with a record total of more than 11,000 attendees. The regulatory role of the OSBS was analysed considering proposed SBS functions such as binding determinations. The VBA embedded a Principal Plumbing Specialist role, focused on providing leadership in plumbing matters, representing Victoria in the National Plumbing Code Committee, supporting technical research and training materials and providing input into key reform considerations.

Strengthening the building approvals process is a key part of the Government's building reform agenda. Significant foundation initiatives were developed in 2022-23 for implementation next year. Works completed included: three integrated, intensive audits of apartment buildings as part of a pilot involving specialist OSBS resources and Audit and Inspection team members, initiation of a business case for upgrading Audit and Inspection scheduling, field work and reporting systems and iAuditor field system upgrades to update and streamline checklists.

Foundation initiatives were also implemented for the delivery of consumer support reforms regarding detached permits. These included development of an action plan for sector engagement workshops, completion of a pilot triage service for detached permits to identify individual consumer resolution pathways and a detailed review of building permit data to validate recent detached permit numbers.

The VBA ensured it was ready to deliver services to interstate practitioners who sought to work in Victoria under the AMR scheme. This included establishing necessary internal systems and processes for AMR practitioners, an online register and processes for notifications to be made to the VBA by practitioners coming to work in Victoria. The VBA continues to work to integrate our AMR systems and processes with the new Salesforce-based technology, which will enable a richer, digital-based experience for practitioners coming to Victoria.

The VBA will continue to progress these initiatives in 2023-24 and maintain its focus on improving consumer outcomes and creating improvements to Victoria's building system.

## Victoria's Building System Review

Established in late 2020, the Victorian Government's Building System Review released Stage One of its final report, which outlined 16 recommendations for reform.

The Building System Review represents a once-in-a-generation opportunity to collaborate, co-design and build an end-to-end, holistic and balanced system that puts consumers front and centre and supports a thriving and sustainable industry.

The VBA made detailed submissions on the proposed reforms outlined in the draft report in 2021.

The 16 recommendations made in the Stage One report are grouped under four key elements: practitioner registration, building approvals, regulatory oversight and consumer representation and advocacy.

The recommendations have the potential to reshape the regulatory landscape in Victoria by strengthening regulatory oversight and the regulatory framework, modernising the building approvals process, increasing accountability in the practitioner licensing and registration schemes, and enhancing consumer representation and advocacy. As a whole, the recommendations seek to protect consumers from poor practices and ensure they are empowered to understand and exercise their rights.

## Recently introduced reforms

In June 2023, the *Building Legislation Amendment Act 2023* (the Act) was passed in the Victorian Parliament and implemented a number of reforms that will reshape the regulatory landscape in Victoria, with a key focus on consumer protection.

Led by the Department of Transport and Planning and the Victorian Government, the Act is an outcome of a three-year process to identify and remedy issues relating to building regulation, and implements numerous reforms, including several arising from the Stage One report delivered by the Expert Panel.

The Act creates a number of provisions, which are currently proposed for proclamation in February 2024.

The Act creates the following provisions:

- Creates the statutory role of the State Building Surveyor (SBS)
  - This reform recognises the SBS in legislation with statutory objectives and functions.
  - The SBS will be the Government's primary source of technical expertise and guidance for the building and plumbing industries.
  - The role will also be empowered to issue determinations as needed, providing technical interpretations of building and plumbing standards and requirements.

- Establishes a Building Monitor
  - This Act introduces a Building Monitor to represent and advocate for consumers at a systemic level.
  - The VBA will have a statutory role to support the Building Monitor in their role, and we expect to do this primarily through the provision of information and data.
  - The Building Monitor will make recommendations for improvements to the regulation of the industry and the VBA expects to work collaboratively with that office in identifying and implementing such reforms.
- Enhances the building approvals process by introducing further safeguards to better inform consumers, in particular the creation of a building manual
  - This Act introduces a requirement that a draft building manual be prepared by the applicant for an occupancy permit and provided to the relevant building surveyor for approval.
  - Building manuals are intended to be a single repository of all relevant information relating to the design, construction and ongoing maintenance of a building and will be of great benefit to industry and consumers.
- Expands the categories of building practitioner that will be required to be registered
  - This Act introduces two new registration classes: Site Supervisor and Building Consultant and changes the name of two existing classes to Project Manager and Building Designer.
  - This will expand the building practitioner registration system to achieve greater national consistency and improve compliance with national building standards, while facilitating national labour mobility.
  - This VBA will work with industry to ensure the relevant practitioners and impacted companies are familiar with any new registration requirements and their obligations. Concurrently, the VBA will ensure consumers are aware of these changes and their impacts.

The VBA is committed to the successful implementation of these provisions and work is underway to plan how these provisions will be adopted.

## Practitioner Education Series

The Practitioner Education Series webinars hosted by VBA technical and subject matter experts continued to prove popular this year, with more than 11,000 participants attending 11 webinars, representing a 67 per cent increase in attendance compared to a year ago.

The webinars supported industry by providing practical insights, evidence-based strategies and useful resources, with a particular focus on emerging risks and topics related to the adoption of NCC 2022.

Survey data obtained by the VBA following the first five webinars in 2023 found that 89 per cent of attendees would join a webinar again, 82 per cent were satisfied with the content presented and 83 per cent advised that the depth and relevance of the webinar was sufficient. The VBA continued to receive feedback about its webinar series throughout the year, including topics practitioners were interested to learn more about. This feedback was incorporated into the planning of future webinars. To supplement the live webinar, recordings are available on the VBA website ([vba.vic.gov.au/building/PES-previous-sessions](http://vba.vic.gov.au/building/PES-previous-sessions)) and VBA YouTube channel. A question-and-answer fact sheet was also developed and shared with attendees, which addressed their key questions from the sessions.

As an effective connector between practitioners and industry, the VBA welcomed the opportunity to revise the Terms of Reference for the Education Resources Working Groups (Building and Plumbing). This ensured industry feedback and input is included in the development of webinar topics and that industry were involved in the development or review of Practice Notes. To date, industry submitted four requests for education resources, with three future webinars planned, one Technical Bulletin article published and one new Practice Note scheduled to meet NCC 2022 provisions which are currently proposed to be adopted on 1 May 2024. This collaboration demonstrated the VBA's ongoing commitment to developing useful, tailored educational resources that are up-to-date and relevant to practitioners.

## Practice Notes and technical queries

To ensure practitioners keep pace with industry change, the VBA published 44 new and updated Practice Notes on its website. This included updates to 27 Building Practice Notes, 13 Plumbing Practice Notes and four new Energy Efficiency Practice Notes. In June 2023, the VBA commenced the process of including superseded and archived Practice Notes within the Building and Plumbing Resource Hubs.

In May 2023, the VBA commenced communicating to practitioners via email when Practice Notes were reviewed or newly developed. This resulted in a 110 per cent increase in the number of views for Plumbing Practice Notes and a 58 per cent increase in the number of views for Building Practice Notes. This model will be continued as it has demonstrated to be an effective way to engage practitioners with educational material.

VBA Technical and Regulation experts also responded to more than 25,000 telephone and email enquiries from practitioners this year. The advice provided assists practitioners with remaining compliant with the Act and relevant Regulations and afforded the VBA the opportunity to educate practitioners about best practice.



# Spotlight on: NCC implementation



The National Construction Code (NCC) sets out the requirements for the design and construction of a building in Australia, including plumbing and drainage work. It sets the minimum required level for the safety, health, amenity, accessibility and sustainability of certain buildings.

The Australian Building Codes Board (ABCB) produces and maintains the NCC on behalf of the Australian state and territory governments.

Updated every three years, NCC 2022 was published on 1 October 2022 and adopted, in part, in Victoria on 1 May 2023.

NCC 2022 includes a transition for energy efficiency, livable housing and condensation management, which is currently proposed to be adopted on 1 May 2024. New lead free plumbing product requirements is proposed to be adopted on 1 May 2026.

The VBA prepared our people and building and plumbing practitioners for the most significant amendments to the NCC since its inception in 1996. Guidance materials enabling practitioners to better navigate NCC 2022 were published and shared with practitioners and consumers ahead of their adoption in Victoria.

The VBA undertook numerous initiatives during the year to educate practitioners about NCC 2022, which included:

- Participation in the ABCB NCC 2022 seminars held at the Melbourne Convention and Exhibition Centre in July 2022.

- Creation of an NCC 2022 hub on the VBA website.
- Engaging with registered training organisations on updating their course and exam content to ensure it includes NCC 2022 detail.
- Providing regular updates to practitioners about NCC 2022 and adoption dates via Technical Bulletins and VBA Mail.
- Promotion of the ABCB NCC 2022 webinar series recordings and useful handbooks and guidance materials.
- Contributed to industry group NCC Seminars
- Hosting a Practitioner Education Series webinar, *Waterproofing of Wet Areas*.

In September and October 2022, the VBA hosted the NCC Roadshow. Fifteen in-person events were held across the state to deliver important information about key building and plumbing changes to the National Construction Code (NCC 2022).

The VBA strives to make the complex building system easier to navigate for practitioners and the Roadshow served as an opportunity to engage with practitioners.

Presentations were delivered by VBA Technical and Regulation experts and question time provided additional value to attendees. To supplement the Roadshow, two webinars were held for practitioners who could not attend the in-person events. Three thousand practitioners attended an NCC seminar or webinar, which demonstrated industry's interest and appetite for educational material.

## Practitioner licensing and registration

The VBA registered or licensed 66,104 building and plumbing practitioners this year, a 2.3 per cent increase compared to last year.

The registration of natural person building practitioners increased by 3.5 per cent to 23,097, while the number of building company practitioners grew by one per cent to 12,065.

Changes to the Building Regulations announced in 2017 resulted in the Domestic Builder – Manager (DB-M) registration class being phased out on 30 June 2022. Practitioners were given five years to transition to new classes of registration. This year, some DB-M practitioners were permitted to retain their registration to facilitate the closure of open permits. Immediately prior to this change, there were 551 natural person and 327 company practitioners registered in this class.

Following the transfer of the registration of engineers from the VBA to the Business Licensing Authority (BLA) on 1 July 2021, the VBA continues to provide endorsement for the increasing numbers of registered engineers who wish to work in the building industry. The VBA recorded 4,245 engineer endorsements this year, a 15 per cent increase compared to last year. To ensure engineers remain abreast of relevant information relating to the building and plumbing industries, the VBA regularly sends technical bulletins, newsletters and news alerts to engineers.

More than 600 new registered or licensed plumbers resulted in a record 30,942 plumbers in Victoria. This represented a two per cent increase in the number of registered or licensed plumbers compared to last year. There was an increase in registrations or licenses in most plumbing classes, with gas fitting work (3.7 per cent increase) and water supply work (2.6 per cent increase) the most notable.

The VBA continued to inform prospective building practitioners about registration through 18 pre-registration webinars. More than 550 participants attended these sessions, which provided a clear understanding of the requirements for registration and licensing.

Table 2: Building and plumbing registration and licensing activity

Building practitioner					Plumbing practitioner		
	Company		Natural person				
	2022–23	2021–22	2022–23	2021–22		2022–23	2021–22
Registration applications received	1,028	1,636	1,780	2,142	Registration or licensing applications received <sup>a</sup>	3,128	2,708
Registration applications finalised	1,043	1,573	1,789	2,185	Registration or licensing applications finalised	3,018	2,877
Number of practitioners as at 30 June	12,065	11,962	23,097	22,319	Number of registered/licensed plumbers as at 30 June	30,942	30,312
Number of registrations as at 30 June					Number of registration and licences as at 30 June		
Builder – Commercial	2,702	2,784	5,686	5,921	Drainage work	23,003	22,482
Builder – Demolisher	165	168	447	435	Fire protection work	1,031	999
Builder – Domestic	10,736	10,802	17,045	17,545	Gas fitting work	21,374	20,610
Building Inspector	39	47	1,008	917	Irrigation (non-agricultural) work	23,776	23,266
Building Surveyor (limited)	19	19	219	200	Mechanical services work	15,622	15,605
Building Surveyor (unlimited)	96	104	493	502	Refrigerated air-conditioning work	2,148	2,116
Draftsperson	164	175	2,383	2,461	Roofing (stormwater) work	22,871	22,403
Erector or Supervisor (temporary structures)	7	7	90	94	Type B gas fitting work	598	613
Quantity Surveyor	16	14	142	139	Water supply work	24,183	23,579
Project Manager (domestic)	0	0	33	33			
Owner-builder activity							
	2022–23					2021–22	
Owner-builder certificates of consent issued	4,815					5,021	

<sup>a</sup>For year-on-year comparison, this figure does not include returned applications.

Table 3: Building and Plumbing Activity

Building			Plumbing		
	2022-23	2021-22		2022-23	2021-22
Building permits reported	105,514	119,970	Compliance certificates lodged by licensed plumbing practitioners	528,106	480,381
Building permits reported – cost of works (\$ billion)	47.8	45.5	Plumbing modification declarations <sup>9</sup>	25	32
Building permit numbers issued	105,665	121,138			
Building permit numbers issued – cost of works (\$ billion)	46.8	44.6			
Temporary structure occupancy permits issued	93	54			
Technical advice – email enquiries	4,521	5,150	Technical advice – email enquiries	2,027	1,299
Technical advice – telephone enquiries	9,587	9,984	Technical advice – telephone enquiries	8,960	7,178
Attendees at Building Surveyors' Conference	0 <sup>10</sup>	695 <sup>11</sup>			
Registration information for aspiring practitioners	18 webinars (577 Participants) <sup>12</sup>	22 webinars (681 participants)			

<sup>9</sup>The 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.

<sup>10</sup>The 2023 Building Surveyors Conference will be held in August 2023.

<sup>11</sup>All 695 attendees participated virtually.

<sup>12</sup>Five of these sessions were hosted by external stakeholders.

Table 4A: 2022–23 Practitioner Education Series webinars

Practitioner Education Series (Webinars)	
Webinar title	2022–23
Proactive Inspections Program: Building and Plumbing performance	623 participants
Building Permit Process – Back to Basics	1,432 participants
NCC Final webinar Volume 3	117 participants
NCC Final webinar Volumes 1&2	1,653 participants
Building Audit Findings: Swimming Pool Compliance	382 participants
Research insights: Water damage and the risk of mould in buildings	1,324 participants
Common roof drainage enquiries and faults – box gutters	1,471 participants
Waterproofing of Wet Areas	1,673 participants
Building Permit	1,021 participants
Plumbing Compliance Certificates –Obligations and common enquiries	873 participants
NCC 2022 Energy Efficiency Volume 1	582 participants
<b>TOTAL</b>	<b>11,151 participants</b>

Table 4B: 2020–21 Practitioner Education Series webinars<sup>13</sup>

Practitioner Education Series (Webinars)	
Webinar title	2021–22
Site inspections and enforcement – follow up session	902 participants
Virtual Inspections and Audits	966 participants
Proactive Inspections Program Findings – Timber Framing	821 participants
Proactive Inspections Program Findings – Fire Separation	927 participants
Plumbing Performance Solutions – Understanding the Victorian Regulatory Framework	538 participants
Engagement of Stakeholders in the Development of Plumbing Performance Solutions	473 participants
Plumbing Performance Solutions – How to Document Performance Solutions	353 participants
Building Enforcement	799 participants
Proactive Inspections Program Findings – Plumbing Findings	583 participants
Seismic Detailing	327 participants
<b>TOTAL</b>	<b>6,689 participants</b>

<sup>13</sup>Direct year-on-year participation comparison is not possible due to Practitioner Education Series webinar topics changing annually.



Table 5: Building and Plumbing Compliance Activity (Inspections, Audits, and Investigations)

Building			Plumbing		
	2022–23	2021–22		2022–23	2021–22
<b>Building Audit Program</b>			<b>Plumbing Audit Program (PAP)</b>		
Building audits (permits)	110	287	Plumbing audits and drain inspections completed	7,422	9,849
Levy audit (building surveyors)	11 <sup>14</sup>	0	Plumbing audits and drain inspections completed as a percentage of lodged compliance certificates	2.10%	2.01%
<b>Building investigations completed</b>			<b>Plumbing investigations completed</b>		
Building practitioner investigations completed	212 <sup>15</sup>	362	Plumbing practitioner investigations completed	341 <sup>15</sup>	573
<b>Proactive Inspections Program (PIP) (building and plumbing)</b>					
Building permits inspected	8,233	13,157			
Building permits inspected as a percentage of building permits reported (Target: 10%)	7.67%	10.97%			

<sup>14</sup>The VBA recommenced levy audit following establishment of the levy reassessment function.

<sup>15</sup>The VBA is reviewing its criteria for the recording of investigations. The figure represented is based on current criteria and practice.

Table 6: Building and Plumbing Enforcement Activity

Building			Plumbing		
	2022-23	2021-22		2022-23	2021-22
Building enforcement			Plumbing enforcement		
Building practitioner disciplinary hearings held by the BPB	N/A <sup>16</sup>	1	Plumbing inquiries	30	20
Show cause notices issued <sup>17</sup>	130	156			
Prosecutions completed	9 <sup>18</sup>	11	Prosecutions completed	4	3
Building prosecutions commenced, but not completed as at 30 June <sup>19</sup>	6	66	Plumbing prosecutions commenced, but not completed as at 30 June	4	21

<sup>16</sup>BPB no longer exists and legacy matters are now finalised.

<sup>17</sup>Show cause notices issued include those issued on cladding matters.

<sup>18</sup>The number of inquiries held was impacted due to resource allocation.

<sup>19</sup>This list does not include prosecutions commenced by the VBA which were subsequently withdrawn.

Table 7: Building and Plumbing Community Activity

Building			Plumbing		
	2022-23	2021-22		2022-23	2021-22
Building complaints received	1,791	1,847	Plumbing complaints received	1,746	1,439

## Security of Payment

The *Building and Construction Industry Security of Payment Act 2022* (Vic) (SoP Act) provides mechanisms for building practitioners and contractors to obtain payment for work undertaken or for the supply of related goods and services. The objective of the SoP Act is to enable better and prompt payment practices, which benefit the industry and, ultimately, the broader community.

The intention of the security of payment mechanisms is to enable construction industry contractors to be paid promptly for their work or the supply of related goods and services. These mechanisms are crucial to ensuring contractors have working capital so they can participate fully in a dynamic industry that contributes to a productive economy.

### Adjudication applications

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

The VBA analyses ANA data as part of the adjudication process.

The number of adjudication applications in 2022-23 increased by 18.5 per cent compared to last year. There was a slight increase in the percentage of applications not proceeding to an adjudication determination in 2022-23 compared with a year ago (40 per cent in 2022-23). This suggests claimants continue to use the application process to resolve and settle matters before adjudication determinations are made by adjudicators. In 2022-23, adjudication application activity continued to be spread across a broad spectrum of claim values. However, most claims (91 per cent) were for amounts less than \$500,000, and 15 per cent of all claims were for less than \$10,000.

Evidence suggests that industry practitioners are using the SoP Act for a wide variety of claims across the industry. For example, analysis of 2022-23 adjudication applications indicated:

- Contractors of all sizes and types (predominately companies) are using the SoP Act, however claims are predominantly brought by subcontractors.
- Subcontractors continue to be the most prevalent users of adjudication process with 54 per cent of claimants being trade subcontractors, 18 per cent head contractors and 17 per cent major subcontractors.
- Adjudication applications are predominately brought against head contractors (57 per cent) and developers (21 per cent).
- The most common amounts claimed were between \$40,000 and \$99,999 brought predominantly by trade subcontractors across a wide variety of disciplines against head contractors.
- Claims for more than \$500,000 were predominantly brought by head contractors (56 per cent) and major contractors (24 per cent) against developers (56 per cent) and head contractors (29 per cent), with these larger value claims accounting for 50 per cent of the total amount claimed in 2022-23 for projects located across metropolitan Melbourne and regional Victoria.
- The two largest claims were brought by head contractors for more than \$5 million against developers.

Table 8: Security of Payment

	2022-23	2021-22
Number of adjudication applications	384	324
Total value of amounts claimed (\$million)	74	116
Number of matters adjudicated	212	199
Total value of adjudicated amounts (\$million)	25	30

### Registered building practitioners using the SoP Act

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 and how, as well as how many practitioners are not paying.

Data from 2022-23 showed an increase of claimants who were registered building practitioners (RBPs) from 10 per cent in 2021-2022 to 20 per cent 2022-23, while the same percentage of respondents were RBPs in 2022-23 and 2021-22 (44 per cent). Consistent with 2021-22, this year's data also showed that it is predominantly subcontractors (who mostly do not need to be registered) who make adjudication applications, accounting for 54 per cent of adjudication applications in 2022-23.

The VBA can refuse applications for RBP registration and can take disciplinary action against RBPs for failure to pay an adjudicated amount under the SoP Act.

### Legislative activity

In early 2023, the Legislative Assembly referred an inquiry to the Legislative Assembly Environment and Planning Committee into employers and contractors who refuse to pay their subcontractors for completed works. At the invitation of the Committee, the VBA attended a public hearing as part of a joint session with the Department of Transport and Planning and provided a presentation to the Committee. The final report of the Committee is to be tabled in Parliament by 31 December 2023.

The *Building and Construction Industry Security of Payment Regulations 2013* were remade with no changes on 23 May 2023, ahead of the 10-year sunset period and expiry date of 28 May 2023 and came into operation on 27 May 2023.

## Internal review

The internal review process allows persons directly affected by certain VBA decisions to seek independent review within the VBA. The internal reviewer is functionally separate from the primary decision-maker.

The review process is an important safeguard under the *Building Act 1993*. Internal review is intended to be quick and cost-effective for the affected person. It also helps the VBA to promptly identify areas for improvement in its decision-making processes.

Internal review is available under the *Building Act 1993* for review of "reviewable decisions". These are generally decisions relating to registration applications or decisions to take disciplinary action against registered building practitioners. 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. Internal reviews of infringement notices are a separate process and are carried out under the *Infringements Act 2006*. All infringement internal reviews conducted in 2022-23 relate to plumbing offences.

**Table 9: Internal Review**

Internal reviews	2022-23	2020-21
Internal reviews received for registration decisions	119	134
As a proportion of registrations refused	21%	26%
Completed within 28 days:		
Affirmed <sup>20</sup>	108	91
Amended <sup>21</sup>	0	0
Substituted <sup>22</sup>	31	34
<b>Total registration reviews completed</b>	<b>139</b>	<b>125</b>
Internal reviews received for disciplinary decisions	32	55
As a proportion of show cause decisions	25%	37%
Completed within 28 days:		
Affirmed	16	14
Amended	14	26
Substituted	13	9 <sup>23</sup>
<b>Total disciplinary reviews completed</b>	<b>43</b>	<b>49</b>
<b>Internal reviews completed for infringement notices</b>	<b>22</b>	<b>56</b>
<b>Total internal reviews completed</b>	<b>204</b>	<b>230</b>

<sup>20</sup>Affirmed is when a VBA decision remains unchanged.

<sup>21</sup>Amended is when some changes are made to the original VBA decision.

<sup>22</sup>Substituted means when the VBA's original decision is replaced with a different decision.

<sup>23</sup>Data correction from figure published in the 2021-22 Annual Report.



# The VBA as a Knowledge Organisation



We're a data-driven, evidence and intelligence-led organisation. We create and share knowledge and learn from others to continuously improve our work. The research and data we collect and analyse translates into practical, real-life solutions, facilitates industry innovation and helps inform government policy.

## Addressing waterproofing and water ingress

The VBA performs on average, 12,000 inspections of buildings under construction yearly, and waterproofing and weatherproofing continue to be areas of high compliance risk.

Water ingress and its consequent damage routinely tops the list of defects encountered in buildings, in complaints received by the VBA and in claims to VMIA. Water ingress through balconies, decks and terraces has been identified as a common area of concern, as well as problems associated with roof design and drainage, and poor installation of flashing, waterproofing and cladding materials.

If left untreated, water ingress may lead to severe structural damage, expensive repairs and negatively affects health due to mould growth.

The legislative provisions for construction dealing with waterproofing, weatherproofing and water ingress were not previously well addressed. The changes incorporated in the National Construction Code 2022, adopted on 1 May 2023, saw the introduction of greater controls in this area.

With these changes came the need to provide education and training for the building industry, including designers, engineers, building surveyors and building practitioners, to ensure buildings are constructed to safeguard occupants against illness or injury.

The VBA established a team to focus on practitioner education via the Practitioner Education Series webinars, updating relevant Practice Notes and communicating the detail of these provisions and the broader NCC 2022 changes at in-person seminars and webinars held in September and October 2022. Webinars with a particular focus on water ingress included, *Waterproofing of Wet Areas, Water Damage and the Risk of Mould in Buildings, and Common Roof Drainage Faults & Enquiries – Box Gutters*.

In conjunction with CSV and industry groups, the VBA published a new consumer safety guide that raised awareness and highlighted the potential risks associated with water ingress from balconies, decks and terraces.

To further amplify the message, the VBA leveraged powerful visuals to maximise reach and impact of this information, via a social media campaign that commenced in May 2023.

In addition, the VBA provides input to three current Australian Building Codes Board (ABCB) Building Codes Committees (BCCs); Waterproofing, Weatherproofing and Condensation. The three committees include and collaborate with manufacturers, suppliers and building associations to address and close gaps in knowledge and practices. The VBA also undertakes regulator reviews and oversight through the Technical Review Committees of the three BCCs.

## Online exams making a difference

The VBA has continued its successful online examination format that makes it quicker and easier for applicants to sit their registration and licensing exams. Utilising digital infrastructure to administer more effective regulatory practices, 681 online building exams were undertaken this year. These remotely supervised, secure online exams were monitored live by a real person and included identity verification and environment security scans. Online exams are now available for all domestic and commercial building classes, except low volume classes, and for the Draftsperson and Building Inspector (Pool Safety) categories.

The majority (94 per cent) of all exams conducted for domestic builder assessments were conducted online, with on premises exams available for applicants, to meet their individual requirements. The flexibility offered by online exams continued to benefit applicants, with about 30 per cent choosing to complete an exam on the weekend or outside of business hours.

Online exam improvements and updates were made throughout the year to align exam content to the NCC 2022 changes, expand question sets and enhance the user experience.

The VBA's online exam offering expanded to include a trial for plumbing licence assessments. Conducted from November 2022 to May 2023, the trial utilised a suite of exams for all main plumbing classes, with a focus on developing new exam collateral that was suitable for an online format. The trial at a registered training organisation and at VBA premises, was undertaken for Gasfitting, Roofing, Drainage and Water Supply exams. Trial candidates provided positive feedback on the online exam format and presentation, with results returned to applicants sooner because of automatic exam marketing. The VBA expects to expand its online exam offering in 2023-24.

## **VRQA Memorandum of Understanding to share data between the VBA and VRQA supporting apprentices**

To assist the VBA to administer the registration and licensing schemes for building, plumbing and other trade practitioners and to better engage with apprentices, a Memorandum of Understanding (MoU) between the VBA and Victorian Registration and Qualifications Authority (VRQA) was executed on 28 March 2023.

This has allowed for the exchange of information and data between the VBA and VRQA, as the VRQA registers and regulates the Victorian apprenticeship and traineeship system.

### **Examiner forecasting and enriching audits, inspections and compliance programs**

Additionally, the data supplied by VRQA will assist in understanding how many apprentices are nearing the completion of their apprenticeship. This enables the effective management of examiner resources, which are needed to support the assessment of applicants in the Apprentice Registration Exam, conducted at each Registered Training Organisation (RTO). This MoU will also provide the VBA and VRQA with an opportunity to invest and collaborate in proactive and reactive inspection opportunities and VRQA's participation in multi-agency enforcement initiatives, such as the Build Aware campaign.

## **Digital Renewal program continues**

In 2022-23, the VBA continued its digital renewal program. The consumer interactions that have been digitalised include more online exam options, a new Channel Management System for voice calls and emails, new plumbing practitioner and licensee search function, a pilot of new online interactive forms and portal for building practitioners.

The licensing and registration processes for building practitioners have been developed onto the VBA consolidated regulatory platform based on Salesforce. This has been tested and will be scheduled for final migration around other key events such as five-year renewals and the end of financial year reporting. The management of Automatic Mutual Recognition (AMR) practitioners has commenced development on the same platform and based on the features developed for building practitioners. Data for plumbing practitioners has been synchronised near real-time to the consolidated regulatory platform so that legislative reform that includes plumbers can be managed from a single modern system.

The VBA has also moved information system hosting from the VBA data centre to a cloud hosting provider. This provides the VBA improved agility in changing systems to suit legislative reform and organisational changes.

The Data Analytics Platform has been expanded to include performance analytics dashboards. Work continues to refine the data validation controls on existing information systems which will support future risk profiling.



## Research at the VBA

Through research projects and collaborations over the last five years, the VBA's research network had expanded to include around 50 research institutions, government and industry partners.

Reducing water ingress and moisture damage in buildings was a focus area for VBA research in 2022-23.

## Research Grant Program

The VBA launched its inaugural Research Grant Program in late 2020 for commencement in early 2021-22.

To date, the VBA has undertaken two rounds of the Grant Program, in 2021-22 and 2022-23.

Under the Grant Program, the VBA invites researchers at Australian educational institutions to apply for grants of financial and/or in-kind support for research that helps provide an evidence base to inform regulatory decisions and influence improvements to the building regulatory system and the quality of the built environment in Victoria.

The 2022-23 Grant Program focused on research that will assist in reducing moisture ingress and water damage in Victorian buildings. Moisture damage and water ingress is linked to negative impacts on human health and amenity, as well as building structural integrity.

Grant recipients under the 2022-23 Grant Program were:

- RMIT University – *Developing a Virtual Reality self-assessment platform to reduce compliance risk of building and plumbing work*
- Swinburne University of Technology – *Investigation of water leakage in residential apartment (concrete) balconies*
- University of Sydney – *Increasing building envelope resilience to moisture damage*

Through the 2022-23 Grant Program, the VBA supported research that will find, or contribute to, new and innovative solutions to minimise moisture ingress and water damage. This will help provide the evidence base to inform regulatory decisions and improvements to the building regulatory system and the quality of the built environment in Victoria.

## Safer building and plumbing work with fewer major defects

### Investigating passive fire protection defects in residential multi-owned properties

#### *What we did and why*

The VBA supported research by Deakin University, through a research grant awarded in 2021, to better understand the types and prevalence of defects in passive fire protection systems in Victorian apartment buildings across the building lifecycle.

An adequate level of fire safety requires all components of the building's fire safety system to function in a coordinated way. While active systems such as smoke alarms and sprinklers are activated when exposed to heat, smoke and toxic gases, passive fire protection systems don't need to be activated manually or automatically because they are built into the structure and fixtures of the building. Passive elements include fire isolated stairways, fire-rated walls and separating floors, self-closing fire or smoke doors, door smoke seals and appropriate exit widths.

The research, led by Dr Nicole Johnston, reviewed the regulatory system to identify any regulatory gaps and recommend reforms and solutions to mitigate these types of defects. It used an exploratory research design with a mix of approaches including comparative jurisdictional analysis of regulatory frameworks, analysis of audit and inspection data, and semi-structured interviews with a cross section of professionals.

The research report was published in March 2023.

#### *What we found*

Although difficult to quantify, the research identified evidence to suggest that a large number of Class 2 buildings in Victoria are likely to have passive fire protection (PFP) defects, with most of these likely relating to improper penetrations of fire and smoke rated walls.

The research identified causes and contributors to PFP defects, drivers of compliance and opportunities to reduce causes.

The causes of PFP defects include building practitioner lack of knowledge about passive fire safety requirements and poor construction practices as key contributors. The research identified opportunities to reduce these causes through:

- Increased practitioner education and licensing of passive fire safety practitioners.
- Improved pathways to access relevant documents throughout construction and post-occupancy.
- The testing, accreditation and verification of PFP systems.
- Proactive quality assurance during construction.
- Shared responsibility and liability across different practitioners.

### ***What difference this made***

The research supports the VBA's regulatory focus on reducing improper service penetrations during construction through behavioural interventions and the continuing focus of our Proactive Inspections Program on areas of compliance risk such as service penetrations.

The VBA launched a communications campaign in March 2023 to increase awareness of the consequences of improper service penetrations and increase individual practitioner responsibility for compliance during the performance of service penetrations.

The VBA shared the report and its insights with key regulators and stakeholders to help inform policy, regulatory and fire-safety considerations in multi-storey residential buildings.

A Practice Note about Service penetration installations in fire rated and smoke proof walls was issued in December 2022 to provide guidance to practitioners on selection and installation of service penetrations in fire rated and smoke-proof walls.

## **Examining indoor mould and moisture damage in Victorian residential buildings**

### ***What we did and why***

The VBA partnered with Victoria University and the VMIA in 2021 to undertake research on the scope and causes of indoor mould and moisture damage in Victorian residential buildings.

The research, led by Dr Tim Law, examined VMIA accepted claims against domestic building insurance overlaid with building permit information from the VBA, to better understand the scope and causes of indoor mould in residential buildings and to identify opportunities for improvement.

The research report was published in February 2023.

### ***What we found***

The research identified problematic building design and construction in Victorian residential buildings that would lead to water ingress and indoor mould.

Through analysis of data and a representative sample of VMIA claims and supporting insurance inspection reports, photographs and building permit documentation, the research identified patterns and clusters of problematic building work that are likely to result in moisture damage and indoor mould, and opportunities for improving:

- Practitioner education and awareness around high-risk areas such as balcony design and construction and watertightness of external building envelopes.
- Inclusion of critical details in drawings/building plans.
- Supervision of the design and construction of balconies and other high-risk building elements.

### ***What difference this made***

The research identified improvement opportunities for building design, certification, construction, inspection and improved guidance for waterproofing.

We shared the report and its insights with government and industry stakeholders to raise awareness of the risks of water ingress and moisture damage in buildings and measures that should be taken to improve occupant health and safety.

We are using the research insights to inform our Proactive Inspections Program and its continuing focus on areas of compliance risk that could cause water ingress and moisture damage.



A Practitioner Education Series webinar in February 2023 provided more than 1,300 attendees with valuable learnings on the research insights and the causes and impacts of indoor mould in residential buildings.

The research informed our consumer safety guide on water ingress issued in April 2023 and targeted social media campaign, to improve consumer understanding of water ingress implications on the structural safety of balconies, decks and terraces, and what they can do to protect their property.

The research insights informed our decision to focus the 2022-23 Research Grant Program on research that will assist in reducing moisture ingress and water damage in Victorian buildings.

## **Assessment of mould growth risk in regulatory compliant 6 Star and 7 Star new homes in Victoria (in progress)**

### ***What we are doing and why***

The VBA supported research by The University of Tasmania, through a research grant awarded in 2021, to assess the risk of mould growth in external wall systems used in the construction of new housing in Victoria and identify ways to mitigate the risk of mould growth in new homes.

The research, led by Dr Mark Dewsbury, is analysing Victorian housing information, climate types, and the requirements of the National Construction Code (NCC) to assess the risk of surface and interstitial mould growth within typical external wall systems for new housing in Victoria.

This research is an international and national collaboration between the University of Tasmania, research organisations, industry and the VBA. Other research partners are the Fraunhofer Institute of Building Physics (Germany), Commonwealth Scientific and Industrial Research Organisation (Australia), the Master Builders Victoria and Forest and Wood Products Australia.

### ***What we have achieved so far***

The research has examined whether common external wall systems for Class 1 and 2 residential buildings constructed in Victoria in accordance with regulatory requirements, may or may not promote moisture accumulation and/or mould growth in the external wall system through hygrothermal and bio-hygrothermal simulation-based analysis.

Hygrothermal analysis assesses the risk of condensation formation by studying heat and moisture movement within built spaces, and the diffusion of moisture and water vapour through the built fabric. Bio-hygrothermal analysis evaluates the risk of mould growth by considering heat and moisture conditions, combined with material properties, that may promote mould growth on the surfaces of and within wall, floor or roof systems.

The research is due for completion in 2023-24.

## Improving building envelope resilience to moisture damage (in progress)

### ***What we are doing and why***

The VBA supported research by The University of Sydney's School of Architecture, Design and Planning, through a research grant awarded in 2022, to increase the resilience of external building envelopes (walls and roofs) to moisture damage.

The research, led by Associate Professor Arianna Brambilla, aims to develop comprehensive recommendations for the design, construction and maintenance of climate-appropriate building envelopes methods in Victoria to increase the moisture resilience of the external building envelope. It includes both one-dimensional and two-dimensional hygrothermal analysis of balconies and wall/roof intersections, with a particular focus on the placement and permeability requirements of vapour control layers in walls, roofs and floors, and air cavities in walls and roofs.

### ***What we have achieved so far***

The research is due for completion in 2024-25.

This research will build upon the University of Tasmania's research assessing mould growth risk in external wall systems of 6 and 7 Star new homes in Victoria.

## Investigation of water leakage in residential apartment (concrete) balconies (in progress)

### ***What we are doing and why***

The VBA supported research by Swinburne University of Technology, through a research grant awarded in 2022, to identify the causes of water ingress in concrete balconies in Class 2 buildings and opportunities for improvement to current regulations, standards and work practice in concrete balcony design and construction to reduce or eliminate water ingress.

The research, led by Professor Shan Shanmugananthakumar, aims to identify opportunities for improvement in the performance of concrete balcony build materials and construction methods (such as concrete mix design, falls and drains), identify different structural systems to limit balcony water ingress, and quantify the efficacies of waterproofing methods across the building lifecycle.

### ***What we have achieved so far***

The research is due for completion in 2023-24.

The research complements other research by the VBA that aims to contribute to new and innovative solutions to minimise moisture ingress and water damage in Victorian buildings.

## Skilled and competent practitioners

### Use of behavioural insights to reduce improper service penetrations

#### What we did and why

Through our proactive inspections and the Statewide Cladding Audit, 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.

In the event of a fire, a compliant fire-rated wall should contain the fire to a particular area of a building for a specified time period. A service penetration occurs when a service such as cabling, conduit or plumbing passes through a wall. An improper service penetration occurs when a fire or smoke wall is penetrated with a service but is not properly sealed. The Building Code of Australia sets out minimum standards to reduce the impact of service penetrations.

An improper service penetration of a fire-rated wall can create a weak point in a fire-rated wall, which can allow fire and smoke to spread. Improper service penetrations present a risk to the health and safety of building occupants, and to the structure itself.

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 found

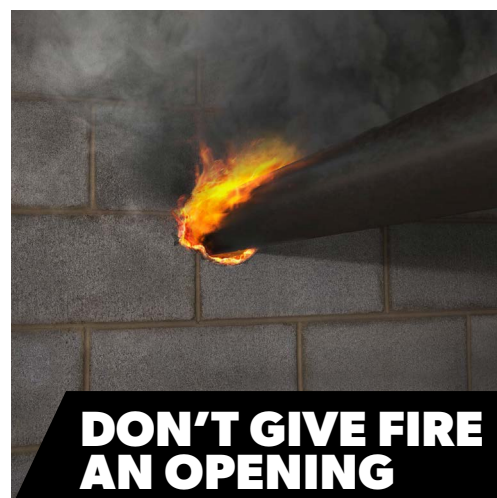
The research analysed what drives these behaviours and the types of interventions that could make a difference.

The VBA 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 three key themes:

- The 'design and construct' model has implications for behaviour.
- Ambiguous regulation and guidelines may exist.
- Knowledge gaps may drive behaviour.

Our stakeholders shared what they know about these themes and told us how we could reach target groups. They also suggested ways to promote 'good' behaviours that will lead to correct work practices.



**Seal every penetration the right way.**

Every penetration into a fire or smoke resisting wall, floor or ceiling creates a weak point that could allow fire or smoke to enter. So seal it right and make it safe.



*'Don't give fire an opening' communications campaign poster*

#### What difference this made

The VBA launched the 'Don't give fire an opening' communications campaign for building and plumbing practitioners in March 2023 using the visual communications materials developed in the research project. The campaign aimed to increase awareness of the consequences of poor service penetrations and increase individual practitioner/tradesperson responsibility for compliance when carrying out service penetrations.

Relying on the insights from this project, a Practice Note about Service penetration installations in fire rated and smoke proof walls was published in December 2022 that provides guidance on selection and installation of service penetrations in fire rated and smoke-proof walls.

Insights gained from this research informed the development of an enhanced Essential Safety Measures (ESM) Responsibilities Framework to frame ongoing regulatory interventions on the maintenance of ESMs in Class 2 to 9 buildings.

The research insights have also informed our Proactive Inspections Program and ongoing consumer education initiatives. It complements other fire safety research supported by the VBA, including Deakin University's research investigating passive fire protection defects in residential multi-owned properties.

## Technologically advanced and innovative industry

### Pre-normative research on the fire safety of solar building envelopes

#### *What we did and why*

The VBA supported research by RMIT University, through a research grant awarded in 2021, to better understand the fire safety risks associated with the installation of solar panels built into the facades of multi-storey buildings.

Building integrated photovoltaics (BIPV) is an emerging technology that integrates photovoltaics (PV) into building elements (e.g., external wall cladding, roofs) to harvest solar energy, with the potential to meet the future energy needs of buildings. While it has not yet been widely adopted nationally or internationally, demand for its adoption will likely increase due to a greater need for alternative energy, particularly for high-rise commercial buildings. BIPV is not a conventional passive material in terms of how it might react to a fire but is an active system that may contribute to fire ignition and spread.

Fire safety is of vital concern in the use of BIPV in buildings. It is essential that BIPV use on building facades and roofs to replace conventional building materials does not adversely affect the safety of building occupants and fire fighters, or the structural performance of buildings. Limited studies exist for the building industry to fully understand the fire risks of BIPV and the requirements applicable to BIPV modules, both as elements for electricity production and as building elements.

RMIT University's Associate Professor Rebecca Yang led the research.

The research report was published in July 2023.

#### *What we found*

The research identified fire safety hazards of BIPV when attached to or integrated into the external facades of Class 2 to 9 buildings in terms of ignition, propagation, and hazards to fire rescue operation.

The research identified the need for further research on opportunities to reduce hazards relating to BIPV product innovation; development of test configurations to measure and mitigate the risks posed, and investigation of the impact of the risk of electrical shock, toxic gas emissions, and falling debris on evacuation and firefighting strategies.

The research also identified that further research is required to:

- Better understand the fire safety risks of BIPV as an active energy system in buildings.
- Explore how the National Construction Code (NCC) framework may be broadened or strengthened to better capture potential risks of emerging technologies such as BIPV.
- Identify any gaps that may exist in building approval processes that increase the likelihood of this emerging technology not being considered in a holistic way, and
- Identify legislative or regulatory changes that may be required to ameliorate safety risks.

#### *What difference this made*

While RMIT's research is a scoping study and confined to limited aspects of BIPV, it identified important gaps in the current knowledge of the fire safety risks of BIPV and regulatory requirements to address these risks.

The VBA shared the report and its insights with key regulators and stakeholders to help inform policy, regulatory and fire-safety considerations arising from the use of BIPV on building envelopes.

This research complements research the VBA is already supporting to achieve a technologically advanced and innovative industry and a safe built environment including projects undertaken with the Building 4.0 Cooperative Research Centre; and other fire safety research undertaken by the VBA, including the fire safety of rendered EPS on Class 2 to 9 buildings of Type A or Type B construction.

## Developing a Virtual Reality self-evaluation platform to reduce non-compliant building and plumbing work (in progress)

### ***What we are doing and why***

The VBA supported research by RMIT University, through a research grant awarded in 2022, for a proof of concept to develop virtual reality (VR) based inspection scenarios, and a platform for building and plumbing practitioners to use to self-assess risk of non-compliance building and plumbing work in their own projects. The proof of concept will focus on inspection scenarios targeting the risk of moisture ingress and water damage in Victorian buildings.

The research, led by Professor Peter SP Wong and Professor Ron Wakefield, proposes to develop a proof of concept mobile VR app that will allow practitioners, tradespersons and students to be immersed in real site inspection scenarios and to learn to identify and self-evaluate risks of non-compliance with regulatory requirements and standards with their own building and plumbing work.

### ***What we have achieved so far***

VBA auditors and inspectors assisted the researchers to identify scenarios of non-compliant building and plumbing work that was likely to result in water ingress or moisture damage post-construction. The research team then obtained 4K resolution 360-degree pictures from construction sites that match the scenarios identified by inspectors and auditors, and edited them for use in a VR-based mobile app that is under development.

The research project is due for completion 2023-24.

## Building 4.0 Cooperative Research Centre

The VBA is participating in the seven-year Building 4.0 Cooperative Research Centre (CRC), an industry-led research initiative co-funded by the Australian 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 research program streams (sectoral, digital and building transformation streams) are aligned to the VBA's research focus and will help drive digital adoption and systemisation of the industry.

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

## Scoping study for Building the Future: Circular Economy (in progress)

### ***What we are doing and why***

With construction and demolition materials accounting for 44 per cent of all waste generated in Australia and the building sector's energy consumption and CO<sub>2</sub> emissions at a record high, the move to a circular economy presents a significant opportunity for positive change.

Given the complex socio-political and economic factors at play, and the potential competing needs of key stakeholders, this scoping study will form a solid foundation on which to plan the necessary steps and actions to enable the transition to a circular economy.

The research, led by Queensland University of Technology's Professor Leonie Barner, will provide a roadmap for the Australian property and construction industry to create a circular economy, which covers the end-to-end management of construction materials by maximising resource productivity and minimising or eliminating or reusing construction waste.

### ***What we have achieved so far***

This is the first project under Building 4.0 CRC's *Special Interest Projects* (SIP) Program. SIPs have a topic of broad, mutual concern to all CRC partners and allow for collaboration and accelerated execution of the project.

This research project commenced in June 2023 and is due for completion in 2023-24.



## Evaluation of emerging technologies for remote inspection of building work (in progress)

### *What we are doing and why*

While mandatory inspections of building work during construction are currently required to be conducted in-person in Victoria, non-mandatory inspections could be conducted remotely by taking advantage of emerging technologies.

Remote inspections of building work are expected to reduce the time and travel needs required for traditional in-person inspections while maintaining (or enhancing) the integrity and rigor of the inspection process and outcome. The VBA is always exploring how it can use new technologies and additional tools to be a best practice regulator.

This project, led by Monash University's Dr Yihai Fang, aims to review best practice remote inspection practices, evaluate digital technologies that enable remote inspection of building work, and develop a guideline for the effective implementation of suitable technologies for remote inspections of building work.

Outcomes from this project are expected to guide the implementation of technologies and workflows for remote inspection of building work.

### *What we have achieved so far*

The research has:

- Identified national and international best practices and standards for remote inspections (in construction and other industries), assessed enabling technologies for remote inspections of building work, and assessed regulatory requirements and implications of remote inspections of building work.
- Conducted interviews with government, regulatory and industry representatives (including practitioners), and surveys of building and plumbing practitioners, to help understand the drivers and barriers to the adoption and use of remote inspection of building work.
- Assessed the performance of selected technologies in laboratory settings, undertaken field trials and data collection to evaluate technology performance and effectiveness, and developed a framework that describes integrating the technology into building inspections and a guideline that guides the implementation.

This research project is due for completion in 2023-24.

## Scoping study: Automated tracking of construction materials for improved supply chain logistics and provenance

### *What we are doing and why*

The construction supply chain is a critical enabler for the construction industry, but also poses challenges and risks. This is mainly due to the typical make-to-order nature of the construction supply chain, which is often unstable, highly fragmented and geographically dispersed. The Building Confidence Report (2018) identified the need for secured data that identifies the origin of materials, products, and assemblies. The ability to track and trace construction materials is becoming increasingly important as it contributes to and is associated with project efficiency, safety and building compliance, project efficiency, safety, sustainability and performance.

This research, led by The University of Melbourne's Dr Wen Li, investigated the construction supply chain and assessed tracking technologies (e.g., sensors, visual tracking, information systems, data collection) for building-industry appropriateness. This was aimed at providing recommendations for the implementation of automated and secure material and assembly tracking to improve project performance and establish ongoing material provenance and regulatory compliance.

This research project was completed in October 2022.

### *What difference this made*

The project delivered a review of 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 research identifies shortcomings in the current construction supply chain, and pain points and productivity inefficiencies that could be addressed through automated materials tracking. Product safety, more accessible product information, and improved compliance, sustainability and quality are other advantages of digitalisation of construction materials traceability.

While currently available sensor technologies are relatively advanced and there are mandated international standards to support traceability, the complexities in the construction industry, including complex interactions between materials, construction equipment and workers pose unique challenges.

A summary of the research report has been published by Building 4.0 CRC.

# The VBA as a Forward-Thinking Business



**We're a contemporary and resilient organisation that looks to the future. Our robust risk management, financial administration and digital infrastructure are sustainable, adaptable and future ready.**

## Technology improvements to enhance digital experience and how practitioners and consumers interact with the VBA

A new, omnichannel Channel Management System (CMS) was implemented this year that allows our people to make and receive calls, send SMS messages and service enquiries via email to practitioners and consumers. The CMS has introduced efficiencies to the VBA's customer experience by addressing enquiries in a timelier manner, while offering a system generated call back option during times where call volumes are high, improving the customer experience.

The VBA piloted new Online Interactive Forms for Building Practitioners to apply for registration. This pilot worked with specific applicants to manage any dependencies with other accreditations and gather feedback. Feedback from practitioners has been positive with an average score of 8.7 out of 10 for users in the financial year.

A broader rollout of Online Interactive Forms for Building Practitioner applications is planned, using feedback from the pilot. This will replace more than 40 PDF forms. Key benefits for practitioners will include tracking progress of their application input and applicant guidance to improve application completeness. Complete applications result in approved applicants being registered sooner.

## Partnering with Services Victoria

The VBA worked with Service Victoria to implement Service Victoria user accounts as method of access to the VBA consolidated regulatory platform. This was first released for users of the VBA Building Activity Management System and the Building Practitioner Portal to login with Service Victoria user accounts. It has now been extended for the practitioners applying for registration using the Online Interactive Forms pilot.

The VBA also integrated the Services Victoria digital Identity Verification capability. This was first released for users of the Licensing Registration System (LRS) and practitioners applying for registration using the Online Interactive Forms pilot. The broader rollout of the Online Interactive Forms will offer this feature to streamline the practitioner online experience.

The VBA has developed a Digital Practitioner Card with Service Victoria using their established Digital Token capability. The joint project has conducted usability testing with user candidates and engaged with industry bodies to capture the needs of stakeholders. The Digital Practitioner Card has undergone initial testing and is planned to pilot with selected practitioners after the Online Interactive Forms are released. Many practitioners are familiar with using their mobile phone in place of payment cards and joint VBA and Service Victoria initiative supports practitioners who operate in this digitally equipped approach.

### Vision27 progress update and Regulatory Priorities

The VBA continues to embed its harms-based approach to regulation and equip staff with the tools, processes and capability to optimally identify and address harms in the built environment.

Throughout 2022-23, the VBA developed a comprehensive framework to enable the implementation of systemic harm identification and problem solving into its planning and regulatory activities. As a regulator, the VBA is expected to understand key harms identified in the industry, protect against these harms and minimise harms by influencing practitioner and industry behaviours. The key focus of the VBA's regulatory effort is on protecting the health and safety of building occupants and ensuring the VBA can make the greatest difference to consumers and the industry.

The harms-based approach to regulation is a core component to the VBA's regulatory systems and legislative functions, and supports the allocation of resources to those areas that will have the greatest impact.

The Victorian Government is encouraging all regulators to become best practice regulators. The VBA is committed to regulatory improvements and reducing harms to enable better outcomes for industry, practitioners and consumers. As part of this work, the VBA is working to integrate Better Regulation Victoria's "Toward Best Practice" regulatory principles into its regulatory model.

### Regulatory Priorities

During 2022-23, the VBA identified six key priority areas on which to focus its regulatory efforts and activities and regulatory tools to address significant harms in the built environment. The regulatory priorities are based on a review of data, intelligence and research. The identified and prioritised harms included:

- Water
- Fire safety
- Product safety
- Solvency of building companies
- Practitioner capacity and capability
- Practitioner competency.

The regulatory priorities enable industry, practitioners, consumers and other regulators to understand our current regulatory focus, aimed at addressing the most significant harms in the built environment. The VBA can prioritise its resources and focus its efforts on what is of utmost importance to the Victorian community.

The VBA continues to work with industry and stakeholders to review and refine the regulatory priorities to ensure it is responsive to changes impacting practitioners, consumers and the industry. It also works in collaboration with other regulators, agencies and key stakeholders to develop strategies to prevent harms and consider joint regulatory efforts.

The regulatory priorities were published on the VBA's website in June 2023. These undergo regular review, and new or emerging priorities may be identified and integrated at any time.

### Regulatory Policy Statement

The VBA is currently revising its regulatory approach in line with being a trusted regulator, and this will be published via a Regulatory Policy Statement. This statement will describe the foundations of how the VBA will focus its resources, how it will use its regulatory tools and powers, and how it will engage with stakeholders. This statement will leverage the regulatory priorities to guide decision making and regulatory operations.

The Regulatory Policy Statement will be published first half of in 2023-24.



## Maturing risk processes

Since the commencement of its three-year risk improvement plan, the VBA has seen significant growth in its risk maturity. Based on the Victorian Managed Insurance Authority (VMIA) Risk Maturity Tool, the organisation's capability has lifted from 56 per cent in FY21 to 84.6 per cent this year, exceeding the target of 80 per cent for this period. This growth can be attributed to a range of initiatives, with our people being at the core of this success.

Recognising the risk maturity growth that has occurred, the VBA is planning to rebaseline and expand the scope of the existing three year risk plan to incorporate a broader assurance perspective, and has already taken steps to support this activity through the creation of an integrated risk and assurance team this year. Through this expanded scope, the VBA will be focusing on furthering its 'three lines of defence' model to enhance the ability for more responsive and targeted assurance activities.

## Building Fee reset

New building practitioner fees came into effect on 2 May 2022 and affected the following fees:

- registration
- annual
- 5-yearly renewal, and
- other fees incidental to practitioner registration such as late fees.

The changes create a fairer building practitioner fee structure to support future growth in the building industry and follows significant growth in the value of building works (86.3 per cent increase), number of building permits (31 per cent increase) and number of individuals registered as building practitioners (22 per cent increase) over the last eight years.

The fee structure now more accurately reflects the costs involved in regulatory oversight of the building industry and aligns Victoria's building practitioners' fees with comparable fees for commercial and domestic builders in other jurisdictions. Recognising the differences in registration categories, the new fee structure means different increases depending on the type and number of registrations held by a practitioner. Fees also differentiate a practitioner based on their business structure, with corporate fees set higher than individual fees to recognise the higher value gained from a company structure.

The fee structure re-balances the fees across practitioners by recognising the value and benefit they gain from the scopes of each category of registration.

The new structure allows the VBA to continue to help more practitioners continuously improve their skills through our free Practitioner Education Series, technical guidance and resources hub, and support industry to lift standards. The new structure also allows the VBA to continue to improve processes to reduce the administrative burden on practitioners and address industry preferences for digital channels.

### Automatic Mutual Recognition (AMR)

Automatic Mutual Recognition (AMR) is a national scheme allowing individuals to use their home state or territory occupational registration or licence to work in other participating Australian states and territories. AMR allows individuals who hold registration or licences in an Australian state or territory to perform those same permitted activities in another part of Australia, subject to some exceptions.

From 1 July 2022, building inspectors and registered plumbers, except for those in high-risk classes such as gas fitting, became eligible to participate in AMR. These cohorts joined building practitioners, except building surveyors, who were eligible to participate in AMR from 1 January 2022. Thirteen practitioners made a valid AMR notification to the VBA this year, with most of these practitioners based in New South Wales.

The VBA has commenced a project to fully integrate AMR practitioners into our technology platforms, allowing more customer focused digital service delivery. These changes, alongside stronger consumer protection controls introduced via amendments to the *Building Act 1993* ensure the program is future proofed and set up to succeed.

### Quality & Regulatory Practice

In 2022-23, the VBA's Quality & Regulatory Practice team continued its work to ensure the VBA's documents, policies, operational communications and business collateral was fit-for-purpose and relevant to the organisation. This work included a review of all VBA policies, consolidation of the VBA's Knowledge Management across about 2,000 work instructions, business rules, forms and quick reference guides. A Service Delivery Quality Monitoring and Reporting program monitored 10 critical processes to reduce waste and identify process gaps. More than 150 operational communications were issued, including notices of change, information alerts and training reminders to keep staff across key process changes and emerging issues. The Content Manager System is the VBA's designated electronic document and records management system for all primary and corporate records. This year, increased training for all VBA people occurred across the system.



# Spotlight on: Harms-based regulation - Industry Harms Consultative Committee



As part of embedding the harms-approach to regulation in the VBA, a new industry consultative committee was established in December 2022.

The Industry Harms Consultative Committee (IHCC) was established to provide a unique forum to enable ongoing dialogue with key industry stakeholders on emerging harms, risks and issues in the built environment and to seek insights on approaches and opportunities to best address these.

The IHCC's role is to provide feedback and input on key areas such as emerging harms, industry engagement, the VBA's approach to regulation and its development of regulatory priorities.

Initial membership of the IHCC for 2022-23 comprised representatives from Master Builders Association of Victoria, Housing Industry Association, Master Plumbers, the Chair of the Plumbing Advisory Council and the Royal Institution of Chartered Surveyors.

Two meetings of the IHCC were held in 2022-23, with the committee received favourably by industry. At these meetings, the IHCC settled its terms of reference and discussed updates on the VBA's process for prioritising harms and developing its regulatory priorities. Future meetings will look at working on the causation and consequences of harms and potential strategies to break the chain of causation.

Over time, the VBA intends to enhance the IHCC with a view to working more collaboratively with industry on strategic initiatives.

# The VBA as an Effective Connector



We have a unique line of sight to Victoria's building industry. We use the deep and diverse expertise at the VBA to engage with consumers, government, other regulators, and industry to strengthen Victoria's building system. Together, we span boundaries, work towards shared outcomes and amplify our positive impact.



## NCC2022 implementation and Roadshow

The National Construction Code (NCC) sets out the requirements for the design and construction of a building in Australia, including plumbing and drainage work. It sets the minimum required level for the safety, health, amenity, accessibility and sustainability of certain buildings.

The Australian Building Codes Board (ABCB) produces and maintains the NCC on behalf of the Australian state and territory governments.

Updated every three years, NCC 2022 was published on 1 October 2022 and adopted, in part, in Victoria on 1 May 2023.

NCC 2022 includes a transition for energy efficiency, livable housing and condensation management, which is currently proposed to be adopted on 1 May 2024. New lead free plumbing product requirements is proposed to be adopted on 1 May 2026.

The VBA prepared our people and building and plumbing practitioners for the most significant amendments to the NCC since its inception in 1996. Guidance materials enabling practitioners to better navigate NCC 2022 were published and shared with practitioners and consumers ahead of their adoption in Victoria.

The VBA undertook numerous initiatives during the year to educate practitioners about NCC 2022, which included:

- Participation in the ABCB NCC 2022 seminars held at the Melbourne Convention and Exhibition Centre in July 2022.
- Creation of an NCC 2022 hub on the VBA website.
- Engaging with registered training organisations on updating their course and exam content to ensure it includes NCC 2022 detail.
- Providing regular updates to practitioners about NCC 2022 and adoption dates via Technical Bulletins and VBA Mail.
- Promotion of the ABCB NCC 2022 webinar series recordings and useful handbooks and guidance materials.
- Contributed to industry group NCC Seminars
- Hosting a Practitioner Education Series webinar, *Waterproofing of Wet Areas*.

In September and October 2022, the VBA hosted the NCC Roadshow – 15 in-person events were held across the state to deliver important information about key building and plumbing changes to the National Construction Code (NCC 2022). The VBA strives to make the complex building system easier to navigate for practitioners and the Roadshow served as an opportunity to engage with practitioners. Presentations were delivered by VBA Technical and Regulation experts and question time provided additional value to attendees. To supplement the Roadshow, two webinars were held for practitioners who could not attend the in-person events. Three thousand practitioners attended an NCC seminar or webinar, which demonstrated industry's interest and appetite for educational material.

## Building surveyor career opportunities

Building surveyors undertake a significant role within the construction sector, assessing and approving building permits and undertaking municipal building surveying functions in councils. It is therefore critical that enough qualified and high performing building surveyors work in the industry. There were 238 Building Surveyor (Limited) and 589 Building Surveyor (Unlimited) registered in Victoria as at 30 June 2023.

The VBA is supporting building surveyors by developing and releasing guidance materials, facilitating Practitioner Education Series webinars and conducting the annual Building Surveyors Conference, to develop building surveyor knowledge and expertise. The VBA has promoted career pathways for new entrants and facilitated secondments to assist with offering learning opportunities, with the goal of attaining a building surveying registration.

The State Building Surveyor continues to work with the broader building sector through liaison meetings with the Housing Industry Association, Master Builders Association Victoria, the VMIA, AIBS and the Municipal Building Surveyors Group, to develop joint initiatives to address this industry shortage.



### VBA response to natural disasters

In October 2022, 63 local government areas and one alpine resort experienced heavy rainfalls and flooding, which inundated homes, damages roads and bridges and isolated communities. This weather event wasn't restricted to one township or region, with both metropolitan Melbourne and regional Victoria impacted by heavy rainfall.

As a key connector between industry, government and councils, the VBA regularly liaised with municipal building surveyors to hear about the local impacts of the floods and what preliminary issues had arisen in the hours and days following the floods. To assist councils with assessments of flood affected properties, the VBA proactively sought expressions of interest from building surveyors and building inspectors, with about 100 responses received. The work of these building practitioners ensured councils could utilise this expertise to assist with building surveyor functions within the impacted regions sooner.

The VBA continues to collaborate with the Department of Transport and Planning, the Department of Energy, Environment and Climate Action and Emergency Recovery Victoria to discuss, review and provide guidance for secondary impact assessments, from a building perspective. These assessments identify the impact of emergency events, with each affected building being inspected and assessed for flood damage.

### Communications and engagement flourishes

The VBA's communications channels continue to grow in popularity and offer the Authority an opportunity to engage with audiences and increase our reach to consumers. More than 4.2 million visitors to the VBA website engaged with content including registration and licensing, the Find a Practitioner tool, domestic building insurance and home renovation permits.

The VBA's social media channels, LinkedIn, Facebook and Instagram, increased in popularity by 16 per cent compared to last year. Almost 30,000 followers across the three platforms received regular updates from the VBA, with a particular focus on consumer and practitioner news information. Facebook was the VBA's fastest growing social media platform this year, with a 19 per cent increase in the number of followers year-on-year. The VBA YouTube channel continued to provide a hub for our educational videos, including on-demand Practitioner Education Series webinars, which extended the series' reach.

Our flagship newsletter, VBA Mail, reached more than 65,000 practitioners and subscribers and featured news and updates from across the organisation. Four Building Technical Bulletins and three Plumbing Technical Bulletins were published, providing regular and focused technical updates directly to practitioners.

This year, email communications to practitioners, excluding licensing and registration matters, had a reach of 1.5 million and included invitations to Practitioner Education Series

## Addressing consumer and practitioner enquiries

The VBA Call Centre continued to be a key interface for practitioners and the public to contact the VBA with general enquiries and matters relating to licensing and registration.

A total of 252,142 enquiries were received this year, which comprised of 108,972 telephone calls and 143,170 emails.

More than 43,000 email enquiries were processed by the Customer Experience Unit, with more than 98,000 enquiries forwarded to the Processing and Assessment team, as they related to processing practitioner applications and renewals.





# Spotlight on: Build Aware



The VBA continued its involvement in the co-regulatory education campaign Build Aware, with weeklong visits to Ballarat, Wonthaggi Phillip Island and Mildura.

Established in 2016, Build Aware involves a partnership between the VBA, WorkSafe Victoria, Energy Safe Victoria and Environment Protection Authority ensure construction workers are meeting safety, environmental, building and plumbing compliance obligations requirements.

The Build Aware campaign visited construction sites in regional Victoria, to identify non-compliant building and plumbing work. Areas of emphasis included air conditioning and swimming pools, powerline safety, building code and regulation compliance, crystalline silica dust and waste management.





# 3/ Our people





# The VBA as a Strength-Based Workplace



**We're one cohesive and diverse organisation and are serious about talent and flexibility. Our people are the foundations of our adaptable, strength-based culture, and are empowered to build their own career pathways and maximise their positive impact for Victorian communities.**



## Gender Equality, Diversity & Inclusion

The VBA continued to progress its Gender Equality Action Plan (GEAP) to improve gender equality in the workplace and embed a culture where diversity and inclusion is supported. The plan was developed in response to Victoria's *Gender Equality Act 2020* (the Act), which commenced on 31 March 2021. The Act aims to improve workplace gender equality in the Victorian public sector, universities, and local councils.

The ongoing development of the VBA's Diversity, Equity and Inclusion Council will oversee the VBA's obligations under the Act. The Council has the authority to endorse matters or make recommendations to the CEO and People and Culture Committee for decision. The Council provides oversight for all VBA gender equality matters, including target areas of focus, development of improvement strategies, monitoring performance, assessment of risks and concerns and maintaining quality standards.

In addition, a specialist team member of the People Experience & Capability Team will lead the development of the VBA's Diversity, Equity & Inclusion Strategy, in addition to supporting the design and delivery of contemporary, enterprise-wide people development solutions to meet the VBA's strategic objectives.

The GEAP is a rolling four-year plan that identifies clear opportunities for improvement and a set of targeted practical strategies to proactively build a more gender inclusive culture at the VBA. The GEAP is available to view and download on the VBA website. The VBA's first progress report to the Public Sector Gender Equality Commissioner is due in February 2024.

## Appointment of Deputy State Building Surveyor

In November 2022, the VBA appointed Jo Van Loon to the role of Deputy State Building Surveyor. A key role within the Office of the State Building Surveyor (OSBS), Ms Van Loon will support improved building safety and consumer outcomes through a focus on practitioner capacity building, technical advice and building performance oversight. The role provides strong leadership, specialist expertise and stakeholder engagement capabilities to manage a team of senior technical professionals, supporting the OSBS in monitoring building sector performance and compliance, identifying and managing emerging risks, implementing education programs, regulatory reforms and process changes to promote sector best practice. The role will be required to liaise widely across industry, engaging and presenting at a variety of industry forums, and prepare authoritative advice to support the State Building Surveyor.

## Appointment of Head People Experience & Capability

In April 2023, the VBA appointed Mariana Polzella to the role of Head People Experience & Capability. In this role, Ms Polzella will deliver and maintain key strategic people initiatives, programs and process improvements to build, embed, evaluate and sustain a high performing workplace and positive, inclusive culture. Reporting directly to the Executive Director People & Capability and liaising across the Executive Leadership Team, relevant committees, industry and government, this role will be critical in the conceptualisation and delivery of the VBA's Contemporary Leadership Development and Behavioural Frameworks, Organisational Wide Learning and Development Programs, Gender Equality Action Plan (GEAP), Diversity and Inclusion Strategy and Best Practice Employee Engagement and Initiatives.

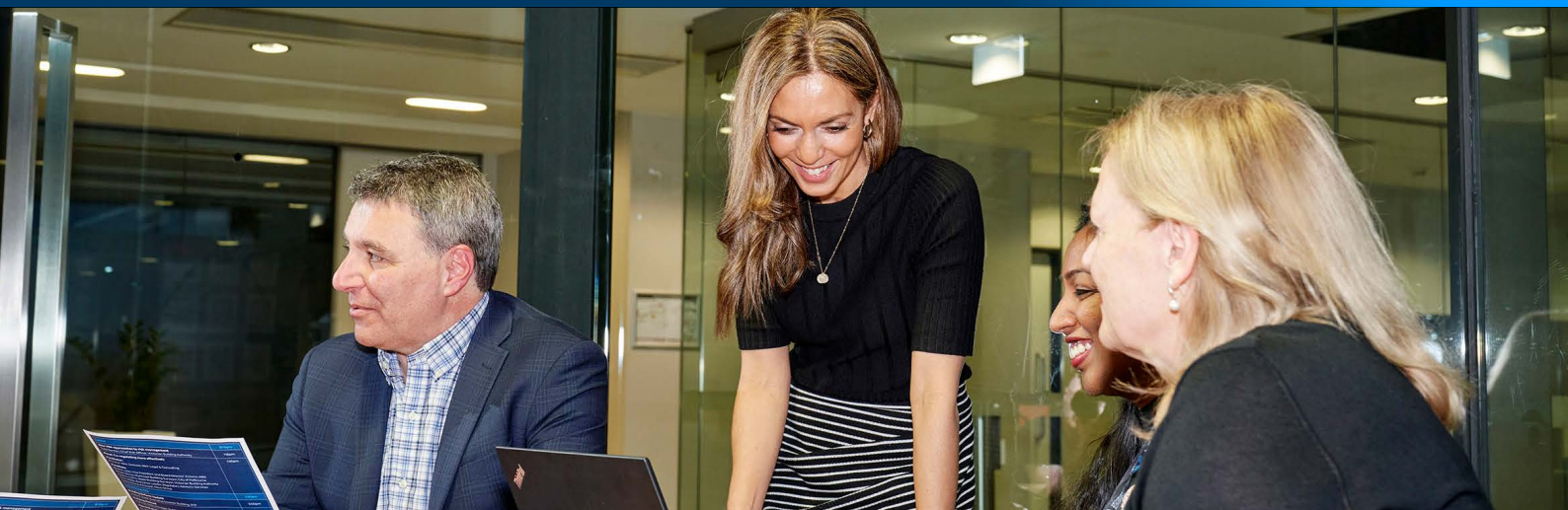
## Appointment of Head of Safety & Wellbeing

In March 2023, the VBA appointed Rajesh Tripathy to the role of Head of Safety & Wellbeing. In this role, Mr Tripathy will work closely with stakeholders across the VBA to build and sustain a positive safety culture. The role will develop and lead the strategic direction for health, safety and wellbeing at the VBA and support senior executives and the Board with actionable insights in safety performance. The role has operational safety execution elements providing specialist and practical health and safety advice while balancing safety with operational delivery. The role is a true partnership with operations, supporting leaders to maintain and foster a safe workplace.

The role is responsible for the development, implementation and maintenance of organisational safety strategy, systems, and processes, and supports leaders to ensure that safe systems of work are effectively implemented to manage safety risk. The role will monitor compliance with relevant HSW legislation and ensure that VBA is meeting its legislative obligations. The role reports to the Executive Director People and Capability and works in partnership with Executive and Divisional leaders and the People and Capability team.



# Spotlight on: Internal engagement



Throughout the year, VBA people attended internal events to raise awareness for charities, social justice causes and to commemorate days of cultural significance. Some of these engagement activities are outlined below.

In July 2022, VBA people attended a NAIDOC Week event where they were asked to reflect on their own understanding of our First Nations people and call out racism as an act of support. A local Indigenous person attended the VBA head office to perform a Welcome to Country Ceremony and oversee the VBA's NAIDOC Week event.

In August 2022, VBA people were invited to attend Indigenous Australian Cultural Awareness training, which featured guest speaker John Briggs. A renowned speaker with more than 25 years' experience, Mr Briggs is a passionate advocate for Indigenous culture, inclusion, employment and engagement and shared his insights with our people.

In March 2023, the VBA celebrated International Women's Day with a special event that featured a guest speaker from Fitted for Work. Raising awareness on the 2023 theme #EmbraceEquality, the speaker provided insight into the challenges faced by some women gaining secure employment, independence and becoming work ready. Our people also showcased some of their personal stories to celebrate our diverse workforce and rich experiences at the VBA. A clothing donation drive was also organised so VBA people could show their support for Fitted for Work.

In May 2023, the VBA re-engaged Mr Briggs for another cultural awareness workshop, this time in recognition of Reconciliation Week, with a session that explored Australian history, the diversity of Indigenous cultures, the consequences of racism and ways in which VBA people can support Reconciliation in our country.

## Flexibility and hybrid working

Hybrid working continues as the new norm with flexibility firmly embedded as a key principle for working at the VBA. The VBA promotes a range of short and long-term flexible work options including job sharing, part-time work, flexible start and finish times and work hours, compressed work arrangements and the ability to purchase additional leave.

As of 30 June 2023, the VBA had 33 employees working Part Time; 120 employees on Compressed Working Arrangements and 16 employees who had purchased extra annual leave in the previous 12 months.

The VBA successfully implemented a 'Bring your dog to work' pilot program for our people. Pets provide several physical and mental health benefits and pet dogs in the office has proven to be a very positive experience in the working environment.

## Training and professional development for our people

The VBA placed a renewed emphasis on learning and development opportunities following responses to the 2022 People Matter Survey. Dedicated focus groups were established to strengthen the technical skills of our people and identify opportunities for secondments and ongoing professional development. The VBA also supported members of its Inspections Services team to enhance their technical capability, enabling them to carry out a broader range of building and plumbing inspections. One hundred and sixty-eight VBA people achieved external qualifications in 2022-23, with this knowledge applied across the Authority.

## Health, safety and wellbeing

After the finalisation of Designated Working Groups and election of Health & Safety Representatives from across the organisation, the VBA's OHS committee is functioning in an effective, structured and cohesive manner with enhanced engagement, participation and contribution by all members. Our ongoing focus will be to continue to embed the Committee and work together to improve the health, safety and wellbeing (HSW) performance and culture through engagement and consultation.

The VBA has adopted a risk-based approach towards building psychological and psychosocial safety. Several people leaders participated in a training course, *Building Psychological Safety*. The VBA plans to continue to deliver adequate training and support to people leaders for managing and supporting our people's mental health.

The VBA has embarked on its journey to develop and implement a three-year Health Safety & Wellbeing plan, with a focus on implementing a robust OHS management system, reduction of HSW risks, improving staff wellbeing and building safety leadership capability.

## Communication Charter

The VBA chose to build on the Statement of Respect in 2022-23, by implementing a Communication Charter, to support our culture and enable our people to feel safe, valued and respected. The Charter formed a simple set of commitments and shared expectations of professional courtesy and mutual respect. The charter sets out expectations, is consistent with our values and ways of working, and provides a foundation for people and culture focus. The charter was informed by a whole of organisation involvement, face-to-face workshops, and specialist completion of a 90-minute Class Act Communications program that involved our people with videos and the completion of brief surveys. The feedback was refined by an expert team to develop the final Communication Charter.

The Charter includes five key areas of emphasis: manner over matter, professional courtesy, looking after each other, raising problems constructively and listening.

Our people are actively working to embed these principles into our practices, processes and policies, with our people empowered to support the charter by talking about it with colleagues and managers.

### Communication Charter

At the VBA, we recognise the power of the communication choices that we make, and our Communication Charter outlines our commitment to ways of working to ensure everyone feels safe, valued and respected at work.

#### OUR COMMITMENT

- 1. Manner over matter**

We show respect in our manner when discussing any matter. We safely and respectfully call out bad manner when we witness it or experience it directly.

**Demonstrated through:**

  - Acknowledging any lapses we make in our professional manner.
  - Considering both the "what" and the "how" we communicate.
  - Facilitating the open sharing of views and ideas through our manner and practice.
  - Bringing an open outlook to change & innovation.
- 2. Professional courtesy**

We look after each other and show professional courtesy. We show appreciation for the knowledge, skill and contribution of others.

**Demonstrated through:**

  - Modelling the behaviors we ask of others.
  - Always maintaining inclusivity, collaboration, fairness and respect in the way we work.
- 3. Looking after each other**

We work together as one team, with a clear purpose and mission. We support and understand our colleagues, expecting the same in return.

**Demonstrated through:**

  - Regularly checking in on colleagues with regard for their wellbeing.
  - Having each other's backs and supporting our peers.
- 4. Raising problems constructively**

We constructively raise problems and work together on the solution.

**Demonstrated through:**

  - Disagreeing while maintaining respect, regardless of role, rank or issue.
  - Talking to each other (not about each other) when we have an issue.
- 5. Listening**

We listen without interrupting, seeking to understand the views of another.

**Demonstrated through:**

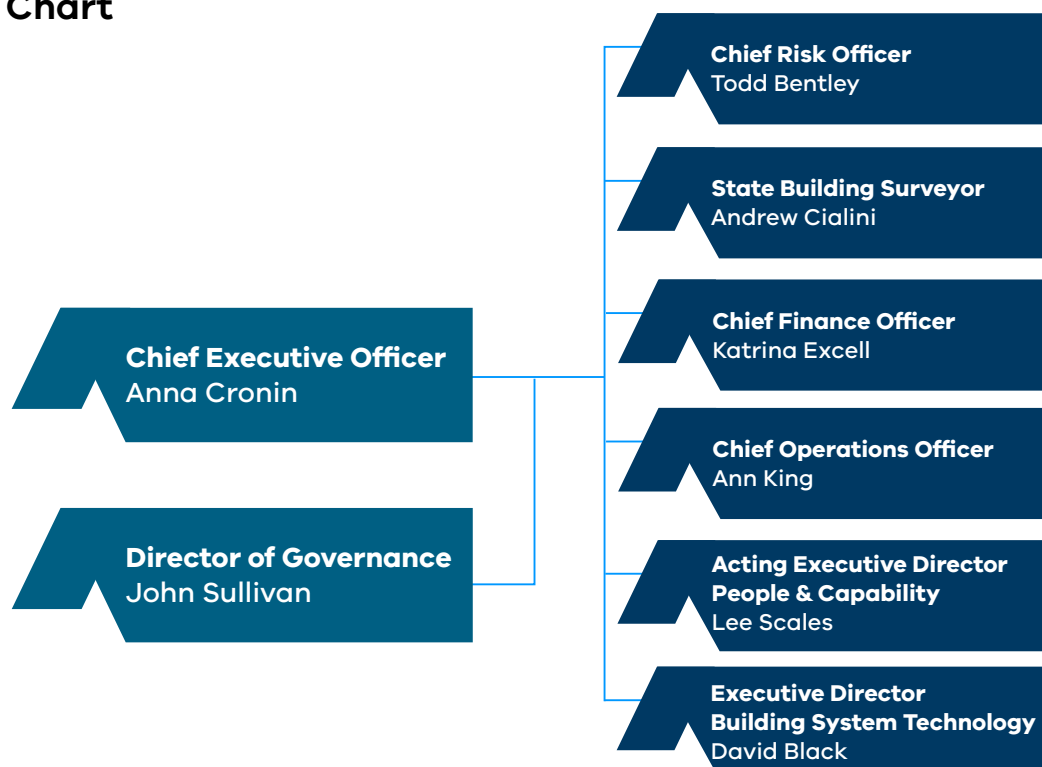
  - Taking the time to listen, and closing the loop on conversations that we start.
  - Asking questions to gain a better understanding of others views.

We model this standard in the conversations we have in person, online, on paper and on the phone, with our customers, colleagues and stakeholders.

It's this standard that enables us to embed the VBA's values of **we problem solve, we work as one and we deliver**, in everything that we do.


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## Organisation Chart





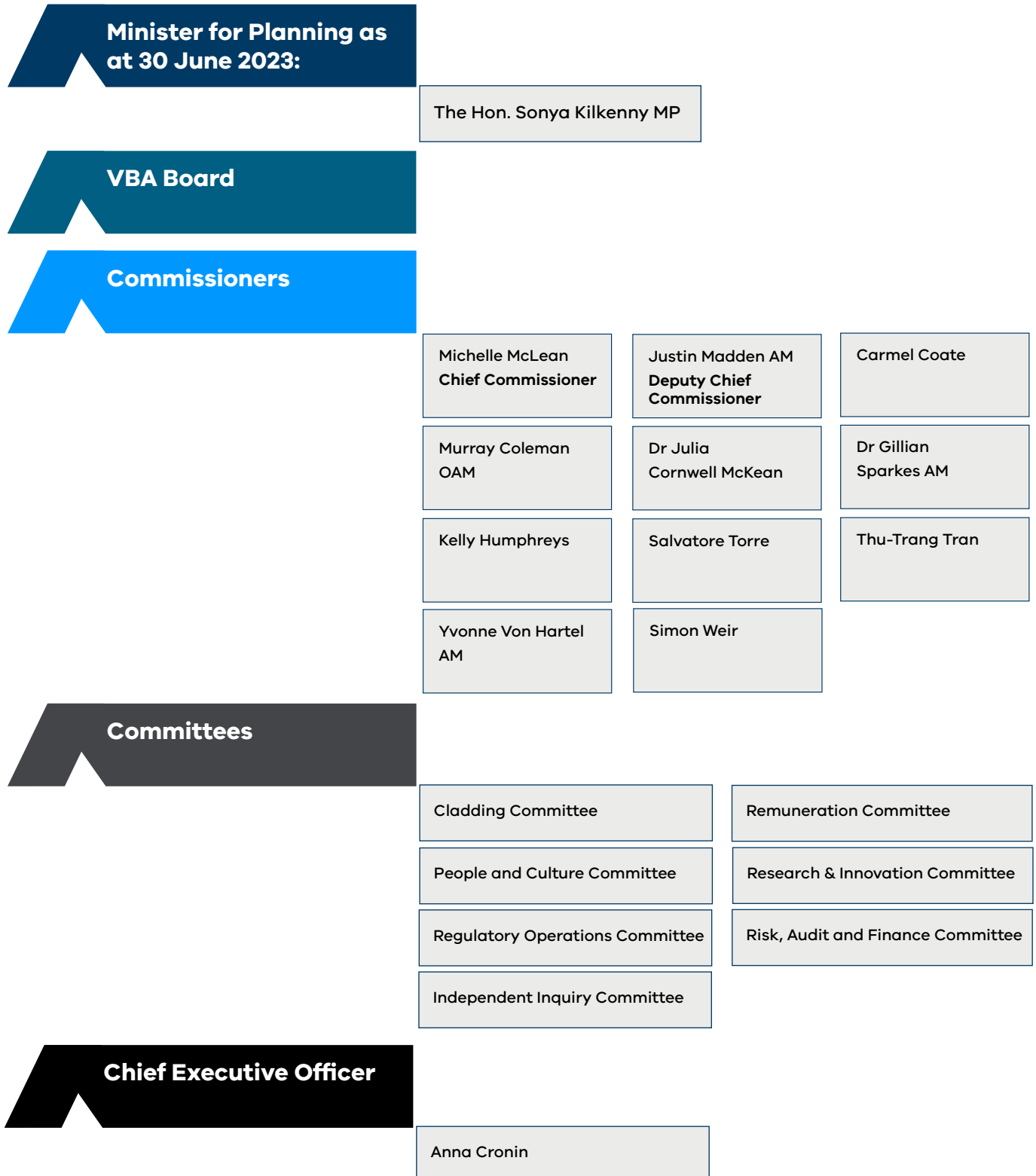
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# Governance





## VBA Governance chart



## VBA Governance Structure

### VBA Board

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

- 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.

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 the Public Board Appointments Victoria website at: [boards.vic.gov.au](https://boards.vic.gov.au)

### Board Re-appointments

The terms of the following Board members expired, with all three board members being re-appointed:

- Dr Julia Cornwell McKean
- Mr Salvatore Torre
- Ms Yvonne von Hartel AM

### Machinery of Government changes

From 1 July 2022 to 30 June 2023, the responsibility for the *Building Act 1993* and the VBA was the responsibility of the Minister for Planning.

From 1 July 2022 to 31 December 2023, the relevant Department for VBA activities was Department of Environment, Land, Water and Planning (DELWP).

From 1 January 2023, the Department of Transport was renamed the Department of Transport and Planning (DTP) and became the relevant Department for VBA activities. DTP brings together planning, land use and consolidate precinct delivery and policy functions together to put a stronger emphasis on place-based community outcomes.

# VBA Governance chart

## Cladding Committee

**Chaired by  
Deputy Chief Commissioner  
Justin Madden AM**

The Cladding Committee supports the Board in monitoring performance of the Statewide Cladding Audit program (SCA) and its compliance with regulatory requirements and policies. It monitors VBA's enforcement action against practitioners associated with, but not limited to, the SCA, and oversees the VBA's risk management approach with respect to cladding. It helps ensure that lessons are learned, and that these are shared to help prevent future building system failures.

## People & Culture Committee

**Chaired by Commissioner  
Dr Julia Cornwell McKean**

The People and Culture Committee is responsible for oversight of, and provision of advice and recommendations to the VBA board on organisational culture and values, and policies and initiatives for the development of people capability, inclusion and diversity, equity and wellbeing of staff. It helps keep the VBA's approach to these matters consistent and supports the VBA's people and capability strategy.

## Regulatory Operations Committee

**Chaired by Commissioner  
Dr Julia Cornwell McKean**

The Regulatory Operations Committee provides assurance to the Board that the VBA is fulfilling its core regulatory functions as required under s197 of the *Building Act 1993*. It considers and makes recommendations to the Board on the VBA's service delivery and operational models, in line with the VBA's risk appetite, and VBA and government policy. It also considers and makes recommendations to the Board on the implications and impact of legislative, policy and regulatory reform on the VBA's approach as a regulator.

## Remuneration Committee

**Chaired by  
Chief Commissioner  
Michelle McLean**

The Remuneration Committee supports the Board to meet its responsibilities under s203 of the *Building Act 1993* to employ or remove a Chief Executive Officer (CEO) and determine the terms and conditions under which the CEO will be employed. It undertakes performance planning and performance reviews with the CEO and undertakes contract negotiations with the CEO as required. It reviews as necessary the remuneration and employment conditions of the CEO and maintains oversight of executive employment, remuneration and performance arrangements at the VBA.

## Research & Innovation Committee

**Chaired by Commissioner  
Carmel Coate**

The Research and Innovation Committee is responsible for oversight of, and advice and recommendations to the Board on research matters to ensure the Board is performing its responsibilities under s197(i) of the *Building Act 1993* relevant to the VBA's research function. The Committee also maintains a focus on innovation, including in emerging technologies.

## Risk, Audit and Finance Committee

**Chaired by Commissioner  
Kelly Humphreys**

The Risk, Audit and Finance Committee is responsible for independent oversight in its review and assessment of the effectiveness of the VBA's systems and controls for financial management (including asset management), risk management and performance and sustainability.

## Independent Inquiry Committee

In response to an independent inquiry into allegations of bullying and harassment and cultural issues at the VBA, the board established an Independent Inquiry Committee (ICC) on 13 October 2022. The purpose of the sub-committee is to oversee implementation of the independent inquiry's recommendations and report to the Board progress against key milestones.

# 5/ Disclosures



# Disclosures

## 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.

## Consultancy expenditure

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

In 2022-23, the VBA paid \$1,490,122 (excl. GST) to 13 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 2022-23, the VBA paid \$29,346 (excl. GST) to seven 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 2022-23, the VBA had no contracts worth \$10 million or more.

## Social procurement implementation

The VBA has a social procurement strategy that defines our objectives, the approaches that will be taken to achieve these objectives, and the capability required to implement these approaches.

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, sets out procurement approaches to 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's objective to promote '*Women's equality and safety*' is met 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 2022-23 fell below the threshold band of Victoria's Social Procurement Framework where social procurement approaches are encouraged but not mandatory.

## Disclosure of emergency procurement

There were no emergency procurement activities required in 2022-23.



## Information and communication technology expenditure

In 2022-23, the VBA's Information and Communication Technology (ICT) expenditure totalled \$23.6 million, compared to \$20.2 million last year. ICT expenditure refers to the VBA's cost in providing business-enabling ICT services within the reporting period. It comprised business-as-usual ICT expenditure and non-BAU ICT expenditure. BAU ICT expenditure is all ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability. Non-BAU ICT expenditure relates to extending or enhancing the VBA's current ICT capabilities.

**Table 10: Details of information and communication technology expenditure**

All operational ICT expenditure (\$ million)	
Business-as-usual ICT expenditure (total)	\$13.8
ICT expenditure related to projects to create or enhance ICT capabilities (\$ million)	
Non-business-as-usual ICT expenditure	\$9.8
Operational expenditure	\$6.3
Capital expenditure	\$3.5
<b>Total ICT expenditure (\$ million)</b>	<b>\$23.6</b>

## 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 to ensure they remain compliant and are maintained to the best possible standard. Reports are provided to management to ensure compliance with building standards and regulations is up to date.

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 2022-23.

## Compliance with the Building Regulations 2018

The Building Regulations 2018 came into effect on 2 June 2018. The Building Regulations are 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 (NCC).

Victoria's building regulations generally have a ten year shelf life before undergoing a comprehensive review to ensure they remain fit-for-purpose and meet intended objectives. The VBA is a key stakeholder in the review process and implementation of the Regulations.

The VBA adheres to the Building Regulations 2018 when undertaking its activities.

## Compliance with the Plumbing Regulations 2018

The Plumbing Regulations 2018 came into effect on 18 November 2018. The Plumbing Regulations are a subordinate legislation of the *Building Act 1993* and contain, among other things, the aspects of plumbing work related to the scope of work for all classes of plumbing work and specialised plumbing work, the qualifications and experience eligibility requirements for registration and licensing of each class, the fees payable for registration and licensing applications and the price of compliance certificates and additional technical requirements with which work performed in specified classes of plumbing must comply.

The VBA adheres to the Plumbing Regulations 2018 when undertaking its activities.

## Freedom of information

The *Freedom of Information Act 1982* (FOI Act) allows the public a 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 documents, law enforcement and legal documents, and personal and in-confidence information.

Processing time for requests is usually 30 days, which may be extended to 45 days if third party consultation is required, or longer by agreement with the applicant.

Section 16 of the FOI Act requires the VBA to make the maximum amount of information available to the public promptly and inexpensively. To make information available outside of the formal FOI Act process, 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

The VBA's proactive release policy enables requests for some documents held by the VBA to be processed without an FOI application and referral to the FOI team, for specific requestors.

The proactive release policy facilitates access to documents for people permitted by law to access them as at 30 June 2023, as follows:

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

### Making a request

From 1 July 2023, the fee payable for an application under the FOI Act is \$30.80. 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 a request

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

## VCAT appeals

During 2022-23, four VCAT reviews were lodged relating to VBA FOI decisions. Three matters were withdrawn, and one is ongoing. This was a decrease from the nine VCAT reviews lodged in 2021-22.

## FOI statistics and timeliness

In 2022-23, the VBA received 549 FOI requests, of which 469 were valid. The VBA decided 479 valid requests in 2022-23, including 39 decisions on applications received in the previous reporting period. Twenty nine of the 469 valid requests received were still being processed, and not decided before 30 June 2023. Most requests were made by property owners and those requests were mostly for practitioner insurance details, plumbing compliance certificates, contact information of practitioners, and investigation and complaint files. Of 507 decisions made for valid requests received in 2022-23 (this does not include requests received in 2021-22 but decided in 2022-23):

- 372 matters were finalised within the statutory timeframe.
- 55 matters were finalised up to 45 days overdue.
- 80 matters were finalised 46 days or more overdue.

**Table 11: FOI application outcomes 2022-23**

	FOI requests
Released in full	87
Released in part	86
Denied in full	18
Released outside the FOI Act	231
No documents could be found	24
Transferred to another agency <sup>24</sup>	1
Act does not apply	1
Withdrawn	24
Not proceeded with	8
Not processed	0
Not yet finalised	29
<b>Total</b>	<b>508</b>

<sup>24</sup>Not counted in total as a valid request.

## 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 *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The VBA does not tolerate improper conduct by employees, nor the taking of reprisals against those who have come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The VBA will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

## Reporting procedures

The VBA is not authorised to receive disclosures of improper conduct or detrimental action. People who wish to make a disclosure are therefore encouraged to contact the Independent Broad-based Anti-corruption Commission (IBAC):

Level 1 North Tower 459 Collins Street Melbourne  
VIC 3000

Phone: 1300 735 135

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

The VBA has also engaged Safe2Speak, an independent service through which employees can, with the option of remaining anonymous, report improper conduct or corruption if they choose not to contact IBAC. Contact Safe2Speak via:

VBA Safe 2 Speak c/o Stoplevel, Locked Bag 8, Hawthorn,  
VIC 3122

Phone: 1300 304 550

Internet: [safe2speakvba.stoplinereport.com](http://safe2speakvba.stoplinereport.com)

Email: [safe2speak@stopline.com.au](mailto:safe2speak@stopline.com.au)

The VBA integrity Unit can be contacted for advice and to report concerns via [integrity@vba.vic.gov.au](mailto:integrity@vba.vic.gov.au)

## Further information

For further information regarding disclosures visit: [vba.vic.gov.au/about/holding-the-VBA-to-account](http://vba.vic.gov.au/about/holding-the-VBA-to-account).

Section 70 of the *Independent Broad-based Anti-corruption Act 2011* requires public bodies to report the number of disclosures received in their annual report. The Act does not permit the VBA to receive disclosures therefore none have been received. This does not include disclosures regarding the VBA received by any other entity.

### 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 continued 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 complied 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.

#### Providing accessible information

The VBA website remains the primary portal for conveying information to practitioners, consumers and members of the public. Through it, the VBA provides clear and accessible information that is available at any time.

Governing the 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 complies with the Victorian Government's accessibility standard.

The website features information on how callers may contact the VBA using the National Relay Services and TTY support services if they are vision or hearing impaired.

#### An equal exam setting

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 exam processes.

### Compliance with the *Carers Recognition Act 2012*

The VBA recognises the role that many of our staff have as carers and supports them to balance their work and care responsibilities. This includes staff that care for and support people with a mental illness, disability, chronic illness or complex care needs as well as older people with specific needs, children and young people with additional care needs, and people who have terminal illness.

The VBA has taken practical measures to comply with its obligations under the *Carers Recognition Act 2012*. Our program of work to support carers is informed by the carer relationship principles set out in the Act and the priority actions outlined in the Recognising and supporting Victoria's carers: *Victorian Carers Strategy 2018-22*.

The VBA's actions aim to reduce the barriers to workforce participation for carers and ensure carers can make choices about work and their carers roles, are enabled to participate socially and economically, and are supported with their health and wellbeing.

## Office-based environmental impacts

As our people returned to the office in higher volumes, our office-based environmental data has varied compared to a year ago. The following tables outline the VBA's energy consumption, landfill waste, paper use, travel and greenhouse gas emissions during 2022-23.

### Energy use

Energy consumption increased slightly in comparison to 2021-22. Improved building management strategies such as HVAC and lighting timers assisted in improving energy efficiencies.

**Table 12: Energy use**

Indicator		2022-23	2020-21
<b>E1</b>	<b>Total energy usage segment by primary source (MJ)</b>		
	Electricity (MJ) — excluding green power, which is not yet available	1,266,642	1,152,450
	Natural gas (MJ)	0	0
	Green power (MJ)	0	0
	LPG (MJ)	0	0
<b>E2</b>	<b>Total greenhouse gas emission from energy consumption (tonnes CO2-e)</b>		
	Electricity (tonnes CO2-e) — excluding green power	413	376
	Natural gas (tonnes CO2-e)	0	0
	Green power (tonnes CO2-e)	0	0
	LPG (tonnes CO2-e)	0	0
<b>E3</b>	<b>Percentage of electricity bought as green power</b>	0	0

## Waste and recycling

The return-to-office by many employees resulted in increased waste and recycling volumes in some categories. The VBA continues to strive for improvements relating to the management of waste and recycling.

**Table 13: Waste and recycling**

Indicator		2022-23	2020-21
<b>Ws1.</b>	<b>Total units of waste disposed of by destination (kg/year)</b>		
	Landfill (kg)	2,304	1,032
	Comingled recycling (kg)	131	193
	Paper and card (kg)	252	369
	Secure documents (kg)	1,650	450
	Organics	101	85
<b>Ws2</b>	<b>Total units of waste disposed of per FTE by destination (kg/FTE)</b>		
	Landfill (kg/FTE)	5	2
	Comingled recycling (kg/FTE)	0	0
	Paper and card (kg/FTE)	1	1
	Secure documents (kg/FTE)	3	0
	Organics (kg/FTE)	0	0
<b>Ws3.</b>	<b>Recycling rate (%)</b>	<b>5</b>	<b>16</b>
<b>Ws4.</b>	<b>Greenhouse gas emissions associated with waste (tonnes CO2-e)</b>	<b>3.84</b>	<b>2.70</b>



## Paper use

The VBA maintains an ongoing transition to digital processing of documents and while some employees have returned to the office, many employees continue to work remotely. The RTO of employees has increased paper usage, but volumes are negligible.

**Table 14: Paper use**

	Indicator	2022-23	2021-22
P1	Total units of A4 equivalent copy paper used (reams)	558	384
P2	Units of A4 equivalent copy paper used per FTE (reams/FTE)	1.11	0.81
P3	75–100% recycled content	100	100
P4	50–74% recycled content	0	0
P5	0–49% recycled content	0	0

## Water waste and recycling

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

## Travel and transport

The VBA fleet consists of 87 vehicles. Twenty are fuelled by unleaded petrol and 67 are hybrid vehicles. The VBA continues to replace unleaded petrol vehicles with hybrid models as part of an overall fleet improvement strategy and in line with Victorian Government guidelines.

**Table 15: Travel and transport**

	Indicator	2022-23	2022-21
T1.	Total energy consumption by fleet vehicles (MJ)		
	Unleaded	1,202,608	2,425,620
	Hybrid	1,876,578	786,330
T2.	Total distance travelled consumption by fleet vehicles (km)		
	Unleaded	339,320	565,682
	Hybrid	729,879	288,372
T3.a	Total greenhouse gas emissions from fleet vehicles (tonnes CO2-e)		
	Unleaded	148	247
	Hybrid	207	82
T3.b	Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO2-e)		
	Unleaded	0.15	0.25
	Hybrid	0.21	0.08
T4.	Total distance travelled by air (km)	56,987	22,452

## Greenhouse gas emissions

Greenhouse gas emissions are increased compared to 2021-22. This can be attributed to the return-to-office, resumption of office-based, field-based and conference and events activities.

**Table 16: Greenhouse gas emissions**

	Indicator	2022-23	2021-22
G1.	Total greenhouse gas emissions associated with energy use (tonnes CO2-e)  [Note: This includes office-based data only]	406	373
G2.	Total greenhouse gas emissions associated with vehicle fleet (tonnes CO2-e)	355	329
G3.	Total greenhouse gas emissions associated with air travel (tonnes CO2-e)	9	3.66
G4.	Total greenhouse gas emissions associated with waste disposal (tonnes CO2-e)  [Note: This includes office-based data only]	3.84	2.70
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.
- Selecting vendors that show a commitment to social responsibility.

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# Financial Statements



## 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 2023 and the financial position of the VBA as at 30 June 2023.

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 19 September 2023.



**Michelle McLean**  
Chief Commissioner  
Victorian Building Authority  
Melbourne



**Anna Cronin**  
Chief Executive Officer  
Victorian Building Authority  
Melbourne



**Katrina Excell**  
Chief Finance Officer  
Victorian Building Authority  
Melbourne



Victorian Auditor-General's Office

# Independent Auditor's Report

## To the Board of the Victorian Building Authority

<b>Opinion</b>	<p>I have audited the financial report of the Victorian Building Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2023</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2023 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>
<b>Basis for Opinion</b>	<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>
<b>Board's responsibilities for the financial report</b>	<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.



Paul Martin

*as delegate for the Auditor-General of Victoria*

MELBOURNE

21 September 2023

**COMPREHENSIVE OPERATING STATEMENT<sup>(a)</sup>**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

(\$'000)

	Notes	2023	2022
<b>Continuing Operations</b>			
<b>Revenue and Income from transactions</b>			
Levies, fees and fines revenue	2.1	88,641	75,908
Grant income	2.2	23,174	14,090
Interest income	2.3	1,602	120
Other income		263	715
<b>Total revenue and income from transactions</b>		<b>113,680</b>	<b>90,833</b>
<b>Expenses from transactions</b>			
Employee costs	3.1	77,526	72,353
Board and committee costs		1,000	1,259
Interest expense	6.2.2	139	187
Other operating expenses	3.2	19,962	18,224
Grant payments	3.3	1,223	1,043
Depreciation and amortisation	4.3	5,400	5,205
<b>Total expenses from transactions</b>		<b>105,250</b>	<b>98,271</b>
<b>Net result from transactions (net operating balance)</b>		<b>8,430</b>	<b>(7,438)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets <sup>(b)</sup>	8.1	464	210
<b>Total other economic flows included in net result</b>		<b>464</b>	<b>210</b>
<b>Net result from continuing operations</b>		<b>8,894</b>	<b>(7,228)</b>
<b>Other economic flows – other comprehensive income:</b>			
<b>Items that will not be classified to net result</b>			
Changes in physical asset revaluation surplus <sup>(c)</sup>	8.2	-	342
<b>Total other economic flows – other comprehensive income</b>		<b>-</b>	<b>342</b>
<b>Comprehensive result</b>		<b>8,894</b>	<b>(6,886)</b>

The accompanying notes form part of these financial statements.

**Notes:**

- (a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.
- (b) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.
- (c) 'Net gain/(loss) on financial instruments' includes bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and gains/(losses) from disposals of financial instruments, except when these are taken through the financial assets at fair value through other comprehensive income revaluation surplus.

**BALANCE SHEET<sup>(a)</sup>****AS AT 30 JUNE 2023**

(\$'000)

	Notes	2023	2022
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	59,653	39,542
Receivables	5.1	1,020	1,327
<b>Total financial assets</b>		<b>60,673</b>	<b>40,869</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	7,309	9,160
Intangible assets	4.2	9,397	8,708
Other non-financial assets	5.5	1,861	2,098
<b>Total non-financial assets</b>		<b>18,567</b>	<b>19,966</b>
<b>Total assets</b>		<b>79,240</b>	<b>60,835</b>
<b>Liabilities</b>			
Payables	5.2	13,913	10,901
Contract liabilities	5.3	12,659	8,229
Interest-bearing liabilities	6.1	5,223	6,378
Employee-related provisions	3.1.1	10,645	10,078
Other provisions	5.4	1,952	1,622
Security deposits	8.9	2,976	2,856
Other liabilities	5.6	1,733	1,708
<b>Total liabilities</b>		<b>49,101</b>	<b>41,772</b>
<b>Net assets</b>		<b>30,139</b>	<b>19,063</b>
<b>Equity</b>			
Accumulated surplus		27,212	18,318
Contributed capital <sup>(b)</sup>	8.10	2,182	-
Asset revaluation reserve	8.2	745	745
<b>Net worth</b>		<b>30,139</b>	<b>19,063</b>

The accompanying notes form part of these financial statements.

## Notes:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(b) Funding received from Department of Energy, Environment and Climate Action (DEECA), formerly known as the Department of Environment, Land, Water and Planning (DELWP) as contributed capital.

**STATEMENT OF CHANGES IN EQUITY<sup>(a)</sup>**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

(\$'000)

	Notes	Asset revaluation reserve	Accumulated surplus	Contributed Capital	Total
<b>Balance at 1 July 2021</b>		<b>403</b>	<b>25,546</b>	-	<b>25,949</b>
Net result for the year		-	(7,228)	-	(7,228)
Net increase/(decrease) as a result of revaluation	8.2	342	-	-	342
<b>Balance at 30 June 2022</b>		<b>745</b>	<b>18,318</b>	-	<b>19,063</b>
<b>Balance at 1 July 2022</b>		<b>745</b>	<b>18,318</b>	-	<b>19,063</b>
Capital contribution transferred from other government entity	8.10	-	-	2,182	2,182
Net result for the year		-	8,894	-	8,894
Net increase/(decrease) as a result of revaluation	8.2	-	-	-	-
<b>Balance at 30 June 2023</b>		<b>745</b>	<b>27,212</b>	<b>2,182</b>	<b>30,139</b>

*The accompanying note forms part of these financial statements.*

*Note:*

*(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*

**CASH FLOW STATEMENT<sup>(a)</sup>****FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

(\$'000)

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		93,714	78,826
Interest received		1,602	120
Receipts of security deposits		758	966
Goods and services tax recovered from the ATO <sup>(b)</sup>		3,481	3,367
Grants received from State Government		23,174	14,090
<b>Total receipts</b>		<b>122,729</b>	<b>97,369</b>
<b>Payments</b>			
Payments of grants		(1,223)	(1,043)
Payment of interest		(139)	(187)
Refunds of security deposits		(638)	(602)
Payments to suppliers and employees		(95,958)	(103,334)
<b>Total payments</b>		<b>(97,958)</b>	<b>(105,166)</b>
<b>Net cash flows from operating activities</b>	<b>6.3.1</b>	<b>24,771</b>	<b>(7,797)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,116)	(217)
Proceed from sale of property, plant and equipment		766	319
Payments for intangible assets		(3,282)	(3,467)
<b>Net cash flows from/(used in) investing activities</b>		<b>(3,632)</b>	<b>(3,365)</b>
<b>Cash flows from financing activities</b>			
Repayment of leases	6.2.3	(3,210)	(1,913)
Capital contribution transferred from other government entity	8.10	2,182	-
<b>Net cash flows from/(used in) financing activities</b>		<b>(1,028)</b>	<b>(1,913)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20,111</b>	<b>(13,075)</b>
<b>Cash and cash equivalents at the beginning of financial year</b>		<b>39,542</b>	<b>52,617</b>
<b>Cash and cash equivalents at the end of financial year</b>		<b>59,653</b>	<b>39,542</b>

The accompanying notes form part of these financial statements.

## Notes:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(b) GST paid to the Australian Taxation Office is presented on a net basis.





# 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), for the financial year ended 30 June 2023.

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.

Principal Address is:  
Victorian Building Authority  
733 Bourke Street  
Docklands VIC 3008

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 (FMA)* 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 8.11 and 8.12.

These annual financial statements were authorised for issue by the VBA's Chief Commissioner, Chief Executive Officer and Chief Finance Officer on behalf of the Board of the VBA on 19 September 2023.

### Basis of preparation

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.

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.

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 VBA.

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

Judgements, estimates and assumptions are required to be made about financial information being presented. 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 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.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

### Going concern

These financial statements have been prepared on a going concern basis. While building permit levies and the extent of 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.

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	2023	2022
Building-permit levy – general levy <sup>(a)</sup>	29,869	28,471
Building-permit levy – DBDRV levy <sup>(b)</sup>	14,888	14,281
Building-practitioner registration fees <sup>(c)</sup>	10,505	5,030
Building-corporate registration fees <sup>(d)</sup>	4,916	1,882
Building-prosecutions and inquiry fines <sup>(e)</sup>	685	793
Building-owner builder certification fees <sup>(f)</sup>	1,097	587
Building-modifications and appeals (BAB services) fees <sup>(g)</sup>	136	122
Registration Scheme (PERS) endorsement fees <sup>(h)</sup>	663	477
Plumbing-compliance certificates fees <sup>(i)</sup>	19,135	17,791
Plumbing-registration and licence fees <sup>(j)</sup>	6,346	6,145
Plumbing-examination fees <sup>(k)</sup>	282	231
Plumbing-prosecutions and inquiry fines <sup>(l)</sup>	119	98
<b>Total building levies, fees and fines revenue</b>	<b>88,641</b>	<b>75,908</b>

#### 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 established 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). From 1 May 2022 following a Ministerial Direction, the Consumer Affairs Victoria (CAV) is legally entitled to a fixed amount of the building-practitioner registration fees revenue.

(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). From 1 May 2022 following a Ministerial Direction, the Consumer Affairs Victoria (CAV) is legally entitled to a fixed amount of the building-corporate registration fees revenue.

(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) *Building-Prescribed Professional Engineers Registration Scheme (PERS) endorsement fees*

Endorsement fees Prescribed PERS endorsement fees received are recognised as revenue upon receipt of the endorsement on its application for registration, renewal and annual registration (i.e. point in time). The fees were introduced under the Professional Engineers Registration Act 2019 and the Professional Engineers Registration (Fees) Regulations 2021, came into effect from 1 July 2021. The PERS led by the Building Licensing Authority (BLA) and supported by the CAV and the VBA.

(i) *Plumbing-compliance certificates fees*

Compliance certificates fees received are recognised upon receipt of the payment for purchases of compliance certificates (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 for 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 have 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 5.3.

## 2.2 GRANT INCOME

In the financial year ended 30 June 2023, the Department of Energy, Environment and Climate Action (DEECA), formerly known as the Department of Environment, Land, Water and Planning (DELWP) provided grants of \$23.0 million (2022: \$11.9 million). The majority of grant monies received was to enable the VBA to continue their work in conducting a statewide audit of buildings with combustible cladding, implementing Automatic Mutual Recognition (AMR) Scheme, the Establishment of an Office of the State Building Surveyor and the Strengthening Building Approvals.

(\$'000)

	2023	2022
<b>DEECA (formerly known as DELWP):</b>		
Statewide Cladding Audit	4,250	11,590
Pathway to Cladding Remediation Program Activities	9,480	-
Automatic Mutual Recognition (AMR)	3,979	-
Establishment of an Office of the State Building Surveyor	1,219	-
Strengthening Building Approvals	4,076	-
AS4575 - Gas Appliance Servicing Portal and Support	-	138
7 Star policy and program support	-	130
<b>Total DEECA grant income</b>	<b>23,004</b>	<b>11,858</b>
<b>NON-DEECA:</b>		
Service Victoria - VBA Digital Tokens	150	-
Department of Treasury and Finance - Business Acceleration Fund	20	-
Better Regulation Victoria - Better Approvals for Regulators Program	-	532
Department of Treasury and Finance - Online Interactive Forms for Building Registrations	-	1,700
<b>Total NON-DEECA grant income</b>	<b>170</b>	<b>2,232</b>
<b>Total grant income</b>	<b>23,174</b>	<b>14,090</b>

### 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.

### Grants recognised under AASB 1058

The VBA has determined that the grant income included in the table above under AASB 1058 has been earned under arrangements that are either not enforceable and/or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the authority has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the VBA recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15
- a lease liability in accordance with AASB 16
- a financial instrument, in accordance with AASB 9
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.



### Application of AASB 1058

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

### 2.3 INTEREST INCOME

	(\$'000)	
	2023	2022
Interest on bank deposits and investments	1,602	120
<b>Total interest income</b>	<b>1,602</b>	<b>120</b>

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 Note 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	2023	2022
Salaries and wages, annual leave and long service leave		59,942	57,747
Superannuation expense – defined contribution and benefit	3.1.2	5,750	5,108
Staff-related expenses		941	888
Fringe benefits tax		96	34
External staff (includes contractors)		10,797	8,576
<b>Total employee costs</b>		<b>77,526</b>	<b>72,353</b>

Employee expenses include all costs related to employment including wages and salaries, fringe benefit tax, leave entitlements, termination payments, payroll tax 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)	
	2023	2022
<b>Current provisions</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	1,505	1,189
Unconditional and expected to settle after 12 months	2,607	3,038
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	403	329
Unconditional and expected to settle after 12 months	2,687	2,498
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	319	250
Unconditional and expected to settle after 12 months	894	918
<b>Total current provisions</b>	<b>8,415</b>	<b>8,222</b>
<b>Non-current provisions</b>		
Employee benefits	1,903	1,587
On-Costs	327	269
<b>Total non-current provisions</b>	<b>2,230</b>	<b>1,856</b>
<b>Total provisions</b>	<b>10,645</b>	<b>10,078</b>

### Reconciliation of movement in on-cost provision

	2023
<b>Opening Balance</b>	<b>1,437</b>
Additional provisions recognised	988
Additions due to transfer in	2
Reductions due to transfer out	(43)
Reductions arising from payments/other sacrifices of future economic benefits	(794)
Unwind of discount and effect of changes in the discount rate	(50)
<b>Closing balance</b>	<b>1,540</b>
Current	1,213
Non-current	327

### 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 are 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 in the Statement of Comprehensive Income 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; or
- 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 a conditional 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(s) provides benefits based on years of service and final average salary.

	Paid contribution for the year		Contribution outstanding at year-	
	2023	2022	2023	2022
(\$'000)				
<b>Defined benefit plans <sup>(a)</sup>:</b>				
State Superannuation Fund	32	31	2	2
<b>Defined contribution plans:</b>				
VicSuper	1,453	1,964	-	156
Australian Super	653	539	57	43
Aware Super Fund	610	-	174	-
Hostplus Super Fund	366	354	28	25
CBUS Super	310	276	26	20
UniSuper	233	136	21	-
Vision Super	220	197	-	15
Care Super	176	169	-	-
Rest Superannuation Fund	160	115	-	-
Others	1,537	1,327	165	151
<b>Total</b>	<b>5,750</b>	<b>5,108</b>	<b>473</b>	<b>412</b>

Note:

(a) 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)	
	2023	2022
Accommodation and utilities	1,447	1,515
Payments to DEECA for supporting the building policy function <sup>(a)</sup>	1,563	1,534
Legal fees	2,025	1,404
IT services and records management expenses	5,848	4,197
Consultants	2,326	3,375
General office expenses	1,983	2,001
Printing and stationery	427	378
Motor vehicles and travel expenses	430	377
Insurance premiums	3,353	2,749
Regulatory events, seminars and meetings	118	81
External audit fees	60	58
Internal audit fees	225	277
Minor assets	192	59
Bad debts written off <sup>(b)</sup>	2,244	48
Provision for Impairment of Receivables	(2,279)	171
<b>Total other operating expenses</b>	<b>19,962</b>	<b>18,224</b>

Note:

- (a) The Department of Energy, Environment and Climate Action (DEECA), formerly known as the Department of Environment, Land, Water and Planning (DELWP)
- (b) The VBA has revised the policy in relation to debtor management. As a result of this change, there has been a reassessment of matters which fall within the statute of limitations period and transfer of ownership to the Victorian courts. Management has therefore elected to record this change in treatment within the financial reporting period of 30 June 2023 (FY22: \$48k).

**Other operating expenses** generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts written off from transactions that are mutually agreed.

### 3.3 GRANT PAYMENTS

(\$'000)

	2023	2022
<b>Specific Purpose Grants</b>		
Australian Building Codes Board	1,043	1,043
Research grants	180	-
<b>Total grant payments</b>	<b>1,223</b>	<b>1,043</b>

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).

Grants can either be operating or capital in nature. Grants can be paid as general-purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

## Note 4. 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 7.3 in connection with how those fair values were determined.

### Structure

- 4.1 Property, plant and equipment
- 4.2 Intangible assets
- 4.3 Depreciation and amortisation

### 4.1 PROPERTY, PLANT AND EQUIPMENT

(\$'000)

	Gross carrying amount	Accumulated depreciation	Net carrying amount
<b>2023</b>			
Land at fair value	1,075	-	1,075
Buildings at fair value	840	(28)	812
Buildings-right-of-use at fair value	12,062	(9,144)	2,918
Plant, equipment and motor vehicles at fair value	6,427	(5,934)	493
Plant, equipment and motor vehicles-right-of-use at fair value	2,402	(391)	2,011
<b>Net carrying amount</b>	<b>22,806</b>	<b>(15,497)</b>	<b>7,309</b>
<b>2022</b>			
Land at fair value	1,075	-	1,075
Buildings at fair value	840	-	840
Buildings-right-of-use at fair value	11,921	(7,085)	4,836
Plant, equipment and motor vehicles at fair value	7,522	(6,179)	1,343
Plant, equipment and motor vehicles-right-of-use at fair value	1,382	(316)	1,066
<b>Net carrying amount</b>	<b>22,740</b>	<b>(13,580)</b>	<b>9,160</b>

#### 4.1.1 Total right-of-use assets: buildings, plant, equipment and vehicles

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

(\$'000)

	Gross carrying amount	Accumulated depreciation	Net carrying amount
<b>2023</b>			
Buildings at fair value	12,062	(9,144)	2,918
Plant, equipment and motor vehicles	2,402	(391)	2,011
<b>Net carrying amount</b>	<b>14,464</b>	<b>(9,535)</b>	<b>4,929</b>
<b>2022</b>			
Buildings at fair value	11,921	(7,085)	4,836
Plant, equipment and motor vehicles	1,382	(316)	1,066
<b>Net carrying amount</b>	<b>13,303</b>	<b>(7,401)</b>	<b>5,902</b>

(\$'000)

	Buildings at fair value	Plant, equipment and vehicles at fair value
<b>Opening balance – 1 July 2022</b>	4,836	1,066
Additions	141	1,063
Disposals	-	(43)
Depreciation	(2,059)	(75)
<b>Closing balance – 30 June 2023</b>	<b>2,918</b>	<b>2,011</b>
<b>Opening balance – 1 July 2021</b>	6,200	243
Additions	449	1,200
Disposals	-	(137)
Depreciation	(1,813)	(240)
<b>Closing balance – 30 June 2022</b>	<b>4,836</b>	<b>1,066</b>

**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; plus
- any initial direct costs incurred; and
- 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.

### Right-of-use asset – Subsequent measurement

The 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) 103 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 of Victoria 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 of Victoria (VGV) as at 30 June 2021 and a managerial valuation was adopted in 2022 and 2023. in accordance with the requirements of FRD 103. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledge, able willing parties in an arm's length transaction.

In compliance with FRD 103, in the year ended 30 June 2023, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2023.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. As the movement was less than 10% for land and buildings, a revaluation was not required for the financial year 30 June 2023. The fair value of land and buildings will continue to be subjected to market impacts.

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

There were no changes in valuation techniques throughout the period to 30 June 2023.

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 4.3 for relevant depreciation rates.

Refer to note 7.3 for additional information on fair value determination of property, plant and equipment.



#### 4.1.2 Reconciliation of movements in carrying amount of property, plant and equipment

	Land at fair value	Buildings at fair value	Plant, equipment and motor vehicles	Total
<b>2023</b>				
<b>Balance at the beginning of the year</b>	<b>1,075</b>	<b>5,676</b>	<b>2,409</b>	<b>9,160</b>
Additions	-	141	1,116	1,257
Disposals/retirements	-	-	(301)	(301)
Revaluations <sup>(a)</sup>	-	-	-	-
Depreciation	-	(2,087)	(720)	(2,807)
<b>Balance at the end of the year</b>	<b>1,075</b>	<b>3,730</b>	<b>2,504</b>	<b>7,309</b>
<b>2022</b>				
<b>Balance at the beginning of the year</b>	<b>910</b>	<b>6,880</b>	<b>2,540</b>	<b>10,330</b>
Additions	-	449	1,200	1,649
Disposals/retirements	-	-	(142)	(142)
Revaluations <sup>(a)</sup>	165	177	-	342
Depreciation	-	(1,830)	(1,189)	(3,019)
<b>Balance at the end of the year</b>	<b>1,075</b>	<b>5,676</b>	<b>2,409</b>	<b>9,160</b>

*Note*

(a) Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group will be conducted in 2026.

## 4.2 INTANGIBLE ASSETS

(\$'000)

	2023	2022
<b>Computer Software</b>		
<b>Gross carrying amount</b>		
Opening balance	17,571	14,108
Additions	3,282	3,467
<b>Closing balance</b>	<b>20,853</b>	<b>17,575</b>
<b>Accumulated amortisation and impairment</b>		
Opening balance	(8,863)	(6,681)
Amortisation	(2,593)	(2,186)
<b>Closing balance</b>	<b>(11,456)</b>	<b>(8,867)</b>
<b>Net book value at end of financial year</b>	<b>9,397</b>	<b>8,708</b>

### Initial recognition

**Purchased intangible assets** are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begin 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:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- 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.

The policy in connection with testing for impairment is outlined in note 4.3.

### 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 \$3.3 million in FY23 (2022: \$3.4 million). Its useful life is 7 years and will be amortised fully by 29 July 2028.

### 4.3 DEPRECIATION AND AMORTISATION

(\$'000)

	Notes	2023	2022
Buildings	4.1.2	2,087	1,830
Plant, equipment and motor vehicles	4.1.2	720	1,189
Intangibles (amortisation)	4.2	2,593	2,186
<b>Total depreciation and amortisation</b>		<b>5,400</b>	<b>5,205</b>

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 included in the table below:

Asset	Useful Life
<b>Buildings:</b>	
-Building owned	40 years
-Buildings-right-of-use	5 years
<b>Motor vehicles:</b>	
-Motor vehicles-owned	3 - 5 years
-Motor vehicles-right-of-use	3 years
<b>IT equipment</b>	3 years
<b>Office machines and equipment</b>	10 years
<b>Software and intangibles</b>	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.

Right-of-use assets are depreciated over the shorter of the lease term and the assets' useful lives. Where the VBA obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

**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 AASB13 Fair Value Measurement, with the consequence that AASB136 Impairment of Assets 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 5. Other assets and liabilities

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

### Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Contract liabilities
- 5.4 Other provisions
- 5.5 Other non-financial assets
- 5.6 Other liabilities
- 5.7 Maturity analysis of contractual financial liabilities and other liabilities

### 5.1 RECEIVABLES

(\$'000)

	2023	2022
<b>Contractual</b>		
Other receivables	142	340
Allowance for impairment losses of contractual receivables	(121)	(199)
<b>Statutory</b>		
Building Practitioner Board fines and costs	442	2,368
Other receivables	54	550
GST input tax credit recoverable	889	855
Allowance for impairment losses of statutory receivables	(386)	(2,587)
<b>Total receivables</b>	<b>1,020</b>	<b>1,327</b>
<b>Represented by</b>		
Current receivables	1,020	1,327

**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, and as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. 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 7.1.3.

## 5.2 PAYABLES

	(\$'000)	
	2023	2022
<b>Contractual</b>		
Supplies and services	2,274	3,012
Cladding rectification levy payable to CSV	11,339	7,661
<b>Statutory</b>		
Fringe Benefits Tax payable	65	10
Other taxes payable	235	218
<b>Total payables</b>	<b>13,913</b>	<b>10,901</b>
<b>Represented by</b>		
Current payables	13,913	10,901

**Contractual payables** include amounts payable for supplies and services and cladding levy. They are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the VBA prior to the end of the financial year that are unpaid.

**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.

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.



**5.3 CONTRACT LIABILITIES**

(\$'000)

	2023	2022
Opening balance	8,229	7,085
Add: Payments received for performance obligations yet to be completed during the period	20,909	12,015
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(16,479)	(10,871)
<b>Total contractual liabilities</b>	<b>12,659</b>	<b>8,229</b>
<b>Represented by</b>		
Current contract liabilities	11,208	6,757
Non-current contract liabilities	1,451	1,472

Contract liabilities are deferred revenue representing consideration received in advance from customers as follows:

**Practitioner registration fees (Building & Plumbing), 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 registrations are recognised over a period of three years from the date paid. Practitioner registration renewal fees (both building and plumbing) and licence renewal fees (plumbing) received relating to subsequent years are recognised at year-end as contract liabilities. Building permit levy received in bank at 30 June 2023, pending to be processed in Building Activity Management System on 1 July 2023 is recognised at year-end as contract liability.

## 5.4 OTHER PROVISIONS

(\$'000)

	2023	2022
<b>Current provisions</b>		
<i>Onerous contracts</i>	1,238	936
<b>Total current other provisions</b>	<b>1,238</b>	<b>936</b>
<b>Non-current provisions</b>		
<i>Make-good provision</i>	714	686
<b>Total non-current other provisions</b>	<b>714</b>	<b>686</b>
<b>Total other provisions</b>	<b>1,952</b>	<b>1,622</b>

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
<b>2023</b>			
<b>Opening Balance</b>	<b>686</b>	<b>936</b>	<b>1,622</b>
Additional provisions recognised	28	302	330
<b>Closing balance</b>	<b>714</b>	<b>1,238</b>	<b>1,952</b>

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.

Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received. This provision represents the present value of the future payments that the VBA is presently obligated to make in respect of onerous contracts under agreements.

**5.5 OTHER NON-FINANCIAL ASSETS**

(\$'000)

	2023	2022
<b>Current other assets</b>		
Prepayments	1,861	2,098
<b>Total current other assets</b>	<b>1,861</b>	<b>2,098</b>
<b>Total other non-financial assets</b>	<b>1,861</b>	<b>2,098</b>

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.

**5.6 OTHER LIABILITIES**

(\$'000)

	2023	2022
DBDRV clearing	1,265	1,250
Domestic building list	442	442
Others	26	16
<b>Total other liabilities</b>	<b>1,733</b>	<b>1,708</b>

## 5.7 MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES AND OTHER LIABILITIES<sup>(a)</sup>

(\$'000)

2023	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
<b>Payables:<sup>(b)</sup></b>							
Contract payables	13,613	13,613	13,595	23	3	(8)	-
Security deposits <sup>(c)</sup>	2,976	2,976	-	-	-	1,636	1,340
Other liabilities	1,733	1,733	1,733	-	-	-	-
<b>Total</b>	<b>18,322</b>	<b>18,322</b>	<b>15,328</b>	<b>23</b>	<b>3</b>	<b>1628</b>	<b>1,340</b>

2022	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
<b>Payables:<sup>(b)</sup></b>							
Contract payables	10,673	10,673	10,690	(13)	(4)	-	-
Security deposits <sup>(c)</sup>	2,856	2,856	-	-	-	1,654	1,202
Other liabilities	1,708	1,708	1,708	-	-	-	-
<b>Total</b>	<b>15,237</b>	<b>15,237</b>	<b>12,398</b>	<b>(13)</b>	<b>(4)</b>	<b>1,654</b>	<b>1,202</b>

Note:

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

(b) The carrying amounts disclosed exclude statutory amounts (e.g. 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 6. 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 7.1 and 7.3 provide additional, specific financial instrument disclosures.

### Structure

- 6.1 Interest-bearing liabilities
- 6.2 Leases
- 6.3 Cash and deposits
- 6.4 Commitments for expenditure

### 6.1 INTEREST-BEARING LIABILITIES

(\$'000)

	2023	2022
<b>Current interest-bearing liabilities</b>		
Lease liabilities <sup>(a)</sup>	2,731	2,296
<b>Total current interest-bearing liabilities</b>	<b>2,731</b>	<b>2,296</b>
<b>Non-current interest-bearing liabilities</b>		
Lease liabilities <sup>(a)</sup>	2,492	4,082
<b>Total non-current interest-bearing liabilities</b>	<b>2,492</b>	<b>4,082</b>
<b>Total interest-bearing liabilities</b>	<b>5,223</b>	<b>6,378</b>

Notes:

(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.



### 6.1.1 Maturity analysis of interest-bearing liabilities

(\$'000)

2023	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Lease liabilities	5,223	5,067	213	425	1,944	2,485
<b>Total</b>	<b>5,223</b>	<b>5,067</b>	<b>213</b>	<b>425</b>	<b>1,944</b>	<b>2,485</b>

2022	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Lease liabilities	6,378	6,210	208	416	1,785	3,801
<b>Total</b>	<b>6,378</b>	<b>6,210</b>	<b>208</b>	<b>416</b>	<b>1,785</b>	<b>3,801</b>

### 6.1.2 Interest expense

(\$'000)

	Note	2023	2022
Interest expense on lease liabilities	6.2.2	139	187
<b>Total interest expense</b>		<b>139</b>	<b>187</b>

Interest expense includes costs incurred in connection with the interest component of lease repayments and is recognised in the period in which it is incurred.

## 6.2 LEASES

The VBA leases buildings, plant, equipment and vehicles. The building lease contract is typically made for fixed periods of 5 years with an option to review the lease after that date. Lease payments are renegotiated every 5 years to reflect market rentals. The motor vehicles lease contracts with Vicfleet are made for a fixed period of 3 years.

### 6.2.1 Right-of-use-assets

Right-of-use assets are presented in note 4.1.1.

### 6.2.2 Amounts recognised in the comprehensive operating statement

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

(\$'000)

	2023	2022
Interest expense on lease liabilities	139	187
<b>Total amount recognised in the comprehensive operating statement</b>	<b>139</b>	<b>187</b>

### 6.2.3 Amounts recognised in the cashflows statement

The following amounts are recognised in the cashflows statement for the year ending 30 June 2023 relating to leases.

(\$'000)

	2023	2022
<b>Total cash outflow for leases</b>	<b>3,210</b>	<b>1,913</b>

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; and
- 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; and
- 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 substance 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.

### 6.3 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.

(\$'000)

	2023	2022
Total cash and deposits disclosed in balance sheet	59,653	39,542
<b>Total cash and deposits</b>	<b>59,653</b>	<b>39,542</b>

#### 6.3.1 Reconciliation of net result for the period to cash flow from operating activities

(\$'000)

	2023	2022
<b>Net result for the year</b>	<b>8,894</b>	<b>(7,228)</b>
<b>Non-cash movements</b>		
Depreciation and amortisation of non-current assets	5,400	5,207
Net (gain)/loss on disposal of property, plant and equipment	(464)	(210)
<b>Movements in assets and liabilities:</b>		
(Increase)/decrease in receivables	307	182
(Increase)/decrease in prepayments	237	(718)
Increase/(decrease) in contract liabilities	4,430	1,144
Increase/(decrease) in payables	5,400	(6,719)
Increase/(decrease) in provisions	567	545
<b>Net cash flows from operating activities</b>	<b>24,771</b>	<b>(7,797)</b>

#### Financing facilities

(\$'000)

	2023	2022
<b>Credit card facility, reviewed annually and payable at call</b>		
Amount used	22	10
Amount unused	58	70
<b>Total</b>	<b>80</b>	<b>80</b>

## 6.4 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.

### 6.4.1 Total commitments payable

(\$'000)

Nominal amounts 2023	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	53	53	-	106
Other commitments payable	4,654	8,348	-	13,002
<b>Total commitments (inclusive of GST)</b>	<b>4,707</b>	<b>8,401</b>	<b>-</b>	<b>13,108</b>
Less: GST recoverable from the Australian Tax Office				(1,192)
<b>Total commitments (exclusive of GST)</b>				<b>11,916</b>

Nominal amounts 2022	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	124	500	-	624
Other commitments payable	1,368	1,715	-	3,083
<b>Total commitments (inclusive of GST)</b>	<b>1,492</b>	<b>2,215</b>	<b>-</b>	<b>3,707</b>
Less: GST recoverable from the Australian Tax Office				(338)
<b>Total commitments (exclusive of GST)</b>				<b>3,369</b>

## Note 7. 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

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

### 7.1 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 *Financial Instruments: Presentation*.

#### 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; and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The VBA recognised the following assets in this category:

- cash and deposits; and
- 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;
- other liabilities; and
- 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 are recognised as an 'other economic flow' in the comprehensive operating statement.



### 7.1.1 Financial instruments: Categorisation

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

				(\$'000)
	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>2023</b>				
<b>Contractual financial assets</b>				
Cash and deposits	59,653	-	-	59,653
Receivables <sup>(a)</sup>	-	142	-	142
<b>Total contractual financial assets</b>	<b>59,653</b>	<b>142</b>	<b>-</b>	<b>59,795</b>
<b>Contractual financial liabilities</b>				
Contractual payables	-	-	13,613	13,613
Other liabilities	-	-	1,733	1,733
Interest-bearing liabilities	-	-	5,223	5,223
Security deposits	-	-	2,976	2,976
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>23,545</b>	<b>23,545</b>
<b>2022</b>				
<b>Contractual financial assets</b>				
Cash and deposits	39,542	-	-	39,542
Receivables <sup>(a)</sup>	-	340	-	340
<b>Total contractual financial assets</b>	<b>39,542</b>	<b>340</b>	<b>-</b>	<b>39,882</b>
<b>Contractual financial liabilities</b>				
Contractual payables	-	-	10,673	10,673
Other liabilities	-	-	1,708	1,708
Interest-bearing liabilities	-	-	6,378	6,378
Security deposits	-	-	2,856	2,856
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>21,615</b>	<b>21,615</b>

Note:

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

### 7.1.2 Financial instruments – Net holding gain/(loss) on financial instruments by category

(\$'000)

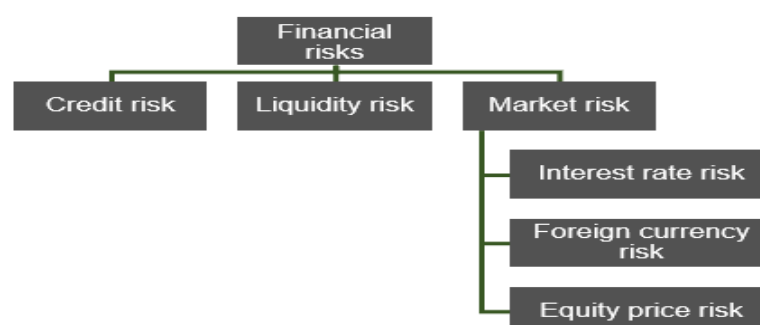
	Net holding gain/(loss)		Total interest income/(expense)		Total	
	2023	2022	2023	2022	2023	2022
<b>Contractual financial assets</b>						
Cash and deposits	-	-	1,602	120	1,602	120
<b>Total contractual financial assets</b>	<b>-</b>	<b>-</b>	<b>1,602</b>	<b>120</b>	<b>1,602</b>	<b>120</b>
<b>Contractual financial liabilities</b>						
Interest-bearing liabilities	-	-	(139)	(187)	(139)	(187)
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(139)</b>	<b>(187)</b>	<b>(139)</b>	<b>(187)</b>

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

The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents, financial assets at amortised cost and debt instruments that are classified as financial assets at fair value through other comprehensive income, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

### 7.1.3 Financial risk management objectives and policies



The VBA's principal financial instruments comprise cash assets, receivables (excluding statutory receivables), payables (excluding statutory payables) and interest-bearing 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 and financial liability instrument, are disclosed in Note 7.1.

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 risks include credit risk, liquidity risk and interest rate risk. The VBA manages these financial risks in accordance with its financial risk management policy. The VBA does not enter into derivative financial instruments to manage exposure to interest rate risk.

## Financial instruments – credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The VBA's 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 the contractual financial assets of the VBA, which have 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.

Except as otherwise detailed in the following table, 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 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.

There has been no material change to the VBA's credit risk profile in 2022-23.

### Credit quality of contractual financial assets that are neither past due nor impaired<sup>(a)</sup>

(\$'000)

2023	Financial institutions (A+ credit rating)	Government agencies (triple-A credit rating)	Other (min triple-B credit rating)	Total
<b>Financial assets</b>				
Cash and deposits	59,653	-	-	59,653
Other Receivables	-	-	142	142
<b>Total financial assets</b>	<b>59,653</b>	<b>-</b>	<b>142</b>	<b>59,795</b>

(\$'000)

2022	Financial institutions (A+ credit rating)	Government agencies (triple-A credit rating)	Government agencies (triple-B credit rating)	Other (min triple-B credit rating)	Total
<b>Financial assets</b>					
Cash and deposits	39,542	-	-	-	39,542
Other Receivables	-	-	-	340	340
<b>Total financial assets</b>	<b>39,542</b>	<b>-</b>	<b>-</b>	<b>340</b>	<b>39,882</b>

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g amounts owing from Victorian Government and GST input tax credit recoverable).

**Impairment of financial assets under AASB 9**

VBA records the allowance for expected credit loss (ECL) for the relevant financial instruments applying 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 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 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 select 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.

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

(\$'000)

	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>30 June 2023</b>						
Expected loss rate	10%	12%	15%	48%	100%	
Contractual Receivables	24	-	-	-	118	142
Gross carrying amount of receivables	24	-	-	-	118	142
<b>Loss allowance</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>121</b>

	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>30 June 2022</b>						
Expected loss rate	10%	12%	15%	48%	100%	
Contractual Receivables	95	63	-	-	182	340
Gross carrying amount of receivables	95	63	-	-	182	340
<b>Loss allowance</b>	<b>10</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>182</b>	<b>199</b>

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

(\$'000)

	2023	2022
<b>Balance at beginning of the year</b>	(199)	(269)
Decrease/(Increase) in provision recognised in the net result	78	70
<b>Balance at end of the year</b>	<b>(121)</b>	<b>(199)</b>

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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts are considered as written off by mutual consent.



### 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.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term.

### 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 Government's fair payments policy of settling financial obligations within 30 days and, in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The VBA's 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 prior periods' data and current assessment of risk.

### Financial Instruments - Market risk

The VBA's exposure to market risk is primarily through interest rate risk.

### Sensitivity disclosure analysis and assumptions

The VBA's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The VBA cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 50 basis points up and down (2022: 100 basis points up and down) in market interest rates (AUD) is 'reasonably possible' over the next 12 months.

The tables that follow show the impact on the VBA's net result and equity for each category of financial instrument held by the VBA at the end of the reporting period, if the above movements were to occur.

### 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.

Management has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing VBA to significant bad risk, management monitors movement in interest rates on a daily basis.

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 in the table that follows.

## Interest rate exposure of financial instruments

(\$'000)

2023	Interest rate exposure				
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
<b>Financial assets</b>					
Cash and deposits	2.86%	59,653	-	59,653	-
Receivables <sup>(a)</sup>		142	-	-	142
<b>Total financial assets</b>		<b>59,795</b>	<b>-</b>	<b>59,653</b>	<b>142</b>
<b>Financial liabilities</b>					
<b>Payables:</b>					
Contract payables		13,613	-	-	13,613
Other liabilities		1,733	-	-	1,733
Security deposits		2,976	-	-	2,976
<b>Interest-bearing liabilities:</b>					
Lease liabilities	2.66%	5,223	5,223	-	-
<b>Total financial liabilities</b>		<b>23,545</b>	<b>5,223</b>	<b>-</b>	<b>18,322</b>

2022	Interest rate exposure				
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
<b>Financial assets</b>					
Cash and deposits	0.43%	39,542	-	39,542	-
Receivables <sup>(a)</sup>		340	-	-	340
<b>Total financial assets</b>		<b>39,882</b>	<b>-</b>	<b>39,542</b>	<b>340</b>
<b>Financial liabilities</b>					
<b>Payables:</b>					
Contract payables	-	10,673	-	-	10,673
Other liabilities	-	1,708	-	-	1,708
Security deposits	-	2,856	-	-	2,856
<b>Interest-bearing liabilities:</b>					
Lease liabilities	2.94%	6,378	6,378	-	-
<b>Total financial liabilities</b>		<b>21,615</b>	<b>6,378</b>	<b>-</b>	<b>15,237</b>

Note:

(a) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

## Interest risk sensitivity

(\$'000)

2023	Interest rate		
	Carrying amount	-50 basis points <sup>(a)</sup> Net result	+50 basis points <sup>(a)</sup> Net result
<b>Contractual financial assets</b>			
Cash and deposits	59,653	(298)	298
<b>Total impact</b>	<b>59,653</b>	<b>(298)</b>	<b>298</b>
<b>Contractual financial liabilities (Interest bearing liabilities)</b>			
Lease liabilities	5,223	(26)	26
<b>Total impact</b>	<b>5,223</b>	<b>(26)</b>	<b>26</b>

2022	Interest rate		
	Carrying amount	-100 basis points <sup>(a)</sup> Net result	+100 basis points <sup>(a)</sup> Net result
<b>Contractual financial assets</b>			
Cash and deposits	39,542	(395)	395
<b>Total impact</b>	<b>39,542</b>	<b>(395)</b>	<b>395</b>
<b>Contractual financial liabilities (Interest bearing liabilities)</b>			
Lease liabilities	6,378	(64)	64
<b>Total impact</b>	<b>6,378</b>	<b>(64)</b>	<b>64</b>

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 2022-23 financial year. In 2021-22 +/- 100 basis points was applied in the interest rate assessment.

## 7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are 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)	
	2023	2022
Quantifiable claims <sup>(a)</sup>	2,124 to 3,755	2,034 to 3,575

Note:

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

### (2) Non-Quantifiable Claims

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.

## 7.3 FAIR VALUE DETERMINATION

### Significant judgment: Fair value measurements of assets and liabilities.

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.

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.

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

### How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value:
  - in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination of financial assets and liabilities (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

#### 7.3.1 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; and
- 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 by the end of the 2022-23 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables
Receivables	Other liabilities
	Interest-bearing liabilities
	Security deposits

Where the fair value of the financial instruments is different from carrying amounts, the following information has been included to disclose the difference.



**Fair value of financial instruments measured at amortised cost**

(\$'000)

	Carrying amount	Fair value	Carrying amount	Fair value
	2023	2023	2022	2022
<b>Financial Liabilities:</b>				
Finance lease liabilities	5,223	5,223	6,378	6,378

**7.3.2 Fair value determination of non-financial physical assets****Fair value measurement hierarchy**

(\$'000)

2023	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3 <sup>(a)</sup>
Land at fair value:				
Non-specialised land	1,075	-	1,075	-
<b>Total of land at fair value</b>	<b>1,075</b>	<b>-</b>	<b>1,075</b>	<b>-</b>
Buildings at fair value:				
Non-specialised buildings	3,730	-	812	2,918
<b>Total of buildings at fair value</b>	<b>3,730</b>	<b>-</b>	<b>812</b>	<b>2,918</b>
Plant, equipment and vehicles at fair value:				
Vehicles <sup>(b)</sup>	2,155	-	-	2,155
Plant and equipment	349	-	-	349
<b>Total plant, equipment and vehicles at fair value</b>	<b>2,504</b>	<b>-</b>	<b>-</b>	<b>2,504</b>

2022	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3 <sup>(a)</sup>
Land at fair value:				
Non-specialised land	1,075	-	1,075	-
<b>Total of land at fair value</b>	<b>1,075</b>	<b>-</b>	<b>1,075</b>	<b>-</b>
Buildings at fair value:				
Non-specialised buildings	5,676	-	840	4,836
<b>Total of buildings at fair value</b>	<b>5,676</b>	<b>-</b>	<b>840</b>	<b>4,836</b>
Plant, equipment and vehicles at fair value:				
Vehicles <sup>(b)</sup>	1,709	-	-	1,709
Plant and equipment	700	-	-	700
<b>Total plant, equipment and vehicles at fair value</b>	<b>2,409</b>	<b>-</b>	<b>-</b>	<b>2,409</b>

Note:

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

(b) Vehicles are categorised to Level 3 assets if the current replacement cost is used in estimating the fair value.

**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 of Victoria 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.

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

There were no changes in valuation techniques throughout the period to 30 June 2023.

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. The process of acquisition, use and disposal in the market is managed by experienced fleet manager in the VBA who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

### Reconciliation of Level 3 fair value movements

(\$'000)

	Vehicles	Plant & equipment	Buildings
<b>2023</b>			
Opening balance	1,709	700	4,836
Purchases/(sales)	761	54	141
Depreciation	(315)	(405)	(2,059)
<b>Closing balance</b>	<b>2,155</b>	<b>349</b>	<b>2,918</b>

	Vehicles	Plant & equipment	Buildings
<b>2022</b>			
Opening balance	1,428	1,112	6,200
Purchases/(sales)	925	133	450
Depreciation	(644)	(545)	(1,814)
<b>Closing balance</b>	<b>1,709</b>	<b>700</b>	<b>4,836</b>

### Description of significant unobservable inputs to Level 3 valuations

2023 and 2022	Valuation technique	Significant unobservable inputs	Range
Buildings – right-of-use	Depreciated replacement cost	Over the lease term	5 years
Motor vehicles	Depreciated replacement cost	Useful life of vehicles	3 to 5 years
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment	3 to 10 years

Significant unobservable inputs have remained unchanged since June 2022.

## Note 8. Other disclosures

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

- 8.1 Other economic flows included in net results
- 8.2 Asset Revaluation Reserve
- 8.3 Responsible persons
- 8.4 Remuneration of executives
- 8.5 Related parties
- 8.6 Remuneration of auditors
- 8.7 Subsequent events
- 8.8 Australian Accounting Standards issued that are not yet effective
- 8.9 Security deposits
- 8.10 Contributions by owners
- 8.11 Glossary of technical terms
- 8.12 Style conventions
- 8.13 Other accounting policies

### 8.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULTS

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; and
- 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.

	(\$'000)	
	2023	2022
<b>Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of plant, equipment and motor vehicles	464	210
<b>Total net gain/(loss) on non-financial assets</b>	<b>464</b>	<b>210</b>
<b>Total other gains/(losses) from other economic flows</b>	<b>464</b>	<b>210</b>

## 8.2 ASSET REVALUATION RESERVE

	(\$'000)	
	2023	2022
Asset revaluation surplus <sup>(a)</sup>		
Balance at the beginning of financial year	745	403
Revaluation increments/(decrements)	-	342
<b>Balance at the end of financial year</b>	<b>745</b>	<b>745</b>
<b>Net changes in reserves</b>	<b>-</b>	<b>342</b>

(a) The asset revaluation reserve arises on the revaluation of land and buildings. The land and buildings owned by the VBA were independently revalued by the Valuer General Victoria in 2020-21. A managerial assessment and revaluation was undertaken in 2022 and 2023. Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. As the movement was less than 10% for land and buildings no managerial revaluation was required.

## 8.3 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. Lizzie Blandthorn MP, Minister for Planning	1 July 2022 – 4 December 2022
The Hon. Sonya Kilkenny MP, Minister for Planning	5 December 2022 – 30 June 2023
Governing Board	
Michelle McLean, Chief Commissioner	1 July 2022 - 30 June 2023
Justin Madden AM, Deputy Chief Commissioner	1 July 2022 – 30 June 2023
Yvonne von Hartel AM, Commissioner	1 July 2022 - 30 June 2023
Kelly Humphreys, Commissioner	1 July 2022 - 30 June 2023
Carmel Coate, Commissioner	1 July 2022 - 30 June 2023
Dr Julia Cornwell McKean, Commissioner	1 July 2022 - 30 June 2023
Salvatore Torre, Commissioner	1 July 2022 - 30 June 2023
Murray Coleman OAM, Commissioner	1 July 2022 – 30 June 2023
Dr Gillian Sparkes AM, Commissioner <sup>(a)</sup>	1 July 2022 – 30 June 2023
Thu-Trang Tran, Commissioner	1 July 2022 – 30 June 2023
Simon Weir, Commissioner	1 July 2022 – 30 June 2023
Accountable Officer	
Sue Eddy, CEO and Accountable Officer <sup>(b)</sup>	1 July 2022 - 14 May 2023
Todd Bentley, Acting CEO and Accountable Officer <sup>(b)</sup>	28 April 2023 – 30 June 2023
Anna Cronin, CEO and Accountable Officer <sup>(c)</sup>	14 June 2023 – 30 June 2023

(a) Dr Gillian Sparkes AM is the Commissioner for Environmental Sustainability Victoria and received nil remuneration from the VBA in 2022-23.

(b) Todd Bentley was appointed Acting CEO and Accountable Officer on the 28 April 2023, and continued in this role following the resignation of Sue Eddy on the 14 May 2023, until 2 July 2023.

(c) Anna Cronin was appointed as CEO and Accountable Officer on 14 June 2023 but did not commence her duties as CEO and Accountable Officer until 3 July 2023.

## Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2023. 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, were:

	2023	2022
Income band (\$)	no.	no.
0,000 – 9,999	1	1
10,000 - 19,999	-	2
20,000 - 29,999	1	-
30,000 - 39,999	-	4
40,000 - 49,999	9	5
80,000 - 89,999	2	1
450,000 - 459,999	-	1
740,000 - 749,999	1	-
<b>Total number of responsible persons</b>	<b>14</b>	<b>14</b>

(\$'000)

	2023	2022
<b>Total remuneration received, or due and receivable by Responsible Persons from the VBA services for the financial period:</b>	<b>1,298</b>	<b>894</b>

## 8.4 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.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of senior executive service members retired, resigned or were retrenched in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

(\$'000)

Remuneration of Executive Officers	Total remuneration	
	2023	2022
<b>(Including key management personnel (KMP) disclosed in note 8.5)</b>		
Short-term employee benefits	2,414	2,183
Post-employment benefits	205	164
Other long-term benefits	73	48
<b>Total remuneration</b>	<b>2,692</b>	<b>2,395</b>
<b>Total number of executives<sup>(a)</sup></b>	<b>9</b>	<b>11</b>
<b>Total annualised employee equivalents<sup>(b)</sup></b>	<b>8</b>	<b>7</b>

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 8.5) disclosure below.

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

## 8.5 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); and
- The Ministers and their 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 DEECA for \$23.0 million (2022: \$11.9 million) – Refer to Note 2.2 Grant income.

The VBA oversees the collection of cladding rectification levy on behalf of CSV. The amount of cladding rectification levy payable as at 30 June 2023 to CSV is \$11.3 million (2022: \$7.7 million) – Refer to Note 5.2 Payables.

Other amount payable to government-controlled entities including Consumer Affairs Victoria's share of the building levy and domestic building practitioner registration fees of \$1.7 million (2022: \$1.7 million).



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

(\$'000)

Government-related entities	2023	2022
Cladding Safety Victoria <sup>(a)</sup>	91,997	78,315
Consumer Affairs Victoria <sup>(b)</sup>	20,184	20,403
Department of Energy, Environment and Climate Action (DEECA) <sup>(c)</sup>	1,618	2,260
Victorian Managed Insurance Authority <sup>(d)</sup>	3,682	3,007
Other departments and agencies <sup>(d)</sup>	2,387	2,410
<b>Total aggregate transactions</b>	<b>119,868</b>	<b>106,395</b>

Notes:

- (a) This represents the remittance of cladding rectification levy to Cladding Safety Victoria.  
 (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) For the provision of goods and/or services.

**Key management personnel (KMP)** of the VBA include Responsible Persons as outlined in note 8.3 and senior executives of the VBA as indicated below:

Andrew Cialini, State Building Surveyor	1 July 2022 - 30 June 2023
Karen Wild, Executive Director People and Capability	1 July 2022 - 30 June 2023
Lee Scales, Acting Executive Director People and Capability	3 October 2022 - 30 June 2023
Brendan Reilly, Executive Counsel	28 November 2022 - 30 June 2023
David Black, Executive Director Building System Technology	1 July 2022 - 30 June 2023
Katrina Excell, Chief Finance Officer	1 July 2022 - 30 June 2023
Todd Bentley, Chief Risk Officer	1 July 2022 - 30 June 2023
Ann King, Chief Operations Officer	1 July 2022 - 30 June 2023
John Sullivan, Director Governance	1 July 2022 - 30 June 2023

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported within the State's Annual Financial Report.

(\$'000)

Compensation of KMP	2023	2022
Short-term employee benefits	3,511	3,002
Post-employment benefits	279	228
Other long-term benefits	200	60
<b>Total</b>	<b>3,990</b>	<b>3,290</b>

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

### Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. 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 Purchasing Board requirements.

Ms Sue Eddy resigned from her role as Chief Executive Officer (CEO) at the VBA on 14 May 2023. During her tenure as CEO, she served as a Council Member for RMIT University, a board member of the Australian Building Codes Board, and an Executive In Residence of Melbourne Business School. As part of the VBA research program, the VBA Board granted \$44,000 to RMIT University (2022: \$22,000). Payments totalling \$1.04 million (2022: \$1.04 million) were made to the Australian Building Codes Board on behalf of the Victorian Government. Ms Eddy did not have any involvement in the awarding of these grants and payments and did not receive any remuneration for any of these roles.

Outside of normal citizen type transactions with the VBA, there were no other 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.

### 8.6 REMUNERATION OF AUDITORS

(\$'000)

	2023	2022
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	60	58
<b>Total remuneration of auditors</b>	<b>60</b>	<b>58</b>

### 8.7 SUBSEQUENT EVENTS

There have been no significant or material events since the balance date to the date of approval of the financial report that require adjustments to the amounts reported and disclosures made in the financial report.

## 8.8 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised Australian Accounting Standards (AAS) have been issued but not effective for the 2022-23 reporting period. These accounting standards have not been applied to the VBA Financial Statements.

### **AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.**

AASB 2022-10 amends AASB 13 Fair Value Measurement by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose;
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services;
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data; and
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants**

AASB 2020-1 amended AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.

AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.

AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it:

- clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or non-current; and
- requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date.

AASB 2022-6 applies to annual reporting periods beginning on or after 1 January 2023.

The VBA is currently in the process of assessing the potential impact of these standards and amendments.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

## 8.9 SECURITY DEPOSITS

(\$'000)

	2023	2022
Security deposits	2,976	2,856
<b>Total security deposits</b>	<b>2,976</b>	<b>2,856</b>

Under section 22 of the Building Act 1993 and regulation 48 of the Building Regulations 2018, 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.

## 8.10 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 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 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.

During the financial year, the VBA received funding of \$2.18 million (2022: nil) from DEECA as contributed capital.

## 8.11 GLOSSARY OF TECHNICAL TERMS

### Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses on superannuation defined benefit plans are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred)
- the effects of changes in actuarial assumptions.

### 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

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

## 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.

## Finance lease

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

## Financial asset

A financial asset is any asset that is either:

- (a) cash
- (b) an equity instrument of another entity
  - a contractual 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.
- (c) a financial asset can also be a contract that will or may be settled in the entity's own equity instruments and is either:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
  - 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 either:

- 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
- 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;
- 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.

## Grant payments

Grant payments are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general-purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

## 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 includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases 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

Rights conveyed in a contract, or part of a contract, the right of use 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 revenue 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 result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

### 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, cultural and heritage assets, intangible and biological assets such as commercial forests.

### 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. In simple terms, other economic flows are changes arising from market remeasurements. They include:

- (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

Payables include 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).

## Receivables

Receivables Include amounts owing from government through appropriation 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.

## 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 (e.g. 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.

## 8.12 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.

The notation used in the tables is as follows:

.. zero, or rounded to zero

(xxx.x) negative numbers

200x year period

200x-0x year period

The financial statements and notes are presented based on the illustration for a government department in the 2022-23 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of VBA's annual reports.

## 8.13 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.

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# Appendices





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# Appendix A

## 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 22	Manner of establishment and the relevant Ministers	9
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FRD 22	Key initiatives and projects	6-68
FRD 22	Nature and range of services provided	9
Management and structure		
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FRD 22	Summary of the financial results for the year	18
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FRD 22	Statement on National Competition Policy	77
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	77
FRD 22	Details of consultancies over \$10,000	74

Legislation	Requirement	Page reference
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FRD 22	Disclosure of government advertising expenditure	74
FRD 22	Disclosure of ICT expenditure	75
FRD 22	Statement of availability of other information	76
FRD 22	Disclosure of emergency procurement	74
FRD 24	Reporting of office-based environmental impacts	79-81
FRD 25	Local Jobs First	74
FRD 29	Workforce data disclosures	152-154
SD 5.2	Specific requirements under Standing Direction 5.2	2
<b>Compliance attestation and declaration</b>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	2
SD 5.2.3	Declaration in report of operations	2
<b>Financial statements Declaration</b>		
SD 5.2.2	Declaration in Financial statements	83
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	91
SD 5.2.1(a)	Compliance with Standing Directions	2
SD 5.2.1(b)	Compliance with Model Financial Report	143
<b>Other disclosures as required by FRDs in Notes to the financial statements(a)</b>		
FRD 11	Disclosure of ex gratia expenses	N/A
FRD 21	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	133
FRD 103	Non-financial physical assets	102, 130-131
FRD 110	Cash flow statements	89
FRD 112	Defined benefit superannuation obligations	99
FRD 114	Financial instruments — general government entities and public non-financial corporations	119-123

**Note:**

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.



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<i>Building Act 1993</i>	75
<i>Public Interest Disclosures Act 2012</i>	77
<i>Disability Act 2006</i>	78
<i>Local Jobs Act 2003</i>	74
<i>Financial Management Act 1994</i>	91
<i>Building and Construction Industry Security of Payment Act 2002</i>	37
<i>Carers Recognition Act 2012</i>	78
<i>Gender Equality Act 2020</i>	65

# Appendix B

## Progress against 2021-23 Statement of Expectations

Target No.	Requirement	Status	Page reference
1	By June 2023, processing 80 per cent of building registration decisions within 45 business days of receipt for the period from 1 July 2021 to 30 June 2022, with further improvements to be delivered in the following year. Enhanced timeliness for building and plumbing registrations to be reported annually.	Complete	31
2	By June 2023, deliver a secure online examination portal to enable practitioners and applicants to do desktop exams remotely. Online exams for all relevant building and plumbing assessments delivered by 30 June 2022.	Partially complete	41-42
3	By June 2023, enhance the digital experiences of practitioners and consumers by progressing VBA's digital transformation of regulatory processes and online interfaces. The progress indicators are: <ul style="list-style-type: none"> <li>Practitioner and customer online interactions increasing 10 per cent annually, with a baseline established by June 2022.</li> <li>User experience with digital technology improved because of the Building Systems Technology Roadmap delivery.</li> </ul>	Partially complete	42, 53
4	By June 2023, proactively inspect and monitor building works underway. Target: <ul style="list-style-type: none"> <li>inspect at least 10 per cent of new building permits.</li> </ul>	Partially complete	23, 35
5	By June 2023, develop and implement a program to identify emerging risks and issues within the industry, determine impact and assess solutions. Target: <ul style="list-style-type: none"> <li>pilot of practitioner profiles by 30 June 2022.</li> </ul>	Complete	24
6	By June 2023, continue to mature VBA's risk leadership, capability, and capacity. VBA Risk Maturity score to increase year on year. Target: <ul style="list-style-type: none"> <li>70 per cent for 2022 and 80 per cent for 2023.</li> </ul>	Complete	55
7	By June 2023, automate data analytics to enhance oversight and transparency of regulated activities.	Complete	42
8	By June 2023, Building Surveyor Audit Program and provision of guidance materials established to focus on identified compliance risks. Indicators to show compliance improvements in targeted risk areas in comparison to year 2021.	Partially complete	23, 59
9	By June 2023, work with regulatory partners to address complex and long-standing building permit and enforcement matters to ensure effective consumer outcomes.	Ongoing	15, 26-27
10	By June 2023, strengthen consumer information by supporting the DELWP [Department of Environment, Land, Water and Planning] building consumer information service and aligning consumer communications with Consumer Affairs Victoria (CAV).	Complete	20
11	By June 2023, increase the awareness and compliance of industry, building owners and the community in maintaining essential safety measures (ESM) to protect the safety of building occupants through the provision of information and education. The progress indicators are: <ul style="list-style-type: none"> <li>number of revised/updated and new resources related to ESMs for industry, owners, building managers and consumers.</li> <li>number of downloads/views of resources related to ESMs.</li> <li>target groups of stakeholders satisfied that resources and information met their needs.</li> </ul>	Partially complete	6, 29, 30, 34, 47, 60, 62
12	By June 2023, improve VBA's ongoing financial sustainability through the review of its operations and ensure financial self-sufficiency. VBA will: <ul style="list-style-type: none"> <li>complete fee model review by 31 March 2022</li> <li>implement Activity Based Costing by 30 June 2022</li> <li>comply with Victorian Government Purchasing Board requirements by 30 June 2022</li> </ul>	Partially complete	2, 55
13	By June 2023, deliver education and training programs, guidance materials to improve industry competence measures by reach and engagement of materials.	Complete	6, 29, 30, 34, 43-51, 59, 62
14	By June 2023, the VBA is to host the annual Building Surveyors' Conference in 2022 and 2023.	Complete	33

# Appendix C

## OHS at the VBA

Table 17: Performance against occupational health and safety management measures

Measure	Key performance indicator	2022-23	2021-22
Incidents and injuries <sup>25</sup>	Number of incidents	71	43
	Incident rate per 100 FTE (%)	15.3	8.6
	Number of incidents requiring first aid and/or further medical treatment	8	5
	Number of injuries <sup>26</sup>	31	5
	Injury rate per 100 FTE (%)	6.7	1
	Total recordable injury frequency rate (TRIFR)	4.54	4.70
	Medical treated injury frequency rate (MTIFR)	0.91	1.88
	Lost time injury frequency rate (LTIFR)	3.63	2.82
Claims	Number of standard claims <sup>28</sup>	5	2
	Rate per 100 FTE (%)	1	0.4 <sup>27</sup>
	Number of lost time claims	5	2
	Rate per 100 FTE (%)	1	0.4 <sup>27</sup>
	Number of claims exceeding 13 weeks	3	0
	Rate per 100 FTE (%)	0.65	0
Fatalities	Fatality claims <sup>29</sup>	0	0
Claim costs	Average cost per standard claim (\$)	\$48,624	\$7,938 <sup>27</sup>
Return to work (RTW)	Percentage of claims with RTW plan <30 days	0	50
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans (signed by CEO or equivalent). <sup>30</sup>	Evidence in place	Evidence in place
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	Evidence in place	Evidence in place
Consultation and participation	Evidence of agreed structure of:		
	• designated workgroups (DWGs)	Evidence in place	Evidence in place
	• health and safety representatives (HSRs)	Evidence in place	Evidence in place
	• issue resolution procedures (IRPs)	Evidence in place	Evidence in place
	Compliance with agreed structure on DWGs, HSRs, and IRPs	Evidence in place	Evidence in place
	Number of OHS Committee meetings	8	4

<sup>25</sup>Data sourced from the VBA's WorkCover insurer, Allianz, on behalf of the Victorian WorkCover Authority and refers to accepted claims only.

<sup>26</sup>An increase in the number of incidents recorded can be attributed to the introduction of report mechanisms for injuries in 2021-22.

<sup>27</sup>Data correction.

<sup>28</sup>Incidents and injuries include all recordable work-related incidents and near misses, reported by VBA employees and contractors.

<sup>29</sup>A Dependency Claim was received in 2021-22 Financial Year.

**Table 18: Learning and development programs and participants**

VBA learning and development programs	Participation 2022-23
VBA – Anti-discrimination and Equal Opportunity	534
VBA – Integrity Training and attestation	523
VBA – Being Cybersafe – Phishing scams	505
VBA – Being Cybersafe – Social Engineering	484
VBA – Induction	158
VBA – Onboarding workshop	129
VBA – Anti-discrimination and Equal Opportunity for People Leaders	114
VBA – Safety Leadership for People Leaders	84
VBA – Return to work for People Leaders	81
Situational Safety and Tactical Communications	70
VBA – Privacy for the private sector	50
VBA – Integrity – managing declarations and supporting reporters	42
VBA – Responding to threats of self-harm	39
Working safely at heights	24
Cert IV in Government Investigations	19
VPS 5-6 High Performance workshop	10
Analytical Writing	6
Thermostatic Mixing Valve	6
Commission and maintain backflow prevention devices	5
Women in Leadership – Executive Ready	5
Women in Leadership – Leading Edge	4
First Aid	4
Cert IV in Training and Assessment	1
Leadership for Regulators	1
Directors Course	1

### Public sector values, employment and conduct principles

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 accountabilities without discrimination.

The VBA's commitment to the public sector values is evident in the organisation's Integrity Unit to maintain and develop the VBA Integrity Framework. The Unit also provides employees with the guidance, training and systems needed to avoid and declare conflicts of interest and meet public sector expectations regarding the declaration and management of offers of gifts, hospitality, or other benefits.

The Integrity Framework consists of a full suite of policy and procedure documents regarding employee integrity requirements such as conflict of interest or gifts, which are reinforced by regular webinars, animations and resource materials. Employees and executives were also required to undertake refresher training regarding their integrity obligations followed by attesting to their understanding of, and compliance with, these obligations.

Employees regularly sought advice on conflict of interest or gifts, benefits and hospitality matters, with the Integrity Unit resolving 89 such enquiries or concerns during 2022-23.

The Risk, Audit and Finance Committee oversees the operation of the Conflict of Interest and the Gifts, Benefits and Hospitality policies.

### Workforce inclusion

The VBA's organisational values highlight the organisation is inclusive in all practices and continues to embed this in everything it does. The VBA fosters an inclusive culture where equal opportunity and diversity are valued.

As at 30 June 2023, 47.2 per cent of the VBA identified as women, 52.2 per cent identified as men and 0.6 per cent self-describe or preferred not to say.

The VBA Executive Leadership Team was comprised of 35 per cent women and 65 per cent men.

**Table 19: Details of employment levels in June 2023**

The following table discloses the headcount and FTE of ongoing, fixed term and casual employees of the VBA employed as at 30 June 2023.

	All employees <sup>30</sup>		Ongoing <sup>31</sup>			Fixed-term and casual		
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	
Demographic data	Gender							
	Women	242	234.3	172	22	187.3	48	47
	Men	268	264.9	213	7	217.1	48	47.8
	Self-described	3	3	3	0	3	0	0
	Age							
	15–24	12	10.3	4	3	5.3	5	5
	25–34	102	101.1	76	4	79.1	22	22
	35–44	143	137.7	113	12	120.7	18	17
	45–54	132	130.3	105	6	109.5	21	20.8
	55–64	102	101.6	74	2	75.6	26	26
Classification data	65+	22	21.2	16	2	17.2	4	4
	VPS 1–6 grades							
	VPS 1	0	0	0	0	0	0	0
	VPS 2	101	97.3	59	8	64.2	34	33.1
	VPS 3	58	56.4	42	5	45.4	11	11
	VPS 4	72	70.2	61	5	64.2	6	6
	VPS 5	170	167.4	152	6	155.7	12	11.7
	VPS 6	68	66.9	54	5	57.9	9	9
	Senior employees							
	Senior Technical Specialists (STS)	27	27	20	0	20	7	7
Executives	17	17	0	0	0	17	17	
Total employees		513	502.2	388	29	407.4	96	94.8

<sup>30</sup>This table excludes people engaged as contractors.

<sup>31</sup>Ongoing employees - people engaged on an open-ended contract of employment as at 30 June.



**Table 20: Details of employment levels in June 2022**

The following table discloses the headcount and FTE of ongoing and fixed term employees of the VBA employed as at 30 June 2022.

		All employees <sup>32</sup>		Ongoing <sup>33</sup>			Fixed-term and casual	
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Demographic data	<b>Gender</b>							
	Women	228	222.4	170	18	183.3	40	39.1
	Men	242	239.3	194	6	197.7	42	41.6
	Self-described	2	2	2	-	2	-	-
	<b>Age</b>							
	15–24	6	5.6	5	1	5.6	-	-
	25–34	105	103.8	83	4	85.8	18	18
	35–44	132	128.5	103	9	109	20	19.4
	45–54	129	127	103	7	108.2	19	18.8
	55–64	88	87.2	63	1	63.8	24	23.4
Classification data	65+	12	11.6	9	2	10.6	1	1
	<b>VPS 1–6 grades</b>							
	VPS 1	1	1	-	-	-	1	1
	VPS 2	82	79.8	64	5	67.4	13	12.5
	VPS 3	54	52.8	41	4	44	9	8.8
	VPS 4	69	67.3	55	4	57.4	10	9.9
	VPS 5	159	156.9	140	8	146	11	10.9
	VPS 6	64	63.5	50	2	51.7	12	11.8
	<b>Senior employees</b>							
	Senior Technical Specialists (STS)	27	26.5	16	1	16.5	10	10
	Executives	16	15.8	-	-	-	16	15.8
<b>Total employees</b>		<b>472</b>	<b>463.7</b>	<b>366</b>	<b>24</b>	<b>383</b>	<b>82</b>	<b>80.6</b>

<sup>32</sup>This table excludes people engaged as contractors.

<sup>33</sup>Ongoing employees include people engaged on an open-ended contract of employment as of 30 June.

**Table 21: Annualised TRP, by \$20,000 bands, for executives and other senior non-executive staff (30 June 2023)**

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		
\$180,000–\$199,999		2
\$200,000–\$219,999		15
\$220,000–\$239,999	1	3
\$240,000–\$259,999	2	4
\$260,000–\$279,999	4	3
\$280,000–\$299,999	1	
\$300,000–\$319,999	2	
\$320,000–\$339,999	1	
\$340,000–\$359,999	–	
\$360,000–\$379,999	2	
\$380,000–\$399,999	1	
\$400,000–\$419,999	1	
\$420,000–\$439,999	1	
\$440,000–\$459,999	1	
<b>Total</b>	<b>17</b>	<b>27</b>

Table 22: Executive profile<sup>34</sup>

Income band (salary)	2022-23				2021-22			
	Men	Women	Self-described	Vacancies	Men	Women	Self-described	Vacancies
CEO	-	1	-	-	-	1	-	-
Executive officers	11	5	-	-	10	5	-	1
<b>Total</b>	<b>11</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>6</b>	<b>-</b>	<b>1</b>

<sup>34</sup>All figures show employment levels as at 30 June 2023 and 2022.

Table 23: Reconciliation of executive numbers

Income band (salary)		2022-23	2021-22
Add	Executives with total remuneration over \$100,000	16	15
	Vacancies	-	1
	Executives with total remuneration below \$100,000	-	-
	Accountable officer (CEO)	1	1
<b>Total executive numbers at 30 June</b>		<b>17</b>	<b>17</b>

# Appendix D

## Prosecution and practitioner discipline outcomes

Prosecution hearings 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 financial year 2021–22.

**The information contained in this Appendix C is current as at 30 June 2023.** 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: Building Practitioner Discipline outcomes (Individuals)

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
AIELLO, Raffaele	DB-U 13475; CB-L 19255	Holding office in a company under external administration.	Cancellation of registration.	-	24/03/2023
ALAN, Mutlu	DB-U 47148	Failing to comply with a direction to fix building work within the specified period in respect of a site at Braybrook.	Reprimand and penalty of \$2,000.	\$2,000	26/07/2022
ALAN, Mutlu	DB-U 47148	Failing to comply with a direction to fix building work within the specified period in respect of a site at Broadford.	Reprimand and penalty of \$2,500.	\$2,500	26/07/2022
ALAN, Mutlu	DB-U 47148	Failing to comply with a direction to fix building work within the specified period in respect of a site at Thornbury.	Reprimand and penalty of \$2,500.	\$2,500	26/07/2022
ALAN, Mutlu	DB-U 47148	Failing to comply with a direction to fix building work within the specified period in respect of a site at Preston.	Reprimand and penalty of \$4,000.	\$4,000	26/07/2022
ALAN, Mutlu	DB-U 47148	Failing to comply with a direction to fix building work within the specified period in respect of a site at Moonee Ponds.	Reprimand and a penalty of \$4,000.	\$4,000	26/07/2022
ALIFERIS, Christopher	DB-U 41160	Failing to comply with a direction to fix building work within the specified period, in respect of a site at Watsonia.	Reprimand and a requirement to complete a course of training.	-	20/02/2023
ANTHONY, Philip	BD-L 1031	Failing to call for mandatory stage inspection (precautions prior to demolition) without delay, in respect of a site at Numurkah.	Reprimand and penalty of \$2,500.	\$2,500	09/05/2023
ANTONIO, Luke	DB-U 26944	Failing to call for mandatory stage inspection (precautions prior to demolition) without delay, in respect of a site at Ballarat East.	Reprimand and penalty of \$2,500.	\$2,500	09/05/2023

<sup>35</sup>Monetary penalties have been rounded to the nearest dollar.

<sup>36</sup>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.

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
FALK, John	DB-L 20059	Failure to call for mandatory stage inspections (prior to pouring in-site concrete member—bond beam and temporary barrier) without delay, in respect of a site at Coburg.	Reprimand and penalty of \$4,000.	\$4,000	09/06/2023
FOWKES, Mark	BD-L 23093	Failing to call for mandatory stage inspections (2 stages) in respect of demolition at a site at Lake Wendouree.	Reprimands, aggregate penalties of \$12,000 and a requirement to complete a course of training.	\$12,000	07/12/2022
FRANKS, William	DB-U 17985; CB-L 18127	Performing building work other than in a competent manner and to a professional standard by substituting materials for those specified in the building permit without first confirming that change with the relevant building surveyor in respect of a site at Bendigo.	Penalty of \$2,773.	\$2,773	07/09/2022
GALANOS, Anastasios	BS-U 16541	Issuing building and occupancy permits without justification, performing building work other than in a competent manner and to a professional standard and engaged in unprofessional conduct in relation to the use of combustible cladding at two sites between 2009 and 2014.	Reprimands and aggregate penalties of \$27,738.	\$27,738	08/09/2022
GLEESON, David	DB-U 27382; CB L 67107	Failing to call for mandatory stage inspections (precautions and final) without delay, in respect of a site at Redan.	Reprimand and aggregate penalties of \$4,250.	\$4,250	06/03/2023



Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
GODLER, Arkadi	DB-U 9047; CB-U 2730	Building contrary to a building permit, performing building work other than in a competent manner and to a professional standard and engaging in unprofessional conduct when installing combustible cladding without approval on an apartment building at Ripponlea.	Reprimand, aggregate penalties of \$9,246 and a requirement to complete a course of training.	\$9,246	06/07/2022
HALL, Alexander	DB-U 22118	Holding office in a company under external administration.	Cancellation of registration.	–	16/02/2023
HARRISON, Marc	DB-U 17331	Failure to comply with a requirement to undertake training imposed a prior disciplinary action.	Reprimand and partial suspension of registration until compliance achieved.	–	07/10/2022
HASIM, Mohammed	DB-U 58907	Failing, as the nominee director of AAA Rapid Homes Pty Ltd, to ensure that the company complied with a direction to fix building work within the specified period, in respect of a site at Winter Valley.	Reprimand.	–	10/03/2023
HATZIS, Con	DB-U 9580; CB-L 41545	Holding office in a company under external administration.	Registration condition limiting practitioner, for 2 years, to three live concurrent building permits.	–	22/06/2023
HENNEMAN, Adrian	DB-U 3797; CB-U 3023	Holding office in a company under external administration.	Cancellation of registration.	–	24/03/2023
HUNTER, Howard	DB-L 68384	Undertaking domestic building work without the required insurance and failing to contract in accordance with the requirements for a major domestic building contract.	Reprimands, aggregate penalties of \$5,000 and a requirement to complete training.	\$5,000	22/12/2022

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
HUYSER, Theodorus	DB-U 2010	Failing to provide landowner with plumbing compliance certificates within five days.	Reprimand and a requirement to complete a course of training.	-	15/07/2022
IOVINO, Stefano	DB-U 43960; CB-L 44151	Holding office in a company under external administration.	Cancellation of registration.	-	24/03/2023
KHADOUR, Ibrahim	DB-U 29658; CB-L 32199	Failing to comply with a direction to fix building work within the specified period in respect of a site at Gladstone Park.	Reprimand and a penalty of \$1,000.	\$1,000	13/10/2022
KHATTAR, Tony	DB-U 28964	Holding office in a company under external administration.	Registration condition for 2 years limiting concurrent building permit jobs to 2.	-	21/06/2023
LEWIS, Richard	BD-M 15973	Performing building work other than in a competent manner and to a professional standard by failing to ensure notification to and inspection for the relevant building surveyor of safety precautions for demolition for a site at Ocean Grove.	Reprimand and penalty of \$3,000.	\$3,000	02/09/2022
LUCAS, Ronald	DB-U 37940	Holding office in a company under external administration.	Reprimand, registration condition limiting practitioner to two live concurrent building permits for 2 years.	-	26/04/2023
LYNCH, Alan	DB-U 8642	Holding office in a company under external administration.	Cancellation of registration.	-	31/01/2023
MARAIS, Stephanus	DB-U 64556; CB-U 44134	Holding office in a company under external administration.	Cancellation of registration.	-	27/01/2023
MARKOU, Eleftherious	DB-U 11953	Holding office in a company under external administration.	Reprimand and registration condition to notify Authority of appointment as officer of body corporate and to inform himself of obligations of office—condition for two years.	-	30/03/2023

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
McLACHLAN, Glenn	CB-U 5365; DB-U 6842	Performing building work other than in a competent manner and to a professional standard in respect of a cheese factory at Tinanmba, where compliance was ultimately achieved.	Reprimand and a requirement to complete a course of training.	–	01/07/2022
McLAUGHLIN, Phillip	BD-L 36805	Failure to call for mandatory stage inspection (completion of safety precautions prior to demolition) without delay, in respect of a site at Parkdale.	Reprimand and penalty of \$2,500.	\$2,500	22/03/2023
MIDDLELING, Anthony	BS-U 1092; IN-U 1078	Performing building work other than in a competent manner and to a professional standard related to and following the issue and amendment of a building permit for a site at Windsor.	Penalty of \$5,000, and direction to undertake training.	\$5,000	25/07/2022
MITSAKIS, Andrew	BD-M 1058	Failing to call for mandatory stage inspections (2 stages) in respect of demolition work at Nerrina.	Reprimand and a penalty of \$5,500.	\$5,500	22/12/2022
MITSAKIS, Andrew	BD-M 1058	Failing to call for a mandatory stage inspection in respect of demolition work at Pascoe Vale.	Reprimands, penalty of \$3,500 and a requirement to complete a course of training.	\$3,500	22/12/2022
MOLINARO, Dino	BS-U 14142	Issuing building permits without justification and performing building work other than in a competent manner and to a professional standard as relevant building surveyor in relation to fire performance requirements at five sites.	Reprimands, directions to engage independent auditor to audit 105 of approvals over preceding 12 months, 3 month registration condition not to accept appointments for Class 2–9 buildings.	–	14/10/2022

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
NAQEBULLAH, Obaid	CB-L 30394; CB-U 57999; DB-U 29802	Building contrary to a building permit by substituting non-fire rated materials for those specified for both external and internal walls and ceilings, negligence in a particular manner in relation to a complex of 81 sole occupancy units at Clayton.	Reprimands, aggregate penalties of \$25,000, requirement to successfully complete training and registration to personally attend for mandatory stage inspections.	\$25,000	05/08/2022
NELSON, Leonard	BS-U 1330	Issuing building permits and occupancy permits without justification in respect of four buildings on 2 sites (at Tarneit and Dandenong) between 2013 and 2016 in respect of the use of combustible cladding in external walls.	Reprimands, aggregate penalties of \$22,000, registration condition for no new work on class 2, 3, 4 or 9 buildings of Type A construction for 6 months.	\$22,000	19/05/2023
NGUYEN, Dang	DB-U 10247; CB-U 2689	Holding office in a company under external administration.	Cancellation of registration.	–	31/01/2023
OSMAN, Ali	DB-U 9208	Failure to comply with a requirement to undertake training imposed a prior disciplinary action.	Reprimand and partial suspension of registration until compliance achieved.	–	07/10/2022
OZDUZENCILER, Onur	DB-U 73896	Non-compliance with dispute resolution order made by Domestic Building Dispute Resolution Victoria.	Reprimand, partial suspension of registration until compliance achieved.	–	11/04/2023
PACE, Victor	BD-M 1027; DB-U 4854	Failing to call for mandatory stage inspections (3 stages) in respect of demolition work at Preston.	Reprimands, aggregate penalties of \$5,500 and a requirement to complete a course of training.	\$5,500	13/09/2022
PACE, Victor	BD-M 1027; DB-U 4854	Failing to call for a mandatory stage inspection in respect of demolition work at Reservoir.	Reprimand, penalty of \$2,000 and a requirement to complete a course of training.	\$2,000	13/09/2022
PACE, Victor	BD-M 1027; DB-U 4854	Failing to call for a mandatory stage inspection in respect of demolition work at Watsonia North.	Reprimand, penalty of \$2,000 and a requirement to complete a course of training.	\$2,000	13/09/2022

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
PANUCCIO, Vince	BS-U 1566	Issuing building permits and an occupancy permit without justification, performing building work other than in a competent manner and to a professional standard and engaging in unprofessional conduct in respect of the use of combustible cladding on hospital buildings at Berwick and Morrabbin.	Aggregate penalties of \$16,643.	\$16,643	27/07/2022
RAMADAN, Adnan	BS-U 39024; BS-L 38913	Issuing building permits and occupancy permits without justification, performing building work other than in a competent manner and to a professional standard in respect of the use of combustible cladding at four sites between 2015 and 2018, being negligent in a particular manner at one of the sites and engaging in unprofessional conduct at two of the sites.	Reprimands, aggregate penalties of \$22,500 and registration for no new permits for Class 2 and Class 3 buildings for 12 months.	\$22,500	07/11/2022
RIFAT, Musa	CB-L 66837	Holding office in a company under external administration.	Reprimand, registration condition to disclose external administration, requirement to complete training in business management.	–	18/05/2023
ROBERTS, Digby	DB-L 24167	Holding office in a company under external administration.	Cancellation of registration.	–	24/03/2023
RYAN, Xavier	DB-U 36965	Holding office in a company under external administration.	Cancellation of registration.	–	31/01/2023
SANDNER, Christopher	DB-U 40130	Holding office in a company under external administration.	Cancellation of registration.	–	17/03/2023

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
SIMPSON, Joseph	CB-L 33524	Failing to call for mandatory stage inspections (2 stages) and failing to ensure that work was carried out in accordance with the Building Act and regulations, in respect of a site at Caulfield East.	Reprimands and aggregate penalties of \$8,000.	\$8,000	23/12/2022
SIMS, David	DB-U 11311	Holding office in a company under external administration.	Cancellation of registration.	–	27/01/2023
SWAN, Geoffrey	DB-U 1678	Holding office in a company under external administration.	Cancellation of registration.	–	31/03/2023
TARABENE, Anthony	DB-U 63919	Failing to comply (as a director of NM Constructions Pty Ltd) with a direction to fix building work within the specified period in respect of a site at Digger's Rest.	Reprimand and a penalty of \$10,000.	\$10,000	28/11/2022
THOMAS, Andrew	DB-U 44453	Holding office in a company under external administration.	Cancellation of registration.	–	27/01/2023
TSEBERG, Alex	DB-U 15603; CB-U 16553	Holding office in a company under external administration.	Cancellation of registration.	–	22/06/2023
WILKINSON, Shane	DB-U 18079; CB-U 38165	Failing to build to permit, failing to perform building work in a competent manner and to a professional standard, unprofessional conduct—substitution of cladding materials (combustible) to external walls—in respect of a site at Windsor.	Reprimand and aggregate penalties of \$23,115.	\$23,115	24/05/2023
WILLIAMS, Rodney	CB-L 21733	Failing to perform building work in a competent manner and to a professional standard at Tarneit—combustible cladding—in respect of a site at Tarneit.	Reprimand.	–	05/04/2023



## Appendices

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
YOUNG, Matthew	DB-U 3644	Performing building work other than in a competent manner and to a professional standard in respect of a site at Strathmore by assigning an unlicensed person to undertake roof plumbing (flashing work), failing to provide landowner with plumbing compliance certificates within five days.	Reprimands, aggregate penalties of \$5,000 and a requirement to complete two courses of training.	\$5,000	10/08/2022
ZOUZOULAS, Jim	DB-U 43468	Building contrary to the building permit for work at Camberwell, by failing to construct a retaining wall and constructing a boundary wall higher than permitted.	Reprimand and a penalty of \$1,000.	\$1,000	20/09/2022

Table 25: Building Practitioner Discipline outcomes (Company)

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
A & M Family Homes Pty Ltd	CDB-U 65514	Failing to call for a mandatory stage inspection in respect of a site at Epping.	Reprimand and a penalty of \$2,000.	\$2,000	27/09/2022
AAA Rapid Homes Pty Ltd	CDB-U 60918	Failing to comply with a direction to fix building work within the specified period, in respect of a site at Winter Valley.	Reprimand and penalty of \$1,000.	\$1,000	10/03/2023
Anakor Pty Ltd	CDB-U 53286	Failing to comply with a direction to fix building work within the specified period, failing to perform building work in a competent manner and to a professional standard in continuing to work past mandatory stage inspection, in respect of a site at Winchelsea.	Reprimands, suspension of registration until compliance achieved and requirement that nominee director complete training on resolution of business disputes.	–	04/04/2023
Anakor Pty Ltd	CDB-U 53286	Failing to comply with a direction to fix building work within the specified period, failing to perform building work in a competent manner and to a professional standard in continuing to work past mandatory stage inspection.	Reprimands, suspension of registration until compliance achieved and requirement that nominee director complete training on resolution of business disputes.	–	04/04/2023
Babo The Builder Pty Ltd	CDB-U 63705	Failing to call for a mandatory stage inspection in respect of a site Noble Park.	Reprimand and a penalty of \$2,000.	\$2,000	29/09/2022
Balla Constructions Pty Ltd	CDB-U 61210	Being in receipt of breach of dispute resolution order notice.	Reprimand and partial suspension of registration until compliance achieved.	–	11/08/2022
Borik Investments Pty Ltd	CDB-U 48608	Failing to call for a mandatory stage inspection in respect of building work at a site in Ocean Grove.	Reprimand and a penalty of \$2,000.	\$2,000	19/12/2022
Brunton Engineering and Construction Pty Ltd	CCB-U 54133	Failing to call for a mandatory stage inspection (before pouring in-situ concrete member) without delay, in respect of a site at Coolaroo.	Reprimand and penalty of \$2,500.	\$2,500	21/03/2023

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
Central Steel Build Pty Ltd	CDB-U 52836	Failing to call for mandatory stage inspections (3 stages) in respect of building work at Glenalbyn.	Reprimands and aggregate penalties of \$4,000.	\$4,000	23/08/2022
City Central Homes Pty Ltd	CDB-U 58347	Failing to call for mandatory stage inspections (2 stages) in respect of a site at St Albans.	Reprimands and aggregate penalties of \$3,000.	\$3,000	18/11/2022
Concept Design Format Pty Ltd	CDB-U 67131	Performing building work other than in a competent manner and to a professional standard, in respect of a site at Hadfield, by failing to call for a re-inspection of the frame and by progressing the works beyond the frame stage when directed not to do so by the relevant building surveyor and while directions to fix remained unfulfilled in respect of frame non-compliances.	Reprimands, aggregate penalties of \$5,000 and a requirement to complete a course of training.	\$5,000	04/11/2022
CustomBuild Group Pty Ltd	CDB-U 58789	Failing to call for mandatory stage inspections (pool excavation, pool steel) without delay, in respect of a site at Lower Plenty.	Reprimands and aggregate penalties of \$6,000.	\$6,000	17/03/2023
DBG Projects Pty Ltd	CCB-L 57805; CDB-U 67078	Failing to call for mandatory stage inspections (2 stages) in respect of a site at Caulfield.	Reprimands and aggregate penalties of \$3,000.	\$3,000	17/11/2022
Dhuri Homes Pty Ltd	CDB-U 74072	Being given a breach of dispute resolution order notice	Reprimand, penalty of \$4,000 and partial suspension until compliance achieved	\$4,000	28/06/2023
Dwell Group Pty Ltd	CDB-U 52440	Building without a building permit in respect of timber and steel frames, etc, at a site in Malvern.	Reprimands, a penalty of \$5,000 and a requirement to complete a course of training.	\$5,000	17/08/2022
Fairbrother Pty Ltd	CCB-U 57436; CBD-L 57437; CDB-U 57435	Failing to call for a mandatory stage inspection in respect of demolition at a site in Werribee.	Reprimand and penalty of \$2,000.	\$2,000	27/09/2022

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
Fernebuilt Pty Ltd	CDB-U 51820	Failing to call for mandatory stage inspections (2 stages) in respect of a site at Glen Iris.	Reprimands and penalties of \$2,000.	\$2,000	21/07/2022
Gallery Homes Pty Ltd	CDB-U 53131	Performing building work other than in a competent manner and to a professional standard, in relation to a site at Curlewis, by failing to call for a re-inspection of non-compliant framework and by continuing to progress construction substantially beyond frame stage.	Reprimand and a penalty of \$4,000.	\$4,000	18/10/2022
Hallbuild Pty Ltd	CDB-U 48690	Failing to call for a mandatory stage inspection in respect of demolition work at Balwyn North.	Reprimand and a penalty of \$2,000.	\$2,000	25/11/2022
Hallbuild Pty Ltd	CDB-U 48690	Failing to comply with a direction to fix building work within the specified period, failing to perform building work in a competent manner and to a professional standard in continuing to work past mandatory stage inspection, in respect of a site at Harkaway.	Reprimands and partial suspension of registration until compliance achieved.	–	20/01/2023
Hamlan Homes Pty Ltd	CDB-U 52938	Failing to call for a mandatory stage inspection in respect of building work at a site in Ocean Grove.	Reprimand and a penalty of \$2,000.	\$2,000	13/12/2022
Independent Demolition Pty Ltd	CBD-M 60974	Failing to call for a mandatory stage inspection in respect of demolition work at Pascoe Vale.	Reprimand and a penalty of \$2,500.	\$2,500	20/12/2022
Makal Constructions Pty Ltd	CDB-U 61768	Being given a breach of dispute resolution order notice.	Reprimand and partial suspension of registration until compliance achieved.	–	12/01/2023

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
Mass Constructions & Developments Pty Ltd	CDB-U 49658	Failing to call for mandatory stage inspections (prior to placing a footing—concrete pads, frame) without delay, in respect of a site at Elsternwick.	Reprimands and penalty of \$3,000.	\$3,000	22/05/2023
Melway Bin Hire And Demolition Pty Ltd	CBD-M 67569; CBD-L 53662	Failing to call for a mandatory stage inspection in respect of demolition at a site in Richmond.	Reprimands, aggregate penalties of \$10,000, conditions on registration that nominee director complete a course of training and that the practitioner not have any new building permits for one month.	\$10,000	23/11/2022
MM Built Group Pty Ltd	CDB-U 63254	Failing to call for a mandatory stage inspection in respect of building work at a site in Greensborough.	Reprimand and a penalty of \$3,000.	\$3,000	14/12/2022
Momo Building Pty Ltd	CDB-U 48968	Failing to call for mandatory stage inspections (prior to placing a footing—retaining wall holes, completion of sub-floor frame) without delay, in respect of a site at Hampton Park.	Reprimands and aggregate penalties of \$3,000.	\$3,000	22/05/2023
MPR Design and Build Pty Ltd	CDB-U 59801	Failing to comply with a direction to fix building work within the specified period, in respect of a site at Carnegie.	Reprimand and penalty of \$2,000.	\$2,000	16/03/2023
Myers Construction Co Pty Ltd	CDB-U 53893	Failing to call for a mandatory stage inspection and performing building work other than in a competent manner and to a professional standard, in respect of a site at Warragul.	Reprimands, aggregate penalties of \$4,500 and a direction to rectify building work.	\$4,500	22/12/2022
ORB Developments Pty Ltd	CDB-U 53257	Failing to comply with a direction to fix building work within the specified period, in respect of a site at Flemington.	Reprimand and penalty of \$4,000.	\$4,000	13/06/2023

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>35</sup>	Date <sup>36</sup>
Phillips Constructions Pty Ltd	CDB-U 50153	Failing to call for mandatory stage inspections (2 stages) in respect of a site at Noble Park.	Reprimand and a penalty of \$3,000.	\$3,000	19/12/2022
Wam Homes Pty Ltd	CDB-U 54593	Being given a breach of dispute resolution order notice.	Reprimand, penalty of \$4,000 and partial suspension until compliance achieved.	\$4,000	28/06/2023
Watkins Building Group Pty Ltd	CDB-U 61757	Being in receipt of breach of dispute resolution order notice.	Reprimand and partial suspension of registration until compliance achieved.	–	12/09/2022
Watkins Building Group Pty Ltd	CDB-U 61757	Failing to comply with a direction to fix building work within the specified period, failing to perform building work in a competent manner and to professional standard in substantially progressing building work beyond a mandatory inspection stage without calling for reinspection of non-compliant work previously identified, in respect of a site at Werribee	Reprimands, aggregate penalties of \$12,500 and partial suspension of registration until compliance achieved.	\$12,500	06/02/2023
Zoo Demolition Pty Ltd	CBD-L 57147	Failing to call for mandatory stage inspections in respect of demolition work at sites at Ross Creek and Wendouree North (2 inspections at each site)	Reprimands, aggregate penalties of \$5,000 and a requirement to complete training.	\$2,500	05/12/2022



Table 26: Building Prosecutions<sup>37</sup>

Accused name	Description of matter	Result	Penalty (\$) <sup>38</sup>	Date
BYPOST, Calvin	Carried out work under a major domestic building contract without registration and required insurance. Carried out building work without a building permit in place.	Two charges proven without conviction. Fine of \$3,000.	\$3,000	20/06/2023
CHRONIS, Marcus	Unregistered person who held himself out as being registered to practice. Carried out regulated building work without a building permit.	Two charges proven with conviction. Fine of \$40,000 plus costs of \$3,128.	\$40,000	01/03/2023
DATTA, Ashwin	Carried out work under a major domestic building contract without registration. Carried out building work without a building permit in place. Knowingly provided false information.	Three charges proven with conviction. Fine of \$55,000 plus compensation to owner of \$61,737. Costs of \$330.	\$55,000	20/06/2023
GOODES, Nathan	Carried out work under a major domestic building contract without registration and required insurance. Carried out building work without a building permit in place.	Three charges proven without conviction. Fine of \$3,000.	\$3,000	04/04/2023
MATTISKE, Simon	Accepted appointment as a private building surveyor when unregistered. Carried out work as a building surveyor when unregistered and issued building permits without permit number from the Authority.	40 charges proven. Fine of \$44,500, plus costs of \$5,500.	\$44,500	23/01/2023
TUITUPOU, Maria	Carried out building work when no building permit issued or in force; and, Carried out domestic building work under a	Guilty plea, with conviction. Fined \$5,000.	\$5,000	15/08/2022
BYPOST, Calvin	Carried out work under a major domestic building contract without registration and required insurance. Carried out building work without a building permit in place.	Two charges proven without conviction. Fine of \$3,000.	\$3,000	20/06/2023
CHRONIS, Marcus	Unregistered person who held himself out as being registered to practice. Carried out regulated building work without a building permit.	Two charges proven with conviction. Fine of \$40,000 plus costs of \$3,128.	\$40,000	01/03/2023

<sup>37</sup>This list does not include prosecutions commenced by the VBA which were subsequently withdrawn.

<sup>38</sup>Excludes costs.

Accused name	Description of matter	Result	Penalty (\$) <sup>38</sup>	Date
Up N At Em Pergolas and Decking	Carried out work under a major domestic building contract without registration and required insurance. Carried out building work without a building permit in place	Three charges proven without conviction. Fine of \$5,000.	\$5,000	04/04/2023
YANG, Dan	Carried out building work without a building permit relating to the construction of a deck at a commercial property	Guilty plea, with conviction.	\$1,500	22/08/2022

**Table 27: Plumbing Prosecutions (Individuals)<sup>37</sup>**

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
GAMBLE, Andrew	Carrying out roofing (stormwater) work without registration.	Proven with conviction. Charge 1: fine of \$7,500 Charge 2: fine of \$6,500	\$14,000	24/11/2022
PELEKIDIS, Christos	Carried out regulated plumbing and building work (roofing) without appropriate licence or registration.	Proven without conviction. Fine of \$1,000	\$1,000	13/04/2023
PIGDON, Kris	Engaged a plumber to undertake plumbing work while unregistered.	Proven without conviction. Fine of \$2,500	\$2,500	06/11/2022

**Table 27: Plumbing Prosecutions (Company)<sup>36</sup>**

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
IAG Roofing Ltd Pty	Engaged a plumber to undertake plumbing work while unregistered.	Proven without conviction. Fine of \$2,500	\$2,500	06/10/2022

**Table 29: Plumbing Inquiries (Individuals)**

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
ALDERMAN, Paul	Completed a below ground sanitary drain and covered it when the Authority had not inspected nor authorised the covering of the pipes.	One ground proven. Penalty of \$740 plus cost of \$696.	\$740	20/04/2023
BARCLAY, Joel	Completed below ground sanitary drains at four sites and covered them when the Authority had not inspected nor authorised the covering of the pipes.	One ground proven. Penalty of \$545 plus cost of \$696.	\$545	20/04/2023
BOYADJIAN, Mihran	Failed to comply with the rectification notice.	One ground proven. Reprimand. Penalty of \$925 plus costs of \$2,075.	\$925	24/01/2023
BUCK, Andrew	Not providing signed compliance certificates to the Authority and not notifying the Authority upon request within 5 days that the compliance certificates have been given for the uncompleted work.	Four grounds proven. Penalty of \$1,157 plus cost of \$1,214.	\$1,157	22/06/2023
CALDWELL, Mark	Carried out non-compliant plumbing work relating to fire sprinklers. Signed a compliance certificate which contained a misstatement of fact. Failed to comply with rectification notice within required timeframe.	Four grounds proven. Penalty of \$9,246 OR penalty of \$555 and fulfill the requirements of the second Rectification notice issued within 45 days of receiving the order. Plus, cost of \$696.	\$555	18/04/2023

<sup>39</sup>Excludes costs.

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
CATTANACH, Rickie	Carried out plumbing work in the class of roofing (stormwater) while not being licenced or registered to do so.	One ground proven. Penalty of \$925 plus cost of \$980. Penalty is not required provided the practitioner commits no further breaches of the Plumbing Regulations or the Building Act for the next 12 months.	\$925 <sup>40</sup>	14/06/2023
CASABENE, Giuseppe	Permitted another person to carry out plumbing work who was not licenced or registered to do so.	Cost of \$1,733.	-	23/05/2023
COOPER, Darren	Being a person who owns, operates, or manages a business, permitted or directed other person who was not licenced or registered to carry out plumbing work that were defective in workmanship and did not comply with the relevant standards. Signed compliance certificate that contained misstatements of fact.	Four grounds proven. Penalty of \$5,548 plus cost of \$1,214. To complete course <i>CPCPCM4015</i> or equivalent within 9 months.	\$5,548	30/06/2023
GILL, Darren	Failed to comply with rectification notice. Failed to provide signed compliance certificate to the person who commissioned the work and notify the Authority within five days of completing the work.	Two grounds proven. Penalty of \$1,157 plus costs of \$696.	\$1,157	28/02/2023
GITTINS, James	It was alleged and substantiated that the practitioner carried out gas fitting work and mechanical service work whilst unlicensed or unregistered.	Four grounds proven. Penalty of \$1,983 plus costs of \$1,607.	\$1,983	08/08/2022
HAYWARD, Brett	Practitioner failed to comply with three rectification notices.	One ground proven. Penalty of \$4,353 plus of \$1,607	\$4,352	19/07/2022
JAKUPI, Shaban	Practitioner provided signed compliance certificates with misstatements of fact.	Two grounds proven. Penalty of \$4,353 plus costs of \$1,607	\$4,353	10/08/2022
JENKIN, Darran	Carried out non-compliant plumbing work relating to heating and cooling unit installation. Permitted another person to carry out plumbing work that was defective and did not comply with relevant standards. Signed a compliance certificate which contained a misstatement of fact. Not licenced to certify the class of works that were completed.	Four grounds proven. Penalty of 3,698 plus costs of \$1,214.	\$3,698	19/04/2023

<sup>40</sup>Penalty only applies if the plumber commits further breach in the next 12 months.

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
JOASS, Trent	Practitioner failed to comply with a rectification notice.	One ground proven. Penalty of \$2,798 plus costs of \$1,427.	\$2,798	29/11/2022
KESER, Peter	Failed to lodge compliance certificate within 5 days of the completion of the work. Signed a compliance certificate which contained misstatements of fact.	Two grounds proven. Reprimand. Penalty of \$11,095.	\$11,095	27/04/2023
MAHER, Grant	Provided misstatement of fact on the lodged compliance certificates; Signed compliance certificates which contained misstatements of fact. Lodged compliance certificate when work was non-compliant in relation to downpipe discharge, metal roofing and wall cladding.	Four grounds proven; Penalty of \$4,623 plus cost of \$1,214. Prior to being registered or licenced again, must complete course <i>CPCPCM4015</i> or equivalent.	\$4,623	06/06/2023
MAKDESSI, Andrew	Practitioner carried out plumbing work which required a compliance certificate when he was not licensed to do so; and carried out non-compliant plumbing work. Subject to VCAT Appeal.	Two grounds proven. Practitioner's licence and registrations cancelled and disqualified from reapplying for a period of three years from 14 days of the date of the order. Pay costs of \$3,266.	-	29/07/2022
MCDONALD, Garratt	Permitted another person to carry out plumbing work relating to roofing, drainage and installation of rainwater tank that was defective in workmanship and did not comply with relevant standards. Signed a compliance certificate which contained a misstatement of fact. Failed to lodge compliance certificate with the Authority within five days of completing the work.	Three grounds proven. Reprimand. Penalty of \$9,246 plus cost of \$1,214. A further amount of \$3,167 to be paid to the consumer. To complete training courses <i>CPCPCM4015</i> and <i>CPCPRF4011</i> within 18 months.	\$9,246	25/05/2023
O'BERNE, Clinton	It was alleged and substantiated that the practitioner provided false and misleading information in a material particular.	One ground proven. Penalty of 30 penalty units equivalent to \$5,548 plus costs of \$2,075. Suspension of practitioner's plumbing licence for 12 months, with the suspension deferred for 12 months from 5 December 2022, provided the practitioner is not found guilty of any other allegations at an inquiry held during that time.	\$5,548	05/12/2022
PATEN, Jarred	Practitioner carried out work otherwise than in a good and workmanlike manner in relation to the installation of gas heaters and flues at two properties.	Two grounds proven. Pay costs of \$2,150. Suspension of the practitioner's licence in the class of gas fitting (including any specialized class or restricted class) from 6 December 2022 until two courses are successfully completed: <i>CPCPG3053A</i> and <i>CPCPG3049A</i> .	-	06/12/2022

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
PEARSON, Peter	Permitted or direct other person to carry out defective plumbing work. Signed a compliance certificate that contained misstatements of fact.	Three grounds proven. Penalty of \$1,294 plus cost of \$980. To complete course <i>CPCPCM4015</i> or equivalent within next 12 months.	\$1,294	14/06/2023
POLIMENI, Mario	Carried out or supervised the carrying out of non-compliant plumbing work across four different sites. Failed to comply with rectification notices. Issued compliance certificate that contained misstatement of facts.	Twelve grounds proven. Penalty of \$3,698 plus cost of \$2,314.	\$3,698	30/05/2023
WILSON, Brenden	Practitioner failed to provide a compliance certificate within five days of completing the work; and installed a continuous flow gas hot water system which did not comply with the Plumbing Code of Australia.	Two grounds proven. Penalty of \$8,861 plus costs of \$1,578. Practitioner to undertake a course <i>CPCPGS3060A</i> .	\$8,861	10/11/2022
ZERMAKI, Youcef	Carried out plumbing work in the class of gas fitting and drainage work while not licenced or registered to do so.	One ground proven. Penalty of \$10,739 plus costs of \$696.	\$10,739	28/02/2023



# Appendix E

## 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





VICTORIAN  
BUILDING  
AUTHORITY





