

2015–16

ANNUAL REPORT



BUILDING CONFIDENCE



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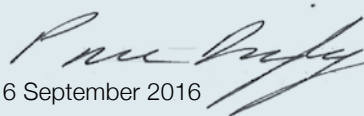
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ACCOUNTABLE OFFICER'S DECLARATION

In accordance with the *Financial Management Act 1994* (Vic), I have great pleasure presenting the third Victorian Building Authority Annual Report, for the reporting period 1 July 2015 to 30 June 2016.

A handwritten signature in dark ink, appearing to read 'Prue Digby', is positioned above the date.

6 September 2016

Prue Digby
Chief Executive Officer

REPORT OF OPERATIONS 1

THE REPORT OF OPERATIONS FOR **2015-16**
PROVIDES GENERAL INFORMATION ABOUT
THE VBA AND ITS ACTIVITIES, ACHIEVEMENTS
AND STRATEGIC DIRECTION.

YEAR IN REVIEW

Strategic direction

In 2014, the VBA Board approved the four year Corporate Plan 2014–18 that includes the following vision, mission, objectives and values.

VISION

- A trusted regulator
- A respected industry
- An informed community

MISSION

- Regulating for a quality built environment in victoria

VICTORIAN PUBLIC SECTOR VALUES

As a Victorian Public Sector entity, VBA Board and staff adhere to the values of:

Responsiveness

Integrity

Impartiality

Accountability

Respect

Leadership

Human rights

VICTORIAN BUILDING AUTHORITY VALUES

The VBA's Corporate Plan identifies additional and unique organisational values to which the VBA's staff adhere. They are:

Future focus

Achieving together

Inspiring excellence

Respecting individuals

Ensuring trust

BUILDING CONFIDENCE

CHIEF COMMISSIONER'S REPORT



In its third year of operation, the Board consolidated its work to establish a sound governance framework. It also approved major projects that will continue to build Victorian community confidence in the VBA as a trusted regulator.

In 2015–16 the Board approved the appointment of a provider for the first phase of the VBA's Business Systems Transformation Project (BST). This information technology (IT) project will streamline how the VBA interacts with practitioners, consumers and regulators. Large scale IT projects are not without risk, and Phase 1 of the BST will be independently reviewed and assessed on completion to ensure it delivers against the project scope.

In March 2016, the Board endorsed a brand strategy for the VBA to increase community understanding of the VBA's core regulatory role. This role is to maintain the quality of builders and plumbers and their work, and enable consumers to feel confident when they know their builder or plumber is registered with the VBA. The brand 'Building Confidence' now underpins all VBA communications and corporate messaging.

The Board's Audit and Risk Committee (ARC) continued its significant work assisting the Board to fulfil its governance and oversight responsibilities. This year, the ARC endorsed refinements to the risk register following the VBA's participation in the Victorian Managed Insurance Authority's Strategic Risk Identification Program. It oversaw the tender process for a new internal audit provider, recommending the appointment of PwC from 1 July 2016.

The ARC also monitors management's progress in completing actions arising from reviews of the VBA's predecessor, the Building Commission, by the Victorian Auditor-General's Office and the Victorian Ombudsman. Ninety-two per cent of these actions were complete by the end of 2015–16 and embedded in the VBA's business as usual processes and procedures. The few remaining actions are on track to be completed before the end of 2016.

One of the VBA's functions is to conduct research relating to the regulation of the building and plumbing industries in Victoria. The Board approved a research program that will include work aimed at reducing the risk associated with non-conforming building products. Other approved research projects will help identify and understand failures in building and plumbing work, to improve the regulation of the building and plumbing industries.

There were some changes to Board membership during the year. In September 2015, we welcomed Justin Madden as Deputy Chief Commissioner. At the end of June 2016, we farewelled David Bennett QC and Bill Kuszniarczyk.

Bill Kuszniarczyk was the inaugural Chief Commissioner of the VBA. In his time as Chair, he oversaw the most significant overhaul of Victoria's building and plumbing industry regulation to date and led the new Board in establishing robust arrangements to ensure effective Board oversight of all governance strategic and operational issues. David Bennett made a significant contribution to the VBA, including in his role as Chair of the Building Regulations Advisory Committee since July 2013. The Board would like to express its appreciation to both Bill and David for their contribution and service.

The VBA also works closely with the Building Advisory Council, Plumbing Advisory Council and Building Regulations Advisory Committee, all of which provide advice to Government on building and plumbing related matters. I wish to thank the members of these Committees for contributing their time and expertise to assist in building confidence in the industry.

I thank my fellow Commissioners for their diligence and professionalism, and I look forward to working with them in the coming year.

Last, but not least, I extend my thanks to the Chief Executive Officer Prue Digby, the Executive Leadership Team and VBA staff for their commitment to delivering good regulatory outcomes for practitioners and consumers in Victoria.

Brian Welch
Chief Commissioner

CHIEF EXECUTIVE OFFICER'S REPORT



In 2015–16 the VBA continued to deliver the strategies of our four year corporate plan.

The VBA made a commitment to increase its proactive inspection service capability in the building area. In late 2015 we launched a Proactive

Inspections Program to check building works under construction. VBA inspectors visit sites to engage with the relevant building surveyor (RBS) and builder to address any issues early in a project's life, particularly during the mandatory inspection stages. Early detection allows solutions to be implemented quickly and cost effectively, and is expected to minimise future complaints. The aim is to improve safety and quality outcomes, and to help the RBS administer their regulatory role. Over six months in 2015–16, 341 inspections were conducted, and we anticipate conducting 1,600 inspections in 2016–17.

There were 1,368 investigations into building and plumbing work this year, resulting in 110 building and plumbing practitioner disciplinary hearings conducted by the Building Practitioners Board (BPB) and the VBA. The VBA prosecuted 67 registered and unregistered building and plumbing practitioners, and 2,061 rectification orders and notices were issued to plumbing practitioners.

In 2015–16, the VBA dedicated significant resources to our audit of external wall cladding, in the wake of the Lacrosse building fire in late 2014. The VBA audited some 168 buildings and reported findings in February 2016. The VBA worked closely with the City of Melbourne, City of Port Phillip and Melbourne Fire Brigade to ensure that Melburnians can continue to have confidence in the buildings that they live in and use, despite finding that non-compliance in the use of external wall cladding materials is high.

In parallel, the VBA also investigated the conduct of the building practitioners involved in the construction of the Lacrosse building. We referred three practitioners to the BPB for discipline. The architect was also referred to the Architects' Registration Board of Victoria as the regulatory body for architects.

Given this regulatory activity, Victoria is recognised as leading the way in Australia's management of non-compliant and non-conforming building products. Together with the Department of Environment, Land, Water and Planning (DELWP), the VBA supported the Minister for Planning at the Building Ministers' Forum, where a senior officers' group was established to report on strategies to minimise risks to consumers, business

and the community from the failure of building products to conform to relevant laws. The implementation of the recommendations arising from this report will continue in 2016–17.

In February 2016, following significant stakeholder consultation and engagement, the VBA implemented a new process for registration and licensing of plumbers and builders. The new process is designed to deliver better outcomes for Victoria's building and plumbing industries and consumers by making the system simpler to use, which will ultimately reduce the regulatory burden on industry.

A focus in the latter part of the year was delivery of the Victorian Government's legislative reforms. The *Building Legislation Amendment (Consumer Protection) Act 2016* introduced changes to the VBA's powers and functions. Extensive stakeholder consultation on the VBA's proposed new processes and practitioner and consumer information took place as we prepared to implement the reforms. The first tranche of reforms was implemented on 4 July 2016 and included: new offences for working without a building permit; an extension of the VBA's inspection powers to owner-built sites; redefined circumstances in which a building surveyor may not act; a checklist that relevant building surveyors must use when lodging building permits with councils; and updated powers to issue directions to fix building work.

A second tranche of reforms – including the abolition of the BPB, and the transfer of the BPB's functions and powers to the VBA – occurred on 1 September 2016. The VBA and BPB worked collaboratively to ensure a seamless transition.

In addition to stakeholder consultation on the reforms, the VBA continues a program of stakeholder meetings. Building and plumbing stakeholder reference groups have been established to ensure industry views inform the VBA's decision-making and programs of work.

In 2015–16 the VBA continued to work closely with regulatory partners. In April 2016, we signed a statement of intent with Consumer Affairs Victoria (CAV). The VBA is participating in the CAV project steering committee for the establishment of the domestic building dispute resolution service, and the two organisations established joint customer service and communications working groups to ensure we provide consistent information on the regulatory framework to practitioners and consumers.

The VBA is a member of the Building Construction Advisory Panel established by the Emergency Management Commissioner to provide advice on

rebuilding after the Separation Creek and Wye River bushfires. The VBA supports the one-stop shop established by Colac-Otway Shire to provide rebuilding advice to affected residents, and been represented at numerous forums to address queries in the local area. The VBA also published a *Guide to building after bushfires*.

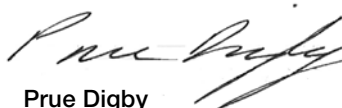
As the Chief Commissioner reported, the VBA has implemented a new brand strategy. The 'Building Confidence' campaign aims to raise awareness of, and build confidence in, the VBA as a trusted regulator. Advertising appeared online, in trade publications and across radio. The VBA also adopted new uniforms for all public facing staff, and all site visits were conducted in VBA branded cars.

The brand strategy was integrated into our employee engagement and cultural transformation program. VBA employees participated in a variety of forums to help define our desired culture and ways of working.

Development of the employee strategy will be completed and implemented in 2016–17.

I thank the Board for its guidance over the financial year, and I wish in particular to recognise the support and advice of the retiring Chief Commissioner, Bill Kuszniarczyk.

I also thank the Executive Leadership Team and VBA staff for their commitment to building confidence in the VBA.



Prue Digby
Chief Executive Officer

LEGISLATION AND RELEVANT MINISTER

As at 30 June 2016, the Victorian Building Authority (VBA) is accountable to the Minister for Planning. The VBA is responsible for carrying out the functions detailed in the *Building Act 1993* (Vic) and the *Building and Construction Industry Security of Payment Act 2002* (Vic).

NATURE AND RANGE OF SERVICES PROVIDED

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

The VBA's services include:

- responding to general enquiries from the public about the building and plumbing industries
- registering, licensing and disciplining plumbers in Victoria
- supporting the work of the Building Practitioners Board (BPB)¹, which is responsible for registering and disciplining building practitioners
- providing expert technical advice and informed solutions to industry
- undertaking inspections, investigations and audits to enforce compliance with relevant legislation
- working with other agencies and regulators to ensure building and plumbing practitioners are compliant and that consumers are protected
- publishing data for building and plumbing practitioners
- monitoring the collection of building permit levies
- overseeing the work of building surveyors and Victoria's building permit system.

OBJECTIVE, FUNCTIONS AND POWERS

The VBA's functions under the *Building Act 1993* (Vic) include to:

- monitor and enforce compliance with the Act
- administer licensing and registration of plumbers
- participate in the development of national building and plumbing standards
- monitor developments relevant to the regulation of building and plumbing standards
- promote the maintenance of adequate competency levels among plumbers
- provide information on:
 - building and plumbing standards;
 - the regulation of buildings, building work and building practitioners;
 - the regulation of plumbing work and plumbing practitioners.
- provide information and training to assist those who are carrying out functions under the Act or Building Regulations 2006 (Vic)
- promote the resolution of consumer complaints about work carried out by builders and plumbers
- conduct or promote research relating to the regulation of the building and plumbing industries in Victoria and report on the research outcomes in the VBA Annual Report
- monitor the collection of building permit levy
- charge and collect fees for information and training services provided by the VBA
- administer the Victorian Building Authority Fund
- advise the Minister for Planning.

The VBA's functions under the *Building and Construction Industry Security of Payment Act 2002* (Vic) are to:

- authorise nominating authorities to nominate adjudicators to determine payment disputes
- maintain a publicly available register of authorised nominating authorities (ANAs)
- keep a record of adjudication determinations and publish adjudication statistics.

¹ The BPB was abolished on 1 September 2016 as an action under the legislative reforms, which include the transfer of the BPB functions and powers to the VBA.

ACHIEVEMENTS

In 2014, the VBA released its Corporate Plan 2014–18 with four strategic objectives. Then, in 2015, we updated and refined our strategic direction with the release of the *VBA Annual Plan 2015–16*.

We completed or progressed a number of actions to deliver the strategic objectives:

STRATEGIC OBJECTIVE 1: Protected consumers and capable practitioners

Enable better protected and more confident building consumers serviced by capable building and plumbing practitioners

STRATEGY	ACTION	YEAR DUE	DELIVERY AND PROGRESS
Build the capability of practitioners	Create effective disciplinary processes	2014–15 to 2016–17	<ul style="list-style-type: none"> As part of the 2016 legislative reforms program, a project commenced to transfer discipline of building practitioners from the BPB to the VBA. The project will phase out the BPB as the disciplinary body and implement a new 'show cause' discipline process and internal review process. Implementation is scheduled for 1 September.
	Develop capacity-building initiatives with peak bodies to secure a sustainable workforce across the building and plumbing industries	2015–16 to 2016–17	<ul style="list-style-type: none"> Longer-term initiatives on requirements and workforce needs are being developed with industry associations following the VBA's Licensing and Registration Process Improvement Program. Stakeholder reference groups continued to consider strategic approaches to capacity building. The VBA engaged directly with registered training organisations in the plumbing sector to improve the apprentice success rate in attaining registration.
	Build on our strengths and improve the oversight of licensing and registration of practitioners	2014–15 to 2015–16	<ul style="list-style-type: none"> Through the Process Improvement Program, the VBA re-engineered its application processes. There is additional oversight of declarations by applicants and a consistent evaluation framework for assessment is utilised.
	Increase compliance and performance capability	2015–16 to 2016–17	<ul style="list-style-type: none"> Throughout 2015–16, the VBA has continued to develop and improve its compliance and performance capability. This included improved practice information and the increased use of data and intelligence delivery of informed compliance activities such as practitioner audit, inspection and investigation.
	Work with registered training organisations to inform the design of courses and programs that deliver capable and qualified practitioners	2014–15 to 2016–17	<ul style="list-style-type: none"> The VBA executed memorandums of understanding (MOU) with the Australian Skills Quality Authority (ASQA) and the Victorian Registration and Qualifications Authority (VRQA). They facilitate information exchange and establish a formal relationship to ensure ongoing collaboration in the education and registration of future practitioners. The VBA worked with the Plumbing Advisory Council Education Sub-Committee on improving course design and delivery, including the Plumbing Certificate IV course and its various components.

STRATEGIC OBJECTIVE 1: Protected consumers and capable practitioners continued

STRATEGY	ACTION	YEAR DUE	DELIVERY AND PROGRESS
Deliver improved consumer protection	Improve the owner-builder application process	2014–15 to 2016–17	<ul style="list-style-type: none"> As part of the VBA's implementation of the legislative reforms related to owner-builders, a project was commenced to improve the owner-builder application process and provide improved information which outlines the roles and responsibilities of being owner-builders. <p>The changes to the owner-builder regulatory regime will come into effect on 1 September 2016.</p>
	Provide enhanced practitioner information, support and access to technical resources to build competencies	2014–15 to 2016–17	<ul style="list-style-type: none"> The VBA provided enhanced technical support to practitioners through: <ul style="list-style-type: none"> regular VBA mail articles promoting updates and information relating to building standards and regulations; direct provision of technical advice via 30,010 telephone and 2,400 email enquiries; creation or update of twenty-three Practice Notes, seven Technical Solution Sheets and seven industry alerts; delivery of twenty-three building and plumbing seminars throughout Victoria, which addressed updates to the National Construction Code (NCC) and Australian Standards; an overview of the VBA proactive inspection program and complaints process; frequently occurring failures in plumbing work and a high-level overview of the reforms to the Building Act; delivery of four YouTube videos on the changes to the NCC as well as plumbing industry information.
Deliver improved consumer and practitioner information	Deliver a new communication program	2014–15 to 2015–16	<ul style="list-style-type: none"> As part of the new communication program, the VBA undertook the following activities to identify any gaps in consumer information and ensure consistent and clear information is available to consumers about their rights and avenues of redress: <ul style="list-style-type: none"> ran an events program to engage directly with practitioners and consumers attending the Melbourne Home Show, HIA Home Show, SPASA Pool and Spa Expo; and twenty-three building and plumbing practitioner seminars throughout Victoria. VBA Mail is distributed to 50,000 practitioners and subscribers. Continuation of the Stakeholder Engagement Program to connect with practitioners through their lead agencies.

STRATEGIC OBJECTIVE 2: Public value

Create an accessible, transparent and responsive organisation that delivers public value through effective and efficient regulatory services

STRATEGY	ACTION	YEAR DUE	DELIVERY AND PROGRESS
Deliver a positive customer experience	Develop, implement and publish a new customer service charter	2015–16	<ul style="list-style-type: none"> Development of a Customer Service Charter is in progress. The Charter will be implemented by end 2016–17.
Develop and maintain a strong VBA presence and stakeholder engagement	Build a more effective regional service model	2015–16	<ul style="list-style-type: none"> The VBA continues to provide services at four regional locations. In 2016–17, the VBA will review its approach to service delivery in regional Victoria following passage of building legislation reforms in April 2016 and proposed legislation in early 2017. Implementation is likely to occur in 2017–18.
Drive consistency of decision-making	Improve licensing and registration practices to reduce unnecessary regulatory burden on industry	2014–15 to 2017–18	<ul style="list-style-type: none"> Through the Process Improvement Program and after significant stakeholder consultation and engagement, the VBA re-engineered application processes and provided improved information relating to the licensing and registration of building and plumbing practitioners.

STRATEGIC OBJECTIVE 3: Contemporary approach

Lead a contemporary approach to regulation of industries and professions

STRATEGY	ACTION	YEAR DUE	DELIVERY AND PROGRESS
Deliver strategic and major projects arising from statutory obligations	Develop and implement the Statement of Expectations (SoE) in conjunction with Department of Environment, Land, Water and Planning (DELWP) to improve regulatory outcomes	2014–15 to 2015–16	<ul style="list-style-type: none"> The Statement of Expectations was received from the Minister on 24 July 2016. The VBA's response and implementation is scheduled to occur in 2016–17.
	Deliver legislative changes and regulatory reforms as determined by government	2015–16	<ul style="list-style-type: none"> Amendments to the Building Act 1993 were passed in April 2016. The VBA consulted extensively with stakeholders on its implementation of the reforms, including its proposed policies, processes and published information. Aspects of the legislation came into effect on 4 July 2016. These amendments related to: <ul style="list-style-type: none"> new offences for working without a building permit; extension of the VBA's inspection powers to owner-builder sites; redefinition of circumstances where a building surveyor may not act; a checklist that relevant building surveyors must use when lodging building permits with Councils; and updated powers to issue directions to fix building work. A second tranche of reforms, including the abolition of the Building Practitioners Board (BPB), came into effect on 1 September 2016. The VBA is on track with implementing these reforms.

STRATEGIC OBJECTIVE 3: Contemporary Approach continued

STRATEGY	ACTION	YEAR DUE	DELIVERY AND PROGRESS
Deliver strategic and major projects arising from statutory obligations (continued)	Support DELWP in sunseting of the building regulations	2015–16	<ul style="list-style-type: none"> The VBA has continued to support the Department of Environment, Land, Water and Planning (DELWP) in its preparation for drafting new building regulations and the associated regulatory impact assessment, through the provision of data, research and technical input.
	Support DELWP in sunseting of the plumbing regulations	2015–16	<ul style="list-style-type: none"> The VBA has provided support to DELWP as it develops plans for the process to sunset the Plumbing Regulations 2008.
	Enhance the VBA's monitoring of private building surveyors' mandatory inspection recommendations requirements	2015–16	<ul style="list-style-type: none"> The VBA enhanced its capabilities to monitor the activities of private building surveyors and builders through the establishment of the Proactive Building Inspection Program in 2015–16. The inspectors attend building sites and inspect building work against the relevant legislation, regulation, codes, standards and guidelines and provide support to building practitioners to comply. <p>Through this work, the VBA:</p> <ul style="list-style-type: none"> – has enhanced its understanding of the quality of building work throughout Victoria; – can better evaluate how private building surveyors are performing their regulatory functions; – engages in much greater detail with building surveyors, advising and discussing matters that are encountered at inspected sites; – can educate both builders and building surveyors on current trends in compliance issues, leading to improved performance at other building sites in the future; – can track the actions taken by building surveyors to correct non-compliant work; – can, where necessary, direct building surveyors to ensure non-compliances are appropriately addressed; – increases the level of confidence within the community about the VBA and how we undertake our regulatory functions.
	Enhance the VBA's monitoring of private building surveyors' mandatory inspection recommendations requirements	2015–16	<ul style="list-style-type: none"> The VBA has implemented more than 90% of actions arising with the remaining recommendations scheduled to be implemented or transferred to VBA's business as usual operations by the end of 2016.
Develop a regulatory approach	Participate in the development of national building and plumbing standards	2014–15 to 2017–18	<ul style="list-style-type: none"> The National Construction Code (NCC) 2016 was adopted in Victoria on 1 May 2016 The VBA contributed to the development of the NCC, through participation in all meetings of the Australian Building Codes Board (ABCB), Building Codes Committee and Plumbing Codes Committee. The VBA made submissions on four reports published by the ABCB, reviewed all tabled draft NCC reference documents and participated directly in nine Australian Standard committees.

STRATEGIC OBJECTIVE 3: Contemporary approach continued

STRATEGY	ACTION	YEAR DUE	DELIVERY AND PROGRESS
Develop a regulatory approach (continued)	Create strong organisational intelligence capabilities that inform regulatory activities	2014–15 to 2017–18	<ul style="list-style-type: none"> The VBA through its work on the sunset of building regulations conducted reviews of internal data and information, assessed and developed new sources of information, increased corporate knowledge to inform regulatory activities, and identified key knowledge and data gaps for the future research program. Recruitment to an Intelligence Unit was completed, and an internationally recognised intelligence training course and risk management training was undertaken. Intelligence assessments, support and analysis were provided to the VBA's audit, investigations and proactive inspections teams.
	Build an evidence-based approach to regulation and allocation of effort and resources	2015–16 to 2017–18	<ul style="list-style-type: none"> The VBA's draft regulatory approach was approved by the Board in February 2016 for consultation with stakeholders and it is expected to be published before the end of 2016.
Influence and inform best practice policy and regulation	Conduct and promote research regarding the regulation of Victoria's building and plumbing industries	2014–15 to 2017–18	<ul style="list-style-type: none"> The VBA Board gave approval for the Research Program to commence in 2016–17. The Research Program will focus on projects that help to improve the regulatory system and will be overseen by a Research Steering Committee. Major research projects include: failures in building and plumbing work, and non-conforming building products.
	Develop and implement a new monitoring and evaluation framework	2015–16	<ul style="list-style-type: none"> Phase 1 of the Monitoring and Evaluation Framework (MEF) (efficiency measures) was implemented in 2014–15 and reviewed in 2015–16. The Board has approved effectiveness measures for Phase 2 of the MEF, and trial reporting commenced with further measures to be developed in 2016–17.

STRATEGIC OBJECTIVE 4: **Organisational capability**

Increased organisational capability

STRATEGY	ACTION	YEAR DUE	DELIVERY AND PROGRESS
Increase staff skills and capability	Create a new staff competency and capability framework based on Victorian Public Sector Commission standards	2015–16 to 2017–18	<ul style="list-style-type: none"> A new VBA Enterprise Agreement was negotiated in 2015–16, which will see the introduction of a new classification and salary structure, aligned to the Victorian Public Service. The new agreement will set the basis for the VBA's capability and learning and development framework, which is expected to continue in 2016–17.
	Deliver learning and development initiatives to the VBA	2015–16	<ul style="list-style-type: none"> The VBA continued to deliver learning and development opportunities across the organisation, using the 70:20:10 model, which focuses on experiential learning in addition to more formal methods. An organisation-wide development needs analysis was conducted to identify our core requirements, which will drive the continued development of a more comprehensive program in 2016–17. The VBA onboarding program was delivered to all new employees.
Drive a culture underpinned by integrity that encourages leadership, energy and enthusiasm	Align Corporate Plan direction through organisational resource allocation and performance management	2014–15 to 2017–18	<ul style="list-style-type: none"> The annual employee performance planning process is structured to enable alignment with the Corporate Plan's strategic objectives. Achievement of the Corporate Plan objectives is monitored and assessed through the annual performance management system and the business planning and evaluation process.
	Define and implement an engaged and innovative VBA culture	2014–15 to 2017–18	<ul style="list-style-type: none"> Our Building Confidence employee engagement and cultural transformation program progressed, with VBA employees invited to participate in a variety of forums to help define our desired culture and ways of working. Development of the employee engagement strategy will be developed and commence implementation in 2016–17. The VBA continued to support engagement and wellbeing initiatives. These initiatives included: <ul style="list-style-type: none"> continuing our monthly all staff reward and recognition program; supporting days of cultural significance; and delivering a variety of health and wellbeing activities: flu vaccinations for all employees; regular Red Cross Blood bank donations; R U Ok? Day; Kidney Health Week; Movember, and the World's Greatest Shave.

STRATEGIC OBJECTIVE 4: Organisational capability continued

STRATEGY	ACTION	YEAR DUE	DELIVERY AND PROGRESS
Drive a culture underpinned by integrity that encourages leadership, energy and enthusiasm (continued)	Develop a new information, communication and technology (ICT) strategy to support the VBA's operations and optimise consumer outcomes	2015–16	<ul style="list-style-type: none"> A Unified Communications managed services platform replaced the VBA's ageing telephony system. This system supports business productivity through: <ul style="list-style-type: none"> the efficient use of technology; improved customer service; alignment between VBA and Victorian Government ICT Strategies; detailed data collection for analysing and reporting; the provision of a cloud-based, robust platform that is future-proofed for the next three years. The Disaster Recovery process was replaced with a cloud-based platform. This allows for up-to-date replication of business critical data from key systems, ensures critical information is retained and accessible, and provides a secure and reliable platform from which the VBA can recover its applications and data in a disaster recovery situation. The key finance system (Great Plains) was upgraded to the latest supported version to ensure the integrity and security of financial data across the organisation. The records management system was upgraded from TRIM to Records Manager. This allows the VBA to leverage current and emerging business technologies and minimise redundancy, while increasing records management awareness across the organisation. Obsolete switching hardware was replaced, which ensures the VBA has ongoing support and ensures network and data security across the organisation. It also future-proofs us for implementation of the Business Systems Transformation (BST) Project and gives the VBA a better standard of cloud-readiness. The project to transfer the VBA's legacy IT to a new system to support practitioners and consumers commenced with the appointment of a vendor.
Embed strong governance	Address issues identified in audits and reviews and embed practices that support improved outcomes	2014–15 to 2017–18	<ul style="list-style-type: none"> The VBA conducted an internal audit tender in 2015–16 and engaged PwC as our internal auditors. A strategic internal audit plan is in development, which will monitor actions taken to improve outcomes from issues identified in internal audits, including a follow-up review to ensure all actions are completed. The ARC receives a regular report on the status of management actions arising from internal and performance audits.
Manage our finances prudently	Upgrade financial systems to allow for better management of functions	2015–16	<ul style="list-style-type: none"> Implementation of upgrades is 80 per cent complete. The remaining upgrades are due to be completed during the first half of 2016–17.

OUR PERFORMANCE

The VBA continues to develop its Monitoring and Evaluation Framework (MEF). This will continue to be refined and updated, and will enable the VBA to monitor its efficiency and effectiveness in delivering our Corporate Plan, our core regulatory functions, and our statutory and strategic objectives.

The VBA will monitor and evaluate to:

- make decisions based on evidence and analysis
- determine whether policies, procedures and activities achieve the desired impact
- determine whether the VBA's work contributes to the desired regulatory outcomes
- measure the delivery and impact of our strategic objectives
- demonstrate transparency, accountability and efficient and effective use of public money.

Additionally, the Minister for Planning has issued a Statement of Expectations (SoE) that outlines key governance and performance objectives. These objectives are aimed at promoting greater efficiency and effectiveness in the administration and enforcement of building and plumbing regulation, to reduce its cost impact on businesses, not-for-profit organisations, government service providers and households.

Reporting measures will be prepared in response to the SoE for inclusion in next year's annual report.

BUILDING PERMIT COST OF WORKS

2015-16	↑	\$31.496 billion
2014-15		\$28.036 billion

BUILDING PERMITS REPORTED

2015-16	↑	110,069
2014-15		105,431

COMPLIANCE CERTIFICATES LODGED BY LICENSED PLUMBING PRACTITIONERS²

2015-16	↑	368,043
2014-15		346,684

NUMBER OF PERSONS REGISTERED OR LICENSED AS BUILDING AND PLUMBING PRACTITIONERS IN VICTORIA

2015-16	↑	48,872
2014-15		48,160

NUMBER OF INVESTIGATIONS HELD INTO BUILDING AND PLUMBING WORK

2015-16	↑	1,368
2014-15		1,353

NUMBER OF BUILDING AND PLUMBING PRACTITIONER DISCIPLINARY HEARINGS HELD

2015-16	↓	110
2014-15		112

NUMBER OF BUILDING AND PLUMBING PROSECUTIONS

2015-16	↑	67
2014-15		54

² Compliance certificates lodged can include multiple plumbing work classes. Visit vba.vic.gov.au/data for more detailed information.

REGULATORY ACTIVITY

The following information provides an overview of the VBA and BPB core regulatory functions. Comparisons are made between 2014–15 and 2015–16 regulatory activity.

Visit vba.vic.gov.au/data for more information about the VBA and predecessor organisations' current and past regulatory activity.

Building and plumbing registration and licensing activity

BPB	2015–16	2014–15
Applications for registration as a building practitioner received	2,975	2,836
Applications for registration as a building practitioner finalised	2,489	2,480
Number of persons registered as a building practitioner at 30 June	22,377	21,186
<i>Number of registrations by category of building practitioner at 30 June</i>		
Builder – Commercial builder	5143	4,944
Builder – Domestic builder	15,047	14,692
Building inspector	657	645
Building surveyor	666	638
Draftsperson	2441	2,373
Engineer	2459	2,307
Quantity surveyor	134	127
Erector or Supervisor (temporary structures)	111	109
Builder – Demolisher	345	327

Building and plumbing activity

VBA	2015–16	2014–15
Building permits reported	110,069	105,431
Building permits, reported cost of works (\$ billion)	31.496	28.036
Owner-builder certificates of consent issued by the BPB	8,944	8,310
Temporary structure occupancy permits issued	85	80

VBA	2015–16	2014–15
Applications for registration or licence as a plumbing practitioner received	1,925	1,853
Applications for registration or licence as a plumbing practitioner finalised	1,594	1,944
Number of persons registered or licensed as a plumbing practitioner at 30 June	26,495	26,381
<i>Number of plumbing practitioners registered or licensed in each of the main classes of plumbing work at 30 June</i>		
Drainage work	20,076	19,981
Fire protection work	675	679
Gasfitting work	20,198	20,031
Irrigation (non-agricultural) work	20,719	20,532
Mechanical services work	16,161	16,548
Roofing (stormwater) work	20,387	20,314
Sanitary work	20,321	20,143
Water supply work	20,649	20,469

VBA	2015–16	2014–15
Compliance certificates lodged by licensed plumbing practitioners ³	368,043	346,648

³ Compliance certificates lodged can include multiple plumbing work classes. Visit vba.vic.gov.au/data for more detailed information.

Security of payment

VBA	2015-16	2014-15
Number of adjudication applications	\$73.337	333
Value of amounts claimed (\$ million)	\$73.337	\$119.855
Number of determinations	190	226
Value of adjudicated amounts (\$ million)	\$20.711	\$30.189

Building and plumbing compliance activity

VBA	2015-16	2014-15
<i>Building audits completed</i>		
Building audit completed for cladding ⁴	163	97
Plumbing audits completed ⁵	13,816	7,573
Building permit levy audits ⁶	89	99
<i>Building investigations completed</i>		
Building practitioner investigations	184	464
Disciplinary hearings referred to BPB	963	151
<i>Building proactive inspections</i>		
Sites inspected as part of the proactive inspection program ⁷	341	N/A

Building and plumbing enforcement activity

BPB AND VBA	2015-16	2014-15
Building practitioner disciplinary hearings held by BPB	91	94
Prosecutions completed – building	41	35
Building prosecutions commenced but not completed ⁸	14	2

Building and plumbing community activity

VBA	2015-16	2014-15
Building complaints received	1,405	978
BACV inspections requested	178	117
BACV on-site conciliations requested	479	767

VBA WEBSITE AND VBA MAIL REACH	2015-16	2014-15
Website visits	995,569	775,018
VBA Mail distribution	999,547	996,167

VBA	2015-16	2014-15
<i>Plumbing audits completed</i>		
Plumbing audits completed	13,816	7,573
Plumbing audits as a percentage of lodged compliance certificates	3.75	2.2
<i>Plumbing investigations completed</i>		
Plumbing practitioner investigations	963	889

VBA	2015-16	2014-15
Plumbing practitioner disciplinary hearings held	19	18
Prosecutions completed – plumbing	26	19
Plumbing prosecutions commenced but not completed	6	7

VBA	2015-16	2014-15
Plumbing complaints received	1,563	1,546

⁴ The VBA initiated the External Wall Cladding Audit (the VBA Audit), which was the first of its kind in Australia. The Audit was designed to identify the extent of non-compliant use of external wall cladding materials in residential high-rise buildings and public buildings. The audit examined the use of external wall cladding on approximately 170 building projects throughout the Melbourne CBD and surrounding areas. It was the subject of a VBA report released in February 2016.

⁵ 2015-16 figure includes 1,519 sanitary drain inspections.

⁶ This figure includes 50 field audits, 2 desk audits and 37 desk reviews, across 99,380 building permits and building works totalling \$42.4 billion.

⁷ The Proactive Inspection Program is a new initiative that commenced on December 2016, therefore there is no comparative figure for 2014-15.

⁸ One building prosecution is currently under appeal in 2016-17.

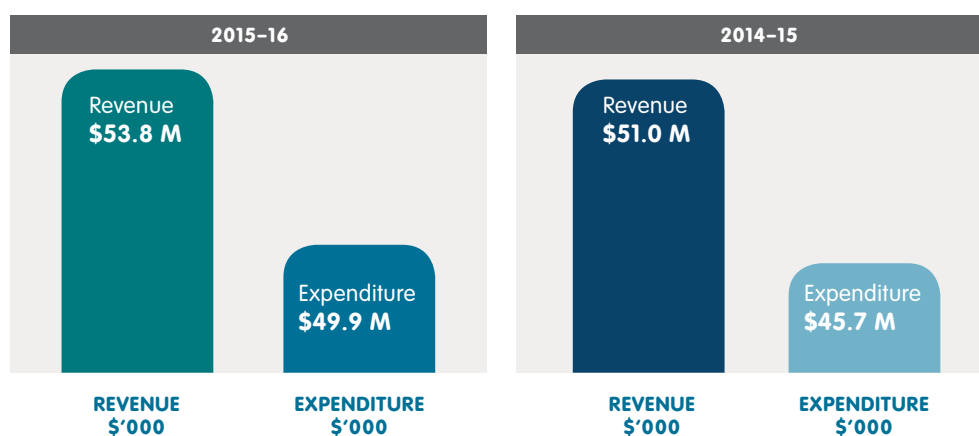
FINANCIAL ACTIVITY

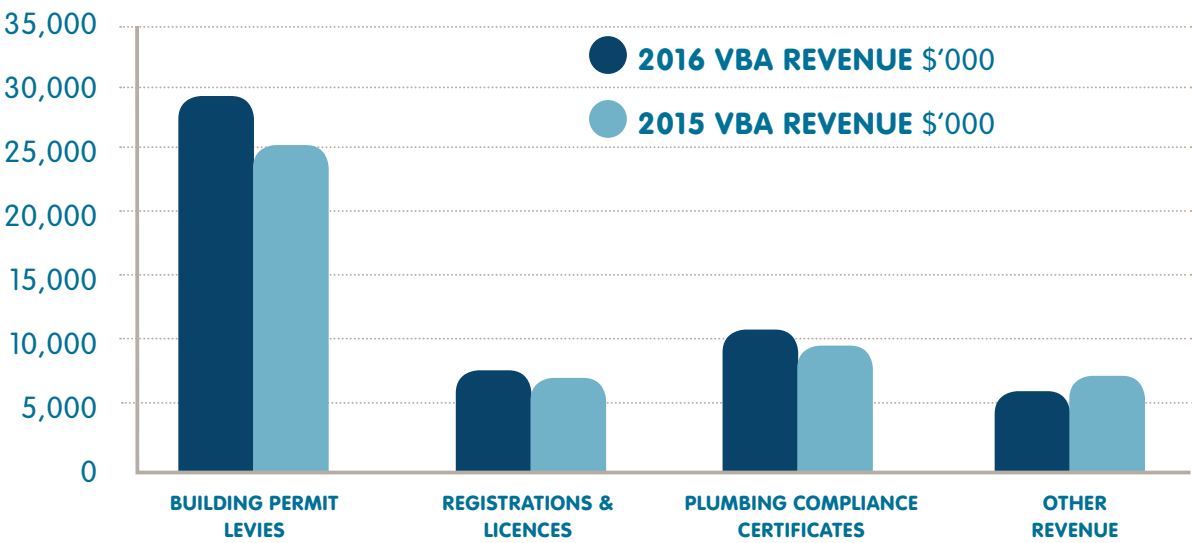
Current year financial review – three year summary

ITEM	2015-16 \$M	2014-15 \$M	2013-14 \$M
Building permit levy	30.3	26.7	24.5
Plumbing compliance certificate sales	12.0	11.0	9.9
Practitioner registrations and licensing	8.3	8.0	7.5
Total income	53.8	51.0	46.6
Total expenses	49.9	45.7	40.4
Net result from operations	3.9	5.3	6.3
Movement in provisions	(2.0)	0.9	1.6
Net result	5.9	4.4	4.7
Total assets	51.1	43.6	38.5
Total liabilities	21.5	20.0	19.3
Accumulated surplus	15.0	9.1	4.7
BACV provision	1.6	5.0	4.9
Net increase/decrease in cash and cash equivalents	8.4	5.1	8.5

The VBA's financial result of a \$5.9 million net surplus for 2015–16 was attributable to another record year for building and plumbing activity in Victoria and movement in provisions. The building activity for 2015–16 reached a record high of \$31.5 billion – an increase of 12.3 per cent on the 2014–15 result, which was previously the highest year on record. The sale of plumbing compliance certificates for 2015–16 reached a record high of \$12.0 million from the sale of 378,000 certificates – an increase of 6.6 per cent on the 2014–15 sales. Total revenue for 2015–16 was \$53.8 million. The VBA no longer undertook recycled water inspections for a fee on behalf of water authorities from 1 July 2015, and built the inspection of recycled water installations into our compliance and audit regimes.

Current year financial review – significant changes in financial position





Total net expenses for 2015-16 were \$47.9 million, including an adjustment of \$3.4 million in the Building Advice and Conciliation Victoria (BACV) provision, reducing the increase on 2014-15 expenditure to 2.1 per cent. The VBA directed its expenditure to the delivery of regulatory development activities, practitioner registration, compliance activities, building dispute resolution, building industry research, informing consumers and industry, and internal systems improvements.

In particular, a greater focus for expenditure was to increase the VBA's effort in ensuring industry compliance by establishing the proactive inspection regime; implementing reforms in readiness for the introduction of the *Building Legislation Amendment (Consumer Protection) Act 2016*; reforming processes and procedures in registration and licensing, and the 2016 sunset of the building regulations.

The VBA's cash and investments position was in a robust position at balance date at \$42.0 million – an increase of \$8.3 million on the 2014-15 position of \$33.7 million. The increase in cash is due to the nature of building permit revenue being received before building works begin. The corresponding increase in the VBA's regulatory activity and expenditure is expected to occur in future years when the revenue from building permit levy and plumbing compliance certificates may decrease. Cash reserves will be used to fund both the increase in regulatory activity and business system enhancements.

FINANCIAL GOVERNANCE

The VBA is committed to a strong financial governance framework, with oversight by an independent Audit and Risk Committee (ARC).

The introduction of the *Building Legislation Amendment (Consumer Protection) Act 2016* is an event subsequent to the balance day of the financial accounts that may have an effect in subsequent years. Full disclosure of the VBA's financial position is included in the Financial Statements and Notes to the Financial Statements (chapter 5).

BACV PROVISION

The BACV building permit levy funds the BACV functions as established under the *Domestic Buildings Contracts (Conciliation and Dispute Resolution) Act 2002*.

The VBA currently provides services in relation to BACV disputes arising from building permits issued in the past. As such, the VBA will in the future incur costs to service BACV disputes in relation to past building permits, including the cost of inspection reports and case administration. The introduction of the Building Legislation Amendment (Consumer Protection) Act 2016 has abolished the BACV service by 1 July 2017 and has abolished the VBAs obligation to provide inspections as part of the dispute resolution process.

The BACV provision is the estimated net present value of those future costs to service disputes relating to past building permits issued until the abolishment of the BACV service has been proclaimed. The value of the BACV provision as at 30 June 2016 is \$1.6 million, a decrease of \$3.4 million on the 2014-15 balance of \$5.0 million.

SIGNIFICANT CHANGES OR FACTORS AFFECTING PERFORMANCE

There were no significant changes or factors which affected our performance during the reporting period.

CAPITAL PROJECTS

In 2015-16, the VBA did not manage any significant capital projects.

DISCLOSURE OF AND TRANSFER OF PAYMENTS

The VBA provides an annual grant to the Australian Building Codes Board (ABCB). The ABCB is established under a joint initiative of all levels of government in Australia, together with the building industry. Its mission is to oversee issues relating to health, safety, amenity and sustainability in building. The ABCB promotes efficiency in the design, construction and performance of buildings through the National Construction Code (NCC), and the development of effective regulatory and non-regulatory approaches. The grant amount for 2015-16 was \$1.1 million: an increase of 105 per cent on the 2014-15 contribution of 0.5 million. The increase is to fund the free online access to the NCC.

The VBA makes an annual contribution to the Department of Environment, Land, Water and Planning to fund the policy function. The payment amount for 2015-16 was \$1.4 million.

SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the VBA, the results of those operations, or the state of affairs of the VBA in future years.



GOVERNANCE AND ORGANISATIONAL STRUCTURE 2

COMMISSIONERS IN OFFICE DURING 2015–16

The Victorian Building Authority Board is established under section 200 of the *Building Act 1993* (Vic) and is responsible for governance, strategic management and carrying out the functions of the VBA. Members are appointed on the Minister for Planning's recommendation.

William (Bill) Kusznirczuk
Chairman and Chief Commissioner
1 July 2013 to 30 June 2016

Bill Kusznirczuk is a leading urban and regional planner in Australia.

He is a certified practising planner and a fellow of the Australian Institute of Management (AIM), whose industry experience puts him at the forefront of advisors across Australia in this field.

Bill is the Founder and Executive Chairman of Clement Stone Town Planners. He is Deputy Chairman of the Victorian Planning Authority (VPA), which advises the Minister for Planning on future planning strategies, development and infrastructure coordination for Victoria.

Bill was the inaugural Chairman and Chief Commissioner of the VBA. He retired from the Board on 30 June 2016.

Brian Welch
Chief Commissioner
1 July 2016 to 31 January 2017
Commissioner
29 October 2013 to 30 June 2019

Brian Welch has more than 25 years' experience as executive director of two industry groups within the building and property industry – five years as executive director of the Property Council (Vic Division) and 20 years as executive director of the Master Builders Association of Victoria (MBAV). During his term with MBAV, Brian served on the Building Practitioners Board and the Building Advisory Council, as well as having many other roles dealing with skills development in the industry. On leaving the MBAV, Brian commenced a consultancy assisting not-for-profit organisations. He is presently on the boards of the Victorian Registration and Qualifications Authority (VRQA) and the Redundancy Payment Central Fund (Incolink).

Brian was appointed Chief Commissioner for a period of seven months commencing 1 July 2016.

Justin Madden
Deputy Chief Commissioner

8 September 2015 to 7 September 2018

Justin Madden is a Senior Consultant at Arup, working in the areas of strategic project planning and infrastructure development across Australasia and the South East Asian region.

His career includes 15 years in the Victorian Parliament, having held seven Ministerial portfolios within successive Victorian Labor Governments over 11 years, including as Minister for Planning from 2006 to 2010. He retired from Parliament in 2014.

He is also a registered architect who operated his own practice prior to entering Parliament.

David Bennett QC
Commissioner

1 July 2013 to 30 June 2016

David Bennett QC is a Senior Fellow of the University of Melbourne Law School and Chairman of the Advisory Board for its Masters of Construction Law program. In that Masters program, he coordinates and lectures in two subjects. David is a former Adjunct Professor in Law at University of Technology, New South Wales, and a founding board member of the University of Technology Sydney Centre for Dispute Resolution. He is Chair of the Building Regulation Advisory Committee.

In 2012, on behalf of the Department of Justice, he was responsible for the drafting of a model building contract for new homes, published by Consumer Affairs Victoria for public use. David was nominated for appointment by the Minister for Consumer Affairs. He retired from the Board on 30 June 2016.

Warren Hutcheon
Commissioner
9 September 2014 to 28 February 2017

Warren Hutcheon has more than 32 years experience in the insurance and risk industry, and has held senior executive roles in both private and public sectors. Warren is currently Chief Executive Officer (CEO) of Ansvar Insurance and a member of their Australian Board. He was previously CEO of the Victorian Managed Insurance Authority, which provided risk and insurance services for the Government of Victoria.

Previously, Warren held executive and senior management positions with CGU, including Director of Strategic Initiatives, Director of Operations & Strategy and Head of Commercial Insurance.

Warren brings to the VBA Board a broad understanding of organisational change, risk and insurance across public and private sectors.

Yvonne von Hartel AM

Commissioner

1 April 2014 to 28 February 2017

Yvonne von Hartel AM is a Founding Principal of the award-winning national architectural and urban design practice, peckvonhartel. She is a Council Member of LaTrobe University and a Member of the LaTrobe University Council Infrastructure and Estates Planning Committee, a Trustee of the Melbourne Convention and Exhibition Centre and Chair of its Capital Works Committee. She is also a Board member and a member of the Audit and Risk Committee of Queen Victoria Market Pty Ltd. She holds many concurrent design advisory roles, including Member, University of Wollongong, SMART Infrastructure Advisory Council, Member of the Design Review Panel of the Sydney International Convention, Exhibition and Entertainment Precinct, Member of the Capital Metro Agency Design Advisory Panel and Member of the Westconnex Design Advisory Panel.

In 2007, Yvonne was awarded a Member of the Order of Australia for 'services to architecture, design and building through involvement with a range of professional organisations, to the promotion of women in business, and to the community'.

Dr Lynne Williams

Commissioner

1 April 2014 to 28 February 2017

Lynne Williams brings extensive high-level public service experience to the Board. She has held senior executive positions in State and Federal governments for more than 30 years, having most recently been Under Secretary in the Department of Treasury and Finance in Victoria.

Lynne previously held senior executive positions in the departments of Premier and Cabinet, and Industry in Victoria. Lynne has considerable board experience and is the current Chair of the Victorian Government Procurement Board, Deputy Chair of the Essential Services Commission of South Australia, Commissioner on the Victorian Legal Services Board, and a member of the Advisory Board for the Faculty of Business and Economics at the University of Melbourne.

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Board meeting attendance 2015–16

BOARD MEMBER	TERM OF APPOINTMENT	ATTENDED	MAX. POSSIBLE
William R. Kuszniarczyk Chief Commissioner (Chair)	1 July 2013 to 30 June 2016	13	13
Justin Madden Deputy Chief Commissioner	8 September 2015 to 7 September 2018	10	10
David Bennett QC	1 July 2013 to 30 June 2016	12	13
Warren Hutcheon	9 September 2014 to 28 February 2017	11	13
Yvonne von Hartel AM	1 April 2014 to 28 February 2017	11	13
Brian Welch	29 October 2013 to 30 June 2019	12	13
Lynne Williams	1 April 2014 to 28 February 2017	11	13

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (ARC) provides assurance to the Board and CEO that accountability, risk and internal control environments are operating effectively and efficiently.

The ARC met five times during the year. Among its achievements were overseeing the selection and appointment of new internal auditors to commence in 2016–17, and a comprehensive review of the VBA's strategic risks.

Meeting attendance 2015–16

MEMBER NAME	ATTENDED	MAX. POSSIBLE
Warren Hutcheon (Chair)	5	5
Brian Welch	5	5
Lynne Williams	4	5
Dianne Azoor-Hughes (Independent Member)	5	5
William R. Kuszniarczyk Chief Commissioner (<i>Ex-officio</i>)	1	5

REMUNERATION COMMITTEE

The Remuneration Committee provides assurance that the VBA complies with Victorian Government Executive Remuneration Guidelines and that appropriate executive remuneration policies are set and followed.

Meeting attendance 2015–16

COMMITTEE MEMBER	ATTENDED	MAX. POSSIBLE
William R. Kuszniarczyk Chief Commissioner (Chair)	3	3
Justin Madden Deputy Chief Commissioner (from 8 September 2015)	2	2
David Bennett QC	3	3
Yvonne von Hartel AM	2	3

CEO BIOGRAPHY

Prue Digby was appointed Chief Executive Officer of the VBA in November 2013.

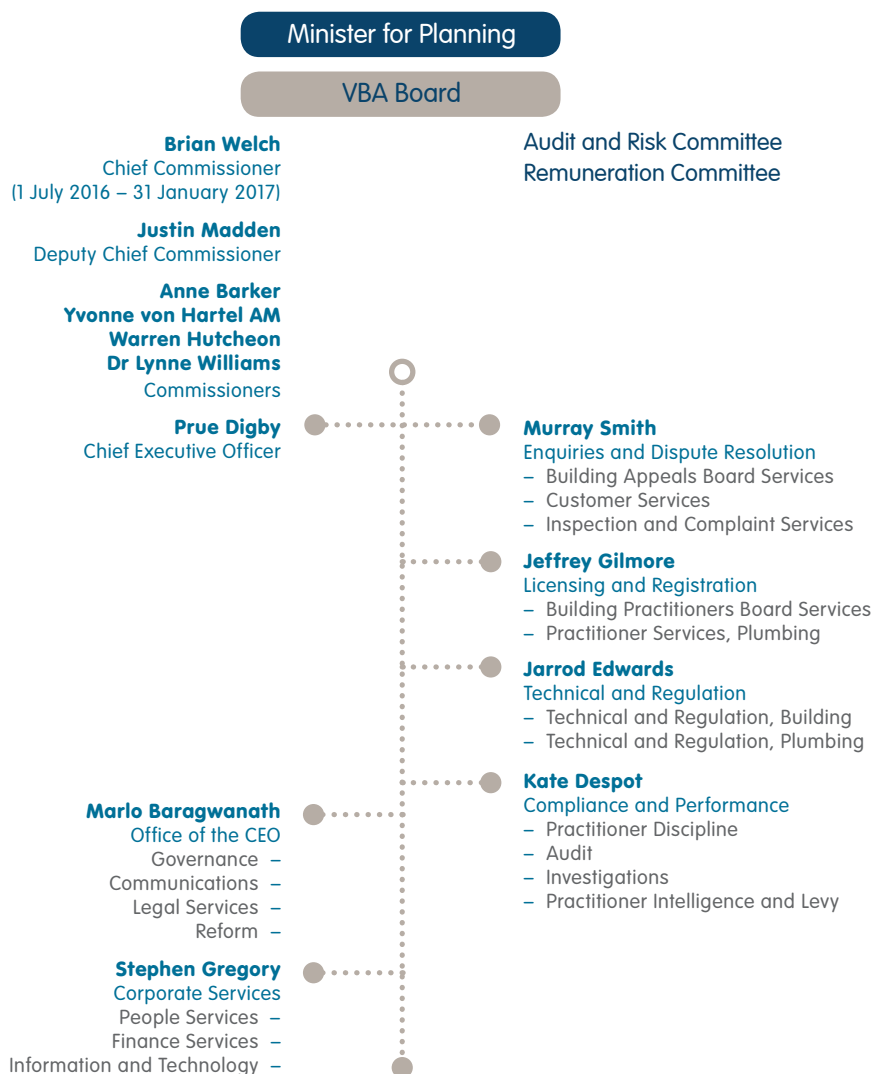
Ms Digby has more than 30 years' experience in providing community and public related services in both the government and non-government sectors.

Before being appointed as the VBA CEO, Ms Digby held the positions of Deputy Secretary, Planning, Building and Heritage, and was Executive Director of Local Government Victoria for the State Government.

Ms Digby was the first CEO of the City of Yarra and also worked as a senior manager at the City of Melbourne. She has extensive experience in managing organisational change, delivering services from complex organisational settings, and dealing with sensitive community issues.

ORGANISATIONAL STRUCTURE

The VBA's organisational structure is aligned to an integrated functional service model, to better respond to the needs of consumers and practitioners.



DIVISION ROLE STATEMENTS

Enquiries and Dispute Resolution

To provide quality service in responding to complaints and enquiries, Building Appeals Board (BAB) services and inspection services.

Key activities:

- deliver front line customer services
- respond to building and plumbing complaints
- provide proactive inspection services
- provide support services for the BAB
- perform statutory decision making function for building surveyor cessations
- process owner-builder applications for the Building Practitioners Board
- provide inspection services for Building Advice and Conciliation Victoria (BACV) and investigate.

Licensing and Registration

To administer the registration and licensing system for building practitioners and plumbing practitioners, by licensing and registering only competent persons to enter and remain within the building and plumbing industries.

Key activities:

- provide support services for the building practitioner registration function of the BPB
- administer the plumbing licensing and registration process
- provide information to plumbing apprentices and aspiring building practitioners about their registration obligations
- monitor the performance and improve the efficiency of the licensing and registration schemes
- effectively influence training courses that provide a pathway to registration/licence as a building or plumbing practitioner.

Technical and Regulation

To assist and guide government, practitioners and consumers through the provision of information.

Key activities:

- undertake regulatory policy and regulatory development to support government
- lead and deliver the VBA's research activities
- provide technical advice to practitioners
- support the work of the Building Regulations Advisory Committee.

Compliance and Performance

To undertake investigations and audits, oversee the collection of building levies, and manage plumbing and building compliance information and disciplinary processes.

Key activities:

- undertake investigations and audits of building and plumbing practitioners
- undertake analysis to provide data and intelligence to drive VBA compliance and enforcement functions
- provide levy collection and audit services
- support the disciplinary process of the Building Practitioners Board.

Office of the CEO

To provide communication, governance and legal services to the VBA, to enable it to effectively regulate Victoria's built environment and manage the implementation of the VBA's business improvements.

Key activities:

- develop and maintain a strong VBA presence and stakeholder engagement
- deliver strategic and major projects arising from statutory obligations
- provide legal support to the VBA, BAB and BPB
- influence and inform best practice policy and regulation
- embed strong governance and risk management.

Corporate Services

To provide finance, information technology and people services, to enable the delivery of the VBA's functions and business improvements.

Key activities:

- enhance organisational capability and effectiveness
- drive a culture underpinned by integrity that encourages leadership, energy and enthusiasm
- provide information technology support and improvement
- provide finance and procurement support to ensure robust financial management and decision making.

OUR PEOPLE

In 2015–16, the VBA continued to focus its efforts on building employee skills and capability, and driving a culture underpinned by integrity that encourages leadership, energy and enthusiasm.

Our employee engagement and cultural transformation program progressed, with VBA employees invited to participate in a variety of forums to help define our desired culture and ways of working. From this work, we will refine our key priorities for implementation 2016–17 to achieve our desired culture and build confidence within the VBA. This program is supported by ongoing progress, across the organisation in addressing the results of the annual People Matter survey.

Negotiations for the VBA's new Enterprise Agreement continued in 2015–16, with finalisation and implementation expected in the first quarter of 2016–17.

The new Enterprise Agreement is expected to enable the VBA to closely align with the Victorian Public Service, and will see the introduction of a new classification and salary structure for the organisation. That structure will also form the basis of the VBA's learning and development activities.

OCCUPATIONAL HEALTH AND SAFETY

All VBA employees are encouraged to report workplace health and safety incidents, near misses and hazards. In 2015–16, the VBA continued to promote the organisation's incident management process.

A review of OHS systems was completed in 2015–16, with development and implementation of new OHS processes, systems and training to be continued in 2016–17.

PERFORMANCE AGAINST OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT MEASURES

MEASURE	KEY PERFORMANCE INDICATOR	2015–16
Incidents	Number of incidents ⁹	26
	Rate per 100 full-time equivalents (FTE)	10.6
Claims	Number of standard claims ¹⁰	4
	Rate per 100 FTE	1.6
	Number of lost time claims	2
	Rate per 100 FTE	0.8
	Number of claims exceeding 13 weeks	0
	Rate per 100 FTE	0
Fatalities	Fatality claims	0
Claim costs	Average cost per standard claim	\$6,181
Return to work	Percentage of claims with return to work (RTW) plan <30 days	50%
Management commitment	Evidence of OHS Policy and objectives, regular reporting to senior management	Achieved
Consultation and participation	Evidence of agreed structure of:	
	• designated workgroups (DWGs)	Achieved
	• health and safety representatives (HSRs)	Achieved
	• issue resolution procedures (IRPs)	In progress
	• DWGs and HSRs	Achieved
Risk management	Percentage of internal audits/inspections conducted as planned	100%
	Reporting of incidents and injuries	100%
	Percentage of issues identified actioned arising from:	
	• internal audits	100%
	• HSR provisional improvement notices (PINs)	na
	• WorkCover notices	na
Training	OHS induction program	Achieved
	HSR training	Achieved

⁹ Incidents include all work-related incidents, near misses and hazards reported by VBA employees and contractors. Injuries accounted for 19 of the 26 reported incidents, which equates to 73%.

¹⁰ Data sourced from the VBA's WorkCover insurer Allianz on behalf of the Victorian WorkCover Authority.

EMPLOYMENT AND CONDUCT PRINCIPLES

The VBA's policies and procedures are developed in line with the requirements set out in the Public Administration Act 2004 and the Code of Conduct for Victorian Public Sector employees.

The VBA's recruitment and selection processes have been developed to ensure alignment with the public sector values and employment principles set out in the *Public Administration Act 2004*, and training is provided to all hiring managers.

All new VBA employees are required to complete on-boarding compliance-based training, which introduces employees to the Code of Conduct for Victorian Public Sector employees and the VBA's policies and procedures, including the Conflict of Interest and Gifts, Benefits and Hospitality policies. The training sets out the expectations and obligations expected of all VBA employees.

In addition, VBA employees are regularly reminded of and educated about their responsibilities and obligations in relation to these principles.



WORKFORCE DATA 3

PUBLIC ADMINISTRATION VALUES AND EMPLOYMENT PRINCIPLES

The Victorian Building Authority (VBA) is committed to applying the public sector values and employment principles as set out in the Public Administration Act 2004 (Vic).

The VBA ensures its policies and procedures are developed in line with the public sector values and employment principles, and VBA employees are regularly reminded of and educated on their responsibilities and obligations.

The VBA's recruitment and selection processes ensure applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. They also ensure all relevant background checks are conducted. Hiring managers are required to complete recruitment and selection training, which sets out the process requirements and their obligations in line with the values and principles.

COMPARATIVE WORKFORCE DATA

The VBA commenced on 1 July 2013 and has been compared to the combined former Building Commission and Plumbing Industry Commission workforce information before this date.

Full-time equivalents (FTE) staffing trends, 2012–2016

2016	2015	2014	2013	2012
244.2	238.9	207.5	161.39	165.93

Summary of employment levels, 2015 and 2016¹¹

	ONGOING EMPLOYEES ¹²				FIXED-TERM AND CASUAL EMPLOYEES
	EMPLOYEES (HEAD COUNT)	FULL-TIME (HEAD COUNT)	PART-TIME (HEAD COUNT)	FTE	
June 2016	193	170	23	185.0	59.2
June 2015	210	183	27	201.5	37.4

¹¹ All figures reflect employment levels during the last full pay period in June of each year.

¹² Ongoing employees include people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.

Details of employment levels, June of 2015 and 2016¹³

	2015-16			2014-15		
	ONGOING		FIXED-TERM AND CASUAL EMPLOYEES	ONGOING		FIXED-TERM AND CASUAL EMPLOYEES
	EMPLOYEES (HEAD COUNT)	FTE		EMPLOYEES (HEAD COUNT)	FTE	
Gender						
Male	93	92.0	40.4	103	101.4	25.8
Female	100	93	18.8	107	100.1	11.6
Total	193	185	59.2	210	201.5	37.4
Age						
Under 25	3	3.0	4.0	4	4.0	6.0
25-34	29	28.5	18.0	39	38.5	8.6
35-44	68	63.4	10.8	69	64.8	5.0
45-54	48	47.2	14.0	48	47.0	12.0
55-64	37	35.7	12.4	41	39.0	5.8
Over 64	8	7.2	0	9	8.2	0.0
Total	193	185.0	59.2	210	201.5	37.4
VBA classification						
Band 1	2	1.2	0	2	1.1	0.0
Band 2	31	28.8	12	33	30.8	6.0
Band 3	21	19.7	6	26	25.1	6.6
Band 4	23	21.9	6	24	23.3	2.0
Band 5	84	82.7	31.6	83	81.0	22.8
Band 6	25	23.8	3.6	33	31.5	0.0
Executive	7	6.8	0	9	8.6	0.0
Total	193	185.0	59.2	210	201.5	37.4

¹³ Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies.

WORKFORCE INCLUSION POLICY

The VBA is committed to the employment of people from diverse backgrounds, with diversity and social inclusion being one focus of the VBA's Wellbeing Committee.

The VBA continued to deliver our two-year graduate program and engaged seven graduates from a diverse range of academic backgrounds. The graduates are completing a tailored development program and will complete a series of work placements within the VBA, the broader Victorian Government and local government in their final year.

The VBA is committed to further advancing the principles of the *Disability Act 2006* (Vic). In 2015–16 we focused on delivering a number of initiatives that supported employees with a mental illness, through education and awareness raising activities. These activities included mental health in the workplace training for employees and managers.

In 2015–16, events celebrated and acknowledged included National and Islanders Day Observance Committee (NAIDOC) Week; Cultural Diversity Week; International Women's Day; and Midsumma Festival. VBA employees are actively involved in the Victorian Public Service (VPS) Pride Network, with employees also participating in Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) awareness training.

EXECUTIVE OFFICER DATA

An Executive Officer (EO) is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the *Public Administration Act 2004* (Vic). All table data on this page reflect employment levels at the last full pay period in June 2016 and corresponding previous reporting year.

Breakdown of executives¹⁴

CLASS	2015-16			2014-15		
	MALE NO.	FEMALE NO.	VACANCIES NO.	MALE NO.	FEMALE NO.	VACANCIES NO.
CEO	0	1	0	0	1	0
EO	4	2	1	6	2	0
Total	4	3	1	6	3	0

Reconciliation of executive numbers

	2015-16	2014-15
Executives with total remuneration over \$100,000 (Financial Statement Note 22)	8	6
Add Vacancies (see above)	1	0
Executives employed with total remuneration below \$100,000	0	2
Accountable Officer (CEO)	1	1
Less Separations	2	0
Total executive numbers at 30 June ¹⁵	8	9

¹⁴ All figure reflect employment levels during the last full pay period in June of each year.

¹⁵ At 30 June 2016, the VBA employed six Executive Officers and one Accountable Officer (CEO), and had one vacancy. The vacancy was filled on 4 July 2016.

OTHER DISCLOSURES 4

IMPLEMENTATION OF THE VIPP

The *Victorian Industry Participation Policy Act 2003* (Vic) requires the Victorian Building Authority to report on the implementation of the Victorian Industry Participation Policy (VIPP). The VBA is required to apply the VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for state-wide projects, or \$1 million or more for procurement activities in regional Victoria.

During 2015–16, the VBA commenced one VIPP applicable procurement activity with a total of 80 per cent estimated to be of local content. The VBA did not require a VIPP plan because the procurement activity was local by nature.

During 2015–16 the VBA held one Interaction Reference Number conversation, with the Industry Capability Network (Victoria) Ltd.

CONSULTANCY EXPENDITURE

In 2015–16, there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015–16 in relation to these consultancies was \$313,327 (including GST). Details of individual consultancies are provided below.

(\$ thousand)						
CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	APPROVED PROJECT (INC. GST)	EXPENDITURE FEE 2015–16 (INC. GST)	TOTAL FUTURE EXPENDITURE (INC. GST)
KPMG	Consolidation and articulation of the regulatory approach	07/09/2015	24/11/2015	94.3	98.5	–
KPMG	Analysis of the current monitoring and evaluation systems	07/09/2015	24/11/2015	77.2	77.2	–
Learning Lane Pty Ltd	Assessment framework for the registration of building practitioners	15/06/2015	25/11/2015	86.5	81.7	–
Performance Growth	Development of plumbing practitioner assessment framework	27/04/2015	28/08/2015	47.0	31.9	–
Teska & Carson	Advice on the lease for Goods Shed North	10/08/2015		25.0	24.2	–
The Shannon Company	Development of VBA Brand Strategy	20/03/2016	30/06/2016	132,294	134,957	–
Nous	Employee Engagement and Organisational Culture Initiative	01/10/2015	01/12/2016	124,850	11,300	113,550

Details of consultancies under \$10,000

In 2015–16, no consultancies engaged where the total fees payable to the consultants were less than \$10,000.

INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

In 2015–16 the VBA had a total ICT expenditure of \$4,849,570, with the details shown below.

(\$ thousand)

BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON-BUSINESS AS USUAL (NON BAU) ICT EXPENDITURE	(TOTAL = OPERATIONAL EXPENDITURE AND CAPITAL EXPENDITURE)	OPERATIONAL EXPENDITURE	CAPITAL EXPENDITURE
3,006	1,844		1,238	606

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

DISCLOSURE OF MAJOR CONTRACTS

The VBA adheres to the Victorian Government's policy of disclosing contracts that are \$10 million or more under the *Financial Management Act 1994* (Vic). In 2015–16, the VBA had no contracts that were \$10 million or more.

GOVERNMENT ADVERTISING EXPENDITURE

Below are details of government advertising expenditure (campaigns with a media spend of \$100,000 or greater) in 2015–16.

(\$ thousand)

NAME OF CAMPAIGN	CAMPAIGN SUMMARY	START/ END DATE	2015–16			TOTAL
			ADVERTISING (MEDIA) EXPENDITURE (EXCL. GST)	CREATIVE AND CAMPAIGN DEVELOPMENT EXPENDITURE (EXCL. GST)	PRINT AND COLLATERAL EXPENDITURE (EXCL. GST)	
VBA Awareness	As a relatively recently established regulator the VBA is working to ensure Victorians are aware of the VBA's role in enforcing regulations to increase compliance and build consumer confidence in building and plumbing projects	May 2016 – June 2016	98	14	5	117

FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (Vic) allows the public a right to seek access to documents held by the VBA. For the 12 months ending 30 June 2016, the VBA received 141 freedom of information requests — an increase from the 99 requests in the last reporting year.

The majority of requests were from the parties to complaints investigated by the VBA's plumbing and building investigators. Most decisions on access resulted in full release of the document/s sought.

Access to documents may be obtained through written request to the Freedom of Information Officer, outlining the documents to which access is requested.

In summary, the requirements for making a valid request, pursuant to section 17 of the Freedom of Information Act are that:

- it should be in writing and sent by email to foi@vba.vic.gov.au or by post
- it should identify as clearly as possible which document is being requested (contact the FOI Officer if unsure)
- it should be accompanied by a request fee of \$27.90 (as at 1 July 2016). The fee may be waived in circumstances of demonstrated financial hardship.

COMPLIANCE WITH THE BUILDING ACT

The VBA owns and operates four regional offices in Ballarat, Bendigo, Morwell and Wangaratta. The VBA conducts bi-annual inspections of and reports on its owned buildings to ensure compliance with building standards and regulations. This internal control system allows the VBA to satisfactorily manage risks.

The VBA conducted no major projects or works on VBA-owned buildings greater than \$50,000 in 2015–16. There have been no cases of registered building practitioners becoming deregistered following work on VBA owned buildings.

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

Disclosures alleging improper conduct or detrimental action by the VBA or any of our employees or officers can be made to the Victorian Ombudsman or to:

Independent Broad-based Anti-corruption Commission
Level 1, North Tower
459 Collins Street
Melbourne, VIC 3000
Phone 1300 735 135
Online ibac.vic.gov.au

Further information

The VBA's Protected Disclosure Procedures outline the system for reporting disclosures of improper conduct or allegations of detrimental action taken by the VBA or any of our employees or officers. The procedures also demonstrate to potential disclosers that the VBA will take steps to ensure a person's welfare will be managed before, during and after any investigation or action that may be taken by the Independent Broad-based Anti-corruption Commission (IBAC). Visit vba.vic.gov.au to view the procedures.

Further information or guidance is available from the VBA's Protected Disclosure Coordinator:

Marlo Baragwanath
Director, Office of the CEO
Goods Shed North
733 Bourke Street
Docklands VIC 3008
Phone 1300 815 127
Email protected.disclosure@vba.vic.gov.au

NATIONAL COMPETITION POLICY

In 1995, all Australian governments (federal, state and territory) agreed to review and, when appropriate, reform all existing legislative restrictions on competition.

Under National Competition Policy, the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs
- the objectives of the legislation can be achieved only by restricting competition.

The VBA continues to comply with the requirements of the National Competition Policy.

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. The VBA continues to implement and apply this principle.

PROTECTED DISCLOSURES

The *Protected Disclosure Act 2012* (Vic) 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, or the taking of reprisals against those who come forward to disclose such conduct. We are committed to ensuring transparency and accountability in our administrative and management practices, and supports making disclosures that reveal corrupt conduct,

CARERS RECOGNITION

The VBA has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012*. During 2015–16, the VBA continued to promote flexible working arrangements for all employees, including those in care relationships, as defined by the *Carers Recognition Act 2012* (Vic).

The VBA also supports staff with other paid and unpaid leave options, to fulfil a range of legislative responsibilities.

OFFICE-BASED ENVIRONMENTAL IMPACTS

The VBA's head office is located in the Goods Shed North building, Docklands. In 2009, the Goods Shed North building received a five star Green Star rating from the Green Building Council of Australia. In December 2015, the VBA expanded our Docklands presence by acquiring the lease of Level 9, 737 Bourke St Docklands.

With the aim of reducing our paper, water, gas and electricity use, the VBA actively monitors our consumption of each. The tables below indicate an increase in electricity and paper usage reflecting an increase in the VBA's floor space and an increase in paper usage as a result of the business transformation and legislative reform project in response to Government and community expectations.

ELECTRICITY USE	2015-16	2014-15
Total energy use segmented by primary source (MJ)	1,407,261	1,372,976
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO ₂ e)	4,613	4,500
Units of energy used per FTE (MJ/FTE)	7,863	5,747
Units of energy used per unit of office area (MJ/m ²)	483	422

WASTE	2015-16			2014-15		
	LANDFILL	CO-MINGLED RECYCLING	COMPOST	LANDFILL	CO-MINGLED RECYCLING	COMPOST
Total units of waste disposed by destination (kg/yr)	9663	9541	0.0	6951	9522	864
Units of waste disposed of per FTE by destinations (kg/FTE)	39.58	39.08	–	29.10	39.859	3.617
Recycling rate (percentage of total waste)		50%			60%	

PAPER	2015-16	2014-15
Total units of copy paper used (reams)	6,347	4,265
Copy paper used per FTE (reams/FTE)	26	17.9
Percentage of 75–100% recycled content copy paper purchased	100%	97%
Percentage of 50–75% recycled content copy paper purchased	0%	1%
Percentage of 0–50% recycled content copy paper purchased	0%	2%
Percentage of publications that are publicly accessible electronically	98%	98%

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

In compliance with the requirements of the Standing Directions of the Minister for Finance, details of the items listed below are available from the VBA on request, subject to the provisions of the *Freedom of Information Act 1982* (Vic).

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

The information is available on request from:

Marlo Baragwanath
 Director, Office of the CEO
 Phone 1300 815 127
 Email customerservice@vba.vic.gov.au

DATAVIC ACCESS POLICY

In accordance with the DataVic Access Policy, the VBA is making eligible datasets available on the data.vic.gov.au portal. Visit vba.vic.gov.au/data for more information about the DataVic Access Policy and to view the VBA's raw data.

RISK MANAGEMENT ATTESTATION

I, Justin Madden, certify that the Victorian Building Authority has complied with the Ministerial Standing Direction 4.5.5 - Risk Management Framework and processes. The Victorian Building Authority has risk management processes in place consistent with AS/NZS ISO 31000:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit and Risk Committee verifies this assurance and that the risk profile of the Victorian Building Authority has been critically reviewed within the last 12 months.



6 September 2016

Justin Madden
 Deputy Chief Commissioner

DISCLOSURE INDEX

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Ministerial Directions		
<i>Report of operations – FRD guidance</i>		
Charter and purpose		
FRD 22G	Manner of establishment and the relevant Ministers	Page 6, 53
FRD 22G	Objectives, functions, powers and duties	Page 6
FRD 22G	Nature and range of services provided	Page 6
Management and structure		
FRD 22G	Organisational structure	Page 24
Financial and other information		
FRD 8	Operational and budgetary objectives and performance against objectives	Page 7-19
FRD 10A	Disclosure index	Page 41
FRD 12A	Disclosure of major contracts	Page 37
FRD 15C	Executive officer disclosures	Page 33
FRD 22G	Employment and conduct principles	Page 27
FRD 22G	Occupational health and safety policy	Page 26
FRD 22G	Summary of the financial results for the year	Page 17-19
FRD 22G	Major changes or factors affecting performance	Page 19
FRD 22G	Subsequent events	Page 19
FRD 22G	Application and operation of Freedom of Information Act 1982 (Vic)	Page 37
FRD 22G	Compliance with building and maintenance provisions of Building Act 1993 (Vic)	Page 38
FRD 22G	Statement on National Competition Policy	Page 38
FRD 22G	Application and operation of the Protected Disclosure 2012 (Vic)	Page 38
FRD 22G	Application and operation of the Carers Recognition Act 2012 (Vic)	Page 39
FRD 22G	Details of consultancies over \$10,000	Page 36
FRD 22G	Details of consultancies under \$10,000	Page 36
FRD 22G	Disclosure of government advertising expenditure	Page 37
FRD 22G	Disclosure of ICT expenditure	Page 37
FRD 22G	Statement of availability of other information	Page 40
FRD 24C	Reporting of office based environmental impacts	Page 39
FRD 25B	Victorian Industry Participation Policy disclosures	Page 36
FRD 29A	Workforce Data disclosures	Page 30
SD 4.5.5	Attestation for compliance with Ministerial Standing Direction 4.5.5	Page 40
SD 4.2(g)	Specific information requirements	Page 7-13
SD 4.2(j)	Sign-off requirements	Page iv, 44



FINANCIAL STATEMENTS **5**

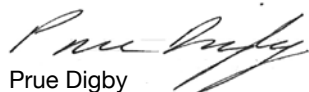
ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for the Victorian Building Authority have been prepared in accordance with Direction 4.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

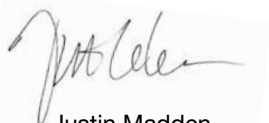
We further state that in, our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2016 and the financial position of the Victorian Building Authority as at 30 June 2016.

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.

The Board of the Victorian Building Authority adopted these financial statements on 6 September 2016 and authorised the persons named below to sign the financial statements on behalf of the Victorian Building Authority and to authorise their release.



Prue Digby
Chief Executive Officer
Victorian Building Authority
Melbourne
6 September 2016



Justin Madden
Deputy Chief Commissioner
Victorian Building Authority
Melbourne
6 September 2016



Elizabeth Rowland
Chief Finance and Accounting Officer
Melbourne
6 September 2016

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Victorian Building Authority

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Victorian Building Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration.

The Board Members' Responsibility for the Financial Report

The Board Members of the Victorian Building Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Building Authority as at 30 June 2016 and its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
12 September 2016


for Dr Peter Frost
Acting Auditor-General

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		(\$ thousand)	
	NOTES	2016	2015
Continuing operations			
Income from transactions			
Building permit levies	2	30,334	26,693
Building practitioner registrations		3,407	3,204
Owner-builder certification fees		778	812
Modifications & appeals (BAB Services)		209	201
Prosecutions & enquiry fines (Building)		653	611
Prosecutions & enquiry fines (Plumbing)		61	42
Plumbing compliance certificates		11,986	10,965
Plumbing registrations & licences		4,930	4,789
Plumbing inspections		27	2,207
Plumbing examinations		298	264
Other income		223	473
Total income from transactions		52,906	50,261
Other revenue			
Interest income		868	737
Total income		53,774	50,998
Expenses from transactions			
Employee benefits	3(a)	26,002	22,916
Board & committee fees		1,111	986
Staff related expenditure		748	677
External staff		5,787	5,516
Technical contractors (panels)		1,305	2,438
Legal fees		1,383	1,649
Building/plumbing policy function		1,426	1,407
General administration costs	3(b)	3,504	3,126
Accommodation charges		3,720	2,937
IT services		1,956	1,483
Depreciation & amortisation	3(c)	1,889	1,946
Grants	3(d)	1,053	562
Audit fees		43	47
Total expenses from transactions		49,927	45,690
Net result from transactions (net operating balance)		3,847	5,308
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	(26)	(337)
Net gain/(loss) on financial instruments	4(b)	(464)	(396)
Other gains/(losses) from other economic flows	4(c)	2,518	(148)
Total other economic flows included in net result		2,028	(881)
Net result from continuing operations		5,875	4,427
Other economic flows – other comprehensive income			
Items that will not be classified to net result			
Changes in physical asset revaluation surplus	19	190	-
Total other economic flows – other comprehensive income		190	-
Comprehensive result		6,065	4,427

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

BALANCE SHEET AS AT 30 JUNE 2016

		(\$ thousand)	
	NOTES	2016	2015
Financial assets			
Cash and deposits	18(a)	29,718	28,766
Receivables	5	4,052	4,879
Investments and other financial assets	6	12,300	4,900
Total financial assets		46,070	38,545
Non-financial assets			
Other non-financial assets	9	284	17
Property, plant and equipment	7	4,292	4,402
Intangible assets	8	483	610
Total non-financial assets		5,059	5,029
Total assets		51,129	43,574
Liabilities			
Payables	10	3,452	1,379
Borrowings	11	134	111
Provisions	12	8,481	10,424
Security deposits		2,027	1,884
Deferred revenue		5,591	5,140
Other liabilities	10(c)	1,803	1,062
Total liabilities		21,488	20,000
Net assets		29,641	23,574
Equity			
Reserve	19	190	-
Accumulated surplus/(deficit)		14,965	9,088
Contributed capital		14,486	14,486
Net worth		29,641	23,574
Commitments for expenditure	15	-	-
Contingent assets and contingent liabilities	16	-	-

The balance sheet should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

(\$ thousand)

NOTES	PLUMBING INDUSTRY COMMISSION (PIC) TRUST NO 1 RESERVE	PHYSICAL ASSET REVALUATION SURPLUS (DEFICIT)	ACCUMULATED SURPLUS/ (DEFICIT)	CONTRIBUTED CAPITAL	TOTAL
Balance at 1 July 2014	2	-	4,661	14,486	19,149
Net result for the year			4,427		4,427
Transfer from accumulated surplus	(2)	-	2		-
Balance at 30 June 2015	-	-	9,090	14,486	23,576
Net result for the year			5,875		5,875
Net increase/(decrease) as a result of revaluation		190			190
Balance at 30 June 2016	-	190	14,965	14,486	29,641

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		(\$ thousand)	
	NOTES	2016	2015
Cash flows from operation activities			
Receipts			
Receipts from customers		52,891	49,300
Interest received		725	594
Other receipts – goods and services tax recovered from ATO		1,435	2,147
Total receipts		55,051	52,041
Payments			
Payments of grants		(1,053)	(562)
Payments to suppliers and employees		(45,067)	(45,419)
Total payments		(46,120)	(45,981)
Net cash flows from/(used in) operating activities	18(b)	8,931	6,060
Cash flows from investing activities			
Payments for property, plant and equipment		(1,575)	(1,264)
Proceeds from sale of property, plant and equipment		357	515
Payments for intangible assets		(211)	(173)
Net cash flows from/(used in) investing activities		(1,429)	(922)
Cash flows from financing activities			
Receipts of security deposits		712	569
Payments for security deposits		(567)	(558)
Payment of motor vehicle lease liability		(36)	(36)
Increase in Domestic Building Funds being held by VBA		741	36
Net cash flows from/(used in) financing activities		850	11
Net increase/(decrease) in cash and cash equivalents		8,352	5,149
Cash and cash equivalents at the beginning of financial year		33,666	28,517
Cash and cash equivalents at the end of financial year	18(a)	42,018	33,666

The cash flow statement should be read in conjunction with the notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements of the Victorian Building Authority ("the VBA") for the year ended 30 June 2016. The purpose of the report is to provide users with information about the VBA's stewardship of the resources entrusted to it.

(A) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) including Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, and the Minister for Finance's Financial Reporting Directions (FRDs). Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby reporting 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 terms and style conventions can be found in Note 25.

These annual financial statements were authorised for issue by the VBA Deputy Chief Commissioner, Chief Executive Officer and Chief Finance and Accounting Officer on behalf of the Board of the VBA on 6 September 2016.

(B) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effect on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment;
- superannuation expense (refer to Note 1 (G));
- assumptions for the employee benefit provision based on the likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1 (L));
- actuarial assumptions for Building Advice and Conciliation Victoria (BACV Provision) claims based on likely future claim numbers, pattern of prior year claims, future cost of processing claims, and future discount rates; (refer to Note 1 (L));
- provision for receivable doubtful debts (refer to Note 1 (J));
- depreciation and amortisation of assets (refer to note 1 (G)); and
- make good provision (refer to Note 1 (L)).

These financial statements are presented in Australian dollars, and 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.
- Financial instruments, which are measured at fair value with changes reflected in 'other economic flows' in the comprehensive operating statement.

Consistent with AASB 13 *Fair Value Measurement*, the VBA determines the policies and procedures for recurring fair value measurements such as property, plant and equipment and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Disclosures.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For the purpose of fair value disclosures, the VBA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

The Valuer-General Victoria (VGV) is the VBA's independent valuation agency.

The VBA, in conjunction with VGV, monitors changes in the fair value of each individual asset and liability through relevant data sources to determine whether revaluation is required.

(C) Reporting entity

The financial statements cover the VBA as an individual reporting entity. VBA functions include the Building Practitioners Board (BPB) and the Building Appeals Board (BAB).

The VBA is a self-funded statutory authority established under the *Building and Planning Legislation Amendment Act 2013*.

Its 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 on page 6, which does not form part of these financial statements.

(D) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises two components, being 'net result from transactions' (or termed as 'net operating balance') and 'other economic flows included in net result'. The sum of the two represents the net result.

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

'Other economic flows' are changes arising from market re-measurements. They include:

- gains and losses from disposal of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets;
- fair value changes of financial instruments; and
- gains and losses from revaluation of provisions.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Balance sheet

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

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts related to 'Transactions with owner in its capacity as owner'.

Cash flow statement

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

(E) Changes in accounting policies

Subsequent to the 2015–16 reporting period, the following new and revised Standards were assessed and do not have a financial impact on the VBA:

- *AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.*

(F) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the VBA and the income can be reliably measured at fair value.

Building permit levy (general and BACV)

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

Building practitioner registrations

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

Compliance certificates, modifications and appeals, miscellaneous revenue and proceeds from sale of fixed assets

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

Prosecutions

Prosecutions revenue recognises prosecution fines and costs payable to the VBA as a result of legal action taken by the VBA against building and plumbing practitioners in the Magistrates Court. The revenue is recognised in full when the first partial payment is received by the VBA.

Sundry revenue

Sundry revenue recognises Building Practitioners Board (BPB) fines and costs payable to the VBA as a result of action taken by the BPB against registered building practitioners at BPB hearings. The revenue is recognised in full when the practitioner's appeal period has expired and demand for payment is made by the VBA.

Owner-builder certification fees

Owner-builder certification fees are recognised upon receipt of the application for certification. From 22 July 2014, a certificate of consent must be obtained for domestic building work to be undertaken by an owner-builder valued in excess of \$12,000 in order to obtain a building permit. The cost of an owner-builder certificate of consent is \$91.36 and this allows an owner-builder to build one home every three years in the State of Victoria.

Plumbing registration and licence fees

Plumbing registration fees receipted throughout the year are for a triennium ending three years from the date paid. Fees received relating to the subsequent years are recognised at year-end as deferred revenue.

Yearly licence renewal fees receipted throughout the year are recognised as income on a pro-rata basis. Licence fees received relating to the subsequent year are recognised at year-end as deferred revenue.

Interest income

Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

(G) Expenses from transactions

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

Employee expenses

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Refer to the section in Note 1(L) regarding employee benefits/provisions.

Superannuation

The amount expensed is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The Department of Treasury and Finance (DTF) in its annual financial statements, disclose on behalf of the State as the sponsoring employer, the net defined benefit liability related to the members of these plans as an administered liability. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

Depreciation and amortisation

All buildings, plant, equipment and other non-financial physical assets (excluding items under operating leases) 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.

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

The following are the estimated useful lives for the different asset classes for current and prior years.

ASSET	USEFUL LIFE
Buildings	40 years
Motor vehicles – owned	5 years
Motor vehicles – leased through VicFleet	6 years
Furniture and fittings	6.7 years
IT Equipment	3 years
Office machines and equipment	10 years
Software and intangibles	3 years

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.

Intangible produced assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The consumption of intangible non-produced assets with finite useful lives is not classified as depreciation, but as amortisation. It is recorded in the same way as depreciation.

Intangible assets with indefinite useful lives are not depreciated or amortised, but are tested annually for impairment and whenever there is an indication that the intangible asset may be impaired (refer to Note 1(H)).

Interest expense

Interest expense is recognised in the period in which it is incurred. It includes interest on finance leases.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include:

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Bad and doubtful debts

Refer to Note 1(J) Impairment of financial assets.

(H) Other economic flows included in the net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/(losses) of non-financial physical assets
Refer to Note 1(K) Revaluations of non-financial physical assets.

Net gain/(loss) on disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

Impairment of non-financial assets

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

All other assets are assessed annually for indications of impairment (refer to Note 1(K)).

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

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

Other gains/(losses) from other economic flows

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
- the revaluation of the present value of the BACV provision due to changes from the annual actuarial assessment of the provision.

(I) Financial instruments

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. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non derivative financial instruments

Receivables

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Due to the short-term nature of the financial instruments held by the VBA, the carrying amounts are a reasonable approximation of fair value, and the value of the instruments are not revisited after they are established.

Receivables include cash and deposits (refer to Note 1(J)), term deposits with maturity greater than three months and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Due to the short-term nature of the financial instruments held by the VBA, the carrying amounts are a reasonable

approximation of fair value, and the value of the instruments are not revisited after they are established (refer to Note 17).

Financial instrument liabilities measured at amortised cost include VBA's contractual payables, deposits held and advances received, and interest-bearing arrangements.

(J) Financial assets

Cash and deposits

Cash and deposits 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 are readily convertible to known amounts of cash with an insignificant risk of change in value.

Receivables

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services, and accrued investment income; and
- statutory receivables, such as amounts owing from fines and regulatory fees and Goods and Services tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as receivables (refer to Note 1(I)). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

For the measurement principle of receivables, refer to Note 1(I).

Investments and other financial assets

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- receivables; and
- held-to-maturity.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on a financial asset is recognised as a transaction.

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.

Impairment of financial assets

At the end of each reporting period, the VBA assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

(K) Non-financial assets

Property, plant and equipment

All non-financial physical assets 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 a machinery of government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 7 Property, plant and equipment.

The initial cost for non-financial physical assets under a finance lease (refer to Note 1(M)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

For the accounting policy on impairment of non-financial physical assets (refer to impairment of non-financial assets under Note 1(H)).

Revaluations of non-financial physical assets

Non-financial physical assets are measured at their fair value on a cyclical basis, in accordance with the Financial Reporting Disclosures (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. The non-financial physical assets carrying values were assessed as fair value when they were transferred to the VBA on 1 July 2013. Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value. The VBA non-financial physical assets were revalued at 30 June 2016 as part of the Victorian Government asset revaluation schedule. This resulted in a revaluation reserve due to valuation increases in land and buildings.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income' and accumulated in equity under the asset revaluation reserve. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation reserve.

Revaluation increases and decreases relating to individual assets in the same class of property, plant and equipment, are offset against one another but are not offset in respect of assets in different classes. The asset revaluation reserve is not transferred to accumulated funds on derecognition of the relevant asset.

Intangible assets

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

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

Refer to Note 1(G) Depreciation and Note 1(G) Amortisation of non-produced intangible assets.

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

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

Other non-financial assets

Prepayments

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

(L) Liabilities

Payables

Payables consist of:

- contractual payables, such as accounts payable and deferred revenue. Accounts payable represent liabilities for goods and services provided to the VBA prior to the end of the financial year that are unpaid, and arise when the VBA becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost (refer to Note 1(i)). Statutory payables 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 a contract.

Borrowings

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 either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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.

Provisions

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 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 the discount rate that reflects the time value of money and risks specific to the provision.

When some or all of 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.

BACV Provision

The BACV provision is the estimated net present value of those future costs to service those disputes relating to past building permits. Disputes are eligible to be lodged up to 10 years after the permit levy is received. The provision for the BACV services provided by the VBA at 30 June 2016 and 2015 specifically allows for:

- (a) inclusion of all types of services and administration carried out by the VBA in relation to its BACV service;
- (b) future dispute cases arising from permits already issued;
- (c) inflation, to consider future escalation of costs; and
- (d) discounting of the expected inflated cash flows to allow for investment income on assets set aside in respect of the liability.

Due to the introduction of the *Building Legislation Amendment (Consumer Protection) Act 2016*, the VBA has the legal obligation to conduct inspections as part of the domestic building dispute resolution function until 1 July 2017 at which time the current function will cease to exist and will be replaced by the Domestic Building Dispute Resolution process run by Consumer Affairs Victoria (CAV). In previous years, the VBA has provided for a tail of 10 years. The provision at 30 June 2016 allows for the VBA to conduct inspections for claims lodged until 1 July 2017 with a 4 month tail.

The following additional assumptions have been allowed for in estimating the provision at 30 June 2016 due to the introduction of the *Building Legislation Amendment (Consumer Protection) Act 2016*:

- (a) the BACV function is abolished on 1 July 2017 and the VBA no longer has the legal obligation to conduct inspections;
- (b) claims received and inspections already underway on 30 June 2017 will be completed;
- (c) there is no change in the rate at which CAV process claims;
- (d) the costs of resolving disputes will not change from the underlying valuation's assumptions;
- (e) the average delay a dispute takes to be notified by CAV to the VBA is 48 days for on-site inspections and 58 days for disputes requiring formal reports.

This produces a weighted average delay of 49.8 days; and

- (f) claims are closed evenly across the 12 months in the financial year, and uniformly across the days of each month.

The uncertainties in the timing of the transition to the new arrangement and run off of cases inspected by the VBA contribute to uncertainty in the valuation for the provision amount at 30 June 2016.

The reversal of the Provision for inspections conducted by the VBA beyond claims received before 1 July 2017 is disclosed in Note 4 Other economic flows included in the net result and Note 12 Provisions.

Make good provision

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

Employee benefits

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

- (i) Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave, are recognised in the provision for employee benefits as 'current liabilities', because the VBA does not have an unconditional right to defer settlement of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave 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.

(ii) Long service leave

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

Unconditional LSL is disclosed in the notes to the financial statements 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 LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability because there is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

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

(iii) Termination benefits

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

On-costs

On-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

Onerous contracts

Provision is made to account for an onerous condition arisen from the expiration of a contract.

Security deposits

Under Section 22 of the *Building Act 1993* and regulation 323 under the Building Regulations 2006, the relevant building surveyor (RBS) 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.

(M) Leases

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

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

Finance leases

VBA as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that the VBA will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between the reduction of the outstanding lease liability and periodic finance expense, which is calculated using the interest rate implicit in the lease. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating leases

VBA as lessee

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

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

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

The VBA entered in to a new 5 year lease on 1 December 2015 for Level 9, 737 Bourke St, Docklands. The lease incentive and lease straight-lining for both 737 Bourke St and 733 Bourke St are recognised in the balance sheet as lease liabilities.

(N) Equity

Contributions by owners

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.

(O) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. In addition, 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 (refer to Note 15).

(P) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 16 Contingent assets and contingent liabilities) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(Q) Accounting for the goods and services tax

Income, expenses and assets are recognised net of the amount of associated goods and services tax (GST), except where GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, the GST payable 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 ATO, 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 are recoverable from, or payable to, the ATO are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

(R) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the VBA and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue, when those events provide information about conditions that existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest. There have been no events after the reporting date that would require disclosure in these financial statements, other than those outlined in Note 24. However, with the *Building Legislation (Consumer Protection) Amendment Bill 2016* receiving Royal Assent on 19 April 2016, there have been impacts on the *Building Act 1993*. This is expected to impact on Provisions, expenses from transactions etc. Refer to Note 24 Subsequent events.

(S) Plumbing Industry Commission (PIC) Trust No 1

The purpose of the Trust included awarding of scholarships, awards and the promotion of better plumbing standards. The Trust ceased to exist in 2014–15 and the remaining immaterial balance is no longer separately identified.

(T) Australian Accounting Standards issued that are not yet effective

Certain AASs have been published that are not mandatory for the 30 June 2016 reporting period. DTF assesses the impact of these new standards and advises the VBA of their applicability and early adoption where applicable.

The following AASs have been issued by the AASB but are not effective for 2015–16. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as follows:

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON VBA'S FINANCIAL STATEMENTS
AASB 9 <i>Financial instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2018	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licences that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening accumulated surplus if there are no former performance obligations outstanding.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 15, it will continue to be monitored and assessed.</p>
AASB 16 <i>Leases</i>	The key change is that most operating leases with a lease period greater than 12 months will now be recognised on the balance sheet.	1 January 2019	<p>Upon commencement of a lease, the lessee will need to recognise a right-of-use asset and a lease liability representing its obligations to make lease payments. Furthermore, the lessee will recognise depreciation on the asset and interest on the lease liability. The cash payment of the lease liability into principal and interest portions in accordance with AASB 107 <i>Statement of cash flows</i>. It is likely to have a material impact on the Balance Sheet and Income statement with the effects to be quantified at a later date.</p>

NOTE 2. INCOME FROM TRANSACTIONS

	(\$ thousand)	
	2016	2015
Building permit levies		
Building permit levy – General levy ⁽ⁱ⁾	20,383	17,804
Building permit levy – BACV levy ⁽ⁱⁱ⁾	9,951	8,889
Total levy	30,334	26,693

Notes:

- (i) The General building permit levy is calculated as 0.064 cents in every dollar of the cost of building work for which a building permit is sought.
- (ii) The Building and Advice Conciliation Victoria (BACV) building permit levy is calculated as 0.064 cents in every dollar of the cost of building work for which a building permit is sought and funds the Building Advice and Conciliation Victoria functions established under the Domestic Building Contracts (Conciliation and Dispute Resolution) Act 2002. The Act became effective on 1 July 2002. The VBA collects the levy and for the period July 2015 to June 2016, retains 50 per cent of the BACV levy as revenue with the remaining 50 per cent being payable to Consumer Affairs Victoria (CAV).

NOTE 3. EXPENSES FROM TRANSACTIONS

	(\$ thousand)	
	2016	2015
(a) Employee benefits		
Salaries and related on costs	24,066	21,186
Superannuation expense – Defined contribution	1,905	1,700
Superannuation expense – Defined benefit	31	30
Total employee benefits	26,002	22,916

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

The VBA does not recognise any defined benefit liability in respect of the plan because the VBA has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the VBA's comprehensive operating statement.

	(\$ thousand)	
	2016	2015
(b) General administration costs		
FBT	193	190
Minor assets	223	207
Internal audit	88	89
Insurance	284	300
VCAT funding	344	110
Travel	215	177
Motor vehicles	291	332
Printing stationery and publications	577	560
Events/Seminars/Meetings	205	196
Records	132	145
General Office Expenses	952	820
Total general administration costs	3,504	3,126

NOTE 3. EXPENSES FROM TRANSACTIONS continued

	(\$ thousand)	
(c) Depreciation and amortisation	2016	2015
Buildings	22	22
Plant, equipment and vehicles	1,498	1,478
Intangibles	338	416
Make good	31	30
Total depreciation and amortisation	1,889	1,946

	(\$ thousand)	
(d) Grants	2016	2015
Australian Building Codes Board	1,053	513
Indigenous House	0	49
Total grants	1,053	562

NOTE 4. OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	(\$ thousand)	
(a) Net gain/(loss) on non-financial assets	2016	2015
Write down of inventory ⁽ⁱ⁾	-	(29)
Net gain/(loss) on disposal of property plant and equipment	1	55
Impairment of property plant and equipment intangible assets ⁽ⁱⁱ⁾	(27)	(363)
Total net gain/(loss) on non-financial assets	(26)	(337)
(b) Net gain/(loss) on financial instruments		
Impairment of receivables ⁽ⁱⁱⁱ⁾	(464)	(396)
Total net gain/(loss) on financial instruments	(464)	(396)
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability ^(iv)	(72)	(54)
Net gain/(loss) arising from revaluation of BACV provision ^(v)	3,394	(94)
Net gain/(loss) arising from onerous contract	(804)	-
Total other gains/(losses) from other economic flows	2,518	(148)

Notes:

- (i) Write down of inventory greater than stock at the beginning of the 2014–15 financial year due to minor stock purchase in financial year.
- (ii) Impairments were the revaluation of Property, Plant and Equipment in accordance with the requirement to assess value.
- (iii) Including (increase)/decrease in provision for doubtful debts from other economic flows – refer to Note 5.
- (iv) Revaluation gain/(loss) due to changes in bond rates.
- (v) Revaluation gain/(loss) due to the introduction of the Building Legislation Amendment (Consumer Protection) Act 2016 and abolition of the BACV function.

NOTE 5. RECEIVABLES

	(\$ thousand)	
	2016	2015
Current receivables		
Contractual		
Plumbing inspections ⁽ⁱ⁾	44	996
Other sundry receivables ⁽ⁱⁱ⁾	128	182
Provision for doubtful contractual receivables ⁽ⁱ⁾ (see also Note 5(a) below)	(93)	(57)
Accrued investment income	184	143
	263	1,264
Statutory		
Building permit levy	2,798	2,571
Building practitioner board fines and costs	750	608
Sundry debtors – prosecutions	397	364
Provision for doubtful statutory receivables ⁽ⁱⁱ⁾	(767)	(339)
GST input tax credit recoverable	611	411
	3,789	3,615
Total receivables	4,052	4,879

Notes:

(i) The average credit period for plumbing inspections and other sundry receivables is 30 days.

(ii) The level of the provision for doubtful debts reflects all BPB fines and costs over 12 months old where money has yet to be received by the VBA for payment to the Victorian Building Authority Fund.

(a) Movement in the provision for doubtful receivables

	(\$ thousand)	
	2016	2015
Balance at beginning of the year	(396)	-
Increase in the provision recognised in the net result	(464)	(396)
Balance at the end of the year	(860)	(396)

(b) Ageing analysis of contractual receivables

Please refer to Table 17.4 in Note 17 for ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from contractual receivables

Please refer to Note 17 for the nature and extent of risk arising from contractual receivables.

NOTE 6. INVESTMENTS AND OTHER FINANCIAL ASSETS

	(\$ thousand)	
	2016	2015
Current investments and other financial assets		
Term deposits: ⁽ⁱ⁾		
Australian dollar term deposits > three months	12,300	4,900
Total investments and other financial assets	12,300	4,900

Note:

(i) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

(a) Ageing analysis of investments and other financial assets

Please refer to Table 17.4 in Note 17 for ageing analysis of investments and other financial assets.

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

Please refer to Note 17 for the nature and extent of risk arising from investments and other financial assets.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Table 7.1: Classification by 'public safety and environment' – carrying amounts

	(\$ thousand)	
	PUBLIC SAFETY AND ENVIRONMENT TABLE 7.3	
TABLE DISCLOSURE REFERENCE	2016	2015
Nature based classification		
Land at fair value	838	686
Buildings at fair value	659	643
Plant, equipment and vehicles at fair value	2,553	2,800
Make good asset	242	273
Net carrying amount of property, plant and equipment	4,292	4,402

Table 7.2: Gross carrying amount and accumulated depreciation

	(\$ thousand)					
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
	2016	2016	2016	2015	2015	2015
Land	838	-	838	686	-	686
Buildings at fair value	659	0	659	695	(52)	643
Plant, equipment and vehicles at fair value	6,239	(3,686)	2,553	5,339	(2,539)	2,800
Make good asset	333	(91)	242	333	(61)	273
Total	8,069	(3,777)	4,292	7,053	(2,652)	4,402

NOTE 7. PROPERTY, PLANT AND EQUIPMENT *continued***Table 7.3: Classification by 'public safety and environment' purpose group – movement in carrying amounts**

	(\$ thousand)				
	LAND AT FAIR VALUE	BUILDINGS AT FAIR VALUE	PLANT, EQUIPMENT AND MOTOR VEHICLES	MAKE GOOD ASSET	TOTAL
	2016	2016	2016	2016	2016
Contributed assets	686	643	2,800	273	4,402
Additions	-	-	1,634	-	1,634
Disposals	-	-	(356)	-	(356)
Impairment of assets	-	-	(27)	-	(27)
Revaluations	152	38	-	-	190
Depreciation	-	(22)	(1,498)	(31)	(1,551)
Closing balance	838	659	2,553	242	4,292

	LAND AT FAIR VALUE	BUILDINGS AT FAIR VALUE	PLANT, EQUIPMENT AND MOTOR VEHICLES	MAKE GOOD ASSET	TOTAL
	2015	2015	2015	2015	2015
Contributed assets	686	665	3,358	303	5,012
Additions	-	-	1,381	-	1,381
Disposals	-	-	(461)	-	(461)
Impairment of assets	-	-	-	-	-
Revaluations	-	-	-	-	-
Depreciation	-	(22)	(1,478)	(30)	(1,530)
Closing balance	686	643	2,800	273	4,402

Table 7.4: Aggregate depreciation recognition as an expense during the year

	(\$ thousand)	
	2016	2015
Buildings at fair value	(22)	(22)
Plant, equipment and vehicles at fair value	(1,498)	(1,478)
Make good asset	(31)	(30)
Total aggregate depreciation	(1,551)	(1,530)

NOTE 7. PROPERTY, PLANT AND EQUIPMENT *continued*

Table 7.5: Fair value measurement hierarchy for assets at as 30 June 2016 and 2015

(\$ thousand)

	CARRYING AMOUNT AT 30 JUNE 2016	FAIR VALUE MEASUREMENT AT THE END OF REPORTING PERIOD USING:		
		LEVEL 1	LEVEL 2	LEVEL 3
Land at fair value				
Non-specialised land	838		838	
Total of land at fair value	838		838	
Buildings at fair value				
Non-specialised buildings	659		659	
Total of buildings at fair value	659		659	
Plant, equipment and vehicles at fair value				
Vehicles	1,451			1,451
Plant and equipment	1,102			1,102
Total plant, equipment and vehicles at fair value	2,553			2,553
Make good asset	242			242
Total of make good asset	242			242

	CARRYING AMOUNT AT 30 JUNE 2015	FAIR VALUE MEASUREMENT AT THE END OF REPORTING PERIOD USING:		
		LEVEL 1	LEVEL 2	LEVEL 3
Land at fair value				
Non-specialised land	686		686	
Total of land at fair value	686		686	
Buildings at fair value				
Non-specialised buildings	643		643	
Total of buildings at fair value	643		643	
Plant, equipment and vehicles at fair value				
Vehicles	1,301			1,301
Plant and equipment	1,499			1,499
Total plant, equipment and vehicles at fair value	2,800			2,800
Make good asset	273			273
Total of make good asset	273			273

NOTE 7. PROPERTY, PLANT AND EQUIPMENT *continued***Table 7.6: Reconciliation of Level 3 fair value**

	(\$ thousand)		
2016	PLANT & EQUIPMENT	VEHICLES	MAKE GOOD ASSET
Opening balance	1,499	1,301	273
Transfers in (out) of Level 3	-	-	-
Purchases (sales)	775	503	-
Gains or losses recognised in net result			
Depreciation	(1,165)	(333)	(31)
Impairment loss	(7)	(20)	-
Closing balance	1,102	1,451	242

2015	PLANT & EQUIPMENT	VEHICLES	MAKE GOOD ASSET
Opening balance	2,405	953	303
Transfers in (out) of Level 3	-	-	-
Purchases (sales)	170	750	-
Gains or losses recognised in net result			
Depreciation	(1,076)	(402)	(30)
Impairment loss	-	-	-
Closing balance	1,499	1,301	273

Table 7.7: Description of significant unobservable inputs to Level 3 valuations for 2016 and 2015

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS
Vehicles	Depreciated replacement cost	Useful life of vehicles
Plant and equipment/Make good	Depreciated replacement cost	Useful life of plant and equipment

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared with recent comparable sales or sales of comparable assets that are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General 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 is 30 June 2016.

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.

Vehicles

Vehicles are valued using the depreciated replacement cost method. 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 managers in the VBA who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment

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, fair value is determined using the depreciated replacement cost method.

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

The significant unobservable inputs have remained unchanged from 2015.

There were no changes in valuation techniques throughout the period to 30 June 2016.

NOTE 8. INTANGIBLE ASSETS

(\$ thousand)

	COMPUTER SOFTWARE	TOTAL	COMPUTER SOFTWARE	TOTAL
	2016	2016	2015	2015
Gross carrying amount				
Opening balance	2,568	2,568	2,395	2,395
Additions	211	211	173	173
Closing balance	2,779	2,779	2,568	2,568
Accumulated depreciation, amortisation and impairment				
Opening balance	(1,958)	(1,958)	(1,180)	(1,180)
Depreciation of intangible produced assets	(338)	(338)	(416)	(416)
Impairment losses charged to net result	-	-	(362)	(362)
Closing balance	(2,296)	(2,296)	(1,958)	(1,958)
Net book value at end of financial year	483	483	610	610

NOTE 9. OTHER NON-FINANCIAL ASSETS

(\$ thousand)

	2016	2015
Current other assets		
Prepayments	284	17
Total current other assets	284	17

NOTE 10. PAYABLES AND OTHER LIABILITIES

	(\$ thousand)	
	2016	2015
Current payables		
<i>Contractual</i>		
Supplies and services	2,194	982
Other payables	1,119	290
	3,313	1,272
<i>Statutory</i>		
FBT payable	46	31
Other taxes payable	93	76
	139	107
Total Current payables	3,452	1,379

Note:

The average credit period is 30 days.

(a) Maturity analysis of contractual payables

Please refer to table 17.5 in Note 17 for maturity analysis of contractual payables.

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

Please refer to table 17.6 in Note 17 for the nature and extent of risk arising from contractual payables.

(c) Other liabilities

	(\$ thousand)	
	2016	2015
Current		
Domestic Building List	190	185
HIH clearing	2	-
BACV clearing	992	852
Lease Incentive/straightlining	593	-
Unclaimed monies	26	25
Total other liabilities	1,803	1,062

NOTE 11. BORROWINGS

	(\$ thousand)	
	2016	2015
Current borrowings		
Finance lease liabilities ⁽ⁱ⁾		
– Non-PPP related finance lease liabilities (Motor Vehicles)	50	57
Total current borrowings	50	57
Non-current borrowings		
Finance lease liabilities		
– Non-PPP related finance lease liabilities (Motor Vehicles)	84	54
Total non-current borrowings	84	54
Total Borrowings	134	111

Note:

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Refer to Note 14 Leases for further information on finance lease liabilities.

(a) Maturity analysis of borrowings

Please refer to table 17.5 in Note 17 for maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to table 17.6 in Note 17 for the nature and extent of risk arising from borrowings.

(c) Defaults and breaches

During the current and prior year there were no defaults and breaches of any borrowings.

NOTE 12. PROVISIONS

	(\$ thousand)	
	2016	2015
Current provisions		
Employee benefits		
Annual leave		
Unconditional and expected to settle within 12 months	1,394	1,307
Unconditional and expected to settle after 12 months	531	407
Long service leave		
Unconditional and expected to settle within 12 months	2,049	1,852
Unconditional and expected to settle after 12 months	-	-
BACV provision	1,251	1,175
Onerous contracts	804	-
	6,029	4,741
Provisions for on-costs		
Unconditional and expected to settle within 12 months	594	534
Unconditional and expected to settle after 12 months	89	69
	683	603
Total current provisions	6,712	5,344
Non-current provisions		
Employee benefits		
Long service leave		
Conditional and expected to settle after 12 months	707	588
On-costs	124	99
BACV provision	340	3,810
Make good provision	598	583
Total non-current provisions	1,769	5,080
Total provisions	8,481	10,424

(a) Employee benefits and on-costs⁽ⁱ⁾

	(\$ thousand)	
	2016	2015
Current employee benefits		
Annual leave	1,925	1,714
Long service leave	2,049	1,852
Non current employee benefits		
Long service leave	707	588
Total employee benefits	4,681	4,154
Current on-costs	683	603
Non current on-costs	124	99
Total on-costs	807	702
Total employee benefits and on-costs	5,488	4,856

Notes:

- (i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are recognised as a separate provision.
- (ii) The BACV function will cease to exist by 1 July 2017 and the VBA will no longer have the legal obligation to undertake inspection services for claims past this date.
- (iii) Onerous contracts has arisen from a contract expiring with an onerous condition on exit. The information required by paragraph 92 AASB137 has not been disclosed because this disclosure is expected to prejudice seriously VBA's position in negotiations.

NOTE 12. PROVISIONS continued

(b) Movements in provisions

(\$ thousand)

	MAKE GOOD	ON-COSTS	BACV	ONEROUS CONTRACTS	TOTAL
	2016	2016	2016	2016	2016
Opening balance	583	702	4,985	-	6,270
Additional provisions recognised	15	91	1,350	804	2,260
Additions due to transfer in	-	14	-	-	14
Reductions arising from removal of obligation	-	-	(3,657)	-	(3,657)
Reductions arising from payments/ other sacrifices of future economic benefits	-	-	(1,187)	-	(1,187)
Unwind of discount and effect of changes in the discount rate	-	-	100	-	100
Closing balance	598	807	1,591	804	3,800
Current	-	683	1,251	804	2,738
Non-current	598	124	340	-	1,062
	598	807	1,591	804	3,800
	2015	2015	2015	2015	2015
Opening balance	530	504	4,891	-	5,925
Additional provisions recognised	53	184	1,195	-	1,432
Additions due to transfer in	-	14	-	-	14
Reductions arising from payments/ other sacrifices of future economic benefits	-	-	(1,181)	-	(1,181)
Unwind of discount and effect of changes in the discount rate	-	-	80	-	80
Closing balance	583	702	4,985	-	6,270
Current	-	603	1,175	-	1,778
Non-current	583	99	3,810	-	4,492
	583	702	4,985	-	6,270

NOTE 13. SUPERANNUATION

	(\$ thousand)	
	2016	2015
Defined benefit plans:		
State Superannuation Fund	31	30
Defined contribution plans:		
VicSuper	1,072	1,016
Other	833	684
Total	1,936	1,730

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

The VBA does not recognise any defined benefit liability in respect of the plan because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the VBA.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the VBA are stated above.

NOTE 14. LEASES

Disclosures for lessees – Finance leases

Lease commitments in relation to finance leases contracted for at the reporting date are as follows:
The lease commitments noted below relate to the VBA's vehicles leased via VicFleet.

	(\$ thousand)	
	MINIMUM FUTURE LEASE PAYMENTS	MINIMUM FUTURE LEASE PAYMENTS
	2016	2015
Non-cancellable finance leases		
Not longer than one year	55	61
Longer than one year but not longer than five years	87	64
Longer than five years	-	-
Minimum future lease payments	142	125
less future interest charges	(8)	(14)
Present value of minimum lease payables	134	111

NOTE 15. COMMITMENTS FOR EXPENDITURE

	(\$ thousand)	
	2016	2015
Nominal values		
Operating and lease commitments payable		
Less than one year	2,360	1,505
Longer than one year but not longer than five years	10,313	6,687
Five years or more	6,935	8,788
Total commitments (inclusive of GST)	19,608	16,980
Less GST recoverable from the Australian Tax Office	1,783	1,544
Total commitments (exclusive of GST)	17,825	15,436

Operating lease commitments noted above relate to the VBA's accommodation at the Goods Shed North (GSN), 733 Bourke Street Docklands and Level 9, 737 Bourke St Docklands.

NOTE 16. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

No contingent assets and contingent liabilities existed at 30 June 2016. (30 June 2015: \$0).

NOTE 17. FINANCIAL INSTRUMENTS

(a) Financial Risk Management objectives and policies

The VBA's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and finance lease liabilities. Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

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

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

The carrying amounts of the VBA's contractual financial assets and financial liabilities by category are in the table below.

Table 17.1: Categorisation of financial instruments

	(\$ thousand)		
	CONTRACTUAL FINANCIAL ASSETS – LOANS AND RECEIVABLES	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
2016			
Contractual financial assets			
Cash and deposits	29,718	-	29,718
Receivables ⁽ⁱ⁾	263	-	263
Term deposits	12,300	-	12,300
Total contractual financial assets	42,281	-	42,281
Contractual financial liabilities			
Payables	-	3,313	3,313
Amounts payable to government and agencies	-	1,210	1,210
Borrowings	-	134	134
Security deposits	-	2,027	2,027
Total contractual financial liabilities	-	6,684	6,684
2015			
Contractual financial assets			
Cash and deposits	28,766	-	28,766
Receivables ⁽ⁱ⁾	1,264	-	1,264
Term deposits	4,900	-	4,900
Total contractual financial assets	34,930	-	34,930
Contractual financial liabilities			
Payables	-	1,272	1,272
Amounts payable to government and agencies	-	1,062	1,062
Borrowings	-	111	111
Security deposits	-	1,884	1,884
Total contractual financial liabilities	-	4,329	4,329

Note:

(i) The amount of receivables disclosed here exclude statutory receivables (i.e. Amounts owing from Statutory Levies).

NOTE 17. FINANCIAL INSTRUMENTS *continued*

Table 17.2: Net holding gain/(loss) on financial instruments by category

	(\$ thousand)
	TOTAL INTEREST INCOME/(EXPENSE)
2016	
Contractual financial assets	
Cash and deposits	69
Term deposits	799
Total contractual financial assets	868
Contractual financial liabilities	
Borrowings	(5)
Total contractual financial liabilities	(5)
	TOTAL INTEREST INCOME/(EXPENSE)
2015	
Contractual financial assets	
Cash and deposits	143
Term deposits	593
Total contractual financial assets	737
Contractual financial liabilities	
Borrowings	(7)
Total contractual financial liabilities	(7)

(b) Credit risk

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

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

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

Provision of impairment for 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 that are more than 60 days overdue and changes in debtor credit ratings.

Currently the VBA does not hold any collateral as security nor credit enhancements relating to any of its financial assets. 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 to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

NOTE 17. FINANCIAL INSTRUMENTS *continued***Table 17.3: Credit quality of contractual financial assets that are neither past due nor impaired**

(\$ thousand)

	FINANCIAL INSTITUTIONS (TRIPLE-A CREDIT RATING)	GOVERNMENT AGENCIES (TRIPLE-A CREDIT RATING)	OTHER	TOTAL
2016				
Cash and deposits	-	25,845	3,873	29,718
Receivables ⁽ⁱ⁾	-	-	263	263
Investments and other financial assets	-	12,300	-	12,300
Total contractual financial assets	-	38,145	4,136	42,281

	FINANCIAL INSTITUTIONS (TRIPLE-A CREDIT RATING)	GOVERNMENT AGENCIES (TRIPLE-A CREDIT RATING)	OTHER	TOTAL
2015				
Cash and deposits	-	24,745	4,021	28,766
Receivables ⁽ⁱ⁾	-	-	1,264	1,264
Investments and other financial assets	-	4,900	-	4,900
Total contractual financial assets	-	29,645	5,285	34,930

Note:

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

NOTE 17. FINANCIAL INSTRUMENTS *continued*

Table 17.4: Ageing analysis of contractual financial assets

(\$ thousand)

			PAST DUE BUT NOT IMPAIRED				
	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1-5 YEARS	IMPAIRED
2016							
Receivables⁽ⁱ⁾							
Sale of goods and services	263	262	-	1	-	-	93
Investments and other contractual financial assets	12,300	-	-	-	-	-	-
Total	12,563	262	-	1	-	-	93

			PAST DUE BUT NOT IMPAIRED				
	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS - 1 YEAR	1-5 YEARS	IMPAIRED
2015							
Receivables⁽ⁱ⁾							
Sale of goods and services	1,264	470	128	360	116	190	57
Investments and other contractual financial assets	4,900	-	-	-	-	-	-
Total	6,164	470	128	360	116	190	57

Note:

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

(c) Liquidity risk

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

The VBA's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in the face of the balance sheet.

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

(d) Market risk

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

The carrying amount of financial assets and financial liabilities that are exposed to interest rates are in the following table:

NOTE 17. FINANCIAL INSTRUMENTS *continued*Table 17.5: Maturity analysis of contractual financial liabilities⁽ⁱ⁾

(\$ thousand)						
	MATURITY DATES					
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS- 1 YEAR	1-5 YEARS
2016						
Payables:⁽ⁱⁱ⁾						
Supplies and services	3,313	3,313	3,313	-	-	-
Amounts payable to government and agencies	1,210	1,210	1,210	-	-	-
Borrowings:						
Finance lease liabilities	134	142	14	8	33	87
Security Deposits ⁽ⁱⁱⁱ⁾	2,027	2,027	-	-	-	2,027
Total	6,684	6,692	4,537	8	33	2,114
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1-3 MONTHS	3 MONTHS- 1 YEAR	1-5 YEARS
2015						
Payables:⁽ⁱⁱ⁾						
Supplies and services	1,272	1,272	1,272	-	-	-
Amounts payable to government and agencies	1,062	1,062	1,062	-	-	-
Borrowings:						
Finance lease liabilities	111	125	5	15	41	64
Security Deposits ⁽ⁱⁱⁱ⁾	1,884	1,884	-	-	-	1,884
Total	4,329	4,343	2,338	15	41	1,948

Notes:

- (i) Maturity analysis is presented using the contractual undiscounted cash flows.
- (ii) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).
- (iii) Security deposits are bonds paid by consumers for relocatable homes. Building Permits lapse after 2 years so it is expected deposits are refunded within the 2 year period. Building Permits can be extended for completion of work. There are instances of work taking an extended period of time to be completed.

NOTE 17. FINANCIAL INSTRUMENTS continued

Table 17.6: Interest rate exposure of financial instruments

(\$ thousand)

	INTEREST RATE EXPOSURE				
	WEIGHTED AVERAGE INTEREST RATE %	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
2016					
Financial assets					
Cash and deposits	2.00%	29,718	9,400	20,318	-
Receivables ⁽ⁱ⁾		263	-	-	263
Term deposits	2.00%	12,300	12,300	-	-
Total financial assets		42,281	21,700	20,318	263
Financial liabilities					
Payables:					
Supplies and services		3,313			3,313
Amounts payable to government and agencies		1,210			1,210
Security deposits		2,027			2,027
Borrowings:					
Finance lease liabilities	7.80%	134	134		
Total financial liabilities		6,684	134	-	6,550

	INTEREST RATE EXPOSURE				
	WEIGHTED AVERAGE INTEREST RATE %	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
2015					
Financial assets					
Cash and deposits	2.00%	28,766	11,900	16,866	-
Receivables ⁽ⁱ⁾		1,264	-	-	1,264
Term deposits	2.00%	4,900	4,900	-	-
Total financial assets		34,930	16,800	16,866	1,264
Financial liabilities					
Payables:					
Supplies and services		1,272	-	-	1,272
Amounts payable to government and agencies		1,062	-	-	1,062
Security deposits		1,884	-	-	1,884
Borrowings:					
Finance lease liabilities	4.28%	111	111	-	
Total financial liabilities		4,329	111	-	4,218

Note:

(i) The amount of receivables disclosed here excludes statutory receivables (i.e. Amounts owing from statutory levies).

NOTE 17. FINANCIAL INSTRUMENTS *continued*

Table 17.7: Interest rate risk sensitivity

(\$ thousand)			
		INTEREST RATE	
	CARRYING AMOUNT	-100 BASIS POINTS NET RESULT	+100 BASIS POINTS NET RESULT
2016			
Contractual financial assets			
Cash and deposits	20,318	(203)	203
Total impact		(203)	203
		INTEREST RATE	
	CARRYING AMOUNT	-100 BASIS POINTS NET RESULT	+100 BASIS POINTS NET RESULT
2015			
Contractual financial assets			
Cash and deposits	16,866	(169)	169
Total impact		(169)	169

(f) Net fair values

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 by the end of the 2016–17 reporting period. These financial instruments include:

<i>Financial assets</i>	<i>Financial liabilities</i>
Cash and deposits	Payables
Receivables	Supplies and services
Term deposits	Amounts payable to government and agencies
	Borrowings
	Security deposits

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

NOTE 18. CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalent

	(\$ thousand)	
	2016	2015
Cash at bank	29,718	28,766
Short term deposits at call	12,300	4,900
Balance as per cash flow statement	42,018	33,666

(b) Reconciliation of net results for the year

	(\$ thousand)	
	2016	2015
Net result for the year	5,875	4,427
Non-cash movements		
(Gain)/Loss on sale or disposal of non-current assets	(1)	(55)
Depreciation and amortisation of non-current assets	1,889	1,946
Write down of inventory	-	29
Impairment of property plant and equipment (including intangible assets)	27	363
Other gains/(losses) from other economic flows	(2,518)	148
Provision for doubtful debts	464	396
Movements in assets and liabilities:		
(Increase)/decrease in receivables	363	(1,713)
(Increase)/decrease in prepayments	(267)	100
Increase/(decrease) in deferred revenue	451	213
Increase/(decrease) in payables	2,073	(816)
Increase/(decrease) in provisions	575	1,022
Net cash flows from/(used in) operation activities	8,931	6,060

NOTE 19. RESERVES

	(\$ thousand)	
	2016	2015
Physical asset revaluation surplus⁽ⁱ⁾		
Balance at the beginning of financial year	-	-
Revaluation increments/(decrements)	190	-
Balance end of financial year	190	-
Net changes in reserves	190	-

Note:

- (i) The physical assets revaluation reserve arises on the revaluation of infrastructure, land and buildings. The land and buildings owned by the VBA were revalued in 2015–16.

NOTE 20. TRUST ACCOUNT BALANCES

Trust account balances relating to the trust account controlled and/or administered by the VBA

(\$ thousand)				
2016				
	OPERATION BALANCE AT 1 JULY 2015	TOTAL RECEIPTS	TOTAL PAYMENTS	CLOSING BALANCE AT 30 JUNE 2016
Cash and equivalent investments				
Controlled trust				
PIC No 1 Trust	-	-	-	-
Total controlled trust	-	-	-	-

2015				
	OPERATION BALANCE AT 1 JULY 2014	TOTAL RECEIPTS	TOTAL PAYMENTS	CLOSING BALANCE AT 30 JUNE 2015
Cash and equivalent investments				
Controlled trust				
PIC No 1 Trust	391	7	(398)	-
Total controlled trust	391	7	(398)	-

The PIC No 1 Trust was closed on 31 March 2015 and all funds were transferred to the VBA as the Trustee.

NOTE 21. RESPONSIBLE PERSONS

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

The persons who held the positions of Ministers, Accountable Officer and the governing board of Commissioners for the year were:

Hon Richard Wynne (MLC) Minister for Planning 1 July 2015 – 30 June 2016

Amounts relating to Ministers are reported in the Financial Statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from: www.parliament.vic.gov.au/publications/register-of-interests.

Prue Digby	CEO/Accountable Officer	1 July 2015 – 30 June 2016
William R Kusznirczuk	Chief Commissioner/Chairman	1 July 2015 – 30 June 2016
Justin Madden	Deputy Commissioner/Deputy Chair	8 Sept 2015 – 30 June 2016
David Bennett QC	Commissioner	1 July 2015 – 30 June 2016
Warren Hutcheon	Commissioner	1 July 2015 – 30 June 2016
Brian Welch	Commissioner	1 July 2015 – 30 June 2016
Lynne Williams	Commissioner	1 July 2015 – 30 June 2016
Yvonne von Hartel AM	Commissioner	1 July 2015 – 30 June 2016

The number of responsible persons whose remuneration was within the specified bands are as follows:

INCOME BAND (\$)	2015-16 No.	2014-15 No.
0 – 9,999	-	-
10,000 – 19,999	-	-
20,000 – 29,999	-	1
30,000 – 39,999	1	5
40,000 – 49,999	5	-
60,000 – 69,999	-	-
70,000 – 79,999	1	1
350,000 – 359,999	-	1
400,000 – 409,999	1	-
Total number of responsible persons	8	8
Total amount \$'000	727	629

There were no related party transactions between the responsible persons above and the VBA.

NOTE 22. REMUNERATION OF EXECUTIVES AND PAYMENTS TO OTHER PERSONNEL (i.e. contractors with significant management responsibilities)

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

	TOTAL REMUNERATION		BASE REMUNERATION	
	2016 No.	2015 No.	2016 No.	2015 No.
\$10,000 – 19,999	-	1	-	1
\$20,000 – 29,999	-	-	-	-
\$30,000 – 39,999	-	-	-	-
\$40,000 – 49,999	-	-	-	-
\$50,000 – 59,999	-	-	-	-
\$70,000 – 79,999	-	1	1	1
\$100,000 – 109,999	1	-	-	-
\$130,000 – 139,999	-	1	-	1
\$150,000 – 159,999	1	1	1	1
\$160,000 – 169,999	-	1	-	1
\$170,000 – 179,999	-	-	-	-
\$180,000 – 189,999	-	1	-	1
\$190,000 – 199,999	-	-	-	-
\$200,000 – 209,999	1	-	2	-
\$210,000 – 219,999	1	1	2	1
\$220,000 – 229,999	2	-	1	-
\$230,000 – 239,999	-	2	-	2
\$240,000 – 249,999	-	-	1	-
\$250,000 – 259,999	1	-	-	-
\$260,000 – 269,999	1	-	-	-
Total number of executives	8	9	8	9
Total annualised employee equivalents	7.1	7.1	7.1	7.1
Total amount	\$ 1,626,629	\$ 1,421,519	\$ 1,522,634	\$ 1,414,297

NOTE 23. REMUNERATION OF EXTERNAL AUDITORS

	(\$ thousand)	
	2016	2015
Victorian Auditor-General's office		
Audit or review of the financial statements	43	47
	43	47

NOTE 24. SUBSEQUENT EVENTS

The *Building Legislation Amendment (Consumer Protection) Act 2016* ("the Amending Act") received Royal Assent in April 2016 with all amendments to come into effect by 1 July 2017. The legislation amends both the *Building Act 1993* and the *Domestic Building Contracts Act 1996*. The policy intent of the Amending Act is to provide increased consumer protection in relation to domestic building. The main changes contained in the Amending Act include:

- Abolition of the Building Practitioners Board with the transfer of its registration and discipline functions to the VBA. The VBA will conduct discipline processes via a new 'show cause' process. An internal review function is also being established within the VBA which has the power to review both registration and disciplinary decisions of the VBA.
- Abolition of CAV's BACV function and the establishment of the Domestic Building Dispute Resolution Victoria. The VBA will no longer be involved in the dispute resolution process.
- Changes to the owner-builder regime with the VBA having increased powers to monitor the compliance of owner-builders.
- The VBA will have the power to appoint a manager in relation to the work of building surveyors who are exiting the building industry.

NOTE 25. GLOSSARY OF TERMS AND STYLE CONVENTIONS

Amortisation

Amortisation is the expense that 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.

Borrowings

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that are acquired for policy purposes.

Commitments

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

Comprehensive result

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Ex-gratia expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

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

Financial liability

A financial liability is any liability that is:

- (a) a contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) 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 paragraphs 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 paragraphs 41 of AASB 101.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that 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 unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result from transactions/net operating balance

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

Net worth

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

Non-financial assets

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

Other economic flows included in net result

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

- gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets;
- fair value changes of financial instruments and agricultural assets; and
- 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 Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Public financial corporation sector

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

Public non-financial corporation sector

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

Receivables

Receivables includes 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.

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax, land tax and duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;

- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, licence and concession fees.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (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.

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 2015–16 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the VBA's annual reports.

APPENDICES 6



1. BAB AND BPB INFORMATION

The following information provides an overview into the operations of the Building Appeals Board (BAB) and Building Practitioners Board (BPB).

Building Appeals Board

	2015-16	2014-15	2013-14	2012-13	2011-12
BAB modifications heard	1,014	1,913	1,094	1,311	1,319
BAB appeals and disputes heard	181	207	331	331	337

2.BAB, BPB, BAC, PAC AND BRAC REPORTING

The VBA supports the work of a number of Minister for Planning appointed boards, councils and a committee. These boards, councils and committee are independent statutory bodies, with funding and resources provided by the VBA or DELWP. These bodies do not have their own reports of operation and their members' attendance is reported on by the VBA and online at publicboards.vic.gov.au by the Victorian Public Sector Commissioner.

Building Appeals Board

The Building Appeals Board (BAB) is an independent statutory body established under section 166 of the *Building Act 1993* (Vic), has jurisdiction on building matters and is responsible for determining appeals, disputes and requests for modifications (a decision that a provision in the Building Regulations 2006 (Vic) does not apply to a particular building) as well as compliance applications. The BAB also plays a role as the review body under Part 14 of the *Residential Tenancies Act 1997* (Vic). The BAB is supported by the VBA and members are appointed on the Minister for Planning's recommendation.

Meeting attendance 2015–16

MEMBER NAME	TERM OF APPOINTMENT	ATTENDED	SCHEDULED
Gerard Coutts	4 November 2012 to 30 June 2018	24	33
Sarah McDonald	28 August 2012 to 30 June 2018	31*	30
Aileen McFadzean	1 July 2013 to 30 June 2018	4	4
William Kong	7 August 2012 to 30 June 2018	25	27
Aristidis Akritidis	15 September 2015 to 15 September 2018	17	19
Ashley Hansen	16 September 2014 to 15 September 2018	29	29
Brent Williams	16 September 2014 to 15 September 2018	22	23
Bryan Thomas	1 July 2013 to 30 June 2018	31	34
Dang H Dinh	24 June 2014 to 30 June 2018	24	28
David Graham	16 September 2014 to 15 September 2018	20	27
Elizabeth Coe	28 August 2012 to 30 June 2018	21	23
Eric Braslis	15 September 2015 to 15 September 2018	13	14
Geoff Woolcock	1 July 2013 to 30 June 2018	29	32
Greg Zuccala	19 April 2016 to 19 April 2019	1	1
Hank van Ravenstein	16 September 2014 to 15 September 2018	20	31
Ian Caldow	15 September 2015 to 15 September 2018	27*	25
Jayne Richardson	19 April 2016 to 19 April 2019	2	2
Joe Zita	1 June 2013 to 30 June 2018	33	33
John Clampett	28 August 2012 to 30 June 2018	27	31
Jonathan Barnett	15 September 2015 to 15 September 2018	17	17
Julian Crow	15 September 2015 to 15 September 2018	19	21
Kristy Miller	15 September 2015 to 15 September 2018	15	20
Leslie Schwarz	1 July 2013 to 30 June 2018	14	17
Michael Almonte	15 September 2015 to 15 September 2018	23	25
Michael Kerr	24 June 2014 to 30 June 2018	27	31
Neil McPhee	16 September 2014 to 19 November 2015	5	12
Patrick Tony Enright	16 September 2015 to 3 December 2015	6	10
Pene Martyn	15 September 2015 to 15 September 2018	16	18
Peter Jolly	19 April 2016 to 19 April 2019	28	28
Phillip Davies	15 September 2015 to 15 September 2018	18	19
Rebecca Cameron	7 August 2012 to 30 June 2018	37	37
Sarah Carlisle	19 April 2016 to 19 April 2019	0	0
Stephen Lodge	15 September 2015 to 15 September 2018	22	21
Warren Knight	28 August 2012 to 30 June 2018	36*	34
William Patrick Irwin	16 September 2014 to 15 September 2018	26	28

* Where the number 'Attended' is higher than the number 'Scheduled' this reflects where a member has been unwell and unable to attend a meeting and another member has attended in their place.

Building Practitioners Board

The BPB is an independent statutory body established under the Building Act 1993 (Vic) and is responsible for administering the Victorian building practitioners' registration system. The BPB registers practitioners, supervises the conduct of registered building practitioners and manages the issuing of Certificates of Consent to Owner-builders.

The BPB is supported by the VBA.

Meeting attendance for 2015–16

MEMBER NAME	TERM OF APPOINTMENT	ATTENDED	SCHEDULED
Fiona Hanlon	2 July 2013 to 30 June 2018	12	12
Tony Abbruzzese	30 October 2012 to 30 June 2018	10	12
Maureen Capp	30 October 2012 to 30 June 2018	10	12
David Cooke	05 July 2011 to 30 June 2018	12	12
Graeme Geary	12 November 2013 to 30 June 2018	11	12
David Hallett	17 December 2013 to 15 November 2015	5	12
Carolyn Lloyd	23 October 2012 to 22 October 2015	1	12
Alison Maynard	10 November 2015 to 30 June 2018	6	12
Weng Poh	1 July 2015 to 30 June 2018	10	12
David Sainsbery	16 November 2015 to 15 November 2017	6	12
Claudio Salvatore	05 July 2011 to 30 June 2018	10	12
Andy Matiszak	Building Practitioners Board Co-opted Member	9	12

Building Advisory Council

The Building Advisory Council (BAC) is an independent statutory body established under section 206 of the *Building Act 1993* (Vic) and is responsible for advising the Minister for Planning on administration of the *Building Act 1993* (Vic) and the *Building Regulations 2006* (Vic), the impact of the building regulatory system and on issues relating to the building permit levy. The BAC is supported by DELWP and the VBA and members are appointed by the Minister for Planning.

Meeting attendance for 2015–16

MEMBER NAME	TERM OF APPOINTMENT	ATTENDED	SCHEDULED
Maree Davenport	17 December 2013 to 30 June 2016	8	9
William R. Kuszniarczyk	1 July 2013 to 30 June 2016	2	9
Jennifer Cunich	21 May 2015 to 13 May 2016	5	9
Radley De Silva	20 September 2015 to 30 June 2018	8	6
Meaghan Dwyer	21 May 2015 to 20 May 2018	7	9
Emad Gad	9 August 2015 to 8 August 2018	6	8
Gil King	7 November 2012 to 30 June 2018	7	9
Alastair McDonald	21 October 2015 to 30 June 2018	5	6
Wayne Liddy	21 May 2015 to 20 May 2018	7	9
Tom Vasilopoulos	11 September 2012 to 10 September 2015		
	21 October 2015 to 30 June 2018	7	9

Plumbing Advisory Council

The Plumbing Advisory Council (PAC) is an independent statutory body established under section 211A of the *Building Act 1993* (Vic) and provides advice about the plumbing industry to the Minister for Planning and the VBA. The PAC is supported by DELWP and the VBA and members are appointed by the Minister for Planning.

Meeting attendance for 2015–16

MEMBER NAME	TERM OF APPOINTMENT	ATTENDED	SCHEDULED
Ken Gardner	6 September 2012 to 30 June 2018	4	4
Paul Bonsak	19 December 2012 to 30 December 2015	2	2
Carmel Coate	1 November 2012 to 30 June 2018	4	4
Justin Madden	8 September 2015 to 7 September 2018	4	4
Paddy McCrudden	19 December 2012 to 16 April 2018	2	2
Glenn Menzies	1 July 2015 to 30 June 2016	4	4
Sumit Oberoi	19 December 2013 to 30 June 2018	4	4
Earl Setches	22 October 2013 to 30 June 2018	4	4
Victoria Hart	17 April 2016 to 16 April 2019	1	1
Norman Anderson	17 April 2016 to 16 April 2019	1	1

Building Regulations Advisory Committee

The Building Regulations Advisory Committee (BRAC) is an independent statutory body established under section 210 of the Building Act and is responsible for advising the Minister for Planning on draft building regulations and accrediting new building products, construction methods and components or systems connected with building work. The BRAC is supported by the VBA and members are appointed by the Minister for Planning.

Meeting attendance for 2015–16

MEMBER NAME	TERM OF APPOINTMENT	ATTENDED	SCHEDULED
David Bennett QC (Chair)	23 July 2013 to 30 June 2016	5	7
Regina Bron	24 April 2016 to 23 April 2019	1	1
Adam Dalrymple	20 July 2012 to 19 July 2015		
	13 August 2015 to 12 August 2016	2	7
Richard Drew	24 June 2015 to 23 June 2018	4	7
Greg du Chateau	13 August 2015 to 12 August 2018 2	6	
Melanie Fasham	20 September 2015 to 19 September 2018	3	4
Joseph Genco	20 September 2015 to 19 September 2018	4	4
Stephen Greenwood	13 August 2015 to 12 August 2018	3	6
Benita Husband	18 December 2015 to 17 December 2018	3	3
Angela Jurjevic	18 September 2013 to 30 June 2016	4	7
Warren Knight	1 November 2012 to 19 September 2015	2	3
Sam (Sotirios) Loizou	8 March 2013 to 7 March 2016	4	4
Malcolm Macdonald	20 September 2012 to 19 September 2015	3	3
Marcus Marshall	18 September 2013 to 30 June 2016	1	3
Bryan Miller	8 March 2013 to 7 March 2016	1	4
John Prendergast	13 August 2015 to 12 August 2018	5	6
Robert Seiffert	20 September 2012 to 19 September 2015		
	18 December 2015 to 17 December 2018	1	6
Bronwyn Weir	1 November 2012 to 19 September 2015	2	3

Victorian Civil & Administrative Tribunal (VCAT) Applications

A BPB decision made in relation to the registration of a building practitioner, a disciplinary inquiry against a registered building practitioner or a Certificate of Consent may be appealed to VCAT. The VBA assists the BPB with the conduct of such matters in VCAT.

In 2015–16, 58 VCAT Applications appealing BPB decisions were lodged, of which 37 were finalised and 21 are on-going.

Administrative Appeals Tribunal (AAT) Applications

The BPB also receives applications for registration in Victoria from persons who hold registration (or equivalent) in another State or Territory of Australia as a building practitioner under the Mutual Recognition Act 1992 (Cth). Applicants may appeal against the BPB decision in relation to their Application to the AAT under the Administrative Tribunal Act 1975, for a review of the BPB's decision. The VBA assists the BPB with the conduct of such matters in AAT.

In 2015–16, 48 AAT Applications were lodged to appeal BPB decisions for mutual recognition applications, of which 13 were finalised and 35 are on-going.

ABBREVIATIONS

AAT	Administrative Appeals Tribunal
ABCB	Australian Building Codes Board
AIBS	Australian Institute of Building Surveyors
AM	Medal of the Order of Australia
ARBV	Architects Registration Board of Victoria
AS	Australian Standard
BAB	Building Appeals Board
BAC	Building Advisory Council
BACV	Building Advice and Conciliation Victoria
BPB	Building Practitioners Board
BRAC	Building Regulations Advisory Committee
CEO	Chief Executive Officer
CFA	Country Fire Authority
COAG	Council of Australian Governments
DELWP	Department of Environment, Land, Water and Planning
DWGs	Designated work groups
EPA	Environment Protection Authority
FTE	Full-time equivalent
GSERP	Government Sector Executive Remuneration Panel
GST	Goods and Services Tax
HIA	Housing Industry Association
IBAC	Independent Broad-based Anti-corruption Commission
IRP	Issue resolution procedure
MBAV	Master Builders Association of Victoria
MFB	Metropolitan Fire Brigade
na	Not available
NCC	National Construction Code
NOLS	National Occupational Licensing System
NZS	New Zealand Standard
OH&S	Occupational health and safety
PAC	Plumbing Advisory Council
PDF	Portable document format
QC	Queen's Counsel
SPASA	Swimming Pool and Spa Association of Australia
VAGO	Victorian Auditor-General's Office
VBA	Victorian Building Authority
VCAT	Victorian Civil and Administrative Tribunal
VIPP	Victorian Industry Participation Policy
VMBSG	Victorian Municipal Building Surveyors Group
VMIA	Victorian Managed Insurance Authority



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