Media Release

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VBA audit uncovers $169,000 in unpaid building permit levies

An increase in the Victorian Building Authority’s (VBA) building permit levy audit activity has identified 294 unreported building permits and more than $169,000 in unreported building permit levies in the first half of the 2014-2015 financial year.

The unreported building permits and levies were discovered by the VBA’s levy auditors, who regularly conduct audits and reviews to ensure building surveyors comply with their building permit reporting and levy payment obligations.

Under the Building Act 1993, anyone applying for a building permit in Victoria for works costing more than $10,000 must pay a levy before the permit is issued. This levy is collected by the building surveyor, who then forwards it to the VBA each month.

“The aim of the VBA’s annual levy audit program is to ensure that levies associated with building permits are forwarded to the VBA and that building surveyors provide the VBA with an accurate report each month of the building permits they have issued,” the VBA’s Compliance and Performance Director Murray Smith said.

In the first half of the 2014-2015 financial year, the VBA carried out 63 audits and reviews on registered building surveyors and organisations, with an audit scope of 179,558 building permits with a cost of works of $34 billion. This is 63 per cent more audits and reviews than for the corresponding six months in the previous financial year.

“As a result of increasing our levy audit activity this year, the VBA has identified $169,109 in unreported building permit levies, which is $59,994 more than the same time the previous year.”

Mr Smith said by monitoring compliance, educating building surveyors about their obligations and helping them to identify and fix weaknesses in their business processes and systems, the VBA has seen an improvement in the level of compliance among audited building surveyors over the years.

“In particular, follow-up audits of building surveyors who had poor results in previous audits show a significant increase in compliance. Four of the building surveyors subject to a recent follow-up audit had a previous unreported levy total of $109,996. When they were audited this year, a total of $1,175 in undeclared levy was identified.”

Other results of the VBA’s levy audit program for the first half of the 2014-2015 financial year include:

- Incorrect costs of works were detected for 22 building permits, representing $16,670 in levy.
- Three audited building surveyors were referred to the VBA’s Compliance Unit for investigation.
- Four warning letters were sent to audited building surveyors and lodging organisations. These individuals and organisations will also be subject to a follow-up audit in the near future.
Staged building permits
Mr Smith said the VBA will continue its focus on high-value building permits for the remainder of the 2014-2015 levy audit program. These permits are usually issued for a partial stage of building work for large commercial and residential building projects.

“In recent months, two audits of staged building permits have been completed that resulted in a total of $61,319 in unreported levy being detected. This is more than a third of the total unreported levy identified during the six months,” Mr Smith said.

“The VBA will continue to closely scrutinise staged building permits to ensure these permits and the associated cost of works are reported correctly.”

For more information about the VBA’s building permit levy audit program, including an overview of the 2014-2015 audit program, visit the levy audit page on the VBA’s website at www.vba.vic.gov.au

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